

IF YOU ARE IN ANY DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

If you have sold or transferred all your shares (the "Shares") in CPH LTD. (the "Company") held through The Central Depository (Pte) Limited (the "CDP"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), please forward this Circular with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

A copy of this Circular has been lodged with the Singapore Exchange Securities Trading Limited ("SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore ("Authority"). The lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority, does not imply that the Securities and Futures Act (Chapter 289) of Singapore (the "SFA"), or any other legal or regulatory requirements, or requirements under the Catalist Rules (as defined herein), have been complied with. Neither the Authority nor the SGX-ST has examined or approved the contents of this Circular. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares, the Consideration Shares (as defined herein), the PPCF Shares (as defined herein), the Introducer Shares (as defined herein), the Consolidated Shares (as defined herein), the Option Shares (as defined herein) or the Performance Shares (as defined herein). The SGX-ST does not normally review the application for admission but relies on the Sponsor (as defined herein) confirming that the Enlarged Group (as defined herein) is suitable to be listed and complies with the Catalist Rules.

An application has been made to the SGX-ST for permission for the listing and quotation of the Consideration Shares, the PPCF Shares, the Introducer Shares, the Consolidated Shares, the Option Shares and the Performance Shares on the Catalist. The listing and quotation notice, if issued by the SGX-ST, is not to be taken as an indication of the merits of any of the Proposed Transactions (as defined herein), the Company, the Group, the Target Company, the Enlarged Group, the Shares, the Consideration Shares, the Introducer Shares, the PPCF Shares, the Consolidated Shares, the Option Shares or the Performance Shares.

The Company is a sponsored company listed on the Catalist board of the SGX-ST ("Catalist"). Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This circular has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" OF THIS CIRCULAR WHICH YOU SHOULD REVIEW CAREFULLY.



CPH LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 199804583E)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO:**

1. PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SHANAYA ENVIRONMENTAL SERVICES PTE. LTD. FOR THE PURCHASE CONSIDERATION OF S\$22,000,000;
2. PROPOSED ISSUANCE AND ALLOTMENT OF 3,166,666,667 CONSIDERATION SHARES (ON A PRE-CONSOLIDATION BASIS) AT THE ISSUE PRICE OF S\$0.006 TO THE VENDORS IN PARTIAL SATISFACTION OF THE PURCHASE CONSIDERATION FOR THE PROPOSED ACQUISITION;
3. PROPOSED ISSUANCE AND ALLOTMENT OF 50,000,000 INTRODUCER SHARES (ON A PRE-CONSOLIDATION BASIS) AT THE ISSUE PRICE OF S\$0.006 TO THE INTRODUCER IN SETTLEMENT OF THE INTRODUCER FEE;
4. PROPOSED ISSUANCE AND ALLOTMENT OF 66,666,667 PPCF SHARES (ON A PRE-CONSOLIDATION BASIS) AT THE ISSUE PRICE OF S\$0.006 TO PPCF IN PARTIAL SETTLEMENT OF ITS PROFESSIONAL FEES;
5. PROPOSED SHARE CONSOLIDATION OF EVERY 40 EXISTING SHARES INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED;
6. PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHT TO RECEIVE A MANDATORY GENERAL OFFER FROM THE VENDORS AND THEIR CONCERT PARTIES FOR ALL THE SHARES IN ISSUE NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE VENDORS AND THEIR CONCERT PARTIES ON THE COMPLETION OF THE PROPOSED ACQUISITION;
7. PROPOSED APPOINTMENT OF MOHAMED GANI MOHAMED ANSARI AS A NEW DIRECTOR UPON COMPLETION;
8. PROPOSED APPOINTMENT OF SUKHVINDER SINGH CHOPRA AS A NEW DIRECTOR UPON COMPLETION;
9. PROPOSED RE-ELECTION OF ONG KIAN SOON AS A DIRECTOR UPON COMPLETION;
10. APPROVAL OF LEE TEONG SANG'S INDEPENDENCE IN ANTICIPATION OF RULE 406(3)(D)(III) OF THE CATALIST RULES;
11. APPROVAL OF TITO SHANE ISAAC'S INDEPENDENCE IN ANTICIPATION OF RULE 406(3)(D)(III) OF THE CATALIST RULES;
12. PROPOSED RE-ELECTION OF LEE TEONG SANG AS A DIRECTOR UPON COMPLETION;
13. PROPOSED RE-ELECTION OF TITO SHANE ISAAC AS A DIRECTOR UPON COMPLETION;
14. PROPOSED ADOPTION OF THE SHANAYA EMPLOYEE SHARE OPTION SCHEME;
15. PROPOSED ADOPTION OF THE SHANAYA PERFORMANCE SHARE PLAN;
16. PROPOSED NEW GENERAL SHARE ISSUE MANDATE;
17. PROPOSED CHANGE OF COMPANY'S NAME TO "SHANAYA LIMITED"; AND
18. PROPOSED ADOPTION OF THE NEW CONSTITUTION.

Financial Adviser and Sponsor to the Company



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200207389D)

Independent Financial Adviser in respect of the Proposed Whitewash Resolution (as defined herein)

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in Singapore)

(Company Registration No. 200310232R)

IMPORTANT DATES AND TIMES

Last date and time to pre-register online to attend the EGM	:	1 August 2021, 2.00 p.m.
Last date and time for lodgement of Proxy Form	:	2 August 2021, 2.00 p.m.
Date and time of Extraordinary General Meeting	:	4 August 2021, 2.00 p.m.
Venue of Extraordinary General Meeting	:	By electronic means

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CORPORATE INFORMATION

Current Board of Directors	:	Lee Teong Sang (Independent Chairman and Non-Executive Director) Choo Tung Kheng (Managing Director and Executive Director) Ong Kian Soon (Non-Executive and Non-Independent Director) Tito Shane Isaac (Independent and Non-Executive Director)
Proposed New Board of Directors on Completion of the Proposed Acquisition	:	Sukhvinder Singh Chopra (Independent and Non-Executive Chairman) Mohamed Gani Mohamed Ansari (Executive Director and Chief Executive Officer) Ong Kian Soon (Non-Executive and Non-Independent Director) Lee Teong Sang (Independent and Non-Executive Director) Tito Shane Isaac (Independent and Non-Executive Director)
Company Secretary	:	Yoo Loo Ping (a member of the Chartered Secretaries Institute of Singapore)
Registered Office of the Company	:	8 First Lok Yang Road, Singapore 629731
Registered Office of the Target Company	:	27 Kian Teck Drive, Singapore 628844
New Principal Place of Business of the Enlarged Group after Completion	:	3A Tuas South Street 15, Singapore 636845
Share Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Financial Adviser and Sponsor to the Company	:	PrimePartners Corporate Finance Pte. Ltd. 16 Collyer Quay #10-00 Income at Raffles Singapore 049318

CORPORATE INFORMATION

- Independent Auditors to the Company** : **BDO LLP**
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Tan Boon Kai
(a practising member of the Institute of Singapore Chartered Accountants)
- Independent Auditors to the Target Company and Reporting Accountants to the Enlarged Group** : **BDO LLP**
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: William Ng Wee Liang
(a practising member of the Institute of Singapore Chartered Accountants)
- Legal Adviser to the Company as to Singapore Law** : **Shook Lin & Bok LLP**
1 Robinson Road
#18-00 AIA Tower
Singapore 048542
- Legal Adviser to the Target Company as to Singapore Law** : **Shook Lin & Bok LLP**
1 Robinson Road
#18-00 AIA Tower
Singapore 048542
- Independent Business Valuer to the Company** : **Chay Corporate Advisory Pte Ltd**
15 Enggor Street
#09-04 Realty Centre
Singapore 079716
- Independent Financial Adviser in respect of the Proposed Whitewash Resolution** : **Asian Corporate Advisors Pte. Ltd.**
160 Robinson Road
#21-05 SBF Centre
Singapore 068914
- Introducer in relation to the Proposed Acquisition** : **Oakwood & Drehem Capital Pte. Ltd.**
600 North Bridge Road
#10-01 Parkview Square
Singapore 188778
- Principal Banker to the Company** : **United Overseas Bank Limited**
80 Raffles Place
UOB Plaza
Singapore 048624
- Principal Bankers to the Target Company** : **United Overseas Bank Limited**
80 Raffles Place
UOB Plaza
Singapore 048624

CORPORATE INFORMATION

**Oversea-Chinese Banking Corporation
Limited**

63 Chulia Street
#10-00 OCBC Centre East
Singapore 049514

DBS Bank Ltd.

12 Marina Boulevard
Marina Bay Financial Centre
Singapore 018982

DEFINITIONS

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

Companies within the Enlarged Group

“Circuits Plus”	:	Circuits Plus Pte Ltd
“Circuits Plus (M)”	:	Circuits Plus (M) Sdn Bhd
“Company” or “CPH”	:	CPH Ltd.
“CP Lifestyle”	:	CP Lifestyle Pte. Ltd.
“Enlarged Group”	:	The proforma enlarged group of companies comprising the Company, its subsidiaries and the Target Company immediately following Completion
“Group”	:	The Company and its subsidiaries as at the Latest Practicable Date, being Circuits Plus, Circuits Plus (M) and CP Lifestyle
“Target Company” or “Shanaya”	:	Shanaya Environmental Services Pte. Ltd. (Company Registration No. 200208018R)

Other Companies, Organisations and Entities

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Auditors”	:	BDO LLP, being the auditors of the Company and the Target Company
“Authority”	:	The Monetary Authority of Singapore
“BCA”	:	Building and Construction Authority of Singapore
“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	Central Provident Fund
“Financial Adviser”, “PPCF” or “Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd., the financial adviser and sponsor to the Company in respect of the Proposed Acquisition
“IFA” or “ACA”	:	Asian Corporate Advisors Pte. Ltd., the independent financial adviser to the Unaffected Directors in respect of the Proposed Whitewash Resolution
“Independent Business Valuer”	:	Chay Corporate Advisory Pte Ltd
“Introducer”	:	Oakwood & Drehem Capital Pte. Ltd.

DEFINITIONS

“JTC”	:	Jurong Town Corporation
“Jurong Port”	:	Jurong Port Pte Ltd
“LTA”	:	Land Transport Authority of Singapore
“MOM”	:	Ministry of Manpower of Singapore
“NEA”	:	National Environmental Agency of Singapore
“One Enviro”	:	One Enviro Pte. Ltd. (Company Registration No.: 201835708W), a company incorporated in Singapore
“PSA”	:	PSA International Private Limited
“PUB”	:	Public Utilities Board of Singapore
“SCDF”	:	Singapore Civil Defence Force
“Seven Green Recycling”	:	Seven Green Recycling Sdn Bhd (Company Registration No.: 201901007298 (1316625-T)), a company incorporated in Malaysia
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SIC”	:	Securities Industry Council of Singapore
“URA”	:	Urban Redevelopment Authority of Singapore

General

“AGM”	:	The annual general meeting of the Company
“Announcement”	:	The announcement on the Proposed Acquisition made by the Company on SGXNET on 29 September 2020
“Announcement Date”	:	29 September 2020, being the date of the Announcement
“Appointees”	:	The persons who will enter into the Service Agreements, being Mohamed Gani Mohamed Ansari, Loy Suan Choo, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, and the term “ Appointee ” shall be construed accordingly
“Appraised Value”	:	The fair value of the Target Company and the Target Business as set out in the Valuation Report pursuant to Rule

DEFINITIONS

1015(3)(a) of the Catalist Rules

- “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; or
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% 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 30.0% or more
- “Associated Company”** : In relation to a company, means a company in which at least 20% but not more than 50% of its shares are held by the first mentioned company
- “Audit Committee”** : The audit committee of the Company from time to time
- “Awards”** : A contingent award of Shares granted under the Shanaya Performance Share Plan
- “Board” or “Directors”** : The board of directors of the Company as at the date of this Circular, unless where the context requires, means the board of directors of the Company for the time being
- “Business Day”** : A day (excluding Saturdays, Sundays and public holidays) on which banks generally are open in Singapore for the transaction of normal banking business

DEFINITIONS

“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	Any or all of the rules in the Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as may be amended, varied or supplemented from time to time
“CEO”	:	Chief Executive Officer
“CFO”	:	Chief Financial Officer
“CG Code”	:	The Code of Corporate Governance 2018, as may be amended, varied or supplemented from time to time
“Circular”	:	This circular to the Shareholders dated 29 June 2021
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as may be amended, varied or supplemented from time to time
“Completion”	:	The completion of the Proposed Transactions and all transactions contemplated thereby, including without limitation, the Proposed Acquisition, the proposed issuance and allotment of the Introducer Shares and the PPCF Shares and the Proposed Share Consolidation
“Completion Date”	:	The date on which Completion takes place
“Conditions of Tender”	:	The conditions of tender for land parcel lot at Tuas South Street 15, CPT-TV0117 issued by the JTC
“Conditions Precedent” and each a “Condition Precedent”	:	The conditions precedent of the SPA as set out in Section 5.6 entitled “Conditions Precedent” of this Circular
“Consideration Shares”	:	3,166,666,667 new fully paid Shares to be issued and allotted by the Company to the Vendors (on a pre-consolidation basis) at the Issue Price in partial satisfaction of the Purchase Consideration for the Proposed Acquisition
“Consolidation Record Date”	:	The time and date to be determined by the Board after consultation with the Financial Adviser and Sponsor for compliance with the relevant Catalist Rules, at and on which the Register of Members and share transfer books of the Company will be closed to

DEFINITIONS

		determine the entitlements of Consolidated Shares of Shareholders pursuant to the Proposed Share Consolidation
“Consolidated Shares”	:	The consolidated Shares after completion of the Proposed Share Consolidation
“Constitution”	:	The constitution of the Company, as may be amended, varied or supplemented from time to time
“Controlling Shareholder”	:	As defined in the Catalist Rules: (a) a person who holds directly or indirectly an interest of 15.0% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) a person who in fact exercises control over the Company
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out in the section entitled “Notice of Extraordinary General Meeting” of this Circular
“Enlarged Share Capital”	:	112,813,983 Shares, being the enlarged issued and paid-up share capital of the Company after the completion of the proposed issuance and allotment of the Consideration Shares, the Introducer Shares and the PPCF Shares, and the Proposed Share Consolidation
“Entity at Risk”	:	Means: (a) the Company; (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the Company 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
“EPH(GWC)R”	:	Environmental Public Health (General

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		Waste Collection) Regulations (Rg 12, 2000 Revised Edition), as may be amended, varied or supplemented from time to time
“EPH(GWDF)R”	:	Environmental Public Health (General Waste Disposal Facility) Regulations 2017, as may be amended, varied or supplemented from time to time
“EPH(TIW)R”	:	Environmental Public Health (Toxic Industrial Waste) Regulations (Rg 11, 2000 Revised Edition), as may be amended, varied or supplemented from time to time
“EPS”	:	Earnings per share
“Existing General Share Issue Mandate”	:	The existing general share issue mandate of the Company from time to time, which authorises the Directors to issue and allot new Shares in the capital of the Company in accordance with, and subject to, the provisions of Rule 806 of the Catalist Rules
“FY”	:	The financial year of the Target Company ended or ending 31 December, or the financial year of the Group ended or ending 31 March, as the case may be
“IFA Letter”	:	The letter dated 29 June 2021 from the IFA to the Unaffected Directors in respect of the Proposed Whitewash Resolution as set out in Appendix B to this Circular
“Independent Directors” and each an “Independent Director”	:	The independent directors of the Company as at the Latest Practicable Date of this Circular, being Lee Teong Sang and Tito Shane Isaac
“Independent Shareholders”	:	Shareholders who are considered independent for the purpose of the Proposed Whitewash Resolution
“Interested Person”	:	Means: (a) a director, CEO or Controlling Shareholder of the Company; or (b) an associate of any such director, CEO or Controlling Shareholder
“Interested Transaction”	Person :	Means a transaction between an Entity at Risk and an Interested Person
“Introducer Fee”	:	Means the introducer fee in the amount of

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		S\$300,000 to be paid to the Introducer upon Completion, which shall be fully satisfied by the issuance and allotment of the Introducer Shares
“Introducer Shares”	:	50,000,000 fully paid new Shares to be issued and allotted to the Introducer (on a pre-consolidation basis) at the Issue Price as payment of the Introducer Fee to be paid to the Introducer
“Issue Price”	:	S\$0.006, subject to adjustments to be agreed, such as share consolidation
“JTC Tuas Documents”	:	refers to the Tender Acceptance Letter, Conditions of Tender, Schedule of Building Terms, Extension Letter, and such other documents issued by JTC from time to time in connection with or applicable to the Tuas Land
“Key Resolutions”	:	The key resolutions in this Circular, being: <ul style="list-style-type: none">(a) Ordinary Resolution 1: Proposed Acquisition of the entire issued share capital of Shanaya Environmental Services Pte. Ltd. for the Purchase Consideration of S\$22,000,000;(b) Ordinary Resolution 2: Proposed issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Vendors in partial satisfaction of the Purchase Consideration for the Proposed Acquisition;(c) Ordinary Resolution 3: Proposed issuance and allotment of 50,000,000 Introducer Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Introducer in settlement of the Introducer Fee;(d) Ordinary Resolution 4: Proposed issuance and allotment of 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to PPCF in partial settlement of its professional fees;(e) Ordinary Resolution 5: Proposed Share Consolidation of every 40

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- existing shares into one (1) consolidated share, fractional entitlements to be disregarded;
- (f) Ordinary Resolution 6: Proposed Whitewash Resolution for the waiver by Independent Shareholders of their right to receive a mandatory general offer from the Vendors and their concert parties for all the Shares in issue not already owned, controlled or agreed to be acquired by the Vendors and their concert parties on the completion of the Proposed Acquisition;
- (g) Ordinary Resolution 7: Proposed appointment of Mohamed Gani Mohamed Ansari as a new director upon Completion; and
- (h) Special Resolution 19: Proposed Change of Company's Name to "Shanaya Limited"
- "Kian Teck Facility"** : The Target Company's general waste disposal facility located at 27 Kian Teck Drive, Singapore 628844 (Lot number: MK6-2648X)
- "Latest Practicable Date"** : 16 June 2021, being the latest practicable date for the purposes of the lodgement of this Circular with the SGX-ST acting as agent on behalf of the Authority
- "Legal Opinion"** : The legal opinion dated 25 June 2021 from Shook Lin & Bok LLP in respect of certain legal matters relating to the Tuas Land
- "Long Stop Date"** : 28 June 2021, being the date falling nine (9) months from the date of the SPA, being 29 September 2020
- "Market Day"** : A day on which the SGX-ST is open for trading in securities
- "Minimum Plant and Machinery Investment Criteria"** : The minimum plant and machinery investment criteria of S\$6.0 million prescribed under the Tender Acceptance Letter
- "New Constitution"** : The new constitution proposed to be adopted by the Company

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“Nominating Committee”	:	The nominating committee of the Company from time to time
“Notice of EGM”	:	The notice of EGM as set out in the section entitled “Notice of Extraordinary General Meeting” of this Circular
“NPAT”	:	Net profit after tax
“NTA”	:	Net tangible assets
“Options”	:	The share options which may be granted pursuant to the Shanaya Employee Share Option Scheme
“Option Shares”	:	Has the meaning as defined in Section 26.2.3 entitled “Size of the ESOS” of this Circular
“Parties” and each a “Party”	:	Parties to the SPA, being the Company, the Vendors and the Target Company
“Period Under Review”	:	Financial years ended 31 December 2018, 31 December 2019 and 31 December 2020
“Performance Shares”	:	Has the meaning as defined in Section 27.2.3 entitled “Size of the PSP” of this Circular
“PPCF Shares”	:	66,666,667 fully paid new Shares to be issued and allotted to PPCF (on a pre-consolidation basis) at the Issue Price in partial payment of PPCF’s professional fees as the Financial Adviser and Sponsor to the Company in connection with the Proposed Transactions
“Proposed Acquisition”	:	The proposed acquisition by the Company of the entire issued and paid-up share capital of the Target Company pursuant to the terms and subject to the conditions of the SPA
“Proposed Adoption of the New Constitution”	:	The proposed adoption of the New Constitution
“Proposed Change of Company’s Name”	:	The proposed change of name of the Company from “CPH Ltd.” to “Shanaya Limited”
“Proposed Directors” or “Proposed New Board”	:	The directors proposed to be appointed or re-elected, as the case may be, to the Board with effect upon Completion, being the Proposed Executive Director, the Proposed

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		Non-Executive Director, and the Proposed Independent Directors
“Proposed Executive Director”	:	Mohamed Gani Mohamed Ansari, the executive director and chief executive officer to be appointed to the Board with effect upon Completion
“Proposed Executive Officers”	:	Loy Suan Choo, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, the executive officers of the Target Company, who will be key executives as defined under the SFR with effect upon Completion
“Proposed Independent Directors”	:	Sukhvinder Singh Chopra, Lee Teong Sang and Tito Shane Isaac, the non-executive and independent directors proposed to be appointed or re-elected, as the case may be, to the Board with effect upon Completion
“Proposed New General Share Issue Mandate”	:	A general share issue mandate of the Company to authorise the Directors to issue and allot new Shares in the capital of the Company in accordance with, and subject to, the provisions of Rule 806 of the Catalyst Rules, to be proposed at the EGM
“Proposed Non-Executive Director”	:	Ong Kian Soon, the non-executive and non-independent director proposed to be re-elected to the Board with effect upon Completion
“Proposed Share Consolidation”	:	The proposed consolidation of every 40 existing Shares held by Shareholders as at the Consolidation Record Date into one (1) Consolidated Share, fractional entitlements to be disregarded
“Proposed Transactions”	:	The transactions being tabled for Shareholders’ approval as set out in the Notice of EGM, including the Proposed Acquisition, the proposed issuance and allotment of the Consideration Shares, the Introducer Shares and the PPCF Shares, the Proposed Share Consolidation, the Proposed Whitewash Resolution, the proposed appointment of the Proposed Directors, the proposed adoption of the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan respectively, the Proposed New General Share Issue Mandate, the Proposed Change of Company’s Name and the

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		Proposed Adoption of the New Constitution
“Proposed Resolution”	Whitewash	: The proposed ordinary resolution for the Independent Shareholders to waive their rights to receive a mandatory general offer from the Vendors and their concert parties for all the Shares in issue and not already owned, controlled or agreed to be acquired by the Vendors and their concert parties following the issuance and allotment of the Consideration Shares
“Proxy Form”		: The proxy form in respect of the EGM as set out in this Circular
“Public”		: Persons other than: (a) directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiary companies; and (b) associates of the persons in paragraph (a)
“Public Float Requirement”		: The public float requirement which the issuer is required to comply with under Rule 1015(3)(a) read with Rules 406(1)(a) and (c) of the Catalist Rules, where at least 15.0% of the Company’s Enlarged Share Capital must be held by at least 200 public Shareholders
“Purchase Consideration”		: The aggregate purchase consideration payable by the Company for the Proposed Acquisition of S\$22,000,000, to be satisfied by a combination of: (a) the payment of S\$3,000,000 in cash to the Vendors within 12 months from the Completion Date; and (b) the issuance and allotment of the Consideration Shares to the Vendors on the Completion Date, which shall be equivalent to an aggregate value of S\$19,000,000
“R&D”		: Research and development
“Register of Members”		: The register of members of the Company
“Relevant Period”		: The period comprising the financial years

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		ended 31 December 2018, 2019, 2020, and the financial period from 1 January 2021 to the Latest Practicable Date
“Remuneration Committee”	:	The remuneration committee of the Company from time to time
“Revised Long Stop Date”	:	29 September 2021 or such other date mutually agreed between the Vendors and the Company, pursuant to the Supplemental SPA
“Sale Shares”	:	The 1,500,000 issued and paid-up ordinary shares in the capital of the Target Company, representing the entire issued share capital of the Target Company
“Schedule of Building Terms”	:	The schedule of building terms attached to the Conditions of Tender issued by the JTC
“Securities Account”	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Service Agreements”	:	The service agreements to be entered into between the Company and each of the Appointees which will take effect upon Completion, details of which are set out in Section 25.6 entitled “Service Agreements upon Completion” of this Circular
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, varied or supplemented from time to time
“SFR”	:	The Securities and Futures (Offers of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018, as may be amended, varied or supplemented from time to time
“SFRS(I)”	:	Singapore Financial Reporting Standards (International)
“Shanaya Employee Share Option Scheme” or “ESOS”	:	The employee share option scheme to be approved by the Shareholders under Ordinary Resolution 16 set out in the Notice of EGM, the terms of which are set out in Appendix D to this Circular
“Shanaya Performance Share Plan” or “PSP”	:	The performance share plan to be approved by the Shareholders under Ordinary Resolution 17 set out in the Notice of EGM,

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	:	the terms of which are set out in Appendix E to this Circular
“Shareholders” or “Members”	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such shares, mean the Depositors whose direct Securities Accounts maintained with CDP are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“SPA”	:	The sale and purchase agreement dated 29 September 2020, as supplemented by the side letter dated 23 June 2021 and the Supplemental SPA, entered into between the Company, the Vendors and the Target Company in relation to the Proposed Acquisition
“Subsidiary Holdings”	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“Substantial Shareholder”	:	A person which has an interest in one or more voting shares of a company and the total votes attached to such share(s), are not less than 5% of the total votes attached to all the voting shares in the company
“Summary Valuation Letter”	:	The summary valuation letter prepared by the Independent Business Valuer in respect of the independent business valuation as set out in Appendix C to this Circular
“Supplemental SPA”	:	The supplemental deed dated 23 June 2021 entered into between the Vendors, the Company and the Target Company, wherein the Parties agreed to vary certain terms of the SPA
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as may be amended, varied or supplemented from time to time
“Target Business”	:	The Target Company’s business in the provision of waste management and disposal services to industrial and commercial clients and specifically, the provision of collection, transfer and disposal services to mainly the shipping and cruise industries in Singapore, details of which are set out in Section 7 entitled “Information on

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		the Target Company” of this Circular
“Tender Acceptance Letter”	:	Letter of acceptance dated 28 March 2018 issued by JTC to the Target Company wherein the JTC had indicated, amongst others, that it accepts the Target Company’s tender for the lease of the land parcel at Tuas South Street 15 (Plot Code: CPT-TV0117) known as Pte Lot A3006428
“Treasury Shares”	:	Shall have the meaning ascribed to it in Section 4 of the Companies Act
“Tuas Facility”	:	The Target Company’s integrated cruise and ship waste management, treatment and recycling facility located at 3A Tuas South Street 15, Singapore 636845 (Private lot A3006428 / Lot No. MK7-5051C)
“Tuas Land”	:	The land parcel at Tuas South Street 15 (Plot Code: CPT-TV0117) known as Pte Lot A3006428, with lot number MK7-5051C
“Unaffected Directors”	:	The Directors deemed independent for the purpose of making a recommendation to Independent Shareholders in respect of the Proposed Whitewash Resolution, namely Lee Teong Sang, Choo Tung Kheng, Ong Kian Soon and Tito Shane Isaac
“Undertaking Shareholder’s Undertaking”	:	Written undertakings dated 1 October 2020 provided by Choo Tung Kheng to vote her shareholding interests in the Company, and to procure her associates to vote their respective shareholding interests in the Company, in favour of the Proposed Transactions, and not to dispose of her shareholding interests in the Company, and to procure her associates not to dispose of their respective shareholding interests in the Company, until the conclusion of the EGM
“Undertaking Shareholder”	:	Choo Tung Kheng
“Valuation Report”	:	The full valuation report prepared by the Independent Business Valuer in respect of the independent business valuation of the Target Company
“Vendors”	:	Collectively, Shitthi Nagesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan, and Perumal S/O Gopal

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“Whitewash Waiver” : The waiver granted by SIC to waive the Vendor’s obligation to make a mandatory general offer to the Shareholders pursuant to Rule 14 of the Take-over Code, subject to certain conditions, as more specifically described in Section 24 entitled “Proposed Whitewash Resolution” of this Circular

Currencies and Units of Measurement

“S\$” and “cents” : Singapore dollars and cents

“RM”, “MYR” or “Ringgit” : Malaysian ringgit

“sqft” : Square feet

“sq m” : Square metres

“NA” : Not applicable

“nm” : Not meaningful

“m” : Metres

“%” or “per cent.” : Per centum or percentage

“tonnes” or “MT” : 1,000 kilograms

Any capitalised terms in Section 26 of this Circular relating to the Shanaya Employee Share Option Scheme which are not defined in this section of this Circular shall have the meanings ascribed to them as stated in **Appendix D** to this Circular.

Any capitalised terms in Section 27 of this Circular relating to the Shanaya Performance Share Plan which are not defined in this section of this Circular shall have the meanings ascribed to them as stated in **Appendix E** to this Circular.

The terms **“subsidiary”**, **“subsidiary entity”**, **“related corporation”**, **“related entity”** and **“substantial shareholder”** shall have the meaning ascribed to them in the SFA, SFR, the Companies Act and/or the Catalist Rules, as the case may be respectively.

The term **“entity”** includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust as defined in the SFA.

The terms **“depositor”**, **“depository agent”** and **“depository register”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Catalist Rules, Companies Act, SFA, SFR, Take-over Code or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning ascribed to it under the Catalist Rules, Companies

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Act, SFA, SFR, Take-over Code or any statutory modification thereto, as the case may be, unless the context requires otherwise.

The terms “**acting in concert**”, “**concert parties**” and “**whitewash resolution**” shall have the meaning ascribed to them respectively in the Take-over Code.

Any reference in this Circular to “**Rule**” or “**Chapter**” is a reference to the relevant rule or chapter in the Catalist Rules, unless otherwise stated.

Any reference in this Circular to Shares and/or new Shares being issued and allotted to a person includes issuance and allotment to CDP for the account of that person.

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

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Unless the context otherwise requires, any references to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships.

The headings in this Circular are inserted for convenience only and shall be ignored in the event of inconsistency with this Circular.

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

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the Target Company, the following glossary provides a description of some of the technical terms and abbreviations commonly used in the Target Company's industry. The terms and their assigned meanings may not correspond to standard industry or common meanings or usages of these terms.

- “Class A”** : Pursuant to the Second Schedule of the EPH(GWC)R, class A general waste refers to:
- (1) Waste such as unwanted furniture, electrical appliances, construction and renovation debris, and cut tree trunks and branches
 - (2) Bulky waste
 - (3) Non-putrefiable waste
 - (4) Recyclable waste (excluding food waste)
- “Class B”** : Pursuant to the Second Schedule of the EPH(GWC)R, class B general waste refers to:
- (1) Domestic refuse, food waste (excluding used cooking oil) and market waste
 - (2) Waste with a high organic content and which is putrefiable
- “Class C”** : Pursuant to the Second Schedule of the EPH(GWC)R, class C general waste refers to:
- (1) Sludge and other waste from grease interceptors
 - (2) Sewage, sludge and other waste from water-seal latrines, sewage treatment plants, septic tanks or other types of sewerage systems
 - (3) Waste from sanitary conveniences not part of a sewerage system, including waste from sanitary conveniences which are mobile or in ships or aircraft
- “e-waste”** or **“electronic waste”** : Waste arising from electrical and electronic products including without limitation home appliances, consumer electronics, telecommunication, IT & automation equipment and medical devices
- “EDDY Current System”** : An electromagnetic system used in separating used aluminium beverage cans from the waste stream for recycling purpose
- “general waste”** : As defined in the EPH(GWC)R, means:
- (a) refuse or industrial waste, excluding any toxic industrial waste specified in the Schedule to the EPH(TIW)R;
 - (b) waste from grease interceptors;
 - (c) waste from sewerage systems, including waste from sewage treatment plants, septic tanks and water-seal latrines;
 - (d) waste from sanitary conveniences not part of a sewerage system, including waste from sanitary

GLOSSARY OF TECHNICAL TERMS

		conveniences which are mobile or in ships or aircraft;
	(e)	dangerous substances that have been treated and rendered harmless and safe for disposal;
	(f)	toxic industrial waste that has been treated and rendered harmless and safe for disposal; and
	(g)	recyclable waste
"GWDF" or "general waste disposal facility"	:	As defined in the EPH(GWDF)R, means a disposal facility that receives, stores, sorts, treats and/or processes general waste
"incinerable waste"	:	As defined in the EPH(GWC)R, means any general waste that is suitable to be destroyed, rendered inert or reduced to ash through a process of controlled, high temperature combustion without causing damage to, or disrupting the operation of, the refuse incineration plant in which the process is carried out, but does not include recyclable waste and non-incinerable waste specified in the Third Schedule of the EPH(GWC)R
"IT"	:	Information technology
"MRF" or "Materials Recovery Facility"	:	A specialized plant that is capable of receiving all kinds of waste material for sorting, and recovery of all recyclable material for further recycling process
"MARPOL Convention"	:	Refers to the International Convention for the Prevention of Pollution from Ships (MARPOL), which is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. The Convention includes regulations aimed at preventing and minimizing pollution from ships - both accidental pollution and that from routine operations - and currently includes six (6) technical annexes
"non-incinerable waste"	:	As defined in the EPH(GWC)R, means: (a) any recyclable waste; (b) any waste specified in the Third Schedule of the EPH(GWC)R; or (c) any general waste that is not incinerable waste
		Waste specified in the Third Schedule of the EPH(GWC)R includes: <ol style="list-style-type: none">1. Big appliances such as washing machines, refrigerators and air-conditioning units.2. Big metal pieces such as large drums or containers, vehicular parts, metal chairs, wire ropes and spring mattresses.

GLOSSARY OF TECHNICAL TERMS

3. Bulky waste that consists of any of the following:
 - (a) a solid object exceeding 0.6 m in length or width or 0.1 m in thickness;
 - (b) a hollow object exceeding 0.6 m in length, width or height.
4. Carbon fibres.
5. Chlorinated herbicides, chlorinated insecticides and chlorinated fungicides.
6. Chemical waste with chemical content which is unsuitable for incineration.
7. Explosive or highly flammable waste such as ammunition, dry and wet carbide waste, fireworks, self-igniting waste and excessive quantities of films.
8. Fire retardants.
9. Human and animal waste, sludge from neutralisation pits, foul-smelling waste and animal carcasses.
10. Insulation materials such as rock wool, asbestos, calcium silicate boards, ceramic fibres and big carpets.
11. Large quantities of electrical parts and components such as printed circuit boards, cables and electronic cards.
12. Light materials such as sawdust, feathers, dust and powders.
13. Liquid and volatile waste, oil sludge and paints.
14. Poisonous and radioactive waste.
15. Polychlorinated compounds such as Polychlorinated Bi-phenyl (PCB).
16. Polyvinyl Chloride (PVC) waste such as PVC pipes, plastic film, upholstery, containers and packaging materials.
17. Smouldering refuse.
18. Toxic industrial waste specified in the Schedule to the EPH(TIW)R.
19. Tyres.
20. Construction and renovation debris, earth, concrete,

GLOSSARY OF TECHNICAL TERMS

stone, sand, sludge, ash and slag.

21. Waste from grease interceptors.
22. Waste from sewerage systems, including waste from sewage treatment plants, septic tanks and water-seal latrines.
23. Waste from sanitary conveniences not part of a sewerage system, including waste from sanitary conveniences which are mobile or in ships or aircraft.

“PVC” : Polyvinyl Chloride

“recyclable” : Refers to the refuse, waste or material specified in the First Schedule of the EPH(GWC)R, being

- (a) paper products (such as newspapers and magazines, writing paper, envelopes, car park coupons, brochures or pamphlets, books, cardboard and paper packaging (such as cereal boxes and drink cartons) and other paper products, but excluding tissue paper and paper food wrappers);
- (b) metal products (such as cans or containers made of metal such as drink cans, milk powder tins and food cans);
- (c) plastic products (such as bottles or containers made of plastic such as detergent containers, milk containers, mineral water bottles, soft drink bottles, juice bottles, plastic bags, plastic packaging and other plastic products, but excluding styrofoam); and
- (d) glass products (such as jars and bottles, but excluding light bulbs, window glass and fish tanks)

“recyclable waste” : As defined in the EPH(GWC)R, means:

- (a) any recyclable; and
- (b) any refuse or waste specified in the Fourth Schedule of the EPH(GWC)R

Refuse or waste specified in the Fourth Schedule of the EPH(GWC)R includes:

1. textile products (such as clothing and fabric);
2. e-waste (such as computers, printers, printer cartridges, mobile phones, tablets and electrical or electronic appliances);

GLOSSARY OF TECHNICAL TERMS

3. horticultural waste (such as garden or landscaping waste, but excluding soil);
4. wood products (such as wooden furniture and pallets);
5. slag (such as copper slag and steel slag);
6. hardcore (such as concrete, bricks, masonry and tiles); and
7. food waste (such as unconsumed bread, used cooking oil and waste from food processing such as spent grains, spent yeast and soy pulp)

- “recycling partner”** : A licensed waste collector and recycling service provider to which the Target Company sells certain of its recyclable materials for commercial value, and which the Target Company works in partnership with, by transporting wastes which the Target Company is not licensed to collect (with the help of a licensed logistic company or such recycling partner’s own trucks) to such entity’s facility for further treatment and safe disposal, and the term **“recycling partners”** shall be construed accordingly
- “SASES System”** : A combination of mechanical and chemical process used in the recovery of fuel oil from oil sludge and oily water
- “spent chemicals”** : Residue chemicals after any process, which are meant for treatment, recovery and safe disposal

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Circular, statements made in the press releases and oral statements that may be made by the Company, the Target Company, or each of their respective directors, key executives or employees acting on the Company's or the Target Company's behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "will", "would" and "should" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's, the Target Company's and the Enlarged Group's expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- revenue and profitability;
- trends in demand and costs;
- expected industry prospects and trends;
- planned strategy and anticipated expansion plans; and
- any other matters discussed in this Circular,

regarding matters that are not historical fact, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's, the Target Company's and the Enlarged Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, *inter alia*, the following:

- (i) changes in political, social and economic conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where the Enlarged Group conducts business or expects to conduct business;
- (ii) changes in currency exchange rates;
- (iii) changes in interest rates;
- (iv) the risk that the Enlarged Group may be unable to realise its anticipated growth strategies and expected internal growth;
- (v) changes in customers' preferences and needs;
- (vi) changes in competitive conditions and the Enlarged Group's ability to compete under such conditions;

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

- (vii) changes in the Enlarged Group's future capital needs and the availability of financing and capital to fund such needs; and
- (viii) other factors beyond the Enlarged Group's control.

Some of these risk factors are discussed in greater detail in this Circular, in particular, but not limited to, the discussions under Section 9 entitled "Management's Discussion and Analysis of Results of Operations and Financial Position of the Target Company" and Section 12 entitled "Risk Factors" of this Circular. All forward-looking statements by or attributable to the Company, the Target Company and the Enlarged Group, or persons acting on the Company's, the Target Company's or the Enlarged Group's behalf, contained in this Circular are expressly qualified in their entirety by such facts. These forward-looking statements are applicable only as of the date of this Circular.

Given the risks and uncertainties that may cause the Company's, the Target Company's and the Enlarged Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Circular, you are advised not to place undue reliance on these statements. Neither the Company, the Target Company, the Financial Adviser and Sponsor nor any other person represents or warrants that the Company's, the Target Company's and the Enlarged Group's actual future results, performance or achievements will be as discussed in those statements.

The Company's, the Target Company's and the Enlarged Group's actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by the Company, the Target Company and the Enlarged Group. The Company, the Target Company and the Financial Adviser and Sponsor disclaim any responsibility to update any of those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. The Company, the Target Company and the Enlarged Group are however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure.

INDICATIVE TIMETABLE

The following indicative timetable assumes that approval for all the resolutions proposed at the EGM is obtained.

Last date and time to pre-register online to attend the EGM	:	1 August 2021, 2.00 p.m.
Last date and time for lodgement of Proxy Form	:	2 August 2021, 2.00 p.m.
Date and time of EGM	:	4 August 2021, 2.00 p.m.
Expected Consolidation Record Date	:	13 August 2021
Expected effective date of the Proposed Share Consolidation	:	16 August 2021
Expected Completion Date	:	18 August 2021

Save for the date and time to pre-register online to attend the EGM, the date and time for lodgement of Proxy Forms and the date and time of the EGM, the dates set out in the above timetable are indicative only and may be subject to change. The Company will make further announcements on the SGXNET on the exact dates and times of such events.

LETTER TO SHAREHOLDERS

CPH LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199804583E)

Directors:

Lee Teong Sang (Independent Chairman and Non-Executive Director)
Choo Tung Kheng (Managing Director and Executive Director)
Ong Kian Soon (Non-Executive and Non-Independent Director)
Tito Shane Isaac (Independent and Non-Executive Director)

Registered Office:

8 First Lok Yang Road
Singapore 629731

Date: 29 June 2021

To: Shareholders of CPH Ltd.

Dear Sir/Madam

- 1. Proposed acquisition of the entire issued share capital of Shanaya Environmental Services Pte. Ltd. for the Purchase Consideration of S\$22,000,000;**
- 2. Proposed issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Vendors in partial satisfaction of the Purchase Consideration for the Proposed Acquisition;**
- 3. Proposed issuance and allotment of 50,000,000 Introducer Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Introducer in settlement of the Introducer Fee;**
- 4. Proposed issuance and allotment of 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to PPCF in partial settlement of its professional fees;**
- 5. Proposed Share Consolidation of every 40 existing Shares into one (1) Consolidated Share, fractional entitlements to be disregarded;**
- 6. Proposed Whitewash Resolution for the waiver by Independent Shareholders of their right to receive a mandatory general offer from the Vendors and their concert parties for all the Shares in issue not already owned, controlled or agreed to be acquired by the Vendors and their concert parties on the completion of the Proposed Acquisition;**
- 7. Proposed appointment of Mohamed Gani Mohamed Ansari as a new director upon Completion;**

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8. **Proposed appointment of Sukhvinder Singh Chopra as a new director upon Completion;**
9. **Proposed re-election of Ong Kian Soon as a director upon Completion;**
10. **Approval of Lee Teong Sang's independence in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules;**
11. **Approval of Tito Shane Isaac's independence in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules;**
12. **Proposed re-election of Lee Teong Sang as a director upon Completion;**
13. **Proposed re-election of Tito Shane Isaac as a director upon Completion;**
14. **Proposed adoption of the Shanaya Employee Share Option Scheme;**
15. **Proposed adoption of the Shanaya Performance Share Plan;**
16. **Proposed New General Share Issue Mandate;**
17. **Proposed Change of Company's Name to "Shanaya Limited"; and**
18. **Proposed Adoption of the New Constitution.**

1. INTRODUCTION

On 29 September 2020, the Company announced that it had, on the same day, entered into a conditional sale and purchase agreement with the Vendors and Target Company in respect of the Proposed Acquisition by the Company of 100% of the issued share capital of the Target Company from the Vendors for a purchase consideration of S\$22,000,000, to be satisfied by a combination of (i) the payment of S\$3,000,000 in cash to the Vendors within 12 months from the Completion Date, and (ii) the issuance and allotment of 3,166,666,667 new ordinary shares of the Company (on a pre-consolidation basis) at an issue price of S\$0.006 per Consideration Share to the Vendors.

Based on the foregoing, the Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the Catalist Rules. In accordance with Chapter 10 of the Catalist Rules, the Proposed Acquisition will be subject to, amongst others, the approval of the Shareholders at an extraordinary general meeting of the Shareholders to be convened.

Following the entry into the SPA, the Company has applied for and on 9 November 2020, was granted a waiver by the SGX-ST, of the requirements to comply with

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Catalist Rules 1015(1)(a)(ii) and 1015(4)(a) (read with Catalist Rule 407(1)), specifically, the requirement to present the *pro forma* financial statements of the Enlarged Group in relation to the Proposed Acquisition in the circular to Shareholders to be despatched.

The purpose of this Circular is to provide you with information relating to and to seek your approval for the Proposed Transactions at the forthcoming EGM. Specifically, approvals by way of ordinary resolution will be sought for the Proposed Acquisition, the proposed issuance and allotment of the Consideration Shares, the Introducer Shares and the PPCF Shares, the Proposed Share Consolidation, the Proposed Whitewash Resolution, the appointment or re-election (as the case may be) of the Proposed Directors, the proposed adoption of the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan respectively, the Proposed New General Share Issue Mandate, the continued appointments of Lee Teong Sang and Tito Shane Isaac as independent directors of the Company and approvals by way of special resolution will be sought for the Proposed Change of Company's Name and the Proposed Adoption of the New Constitution.

The Notice of EGM is set out in the section entitled "Notice of Extraordinary General Meeting" of this Circular. Shareholders should note that certain of the resolutions to be presented at the EGM are conditional upon the passing of certain other resolutions. Shareholders are advised to refer to Section 2.12 entitled "Inter-conditionality of Resolutions" of this Circular for further details on the inter-conditionality of these resolutions.

The Company has appointed PPCF as its Financial Adviser and Sponsor in respect of the Proposed Acquisition and ACA as the IFA to advise the Unaffected Directors in relation to the Proposed Whitewash Resolution.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched by the Company) or for any other purpose.

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

2. SUMMARY OF THE PROPOSED TRANSACTIONS

2.1 Proposed Acquisition of the Target Company

(a) The Proposed Acquisition

Pursuant to the SPA, the Company will acquire the entire issued and paid-up share capital of the Target Company of S\$1,500,000 comprising of 1,500,000 Sale Shares for the aggregate Purchase Consideration of S\$22,000,000, to be satisfied by a combination of (i) the payment of S\$3,000,000 in cash to the

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Vendors within 12 months from the Completion Date, and (ii) the issuance and allotment of 3,166,666,667 new ordinary shares of the Company (on a pre-consolidation basis) at an issue price of S\$0.006 per Consideration Share to the Vendors. Please refer to Section 5 entitled “Proposed Acquisition” of this Circular for more details.

The 3,166,666,667 Consideration Shares shall be consolidated to 79,166,665 Consolidated Shares after the completion of the Proposed Share Consolidation, which shall represent approximately 70.17% of the Enlarged Share Capital of 112,813,983 Shares upon Completion. Accordingly, a change of control will arise immediately upon Completion. Please refer to Section 13.5 entitled “Changes in Shareholding Structure” of this Circular for more details.

(b) Relative Figures under Rule 1006 of the Catalist Rules

Pursuant to Rule 1015 of the Catalist Rules, Shareholders’ approval, amongst others, must be obtained for a “very substantial acquisition” or “reverse takeover” as defined in Chapter 10 of the Catalist Rules. Rule 1006 of the Catalist Rules sets out the computations for relative figures, and where any of the relative figures is 100% or more, or if the transaction is one which will result in the change in control of a listed company, such a transaction is a “very substantial acquisition” or “reverse takeover”.

The relative figures for the Proposed Acquisition using the bases of comparison set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006 (a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable ⁽¹⁾
Rule 1006 (b)	Net profits attributable to the Target Company, compared with the Group’s net loss	(34.9)% ⁽²⁾
Rule 1006 (c)	Aggregate value of the consideration given for the Proposed Acquisition, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	403.4% ⁽³⁾
Rule 1006 (d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company in issue	257.6% ⁽⁴⁾
Rule 1006 (e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the	Not applicable ⁽⁵⁾

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aggregate of the Group's proved and probable reserves

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Computed based on the Target Company's audited net profit for the financial year ended 31 December 2019 of approximately S\$0.95 million and the Group's audited net loss for the financial year ended 31 March 2020 of approximately S\$2.73 million. Net profit/loss is defined to be profit or loss before income tax, minority interests and extraordinary items.
- (3) Computed based on (i) the aggregate value of consideration of approximately S\$22.3 million comprising the cash consideration of S\$3.0 million and the value of the Consideration Shares of approximately S\$19.3 million (computed based on 3,166,666,667 Consideration Shares and the net asset value of the shares of S\$0.0061 as at 31 March 2020), and (ii) the Company's market capitalisation of approximately S\$5.53 million (computed based on the Company's issued ordinary share capital of 1,229,226,124 shares and the volume weighted average price of the shares of S\$0.0045 on 28 September 2020, being the last full market day on which Company's shares were traded prior to the date of the SPA). The Company does not have any Treasury Shares.
- (4) Based on 3,166,666,667 Consideration Shares and the Company's issued ordinary share capital of 1,229,226,124 shares.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

Notwithstanding the negative relative figure computed under Rule 1006(b) of the Catalist Rules, the relative figures computed under Rules 1006(c) and 1006(d) of the Catalist Rules exceed 100%. Accordingly, the Proposed Acquisition constitutes a "very substantial acquisition" or "reverse takeover" pursuant to Chapter 10 of the Catalist Rules. In addition, as the Vendors will hold approximately 70.17% of the Enlarged Share Capital of the Company upon Completion, a change in control of the Company will arise immediately upon Completion. Accordingly, the Proposed Acquisition is subject to, *inter alia*, the approval of the Shareholders at the EGM and the issuance of a listing and quotation notice by the SGX-ST pursuant to Rule 1015 of the Catalist Rules.

2.2 Issuance and Allotment of the Consideration Shares

Pursuant to the SPA, the Company shall allot and issue 3,166,666,667 Consideration Shares (on a pre-consolidation basis) at the Issue Price to the Vendors. On Completion (following the completion of the Proposed Share Consolidation), the Vendors shall collectively hold 79,166,665 Consolidated Shares, representing approximately 70.17% of the Enlarged Share Capital of 112,813,983 Shares.

Please refer to Section 5 entitled "Proposed Acquisition" of this Circular for more details.

2.3 Issuance and Allotment of the Introducer Shares

As payment of the Introducer Fee, the Company shall allot and issue 50,000,000 Introducer Shares (on a pre-consolidation basis) at the Issue Price to the Introducer.

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On Completion (following the completion of the Proposed Share Consolidation), the Introducer shall hold 1,250,000 Consolidated Shares, representing approximately 1.11% of the Enlarged Share Capital of 112,813,983 Shares.

Please refer to Section 5 entitled “Proposed Acquisition” of this Circular for more details.

2.4 Issuance and Allotment of the PPCF Shares

As part of PPCF’s management fees as the Financial Adviser and Sponsor to the Company, the Company shall allot and issue 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price to PPCF. On Completion (following the completion of the Proposed Share Consolidation), PPCF shall hold 1,666,666 Consolidated Shares, representing approximately 1.48% of the Enlarged Share Capital of 112,813,983 Shares.

After the expiry of the relevant moratorium period as set out in Section 13.6 entitled “Moratorium” of this Circular, PPCF will be disposing its shareholding interests in the Company at its discretion.

Please refer to Section 5 entitled “Proposed Acquisition” of this Circular for more details.

2.5 Proposed Share Consolidation

Rule 429 of the Catalist Rules stipulates that the issue price of the equity securities offered for subscription or sale, for which a listing is sought, must be at least S\$0.20 each.

Accordingly, in conjunction with the Proposed Acquisition and subject to Shareholders’ approval being obtained at the EGM, the Company will undertake the Proposed Share Consolidation which shall satisfy the aforementioned requirements of Rule 429 of the Catalist Rules on or before Completion.

Shareholders should note that although the trading price per Consolidated Share should theoretically be proportionately higher than the trading price per Share prior to the Proposed Share Consolidation, there can be no assurance that the Proposed Share Consolidation will achieve the desired results nor is there assurance that such results (if achieved) can be sustained in the longer term.

The Proposed Share Consolidation will not involve a diminution of any liability in respect of the unpaid capital or the payment to any Shareholder of any paid-up capital of the Company and has no effect on the shareholders’ funds of the Company.

2.6 Proposed Whitewash Resolution

Upon Completion, assuming the issuance and allotment of the Consideration Shares, the Introducer Shares and the PPCF Shares, the Vendors will hold approximately

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70.17% of the Enlarged Share Capital as a result of the issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) by the Company to the Vendors (which shall be consolidated into 79,166,665 Consolidated Shares after the completion of the Proposed Share Consolidation). Accordingly, the Vendors and their concert parties will, under Rule 14 of the Code, incur an obligation to make a mandatory general offer for all the Shares in issue not already owned or controlled by the Vendors and their concert parties or agreed to be acquired by them arising from the issuance and allotment of the Consideration Shares, at the highest price paid or agreed to be paid by the Vendors and their concert parties for the Shares in the preceding six (6) months period.

SIC had on 17 November 2020 granted the Vendors a waiver of the requirement to make a mandatory general offer, subject to certain conditions. Subsequently, an application had been made to the SIC to seek an extension of time to meet one of the conditions specified by SIC in its grant of the aforesaid waiver. Such extension of time application had since been withdrawn on 21 April 2021.

A fresh application seeking the Whitewash Waiver had been made to the SIC on 21 April 2021. SIC had on 16 June 2021 granted the Vendors a waiver of the requirement to make a mandatory general offer subject to, amongst other things, the appointment of the IFA to advise Independent Shareholders on the Proposed Whitewash Resolution and a majority of holders of voting rights of the Company approving at a general meeting, before the issuance of the Consideration Shares, a resolution by way of a poll to waive their rights to receive a general offer from the Vendors. Accordingly, the approval of the Independent Shareholders for the Proposed Whitewash Resolution will be sought at the EGM.

Asian Corporate Advisors Pte. Ltd. has been appointed as the IFA in relation to the Proposed Whitewash Resolution.

Information on the Proposed Whitewash Resolution and the advice of the IFA are set out in Section 24 entitled “Proposed Whitewash Resolution” and **Appendix B** to this Circular respectively.

Shareholders should note that under the SPA, Shareholders’ approval of the Proposed Whitewash Resolution is a condition precedent to Completion. If Shareholders’ approval of the Proposed Whitewash Resolution is not obtained, the Proposed Acquisition will not proceed. Shareholders should also note Section 2.12 entitled “Inter-conditionality of Resolutions” of this Circular on the inter-conditionality of the relevant resolutions contained in the Notice of EGM.

2.7 Appointment and/or Re-election of the Proposed Directors and Independence of Lee Teong Sang and Tito Shane Isaac

Pursuant to the SPA, the Vendors shall be entitled to nominate new directors to the Board upon Completion, subject to compliance with the SGX-ST’s requirements. Upon Completion, the following persons are proposed to be appointed to the Board:

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Proposed Executive Director and Chief Executive Officer

- Mohamed Gani Mohamed Ansari

Proposed Non-Executive Director

- Ong Kian Soon

Proposed Independent Directors

- Sukhvinder Singh Chopra (Chairman)
- Lee Teong Sang
- Tito Shane Isaac

Further to the above, Choo Tung Kheng shall resign with effect from Completion, and subject to Shareholders' approval being obtained at the EGM, Ong Kian Soon, Lee Teong Sang and Tito Shane Isaac, the existing Directors of the Company, shall be re-elected to the Board upon Completion.

Please refer to Section 25 entitled "Proposed Directors and Executive Officers of the Enlarged Group" of this Circular for more details on the working experience and qualifications of the Proposed New Board.

Pursuant to Rule 406(3)(d)(iii) of the Catalist Rules which will come into effect from 1 January 2022, a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer. For the purpose of the resolution referred to in (B), the directors and the chief executive officer of the issuer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following: (X) the retirement or resignation of the director; or (Y) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions.

As each of Lee Teong Sang and Tito Shane Isaac has been a Director for an aggregate period of more than 9 years, the independence of each of Lee Teong Sang and Tito Shane Isaac shall be put to vote in accordance with Rule 406(3)(d)(iii) of the Catalist Rules at the EGM. For the avoidance of doubt, the re-election of each of Lee Teong Sang and Tito Shane Isaac shall be subject to Shareholders' approval of their respective independence in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules being obtained at the EGM. Please refer to Section 18.2 entitled "Lee Teong Sang and Tito Shane Isaac as Proposed Independent Directors" of this Circular for more details.

2.8 Proposed Adoption of the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan

The Company proposes to seek Shareholders' approval to adopt a share option

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scheme, known as the Shanaya Employee Share Option Scheme, and a performance share plan, known as the Shanaya Performance Share Plan.

The Company places a strong emphasis on the recruitment and retention of quality employees with talent in all areas of the Enlarged Group's operations, and in particular, the drive, leadership, skills, expertise and experience of such persons, as the Company considers these to be qualities that will assist the Enlarged Group to realise its strategic and long-term business goals.

The Company recognises that in order to maintain the Enlarged Group's competitiveness and for the Enlarged Group to build sustainable businesses in the long term, the Company must be able to continue to attract, motivate, reward and maintain a core group of directors, executives and employees.

The Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan will additionally provide the Company with the means to use share options and performance share awards as part of a compensation scheme for attracting as well as promoting long-term staff retention, by providing an opportunity for eligible employees to participate in the equity of the Company.

The purpose of the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan is to recognise the fact that the services of such eligible employees are important to the ongoing and continued growth and success of the Enlarged Group. Implementation of the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan will give the Company the flexibility in structuring the Enlarged Group's remuneration packages and allow the Enlarged Group to better manage its fixed overheads.

Please refer to Section 26 entitled "Proposed Adoption of the Shanaya Employee Share Option Scheme" and Section 27 entitled "Proposed Adoption of the Shanaya Performance Share Plan" of this Circular for more details on the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan respectively. The detailed rules of the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan are set out respectively in **Appendix D** and **Appendix E** to this Circular.

2.9 The Proposed New General Share Issue Mandate

Following Completion, it is anticipated that the Enlarged Group will be required to issue Shares and/or convertible securities from time to time in order to, amongst others, raise funds for the purposes of future expansion plans of the Enlarged Group. As such, the Company will be seeking Shareholders' approval at the EGM for the Proposed New General Share Issue Mandate based on the Enlarged Share Capital. This is in addition to the authorisation to be sought for the proposed share issuance in relation to the issuance and allotment of the Consideration Shares, Introducer Shares and PPCF Shares as set out in Section 5 entitled "Proposed Acquisition" of this Circular.

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Please refer to Section 28 entitled “The Proposed New General Share Issue Mandate” of this Circular for more details.

2.10 Proposed Change of the Company’s Name

Pursuant to the SPA, the Company’s name shall, conditional upon and concurrent with Completion, be changed to such other name as the Vendors may decide. The Vendors have proposed that the name of the Company be changed from “CPH Ltd.” to “Shanaya Limited”.

The proposed name change is to reflect the change of the business activities of the Enlarged Group to that of the Target Business following Completion. The Company shall change its name to “Shanaya Limited”, subject to the passing of the special resolution at the EGM.

Please refer to Section 29 entitled “Proposed Change of the Company’s Name” of this Circular for more details.

2.11 Proposed Adoption of the New Constitution

The Company is proposing to adopt the New Constitution for consistency with the prevailing provisions of the Catalist Rules.

Please refer to Section 30 entitled “Proposed Adoption of the New Constitution” of this Circular for more details.

2.12 Inter-conditionality of Resolutions

Shareholders should note that:

- (a) the Key Resolutions are inter-conditional. This means that if any of the Key Resolutions is not passed, the other Key Resolutions would not be passed; and**
- (b) Ordinary Resolutions 8 to 15 relating to the appointments or re-election (as the case may be) of the Proposed Directors, other than Mohamed Gani Mohamed Ansari, and the independence of Lee Teong Sang and Tito Shane Isaac, Ordinary Resolution 16 relating to the proposed adoption of the Shanaya Employee Share Option Scheme, Ordinary Resolution 17 relating to the proposed adoption of the Shanaya Performance Share Plan, Ordinary Resolution 18 relating to the Proposed New General Share Issue Mandate, and Special Resolution 20 relating to the Proposed Adoption of the New Constitution are conditional upon the passing of the Key Resolutions.**

In particular, Shareholders should note that:

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(a) The following resolutions (collectively, the “**Key Resolutions**”) are inter-conditional as the subject matter of the Key Resolutions will facilitate the conduct of business of the Enlarged Group upon Completion:

- Ordinary Resolution 1: Proposed Acquisition of the entire issued share capital of Shanaya Environmental Services Pte. Ltd. for the Purchase Consideration of S\$22,000,000;
- Ordinary Resolution 2: Proposed issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Vendors in partial satisfaction of the Purchase Consideration for the Proposed Acquisition;
- Ordinary Resolution 3: Proposed issuance and allotment of 50,000,000 Introducer Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Introducer in settlement of the Introducer Fee;
- Ordinary Resolution 4: Proposed issuance and allotment of 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to PPCF in partial settlement of its professional fees;
- Ordinary Resolution 5: Proposed Share Consolidation of every 40 existing shares into one (1) consolidated share, fractional entitlements to be disregarded;
- Ordinary Resolution 6: Proposed Whitewash Resolution for the waiver by Independent Shareholders of their right to receive a mandatory general offer from the Vendors and their concert parties for all the Shares in issue not already owned, controlled or agreed to be acquired by the Vendors and their concert parties on the completion of the Proposed Acquisition;
- Ordinary Resolution 7: Proposed appointment of Mohamed Gani Mohamed Ansari as a new director upon Completion; and
- Special Resolution 19: Proposed Change of Company’s Name to “Shanaya Limited”.

This means that if any one of these Key Resolutions is not approved, the other Key Resolutions would not be passed. Additionally, the inter-conditional nature of the proposed appointment of Mohamed Gani Mohamed Ansari, as Proposed Executive Director, with the other Key Resolutions underscore his key involvement in the Target Company, and the proposed change of the Company’s name is part of the Enlarged Group’s strategy for the rebranding of the Enlarged Group and its business upon Completion.

(b) Each of the remaining resolutions are conditional upon the passing of the Key Resolutions:

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- Ordinary Resolution 8: Proposed appointment of Sukhvinder Singh Chopra as a new director upon Completion;
- Ordinary Resolution 9: Proposed re-election of Ong Kian Soon as a director upon Completion;
- Ordinary Resolution 10: Lee Teong Sang's independence subject to approval of shareholders in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules;
- Ordinary Resolution 11: Lee Teong Sang's independence subject to approval of shareholders (excluding the directors and CEO of the Company, and their associates) in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules;
- Ordinary Resolution 12: Tito Shane Isaac's independence subject to approval of shareholders in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules;
- Ordinary Resolution 13: Tito Shane Isaac's independence subject to approval of shareholders (excluding the directors and CEO of the Company, and their associates) in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules;
- Ordinary Resolution 14: Proposed re-election of Lee Teong Sang as a director upon Completion;
- Ordinary Resolution 15: Proposed re-election of Tito Shane Isaac as a director upon Completion;
- Ordinary Resolution 16: Proposed adoption of the Shanaya Employee Share Option Scheme;
- Ordinary Resolution 17: Proposed adoption of the Shanaya Performance Share Plan;
- Ordinary Resolution 18: Proposed New General Share Issue Mandate; and
- Special Resolution 20: Proposed adoption of the New Constitution.

This means that if any of the Key Resolutions is not passed, Ordinary Resolutions 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18 and Special Resolution 20 would not be passed.

In addition to the above, Shareholders should also note that:

- (a) Ordinary Resolutions 10 and 11 are inter-conditional, and Ordinary Resolution 14 is conditional upon the passing of **both** Ordinary Resolutions 10 and 11; and

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- (b) Ordinary Resolutions 12 and 13 are inter-conditional, and Ordinary Resolution 15 is conditional upon the passing of **both** Ordinary Resolutions 12 and 13.

This means that if any of Ordinary Resolutions 10 and 11 is not passed, Ordinary Resolutions 10, 11 and 14 would not be passed. Similarly, if any of Ordinary Resolutions 12 and 13 is not passed, Ordinary Resolutions 12, 13 and 15 would not be passed.

3. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The audited *pro forma* financial effects of the Proposed Transactions are purely for illustrative purposes only and are neither indicative nor do they represent the actual or projected financial results and financial position of the Enlarged Group following Completion.

The audited *pro forma* financial effects of the Proposed Transactions set out below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2021 and the audited financial statements of the Target Company for the financial year ended 31 December 2020, without any adjustment to align the financial year end of the Group with the Target Company.

3.1 Bases and Assumption

For illustrative purposes only, the financial effects of the Proposed Transactions are prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects of the Proposed Transactions on the share capital, net tangible assets (“**NTA**”) and gearing of the Enlarged Group are computed assuming that the Proposed Transactions have been completed on 31 March 2021;
- (b) the financial effects of the Proposed Transactions on the loss and loss per share (“**LPS**”) of the Enlarged Group are computed assuming that the Proposed Transactions have been completed on 1 April 2020;
- (c) the financial effects do not take into account any transactions effected or completed by the Enlarged Group subsequent to 31 March 2021;
- (d) costs and expenses in connection with the Proposed Transactions are assumed to be approximately S\$1,088,000;
- (e) the analysis does not take into account the financial effects of the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan;
- (f) the difference between the deemed consideration for the Proposed Acquisition and the fair value of the net assets of the Enlarged Group, if any, have not been

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considered and will be determined on the date of Completion when the Vendors have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption; and

- (g) the cash consideration of S\$3.0 million, being part of the Purchase Consideration and is payable in full to the Vendors within 12 months from the Completion Date, is assumed to be recognised in the financial impact analysis as a current liability.

3.2 Financial Effects on Issued and Paid-up Share Capital

	Number of Shares or Consolidated Shares	Issued and paid-up share capital (S\$'000)
Before the Proposed Transactions	1,229,226,124 Shares	24,764
After the Proposed Transactions	112,813,983 Consolidated Shares	44,464

3.3 Financial Effects on NTA and NTA per Share/Consolidated Share

	NTA (S\$'000)	Number of Shares or Consolidated Shares	NTA per Share/ Consolidated Share (cents)
Before the Proposed Transactions	5,591	1,229,226,124 Shares	0.45
After the Proposed Transactions	5,810	112,813,983 Consolidated Shares	5.15

3.4 Financial Effects on Loss and LPS

	Net loss (S\$'000)	Number of Shares or Consolidated Shares	Loss per Share/ Consolidated Shares (cents)
Before the Proposed Transactions	(1,937)	1,229,226,124 Shares	(0.16)
After the Proposed Transactions	(2,559)	112,813,983 Consolidated Shares	(2.27)

3.5 Financial Effects on Gearing

	Net Debt ⁽¹⁾ (S\$'000)	Total shareholders' equity (S\$'000)	Gearing ratio ⁽²⁾ (%)
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	Net Debt ⁽¹⁾ (S\$'000)	Total shareholders' equity (S\$'000)	Gearing ratio ⁽²⁾ (%)
Before the Proposed Transactions	2,605	5,591	46.6
After the Proposed Transactions	21,358	24,669	86.6

Notes:

- (1) Net debt is calculated based on total trade and other payables, borrowings and lease liabilities, less cash and cash equivalents.
- (2) Gearing is computed using net debt divided by total shareholders' equity.

4. SUBMISSIONS TO THE SGX-ST

4.1 Listing and Quotation Notice

On 26 April 2021, the Financial Adviser and Sponsor had submitted the pre-admission notification to the SGX-ST. A copy of this Circular has been lodged by the Financial Adviser and Sponsor with the SGX-ST, acting as agent on behalf of the Authority, on 29 June 2021 for posting on the SGX-ST website.

Pursuant to Part II of Appendix 4F of the Catalist Rules, the SGX-ST is expected to issue a listing and quotation notice in respect of the Consolidated Shares, the Consideration Shares (on a post-consolidation basis), the Introducer Shares (on a post-consolidation basis), the PPCF Shares (on a post-consolidation basis), the Option Shares and the Performance Shares upon lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority.

It should be noted that the listing and quotation notice, if issued by the SGX-ST, is not to be taken as an indication of the merits of any of the Proposed Transactions, the Company, the Group, the Target Company, the Enlarged Group, the Shares, the Consolidated Shares, the Consideration Shares, the Introducer Shares, the PPCF Shares, the Option Shares or the Performance Shares.

4.2 Waiver from compliance with Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules in respect of disclosure of *pro forma* financial statements of the Enlarged Group

Pursuant to Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules (read with Rule 407(1) of the Catalist Rules) (the "**Relevant Rules**"), the Company is required to disclose the following, amongst others:

- (a) latest two (2) years of historical financial information (of the assets to be acquired) and one (1) year of *pro forma* financial information (of the Enlarged Group); and
- (b) information required under Parts 2 to 11 of the Fifth Schedule, Securities and

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Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 (“**Fifth Schedule**”), in particular, paragraph 24 of Part 9 of the Fifth Schedule requiring the *pro forma* financial statements of the Enlarged Group for the most recently completed financial year and any relevant interim financial period in the Circular.

The Company, through PPCF in their capacity as the Financial Adviser and Sponsor to the Company in respect of the Proposed Acquisition, had applied to the SGX-ST to seek a waiver from compliance with the requirements of the Relevant Rules, specifically, the requirement to present the *pro forma* financial statements of the Enlarged Group for the most recently completed financial year and any relevant interim financial period in this Circular (the “**SGX Waiver**”), for the following reasons:

- (i) the audited financial information of the assets to be acquired (in this case, the Target Company) for the latest three (3) financial years and interim financial period (if applicable), will be prepared in accordance with SFRS(I) for inclusion in the Circular in accordance with the requirements of the Catalist Rules and the Fifth Schedule, thereby allowing its Shareholders to make an informed and meaningful assessment of the assets to be acquired, regardless of whether the *pro forma* financial information of the Enlarged Group would be included in the Circular;
- (ii) the Company, having ceased operations of its printed circuit board business (“**PCB Business**”) by the end of November 2019, is currently a cash company as defined under Catalist Rule 1017;
- (iii) based on the Company’s SGXNET announcement dated 15 September 2020 in relation to its monthly valuation of assets (at the point of submission of the waiver application to the SGX-ST) (“**Monthly Announcement**”), the Company’s assets as at 31 August 2020 comprised substantially of an investment property, right-of-use asset and property, plant and equipment of the PCB Business (collectively, “**Fixed Assets**”), which represented approximately 95.3% of the Company’s total assets. The Fixed Assets, whose book values are held in the form of a Singapore factory and its attendant lease, have been earmarked by the Company for disposal. As stated in the Monthly Announcement, the Company has informed its Shareholders that there have been viewings of the Singapore factory by several interested parties, although no definite offers have been received thus far. The Company will continue to work with the appointed sales agent with the intention to dispose the Singapore factory as soon as practicable, subject to the prevailing market conditions and commercial terms being satisfactory to the Company (“**Intended Disposal**”).

Accordingly, following the completion of the Intended Disposal and Proposed Acquisition, the Company’s business and assets are envisaged to comprise only cash and the business and assets of the Target Company.

To clarify, the Company wishes to highlight that the Intended Disposal is not a

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condition precedent to the Proposed Acquisition under the terms of the SPA. Notwithstanding, the Company and its management have taken concrete steps to effect the Intended Disposal such as the deliberation of the Board and the subsequent passing of the necessary board resolutions to dispose the Fixed Assets as soon as practicable, and having engaged sales agents for the Intended Disposal. Based on the Company's SGXNET announcement dated 15 October 2020 in relation to its latest monthly valuation of assets, the Company has informed that there had been viewings by several interested parties in relation to the Singapore factory, and the Company had on 13 October 2020 received an offer from a third party. The Company will update Shareholders as and when there are any other material developments on the Intended Disposal. Barring any unforeseen circumstances, the Company is confident that the Intended Disposal would take place prior to the Proposed Acquisition, or if not, within six (6) months from the completion of the Proposed Acquisition.

In the event that the Intended Disposal does not take place prior to the completion of the Proposed Acquisition, the Company is of the view that the provision of the *pro forma* financial statements of the Enlarged Group in the Circular would not be necessary as such *pro forma* financial information would not contain meaningful nor material information to the Shareholders which would add to the financial information on the Target Company that will already be presented in the Circular. Accordingly, in the event that the Intended Disposal does not take place prior to the latest practicable date of the Circular, the Company will ensure that the Circular contains sufficient disclosures on the Intended Disposal, the steps taken by the Company to effect the Intended Disposal and the basis of the accounting treatment of the Fixed Assets as per SFRS(I) 5;

- (iv) in view that the future business and assets of the Company will be represented by the business and assets of the Target Company following the completion of the Intended Disposal and Proposed Acquisition, it was respectfully submitted that the *pro forma* financial information of the Enlarged Group would not be meaningful nor material to the Shareholders in arriving at their decision on whether or not to approve the Proposed Acquisition at the EGM;
- (v) the Company is of the view that the audited financial information for the latest three (3) financial years and interim financial period (if applicable) of the Target Company would not be materially different from the *pro forma* financial information of the Enlarged Group, save for (i) the presentation of the fixed assets and its associated liabilities as 'assets classified as held for sale' and 'liabilities classified as held for sale'; (ii) income and expenses attributable to the fixed assets would also be separately presented as a line item in the income statement; (iii) certain corporate and operating expenses of the Company such as regulatory compliance costs, professional fees and other expenses expected to be incurred in the day-to-day running of the Company; and (iv) non-cash expenses in connection with the Proposed Acquisition, mainly arising

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from reverse acquisition accounting in accordance with the prevailing financial reporting standards.

The above view is given on the assumption that the Intended Disposal has not taken place prior to the latest practicable date of the Circular. In the alternate event that the Intended Disposal takes place prior to the latest practicable date of the Circular, the aforementioned points (i) and (ii) would no longer be valid and relevant given the realisation of the Fixed Assets to cash and other receivables, and there would be an additional point (v) to be supplemented to the above view which relates to the gain and/or loss recorded by the Company as a result of Intended Disposal, which would be non-recurring in nature; and

- (vi) in connection with preparing and reporting the *pro forma* financial information of the Enlarged Group, the Company would have to expend additional time and resources whilst incurring higher costs from mandating the reporting accountants to review the *pro forma* financial information as part of their scope of work. As such, the Company is of the opinion that the cost of preparing and reporting the *pro forma* financial information on the Enlarged Group outweighs the benefits to its Shareholders as the audited financial information of the assets to be acquired would substantially reflect the economic substance of the listed group following the completion of the Intended Disposal and the Proposed Acquisition, and accordingly, the exclusion of the *pro forma* financial information of the Enlarged Group would not be prejudicial to the interests of the Shareholders, given that the Intended Disposal would take place prior to the Proposed Acquisition, or if not, within six (6) months from the completion of the Proposed Acquisition, in consideration that the Company will be required under the Catalist Rules to announce the Intended Disposal and its Shareholders will be made aware of the fluctuation of the fair value of the assets included in the Intended Disposal.

In relation to sub-paragraphs (iii) and (v) above, as announced by the Company on 13 November 2020, Circuits Plus has on 13 November 2020, granted an option to purchase to Asiapac Trading Pte. Ltd. to purchase the Singapore factory (“**Option to Purchase**”), at a consideration of S\$6.5 million, and on the terms and subject to the conditions of the Option to Purchase. The Option to Purchase has been accepted by Asiapac Trading Pte. Ltd. on 13 November 2020, and the exercise of the Option to Purchase by Asiapac Trading Pte. Ltd. shall constitute a binding contract for the proposed disposal of the property located at 8 First Lok Yang Road, Singapore 629731 (the “**Disposal of Lok Yang Property**”). As the aforesaid transaction is considered a “major transaction” of the Company as defined under Chapter 10 of the Catalist Rules, Shareholders’ approval as required under Rule 1014 of the Catalist Rules for the Disposal of Lok Yang Property (i.e. the Intended Disposal) has been obtained at the extraordinary general meeting of the Company held on 24 February 2021. On 3 June 2021, Circuits Plus had received JTC’s letter of consent dated 3 June 2021 in relation to the proposed transfer of 8 First Lok Yang Road, Singapore 629731 from Circuits Plus to Asiapac Trading Pte. Ltd., subject to certain conditions specified therein, and pursuant thereto, the assignor and assignee shall, amongst others, submit their letter

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of acceptance to JTC by 30 June 2021. All of these conditions are customary in nature and there are no special conditions prescribed. Pursuant to JTC's letter of consent, completion of the Disposal of Lok Yang Property shall be no later than 6 months from the date thereof (i.e. by 2 December 2021). As at the Latest Practicable Date, the Company is working towards the satisfaction of the conditions relating to it as set out in JTC's letter of consent, and will update Shareholders as and when appropriate, in accordance with the Catalist Rules. Following the receipt of JTC's letter of consent, the completion of the Disposal of Lok Yang Property is still subject to, amongst others, the Company and Asiapac Trading Pte. Ltd. obtaining the written confirmation from JTC that JTC has no objection to the execution of the relevant deed of assignment or instrument of transfer (as the case may be), or such other confirmation of similar nature.

The SGX-ST had, on 9 November 2020, informed the Company that it has no objections to granting the SGX Waiver, subject to the fulfilment of the following conditions:

- (i) the Company making an announcement of the SGX Waiver granted, stating the reasons for seeking the SGX Waiver and the conditions as per Catalist Rule 106, and that the Company and/or its Board are not aware of any other material information in respect of the Company and the Proposed Acquisition which was not formerly disclosed to investors;
- (ii) the disclosure of the SGX Waiver granted and the bases for seeking the SGX Waiver in the Circular; and
- (iii) submission of a written confirmation from the Company that the SGX Waiver does not contravene any laws and regulations governing the Company and its constituent documents ("**Written Confirmation**").

As at the Latest Practicable Date, all of the above conditions have been satisfied.

Please refer to the Company's announcements dated 10 November 2020 and 18 June 2021 for further details on the foregoing.

5. PROPOSED ACQUISITION

5.1 Purchase Consideration

Subject to the Adjustment (as defined below), the Purchase Consideration for the Proposed Acquisition shall be satisfied by a combination of (i) the payment of S\$3,000,000 in cash to the Vendors within 12 months from the Completion Date, and (ii) the issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) to the Vendors at the Issue Price of S\$0.006 per Consideration Share which shall be equivalent to an aggregate issued and paid-up share capital of S\$19.0 million on the Completion Date.

The Purchase Consideration was arrived at after arms' length negotiations between

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the Company and the Vendors, and on a willing-buyer and willing-seller basis, taking into consideration, the earnings and business prospects of the Target Company, and on the basis that it shall be supported by the Appraised Value.

The Company plans to pay the Cash Consideration within twelve (12) months from the Completion Date with the net proceeds to be received from the Disposal of Lok Yang Property of approximately S\$6.38 million.

The Issue Price of S\$0.006 for each Consideration Share represents a premium of 33.33% to the volume-weighted average price of S\$0.0045 per Share, based on trades done on the Shares on the Catalist on the full market day preceding the date of the SPA, being 28 September 2020.

In the event that the Appraised Value is less than 90% of the Purchase Consideration (such difference being the “**Shortfall**”), the Purchase Consideration shall be adjusted as follows:

- (i) for the first S\$3,000,000 or less of the Shortfall, the Cash Consideration shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall for up to S\$3,000,000; and
- (ii) for any amount of the Shortfall exceeding S\$3,000,000, the number of Consideration Shares issued shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall that is in excess of S\$3,000,000,

(collectively, the “**Adjustment**”).

For the avoidance of doubt, if the Appraised Value is at least 90% of the Purchase Consideration, no Adjustment shall be made to the Purchase Consideration. Any Adjustment to the Purchase Consideration will be announced immediately by the Company via SGXNET.

The 3,166,666,667 Consideration Shares shall be consolidated to 79,166,665 Consolidated Shares after the completion of the Proposed Share Consolidation.

5.2 Valuation of the Target Company

Pursuant to Rule 1015(3)(a) of the Catalist Rules, a competent and independent valuer is required to be appointed to value the incoming business.

The Company has commissioned Chay Corporate Advisory Pte Ltd to undertake an independent business valuation to determine the Fair Value of 100% equity interest in the Target Company.

“Fair Value” is defined in the Summary Valuation Letter as “*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between*”

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market participants at the measurement date”.

The indicative valuation of the Target Company by the Independent Business Valuer has taken into consideration the values implied by a combination of discounted cash flow (“**DCF**”) and comparable companies (“**CC**”) analysis. The discounted cash flow analysis is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow, while the CC analysis determines the value of a company’s business by referencing available market information, such as trading multiples of comparable publicly listed companies.

In valuing the Target Company, the Independent Business Valuer has adopted the DCF approach as the primary valuation methodology for the following reasons:

- (i) The DCF approach reflects the future plans and growth of the Target Company. This approach is less influenced by volatile external factors because it is an inward-looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers;
- (ii) The asset-based approach does not take into account the future changes in sales or income; and
- (iii) The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as the Target Company.

Under the DCF approach and methodology, the Independent Business Valuer has discounted the projected free cash flows of the Target Company with discount rates having considered, amongst all relevant risk factors, such as business size, business environment, cost of debt, riskiness of cash flows. The free cash flow of the Target Company has been projected for the period starting from 1 January 2021 to 31 December 2023. The Independent Business Valuer has considered the EV/EBITDA multiple of comparable companies as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF analysis. The DCF analysis has taken into consideration the projected capital expenditure of the Target Company, including the investments required for the Tuas Facility.

As part of the CC analysis, the Independent Business Valuer has considered comparable publicly listed companies based on the following criteria: (i) companies which are in a similar industry with the Target Company; and (ii) companies which are involved in the environmental and facilities sector with a focus in the waste management and recycling space. The comparable publicly listed companies considered were Cleanaway Waste Management Limited, Daiseki Co., Ltd., Bingo Industries Limited, Kaname Kogyo Co., Ltd. and Shanghai Environment Group Co., Ltd..

The valuation is based on various assumptions with respect to the Target Company, including their respective present and future financial conditions, business strategies and the environment in which they operate. These assumptions are based on the information that the Independent Business Valuer has been provided and discussions

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with the Target Company and its management reflecting current expectations on current and future events. The Independent Business Valuer had relied on and considered, amongst others, the following key assumptions for the valuation:

- (i) the Target Company's financial forecast for the next twelve (12) months after the completion of the Proposed Acquisition and the industry trend as set out in Section 11.1 entitled "Industry Overview and Prospects" of this Circular;
- (ii) the Target Company's revenue is expected to be generated from both the Kian Teck Facility and from new business streams from the Tuas Facility based on the assumption that the Target Company will be able to obtain the lease approval from JTC by fulfilling the capital expenditure investment shortfall of approximately S\$0.4 million during the period of the time extension of one year from 15 May 2021 granted by JTC. The management are of the opinion that the Target Company will be able to fulfill the investment shortfall within the extended time. Please refer to Section 7.8 entitled "Properties and Fixed Assets" of this Circular for more details. Revenue arising from the new business streams is based on expectations of the Target Company's management;
- (iii) The Kian Teck Facility is forecasted to operate at full capacity across the forecast period, while the Tuas Facility is expected to operate at 25% in FY2021, 65% in FY2022 and 80% capacity in FY2023. In forecasting the expected level of the utilisation rate of the Tuas Facility in FY2021, the management of the Target Company has conducted its own assessment on the market potential which takes into consideration, amongst others, (i) the industry trends and prospects as disclosed in this Circular, (ii) the historical and ongoing level of business that the Target Company outsources to its recycling partners which is envisaged to be carried out under the Tuas Facility in the near future, and (iii) its understanding of the business needs of long-standing and/or major customers;

Notwithstanding that no independent assessment of the capacity utilisation assumptions was conducted, as part of their terms of reference, the Independent Business Valuer has made such reasonable enquiries and used their judgment as they have deemed necessary on the reasonable use of such information and/or representations provided by the Target Company's management and have no reason to doubt its accuracy or reliability. In connection with the above, the Independent Business Valuer has considered the industry trend as disclosed in this Circular in their valuation;

- (iv) Considering the automation of processes at the Tuas Facility, coupled with the Target Company's intention to explore new high margin revenue streams, the expected EBITDA margin (on a pre SFRS(I) 16 basis) of 25.8% for FY2021 improved as compared to the actual EBITDA margin (on a pre SFRS(I) 16 basis) of 22.1% for FY2020 owing to the expected cost savings in respect to two major cost drivers, whereby the Target Company's management has forecast employee benefit and other expenses at 17% and 46% of revenue

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respectively for FY2021, and 15% and 39% of revenue respectively for both FY2022 and FY2023;

- (v) In view of the cost savings arising from the automation of processes at the Tuas Facility, coupled with the Target Company's intention to explore new high margin revenue streams that have yet to be apparent, a more conservative approach of blending the average historical percentages of employee benefit and other expenses against revenue from FY2018 to FY2020 of 26% and 50% respectively with the Target Company's management's forecast percentages of such expenses against revenue was considered, whereby the average historical percentages of such expenses against revenue from FY2018 to FY2020 was allocated greater weightage;
- (vi) Accordingly, the revised forecast percentages of employee benefit and other expenses against revenue for the period from FY2021 to FY2023 was 25% and 48% of revenue respectively;
- (vii) The range of weighted average cost of capital ("**WACC**") from 12.70% to 13.70% with a base WACC of 13.20% was considered; and
- (viii) The range of long-term growth rate from 0.88% to 1.88% with a base long-term growth rate of 1.38% based on the forecasted long-term Singapore inflation rate was considered.

In connection with point (iii) above, in consideration that the growth of the Target Company is constrained by its capacity level of its facilities, the financial forecast of the Target Company was projected by the management based on the expected capacity utilisation rates of the Kian Teck Facility and the Tuas Facility across FY2021 to FY2023, instead of being based upon a set of assumed growth rates between each of the forecasted financial years. In respect of the Tuas Facility, it is expected to operate at 25% capacity in FY2021, 65% capacity in FY2022 and 80% capacity in FY2023 amid a gradual increase in capacity utilisation rate which has taken into account, *inter alia*, the recovery trajectory of the cruise and shipping industries amid the current COVID-19 pandemic situation. The Target Company's management anticipates that the demand and economic conditions of the shipping and cruise industries in Singapore would recover to pre-COVID 19 pandemic levels by the start of FY2023, being the first year of steady state financial performance that would be attained by the Target Company. Further, the Target Company's management has adopted a cautious approach in forecasting the 80% operating capacity level as the steady state performance level of the Tuas Facility given that (i) the management is confident to a high degree of achieving and sustaining the average operating capacity of the Tuas Facility in the long-term at such level, and (ii) sufficient buffer has been provided in the operating capacity levels in case of, *inter alia*, scheduled and/or unexpected maintenance of the plant and machineries.

Under point (viii) above, the long-term growth rate is used in the calculation of the terminal value after the Target Company's financial performance has reached a steady

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state or normalised level of financial performance in FY2023. Based on public sources, the long-term growth rate should possess characteristics of being a stable and sustainable growth rate and is usually in line with the long-term rate of inflation, but not higher than the historical gross domestic product (GDP) growth rate. The Independent Business Valuer has applied the expected long term inflation rate of Singapore in place of the expected growth rate of Singapore, as the inflation rate is often lower than the growth rate of the economy and therefore considered more conservative and prudent in consideration that the Target Company is operating in a mature industry.

The foregoing assumption on the long-term growth rate is in line with the valuation of companies in mature industries including but not limited to waste management industry that the Target Company is operating in, construction, utilities and commodities industries. In view of the foregoing, the historical performances of the Target Company and the comparable companies were not used by the Independent Business Valuer in arriving at the long-term growth rate.

There would be material changes to the indicative valuation of the Target Company in the event that JTC does not grant the lease over the Tuas Land to the Target Company.

The independent valuation was performed, and the Summary Valuation Letter was prepared, in accordance with the International Valuation Standards as prescribed by the International Valuation Standards Council.

Based on prevailing International Valuation Standards, control premiums *'are applied to reflect differences between the comparables and the subject asset with regard to the ability to make decisions and the changes that can be made as a result of exercising control.'* The International Valuation Standards states that an example of circumstances where control premiums should be considered is where *'shares of public companies generally do not have the ability to make decisions related to the operations of the company (they lack control). As such, when applying the guideline public comparable method to value a subject asset that reflects a controlling interest, a control premium may be appropriate.'* Given that the Target Company is not a publicly traded company and that there is no intention to change the existing management and business plans of the Target Company following Completion, no consideration has been given by the Independent Business Valuer to a control premium in the business valuation of the Target Company.

Based on the Summary Valuation Letter, Chay Corporate Advisory Pte Ltd is of the opinion that the range fair value of 100% equity interest in the Target Company as at 31 December 2020 is between S\$22.7 million and S\$28.6 million, with a base value of S\$25.4 million. Please refer to the Summary Valuation Letter attached as **Appendix C** to this Circular for more details.

Accordingly, the Purchase Consideration represents a discount of 13.4% to the Appraised Value, and no Adjustment shall be made to the Purchase Consideration. The Appraised Value ascribed by the Independent Business Valuer would be materially impacted if, *inter alia*, one or more of the key assumptions used by the Independent Business Valuer in its valuation is/are no longer applicable or if the future

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expected performance of the Target Company has materially changed. Accordingly, a waiver or non-satisfaction of certain conditions precedent by itself is not expected to have a material impact on the Appraised Value if the waiver or non-satisfaction of conditions precedent did not arise from a material change to the aforementioned key assumptions or future expected performance.

Shareholders are advised to read the Summary Valuation Letter carefully in its entirety before deciding to approve the Proposed Acquisition. The full copy of the Valuation Report is available for inspection at the registered office of the Company during business hours for a period of six (6) months from the date of this Circular. Please refer to Section 42 entitled “Documents Available for Inspection” of this Circular for further details.

5.3 Introducer Shares

In consideration that the Introducer to the Target Company has introduced the Vendors and the Target Company to the Company for the purposes of the Proposed Acquisition, the Introducer shall be paid an introducer fee upon Completion in the amount of S\$300,000. Pursuant to a supplemental deed dated 27 June 2021 entered into between the Introducer, the Target Company and the Company, it was agreed that the introducer fee of S\$300,000 shall be fully satisfied by the issuance and allotment by the Company of the Introducer Shares at the Issue Price (subject to the Proposed Share Consolidation). The Introducer Fee shall only be payable upon the completion of the Proposed Acquisition, and the Company shall not be responsible or liable to pay any fees or amounts whatsoever in the event that the Proposed Acquisition is not completed.

The Introducer was incorporated in Singapore on 11 June 2018. Its sole director is Kenny Ng Tek Kooi and its shareholders are (i) Kenny Ng Tek Kooi, who holds a 90% shareholding in the Introducer, and (ii) Thailin Management Services Pte. Ltd., which holds a 10% shareholding in the Introducer and is 100% beneficially owned by Thai Jun Xian. The Introducer is principally engaged in the provision of management consultation services.

Upon issuance, the Introducer Shares shall be wholly, legally and beneficially owned by the Introducer, and the Introducer shall not hold its interests therein on trust for other parties.

The Introducer, represented by its director, Kenny Ng Tek Kooi, was appointed by the Target Company on 17 September 2019 to provide management consultation services to the Vendors and the Target Company in relation to the proposed acquisitions, disposals and fund raising by the Vendors and the Target Company.

Save as disclosed above and to the best of the knowledge of the Company and the Target Company, the Introducer and its shareholders are independent from the Company, the Target Company, the Directors, the Proposed Directors, the Vendors and the substantial shareholders of the Company.

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Accordingly, as payment of the Introducer Fee, the Company shall allot and issue 50,000,000 Introducer Shares (on a pre-consolidation basis) to the Introducer at the Issue Price for each Share. On Completion (following the completion of the Proposed Share Consolidation), the Introducer shall hold 1,250,000 Consolidated Shares, representing approximately 1.11% of the Enlarged Share Capital of 112,813,983 Shares.

5.4 PPCF Shares

As part of PPCF's professional fees in respect of the financial advisory services rendered as the Financial Adviser and Sponsor to the Company in connection to the Proposed Acquisition, the Company shall issue and allot 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price to PPCF upon Completion, amounting to an aggregate value of S\$400,000. On Completion (following the completion of the Proposed Share Consolidation), PPCF shall hold 1,666,666 Consolidated Shares, representing approximately 1.48% of the Enlarged Share Capital of 112,813,983 Shares.

After the expiry of the relevant moratorium period as set out in Section 13.6 entitled "Moratorium" of this Circular, PPCF will be disposing its shareholding interests in the Company at its discretion.

5.5 Status of the Consideration Shares, the Introducer Shares and PPCF Shares

The issuance and allotment of the Consideration Shares, the Introducer Shares and the PPCF Shares is subject to, *inter alia*, the listing and quotation notice thereof on Catalist having been obtained from the SGX-ST.

The Consideration Shares, the Introducer Shares and the PPCF Shares, upon its issuance and allotment, will be credited as fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the then existing Shares, save for any rights, benefits, dividends and entitlements attached the record date of which is before the Completion Date.

5.6 Conditions Precedent

The Proposed Acquisition is subject to conditions precedent between the Parties as set out in their entirety in the SPA which include, *inter alia*, the following:

- (a) the results of a legal, financial and technical due diligence investigation on the Company, to be conducted by the Vendors and their advisors, being satisfactory in relation to all aspects;
- (b) the results of a legal, financial and technical due diligence investigation on the Target Company, to be conducted by the Company and its advisors, being satisfactory in relation to all aspects;

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- (c) the Proposed Acquisition upon the terms of this Agreement being approved by the SGX-ST as (part of) a reverse takeover by the Company pursuant to Part VIII, Chapter 10 of the Catalist Rules, as relevant, and where approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the Parties;
- (d) the approval of the Board and Shareholders having been obtained, and such approval not having been revoked or amended, for the entry into, implementation and completion of the transactions contemplated in the SPA, including in particular:
 - (i) the Proposed Acquisition;
 - (ii) the Proposed Share Consolidation;
 - (iii) the allotment and issuance of the Consideration Shares in accordance with the terms of the SPA;
 - (iv) the Proposed Whitewash Resolution;
 - (v) the allotment and issuance of the Introducer Shares and the PPCF Shares in accordance with the terms of the SPA;
 - (vi) the change of the Company's name to "Shanaya Limited" or such name as the Vendors may decide (subject to prior approval for the new name being obtained from ACRA);
 - (vii) the appointment of such new directors onto the Proposed New Board as nominated by the Vendors and cleared by the Sponsor; and
 - (viii) any additional terms as may be agreed among the Parties;
- (e) on the Completion Date, the Target Company being wholly, legally and beneficially owned by the Vendors and the Vendors not holding their interests therein on trust for other parties;
- (f) no capitalisation activities, re-organisation, amalgamation, restructuring, take-over or change in shareholding or changes in the share capital structure of the Target Company nor any insolvency events affecting the Target Company and/or any Vendors;
- (g) all necessary approvals, waivers, consents, licences, permits, authorisations and/or registrations from/ with all relevant governmental, regulatory and other authorities, financiers, counterparties and/or third parties (if any) of the Company, the Target Company and/or the Target Business in respect of the Proposed Acquisition being obtained and being in full force and effect and not having been withdrawn, suspended, revoked, amended or subject to conditions

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not acceptable to the Parties, and if such conditions are required to be fulfilled before completion of the Proposed Acquisition, such conditions being fulfilled before completion of the Proposed Acquisition, including but not limited to:

- (i) the approval in-principle being granted by the SGX-ST for the Proposed Acquisition, being a reverse takeover under Rule 1015 of the Catalist Rules;
 - (ii) the receipt of a listing and quotation notice from SGX-ST for the dealing and quotation of the Consideration Shares, the Introducer Shares and the PPCF Shares on the Catalist of the SGX-ST, such notice or approval not being revoked, rescinded or cancelled prior to completion of the Proposed Acquisition and, where such listing and quotation notice is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties; and
 - (iii) the SIC having granted the Vendors and their concert parties (and not having revoked or repealed such grant) the Whitewash Waiver;
- (h) the delivery of a disclosure letter by the Company to the Vendors, which shall include all disclosures pertaining to the Purchaser's business in connection with the Proposed Acquisition;
- (i) an unqualified opinion by the IFA that the Proposed Whitewash Resolution to be sought from the Shareholders is fair, reasonable and not prejudicial to the interests of the independent Shareholders;
- (j) each of the warranties provided by the Vendors and the Company being complied with, and is true, accurate and complete as at the date of the SPA and until the Completion Date;
- (k) no material adverse change (as determined by the Company in its reasonable discretion) in the prospects, operations or financial conditions of the Target Company occurring on or before the Completion Date;
- (l) the Vendors undertake to maintain:
- (i) its entire equity interest in the Company at the listing date of the Consideration Shares for a period of not less than six (6) months commencing from the listing date of the Consideration Shares; and
 - (ii) not less than fifty percent (50%) of the entire equity interest in the Company at the listing date of the Consideration Shares for a subsequent period of six (6) months thereafter;
- (m) no relevant government authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit,

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investigation, inquiry or reference, or making, proposing or enacting any statute, regulation, decision, ruling, statement or order or taking any steps to do so, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:

- (i) make the Proposed Acquisition or any transaction contemplated under the SPA or any other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or frustrate or be adverse to the same; and/or
 - (ii) render the Company being unable to acquire all or any of the Sale Shares in the manner set out in the SPA;
- (n) the Vendors and the Target Company not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, order or action which is threatened;
- (o) save that the Company is currently a cash company pursuant to the SGX-ST's letter dated 1 April 2020, the Company remaining listed on the Catalist from the date of the SPA up till completion of the Proposed Acquisition, and no condition exists which would affect the continued listing of the Company on the Catalist;
- (p) all the licences, permits, consents, approvals, authorisations, waivers and exemptions which are required and/or advisable for the purpose of conducting and carrying on the business and operations of the Target Company ("**Licences and Permits**") remaining in force and not being expired or revoked and there being no occurrence which could result in any of the Licences and Permits being revoked as at the Completion Date;
- (q) the Company proposing and undergoing the Proposed Share Consolidation, to comply with and satisfy the listing requirements specified in the Catalist Rules. The Proposed Share Consolidation will not involve a diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Company; and
- (r) the execution and performance of the SPA by the Parties not being prohibited in any material aspects by any relevant applicable statute, order, rule, directive or regulation promulgated by any applicable legislative, executive or regulatory body or authority.

The Vendors and the Company undertake to use their best endeavours to assist each other to the extent permitted by applicable laws in any actions or filings necessary to achieve the fulfilment of the Conditions Precedent and will regularly inform each other

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without undue delay of the progress of the fulfilment of each Condition Precedent and notify the other party in writing as soon as they are aware of the fulfilment of a Condition Precedent or that a Condition Precedent has become incapable of fulfilment.

The Vendors and the Company may, upon mutual agreement, waive (in whole or in part) all or any of the Conditions Precedent set out above. For the avoidance of doubt, any such waiver shall not prejudice the Vendor's or the Company's rights in respect of the non-fulfilment of the same.

If any of the Conditions Precedent are not able to be fulfilled as a result of any decision or rejection received from any regulatory authority in connection with the Proposed Acquisition, and not otherwise waived by the Parties, the Parties shall be entitled to elect to be released from their respective obligations under the SPA by written notice, and upon issuance of such written notice, all obligations of the Parties hereunder shall *ipso facto* cease.

In relation to paragraph (g) above:

- (i) The SIC had on 17 November 2020 granted the Vendors a waiver of the requirement for the Vendors to make a mandatory general offer for the Shares not held by the Vendors under Rule 14 of the Code as a result of the issuance and allotment of the Consideration Shares pursuant to the Proposed Acquisition, subject to certain conditions. Subsequently, an application had been made to the SIC to seek an extension of time to meet one of the conditions specified by SIC in its grant of the aforesaid waiver. Such extension of time application had since been withdrawn on 21 April 2021;
- (ii) A fresh application seeking the Whitewash Waiver had been made to the SIC on 21 April 2021. Subsequently, the SIC had on 16 June 2021 granted the Vendors a waiver of the requirement to make a mandatory general offer subject to, amongst other things, the appointment of the IFA to advise Independent Shareholders on the Proposed Whitewash Resolution and a majority of holders of voting rights of the Company approving at a general meeting, before the issuance of the Consideration Shares, a resolution by way of a poll to waive their rights to receive a general offer from the Vendors. Accordingly, the approval of the Independent Shareholders for the Proposed Whitewash Resolution will be sought at the EGM. Please see Section 24 entitled "Proposed Whitewash Resolution" of this Circular for more information on the conditions set out by the SIC in relation to such Whitewash Waiver; and
- (iii) The Target Company has obtained a hire purchase facility from a bank with the outstanding amount of approximately S\$0.27 million in relation to a motor vehicle. Pursuant to the terms of the aforementioned facility, consent of the bank is required for the change of control and/or ownership of the Target Company pursuant to the Proposed Acquisition. As at the Latest Practicable Date, the bank's consent has not been obtained.

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On 23 June 2021, the Vendors, the Company and the Target Company entered into the Supplemental SPA, pursuant to which they agreed to extend the Long Stop Date to 29 September 2021 or such other date as mutually agreed between the Parties.

Under the SPA (as supplemented by the Supplemental SPA and the side letter dated 23 June 2021), if any of the Conditions Precedent are not fulfilled (or is not waived in writing) by the Revised Long Stop Date, or such other date as may be mutually agreed in writing between the Parties, the Parties shall be entitled to elect to be released from their obligations under the SPA by written notice, and upon issuance of such written notice, all obligations of the Parties under the SPA shall *ipso facto* cease.

As at the Latest Practicable Date, save as disclosed above and save for the condition precedents in paragraph (d) above (specifically, the approval of the Shareholders having been obtained for the entry into, implementation and completion of the transactions contemplated in the SPA), paragraph (q) above (in relation to the Proposed Share Consolidation, which will take place after Shareholders' approval for the same is obtained at the EGM), paragraph (g)(ii) above (in relation to the receipt of a listing and quotation notice from SGX-ST for the dealing and quotation of the Consideration Shares, the Introducer Shares and the PPCF Shares on the Catalist of the SGX-ST, which is expected to take place upon the lodgement of this Circular) and paragraphs (e), (h), (j), (k) and (p) above (all of which relate to matters to be confirmed on Completion Date), all of the conditions precedent as set out in the SPA have been fulfilled. The Company would make an immediate SGXNet announcement in the event that any of the conditions precedent to the Proposed Acquisition is waived, including the bases, and/or not fulfilled.

5.7 Other Salient Terms of the SPA

(a) Moratorium

The Vendors have undertaken to comply with a moratorium on the transfer or disposal of all their Consideration Shares in accordance with Rules 420, 422(1) and 422(2) of the Catalist Rules. Information on the moratorium undertakings provided by the Vendors is set out in Section 13.6 entitled "Moratorium" of this Circular.

(b) Representations, Warranties and Undertakings

(i) Vendor's Representations and Warranties

The Vendors shall provide customary representations and warranties to the Company.

(ii) Company's Representations and Warranties

The Company shall provide customary representations and warranties to the Vendors. The Company further represents and warrants to the Vendors

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that it shall procure that Choo Tung Kheng provides a written undertaking before the EGM to do the following:

- (A) give a letter of undertaking to the Vendors and the Target Company that she shall, and she shall ensure that any entity controlled by her and her associates which holds shares in the capital of the Company shall, vote in favour of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto, including without limitation the Proposed Acquisition and the Whitewash Resolution; and
- (B) not transfer or dispose her shareholding in the Company, whether held by her directly or indirectly, from the date of the SPA until the conclusion of the EGM to be convened.

If before the completion of the Proposed Acquisition, it shall be found that the Vendor's or the Company's representations and warranties in the SPA is untrue or incorrect in any material respect, the party not in default shall be entitled (without prejudice to all other rights or remedies available to it) to elect to rescind the SPA.

5.8 Undertakings Provided

Choo Tung Kheng had, on 1 October 2020, provided a written undertaking pursuant to which, *inter alia*:

- (a) she shall vote all of her direct shareholding interests in the Company (being 247,012,315 Shares, representing approximately 20.09% of the Company's issued share capital of 1,229,226,124 Shares) in favour of the resolutions relating to the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto (including without limitation the Proposed Acquisition and the Proposed Whitewash Resolution) to be proposed at the EGM;
- (b) she shall not transfer or dispose of any or all of her aforesaid shareholding interests, whether held by herself directly or indirectly, from 29 September 2020, being the date of the SPA, until the conclusion of the EGM; and
- (c) she shall procure her associates (as defined in the Catalist Rules), including her children, Mr. Tan Yeat Cheong, Mr. Tan Yeat Chia, Mr. Tan Yeat Chun and Ms. Tan Yeat Bei (who collectively hold 12,000,000 Shares, representing approximately 0.98% of the Company's issued share capital of 1,229,226,124 Shares):
 - (i) to vote all of their respective shareholding interests in the Company in favour of the resolutions relating to the transactions contemplated in the SPA and all other transactions in connection therewith and incidental

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thereto (including without limitation the Proposed Acquisition and the Proposed Whitewash Resolution) to be proposed at the EGM; and

- (ii) not to transfer or dispose of any or all of their respective shareholding interests in the Company from 29 September 2020, being the date of the SPA, until the conclusion of the EGM.

Pursuant to a side letter dated 23 June 2021 entered into between the Company, the Vendors and the Target Company, it was agreed that:

- (i) Choo Tung Kheng is not required to procure the estate of the late Mr. Tan Ming to vote the 1,200 Shares held by it in favour of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto, including without limitation the Proposed Acquisition and the Proposed Whitewash Resolution; and
- (ii) any failure or omission by the estate of the late Mr. Tan Ming to vote the 1,200 Shares held by it in favour of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto shall not be construed as a breach by the Company of Clause 7.3 of the SPA or by Choo Tung Kheng of her written undertaking dated 1 October 2020 (as described above).

The side letter was entered into in view of the difficulties for Choo Tung Kheng to procure the estate of her late husband Mr. Tan Ming to vote the 1,200 Shares held by it in favour of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto.

To the best of the Directors' knowledge, there are no arrangements or undertakings (written or otherwise) between the Company, its directors and/or shareholders with the Vendors, aside from the Company's representations and warranties and the undertakings provided by Choo Tung Kheng as disclosed above, as well as the various agreements, deeds and documents entered into between the Company and the Vendors as disclosed in this Circular.

5.9 Shareholders' Approval

The resolution to seek Shareholders' approval for the Proposed Acquisition is set out in Ordinary Resolution 1 in the Notice of EGM.

The resolution to seek Shareholders' approval for the proposed issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) at the Issue Price to the Vendors in satisfaction of the Purchase Consideration for the Proposed Acquisition is set out in Ordinary Resolution 2 in the Notice of EGM.

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5.10 Estimated Expenses in connection with the Proposed Transactions

The Company estimates that the costs and expenses payable by the Company and/or the Target Company in connection with the Proposed Transactions, including professional fees and all other incidental expenses relating to the Proposed Transactions (including applicable taxes), will be approximately S\$1.09 million.

A breakdown of these estimated expenses is as follows:

Expenses to be borne by the Company and/or the Target Company	Estimated Amount (S\$'000)	As a percentage of the Purchase Consideration of S\$22.0 million (%)
Listing and application fees	57	0.26
Professional fees ⁽¹⁾	1,010	4.59
Miscellaneous expenses	21	0.10
Total	1,088	4.95

Note:

- (1) The professional fees refer to the cash expenses incurred by the Company and/or the Target Company in connection with the Proposed Transactions and excludes (i) part of PPCF's management fees as the Financial Adviser and Sponsor to the Company, which will be satisfied by the issuance and allotment of 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price to PPCF; and (ii) the Introducer Fee, which will be satisfied in full by the issuance and allotment of 50,000,000 Introducer Shares (on a pre-consolidation basis) at the Issue Price to the Introducer.

Separately, upon Completion, the cash consideration of S\$3.0 million (which forms part of the Purchase Consideration of S\$22.0 million) shall be payable in full to the Vendors within 12 months from the Completion Date. The Company plans to pay the Cash Consideration within 12 months from the Completion Date with the proceeds to be received from the Disposal of Lok Yang Property.

Any cash balances in the Enlarged Group, after the payment of the expenses listed above, the earmarking of approximately S\$0.4 million as described in Section 7.8 entitled "Properties and Fixed Assets" of this Circular and the satisfaction of the cash consideration of S\$3.0 million as set out above, shall be managed by the Proposed New Board and the new management of the Enlarged Group in their discretion, and may be used to discharge, reduce or retire any indebtedness of the Target Company and/or the Enlarged Group, if it deems fit.

6. RATIONALE FOR THE PROPOSED ACQUISITION

As indicated in the Company's previous announcement dated 14 November 2019, the Group had ceased operations in the printed circuit board business and has been in the midst of searching for a new viable business. As announced by the Company on 2

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April 2020, the Company was deemed a cash company under Rule 1017 of the Catalist Rules with effect from 2 April 2020.

Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Official List of the SGX-ST if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may apply to the SGX-ST for a maximum 6-month extension to the said 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the said 6-month extension period.

As announced by the Company on 16 February 2021, the Company has, on the date of the announcement, submitted an application to the SGX-ST for an extension of time under Catalist Rule 1017(2) of six (6) months from 1 April 2021 (being the original deadline for the Company to meet the requirements for a new listing) until 30 September 2021 to allow the Company to complete the Proposed Acquisition and meet the requirements for a new listing (the “**Cash Company EOT**”). The Cash Company EOT was sought for the following reasons:

- (i) the Vendors and the Company had on 29 September 2020 entered into the SPA, being the binding definitive agreement in respect of the Proposed Acquisition. There is, (a) in relation to the Whitewash Waiver, less than 5 months between 29 September 2020 and the corresponding deadline of 17 February 2021, and (b) in relation to the cash company requirements under Catalist Rule 1017, only approximately 6 months between 29 September 2020 and the corresponding deadline of 1 April 2021, for the Vendors and the Company to meet all the necessary conditions precedent as set out in the SPA in order for the Proposed Acquisition to be completed. These conditions precedent comprise the satisfactory completion of the relevant pre-listing due diligence on the Target Company (including the audit of historical financials), the approval-in-principle of the SGX-ST having been granted for the Proposed Acquisition, and the approval of Shareholders having been obtained for the Proposed Acquisition in an extraordinary general meeting to be convened. The due diligence exercise in relation to the Proposed Acquisition had commenced upon the signing of the SPA. Based on observed market precedents, the typical timeframe for reverse takeover transactions typically span more than 6 months from the time when the sale and purchase agreements were signed to completion. Accordingly, the time extension sought would provide a more practicable timeframe for the parties to execute and complete the Proposed Acquisition;
- (ii) the Vendors and the Company have appointed the key professionals in connection to the Proposed Acquisition (“**Appointed Professionals**”), and due diligence by the Appointed Professionals on the Target Company is presently in progress despite delays brought about by the gradual resumption of normal business dealings under Phases 2 and 3 of the COVID-19 re-opening. The time extension sought will allow the Appointed Professionals more time to complete their on-going necessary due diligence work;

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- (iii) upon completion of the Proposed Acquisition, the Company will cease to be a cash company (as defined in the Catalist Rules) and would be able to continue to remain listed on the Official List of the SGX-ST, instead of facing the possibility of being delisted. Accordingly, Shareholders can look forward to participating in the waste management industry through the acquisition of an operating business with a profitable track record and good growth potential, thereby allowing the Enlarged Group to achieve a consistent and sustainable operational and financial growth;
- (iv) the Proposed Acquisition would enable the Company to enhance shareholder value by generating renewed investor interest in the shares and ultimately, create the potential to significantly increase the value of the Company with a wider investor base. Accordingly, the Board is of the view that the Proposed Acquisition is likely to enhance the long-term interests of the Company and its Shareholders; and
- (v) subject to the satisfactory completion of due diligence by the Appointed Professionals, the Board believes that the Target Company can satisfy the SGX-ST's requirements for a new listing on the Catalist.

The SGX-ST had, on 16 March 2021, informed that it has no objections to the Company's application for the Cash Company EOT for an extension of time to 30 September 2021 with regard to compliance with Rule 1017(2) of the Catalist Rules, subject to the fulfilment of the following conditions:

- (i) the Company announcing the waiver granted, the reasons for seeking the waiver, the conditions as required under Rule 106 of the Catalist Rules and if the waiver conditions have been satisfied. If the waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
- (ii) the Company making regular updates via SGXNET on its progress in meeting key milestones of the Proposed Acquisition to the SGX-ST and investors.

The Company had made the necessary announcement pursuant to condition (i) above on 16 March 2021 and will make subsequent SGXNET announcements to update Shareholders when there are material updates as may be necessary or appropriate pursuant to condition (ii) above.

Please refer to the Company's SGXNET announcements dated 16 February 2021 and 16 March 2021 for further details on the foregoing.

7. INFORMATION ON THE TARGET COMPANY

7.1 Introduction

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The Target Company was incorporated as a private limited company in Singapore on 16 September 2002 under the Companies Act, with the company registration number of 200208018R. The Target Company's registered office is located at 27 Kian Teck Drive, Singapore 628844 and its principal place of business is located at 3A Tuas South Street 15, Singapore 636845.

The Target Company is principally engaged in the provision of waste management and disposal services to industrial and commercial clients and specifically, the provision of collection, transfer and disposal services to mainly the shipping and cruise industries in Singapore (the "**Target Business**").

As at the Latest Practicable Date, the Target Company does not have any subsidiaries, subsidiary entities, associated companies and associated entities, and operates only in Singapore.

Presently, some of the Target Company's waste management and segregation activities are being carried out at its general waste disposal facility located at 27 Kian Teck Drive, Singapore 628844 (Lot number: MK6-2648X) ("**Kian Teck Facility**"). In this regard, the Target Company has a licence issued under the EPH(GWDF)R, first obtained from the NEA for the period from 22 October 2018 to 21 October 2020 and most recently renewed for the period from 22 October 2020 to 21 October 2022, which allows the Target Company to construct, establish, maintain and operate a general waste disposal facility at 27 Kian Teck Drive, Singapore 628844, and for it to handle industrial, commercial and electronic waste.

The Target Company is expanding its existing operations and intends to leverage on its upcoming integrated cruise and ship waste management, treatment and recycling facility, that is located at 3A Tuas South Street 15, Singapore 636845 (Private lot A3006428 / Lot No. MK7-5051C) ("**Tuas Facility**"). The Target Company had obtained the Temporary Occupation Permit ("**TOP**") approval for the Tuas Facility from the BCA on 12 January 2021. In addition, the Target Company has also obtained a licence issued under the EPH(GWDF)R from the NEA for the period of 25 March 2021 to 24 March 2023, which allows the Target Company to construct, establish, maintain and operate a general waste disposal facility at the Tuas Facility. Following the installation of the machineries and equipment for its general waste disposal operations at the Tuas Facility, the Target Company has commenced its general waste disposal operations at the Tuas Facility in May 2021. Please refer to Section 7.2 entitled "Business Overview" of this Circular for further details.

The success of the Target Company today can be attributed mainly to the efforts and contributions of the founders, Mohamed Gani Mohamed Ansari and his wife, Shitthi Nabesathul Bathuria D/O Abdul Hamid, together with their long-term business partners, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal whom joined the Target Company in 2013 and 2014 respectively. Collectively, the four individuals, with over 50 years of accumulated experience in the waste management industry, built and established the Target Company over the years into one of the leading waste management companies in Singapore specialising in serving the shipping and cruise

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industries. Please refer to Section 25 entitled “Proposed Directors and Executive Officers of the Enlarged Group” of this Circular for further details.

The table below sets forth the key milestones in the history of the Target Company:

2002	Incorporation of Shanaya Environmental Services Pte. Ltd. by the founders, Mohamed Gani Mohamed Ansari and his wife, Shitthi Nabesathul Bathuria D/O Abdul Hamid
2011	First attained the General Waste Collector Licence (Class A) issued by the NEA, which allowed the Target Company to handle inorganic and recyclable waste (excluding food waste)
2013	Embarked into the waste management business for ships and cruises and first few contracts entered into with established local cruise ship agency firms for provision of general waste disposal services that were worth approximately S\$15,300
2015	Leased and re-located to the approximately 40,000 sqft facility at 10 Neythal Road, Singapore 628576, of which approximately 8,000 sqft of sheltered area was used to support waste collection, sorting and safe disposal services
2015	First attained the General Waste Collector Licence (Class B) issued by the NEA, which allowed the Target Company to handle organic waste
2015	First attained the Toxic Industrial Waste Collector Licence issued by the NEA, which allowed the Target Company to handle waste lead acid batteries
2015	First attained the licence to deal in explosives issued by the Police Licensing & Regulatory Department, which allowed the Target Company to handle flares (pyrotechnic)
2018	Awarded the tender for approximately 90,000 sqft of land situated at 3A Tuas South Street 15, Singapore 636845 (Private lot A3006428 / Lot No. MK7-5051C) from JTC for the purpose of setting up an integrated cruise and ship waste management, treatment and recycling facility, being the Tuas Facility
2018	Acquired the approximately 23,500 sqft land at 27 Kian Teck Drive, Singapore 628844 with a lease duration of 30 years granted by JTC commencing from 16 March 1995 (with an option granted by the JTC for a further term of 15 years from the expiry of the initial 30year lease term), where the Kian Teck Facility is presently located
2018	First attained ISO 14001:2015 ⁽¹⁾ certification for waste management and recycling of general, industrial, commercial and ship waste
2018	First attained OHSAS 18001:2007 ⁽²⁾ certification for waste management and recycling of general, industrial, commercial and ship waste

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2018	First attained the licence issued under the EPH(GWDF)R to construct, establish, maintain and operate a general waste disposal facility at the Kian Teck Facility with the design capacity of 50 tonnes of waste (industrial, commercial and electronic waste) per day
2018	Awarded contract to Malayan Daching Co Pte Ltd to build the Tuas Facility
2018 to 2020	Obtained relevant authorities' approvals for the proposed erection of a part single part 2-storey single-user general industrial factory development with ancillary office at the Tuas Facility
2021	Obtained the TOP approval for the Tuas Facility
2021	Submission of the application for Certificate of Statutory Completion with respect to the Tuas Facility
2021	Obtained the licence issued under the EPH(GWDF)R to construct, establish, maintain and operate a general waste disposal facility at the Tuas Facility with a design capacity of 220 tonnes of waste (industrial, commercial and electronic waste) per day and an approved storage limit of 500 tonnes of waste
2021	First attained ISO 45001:2018 ⁽³⁾ certification for waste management and recycling of general, industrial, commercial and ship waste in Singapore
2021	Commenced general waste disposal operations at the Tuas Facility

Notes:

- (1) ISO 14001:2015: Standard for Environmental Management Systems set by the International Organisation for Standardisation.
- (2) OHSAS 18001:2007: Standard for Occupational Health and Safety Management Systems set by the International Organisation for Standardisation
- (3) ISO 45001:2018: Standard for Occupational Health and Safety Management Systems set by the International Organisation for Standardisation (this standard replaces the OHSAS 18001:2007 standard)

The contact details of the Target Company are set out below:

Address of registered office : 27 Kian Teck Drive, Singapore 628844

Principal place of business : 3A Tuas South Street 15, Singapore 636845

Telephone number : +65 6316 2023

Facsimile number : +65 6862 0304

Email address : info@shanayagroup.com

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Target Company Website : www.shanayagroup.com

Information contained in the Target Company's website does not constitute part of this Circular.

7.2 Business Overview

The Target Company is principally engaged in the provision of waste management and disposal services to industrial and commercial clients and specifically, the provision of collection, transfer and disposal services to mainly the shipping and cruise industries in Singapore. As at the Latest Practicable Date, the Target Company does not have any subsidiaries, subsidiary entities, associated companies and associated entities, and operates only in Singapore.

Waste management services

Pursuant to the EPH(GWC)R, (i) all incinerable waste shall be transported to either a refuse incineration plant or a disposal facility specified by the Director-General of Public Health for disposal; (ii) all non-incinerable waste (except recyclable waste) shall be transported to a landfill for final disposal; and (iii) all recyclable waste shall be transported to a recycling facility.

The Target Company is licensed as a general waste collector to handle waste such as unwanted furniture, electrical appliances, construction and renovation debris, cut tree trunks and branches, bulky waste, non-putrefiable waste, recyclable waste, food waste (excluding used cooking oil), market waste and waste with a high organic content and which is putrefiable, pursuant to its General Waste Collector Licence (Class A and Class B). The Target Company is also licensed as a toxic industrial waste collector to handle toxic waste materials containing polyvinyl chloride (PVC) and waste lead-acid batteries. As part of the comprehensive suite of waste management and disposal services offered to its customers, the Target Company is also licensed to collect pyrotechnics for safe disposal.

For certain types of waste which the Target Company is currently not licensed to collect and treat, such as oil sludge and other non-solid wastes, the Target Company will engage a licensed logistic company or inform its recycling partner, which is licensed to collect and handle such waste, to deploy its trucks to transport the waste to the recycling partner's facility for further treatment and safe disposal. In addition, certain recyclable materials such as ferrous and non-ferrous metals and paper which have been collected by the Target Company may be sold to its recycling partners directly for recycling in their material recovery facilities.

As part of its waste management operations, the Target Company segregates the collected waste at its Kian Teck Facility and/or Tuas Facility, where recyclable materials are segregated from the general waste stream, to be sold onwards to the Target Company's recycling partners for commercial value. These recyclable materials

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are mainly old corrugated carton boxes, wooden pallets, ferrous and non-ferrous metal scrap, plastic and metallic drums, ropes, pipes, batteries, PVC cables and e-waste.

The Target Company has on 5 May 2021 moved its corporate office from the Kian Teck Facility to the Tuas Facility and commenced its general waste disposal operations at the Tuas Facility. With the commencement of its general waste disposal operations at the Tuas Facility, the Target Company will be able to expand its existing operations to manage a larger volume of waste, and also alleviate the space constraints currently faced at the Kian Teck Facility. Accordingly, this would enhance the revenue capabilities of the Target Company. Further, certain processes to be conducted at the Tuas Facility are integrated and automated, and the Target Company expects to derive benefits from the synergy of operations with both the Kian Teck Facility and the Tuas Facility. Further details of the Tuas Facility have been set out below.

Overview of the waste management workflow process

As at the Latest Practicable Date, the Target Company's waste management workflow process is as follows:

(1) Inquiry or request for services from customers

Usually, the customer will notify the Target Company in advance of its ship or cruise porting in Singapore or anchoring in the surrounding waters of Singapore and the South China Sea that requires a collection of waste for safe disposal. Generally, the relevant personnel onboard the ship or cruise would prepare in advance a list which sets out the types of waste and their respective quantities to be collected from the ship or cruise, which would be subsequently shared with the Target Company. Once the Target Company receives the inquiry or request for services from its customers, it will proceed to make the necessary preparations including the scheduling of the requisite vehicle(s), crew and equipment to collect the waste from the ship or cruise when it ports in Singapore or anchors in the surrounding waters.

(2) Waste collection

Collection by the Target Company

The Target Company operates around-the-clock everyday as its customers in the shipping and cruise industries are also running on the same schedule, and the Target Company strives to respond to its customers' requests promptly. Once notification has been given to the Target Company, the necessary resources such as the vehicle(s) and crew would be deployed or already be on-site at the designated port. Even if the customers have placed orders on short notice, the Target Company would use its best efforts to accommodate and deploy its resources to be ready on-site as soon as possible.

In the case of ships or cruises porting in Singapore, the driver and crew deployed by the Target Company will collect the waste from the ship or cruise at the port or cruise

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centre. In the case of ships anchoring in the surrounding waters, a supply boat would be deployed to transport the waste from the ship to the port, where the waste will then be collected by the Target Company.

In the process of collecting the waste, the Target Company will make a record of the number of bins used during collection, types of waste collected and will notify its customer accordingly.

As the Target Company is licensed to collect general waste listed under Class A and Class B in the Second Schedule of the EPH(GWC)R (pursuant to its General Waste Collector Licence (Class A and Class B)), transportation of such waste by the Target Company is carried out in accordance with the relevant regulations by using open top refuse bins, mobile compactors and hook lift trucks.

Transportation of certain waste to Target Company's recycling partners

For certain types of waste which the Target Company is currently not licensed to collect and treat, such as oil sludge and other non-solid wastes, the Target Company will engage a licensed logistic company or inform its recycling partner, which is licensed to collect and handle such waste, to deploy its trucks to transport the waste to the recycling partner's facility for further treatment and safe disposal. In this regard, the Target Company is not paid by the licensed logistic company nor recycling partner(s) for the commercial value that such waste would have.

For avoidance of doubt, waste such as oil sludge and other non-solid waste may yield products with commercial value (such as oil) only after undergoing one or multiple treatment process(es) where the associated processing costs may outweigh the potential commercial value recovered from the waste. Accordingly, the Target Company is not paid by both the licensed logistic company nor the recycling partner(s) involved in the collection and treatment of such waste.

The costs of engaging the licensed logistic company and/or the recycling partner(s) to transport such waste are recorded as subcontractor and other labour costs, under the Target Company's direct operating costs (being a part of other expenses line item as presented in the independent auditor's report on the audited financial statements).

(3) Segregation of waste collected

The collected general waste will be transported by the refuse trucks back to the Kian Teck Facility, where it will be weighed and verified for discrepancies against the customer's order details, before being segregated into four (4) main categories of waste: (1) recyclable waste; (2) incinerable waste; (3) non-incinerable waste; and (4) electronic waste. An invoice will be issued to the customer after the collected general waste has been weighed, and if such customer requires, the Target Company would take photographs of the collected waste for verification purposes.

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Following the segregation process, the Target Company will also weigh and/or quantify the recyclable materials (such as ferrous and non-ferrous metals and paper) and electronic waste and note down the quality of such materials where applicable. Recyclable materials and electronic waste will then be sold to the Target Company's recycling partners directly for commercial value, whereupon such materials are sent to the recycling partners' material recovery facilities for further recycling. The Target Company will be paid for the inherent commercial value of the recycled materials (if any) handled by its recycling partners. Segregated wood waste, being a sub-category of recyclable waste, will be diverted and sent to a biomass manufacturing facility operated by a recycling partner for a lower tipping fee as compared to the disposal costs levied by NEA for general waste.

Incinerable waste (such as waste residue or refuse) will be sent to NEA-approved waste-to-energy incineration plants, and non-incinerable waste (such as soil, mud or broken glass) will be transferred to the Tuas Marine Transfer Station (managed by NEA), to be eventually disposed of at Semakau Landfill (operated by NEA).

(4) Report generation for customers

The Target Company will issue a certificate of disposal/ recycling as at the date of collection of the relevant waste, to its customers upon request, including for purposes of such customers' compliance with the MARPOL Convention (if applicable). Depending on the circumstances, additional fees may be charged by the Target Company for the issuance of such certificate. There are no licensing requirements imposed on the Target Company in respect of the issuance of the certificate of disposal / recycling for its customers' compliance with the MARPOL Convention.

Kian Teck Facility

Presently, some of the Target Company's waste management and segregation activities are carried out at its Kian Teck Facility. The land situated at 27 Kian Teck Drive, Singapore 628844 covers a land area of 2211.3 square metres, and the lease thereon covers an aggregate duration of 30 years expiring on 15 March 2025, with an option granted by the JTC for a further term of 15 years from the expiry of the initial 30 year lease term.

The Target Company has obtained a licence from the NEA to construct, establish, maintain and operate a general waste disposal facility at 27 Kian Teck Drive, Singapore 628844, which allows the Target Company to handle industrial, commercial and electronic waste with a permitted design capacity of 50 tonnes per day. The aforementioned licence was first obtained from the NEA for the period from 22 October 2018 to 21 October 2020 and most recently renewed for the period from 22 October 2020 to 21 October 2022. Without taking into account the Tuas Facility, the permitted design capacity of the Kian Teck Facility at 50 tonnes per day for handling general waste (such as industrial, commercial and electronic waste) is not sufficient for the Target Company to meet its business demand and execute its expansion plans as set out in Section 11.4 entitled "Business Strategies and Future Plans" of this Circular.

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One key feature of the Kian Teck Facility is its proximity to the ports and cruise centres in Singapore. For illustration purposes, the Kian Teck Facility is approximately 24 km away from the Marina Bay Cruise Centre, approximately 9 km away from Jurong Port's Penjuru Lighter Terminal, approximately 24 km away from Jurong Port's Marina South Wharves, approximately 17 km away from PSA's Pasir Panjang Automobile Terminal and approximately 11 km away from Jurong Island. The Kian Teck Facility's proximity to these sites greatly reduces the travelling time and costs needed for the Target Company to deploy its vehicle and manpower on-site for collection and for the return trip of transporting the collected waste back to the facility for processing.

Waste collected from the Target Company's customers are segregated into four (4) main categories at the Kian Teck Facility: (1) recyclable waste; (2) incinerable waste; (3) non-incinerable waste; and (4) electronic waste. The Target Company employs excavators and manpower to facilitate its waste segregation activities at the Kian Teck Facility.

To ensure a steady supply of diesel for the operation of its vehicles, machineries and equipment, a diesel fuel station has been installed by the Target Company's diesel supplier on-site at the Kian Teck Facility. The Target Company has entered into a petroleum supply and service agreement with an unrelated third party for the supply of diesel to the Target Company for the period from 1 January 2021 to 31 December 2021.

Tuas Facility

In view of the space constraint at the Kian Teck Facility and in line with the Target Company's vision to expand its existing operations, the Target Company had successfully tendered for the land (approximately 90,000 sqft) from the JTC in March 2018, which is situated at 3A Tuas South Street 15, Singapore 636845 (Private lot A3006428 / Lot No. MK7-5051C). Pursuant to the Tender Acceptance Letter, Conditions of Tender, the Schedule of Building Terms and related tender documentation, the licence term shall be 3 years commencing from 15 May 2018, and the lease term (if granted) shall be 17 years, 7 months and 16 days commencing from 15 May 2018 and expiring on 30 December 2035. The tenure for the lease will be confirmed by JTC in writing upon the Target Company's fulfilment of the minimum plot ratio of 0.60 and the Minimum Plant and Machinery Investment Criteria of S\$6.0 million within 3 years from 15 May 2018, and compliance by the Target Company with all the covenants, stipulations, terms and conditions in the tender documentation. As at the Latest Practicable Date, the Target Company had invested approximately S\$5.6 million up till 14 May 2021 in meeting the Minimum Plant and Machinery Investment Criteria of S\$6.0 million. The JTC had on 25 June 2021 granted the Target Company an extension of time of up to 14 May 2022 to fulfil the outstanding sum of approximately S\$0.4 million under the Minimum Plant and Machinery Investment Criteria, in order to secure the full lease term as described above. Please refer to Section 7.8 entitled "Properties and Fixed Assets" of this Circular for further details on the foregoing.

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The TOP approval from the BCA for the Tuas Facility was obtained on 12 January 2021. Subsequently, the Target Company has obtained a licence from the NEA to construct, establish, maintain and operate a general waste disposal facility at the Tuas Facility, which allows the Target Company to handle industrial, commercial and electronic waste with a permitted design capacity of 220 tonnes per day within the facility and a storage limit of up to 500 tonnes of waste within the facility at any given time. The aforementioned licence was obtained from the NEA for the period from 25 March 2021 to 24 March 2023.

The Tuas Facility will allow the Target Company to scale up its existing operations, thereby enhancing its existing revenue capabilities. Further, certain processes to be conducted at the Tuas Facility will be integrated and automated, and the Target Company expects to derive benefits from the synergy of operations with both the Kian Teck Facility and the Tuas Facility. Hence, the Tuas Facility is anticipated to yield cost savings for the Target Company.

Based on its location, the Tuas Facility will be within close proximity to the Tuas mega port, which is slated to open progressively from 2021 and targeted by the authorities for completion in the 2040s¹. With the completion of the Tuas mega port, Singapore's current 5 container terminals, namely Tanjong Pagar, Keppel, Brani, Pasir Panjang Terminal 1 and Pasir Panjang Terminal 2, will eventually be merged at the Tuas mega port². In addition, the Tuas mega port is expected to be one of the largest container terminals in the world, with a facility that will be able to cater to mega-vessels, and is anticipated to have a total capacity of up to 65 million twenty-foot equivalent units (TEUs) eventually, which is more than the combined 50 million TEUs capacity of the current city terminals³.

The Target Company believes that the Tuas Facility will eventually be the first-of-its-kind integrated cruise and ship waste management and recycling facility in Singapore. Presently, pursuant to its licence to operate a general waste disposal facility at the Tuas Facility issued by the NEA, the Tuas Facility shall have a design capacity of 220 tonnes per day within the facility and a storage limit of up to 500 tonnes of waste (industrial, commercial and electronic waste) within the facility at any given time. In particular, the Target Company intends to deploy machineries that are operating on the best available technologies in the market presently at the Tuas Facility, namely the EDDY Current System, which is designed to process and treat most kinds of waste generated by ships and cruises, including but not limited to general waste, cargo residues, cooking oil, incinerator ashes, operational wastes, spent chemicals, waste oil, oily water and oil sludge.

¹ This information is derived from the website of the Maritime Singapore Connect <https://www.maritimesgconnect.com/features/spotlight/5-things-you-should-know-about-new-tuas-mega-port>. Accessed 16 June 2021. Maritime Singapore Connect has not consented to the inclusion of the information in this Circular for the purpose of Section 249 of the SFA and are therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Proposed Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

² *Ibid.*

³ *Ibid.*

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A few unique features of the Tuas Facility will be as follows:

- (i) a modular waste processing capacity with the ability to scale in the future;
- (ii) more environmentally friendly systems in place as compared to the systems generally used by the waste management industry, comprising automatic monitoring and control of all vital parameters including, *inter alia*, pH, temperature, humidity, flow rate, as well as having minimal discharge and being carbon negative;
- (iii) higher level of automation as compared to the Kian Teck Facility through a combination of manual, mechanical and chemical processes to maximise its recycling rate;
- (iv) remote access operation and surveillance protection for the entire facility;
- (v) less down time (as the facility would be more time efficient in handling waste) and relatively low maintenance cost; and
- (vi) demand-based separation process and a highly integrated system. For example, waste paper can be separated into wax coated and non-wax coated paper, and beverage cans can be separated into aluminium or steel cans, depending on customers' demands, and the size of product generated from the recycling processes can be modified based on customers' requests for their exporting purposes.

The Target Company has on 5 May 2021 moved its corporate office from the Kian Teck Facility to the Tuas Facility and commenced its general waste disposal operations at the Tuas Facility. The Target Company intends to progressively scale up its operations at the Tuas Facility. Details of the Target Company's future plans for the Tuas Facility is set out in Section 11.4 entitled "Business Strategies and Future Plans" of this Circular.

Following the commencement of its general waste disposal operations at the Tuas Facility, the Target Company will direct most of its waste collected from the ships and cruises towards the Tuas Facility to be segregated into the various waste categories for further waste treatment and/or recycling. The main categories of waste are incinerable and non-incinerable waste, recyclable waste, electronic waste (including batteries and PVC cables) and toxic waste (including spent chemicals, oil sludge and oily water). These will be dealt with as follows:

- (i) General waste (comprising recyclable and non-recyclable waste) will be loaded onto a feeding hopper that is linked to a moving conveyor and a trommel to facilitate opening of trash bags and loosening of the waste materials for manual and mechanical sorting.

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- (ii) The trommel sieves “**overs**” which are mainly bulky inorganic compounds such as plastic, papers, metals, textiles, carpet, rugs, cloths, and electronics, which have recyclable commercial value and can be sold onwards to the recycling partners.
- (iii) An overhead magnetic separator is deployed above the moving conveyor where ferrous metals will be attracted to and separated by the magnet before being discharged into a recycling bin for further recycling process.
- (iv) Through manual sorting by workers, the materials will be further segregated in different categories such as non-ferrous metals, packaging materials, e-waste, and will be baled before being sold to the Target Company’s approved recycling partner for commercial value. The recycling partners will further process and recycle these materials in their material recovery facility.
- (v) The trommel sieves “**unders**” which are mainly materials that are small in size such as plastic bottles, used aluminium beverage cans, steel cans and broken glasses. These materials which are sieved out will then be sent to the EDDY Current System for the recovery of used aluminium beverage cans, followed by the recovery of plastic bottles through a density separator. The recovered used aluminium beverage cans and plastic bottles will be sold for commercial value, whilst the residual waste will be sent for safe disposal.
- (vi) Toxic waste such as spent chemicals, oil sludge and oily water will be sent to the Target Company’s recycling partners for treatment as detailed above, until such time that the Tuas Facility is able to treat such waste. Details of the Target Company’s future plans for the Tuas Facility are set out in Section 11.4 entitled “Business Strategies and Future Plans” of this Circular.

For the avoidance of doubt, the Target Company continues to operate the Kian Teck Facility together with the Tuas Facility. Given the features of the Kian Teck Facility as described above, and in particular, its proximity to the various ports and cruise centre in Singapore, the Target Company believes that the continuing operation of the Kian Teck Facility will serve to complement its primary operations at the Tuas Facility, thereby enabling it to better service its customers and maintain a high-level of responsiveness to the customers’ requests and orders.

7.3 Business Development and Sales

The Target Company has established a good track record and maintained its reputation by consistently providing quality and value-based services, and responding in a timely fashion to its clients’ needs as (i) the Target Company has maintained long-standing relationships with its major customers and has provided them with repeated orders of waste management services throughout the Period Under Review; and (ii) the Target Company has received increasing number of job assignments for an increased amount of waste disposed across the Period Under Review, notwithstanding the impact of the COVID-19 pandemic in FY2020. In particular, the Target Company has a dedicated sales team (comprising six (6) people) led primarily by Sivakumar

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Martin S/O Sivanesan and Perumal S/O Gopal that focuses on securing new job assignments from existing customers, expanding the clientele base, as well as following up with the customers to obtain feedback and strengthen the Target Company's relationships with its customers. The sales team also maintains constant contact with the Target Company's previous, existing and potential customers in furtherance of strong commercial relationships.

As a result, the Target Company has received repeat businesses from its existing customers as well as new referrals from its network of customers which the Target Company believes attest to the high level of customer satisfaction and the long-standing relationships it has with the customers. The Target Company's sales team also works closely with the operations team to determine price quotations and coordinate job assignments in order to meet the customers' needs and requirements. In the future, the Target Company may consider participating in certain trade shows that are organised by the Maritime and Port Authority of Singapore to promote its services, as well as registering itself as a member in various global organisations related to its business and industry, to keep itself informed of market trends and developments, and increase its visibility to potential customers.

7.4 Quality Assurance

The Target Company is committed to ensuring that the services it provides meet the environmental standards required by its customers and the environmental and complies with compliance regulations which the Target Company and its customers are subject to. In addition, as a general policy, the recycling partners selected and appointed by the Target Company to carry out certain parts of the Target Company's job assignments are required to meet the Target Company's quality control and environmental standards.

As part of the Target Company's efforts to ensure quality assurance, regular in-house training, covering a range of topics such as workplace safety, updates on relevant laws and regulations administered by the various authorities, categorisation of waste materials and safe handling procedures, is conducted for its drivers, crews and operational staffs to enhance operational efficiency. The sales team also follows up with the Target Company's customers to obtain feedback on performance and will take timely and appropriate action, if necessary, to address any concerns.

The following certifications obtained by the Target Company are a testament to its commitment in delivering quality services to its customers:

Certification	Scope	Awarding Organisation / Certification Body	Expiry Date
ISO 14001:2015	Management system for waste management and recycling of general, industrial, commercial and ship waste in Singapore	British Assessment Bureau	5 June 2024 (subject to annual assessments)

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ISO 45001:2018	Management system for waste management and recycling of general, industrial, commercial and ship waste in Singapore	British Assessment Bureau	7 April 2024 (subject to annual assessments)
bizSAFE Star	Recognition in respect of workplace safety, health and security management system	Workplace Safety and Health Council	7 April 2024

7.5 Major Customers

The table below sets out the details of customers which have accounted for 5.0% or more of the Target Company's total revenue during the Period Under Review. Due to the highly competitive nature, low barriers of entry of the waste management industry, and the niche shipping and cruise market segments that the Target Company is servicing, it is commercially sensitive to disclose the name of the Target Company's major customers in public documents as such details could potentially erode the Target Company's ability to compete effectively in the industry. Moreover, the Target Company's customers have a general expectation for the Target Company to keep their names and business dealings confidential so as not to allow other parties to infer the size of their business based on the disclosed volume of transactions with the Target Company, thereby avoiding heightened competition. For the above reasons and taking note of the competitive industry and market pressures, the Target Company is not able to disclose the identity of its major customers in this Circular.

Name of customer	Profile Description	Service supplied	As a percentage of total revenue (%) ⁽¹⁾		
			FY2018	FY2019	FY2020
Customer A	Marine transportation and logistics solutions provider in Singapore	Waste disposal services	7.8	4.0	4.7
Customer B	Marine transportation services provider in Singapore	Waste disposal services	3.9	3.4	5.4
Customer C	Maritime and logistics services provider in Singapore	Waste disposal services	6.3	4.3	1.9
Customer D	Maritime solutions provider in Singapore	Waste disposal services	6.7	3.0	5.6
Customer E ⁽²⁾	Maritime solutions provider in	Waste disposal services	16.7	15.5	12.9

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Name of customer	Profile Description	Service supplied	As a percentage of total revenue (%) ⁽¹⁾		
			FY2018	FY2019	FY2020
	Singapore				
Customer F ⁽³⁾	Port agency services provider in Singapore	Waste disposal services	1.4	3.0	5.2

Notes:

- (1) In general, the fluctuations in the figures set out in the table above are mainly due to the ship and cruise owners changing of their handling agents from time to time, which is common in the shipping and cruise industries. As such, the volume of business that the Target Company has with each of its major customer listed above may fluctuate accordingly. However, the Target Company's aggregate revenue has increased or remained relatively stable across the financial years. Please refer to Section 9 entitled "Management's Discussion and Analysis of Results of Operations and Financial Position of the Target Company" of this Circular for further details.
- (2) As the Target Company has onboarded new customers over the years, which has led to the total revenue earned by the Target Company having increased or remained relatively stable across the Period Under Review, the revenue contribution attributable to Customer E (which has also remained relatively stable across the Period Under Review) as a percentage of total revenue has therefore seen a general decline trend.
- (3) There has been a general increasing trend in the percentage of total revenue contributed by Customer F as there has been an increase in volume of port calls by and services provided to Customer F over the Period Under Review.

Save as disclosed above, there is no other customer whose revenue contribution accounted for 5.0% or more of the Target Company's total revenue during the Period Under Review. As at the Latest Practicable Date, the Target Company is of the view that its business and profitability is not materially dependent on any particular industrial, commercial or financial contract with any customer. In particular, the Target Company does not consider itself to be materially dependent on Customer E for the following reasons: (a) the Target Company continued to generate stable revenue in FY2020 even though Customer E, which is a maritime solutions provider that deals mainly with cruises, was impacted by the COVID-19 pandemic in 2020 that has affected the cruise industry in Singapore, as the Target Company services other types of ships (such as cargo ships, anchorage services, feeder and supply boats) apart from cruises; and (b) the revenue streams of the Target Company will be further diversified in the future once the Target Company expands its in-house capabilities through the Tuas Facility to include waste management treatment and recycling services for a wider variety of waste, including but not limited to toxic waste such as spent chemicals, oil sludge and oily water.

The Target Company's revenue is mainly dependent on the number of port calls in Singapore made by ships and cruises and the revenue contribution from its major customers varies from period to period depending on the number of job assignments, scope of work, type of waste involved and the size of job assignments in each of the financial years.

To the best of the Proposed Directors' knowledge, as at the Latest Practicable Date,

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they are not aware of any information or arrangement, which would lead to a cessation or termination of the Target Company's relationship with any of its major customers listed above.

As at the Latest Practicable Date, none of the Proposed Directors, Vendors or Proposed Executive Officers or their respective Associates has any interest, direct or indirect, in, and/or are involved in the management of, any major customer as listed above.

To the best of the Proposed Directors' knowledge and belief, there are no arrangements or understanding with any customer pursuant to which any of the Proposed Directors or the Proposed Executive Officers was appointed.

7.6 Major Suppliers

The table below sets out the details of suppliers which have accounted for 5.0% or more of the Target Company's direct operating costs (being a part of other expenses line item as presented in the independent auditor's report on the audited financial statements) during the Period Under Review.

Name of supplier	Profile description	Product/ Service supplied	As a percentage of direct operating costs (%)		
			FY2018	FY2019	FY2020
NEA	Statutory board in Singapore	Waste disposal	47.5	44.3	47.3
Jurong Port	Port operator in Singapore	Use of crane and wharf	15.3	13.8	21.9
PS Energy Pte. Ltd.	Fuel and lubricants distributor in Singapore	Diesel	5.3	6.9	7.1
Supplier A ⁽¹⁾	Toxic and hazardous waste management services provider in Singapore	Recycling partner providing toxic waste disposal services	1.2	6.5	1.5
Supplier B ⁽¹⁾	Toxic and hazardous waste management services provider in Singapore	Recycling partner providing toxic waste disposal services	2.8	2.5	5.4

Note:

(1) Due to commercial sensitivities, the Target Company is not able to disclose the identities of these recycling partners in this Circular.

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Arising from the application of the Environmental Public Health Act (Cap. 95) of Singapore which prohibits illegal dumping and the requirements of its subsidiary regulations, including the EPH(GWC)R, as well as applicable codes of practice, all non-recyclable waste collected that are incinerable must be disposed of at refuse incineration plants maintained and operated by NEA or such other authorised disposal facilities or refuse transfer station and all non-recyclable waste collected that are non-incinerable must be disposed of at a landfill. As at the Latest Practicable Date, there are a total of four (4) waste incineration plants in Singapore. The Tuas Incineration Plant and Tuas South Incineration Plant are operated by NEA, and the Senoko Waste-to-Energy Plant and Keppel Seghers Tuas Waste-to-Energy Plant are privately operated. All four (4) waste incineration plants are regulated by NEA. NEA also operates a refuse transfer station in Singapore, known as the Tuas Marine Transfer Station. Such disposal of waste at the disposal facilities or the refuse transfer station set out above is subject to payment of prescribed disposal charges in accordance with the Environmental Public Health (Public Cleansing) Regulations (Rg 3, 2000 Revised Edition). As at the Latest Practicable Date, there is only one landfill ground in Singapore known as Semakau Landfill, which is an offshore landfill ground operated by NEA and charges are being imposed by NEA for waste disposal at the Semakau Landfill.

Waste collected by the Target Company is disposed of at the facilities as set out above, and the Target Company would pay disposal charges to the NEA based on the weight of waste it disposes of.

Jurong Port levies a wharfage charge and a crane lifting charge on its customers at its lighter terminals (comprising Penjuru Lighter Terminal and Marina South Wharves). Wharfage tariffs are determined on a per-tonne basis, depending on the higher of actual or volumetric weight, while crane lifting tariffs are determined based on the weight per lift. For the Period Under Review, the absolute amount of direct operating costs incurred from Jurong Port has increased year-on-year, in line with the increase in the number of job assignments and waste disposal volumes (as disclosed in Section 9 entitled "Management's Discussion and Analysis of Results of Operations and Financial Position of the Target Company" of this Circular). However, the contribution by Jurong Port as a percentage of direct operating costs decreased from 15.3% in FY2018 to 13.8% in FY2019 due to the disproportionately higher increase in the total direct operating costs incurred by the Target Company in FY2019. The contribution by Jurong Port as a percentage of direct operating costs increased from 13.8% in FY2019 to 21.9% in FY2020 as direct operating costs incurred from Jurong Port had increased and total direct operating costs had decreased in FY2020 as compared to FY2019.

Suppliers A and B are recycling partners of the Target Company which provide toxic waste disposal services to the Target Company. There is no formal long-term contractual arrangement between the Target Company and each of Supplier A and Supplier B respectively. With regards to Supplier A, (i) from FY2018 to FY2019, the contribution by Supplier A as a percentage of direct operating costs had increased from 1.2% to 6.5%, in line with the increase in the business activities experienced by the Target Company over the corresponding period; (ii) from FY2019 to FY2020, the

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contribution by Supplier A as a percentage of direct operating costs had decreased from 6.5% to 1.5% as the Target Company had allocated certain job assignments to other recycling partners including, *inter alia*, Supplier B in FY2020. Contribution by Supplier B as a percentage of direct operating costs had increased from 2.5% to 5.4% from FY2019 to FY2020.

PS Energy Pte. Ltd. supplies diesel to the Target Company for the latter's operations. The Target Company has entered into a petroleum supply and service agreement with PS Energy Pte. Ltd. for the supply of fuel tank and diesel to the Target Company for the period from 1 January 2021 to 31 December 2021.

Save as disclosed above, there is no other supplier who accounted for 5.0% or more of the Target Company's direct operating costs during the Period Under Review.

Purchases from the Target Company's suppliers vary from period to period due to the nature of the Target Company's business. The amount of waste disposal charges payable to NEA varies across job assignments and periods, depending on the type and weight of waste collected from the job assignments each period. The amount of crane and wharfage charges payable to Jurong Port varies across periods, depending on the number of job assignments at the various lighter terminals operated by Jurong Port each period. The volume and type of equipment used and the services the Target Company engages its recycling partners for may vary across job assignments and periods, depending on the size and scope of the Target Company's job assignments each period.

Save as disclosed above in respect of NEA and Jurong Port, as at the Latest Practicable Date, the Target Company is of the view that its business and profitability is not materially dependent on any particular industrial, commercial or financial contract with any supplier.

Save for the petroleum supply and service agreement entered into between the Target Company and PS Energy Pte. Ltd. for the supply of fuel tank and diesel to the Target Company for the period from 1 January 2021 to 31 December 2021, the Target Company does not have any long-term supply contracts with any of its suppliers. To the best of the Proposed Directors' knowledge, as at the Latest Practicable Date, they are not aware of any information or arrangement which would lead to a cessation or termination of the Target Company's relationships with its major suppliers.

As at the Latest Practicable Date, none of the Proposed Directors, Vendors or Proposed Executive Officers or their respective Associates has any interest, direct or indirect, in, and/or are involved in the management of, any of the major suppliers as listed above.

To the best of the Proposed Directors' knowledge and belief, there are no arrangements or understanding with any supplier pursuant to which any of the Proposed Directors or the Proposed Executive Officers was appointed.

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7.7 Credit Policy and Credit Management

Credit terms extended to the Target Company's customers

The Target Company's services are generally provided on credit terms. In general, the Target Company extends credit terms ranging from 30 days to 90 days to its customers, in line with the general practice in the shipping industry.

As mentioned above, recyclable materials (such as ferrous and non-ferrous metals and paper) may be sold to the Target Company's recycling partners directly, whereby the recycling partners would recycle such waste in their material recovery facilities. The Target Company will be paid for the inherent commercial value of the recycled materials (if any) handled by its recycling partners. Such invoices issued by the Target Company to its recycling partners are usually settled immediately, with no credit terms given for such transactions.

The Target Company has put in place credit control policies and procedures to manage its credit exposure and the Target Company's management periodically evaluates the creditworthiness of the customers. The credit terms and limits are granted to the customers based on a number of factors, such as the customer's reputation, financial position and creditworthiness, the size and frequency of job assignments, payment history and the length and quality of relationship with the Target Company.

The Target Company's finance team monitors collections from the customers regularly and follows up on any overdue amounts. For customers who have overdue amounts, the Target Company will decide, on a case-by-case basis, on the actions to be taken to recover the debt. Such actions include, but are not limited to, escalating the issue of non-payment to the customer's management, requiring the customer to settle overdue amounts before carrying out extra work for the customer, sending letters of demand and/or taking formal legal action. The Target Company also carries out ongoing credit evaluation of its debtors' financial condition and make specific allowances for impairment of trade receivables based on the expected collectability of its receivables and when the ability to collect an outstanding debt is in doubt. The Target Company may also write off an outstanding debt when it is certain that the customer is not able to meet its financial obligations.

For the Period Under Review, the Target Company has made loss allowance on trade receivables amounting to S\$828, S\$5,798 and S\$22,831 for FY2018, FY2019 and FY2020, respectively. In accordance with SFRS(I) 9, loss allowance on trade receivables is computed based on the estimated default rate of the trade receivables balances as at end of the relevant financial year, which is in turn dependent on the age profile of the trade receivables. The increase in loss allowance on trade receivables of S\$17,033 from FY2019 to FY2020 was largely due to the increase in the proportion of trade receivables that are more than 90 days old from 6.5% as at 31 December 2019 to 14.2% as at 31 December 2020. The increase in such proportion of trade receivables was mainly attributable to the COVID-19 pandemic situation which resulted in slower collection from cruise customers. As disclosed below, the Target

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Company has as at the Latest Practicable Date collected S\$1.38 million out of the outstanding gross trade receivables of S\$1.41 million as at 31 December 2020.

The Target Company's average trade receivables' turnover days for the Period Under Review were as follows:

	FY2018	FY2019	FY2020
Average trade receivables' turnover days ⁽¹⁾	82.0	71.8 ⁽²⁾	86.5 ⁽³⁾

Notes:

- (1) Average trade receivables' turnover days = (simple average of the opening and closing trade receivables balance / total revenue) x 365 days
- (2) The lower average trade receivables' turnover days for FY2019 as compared to FY2018 was primarily due to an ad-hoc waste management job assignment that the Target Company was involved in in FY2019, which resulted in faster collection.
- (3) The higher average trade receivables' turnover days for FY2020 as compared to FY2019 was primarily due to the COVID-19 pandemic situation, which resulted in slower collection mainly from customers who are acting as shipping agents and maritime service providers for the cruises. As stated below, the majority of trade receivables as at 31 December 2020 has been collected as at the Latest Practicable Date.

The Target Company's gross trade receivables as at 31 December 2020 amounted to S\$1.41 million, of which S\$1.38 million has been collected as at the Latest Practicable Date. The aging schedule for the Target Company's trade receivables as at 31 December 2020 was as follows:

Age of trade receivables	Percentage of total trade receivables (%)
Current	35.6
More than 30 days but not more than 60 days overdue	31.8
More than 60 days but not more than 90 days overdue	18.4
More than 90 days overdue	14.2

As at the Latest Practicable Date, the Target Company has collected more than 95% of the trade receivables that were overdue for more than 60 days as at 31 December 2020 and accordingly, the Target Company does not foresee any difficulty in collecting the remaining balance of such trade receivables.

Credit terms granted by the Target Company's suppliers (including its recycling partners)

Payment terms granted by the Target Company's suppliers and recycling partners vary

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and are dependent on various factors, such as the size of the job assignments, past transactions with the suppliers and recycling partners, and the length and quality of the Target Company's relationship with them. Generally, the credit terms granted by the Target Company's suppliers and recycling partners range from 30 to 60 days.

Payments to NEA and Jurong Port are made upfront and not on credit terms.

As mentioned in Section 7.2 entitled "Business Overview" of this Circular, for certain types of waste which the Target Company is currently not licensed to collect and treat, such as oil sludge and other non-solid wastes, the Target Company will engage a licensed logistic company or inform its recycling partner, which is licensed to collect and handle such waste, to deploy its trucks to transport the waste to its recycling partner's facility for further treatment and safe disposal. These recycling partners will then invoice the Target Company for the services provided.

The Target Company's average trade payables' turnover days for the Period Under Review were as follows:

	FY2018	FY2019	FY2020
Average trade payables' turnover days ⁽¹⁾	17.2 ⁽²⁾	17.7 ⁽²⁾⁽³⁾	23.6 ⁽³⁾

Notes:

- (1) Average trade payables' turnover days = (simple average of the opening and closing trade payables balance / direct operating costs) x 365 days
- (2) The average trade payables' turnover days for each of FY2018 and FY2019 are less than 30 days as the payments to the major suppliers such as NEA and Jurong Port are made upfront and not on credit terms.
- (3) The significant increase in average trade payables' turnover days for FY2020 as compared to FY2019 was primarily due to a longer period of time needed to process the payments amidst the COVID-19 pandemic situation and higher subcontractor spending during the last 3 months of FY2020 as compared to the corresponding period in FY2019.

Notwithstanding the gap between the average trade receivables' turnover days and average trade payables' turnover days for the Period Under Review, the Target Company had not encountered any cash flow issue as the inherent lag in the trade receivables collections have typically been adequately supported by internally generated resources such as shareholders' funds and/or external working capital financing provided by banks and financial institutions.

Further, the trade payables are substantially payables to suppliers for the Target Company's direct operating costs incurred, and such direct operating costs have historically represented a proportion of approximately 37% to 43% of the Target Company's revenue. Accordingly, the Target Company has been able to reasonably manage its cashflows in spite of the shorter payment periods and longer collection periods.

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7.8 Properties and Fixed Assets

Properties

As at the Latest Practicable Date, the Target Company has an interest in the following material properties:

Location	Tenure	Approximate Gross Area	Rental	Lessor	Nature of the Target Company's interest	Usage of the property by the Target Company	Encumbrance
27 Kian Teck Drive, Singapore 628844 (Lot number: MK6-2648X) ⁽¹⁾	30 years commencing from 16 March 1995 and a further option term granted by the JTC of 15 years	2211.3 sq m	S\$3,336.19	JTC	Lessee	General waste disposal facility	Subject to a mortgage in favour of DBS Bank Ltd
3A Tuas South Street 15, Singapore 636845 (Private lot A3006428 / Lot No. MK7-5051C)	Licence term: 3 years commencing from 15 May 2018, and a further extension of 1 year up to 14 May 2022 Lease term: 17 years, 7 months and 16 days commencing from 15 May 2018 and expiring on 30 December 2035 ⁽²⁾ (" Full Lease Term ")	8829.6 sq m	S\$33,112.29	JTC	Licensee	Integrated waste management, treatment and recycling facility ⁽³⁾	Subject to a caveat in favour of United Overseas Bank Limited Prohibition clause: Unless the caveator or his nominee has consented in writing to such registration / notification

Notes:

- (1) Pursuant to the instrument of variation of lease between JTC and the Target Company registered with the Singapore Land Authority on 2 December 2019, it shall be lawful for JTC or any person authorised by JTC in that behalf to re-enter upon the premises situated at 27 Kian Teck Drive, Singapore 628844 at any time after the happening of any of the following events:

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- (i) the said rent, goods and services tax, property tax, other outgoings, or any other sums due under or by virtue of the lease or any part thereof shall be unpaid for 14 days after becoming payable (whether the same shall have been formally demanded or not); or
- (ii) the Target Company fails in any other way to perform, fulfil or observe any of the covenants, conditions, terms, stipulations, undertakings or obligations on the part of the Target Company to be performed, fulfilled or observed ("**Lessee's Obligations**") ("**Breach**") and
 - (a) JTC has served on the Target Company written notice specifying the Breach; and
 - (b) if the Breach is (having regard to the nature of the Breach) capable of remedy, requiring the Target Company to remedy the Breach, the Target Company has failed to remedy the Breach within three (3) months from the date of JTC's written notice (except in the case of any emergency, exigency, breaking of the law, or a health or safety concern, when immediate or early remedy is required or necessary); or
 - (c) any seizure or sale or its equivalent is made in respect of the premises situated at 27 Kian Teck Drive, Singapore 628844.

Upon such re-entry, the term of the lease shall absolutely determine but without prejudice to any of JTC's other rights or remedies in respect of any breach of any of the Lessee's Obligations. However, if the premises situated at 27 Kian Teck Drive, Singapore 628844 has in accordance with the terms of the lease been assigned by way of mortgage, the above provisions shall not take effect until JTC has served upon the mortgagee a notice in writing that such breach has occurred and the mortgagee has failed to remedy such breach.

- (2) Pursuant to the Tender Acceptance Letter, JTC had indicated that it accepts the Target Company's tender for the lease of the land parcel at Tuas South Street 15 (Plot Code: CPT-TV0117) known as Pte Lot A3006428. The Tender Acceptance Letter also provides that the lease of the Tuas Land and the tenure for the lease will be confirmed by JTC in writing upon the Target Company's fulfilment of the minimum plot ratio of 0.60 and minimum plant and machinery investment criteria of S\$6.0 million within 3 years from 15 May 2018 ("**Original Licence Term**"), and compliance by the Target Company with all the covenants, stipulations, terms and conditions in the Conditions of Tender and the Schedule of Building Terms ("**Confirmation of Tenure**"). The Tender Acceptance Letter further provides that until the Confirmation of Tenure, the Target Company will be a licensee of the Tuas Land. As at the Latest Practicable Date, the JTC has not granted the Confirmation of Tenure, and the Target Company remains a licensee of the Tuas Land.
- (3) The Target Company has on 5 May 2021 moved its corporate office from the Kian Teck Facility to the Tuas Facility and commenced its general waste disposal operations at the Tuas Facility.

As at 14 May 2021, the Target Company has satisfied the minimum plot ratio of 0.60 but has yet to satisfy the Minimum Plant and Machinery Investment Criteria of S\$6.0 million prescribed by JTC. As at the Latest Practicable Date, the Target Company has invested approximately S\$5.6 million up till 14 May 2021 towards meeting the Minimum Plant and Machinery Investment Criteria.

Pursuant to the Conditions of Tender and the extension of time granted by JTC on 25 June 2021, JTC shall have the right to repossess the Tuas Land, in the event that the

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Target Company fails to fulfil the minimum plot ratio and plant and machinery investment by 14 May 2022.

In addition, pursuant to the Schedule of Building Terms from JTC, it is stated that until the licensee (i.e. the Target Company) has performed all his obligations in the Schedule of Building Terms, JTC shall possess the following rights and powers:

- (i) If:
 - (a) any of the building works is not completed and fit for immediate occupation within the licence term and in accordance in every way with the stipulations in the Schedule of Building Terms;
 - (b) the land is not developed in accordance with the Schedule of Building Terms;
 - (c) the plant and machinery investment stipulated in the Schedule of Building Terms is not fulfilled;
 - (d) the licence fees, property tax, outgoings, goods and services tax, or any other sums due under or by virtue of the Schedule of Building Terms, or part of it, shall be unpaid for 14 days after becoming payable (whether the same shall have been formally demanded or not);
 - (e) the licensee fails in any other way to perform and observe any of the licensee's other obligations in the Schedule of Building Terms, and
 - (1) JTC has served on the licensee written notice specifying the breach; and
 - (2) if the breach is (having regard to the nature of the breach) capable of remedy, requiring the licensee to remedy the breach, and the licensee has failed to remedy the breach within 3 months from the date of JTC's said written notice (except in the case of an emergency, exigency, or a health or safety concern, when immediate or early remedy is required or necessary); or
 - (f) any seizure or sale or its equivalent is made in respect of the land or building works,

then and in any such case JTC shall have full right and liberty to re-enter upon and take possession of the land and all buildings, structures, fixtures, plant, material and effects whatever on it with power to hold and dispose of it as if there was no agreement between JTC and the licensee ("**Enforce**") and without making to the licensee any compensation of any kind, any refund of any portion of the licence fee or any other sums or allowance for the same. Thereupon the Schedule of Building Terms shall determine, but without prejudice to any right of action or other remedy of JTC for the recovery of any licence fee or monies

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due to JTC from the licensee or in respect of any breach of the Schedule of Building Terms.

- (ii) Notwithstanding any default of the provisions in (i)(a), (i)(b) or (i)(c) above, JTC may in its absolute discretion:
 - (a) give written notice to the licensee of JTC's intention not to Enforce; and
 - (b) (1) in the case of (i)(a) above, extend the licence term for the completion of the building works, subject to terms and conditions which JTC may impose, and thereupon the licensee's obligations under the Schedule of Building Terms to complete the building works and to accept a lease shall be taken to include the extended time;

(2) in the case of (i)(b) or (i)(c) above, reduce the lease term in accordance with the Schedule of Building Terms ("**Reduced Term**"). The licensee shall execute all documents as JTC deems necessary to reflect the Reduced Term and if the licensee fails to execute such document, then JTC shall have absolute discretion to exercise its right to Enforce under the Schedule of Building Terms.
- (iii) However, if the land has been assigned by way of mortgage or charge, the provisions in (i) and (ii)(b)(2) above shall not take effect until JTC has served upon the mortgagee or chargee written notice of the breach and the mortgagee or chargee has failed to remedy the breach within the period stipulated by JTC.

In this regard, pursuant to the Tender Acceptance Letter, if the minimum required investment on plant and machinery of S\$6.0 million is not met by the stipulated timeline, JTC may, in its absolute discretion, grant a reduced lease term of at least 16 years, as the actual investment incurred by the Target Company has exceeded S\$5,445,264 (being the minimum investment amount that has to be incurred for a reduced lease term of 16 years).

On 26 May 2021, the Target Company had applied to the JTC for an extension of time of two (2) years to fulfil any outstanding sum under the Minimum Plant and Machinery Investment Criteria, to secure the original Full Lease Term of 17 years, 7 months and 16 days commencing from 15 May 2018 and expiring on 30 December 2035. The JTC had, by way of letter dated 25 June 2021 (the "**Extension Letter**"), granted the Company an extension of a further one (1) year from the expiry of the Original Licence Term to fulfil the Minimum Plant and Machinery Investment Criteria ("**Extension Period**"), subject to the following conditions, amongst others:

- (i) Completion of the Building Works (as defined below), and submission of the TOP and/or Certificate of Statutory Completion to JTC by 14 May 2022;
- (ii) Compliance with the stipulated investment criteria on building and civil works and plant and machinery investment, and the minimum permitted, ("**Full**

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Investment Criteria") as at 14 May 2022, and the submission of the Target Company's Certified Statement (as defined below) for the period from 15 May 2018 to 14 May 2022 by 14 November 2022, in accordance with the format provided by the JTC;

- (iii) Accordingly, the prohibition period against assignment, creation of a trust, etc stipulated in the Building Agreement/ Schedule of Building Terms/ Agreement for Lease, as the case may be, shall extend until the Target Company as the Licensee has:
 - (a) shown due proof to JTC's satisfaction that the Full Investment Criteria has been met; and
 - (b) obtained all necessary Temporary Occupation Permits issued by the relevant authorities for the Building Works at the Tuas Land.

As such, the extended licence term will commence from 15 May 2021 and expire on 14 May 2022 ("**Extended Licence Expiry Date**"), and the submission deadline for showing due proof of fulfilment of the Minimum Plant and Machinery Investment Criteria and the plot ratio criteria is 14 November 2022 (the "**Extended Submission Date**"). Until the Confirmation of Tenure is confirmed by the JTC, the Target Company remains a licensee of the Tuas Land.

Based on the Legal Opinion issued by Shook Lin & Bok LLP:

- (i) It is provided under the terms of the Conditions of Tender, Schedule of Building Terms, Tender Acceptance Letter, and Extension Letter (the "**JTC Documents**") that JTC will grant a lease of the Tuas Land and the buildings thereon for the Full Lease Term with retrospective effect from 15 May 2018, upon the Target Company meeting the following conditions:
 - (a) completing the construction and completion of buildings, structures, installations, equipment, fixtures and fittings at the Tuas Land ("**Building Works**") in accordance with the requirements set out in the JTC Documents, which include but are not limited to developing the Tuas Land:
 - (1) to a minimum plot ratio of 0.6;
 - (2) in accordance with the Urban Redevelopment Authority's 60/40 quantum control;
 - (3) according to height restrictions subject to consultation with relevant authorities; and
 - (4) JTC's aesthetic control guidelines,

to JTC's satisfaction and in accordance with the plan that was approved by JTC and the relevant authorities by the Extended Licence Expiry Date;

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- (b) the Temporary Occupation Permit and/or Certificate of Statutory Completion for the Building Works being obtained from the relevant authorities and submitted to JTC by the Extended Licence Expiry Date;
 - (c) the Target Company meeting the Minimum Plant and Machinery Investment Criteria and due proof of such investment by way of a statement certified by the Target Company's external auditors ("**Certified Statement**") being produced to JTC's satisfaction by the Extended Submission Date; and
 - (d) the Target Company performing and observing all the terms and conditions of the JTC Documents.
- (ii) It is further provided in the JTC Documents that the Confirmation of Tenure will be provided by JTC upon the Target Company's fulfillment of the plot ratio criteria and Minimum Plant and Machinery Investment Criteria, within the extended licence term and compliance with all the terms and conditions in the JTC Documents. Until Confirmation of Tenure, the Target Company will be a licensee of the Tuas Land even though the terms of the Conditions of Tender may refer to a lease.
- (iii) In addition, it is provided in clause 4.1 of the Schedule of Building Terms that JTC is entitled to re-enter upon and take possession of the Tuas Land and all buildings thereon, without making compensation to the Target Company, if any of the following events ("**Re-entry Events**") occur:
- (a) any of the Building Works is not completed and fit for immediate occupation within the extended licence term and in accordance with the terms in the Schedule of Building Terms;
 - (b) the Tuas Land is not developed in accordance with the requirements of JTC under the terms of the Schedule of Building Terms;
 - (c) the Minimum Plant and Machinery Investment Criteria is not met or the Certified Statement is not provided to JTC's satisfaction by the Extended Submission Date;
 - (d) the licence fees, property or any other sums due under the Schedule of Building Terms, is unpaid for fourteen days after becoming payable;
 - (e) the Target Company fails in any other way to perform and observe any of the other obligations in the Schedule of Building Terms ("**Breach**"), and the Target Company fails to remedy the Breach (if capable of remedy) within 3 months from the date of JTC's notice (or such shorter period in the case of an emergency, exigency or health or safety concern); or

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- (f) seizure or sale or its equivalent is made in respect of the Tuas Land or Building Works.
- (iv) Pursuant to the Extension Letter, the Target Company will retain its interest as a licensee of the Tuas Land during the Extension Period. Provided that the Target Company is not in breach of any of the provisions of the JTC Documents, and no Re-entry Event occurs during the Extension Period, JTC would not be entitled to exercise its right of re-entry and repossess the Tuas Land during the Extension Period.
- (v) By way of elaboration, a lease is a grant of a right to the exclusive possession of land for a determinable period of time. It is both a contractual relationship and an estate in land, whereas a licence is permission for a licensee to do something on a licensor's property. It is a contractual and personal right that confers no proprietary interest in the land.
- (vi) In Singapore a lessee will be granted certain protections in the Conveyancing and Law of Property Act (Chapter 61) of Singapore, which include a statutorily mandated right for the lessee to remedy a breach before the lessor may exercise its right to re-enter for a breach of the lease, as well as a chance for the lessee to seek relief from the court where the lessor is proceeding to exercise its right of re-entry under the lease.
- (vii) Based on the confirmation letter dated 24 June 2021 to Shook Lin & Bok LLP ("**Confirmation Letter**"), the board of directors of the Target Company has confirmed that:
 - (a) The Target Company has completed the construction and completion of the Building Works on the property in accordance with the Conditions of Tender, Schedule of Building Terms and Tender Acceptance Letter, in accordance with the requirements of JTC and in accordance with the plan that was approved by JTC and the relevant authorities, on 8 January 2021;
 - (b) the Temporary Occupation Permit for the Building Works have been obtained from the relevant authorities and the buildings and structures on the Tuas Land are fit for occupation on 12 January 2021;
 - (c) as at the date of the Confirmation Letter, the Target Company is current in the payment of the licence fees, property tax, outgoings, GST, or any other sums due under or by virtue of the JTC Documents; and
 - (d) as at the date of the Confirmation Letter, the Target Company has complied with and is not in breach of any of the terms and conditions of the JTC Documents.

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- (viii) Based on the Confirmation Letter, subject to JTC's confirmation that the Building Works have been completed to JTC's satisfaction and there being no occurrence of any Re-Entry Event, as of the date of the Confirmation Letter, the remaining key criteria to be fulfilled by the Target Company for the grant of the lease of the Tuas Land is the fulfilment of the Minimum Plant and Machinery Investment Criteria by the Extended Licence Expiry Date.
- (ix) Upon the fulfilment by the Target Company of the Minimum Plant and Machinery Investment Criteria within the Extension Period and the Certified Statement of the fulfilment of the Minimum Plant and Machinery Investment Criteria being produced to JTC's satisfaction by the Extended Submission Date, and provided that the Target Company has performed and observed all the terms and conditions of the JTC Documents, and there being no occurrence of any Re-Entry Event, the Target Company would be entitled to the grant of the lease for the Full Lease Term in respect of the Tuas Land and the buildings thereon by JTC.
- (x) If the Target Company is not able to fulfill the outstanding sum of S\$414,287 under the Minimum Plant and Machinery Investment Criteria by the Extended Licence Expiry Date, under clause 4.2 of the Schedule of Building Terms, instead of exercising its right to re-enter and take possession of the Tuas Land, JTC is entitled, in its absolute discretion, to give written notice to the Target Company that it would not re-enter and take possession of the Tuas Land, but instead, may grant a reduced lease term in accordance with Appendix A1 set out in the Tender Acceptance Letter. In this regard, if the Target Company provides to JTC the BDO Report (i.e. the report dated 22 June 2021 issued by BDO LLP, which was prepared in accordance with the principles set out in Annex 1 of the Tender Brief issued by JTC on 30 May 2017, certifying the total amount of plant and machinery invested at the property for the period from 15 May 2018 to 14 May 2021) as the Certified Statement reflecting the amount of the Minimum Plant and Machinery Investment Criteria as S\$5,585,713 as of 14 May 2021 and JTC accepts the BDO Report as the Certified Statement, based on the table set out in the aforementioned Appendix A1, JTC may agree to grant the Target Company a reduced lease term of 16 years.

Besides the documents listed in the Legal Opinion and information provided to Shook Lin & Bok LLP by the Target Company, Shook Lin & Bok LLP has not taken any other document or information into consideration. Shook Lin & Bok LLP's advice provided in the Legal Opinion (excerpts as extracted and reproduced above) is also prepared for and is intended to be used solely by the Target Company and the Financial Adviser and Sponsor and is not intended for the use or benefit of any other person nor to be relied upon for any other purpose.

Given the size of the outstanding investment amount of approximately S\$0.4 million and the recent expansion of the Target Company's business activities through the commencement of general waste disposal operations of the Tuas Facility, the Target Company does not foresee any material difficulty in satisfying the outstanding

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investment amount during the period of the aforementioned time extension, with its internally generated resources or through external financing obtained from banks and financial institutions. As a sign of commitment, the Company and the Target Company will undertake to earmark a sum of S\$414,287 out of the net proceeds from the Disposal of Lok Yang Property solely for the purposes of fulfilling the investment shortfall. The cash proceeds of approximately S\$414,287 will be placed in a fixed deposit with a reputable and licensed financial institution and the disbursements and use of the monies for the investments in capital expenditure will be approved by the proposed independent directors of the Enlarged Group.

Mohamed Gani Mohamed Ansari, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan, Perumal S/O Gopal (hereinafter referred to as the “**Obligors**”) and the Company had on 29 June 2021 entered into a deed of undertaking and indemnity, pursuant to which:

- (i) The Obligors jointly and severally undertake to and covenant with the Company to use their best endeavours to do and perform or procure to be done and performed all such acts and things that are necessary and lawful to procure JTC’s grant of the Full Lease Term, in respect of the Tuas Land, including without limitation ensuring the satisfaction of the plot ratio criteria and Minimum Plant and Machinery Investment Criteria and all terms and conditions under the JTC Tuas Documents on or before the Extended Licence Expiry Date.
- (ii) The Obligors shall, jointly and severally, indemnify CPH and/or any company in the Enlarged Group, and keep CPH and/or any company in the Enlarged Group fully and effectively indemnified, against any and all costs and expenses incurred or suffered by CPH and/or any company in the Enlarged Group arising under, in connection with or incidental to the Obligors’ performance of their undertaking under the deed.

The indemnity provided by the Obligors as described above and contained in the aforementioned deed shall hereinafter be referred to as the “**JTC Lease Indemnity**”.

The aforementioned deed shall be effective on the date of the Completion and shall continue in full force and effect for so long as: (i) the Company continues to be listed on the Official List of the SGX-ST; and (ii) the aggregate shareholding interest (direct and indirect) held by Mohamed Gani Mohamed Ansari, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal collectively is no less than 50.0% of the total issued share capital of the Company for the time being.

Separately, the Target Company had taken up banking facilities from UOB to finance the property development in relation to the Tuas Facility. Such banking facilities shall be secured by, amongst others, a first legal mortgage over the Tuas Land, and the proposed development to be erected thereon (i.e. the Tuas Facility).

The Target Company had also taken up a banking facility from DBS Bank Ltd in 2017

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to finance the purchase of the land on which the Kian Teck Facility is situated. Such banking facility is secured by, amongst others, a first legal mortgage over 27 Kian Teck Drive, Singapore 628844 and the Kian Teck Facility.

As at the Latest Practicable Date, save as disclosed above, the Proposed Directors are not aware of any existing breach of any of the terms and conditions of, or any obligations under the above-mentioned agreements that would result in the termination by the relevant lessor.

Fixed Assets

As at the Latest Practicable Date, other fixed assets held by the Target Company are set out in the table below. Such fixed assets are or will be placed at the Kian Teck Facility and/or Tuas Facility (save for the hook-lifting garbage bins which are situated at the Target Company's customers' locations):

Type of equipment and vehicles	Number of units
Integrated waste sorting and recycling plant	1
Hook-lifting garbage bins	52
Excavators	3
Forklifts	2
Compactor	1
Trucks	9

Please refer to Section 9 entitled "Management's Discussion and Analysis of Results of Operations and Financial Position of the Target Company" of this Circular for further details.

Certain of the Target Company's vehicles and equipment are financed by way of hire purchase facilities and/or loans and borrowings provided by financial institutions and banks.

The Target Company's waste collection equipment includes hook-lifting garbage bins and trucks. The Target Company's sizeable fleet of vehicles ensures that its waste collection operations are not disrupted by vehicle breakdowns or maintenance.

To the best of the Proposed Directors' knowledge, save for the licences, permits, registrations and approvals as set out in Section 7.10 entitled "Permits, Approvals, Licences and Government Regulations" of this Circular, there are no regulatory requirements or environmental issues that may materially affect the Target Company's utilisation of the above properties or material tangible fixed assets.

As at the Latest Practicable Date, save for the properties in which the Target Company

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has an interest as disclosed above and certain of its motor vehicles, forklifts, excavators, plant, equipment and machineries, none of the Target Company's properties or fixed assets was subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowing.

7.9 Insurance

As at the Latest Practicable Date, the Target Company maintained insurance policies covering amongst others, the following:

- (a) Work injury compensation and public liability insurance;
- (b) All risks insurance for its machinery and equipment;
- (c) Fire insurance for its Kian Teck Facility and Tuas Facility respectively;
- (d) Motor vehicle insurance; and
- (e) Medical insurance for its foreign workers.

The Proposed Directors are of the view that the insurance coverage under the abovementioned insurance policies is adequate for the Target Company's existing business operations and in line with industry practices. The Proposed Directors will continue to evaluate the existing insurance policies of the Target Company from time to time to determine whether such policies, including the amounts insured are adequate.

7.10 Permits, Approvals, Licences and Government Regulations

Permits, approvals and licences

As at the Latest Practicable Date, the Target Company has the following licences, permits, registrations and approvals which are material to its business and operations:

Description of licence/ permit/ approval	Issuing Authority	Duration of Validity / Expiry Date	Purpose
General Waste Collector Licence (Class A, Class B)	NEA	9 October 2021	Licensed to handle a certain type of waste, as follows: Class A: Inorganic waste (e.g. construction and renovation debris, tree trunks and branches, discarded furniture, electrical appliances, wooden crates, pallets and other bulky items)

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Description of licence/ permit/ approval	Issuing Authority	Duration of Validity / Expiry Date	Purpose
			<p>destined for disposal); and recyclable waste (excluding food waste)</p> <p>Class B: Organic waste (e.g. food and other putrefiable waste from domestic, trade and industrial premises, markets and food centres (excluding used cooking oil))</p>
Toxic Industrial Waste Collector Licence	NEA	9 October 2021	<p>Permitted to receive or accept all waste materials containing polyvinyl chloride (PVC) and waste lead-acid batteries</p> <p>The toxic industrial waste can only be stored, reprocessed, used, treated or disposed of in an approved disposal facility.</p>
Licence issued under the EPH(GWDF)R to construct, establish, maintain and operate a disposal facility	NEA	22 October 2020 to 21 October 2022	<p>Permitted to construct, establish, maintain and operate a disposal facility at 27 Kian Teck Drive, Singapore 628844</p> <p>Design capacity: 50 tonnes per day</p> <p>Approved waste type(s): Industrial and commercial, e-waste</p> <p>Approved storage limit: 50 tonnes⁽¹⁾</p>
Licence issued under the EPH(GWDF)R to construct, establish, maintain and operate a disposal facility	NEA	25 March 2021 to 24 March 2023	<p>Permitted to construct, establish, maintain and operate a disposal facility at 3A Tuas South Street 15, Singapore 636845</p>

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Description of licence/ permit/ approval	Issuing Authority	Duration of Validity / Expiry Date	Purpose
			<p>Design capacity: 220 tonnes per day</p> <p>Approved waste type(s): Industrial and commercial, e-waste</p> <p>Approved storage limit: 500 tonnes⁽¹⁾</p>
Licence to deal in explosives	Police Licensing & Regulatory Department	6 October 2019 to 5 October 2021	Permitted to deal in pyrotechnics subject to all provisions of the Arms and Explosive Act (Chapter 13) of Singapore and the rules made thereunder and the conditions set out in the licence
Temporary Occupation Permit	BCA	<p>Issued on 12 January 2021</p> <p>Pursuant to the written direction issued by BCA, the Target Company is required to apply for the Certificate of Statutory Completion by 12 January 2022.</p>	Permit granted to the Target Company for the temporary occupation of the part single 2-storey single-user general industry factory development with ancillary office on Lot 05051C MK 07 at Tuas South Street 15 (Tuas Planning Area)
<p>Factory Notification</p> <p>Workplace name: Shanaya Environmental Services Pte. Ltd.</p> <p>Workplace address: 27 Kian Teck Drive, Singapore 628844</p> <p>Nature of work: Waste management and recycling</p>	MOM	Not applicable	Requirement under the Workplace Safety and Health Act (Chapter 354A) of Singapore to submit a one-time notification to MOM declaring the activities conducted on the premises, for factories engaging in low-risk activities
Factory Notification	MOM	Not applicable	Requirement under the Workplace Safety and Health Act (Chapter 354A) of Singapore to submit a

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Description of licence/ permit/ approval	Issuing Authority	Duration of Validity / Expiry Date	Purpose
<p>Workplace name: Shanaya Environmental Services Pte. Ltd.</p> <p>Workplace address: 3A Tuas South Street 15, Singapore 636845</p> <p>Nature of work: Waste management and recycling</p>			<p>one-time notification to MOM declaring the activities conducted on the premises, for factories engaging in low-risk activities</p>
<p>Fire Safety Certificate</p>	<p>Singapore Civil Defence Force</p>	<p>Not applicable</p>	<p>Certification that the fire safety works for the proposed erection of a part single part 2-storey single-user general industrial factory development with ancillary office on Lot 05051C MK07 at Tuas South Street 15 have been satisfactorily completed in accordance with the requirements of the Fire Safety Act (Chapter 109A) of Singapore</p>
<p>Fire Safety Certificate</p>	<p>Singapore Civil Defence Force</p>	<p>Not applicable</p>	<p>Certification that the fire safety works for the proposed repartitioning works at 1st and 2nd storey ancillary office to the existing 2-storey single- user general industry factory development with ancillary office on Lot 05051C MK 07 at 3A Tuas South Street 15 have been satisfactorily completed in accordance with the requirements of the Fire Safety Act (Chapter 109A) of Singapore</p>
<p>Electrical installation licence</p>	<p>Energy Market Authority</p>	<p>31 October 2020 to 30 October 2021</p>	<p>Permitted to use or operate an electrical installation at 27 Kian</p>

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Description of licence/ permit/ approval	Issuing Authority	Duration of Validity / Expiry Date	Purpose
			Teck Drive, Singapore 628844
FM02 – Housekeeping, Cleansing, Desilting & Conservancy Services (for Grade L1)	BCA	1 June 2022	Includes cleaning and housekeeping services for offices, buildings, compounds, industrial and commercial complexes, desilting and cleansing of drains

Note:

- (1) For the avoidance of doubt, the Target Company is able to collect and handle volumes of waste exceeding 50 tonnes or 500 tonnes (as the case may be) if there are multiple turnarounds at the Kian Teck Facility or Tuas Facility (as the case may be) respectively, at any given point in time.

The Target Company had also received approval in-principle from the NEA for the proposed use of the Tuas Facility as a materials recovery facility, and such approval in-principle is subject to, amongst others, the Target Company obtaining a Toxic Industrial Waste Collector's Licence and a Transport Approval from the Pollution Control Department of the NEA. The Target Company had also received approval in-principle from the NEA for the proposed use of the Tuas Facility for toxic industrial waste collection and disposal, and such approval in-principle is subject to, amongst others, the Target Company seeking clearance / approval from other relevant agencies on whether the aforementioned proposed use can be accepted and submitting technical details of the proposed pollution control equipment / facilities to the NEA for approval prior to installation. The Target Company had also received approvals in-principle from relevant authorities such as the NEA, the BCA, the LTA, the SCDF, the JTC and the URA on the proposed erection of a part single part 2-storey single-user general industrial factory development with ancillary office (being the Tuas Facility) at the Tuas Land.

Further, the Target Company had received approvals in-principle from NEA for the proposed use of the Kian Teck Facility for collection, storage, sorting and baling of recyclable materials and for collection, testing, regeneration and recycling of lead acid batteries, and also handling/ storage of PVC wastes, subject to the Target Company seeking clearance/ approval from other relevant agencies on whether the proposed use can be accepted, and submitting technical details of the proposed pollution control equipment/ facilities to the NEA for approval prior to installation.

The Target Company had on 21 January 2021 submitted the application for Certificate of Statutory Completion in respect of the Tuas Facility to the BCA, and as at the Latest Practicable Date, the application is in progress. The Certificate of Statutory Completion typically follows the TOP approval from BCA. The Target Company's application for the Certificate of Statutory Completion is understood to be processed by multiple government agencies (including NEA, Singapore Civil Defence, Land Transport Agency and Public Utilities Board) which would provide their respective clearances to

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BCA, who will in turn compile the clearances from the respective government agencies and when it is satisfied that all building requirements have been met, approve the said application by issuing the Certificate of Statutory Completion to the Target Company. The Target Company has sought the TOP approval before the approval of the Certificate of Statutory Completion so as to occupy the Tuas Facility and commence its operations as soon as possible before the submission of the aforementioned application and review for the Certificate of Statutory Completion.

The Target Company understands that the Certificate of Statutory Completion to be granted has no implication to the current and/or intended waste management and recycling operations of the Tuas Facility or its ownership title. The Company has undertaken to update Shareholders by way of a SGXNET announcement once the approval for the Certificate of Statutory Completion has been obtained subsequent to the lodgement of this Circular.

The Target Company is not subject to any periodic inspection from the relevant authorities in respect of its operations, save for (i) the inspections that the relevant authorities (such as the NEA) will conduct at the time of renewal of the Target Company's operational licenses and/or permits ("**Renewal Inspections**"), and (ii) impromptu inspections that the relevant authorities are entitled to conduct.

In this regard, (i) there were no material findings arising from the Renewal Inspections since the Target Company has first obtained the relevant operational licenses and permits; and (ii) there were no impromptu inspections conducted by the relevant authorities during the Period Under Review and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Proposed Directors confirm that, to the best of their knowledge, the Target Company has obtained all requisite licences, permits, registrations and approvals which are material for the Target Company's current operations. As at the Latest Practicable Date, none of the aforesaid licences, permits, registrations and approvals obtained by the Target Company have been suspended, revoked or cancelled and to the best of their knowledge and belief, the Proposed Directors are not aware of any facts or circumstances which would cause such licences, permits, registrations and approvals to be suspended, revoked or cancelled or for any applications for, or for the renewal of, any of these licences, permits, registrations and approvals to be rejected by the relevant authorities.

The directors of the Target Company confirm that the Target Company has not previously encountered any difficulties or failures, and do not foresee any difficulty in renewing/obtaining its approvals, licences and/or permits in a timely manner.

Government regulations

As at the Latest Practicable Date, the Target Company is in compliance with all applicable laws and regulations in Singapore which are material to its business operations.

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Please refer to **Appendix H** to this Circular for a summary of the key laws and regulations applicable to the Target Company. Save as disclosed in **Appendix H** to this Circular, the Target Company's business operations are not materially subject to any special legislation and/or regulatory controls other than those generally applicable to companies and business incorporated or operating in Singapore.

The Target Company was informed by the NEA on 19 October 2020 that it had, on 21 August 2020, transported non-incinerable/bulky waste, specifically spring mattresses mixed with refuse, into Tuas South Incineration Plant for disposal, thereby contravening Regulation 17(2) of the EPH(GWC)R and committing an offence punishable under Regulation 22 of the aforementioned regulations. The Target Company had on 26 October 2020 fully settled the composition amount of S\$500.

The Target Company has put in place the following measures to prevent a repeat of the disclosed breach:

- (i) With the commencement of the general waste disposal operations at the Tuas Facility, the waste management process flow and segregation or sorting procedures have been enhanced with the installation of new plant and machineries including a trommel which cuts open the rubbish bags to empty the waste contents on a running conveyor belt platform, where the workers in turn will scrutinise and pick out non-incinerable waste, prior to disposal at the NEA-approved incineration plants. The general waste stream from the Kian Teck Facility would also be channelled to the Tuas Facility for further sorting prior to disposal;
- (ii) For each job assignment, customers are also notified and/or reminded to separate the non-incinerable and bulky waste at source for easy handling and safe disposal by the Target Company; and
- (iii) Employees are required to undergo in-house orientation and periodic trainings to familiarise themselves with, *inter alia*, the Target Company's policies and procedures including on the categorisation and segregation of incinerable and non-incinerable waste.

The above measures have been put in place to prevent a recurrence of the disclosed breach.

Save as disclosed in this Circular, the Target Company had not, in the past, breached or were non-compliant with the key laws and regulations that are material in the context of its operations, during the course of its operations.

During the Period Under Review and up to the Latest Practicable Date, the aggregate amounts of fines and composition payments that the Target Company had paid for breaches of applicable traffic, safety and other regulations were negligible.

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7.11 Research and Development

The Target Company does not undertake any research and development activities and have not incurred such related expenses. However, the Target Company may in the future develop in-house research and development capabilities should the need or opportunity arise.

7.12 Employees and Staff Training

Employees

As at the Latest Practicable Date, the Target Company has 31 employees, all of whom are located in Singapore. The average number of the Target Company's employees has increased over the Period Under Review in line with the growth of the Target Company's business. The Target Company does not employ a significant number of temporary employees, but it may do so from time to time, where required.

The table below sets out the breakdown of the Target Company's full-time employees by activity for the Period Under Review and as at the Latest Practicable Date:

	31 December 2018	31 December 2019	As at 31 December 2020	LPD
Key Management (including Directors)	4	4	5	5
Sales, Marketing and Business Development	4	4	4	3
Administration IT and Human Resources	1	1	2	2
Accounts and Finance	2	2	3	3
Drivers/ Operations	14	15	17	18
Total	25	26	31	31

The staff turnover of the Target Company is minimal and does not affect the general operations of the Target Company. The Target Company believes that the relationship between its employees and the management has been good and is expected to continue and remain as such in the future. None of the Target Company's employees are unionised and the Target Company has not experienced any labour strikes or work stoppages. The number of full-time employees is not subject to any material fluctuation.

Save for CPF contributions, the Target Company has not set aside or accrued any amounts to provide for pension, retirement or similar benefits for any of its employees.

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Staff Training

The Target Company believes that the continued development of its employees is instrumental in maintaining its competitive edge, and in driving the growth and success of the Target Company as a whole.

In this regard, the Target Company's employees are required to undergo in-house orientation to familiarise themselves with the Target Company's corporate vision, service quality standards, policies and procedures (including on waste categorisation and workplace health and safety) periodically. On-the-job training is provided to new employees to equip them with the necessary working knowledge and practical skills to perform their tasks efficiently and effectively. The training of the Target Company's employees varies in accordance with the job requirements and needs of each function. For example, all drivers and crew that will be deployed to dispose of waste at NEA-approved facilities will have to attend the relevant safety courses prescribed by the NEA. In addition, all drivers and crew that will be deployed to the ports will have to attend the PSA Institute's rigger course (amongst other courses) on an annual basis. Supervisors are also required to undertake risk management courses. In addition, the Target Company's employees are encouraged to develop their technical skillsets by attending various training courses (whether internal or external) that are relevant to their respective job scopes (such as courses relating to the operation of excavator and forklift), and the Target Company's human resource department maintains a record of all relevant training received by the employees.

During the Period Under Review, the Target Company's staff training costs were not material.

7.13 Intellectual Property

As at the Latest Practicable Date, the Target Company does not own any patents, trademarks, copyrights or registered designs and the Target Business and profitability of the Target Company is not materially dependent on any patents, trademarks, copyrights, registered designs or grant of licence from third parties.

7.14 Inventory Management

Due to the nature of the Target Company's business, the Target Company does not maintain inventory in the ordinary course of business, and will typically purchase materials, consumables and supplies as and when these are needed for a particular job assignment.

7.15 Competition

The Target Company operates in a highly competitive waste management industry in Singapore where there are relatively low barriers of entry notwithstanding that regulatory licences and permits are required to be obtained to collect specific classes of waste or to operate specific types of waste disposal facility. The Target Company

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believes that it competes on various factors, such as quality of service, responsiveness, technical competence, attractiveness of pricing and industry experience. The Target Company may also face competition from other waste management service providers in the neighbouring ports of Malaysia and Indonesia.

As at the Latest Practicable Date, none of the Proposed Directors, Vendors or Proposed Executive Officers or their respective Associates has any interest, direct or indirect, in, and/or are involved in the management of, any potential competitor of the Target Company.

Due to the niche market that the Target Company services, there are no companies which the Target Company considers to be its direct competitor for the provision of waste management services in the shipping and cruise industries in Singapore.

7.16 Competitive Strengths

The Target Company will further enhance its capabilities with the operation of the Tuas Facility, and will be recognised as one of the leading waste management, treatment and recycling services provider for the shipping and cruise industries in Singapore

Presently, the Target Company collects a range of waste from mainly ships and cruises, including but not limited to general waste, toxic industrial waste (PVC and lead batteries) and pyrotechnics. Other toxic industrial waste which the Target Company is not licensed to handle are collected through the help of a licensed logistic company or its recycling partner's trucks, which are then transported to such recycling partner for disposal.

The Target Company has on 5 May 2021 moved its corporate office from the Kian Teck Facility to the Tuas Facility and commenced its general waste disposal operations at the Tuas Facility. With the commencement of its general waste disposal operations at the Tuas Facility, the Target Company will be able to scale up its existing operations, as it will be able to collect and treat a larger volume of waste. Further, certain processes to be conducted at the Tuas Facility are integrated and automated, and the Target Company expects to derive benefits from the synergy of operations with both the Kian Teck Facility and the Tuas Facility, including greater time efficiency. In addition, as described in Section 11.4 entitled "Business Strategies and Future Plans" of this Circular, the Target Company is considering venturing into the recycling of glass and plastic in the future, as a cost-saving measure and also to do its part for the environment as a whole. As such, the Target Company believes that it will be able to provide its customers with a comprehensive range of services which covers waste collection, disposal, treatment and recycling services in the future. In the shorter term, with the operation of the Tuas Facility, the Target Company will be able to cater to the wide spectrum of demands and requirements of its customers as it scales up its existing operations, and this will provide benefits including cost-savings and convenience for them.

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The Target Company has a proven track record and considerable industry experience, particularly in managing waste derived from ships and cruises

The Target Company has been offering waste management and disposal services to the major players in the local shipping and cruise industries for more than six (6) years, and it believes that its proven track record would provide the Target Company with a competitive edge over other industry players as most ship and cruise owners generally have a high level of stickiness to continue engaging the services of its existing vendors. Further, the Target Company's years of experience in the industry has built up its sensitivity to customers' needs and demands, and also allowed the Target Company to fine-tune its operations to maximize operational efficiency. These have contributed to the Target Company's ability to operate around-the-clock and be highly responsive to the job assignments received from time to time.

In addition, the Target Company has established a strong customer base in the local shipping and cruise industries, and maintains a good working relationship with its customers by providing economic and environmentally friendly, customized and containerized waste management solution and disposal services. The Target Company regularly follows up with its customers for feedback and would take timely and appropriate measures to address any negative feedback received. In this regard, the Target Company has established a good reputation among its customers for its operational ability to deliver to customers' requirements consistently and reliably, and the recurring job assignments received from the major customers during the Period Under Review is a testament to the confidence of the customers in the Target Company.

The Target Company has an experienced and competent management team

The Target Company's management team possesses extensive waste management industry experience, technical expertise and business relationships with the major players in the local shipping and cruise industries. Mohamed Gani Mohamed Ansari, the managing director of the Target Company and the proposed Executive Director and Chief Executive Officer of the Company following the completion of the Proposed Acquisition, has over 28 years of relevant experience in the recycling, waste management and disposal industry and provides the Target Company with strategic leadership. Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan, and Perumal S/O Gopal, all of whom are presently directors of the Target Company and the Proposed Executive Officers of the Company following the completion of the Proposed Acquisition, collectively have over 22 years of relevant experience in the waste management and disposal industry. The aforementioned key personnel are committed to the development of the Target Company's business, and leveraging on their extensive experience and keen understanding of the industry, they will continue to drive the future growth of the Target Company. They are also supported by an experienced and dedicated team comprising finance, sales & marketing and operations staff who are committed to fostering strong working relationships with the Target Company's customers and suppliers. Please refer to Section 25 entitled "Proposed Directors and Executive Officers of the Enlarged Group" of this Circular for

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further information on the experience of the Proposed Executive Director and Proposed Executive Officers.

The Target Company places great emphasis and attention on environmental, health and safety matters

The employees of the Target Company are expected to familiarise themselves with, and adhere closely to, the Target Company's internal policies and guidelines for health and safety matters when performing waste collection at the ports or waste management activities at the Target Company's facilities. In line with its objective of being environmentally friendly, the internal standards and expectations that the Target Company holds itself to are generally above what are minimally required by local laws and regulations.

In particular, as the Target Company has amassed a wealth of knowledge in respect of the health and safety aspects of handling and treating waste from ships and cruises following from its extensive experience in this sector, it is cognizant of the impact that its business has on the environment as a whole. As such, the Target Company will continuously keep itself updated on the latest technologies, plants and equipment which could improve the Target Company's operations and allow it to be more environmentally friendly and sustainable. Further, the Target Company keeps abreast of the latest laws and regulations which it is subject to, and assists its customers in ensuring compliance with the applicable environmental standards.

As a testament to their adherence to industry and environmental standards, the Target Company has obtained certifications such as ISO 14001:2015, ISO 45001:2018 (which replaces the OHSAS 18001:2007 standard), and bizSAFE Star. Please refer to Section 7.4 entitled "Quality Assurance" of this Circular for further details.

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8. SELECTED FINANCIAL INFORMATION OF THE TARGET COMPANY

*The following selected financial information of the Target Company should be read in conjunction with the full text of this Circular, including Section 9 entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position of the Target Company” of this Circular, and the “Independent Auditors’ Report and Audited Financial Statements of Shanaya Environmental Services Pte. Ltd. for the financial years ended 31 December 2018, 2019 and 2020” as set out in **Appendix A** to this Circular respectively.*

A summary of the financial information of the Target Company in respect of the Period Under Review is set out below:

Results of operations of the Target Company

(S\$)	FY2018 (Audited)	FY2019 (Audited)	FY2020 (Audited)
Revenue	4,421,793	5,896,776	5,840,400
<i>Other item of income</i>			
Other income	120,860	291,935	336,498
<i>Items of expense</i>			
Amortisation of right-of-use assets	-	(144,785)	(201,631)
Depreciation of property, plant and equipment	(269,710)	(340,119)	(333,884)
Employee benefits expense	(1,247,045)	(1,308,709)	(1,590,884)
Loss allowance on trade receivables	(828)	(5,798)	(22,831)
Finance costs	(85,671)	(186,398)	(288,328)
Other expenses	(2,357,700)	(2,849,128)	(2,798,221)
Profit before income tax	581,699	1,353,774	941,119
Income tax expense	(70,405)	(213,297)	(167,427)
Profit for the financial year, representing total comprehensive income for the financial year	511,294	1,140,477	773,692
EPS (cents) ⁽¹⁾⁽²⁾	0.42	1.01	0.69

Notes:

- (1) For illustrative purposes, assuming that the Service Agreements (as set out in Section 25.6 entitled “Service Agreements upon Completion” of this Circular) have been in place since 1 January 2020, the Target Company’s profit before income tax, profit for the financial year, EPS for FY2020 based on the Enlarged Share Capital of 112,813,983 Shares would have been approximately S\$0.55 million, S\$0.45 million and 0.40 cents respectively.
- (2) For illustrative purposes, the EPS for the Period Under Review have been computed based on the Target Company’s profit for the financial year for each financial year and the Enlarged Share Capital of 112,813,983 Shares.

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Financial position of the Target Company

(\$)	As at 31 December		
	2018 (Audited)	2019 (Audited)	2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5,688,687	7,824,273	11,519,740
Right-of-use assets	-	7,090,459	6,420,234
	5,688,687	14,914,732	17,939,974
Current assets			
Trade and other receivables	1,078,202	1,724,359	1,545,181
Cash and bank balances	47,685	404,932	1,481,016
	1,125,887	2,129,291	3,026,197
Total assets	6,814,574	17,044,023	20,966,171
EQUITY AND LIABILITIES			
Equity			
Share capital	500,000	1,500,000	1,500,000
Retained earnings	1,560,444	1,640,921	2,414,613
Total equity	2,060,444	3,140,921	3,914,613
Non-current liabilities			
Lease liabilities	-	6,454,658	6,105,032
Loans and borrowings	3,570,566	4,235,163	8,155,700
Deferred tax liabilities	115,595	221,595	292,595
	3,686,161	10,911,416	14,553,327
Current liabilities			
Trade and other payables	443,430	1,764,997	767,452
Lease liabilities	-	408,520	408,837
Loans and borrowings	584,539	670,872	1,100,720
Current income tax payable	40,000	147,297	221,222
	1,067,969	2,991,686	2,498,231
Total liabilities	4,754,130	13,903,102	17,051,558
Total equity and liabilities	6,814,574	17,044,023	20,966,171
NAV per Share (cents) ⁽¹⁾	1.83	2.78	3.47

Note:

(1) For illustrative purposes, NAV per share is computed based on the total equity of the Target Company and the Enlarged Share Capital of 112,813,983 Shares.

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9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE TARGET COMPANY

*The following discussion of the Target Company's results of operations and financial position should be read in conjunction with the full text of this Circular, including the "Independent Auditors' Report and Audited Financial Statements of Shanaya Environmental Services Pte. Ltd. for the financial years ended 31 December 2018, 2019 and 2020" as set out in **Appendix A** to this Circular.*

This discussion contains forward-looking statements that involve risks and uncertainties. The Target Company's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Circular, particularly in Section 12 entitled "Risk Factors" of this Circular. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Company, the Target Company, the Financial Adviser and Sponsor, or any other person. Investors and Shareholders are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Circular for further details.

9.1 OVERVIEW

The Target Company is principally engaged in the provision of waste management and disposal services to industrial and commercial clients and specifically, the provision of collection, transfer and disposal services to mainly the shipping and cruise industries in Singapore. As at the Latest Practicable Date, the Target Company does not have any subsidiaries, subsidiary entities, associated companies and associated entities, and operates only in Singapore.

Presently, some of the Target Company's waste segregation and management activities are being carried out at its Kian Teck Facility. The Target Company is expanding its existing operations and intends to leverage on its upcoming integrated cruise and ship waste management, treatment and recycling facility, being the Tuas Facility. TOP approval for the Tuas Facility was obtained on 12 January 2021. The Target Company had commenced its general waste disposal operations at the Tuas Facility since 5 May 2021. The Tuas Facility is also currently under development for the Target Company's future business expansion through the provision of a wider range of waste management, treatment and recycling services, including but not limited to, toxic waste, spent chemicals, recyclable and non-recyclable waste, batteries and electronic waste.

Please refer to Section 7 entitled "Information on the Target Company" of this Circular for more details on the Target Company and its business.

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Revenue

The Target Company's revenue was approximately S\$4.42 million, S\$5.90 million and S\$5.84 million for FY2018, FY2019 and FY2020 respectively.

The Target Company's revenue is derived from the provision of waste management and disposal services to industrial and commercial clients, mainly in the shipping and cruise industries in Singapore.

The Target Company is licensed as a general waste collector to handle waste such as unwanted furniture, electrical appliances, construction and renovation debris, cut tree trunks and branches, bulky waste, non-putrefiable waste, recyclable waste, food waste (excluding used cooking oil), market waste and waste with a high organic content and which is putrefiable, pursuant to its General Waste Collector Licence (Class A and Class B). The Target Company is also licensed as a toxic industrial waste collector to handle toxic waste materials containing polyvinyl chloride (PVC) and waste lead-acid batteries. As part of the comprehensive suite of waste management and disposal services offered to its customers, the Target Company is licensed to collect pyrotechnics for safe disposal.

For certain types of waste which the Target Company is currently not licensed to collect and treat, such as oil sludge and other non-solid wastes, the Target Company will engage a licensed logistic company or inform its recycling partner, which is licensed to collect and handle such waste, to deploy its trucks to transport the waste to the recycling partner's facility for further treatment and safe disposal. In addition, certain recyclable materials such as ferrous and non-ferrous metals and paper which have been collected by the Target Company may be sold to its recycling partners directly for recycling in their material recovery facilities.

The following table sets out the number of job assignments carried out and the aggregate volume of waste disposed by the Target Company for the respective financial years during the Period Under Review:

Financial year	Number of job assignments	Waste disposal volumes (MT)
FY2018	5,926	11,300
FY2019	6,644	16,850
FY2020	8,050	17,154

The Target Company operates solely in Singapore and therefore its functional and presentation currencies are denominated in S\$.

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Target Company expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Target Company's revenue is derived from fixed price contracts

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and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Revenue from provision of waste management and disposal services are recognised at a point in time when the services are performed. There is no element of significant financing component in the Target Company's revenue transactions as customers are required to pay within a credit term ranging from 30 to 90 days.

In general, the Target Company's revenue is mainly dependent on, *inter alia*, the following factors:

- (a) the ability to compete effectively with existing and new industry players;
- (b) the level of activity and cargo volumes in the shipping and cruise industries in Singapore;
- (c) the ability to secure new orders from customers;
- (d) the ability to maintain the Target Company's licences, permits and qualification statuses;
- (e) changes in the political, economic, social and legal environment in Singapore; and
- (f) the ability to recruit and retain personnel to provide quality services to meet customer demands.

Please refer to Section 11 entitled "Prospects, Business Strategies and Future Plans" and Section 12 entitled "Risk Factors", of this Circular for further information on the above and other factors which may affect the Target Company's revenue.

Other income

The Target Company's other income comprised mainly (i) gain on disposal of property, plant and equipment; (ii) government grants such as the Job Support Scheme, Spring Singapore Scheme, Productivity and Innovation Credit, foreign worker levy rebate, Wage Credit Scheme and Special Employment Credit; and (iii) recycling income.

Recycling income is recognised at a point in time when the recyclable materials are delivered to the customers. Recycling income was not the main business of the Target Company for the Period Under Review and hence, it has been classified under "Other Income" in accordance with SFRS(I).

Recycling income is derived from the sale of paper, ferrous and non-ferrous scrap metals, and electronic waste to the Target Company's recycling partners.

The Target Company's other income was approximately S\$0.12 million, S\$0.29 million and S\$0.34 million in FY2018, FY2019 and FY2020 respectively, which accounted for approximately 2.7%, 5.0% and 5.8% of the Target Company's total revenue for the

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corresponding Period Under Review.

Amortisation of right-of-use assets

The Target Company adopted the new lease standards under SFRS(I) 16 in FY2019, where all leases are capitalised on the statement of financial position by recognising a right-of-use asset and a corresponding lease liability for the present value of the obligation to make lease payments. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost.

Amortisation of right-of-use assets was approximately S\$0.14 million and S\$0.20 million in FY2019 and FY2020 respectively, which accounted for approximately 2.5% and 3.5% of the Target Company's total revenue for FY2019 and FY2020. Prior to the commencement of operations of the Tuas Facility, the amortisation expenses of right-of-use asset in respect of the leasehold land for the Tuas Facility have been capitalised under the building under construction of property, plant and equipment.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment relates to depreciation expenses recognised on the Target Company's property, plant and equipment, which comprised leasehold properties, renovation, computers, furniture and fittings, motor vehicles and plant and machinery.

Depreciation of property, plant and equipment were approximately S\$0.27 million, S\$0.34 million, and S\$0.33 million in FY2018, FY2019 and FY2020 respectively representing approximately 6.1%, 5.8% and 5.7% of the Target Company's total revenue for the corresponding Period Under Review.

Employee benefits expense

Employee benefits expense comprises mainly (i) salaries, wages and other short-term benefits; and (ii) contributions to defined contribution plans.

Employee benefits expense were approximately S\$1.25 million, S\$1.31 million and S\$1.59 million in FY2018, FY2019 and FY2020 respectively, representing approximately 28.2%, 22.2%, and 27.2% of the Target Company's total revenue for the corresponding Period Under Review.

Loss allowance on trade receivables

The Target Company has applied the simplified approach in accordance with SFRS(I) 9 to measure the loss allowance on trade receivables using the expected credit loss model. The expected credit loss model is determined based on historical data which have been defaulted or terminated and adjusted with forward-looking information.

Loss allowance on trade receivables was approximately S\$828, S\$5,798 and S\$0.02 million in FY2018, FY2019 and FY2020 respectively. The loss allowance on trade receivables for the Period Under Review did not represent a significant percentage of

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the Target Company's total revenue.

Finance costs

Finance costs were approximately S\$0.09 million, S\$0.19 million and S\$0.29 million in FY2018, FY2019 and FY2020 respectively, representing approximately 1.9%, 3.2% and 4.9% of the Target Company's total revenue for the corresponding Period Under Review.

The following table sets out forth the major components of the Target Company's finance costs during the Period Under Review:

	FY2018		FY2019		FY2020	
	S\$'000	%	S\$'000	%	S\$'000	%
Interest expense						
- Finance lease liabilities	19.2	22.4	-	-	-	-
- Lease liabilities	-	-	30.9	16.6	71.1	24.7
- Term loan	66.5	77.6	111.0	59.5	170.3	59.1
- Third parties loans	-	-	41.0	22.0	45.2	15.7
- Others	-	-	3.5	1.9	1.7	0.5
Total finance costs	85.7	100.0	186.4	100.0	288.3	100.0

Finance costs consist mainly of interest expense on (i) finance lease liabilities attributable to hire purchase of motor vehicles and plant and equipment; (ii) lease liabilities arising from the adoption of SFRS(I) 16 by the Target Company beginning in FY2019; (iii) loans and borrowings; (iv) loan from third parties; and (iv) others. Prior to the commencement of operations of the Tuas Facility, the finance costs in respect of the lease liabilities for the Tuas Facility have been capitalised under the building under construction of property, plant and equipment.

Notwithstanding the increase in cash and bank balances, the increase in finance costs from S\$0.09 million in FY2018 to S\$0.29 million in FY2020 was mainly due to:

- (i) An increase in interest expense attributable to bank loans and borrowings drawn down by the Target Company for the construction of the Tuas Facility, the purchase of plant and machinery for the Tuas Facility and working capital purposes; and
- (ii) The recognition of interest expense on lease liabilities following the adoption of SFRS(I) 16 Leases beginning in FY2019.

Other expenses

Other expenses were approximately S\$2.36 million, S\$2.85 million and S\$2.80 million in FY2018, FY2019 and FY2020 respectively, representing approximately 53.3%, 48.3% and 47.9% of the Target Company's total revenue for the corresponding Period Under Review.

The following table sets out forth the major components of the Target Company's other

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expenses during the Period Under Review:

	FY2018		FY2019		FY2020	
	S\$'000	%	S\$'000	%	S\$'000	%
Administrative expenses	224.1	9.5	226.6	8.0	392.2	14.0
Direct operating costs	1,646.1	69.8	2,518.7	88.4	2,290.6	81.9
Operating lease expenses	402.8	17.1	3.6	0.1	0.6	0.0
Upkeep of motor vehicles	84.7	3.6	100.2	3.5	114.8	4.1
Total other expenses	2,357.7	100.0	2,849.1	100.0	2,798.2	100.0

Administrative expenses comprise mainly salesman commission, utilities, property tax, vehicle and asset insurance, professional fees and miscellaneous expenses.

The following table sets out forth the major components of the Target Company's direct operating costs during the Period Under Review:

	FY2018		FY2019		FY2020	
	S\$'000	%	S\$'000	%	S\$'000	%
Crane and wharfage charges	293.9	17.9	386.7	15.3	529.9	23.1
Diesel and fuel charges	128.4	7.8	175.1	7.0	162.0	7.1
Dumping fees	864.5	52.5	1,365.1	54.2	1,231.8	53.8
Subcontractor and other labour costs	348.7	21.2	512.3	20.3	325.3	14.2
Purchase of supplies	10.6	0.6	79.5	3.2	41.6	1.8
Total direct operating costs	1,646.1	100.0	2,518.7	100.0	2,290.6	100.0

Direct operating costs comprise crane and wharfage charges, diesel and fuel charges, dumping fees, subcontractors and other labour costs and purchase of supplies.

Crane and wharfage charges relate to the charges incurred by the Target Company for (i) the lifting and craning operations during the collection of waste from ships; and (ii) expenses relating to the vehicle entry and permits required by the Target Company's fleet of vehicles to operate within the ports. As part of its pricing strategy, the Target Company would bill any port-related charges and expenses, including the crane and wharfage charges, on a back-to-back basis to the relevant customers.

Dumping fees relate mainly to the fees levied by the NEA on the waste treated and disposed of by the Target Company at the disposal facilities or landfill ground in Singapore which are regulated and/or operated by the NEA. Since 2013, there has been no revision to the rate of dumping fees levied by NEA based on the weight of waste disposed. The lower dumping fees incurred by the Target Company in FY2020 as compared to FY2019 was mainly due to lower volume of incinerable waste sent to the NEA-approved facilities even though the waste disposal volume increased as the volume of recyclable materials and wood waste that was segregated from the general waste prior to disposal at the NEA-approved facilities increased. Such recyclable

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materials and wood waste were sent to the recycling partners' material recovery facility for recycling or disposal instead of NEA-approved facilities which charge dumping fees.

Subcontractor and other labour costs relate to the costs incurred by the Target Company for the collection of waste at various ports and treatment performed by its recycling partners and other outsourced work.

The Target Company's other expenses is mainly dependent on the following factors:

- a) Dumping fees for the disposal of waste by the Target Company at disposal facilities regulated and/or operated by the NEA;
- b) Port-related charges and expenses such as crane and wharfage charges, incurred by the Target Company during collection of waste;
- c) Fluctuations in the prices of diesel and petrol used by the Target Company's fleet of motor vehicles;
- d) The Target Company's ability to engage sub-contractors for certain types of outsourced waste treatment and disposal and/or work at competitive prices;
- e) Changes in cost and/or supply of vehicle permits required for operating the Target Company's fleet of vehicles;
- f) Changes in governmental regulations and requirements in relation to the waste management and recycling industry which may result in additional compliance costs by the Target Company;
- g) Changes in labour related costs such as salaries and foreign worker levies; and
- h) Fluctuations in utilities rates and property taxes charged to the Target Company.

Income tax expense

The Target Company's overall effective tax rate was approximately 12.1%, 15.8% and 17.8% for FY2018, FY2019 and FY2020 respectively. Our effective tax rates for FY2018 and FY2019 were lower than the 17.0% statutory corporate tax rate of Singapore due mainly to non-taxable income, tax incentives and rebates.

9.2 REVIEW OF RESULTS OF OPERATIONS

Breakdown of the Target Company's past performance by business segments and geographical markets

As at the Latest Practicable Date, the Target Company has only one primary business segment, which is the provision of waste management and disposal services to industrial and commercial clients. Further, the revenue and assets of the Target Company are mainly derived from Singapore. Accordingly, a breakdown and analysis of the Target Company's financial performance by business segments and

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geographical markets will not be meaningful.

FY2018 vs FY2019

Revenue

The Target Company's revenue increased by approximately S\$1.47 million or 33.4% from S\$4.42 million in FY2018 to S\$5.90 million in FY2019, in line with an increase in the number of job assignments carried out by the Target Company from 5,926 to 6,644 and the amount of general waste collected and disposed by the Target Company from 11,300 MT in FY2018 to 16,850 MT in FY2019. The Target Company has also seen a year-on-year increase in the number of new customers onboarded in the shipping and cruise industries.

In FY2019, the Target Company had onboarded new customers in the tankers and bulk carriers segments in addition to its key customer segments of container ships and cruises, which has in turn led to an increase in the overall number of job assignments between FY2018 to FY2019.

As the industry statistics compiled on the number of vessel arrivals as set out in Section 11.1 entitled "Industry Overview and Prospects" of this Circular included vessel types such as freighters, barges and tugs which are not the Target Company's customers, the Target Company noted that there was a low correlation between the number of new customers onboarded by the Target Company and the industry-wide number of vessel arrivals in any given year.

Other income

The Target Company's other income increased by approximately S\$0.17 million or 141.5% from S\$0.12 million in FY2018 to S\$0.29 million in FY2019. This was mainly attributable to an increase in recycling income of approximately S\$0.19 million which was partially offset by an absence on gain on disposal of property, plant and equipment of approximately S\$0.02 million in FY2018.

Amortisation of right-of-use assets

The Target Company's amortisation of right-of-use assets for FY2019 was approximately S\$0.14 million. There was an absence of amortisation of right-of-use assets for FY2018 as the Target Company had only adopted the new lease standards under SFRS(I) 16 beginning in FY2019.

Depreciation of property, plant and equipment

The Target Company's depreciation of property, plant and equipment increased by approximately S\$0.07 million or approximately 26.1% from S\$0.27 million in FY2018 to S\$0.34 million in FY2019. This was mainly attributable to increase in depreciation charges of the leasehold properties of approximately S\$0.16 million due to the Kian Teck Facility, partially offset by a decrease in depreciation of motor vehicles of S\$0.11 million as a result of the reclassification of certain motor vehicles to right-of-use assets

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following the adoption of SFRS(I) 16 *Leases*.

Employee benefits expense

The Target Company's employee benefits expense increased by approximately S\$0.06 million or 4.9% from S\$1.25 million in FY2018 to S\$1.31 million in FY2019. This was mainly attributable to an increase in the remuneration of key management personnel.

Loss allowance on trade receivables

The Target Company's loss allowance on trade receivables was S\$5,798 in FY2019 as compared to S\$828 in FY2018.

Finance costs

The Target Company's finance costs increased by approximately S\$0.10 million or 117.6% from S\$0.09 million in FY2018 to S\$0.19 million in FY2019. This was mainly attributable to an increase in interest expense on lease liabilities of approximately S\$0.03 million following the adoption of SFRS(I) 16 *Leases* beginning in FY2019, an increase in interest expense on loans from third parties of approximately S\$0.04 million and an increase in interest expense on loans and borrowings of approximately S\$0.04 million, partially offset by an absence of interest expense on finance lease liabilities of approximately S\$0.02 million in FY2019.

Other expenses

The Target Company's other expenses increased by approximately S\$0.49 million or 20.8% from S\$2.36 million in FY2018 to S\$2.85 million in FY2019.

This was in line with the increase in revenue and mainly attributable to an increase in direct operating costs of approximately S\$0.87 million and an increase in expenses relating to upkeep of motor vehicles of approximately S\$0.02 million, partially offset by a decrease in operating lease expenses of approximately S\$0.40 million.

The increase in direct operating costs was mainly attributable to an increase in crane and wharfage charges of approximately S\$0.09 million, an increase in diesel and petrol expenses of approximately S\$0.05 million, an increase in dumping fees of approximately S\$0.50 million, an increase in subcontractor and labour costs of approximately S\$0.16 million, and an increase in expenses relating to purchase of supplies of approximately S\$0.07 million.

Profit before income tax

The Target Company's profit before income tax increased by approximately S\$0.77 million or 132.7% from S\$0.58 million in FY2018 to S\$1.35 million in FY2019 as a result of the foregoing reasons. The increase in the profit before income tax margin of the Target Company from 13.2% in FY2018 to 23.0% in FY2019 was mainly due to (i) a higher proportion of revenue contribution from the cruise segment in FY2019 which

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has a higher profit margin as compared to the shipping segment, (ii) an increase in the recycling income received by the Target Company, and (iii) savings from rental of 10 Neythal Road premises, for which the lease ended in December 2018.

FY2019 vs FY2020

Revenue

The Target Company's revenue remained relatively stable between FY2019 and FY2020, having recorded revenue of S\$5.90 million for FY2019 and S\$5.84 million for FY2020. Notwithstanding that the COVID-19 pandemic led to a decline in the overall demand for waste disposal services from the cruise customers, the Target Company had managed to keep its overall revenue stable by tapping on an increase in demand for services from its shipping customers (e.g. cargo ships). In addition, the Target Company had experienced minimal interruptions to its business operations during the 'Circuit Breaker' period imposed by the Singapore government between 7 April 2020 to 1 June 2020, as the waste management and disposal industry and its business activities are deemed to be essential services, and hence was allowed to continue its operations by the authorities.

The Target Company had completed 6,644 job assignments in FY2019 as compared to 8,050 in FY2020 and collected and disposed of general waste amounts of approximately 16,850 MT and 17,154 MT in FY2019 and FY2020 respectively. The number of job assignments and waste disposal volumes increased in FY2020 as compared to FY2019 due to an increase in demand from the Target Company's shipping customers, partially offset by the decrease in the demand from the Target Company's cruise customers.

Notwithstanding the aforementioned increases in job assignments and waste disposal volumes, revenue of the Target Company had declined marginally by S\$0.06 million from FY2019 to FY2020 as the proportion of job assignments and waste disposal volume derived from cruise customers dropped significantly in FY2020 due to the ongoing COVID-19 pandemic. Cruise customers historically pay a higher price per MT of waste disposed as compared to other shipping customers.

Other income

The Target Company's other income increased by approximately S\$0.04 million or 15.3% from S\$0.29 million in FY2019 to S\$0.34 million in FY2020. This was mainly attributable to an increase in government grants received of approximately S\$0.16 million and a gain on disposal of property, plant and equipment of approximately S\$0.02 million, partially offset by a decrease in recycling income of approximately S\$0.14 million.

The government grants for FY2020 comprised of grants obtained from the Jobs Support Scheme of approximately S\$0.13 million, Spring Singapore Scheme of approximately S\$0.04 million, Wage Credit Scheme of approximately S\$0.01 million, Special Employment Credit of approximately S\$0.01 million, cash payout from the Productivity and Innovation Credit Scheme of S\$0.01 million and Foreign Worker Levy

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rebates of approximately S\$0.01 million.

Amortisation of right-of-use assets

The Target Company's amortisation of right-of-use assets increased by approximately S\$0.06 million or approximately 39.3% from S\$0.14 million in FY2019 to S\$0.20 million in FY2020. This was mainly attributable to the amortisation expenses recognized by the Target Company in relation to the Target Company's hire purchases on certain motor vehicles and plant and machinery.

Depreciation of property, plant and equipment

The Target Company's depreciation of property, plant and equipment decreased by approximately S\$0.01 million or approximately 1.8% from S\$0.34 million in FY2019 to S\$0.33 million in FY2020.

Employee benefits expense

The Target Company's employee benefits expense increased by approximately S\$0.28 million or 21.6% from S\$1.31 million in FY2019 to S\$1.59 million in FY2020. This was mainly attributable to an increase in employee headcount.

Loss allowance on trade receivables

The Target Company's loss allowance on trade receivables increased by approximately S\$0.02 or 293.8% from approximately S\$5,798 in FY2019 to approximately S\$0.02 million in FY2020.

Finance costs

The Target Company's finance costs increased by approximately S\$0.10 million or 54.7% from S\$0.19 million in FY2019 to S\$0.29 million in FY2020. This was mainly attributable to an increase in interest expense on lease liabilities of approximately S\$0.04 million, increase in interest expense on loans and borrowings of approximately S\$0.06 million.

Other expenses

The Target Company's other expenses decreased by approximately S\$0.05 million or 1.8% from S\$2.85 million in FY2019 to S\$2.80 million in FY2020.

This was mainly attributable to a decrease in direct operating costs of approximately S\$0.23 million, partially offset by an increase in administrative expenses of approximately S\$0.17 million and an increase in expenses relating to upkeep of motor vehicles of approximately S\$0.01 million.

The decrease in direct operating costs was mainly attributable to a decrease in diesel and petrol expenses of approximately S\$0.01 million, a decrease in dumping fees of approximately S\$0.13 million, a decrease in subcontractor and other labour costs of

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S\$0.19 million and a decrease in purchase of supplies of approximately S\$0.04 million, partially offset by an increase in crane and wharfage charges of approximately S\$0.14 million.

Profit before income tax

The Target Company's profit before income tax decreased by approximately S\$0.41 million or 30.5% from S\$1.35 million in FY2019 to S\$0.94 million in FY2020 as a result of the foregoing reasons. The decrease in the profit margin of the Target Company from 23.0% in FY2019 to 16.1% in FY2020 was mainly due to (i) a lower proportion of revenue contribution from the cruise segment in FY2020 which has a higher profit margin as compared to the shipping segment, (ii) a decrease in the recycling income received by the Target Company, (iii) an increase in finance costs, and (iv) an increase in remuneration of the directors of the Target Company.

9.3 REVIEW OF FINANCIAL POSITION

As at 31 December 2018

Non-current assets

As at 31 December 2018, the Target Company's non-current assets of approximately S\$5.69 million accounted for approximately 83.5% of the total assets. The Target Company's non-current assets consisted of only property, plant and equipment.

As at 31 December 2018, property, plant and equipment comprised of the leasehold property at the Kian Teck Facility of approximately S\$3.99 million, building under construction at the Tuas Facility of approximately S\$0.31 million, renovation of approximately S\$0.05 million, plant and machinery of approximately S\$0.56 million, motor vehicles of approximately S\$0.77 million, furniture and fixtures of approximately S\$0.01 million and computers of S\$2,728.

Current assets

As at 31 December 2018, the Target Company's current assets of approximately S\$1.13 million accounted for approximately 16.5% of the total assets. The Target Company's current assets consisted of trade and other receivables and cash and bank balances.

As at 31 December 2018, trade and other receivables of approximately S\$1.08 million accounted for approximately 95.8% of total current assets. Trade and other receivables comprised net trade receivables of approximately S\$1.00 million, deposits of approximately S\$0.03 million and GST receivables of approximately S\$0.05 million.

As at 31 December 2018, cash and bank balances of approximately S\$0.05 million accounted for approximately 4.2% of total current assets.

Non-current liabilities

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As at 31 December 2018, the Target Company's non-current liabilities of approximately S\$3.69 million accounted for approximately 77.5% of the total liabilities. The Target Company's non-current liabilities consisted of loans and borrowings and deferred tax liabilities.

As at 31 December 2018, loans and borrowings of approximately S\$3.57 million accounted for approximately 96.9% of total non-current liabilities. Loans and borrowings comprised of loans from banks and financial institutions for the mortgage of the Kian Teck Facility and working capital purposes of approximately S\$3.28 million and finance lease liabilities relating to motor vehicles and plant and machinery of approximately S\$0.29 million.

As at 31 December 2018, deferred tax liabilities of approximately S\$0.12 million accounted for approximately 3.1% of total non-current liabilities. Deferred tax liabilities were mainly due to accelerated tax depreciation recognised by the Target Company.

Current liabilities

As at 31 December 2018, the Target Company's current liabilities of approximately S\$1.07 million accounted for approximately 22.5% of the total liabilities. The Target Company's current liabilities consisted of trade and other payables, loans and borrowings and current income tax payable.

As at 31 December 2018, trade and other payables of approximately S\$0.44 million accounted for approximately 41.5% of the Target Company's total current liabilities. Trade and other payables comprised trade payables of approximately S\$0.10 million, non-trade payables due to third parties of approximately S\$0.14 million, amount due to a director of approximately S\$0.10 million and accruals of approximately S\$0.10 million. The non-trade payables due to third parties mainly comprised of payables relating to upkeep of motor vehicles and purchase of plant and machinery. Accruals mainly comprised of accrued expenses relating to employee benefit expenses.

As at 31 December 2018, loans and borrowings of approximately S\$0.58 million accounted for approximately 54.7% of the Target Company's total current liabilities. Loans and borrowings comprised of loans from bank and financial institutions for the mortgage of the Kian Teck Facility and working capital purposes of approximately S\$0.38 million, and finance lease liabilities relating to motor vehicles and plant and equipment of approximately S\$0.20 million.

As at 31 December 2018, current income tax payable amounted to approximately S\$0.04 million or approximately 3.7% of the Target Company's total current liabilities.

Equity

As at 31 December 2018, the Target Company's equity amounted to approximately S\$2.06 million comprising mainly of approximately \$0.50 million of share capital and approximately S\$1.56 million of retained earnings. In FY2018, the Company declared aggregate cash dividends of S\$0.04 million to its then existing shareholders.

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As at 31 December 2019

Non-current assets

As at 31 December 2019, the Target Company's non-current assets of approximately S\$14.91 million accounted for approximately 87.5% of the total assets. The Target Company's non-current assets consisted of property, plant and equipment and right-of-use assets.

As at 31 December 2019, property, plant and equipment of approximately S\$7.82 million accounted for approximately 52.5% of the Target Company's total non-current assets. Property, plant and equipment comprised of the leasehold property at the Kian Teck Facility of approximately S\$3.80 million, building under construction at the Tuas Facility of approximately S\$3.52 million, renovation of approximately S\$0.03 million, plant and machinery of approximately S\$0.41 million, motor vehicles of approximately S\$0.06 million, furniture and fixtures of S\$3,306 and computers of S\$1,045.

As at 31 December 2019, right-of-use assets of approximately S\$7.09 million accounted for approximately 47.5% of the Target Company's total non-current assets. The right-of-use assets comprised the leasehold land for the Tuas Facility and Kian Teck Facility leased from JTC of approximately S\$6.00 million, motor vehicles of approximately S\$0.80 million and plant and machinery of approximately S\$0.30 million. The leasehold lands for the Tuas Facility and Kian Teck Facility amounted to approximately S\$5.47 million and approximately S\$0.53 million respectively. The right-of-use assets were recognised pursuant to the adoption of the new lease standards under SFRS(I) 16 which is effective from 1 January 2019.

Current assets

As at 31 December 2019, the Target Company's current assets of approximately S\$2.13 million accounted for approximately 12.5% of the total assets. The Target Company's current assets consisted of trade and other receivables and cash and bank balances.

As at 31 December 2019, trade and other receivables of approximately S\$1.72 million accounted for approximately 81.0% of total current assets. Trade and other receivables comprised net trade receivables of approximately S\$1.39 million, deposits of approximately S\$0.14 million and GST receivables of approximately S\$0.19 million.

As at 31 December 2019, cash and bank balances of approximately S\$0.40 million accounted for approximately 19.0% of total current assets.

Non-current liabilities

As at 31 December 2019, the Target Company's non-current liabilities of approximately S\$10.91 million accounted for approximately 78.5% of the total liabilities. The Target Company's non-current liabilities consisted of lease liabilities, loans and borrowings and deferred tax liabilities.

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As at 31 December 2019, lease liabilities amounted to approximately S\$6.45 million accounted for approximately 59.2% of the Target Company's total non-current liabilities. Lease liabilities arose from the adoption of SFRS(I) 16 in FY2019, where all leases were accounted for by recognising the right-of-use assets and lease liabilities. Lease liabilities comprised of lease liabilities attributable to the leasehold land located at the Tuas Facility and the Kian Teck Facility of approximately S\$5.97 million, lease liabilities attributable to the motor vehicles of approximately S\$0.31 million and lease liabilities attributable to plant and machinery of approximately S\$0.17 million. The lease liabilities attributable to the leasehold land for the Tuas Facility and Kian Teck Facility amounted to approximately S\$5.45 million and S\$0.52 million respectively.

As at 31 December 2019, loans and borrowings of approximately S\$4.24 million accounted for approximately 38.8% of the Target Company's total non-current liabilities. Loans and borrowings comprised of loans from banks and financial institutions for the mortgage of the Kian Teck Facility and for working capital purposes of approximately S\$3.24 million, and loan from third parties of S\$1.00 million for working capital purposes. The Target Company obtained two (2) separate loans from third parties in February 2019 and October 2019 for working capital purposes and to temporarily finance the construction of the Tuas Facility respectively. The two third parties loans were interest-bearing and not repayable on demand. The lenders were third parties and are not related to the Proposed Directors and Vendors of the Target Company. Both loans have been fully repaid in FY2020. For further details on the third parties loans, please refer to Note 11 of the "Independent Auditors' Report and Audited Financial Statements of Shanaya Environmental Services Pte. Ltd. for the financial years ended 31 December 2018, 2019 and 2020" as set out in **Appendix A** to this Circular.

As at 31 December 2019, deferred tax liabilities of approximately S\$0.22 million accounted for approximately 2.0% of total non-current liabilities. Deferred tax liabilities were mainly due to accelerated tax depreciation and leased assets recognised by the Target Company.

Current liabilities

As at 31 December 2019, the Target Company's current liabilities of approximately S\$2.99 million accounted for approximately 21.5% of the total liabilities. The Target Company's current liabilities consisted of trade and other payables, lease liabilities, loans and borrowings and current income tax payable.

As at 31 December 2019, trade and other payables amounted to approximately S\$1.76 million or approximately 59.0% of the Target Company's total current liabilities. Trade and other payables comprised trade payables of approximately S\$0.14 million, non-trade payables due to third parties of approximately S\$1.34 million, amount due to a director of approximately S\$0.06 million, accruals of approximately S\$0.17 million and divided payable to shareholders of approximately S\$0.06 million. The non-trade payables due to third parties mainly comprised of payables relating to the construction of the Tuas Facility and lease payables due to the JTC. Accruals mainly comprised accrued expenses relating to employee benefits, staff reimbursement and interest.

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As at 31 December 2019, lease liabilities amounted to approximately S\$0.41 million accounted for approximately 13.7% of the Target Company's total current liabilities. Lease liabilities arose from the adoption of SFRS(I) 16 in FY2019, where all leases are accounted for by recognising the right-of-use assets and lease liabilities. Lease liabilities comprised of lease liabilities attributable to the leasehold land located at the Tuas Facility and the Kian Teck Facility of approximately S\$0.19 million, lease liabilities attributable to the motor vehicles of approximately S\$0.14 million and lease liabilities attributable to plant and machinery of approximately S\$0.08 million. The lease liabilities attributable to the leasehold land for the Tuas Facility and Kian Teck Facility amounted to approximately S\$0.17 million and S\$0.02 million respectively.

As at 31 December 2019, loans and borrowings amounted to approximately S\$0.67 million accounted for approximately 22.4% of the Target Company's total current liabilities. Loans and borrowings comprised of loans from banks and financial institutions for the mortgage of the Kian Teck Facility and working capital purposes of approximately S\$0.47 million and loan from third parties of S\$0.20 million for working capital purposes.

As at 31 December 2019, current income tax payable amounted to approximately S\$0.15 million or approximately 4.9% of the Target Company's total current liabilities.

The Target Company had a negative working capital position of approximately S\$0.86 million as at 31 December 2019, mainly due to the mismatch in the use of short-term other payables to fund capital expenditure relating to the construction of the Tuas Facility. The Target Company has since restructured its current liabilities.

Equity

As at 31 December 2019, the Target Company's equity amounted to approximately S\$3.14 million comprising mainly of S\$1.50 million of share capital and approximately S\$1.64 million of retained earnings.

In FY2019, the Target Company declared (i) a dividend-in-specie to issue an aggregate of 1,000,000 shares of the Target Company representing S\$1.00 million in share capital to its existing shareholders then, on the basis of 2 new shares for every 1 existing share held, and (ii) aggregate cash dividends of S\$0.06 million to its then existing shareholders. The dividend-in-specie was accounted for in the shareholders' equity as an appropriation of retained earnings in FY2019.

As at 31 December 2020

Non-current assets

As at 31 December 2020, the Target Company's non-current assets of approximately S\$17.94 million accounted for approximately 85.6% of the total assets. The Target Company's non-current assets consisted of property, plant and equipment and right-of-use assets.

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As at 31 December 2020, property, plant and equipment of approximately S\$11.52 million accounted for approximately 64.2% of the Target Company's total non-current assets. Property, plant and equipment comprised of the leasehold property at the Kian Teck Facility of approximately S\$3.61 million, building under construction at the Tuas Facility of approximately S\$5.41 million, plant and machinery of approximately S\$2.27 million, motor vehicles of approximately S\$0.22 million, renovation of S\$0.01 million, furniture and fittings of S\$2,859 and computers of approximately S\$798.

As at 31 December 2020, right-of-use assets of approximately S\$6.42 million accounted for approximately 35.8% of the Target Company's total non-current assets. The right-of-use assets comprised the leasehold land for the Tuas Facility and Kian Teck Facility leased from JTC of approximately S\$5.63 million, motor vehicles of approximately S\$0.58 million and plant and machinery of approximately S\$0.21 million. The leasehold lands for the Tuas Facility and Kian Teck Facility amounted to approximately S\$5.12 million and approximately S\$0.51 million respectively. The right-of-use assets were recognised pursuant to the adoption of the new lease standards under SFRS(I) 16 which is effective from 1 January 2019.

Current assets

As at 31 December 2020, the Target Company's current assets of approximately S\$3.03 million accounted for approximately 14.4% of the total assets. The Target Company's current assets consisted of trade and other receivables and cash and bank balances.

As at 31 December 2020, trade and other receivables of approximately S\$1.55 million accounted for approximately 51.1% of total current assets. Trade and other receivables comprised mainly of net trade receivables of approximately S\$1.37 million, deposits of approximately S\$0.10 million, GST receivables of approximately S\$0.06 million and government grant receivables of approximately S\$0.02 million.

As at 31 December 2020, cash and bank balances of approximately S\$1.48 million accounted for approximately 48.9% of total current assets.

Non-current liabilities

As at 31 December 2020, the Target Company's non-current liabilities of approximately S\$14.55 million accounted for approximately 85.3% of the total liabilities. The Target Company's non-current liabilities consisted of lease liabilities, loans and borrowings and deferred tax liabilities.

As at 31 December 2020, lease liabilities of approximately S\$6.11 million accounted for approximately 41.9% of the Target Company's total non-current liabilities. Lease liabilities arose from the adoption of SFRS(I) 16 in FY2019, where all leases were accounted for by recognising the right-of-use assets and lease liabilities. Lease liabilities comprised of lease liabilities attributable to the leasehold land located at the Tuas Facility and the Kian Teck Facility of approximately S\$5.76 million, lease liabilities attributable to the motor vehicles of approximately S\$0.23 million and lease liabilities attributable to plant and machinery of approximately S\$0.12 million. The lease

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liabilities attributable to the leasehold land for the Tuas Facility and Kian Teck Facility amounted to approximately S\$5.26 million and S\$0.50 million respectively.

As at 31 December 2020, loans and borrowings of approximately S\$8.16 million accounted for approximately 56.0% of the Target Company's total non-current liabilities. Loans and borrowings comprised of loans from banks and financial institutions for the mortgage of the Kian Teck Facility, the purchase of plant and machinery for the Tuas Facility, construction for the Tuas Facility and working capital purposes.

As at 31 December 2020, deferred tax liabilities of approximately S\$0.29 million accounted for approximately 2.0% of total non-current liabilities. Deferred tax liabilities were mainly due to accelerated tax depreciation and leased assets recognised by the Target Company.

Current liabilities

As at 31 December 2020, the Target Company's current liabilities of approximately S\$2.50 million accounted for approximately 14.7% of the total liabilities. The Target Company's current liabilities consisted of trade and other payables, lease liabilities, loans and borrowings and current income tax payable.

As at 31 December 2020, trade and other payables of approximately S\$0.77 million accounted for approximately 30.7% of the Target Company's total current liabilities. Trade and other payables comprised trade payables of approximately S\$0.15 million, non-trade payables due to third parties of approximately S\$0.42 million, accruals of approximately S\$0.18 million and deferred government grant income of approximately S\$0.02 million. The non-trade payables due to third parties mainly comprised payables relating to upkeep of motor vehicles, payables due to the JTC and the purchase of plant and machinery. Accruals mainly comprised of accrued expenses relating to employee benefits and interest.

As at 31 December 2020, lease liabilities of approximately S\$0.41 million accounted for approximately 16.4% of the Target Company's total current liabilities. Lease liabilities arose from the adoption of SFRS(I) 16 beginning in FY2019, where all leases are accounted for by recognising the right-of-use assets and lease liabilities. Lease liabilities comprised of lease liabilities attributable to the leasehold land located at the Tuas Facility and the Kian Teck Facility of approximately S\$0.21 million, lease liabilities attributable to the motor vehicles of approximately S\$0.14 million and lease liabilities attributable to plant and machinery of approximately S\$0.06 million. The lease liabilities attributable to the leasehold land for the Tuas Facility and Kian Teck Facility amounted to approximately S\$0.19 million and S\$0.02 million respectively.

As at 31 December 2020, loans and borrowings of approximately S\$1.10 million accounted for approximately 44.1% of the Target Company's total current liabilities. Loans and borrowings comprised of loans from banks and financial institutions for the mortgage of the Kian Teck Facility, the purchase of plant and machinery for the Tuas Facility, construction of the Tuas Facility and for working capital purposes.

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As at 31 December 2020, current income tax payable amounted to approximately S\$0.22 million or approximately 8.9% of the Target Company's total current liabilities.

Equity

As at 31 December 2020, the Target Company's equity amounted to approximately S\$3.91 million comprising mainly S\$1.50 million of share capital and approximately S\$2.41 million of retained earnings.

Material changes in the financial position as at 31 December 2018 vs as at 31 December 2019

The Target Company's total assets increased by approximately S\$10.23 million or 150.1% from approximately S\$6.81 million as at 31 December 2018 to approximately S\$17.04 million as at 31 December 2019. This was mainly attributable to an increase in right-of-use assets of approximately S\$7.09 million, an increase in property, plant and equipment of approximately S\$2.14 million, an increase in trade and other receivables of approximately S\$0.65 million and an increase in cash and bank balances of approximately S\$0.36 million.

The Target Company's total liabilities increased by approximately S\$9.15 million or 192.4% from approximately S\$4.75 million as at 31 December 2018 to approximately S\$13.90 million as at 31 December 2019. This was mainly attributable to an increase in lease liabilities (both current and non-current) of approximately S\$6.86 million, an increase in trade and other payables of approximately S\$1.32 million, an increase in loans and borrowings (both current and non-current) of approximately S\$0.75 million, an increase in deferred tax liabilities of approximately S\$0.11 million, and an increase in current income tax payable of approximately S\$0.11 million.

The Target Company's total equity increased by approximately S\$1.08 million or 52.4% from approximately S\$2.06 million as at 31 December 2018 to approximately S\$3.14 million as at 31 December 2019. This was mainly attributable to an increase in share capital of approximately S\$1.00 million and an increase in retained earnings of approximately S\$0.08 million.

Material changes in the financial position as at 31 December 2019 vs as at 31 December 2020

The Target Company's total assets increased by approximately S\$3.92 million or 23.0% from approximately S\$17.04 million as at 31 December 2019 to approximately S\$20.97 million as at 31 December 2020. This was mainly attributable to an increase in property, plant and equipment of approximately S\$3.70 million, and an increase in cash and bank balances of approximately S\$1.08 million, partially offset by a decrease in right-of-use assets of approximately S\$0.67 million and a decrease in trade and other receivables of approximately S\$0.18 million.

The Target Company's total liabilities increased by approximately S\$3.15 million or 22.6% from approximately S\$13.90 million as at 31 December 2019 to approximately S\$17.05 million as at 31 December 2020. This was mainly attributable to an increase

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in loans and borrowings (both current and non-current) of approximately S\$4.35 million, an increase in deferred tax liabilities of approximately S\$0.07 million and an increase in current income tax payable of approximately S\$0.07 million, partially offset by a decrease in trade and other payables of approximately S\$1.00 million and a decrease in lease liabilities (both current and non-current) of approximately S\$0.35 million.

The Target Company's equity increased by approximately S\$0.77 million or 24.6% from approximately S\$3.14 million as at 31 December 2019 to approximately S\$3.91 million as at 31 December 2020. This was mainly attributable to an increase in retained earnings of approximately S\$0.77 million.

9.4 LIQUIDITY AND CAPITAL RESOURCES

As at the Latest Practicable Date, the Target Company's operations are financed through internal and external sources. Internal sources of funds comprise cash generated from the Target Company's operating activities. External sources of funds comprise mainly loans and borrowings from banks and financial institutions, credit granted by suppliers. The principal uses of these cash sources are for general working capital, capital expenditure, repayment of borrowings and finance cost.

The following table sets out a summary of the Target Company's cash flows for the Period Under Review.

(S\$)	FY2018 (Audited)	FY2019 (Audited)	FY2020 (Audited)
Net cash from operating activities	1,189,567	1,446,294	2,244,195
Net cash used in investing activities	(1,511,440)	(1,584,821)	(1,367,361)
Net cash (used in) / from financing activities	(581,993)	495,774	(196,750)
Net change in cash and cash equivalents	(903,866)	357,247	680,084
Cash and cash equivalents as at the beginning of the financial year	951,551	47,685	404,932
Cash and cash equivalents as at the end of the financial year	47,685	404,932	1,085,016

FY2018

In FY2018, the Target Company generated net cash from operating activities of approximately S\$1.19 million, which was a result of profit before tax of approximately S\$0.58 million, adjusted for non-cash expenses of approximately S\$0.34 million, working capital inflows of approximately S\$0.28 million and income tax paid of S\$0.01 million. The net working capital inflows was due to the decrease in trade and other receivables of approximately S\$0.29 million, partially offset by a decrease in trade and other payables of approximately S\$0.01 million.

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Net cash used in investing activities amounted to S\$1.51 million, which was mainly attributable to the purchase of plant and equipment of approximately S\$1.53 million, partially offset by the proceeds from the disposal of property, plant and equipment of approximately S\$0.02 million.

Net cash used in financing activities amounted to S\$0.58 million, which was mainly attributable to (i) the repayment of bank borrowings of approximately S\$0.25 million, (ii) the repayment of finance lease obligations of approximately S\$0.21 million, (iii) interest paid of approximately S\$0.09 million and (iv) dividends paid of approximately S\$0.04 million.

As at 31 December 2018, the Target Company's cash and cash equivalents were approximately S\$0.05 million.

FY2019

In FY2019, the Target Company generated net cash from operating activities of approximately S\$1.45 million, which was a result of profit before tax of approximately S\$1.35 million, adjusted for non-cash expenses of approximately S\$0.70 million and working capital outflows of approximately S\$0.61 million. The net working capital outflows was due to an increase in trade and other receivables of approximately S\$0.65 million and partially offset by an increase in trade and other payables of approximately S\$0.05 million.

Net cash used in investing activities amounted to S\$1.58 million, which was mainly attributable to the purchase of plant and equipment of approximately S\$1.54 million and additions to right-of-use assets of approximately S\$0.04 million.

Net cash from financing activities amounted to approximately S\$0.50 million, which was due to (i) proceeds from third party loans of S\$1.20 million and (ii) proceeds from bank borrowings of approximately S\$0.43 million. This was partially offset by (i) the repayment of bank borrowings of approximately S\$0.38 million, (ii) the repayment of lease obligations of approximately S\$0.41 million and (iii) interest paid of approximately S\$0.34 million.

As at 31 December 2019, the Target Company's cash and cash equivalents were S\$0.40 million.

FY2020

In FY2020, the Target Company generated net cash from operating activities of S\$2.24 million, which was mainly a result of profit before tax of approximately S\$0.94 million, adjusted for non-cash expenses of approximately S\$0.95 million, working capital inflows of approximately S\$0.37 million and income tax paid of approximately S\$0.02 million. The net working capital inflows was due to the decrease in trade and other receivables of approximately S\$0.16 million and increase in trade and other payables of approximately S\$0.22 million.

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Net cash used in investing activities amounted to S\$1.37 million, which was mainly attributable to the purchase of property, plant and equipment of approximately S\$1.38 million and addition to right-of-use assets of approximately S\$0.02 million, partially offset by proceeds from the disposal of property, plant and equipment of approximately S\$0.03 million.

Net cash used in financing activities amounted to S\$0.20 million, which was mainly attributable to the (i) repayment of third-party loans of approximately S\$1.20 million; (ii) repayment of lease obligations of approximately S\$0.42 million; (iii) repayment of bank borrowings of approximately S\$0.47 million; (iv) interest paid of approximately S\$0.52 million; (v) increase in restricted cash of approximately S\$0.40 million; (vi) RTO expenses paid of approximately S\$0.13 million; and (vii) dividends paid of approximately S\$0.06 million. This was partially offset by proceeds from bank borrowings of approximately S\$3.00 million. Restricted cash refers to the bank balances required to be held by the banks and/or financial institutions pursuant to the terms and conditions of certain banking facilities granted to the Target Company.

As at 31 December 2020, the Target Company's cash and cash equivalents were S\$1.09 million comprising cash and bank balances of S\$1.48 million, partially offset by restricted cash of S\$0.40 million.

In assessing whether the Target Company has sufficient working capital, the Target Company's directors have considered the following:

- (i) Save for the negative working capital position of approximately S\$0.86 million as at 31 December 2019, the Target Company was in positive working capital positions of approximately S\$0.06 million and approximately S\$0.53 million as at 31 December 2018 and 31 December 2020 respectively;
- (ii) The Target Company had recorded a positive equity position of approximately S\$2.06 million, S\$3.14 million and S\$3.91 million as at 31 December 2018, 2019 and 2020 respectively;
- (iii) The Target Company had recorded net profit of approximately S\$0.51 million, S\$1.14 million and S\$0.77 million in FY2018, FY2019 and FY2020 respectively;
- (iv) The implications of the COVID-19 pandemic and the cessation of relevant government grants on the Target Company's business performance;
- (v) The Target Company's capital commitments of approximately S\$0.35 million as at the Latest Practicable Date;
- (vi) The Target Company generated positive cash flows from operating activities of approximately S\$1.19 million, S\$1.45 million and S\$2.24 million in FY2018, FY2019 and FY2020 respectively;

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- (vii) The Target Company had cash and bank balances of approximately S\$1.48 million and S\$0.93 million as at 31 December 2020 and the Latest Practicable Date respectively; and
- (viii) The Target Company has unutilised credit facilities of up to approximately S\$2.69 million from various banks and financial institutions as at the Latest Practicable Date. For more details, please refer to Section 9.8 entitled “Capitalisation and Indebtedness” of this Circular.

For the avoidance of doubt, the outstanding investment amount of approximately S\$0.4 million under the Minimum Plant and Machinery Investment Criteria will be met by the earmarked sum of the same amount from the net proceeds of the Disposal of Lok Yang Property, which has been set aside solely for the purposes of fulfilling the Minimum Plant and Machinery Investment Criteria. Accordingly, the outstanding investment amount has been considered by the Target Company’s directors and has been specifically excluded in the assessment of working capital sufficiency.

Taking into account the above, the Proposed Directors are of the reasonable opinion that, after having made due and careful enquiry, the working capital available to the Target Company as at the date of lodgement of this Circular is sufficient for the Target Company’s present working capital requirements and for at least 12 months after the completion of the Proposed Acquisition.

PPCF is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the factors listed above, the working capital available to the Target Company as at the lodgement date of this Circular is sufficient for the Target Company’s present working capital requirements for at least 12 months after the completion of the Proposed Acquisition.

9.5 CAPITAL EXPENDITURE AND DIVESTMENTS AND COMMITMENTS

The capital expenditures and divestments made by the Target Company during the Period Under Review and up to the Latest Practicable Date were as follows:

Capital Expenditure and Divestments

(\$'000)	FY2018	FY2019	FY2020	From 1 January 2021 to the Latest Practicable Date
Capital Expenditure				
Leasehold properties	4,011.6	-	-	-
Building under construction	88.8	2,673.3	1,346.7	698.1
Renovation	52.0	-	-	13.5
Computer	0.5	-	-	49.2
Furniture and fittings	7.0	-	-	13.4
Motor vehicles	220.9	198.2	85.0	508.0

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Plant and machinery	222.1	308.7	1,895.6	859.6
Total	4,602.9	3,180.2	3,327.3	2,141.8
Capital Divestments				
Motor vehicles	91.0	-	38.0	-
Plant and machinery	-	68.0	48.7	-
Total	91.0	68.0	86.7	-

In FY2018, total capital expenditure incurred was approximately S\$4.60 million comprising approximately S\$4.01 million for the Kian Teck Facility which served as the Target Company's main office and operating premises, approximately S\$0.09 million for the construction of the Tuas Facility, and approximately S\$0.44 million for the purchase of motor vehicles and plant and machinery.

In FY2019, total capital expenditure incurred was approximately S\$3.18 million comprising approximately S\$2.67 million for the construction of the Tuas Facility and approximately S\$0.51 million for the purchase of motor vehicles and plant and machinery.

In FY2020, total capital expenditure incurred was approximately S\$3.33 million comprising approximately S\$1.35 million for the construction of the Tuas Facility and approximately S\$1.98 million for the purchase of motor vehicles and plant and machinery.

The above capital expenditures were primarily financed by a combination of internally generated resources and loans and borrowings.

Capital Commitments

(\$'000)	As at 31 December 2020	As at the Latest Practicable Date
Capital expenditure contracted but not provided for		
- Property, plant and equipment	961.6	345.7

As at the 31 December 2020, the capital commitments relate to the balance of the capital expenditure that the Target Company has committed for (i) the purchase of plant and machinery for the Tuas Facility; and (ii) to complete the construction of the Tuas Facility.

As at the Latest Practicable Date, the capital commitments relate to the balance of the capital expenditure that the Target Company has committed for the purchase of plant and machinery for the Tuas Facility. The Target Company expects to finance these capital commitments by loans and borrowings and/or internally generated resources.

Operating Lease Commitments

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Following the Target Company's adoption of the new lease standards under SFRS(I) 16 beginning in FY2019, where all leases are capitalised on the statement of financial position by recognising a right-of-use asset and a corresponding lease liability, the Target Company does not have any operating lease commitments as at 31 December 2020 and the Latest Practicable Date.

9.6 FOREIGN EXCHANGE MANAGEMENT

Foreign Exchange Exposure and Risk Management

The Target Company operates solely in Singapore and has no significant exposure to foreign exchange risks as majority of the Target Company's transactions are denominated in its functional currency, Singapore Dollars.

In view of the above, the Target Company presently does not have a formal hedging policy. The Target Company will continue to monitor its foreign exchange exposure and may, subject to the approval of the Proposed New Board, employ hedging instruments to manage the Target Company's foreign exchange exposure should the need arise. The Target Company may also put in place, where necessary, procedures to hedge its exposure to foreign currency fluctuations. Such procedures, if in place, will be reviewed and approved by the Audit Committee. Thereafter, all hedging transactions entered into by the Enlarged Group will be in accordance with the set policies and procedures.

9.7 SIGNIFICANT ACCOUNTING POLICY CHANGES

Please refer to the "Independent Auditors' Report and Audited Financial Statements of Shanaya Environmental Services Pte. Ltd. for the financial years ended 31 December 2018, 2019 and 2020" as set out in **Appendix A** to this Circular, for details on the Target Company's accounting policies and changes in accounting policies.

The Target Company has adopted Singapore Financial Reporting Standards (International) ("**SFRS (I)**") for the financial years ended 31 December 2018, 2019 and 2020 issued by the Accounting Standards Council of Singapore as required by the listing requirements of the SGX-ST. SFRS (I) is a financial reporting framework identical to the International Financial Reporting Standards.

In adopting the framework, the Company will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*. The adoption of the new or revised framework did not result in any substantial changes to the Company's accounting policies and has no material effect on the amounts reported for the respective financial years.

The Target Company has no intention to change its accounting policies within 12 months after commencement of trading of the Consideration Shares, that may result in material adjustments to its financial statements disclosed in this Circular.

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9.8 CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the full text of this Circular, including the “Independent Auditors’ Report and Audited Financial Statements of Shanaya Environmental Services Pte. Ltd. for the financial years ended 31 December 2018, 2019 and 2020” as set out in **Appendix A** to this Circular, shows the Target Company’s cash and bank balances, capitalisation and indebtedness, which is prepared based on:

- (i) the Target Company’s audited financial statements for the financial year ended 31 December 2020; and
- (ii) based on the Target Company’s unaudited management accounts as at the Latest Practicable Date.

(S\$’000)	As at 31 December 2020	As at the Latest Practicable Date
Cash and bank balances	1,481.0	929.4
Indebtedness		
<i>Current:</i>		
- secured and guaranteed	1,296.1	1,945.4
- unsecured and non-guaranteed ⁽¹⁾	213.4	222.5
<i>Non-current:</i>		
- secured and guaranteed	8,501.4	8,824.8
- unsecured and non-guaranteed ⁽¹⁾	5,759.3	5,674.2
Total indebtedness	15,770.2	16,666.9
Total shareholders’ equity	3,914.6	4,192.5
Total capitalisation and indebtedness	19,684.8	20,859.4

Note:

- (1) Unsecured and non-guaranteed indebtedness pertains to lease liabilities in relation to the Target Company’s leases on leasehold lands which were substantially recognised in FY2019 onwards following the adoption of the new lease standards under SFRS(I) 16.

Save for (a) the changes in working capital; and (b) the changes in shareholders’ equity and reserves arising from the day-to-day operations in the ordinary course of business, there were no material changes to the Target Company’s capitalisation and indebtedness as disclosed above as at the Latest Practicable Date.

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Credit Facilities

Financial institution	Nature of facility	Facility amount (S\$'000)	Utilised amount as at the Latest Practicable Date (S\$'000)	Unutilised amount as at the Latest Practicable Date (S\$'000)	Interest rate per annum (%)	Date of loan commencement	Maturity profile
United Overseas Bank Limited ("UOB")	Term loan	200.0	200.0	-	7.00	29 December 2017	28 December 2022 (60 months)
UOB	Term loan	200.0	200.0	-	10.88	29 December 2017	28 December 2022 (60 months)
DBS Bank Ltd	Term loan	3,120.0	3,120.0	-	2.28	12 November 2018	12 November 2031 (156 months)
Oversea-Chinese Banking Corporation, Limited ("OCBC")	Term loan	265.0	265.0	-	8.88	27 December 2019	3 January 2025 (60 months)
OCBC	Term loan	165.0	165.0	-	6.75	30 December 2019	3 January 2025 (60 months)
UOB	Term loan	3,000.0	3,000.0	-	3.00	4 May 2020	4 May 2025 (60 months)
UOB	Term loan	2,850.0	2,843.3	6.7	2.92	15 May 2020	15 June 2030 (120 months)
UOB	Term loan	1,500.0	1,401.9	98.1	4.73	25 September 2020	25 September 2025 (60 months)

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Financial institution	Nature of facility	Facility amount (S\$'000)	Utilised amount as at the Latest Practicable Date (S\$'000)	Unutilised amount as at the Latest Practicable Date (S\$'000)	Interest rate per annum (%)	Date of loan commencement	Maturity profile
UOB	Revolving credit facility	1,500.0	-	1,500.0	2.44	Not yet commenced	Maturity period of 1, 3 or 6 months from date of drawdown with option for roll over for subsequent term of 1, 3 or 6 months
UOB	Term loan	500.0	-	500.0	2.44	Not yet commenced	60 months from date of commencement
UOB	Premium financing loan	401.8	-	401.8	1.28	Not yet commenced	120 months from the date of first drawdown or when life assured under the policy turns 75 years old, whichever is the earlier
Hong Leong Finance Limited ("HLF")	Hire purchase	170.4	170.4	-	3.54	5 April 2017	5 March 2022 (60 months)
HLF	Hire purchase	74.0	74.0	-	4.05	28 July 2017	28 June 2022 (60 months)
OCBC	Hire purchase	175.8	175.8	-	4.61	30 November 2018	30 October 2023 (60 months)

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Financial institution	Nature of facility	Facility amount (S\$'000)	Utilised amount as at the Latest Practicable Date (S\$'000)	Unutilised amount as at the Latest Practicable Date (S\$'000)	Interest rate per annum (%)	Date of loan commencement	Maturity profile
OCBC	Hire purchase	180.0	180.0	-	4.42	26 November 2019	26 October 2024 (60 months)
OCBC	Hire purchase	124.2	124.2	-	4.18	19 December 2019	19 November 2023 (60 months)
OCBC	Hire purchase	108.0	108.0	-	4.18	20 December 2019	20 November 2023 (48 months)
OCBC	Hire purchase	187.1	-	187.1	3.37	Not yet commenced	60 months from date of commencement
Maybank Singapore Limited	Hire purchase	272.0	272.0	-	6.55	27 April 2021	27 March 2026 (60 months)
Abwin Private Limited	Hire purchase	68.0	68.0	-	3.69	17 January 2020	17 December 2023 (48 months)
Total		15,061.3	12,367.6	2,693.7			

Save as disclosed in the table above, the Target Company does not have any committed borrowing facilities as at the Latest Practicable Date.

To the best of the Proposed Directors' knowledge, the Target Company is not in breach of any of the terms and conditions or covenants associated with any of its financing arrangements which could materially affect the Target Company's financial position and results or business operations or the investments of the Shareholders.

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9.9 CONTINGENT LIABILITIES

As at the Latest Practicable Date, the Target Company does not have any contingent liabilities, which may have a material effect on the financial position and profitability of the Target Company.

9.10 SEASONALITY

Generally, the business activities of the Target Company are not subject to any significant seasonal trends as the Target Company is engaged in the provision of waste management and disposal services, which are considered to be essential services, to mainly shipping agents who serve a broad spectrum of ships ranging from cargo vessels to cruise ships that are porting in Singapore or anchoring in the surrounding waters of Singapore and the South China Sea.

Notwithstanding the above, a seasonal trend may be observed for cruise ships porting in Singapore where a higher number of port calls by international cruises into Singapore is typically seen during the peak season from November to April, which coincides with the year-end holiday season and the seasonally colder months in the Northern Hemisphere. This seasonal trend in the cruise industry alone is not regarded to be significant due to the diversified nature of the Target Company's revenue streams.

Ships involved in trade and the transport of cargoes are generally not subject to any seasonal trends.

9.11 INFLATION

The Target Company's financial performance for the Period under Review was not materially affected by inflation.

10. NO MATERIAL EFFECT ON FINANCIAL POSITION

Save as disclosed in this Circular and all public announcements made by the Company, the Directors are not aware of any event which has occurred since the last audited balance sheet of 31 March 2021 and up to the Latest Practicable Date, which may have a material effect on the financial position and results of the Company.

Save as disclosed in this Circular, the directors of the Target Company are not aware of any event which has occurred since the last audited balance sheet of 31 December 2020 and up to the Latest Practicable Date, which may have a material effect on the financial position and results of the Target Company.

11. PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

11.1 Industry Overview and Prospects

Certain information in this section are extracted from published or otherwise publicly available sources. The authors of such sources, such as the Channel News Asia,

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Cruise Lines International Association, International Maritime Organization, Ministry of Sustainability and the Environment, NEA, Singapore Green Plan 2030, Singapore Tourism Board, Seatrade Cruise Awards, United Nations Educational, Scientific and Cultural Organization and United Nations Treaty Collection, have not consented to the inclusion of the extracted information below in this Circular for the purpose of Section 249 of the SFA and are therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Proposed Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, none of the Proposed Directors, the Directors, the Target Company, the Company and Financial Adviser and Sponsor have independently verified the accuracy of the relevant information.

The following discussion about the Target Company's industry and prospects contains forward-looking statements that involve risks and uncertainties, and historical market data may not be entirely reflective of the Target Company and its business. The actual results of the Target Company and Enlarged Group may differ significantly from those anticipated in the forward-looking statements, and those reflected as historical market data. The market data and statistics contained in the following discussion have been extracted from and should be read in conjunction with the relevant reports below. Factors that might cause the actual future results of the Target Company and the Enlarged Group to differ significantly from those anticipated in the forward-looking statements include, but are not limited to, those described below and elsewhere in the Circular, particularly, in Section 12 entitled "Risk Factors" of this Circular. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Target Company, the Company, the Financial Adviser and Sponsor or any other person. Shareholders are cautioned not to place undue reliance on these forward-looking statements which apply only as at the Latest Practicable Date of this Circular. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Circular for further details.

General waste management and recycling industry in Singapore

In view of various factors, including without limitation, the population size, increasing land constraints and climate change, Singapore is aiming to become a Zero Waste Nation by adopting a circular economy approach to waste and resource management practices, and shifting towards more sustainable production and consumption⁴. In particular, as the Semakau Landfill is expected to run out of space by 2035 at current waste disposal rates⁵, the Zero Waste Masterplan formulated by the Ministry of Sustainability and the Environment has determined a new waste reduction target for

⁴ This information is derived from the website of the Ministry of Sustainability and the Environment at <https://www.towardszerowaste.gov.sg/zero-waste-masterplan/>. Accessed 19 February 2021.

⁵ This information is derived from the website of Channel News Asia at [https://www.channelnewsasia.com/news/singapore/semakau-reduce-landfill-zero-waste-master-plan-recycling-bins-11856664#:~:text=The%20landfill%20was%20opened%20in,out%20of%20space%20by%202035.&text=Reducing%20the%20waste%20being%20dumped,on%20Friday%20\(Aug%202030\)](https://www.channelnewsasia.com/news/singapore/semakau-reduce-landfill-zero-waste-master-plan-recycling-bins-11856664#:~:text=The%20landfill%20was%20opened%20in,out%20of%20space%20by%202035.&text=Reducing%20the%20waste%20being%20dumped,on%20Friday%20(Aug%202030)). Accessed 23 December 2020. This information is also derived from the website of the Ministry of Sustainability and the Environment at <https://www.towardszerowaste.gov.sg/zero-waste-masterplan/>. Accessed 19 February 2021.

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Singapore – to reduce the waste sent to Semakau Landfill each day by 30% by 2030, so as to extend the lifespan of Semakau Landfill beyond 2035⁶.

In this regard, the Ministry of Sustainability and the Environment and the NEA are pushing towards a wider adoption of circular economy approaches, where resources are used over and over again, and waste is designed out of the system⁷. In particular, food, electronic and packaging waste have been identified as the three (3) priority waste streams for closing the resource loop, and the Singapore government will support the proper management of these three (3) priority waste streams through a regulatory framework to promote resource sustainability⁸.

In addition, the Environmental Services Industry Transformation Map has been introduced, which will focus on four (4) main areas: technology and innovation, jobs and skills, productivity and standards, and internationalisation⁹.

Technology and innovation

Two (2) strategies have been formulated to spur innovation and encourage the use of technology in the environmental services industry, as follows:

- (1) Spur innovation through, amongst others, encouraging companies to develop new ways to perform waste management tasks that can be scalable and replicated overseas and promoting research and development (R&D) within companies¹⁰. The adoption of technologies and automated processes will reduce the heavy reliance on manual labour in this field of work.

To stimulate Singapore companies to develop novel environmental services solutions that can cut manpower needs, bring about cost savings, and improve the quality of operations, the NEA and Enterprise Singapore have launched the Gov-PACT innovation calls¹¹. In addition, companies can also tap on several funds to reduce the cost of venturing into R&D or automating their processes, such as the Enterprise Development Grant by the Enterprise Singapore and the Closing the Waste Loop R&D Initiative by the NEA¹².

- (2) Encourage the adoption of technology through, amongst others, leveraging platforms such as the Whole-of-Government Business Grants Portal to provide a technology repository for ease of technology adoption, and Technology Connect Sessions to link the technology providers to service buyers.

⁶ This information is derived from the website of the Ministry of Sustainability and the Environment at <https://www.towardszerowaste.gov.sg/zero-waste-masterplan/>. Accessed 19 February 2021.

⁷ This information is derived from the website of the Ministry of Sustainability and the Environment at <https://www.towardszerowaste.gov.sg/zero-waste-masterplan/chapter3/>. Accessed 19 February 2021.

⁸ *Ibid.*

⁹ This information is derived from the website of the Ministry of Sustainability and the Environment at <https://www.towardszerowaste.gov.sg/zero-waste-masterplan/chapter5/>. Accessed 19 February 2021.

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² *Ibid.*

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In this regard, the NEA has also launched a S\$30 million Productivity Solutions Grant that funds the adoption of commercially available and proven environmental services technologies, including equipment and digital solutions that raise productivity¹³. This grant is open to both small and medium-sized enterprises and multinational corporations.

Jobs and skills

Three (3) strategies have been formulated to improve the skills of workers to take on higher-value jobs within the industry, as follows:

- (1) Moderate manpower demand through, amongst others, promoting the habit of reducing, reusing and recycling¹⁴.
- (2) Ensure sustainable manpower supply in the industry through, amongst others, redesigning jobs and adopting automation and assistive technology to reduce the physical demands of the job and improving the industry's image¹⁵.
- (3) Build a skilled and resilient workforce in the industry through, amongst others, creating a skills framework for environmental services together with SkillsFuture Singapore, Workforce Singapore and industry stakeholders, facilitating pre-employment training and continuing education and training programmes together with Institutes of Higher Learning, and reviewing the Singapore Workforce Skills Qualifications modules to ensure that they are still relevant to the industry¹⁶.

Productivity and standards

Singapore seeks to optimise land use and create additional spaces to raise land productivity, and some initiatives in this regard include housing various recycling activities under one roof, in the form of a multi-storied development, and reusing the closed landfills¹⁷.

Developed by JTC and designed in consultation with the NEA and the industry, the Multi-Storey Recycling Facility, which is slated to be launched in 2021, will house recyclers handling different forms of waste streams under one roof¹⁸. It is envisaged that such arrangement will support the circular economy approach by promoting synergies amongst them.

¹³ *Ibid.*

¹⁴ *Ibid.*

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ *Ibid.*

¹⁸ *Ibid.*

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Internationalisation

Several strategies have been formulated to help companies expand across borders, as follows:

- (1) Enhance market access through, amongst others, the organization of international platforms and events by the NEA, such as the CleanEnviro Summit Singapore¹⁹.
- (2) Support companies that venture overseas by developing their capabilities in identified growth areas with high market potential²⁰.

In addition to the above, to build up Singapore's capabilities in energy and value recovery from waste, the NEA launched the Waste-to-Energy R&D programme in 2014, which aims to boost energy recovery efficiency of Waste-to-Energy processes and methods, as well as to develop alternative, novel methods suited to the Singapore context²¹.

In addition, the Singapore Green Plan 2030, a multi-agency effort spearheaded by five (5) ministries, namely the Ministry of Education, Ministry of National Development, Ministry of Sustainability and the Environment, Ministry of Trade and Industry and the Ministry of Transport, was unveiled on 10 February 2021, and charts Singapore's green targets over the next 10 years and purports to advance the national agenda on sustainable development²². Some of the targets of the Singapore Green Plan 2030 include reducing waste sent to the Semakau Landfill per capita per day by 20% by 2026, with the goal of reaching 30% by 2030, introducing an Enterprise Sustainability Programme to help enterprises embrace sustainability and develop capabilities in this area, create new and diverse job opportunities in sectors such as green finance, sustainability consultancy, verification, credits trading and risk management, and promote homegrown innovation under the Research and Innovation & Enterprise Plan 2025 and attract companies to anchor their research and development activities in Singapore to develop new sustainability solutions²³.

Based on statistics published by the NEA, about 5.88 million tonnes of solid waste was generated, of which 3.04 million tonnes was recycled, in 2020²⁴. Waste generated by the non-domestic and domestic sectors both saw a reduction in 2020 – from 5.37 million tonnes and 1.87 million tonnes respectively in 2019, to 4.12 million tonnes and

¹⁹ *Ibid.*

²⁰ *Ibid.*

²¹ This information is derived from the website of the Ministry of Sustainability and the Environment at <https://www.towardszerowaste.gov.sg/zero-waste-masterplan/chapter6/>. Accessed 19 February 2021.

²² This information is derived from the website of the Channels News Asia at <https://www.channelnewsasia.com/news/singapore/singapore-green-plan-2030-targets-10-years-14161356>. Accessed 15 March 2021.

²³ This information is derived from the website of the Singapore Green Plan 2030 at <https://www.greenplan.gov.sg/key-focus-areas/our-targets/>. Accessed 15 March 2021.

²⁴ This information is derived from the website of the National Environmental Agency (NEA) of Singapore at <https://www.nea.gov.sg/our-services/waste-management/waste-statistics-and-overall-recycling>. Accessed 23 April 2021.

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1.76 million tonnes in 2020²⁵. Due partly to the COVID-19 pandemic, the overall waste generated in Singapore decreased for a fourth consecutive year since 2017²⁶.

Overall, the recycling rate decreased from 59% in 2019 to 52% in 2020²⁷. In particular, save for paper/cardboard waste, the recycling rates of the other waste streams either remained the same or improved²⁸. Further, the domestic recycling rate decreased from 17% in 2019 to 13% in 2020, while the non-domestic recycling rate decreased from 73% in 2019 to 68% in 2020²⁹.

The waste statistics and overall recycling rates in Singapore for 2020 as published by the NEA is set out below³⁰:

Waste Statistics and Recycling Rate 2020				
Waste Type	Total Generated ('000 tonnes)	Total Recycled ('000 tonnes)	Recycling Rate	Total Disposed ('000 tonnes)
Construction & Demolition	825	822	99%	3
Ferrous metal	934	930	99%	4
Paper/Cardboard	1,144	432	38%	712
Plastics	868	36	4%	832
Food	665	126	19%	539
Horticultural	313	249	80%	64
Wood	304	195	64%	109
Ash & sludge	228	16	7%	211
Textile/ Leather	137	6	4%	131
Used slag	106	104	99%	2
Non-ferrous metal	75	73	98%	2
Glass	66	7	11%	58
Scrap tyres	23	22	95%	1
Others (stones, ceramics, rubber etc.)	193	21	11%	173
Overall	5,880	3,040	52%	2,841

Note:

Figures are rounded to the nearest thousand tonnes and percentage point.

Metal recovered from incineration bottom ash for recycling is excluded from waste disposed of.

Wood and horticultural wastes recycled include 406,000 tonnes sent to facilities (e.g. biomass power plants and Sembcorp Energy from Waste plant) for use as fuel.

Based on statistics published by the NEA, about 7.23 million tonnes of solid waste were generated domestically in 2019 alone, of which 4.25 million tonnes were recycled, representing a recycling rate of approximately 59%³¹. As compared to 2018, there was a six per cent (6%) reduction in the amount of waste generated in 2019 and this has been the third yearly reduction since 2017³².

The overall recycling rate had decreased by two per cent (2%) in 2019 as compared to 2018, and in particular, the domestic recycling rate decreased from 22% in 2018 to 17% in 2019, while the non-domestic recycling rate decreased from 75% in 2018 to

²⁵ *Ibid.*

²⁶ *Ibid.*

²⁷ *Ibid.*

²⁸ *Ibid.*

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ This information is derived from the website of the National Environmental Agency (NEA) of Singapore at <https://www.nea.gov.sg/our-services/waste-management/waste-statistics-and-overall-recycling>. Accessed 22 December 2020.

³² *Ibid.*

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73% in 2019³³. According to the NEA, the drop in the overall recycling rate in 2019 was largely attributable to the drop in the recycling rate of paper, as the market for recycled paper was affected by shrinking export markets and reduced demand for printing paper from increasing digitalisation³⁴. In addition, given that approximately 34% of Singapore's recyclables are exported overseas, the state of the external export markets (including its demand and supply for various recyclables) and the policies adopted by other countries towards recyclables would have a significant impact on the overall recycling rate of Singapore³⁵.

The waste statistics and overall recycling rates in Singapore for 2019 as published by the NEA is set out below³⁶:

Waste Statistics and Recycling Rate 2019				
Waste Type	Total Generated ('000 tonnes)	Total Recycled ('000 tonnes)	Recycling Rate	Total Disposed ('000 tonnes)
C&D	1,440	1,434	100%	6
Ferrous metal	1,278	1,270	99%	8
Non-ferrous metal	126	124	99%	2
Used slag	129	127	98%	3
Scrap tyres	33	31	94%	2
Horticultural waste	400	293	73%	107
Wood	438	289	66%	149
Paper/Cardboard	1,011	449	44%	561
Food	744	136	18%	607
Glass	75	11	14%	64
Ash & sludge	252	25	10%	226
Plastics	930	37	4%	893
Textile/Leather	168	6	4%	161
Others (stones, ceramics, etc.)	210	15	7%	195
Overall	7,234	4,247	59%	2,984

Metal recovered from Incineration Bottom Ash for recycling is excluded from waste disposed.

Wood and horticultural wastes recycled include 458,000 tonnes used as fuel in biomass power plants and Sembcorp Energy from Waste plant.

The waste statistics and overall recycling rates in Singapore for 2018 as published by the NEA is set out below³⁷:

³³ *Ibid.*

³⁴ *Ibid.*

³⁵ *Ibid.*

³⁶ This information is derived from the website of the National Environmental Agency (NEA) of Singapore at <https://www.nea.gov.sg/docs/default-source/our-services/waste-management/waste-recycling-statistics-2016-to-2019.pdf>. Accessed 23 April 2021.

³⁷ This information is derived from the website of the National Environmental Agency (NEA) of Singapore at <https://www.nea.gov.sg/docs/default-source/default-document-library/waste-recycling-stats-2016-to-2018.pdf>. Accessed 6 January 2021.

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Waste Statistics and Recycling Rate 2018				
Waste Type	Total Generated ('000 tonnes)	Total Recycled ('000 tonnes)	Recycling Rate	Total Disposed ('000 tonnes)
Construction & Demolition	1,624	1,618	99%	7
Ferrous metal	1,269	1,260	99%	9
Paper/Cardboard	1,054	586	56%	467
Plastics	949	41	4%	909
Food	763	126	17%	637
Horticultural	521	428	82%	93
Wood	320	227	71%	93
Ash & sludge	240	25	10%	215
Textile/Leather	220	14	6%	206
Used slag	181	179	99%	2
Non-ferrous metal	171	170	99%	2
Glass	64	12	19%	52
Scrap tyres	32	29	90%	3
Others (stones, ceramics, rubber etc.)	286	11	4%	274
Overall	7,695	4,726	61%	2,969

Metal recovered from Incineration Bottom Ash for recycling is excluded from waste disposed.

Wood and horticultural wastes recycled include 437,900 tonnes used as fuel in biomass power plants.

The waste statistics and overall recycling rates in Singapore for 2017 as published by the NEA is set out below³⁸:

Waste Statistics and Recycling Rate 2017				
Waste Type	Total Generated ('000 tonnes)	Total Recycled ('000 tonnes)	Recycling Rate	Total Disposed ('000 tonnes)
Construction & Demolition	1,609	1,600	99%	9
Ferrous metal	1,379	1,371	99%	8
Paper/Cardboard	1,145	569	50%	576
Plastics	815	52	6%	763
Food	810	133	16%	677
Wood	424	327	77%	97
Horticultural	328	221	67%	108
Used slag	273	269	99%	3
Ash & sludge	243	29	12%	215
Textile/Leather	151	10	6%	141
Non-ferrous metal	94	92	98%	2
Glass	71	12	17%	59
Scrap tyres	36	33	92%	3
Others (stones, ceramics, rubber etc.)	326	7	2%	319
Overall	7,704	4,724	61%	2,980

Metal recovered from Incineration Bottom Ash for recycling is excluded from waste disposed.

Wood and horticultural wastes recycled include 347,300 tonnes used as fuel in biomass power plants.

As seen from the tables above, the total amount of waste generated in Singapore in 2020 has decreased as compared to 2017, 2018 and 2019.

Shipping and cruise industries in Singapore

The industry statistics published by the Maritime and Port Authority of Singapore on the number of vessel arrivals from 2010 to 2020 are set out below³⁹:

³⁸ *Ibid.*

³⁹ This information is derived from the website of the Maritime and Port Authority of Singapore at <https://www.mpa.gov.sg/web/portal/home/maritime-singapore/port-statistics>. Accessed 17 April 2021.

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	Total	Containers	Freighters	Bulk Carriers	Tankers	Passengers	Barges	Tugs	Miscellaneous
2010	127,299	18,967	8,742	12,234	21,355	31,739	11,972	12,551	9,739
2011	127,998	19,290	8,530	13,093	22,280	33,863	10,637	11,065	9,240
2012	130,422	18,567	8,103	13,722	22,230	36,618	10,668	11,102	9,412
2013	139,417	17,798	7,990	14,530	22,617	44,492	10,838	11,732	9,420
2014	134,883	17,219	7,591	14,803	22,218	41,934	10,186	11,101	9,831
2015	132,922	17,722	7,900	16,560	22,062	38,868	9,558	10,891	9,361
2016	138,998	17,932	8,686	16,960	23,695	41,717	9,496	11,343	9,169
2017	145,147	17,663	7,427	16,011	24,411	45,329	9,217	10,887	14,202
2018	140,768	17,908	7,034	15,075	24,165	46,814	8,674	9,964	11,134
2019	138,297	17,514	6,773	15,933	25,059	48,121	8,147	9,334	7,416
2020	96,857	15,613	5,775	16,401	26,357	11,074	6,966	8,223	6,448

Between 2010 to 2019 (save for certain years), there was a general increase in the number of vessel arrivals in Singapore across various types of vessels, including tankers and passenger vessels. However, in 2020, there was a drastic decrease in the total number of vessel arrivals in Singapore, primarily due to the significant decline in the number of passenger vessels in view of the COVID-19 pandemic situation. On the other hand, the number of vessel arrivals for containers, freighters, bulk carrier and tankers has been relatively resilient in 2020, as there has been lesser decline in their vessel arrivals as compared to passenger vessels. Since these ships were mainly used for the transport of cargoes and goods and given that the global trade flows were still continuing, the vessel arrivals for such ships in 2020 were therefore relatively resilient.

The statistics published by the Maritime and Port Authority of Singapore on vessel arrivals (based on numbers) for January, February and March 2021 are set out below⁴⁰:

	Total	Containers	Freighters	Bulk Carriers	Tankers	Passengers	Barges	Tugs	Miscellaneous
Jan	7,641	1,198	486	1,358	2,316	167	666	804	646
Feb	6,990	1,137	426	1,229	2,110	146	610	711	621
Mar*	7,788	1,199	513	1,329	2,203	177	783	876	708

* Preliminary Estimates

Over the last few years, Singapore has been consistently ranked as one of the top transportation hubs in the world for sea and air cargo, and its container ports are one of the busiest in the world with more than 130,000 vessel calls made to Singapore ports annually⁴¹. Based on information published by the Maritime and Port Authority of Singapore, Singapore's maritime ecosystem (represented by Maritime Singapore)

⁴⁰ *Ibid.*

⁴¹ This information is derived from the website of the Maritime and Port Authority of Singapore at <https://www.mpa.gov.sg/web/portal/home/maritime-singapore/introduction-to-maritime-singapore/gateway-to-asia>. Accessed 4 January 2021.

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comprises over 5,000 establishments employing more than 170,000 people presently⁴², and Singapore is well-connected to 600 ports in over 120 countries due to its strategic location at the cross-roads of the East-West trade⁴³. In addition, the Singapore Registry of Ships (SRS) is amongst the top 5 largest ship registries in the world⁴⁴. The Singapore Registry of Ships is the administration responsible for executing the proper registration of ships sailing under the Singapore flag and ensuring that ships and owners meet the stringent criteria that entitle their ship to obtain Singapore nationality⁴⁵.

Cruising in Southeast Asia is growing rapidly. According to the key findings of a study conducted by the Cruise Lines International Association, between 2013 and 2018, the number of cruises deployed in Asia grew 81 per cent since 2013⁴⁶. Similarly, the number of cruises and voyages within and through Asia increased at a 19 per cent compound annual growth rate since 2013⁴⁷. Passenger capacity almost tripled from 1.51 million passengers to 4.26 million passengers during the same time period⁴⁸.

The Singapore Tourism Board champions the cause for cruise development in Southeast Asia, and serves as the cruise lead coordinator in the Association of Southeast Asian Nations (ASEAN), collaborating with regional neighbours to open up more ports and itineraries to boost the region's cruise offerings⁴⁹.

Based on the findings of a study conducted by the Cruise Lines International Association, there were a total of 400 port calls by cruises in Singapore in 2019 alone, of which 42 were transit, 306 were turnaround, and 52 were overnight ships⁵⁰. Singapore was also named the top cruise destination by industry experts at the Seatrade Cruise Awards in 2014 and 2016⁵¹.

Cruise vessels, as do all industrial, commercial, and residential entities, generate waste as a result of normal daily activities/operations onboard the cruise in order to service the needs of up to several thousands of cruise passengers depending on the size of the cruise vessel. Due to the itinerant nature of cruises, the quality of these

⁴² This information is derived from the website of the Maritime and Port Authority of Singapore at <https://www.mpa.gov.sg/web/portal/home/maritime-singapore/introduction-to-maritime-singapore/leading-international-maritime-centre-ipc>. Accessed 4 January 2021.

⁴³ This information is derived from the website of the Maritime and Port Authority of Singapore at <https://www.mpa.gov.sg/web/portal/home/maritime-singapore/introduction-to-maritime-singapore/facts-and-trivia>. Accessed 4 January 2021.

⁴⁴ *Ibid.*

⁴⁵ *Ibid.*

⁴⁶ This information is derived from the study "Asia Cruise Trends 2018 Edition" conducted by Cruise Lines International Association at <https://cliaasia.org/wp-content/uploads/2018/08/asia-cruise-trends-2018.pdf>. Accessed 22 December 2020.

⁴⁷ *Ibid.*

⁴⁸ *Ibid.*

⁴⁹ This information is derived from the website of Singapore Tourism Board at <https://www.stb.gov.sg/content/stb/en/industries/cruise.html>. Accessed 22 December 2020

⁵⁰ This information is derived from the study "2019 Asia Cruise Deployment & Capacity Report" conducted by Cruise Lines International Association at <https://cruising.org/-/media/research-updates/research/2019-asia-deployment-and-capacity---cruise-industry-report.ashx>. Accessed 23 December 2020.

⁵¹ This information is derived from

- (i) the website of Singapore Tourism Board at <https://www.stb.gov.sg/content/stb/en/media-centre/media-releases/singapore-lauded-as-top-cruise-destination-once-again.html>. Accessed 22 December 2020;
- (ii) the website of Seatrade Cruise Awards at <https://www.seatradecruiseevents.com/awards/en/meet-the-winners/2016-winners.html>. Accessed 22 December 2020; and
- (iii) the website of Seatrade Cruise Awards at <https://www.seatradecruiseevents.com/awards/en/meet-the-winners/2014-winners.html>. Accessed 22 December 2020

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waste is more contaminated than for land-based establishments. As cruises travel between port to port, the available waste management facilities and regulatory requirements encountered are different across the various jurisdictions that the ports are based in⁵².

Members of the Cruise Lines International Association, the cruise industry's global trade organisation, have agreed to establish comprehensive procedures in their specific waste management plans that drive the safe and hygienic collection, and processing of wastes onboard and offloads to approved shoreside waste vendors⁵³.

The global cruise industry has been affected by the COVID-19 pandemic situation. In line with the calibrated resumption of economic activities in Singapore during the Phase 2 Re-opening, two (2) cruise lines, namely Genting Cruise Lines' World Dream and Royal Caribbean International's Quantum of the Seas, were allowed to offer Singapore residents "cruises to nowhere" from November 2020 (at a reduced capacity of up to 50 per cent), under a pilot scheme with enhanced safety protocols and mandatory COVID-19 testing for both crew and passengers⁵⁴. The Singapore Tourism Board had also developed a mandatory CruiseSafe certification programme, which sets out stringent hygiene and safety measures throughout the passenger journey – from prior to boarding, to after disembarkation⁵⁵.

Protecting Marine Eco System

Marine pollution is a continuing problem for the world as a whole. Based on information published by the United Nations Educational, Scientific and Cultural Organization (UNESCO), land-based sources (such as agricultural run-off, discharge of nutrients and pesticides and untreated sewage including plastics) account for approximately 80% of marine pollution, globally⁵⁶.

Shipping, which transports about 90% of cargoes for global trade, is a comparatively minor contributor to marine pollution caused by human activities, as compared to land-based sources as described above⁵⁷. International Maritime Organisation ("IMO"), an organisation that was formed to principally deal with maritime safety and has assumed responsibility for pollution issues, has, over many years, adopted a wide range of measures to prevent and control pollution caused by ships and to mitigate the effects

⁵² This information is derived from the website of Cruise Lines International Association at <https://cruising.org/en/about-the-industry/policy-priorities/clia-oceangoing-cruise-line-policies/environmental-protection#:~:text=CLIA%20Members%20have%20agreed%20to%20establish%20comprehensive%20procedures%20in%20the%20air,to%20approved%20shoreside%20waste%20vendors>. Accessed 22 December 2020.

⁵³ This information is derived from the website of Cruise Lines International Association at <https://cruising.org/en/about-the-industry/policy-priorities/clia-oceangoing-cruise-line-policies/environmental-protection>. Accessed 22 December 2020.

⁵⁴ This information is derived from the website of Channel News Asia at <https://www.channelnewsasia.com/news/singapore/covid-19-genting-royal-caribbean-cruise-nowhere-stb-tourism-13228036>. Accessed 19 February 2021.

⁵⁵ This information is derived from the website of Singapore Tourism Board at <https://www.stb.gov.sg/content/stb/en/media-centre/media-releases/safe-and-gradual-resumption-of-cruising.html>. Accessed 19 February 2021.

⁵⁶ This information is derived from the website of United Nations Educational, Scientific and Cultural Organization at <http://www.unesco.org/new/en/natural-sciences/ioc-oceans/focus-areas/rio-20-ocean/blueprint-for-the-future-we-want/marine-pollution/facts-and-figures-on-marine-pollution/>. Accessed 19 February 2021.

⁵⁷ This information is derived from the website of International Marine Organization at <https://www.imo.org/en/OurWork/Environment/Pages/Default.aspx>. Accessed 1 February 2021.

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of any damages to the ocean and nation that may occur as a result of maritime operations and accidents⁵⁸.

These measures have been shown to be successful in reducing ship-sourced pollution and illustrate the commitment of the IMO and the shipping industry towards protecting the environment⁵⁹. IMO also promotes the effective control of all sources of marine pollution and takes practicable steps to prevent pollution of the sea by dumping of waste and other matter⁶⁰.

The International Convention for the Prevention of Pollution from Ships (MARPOL), which was adopted on 2 November 1973 at IMO, focuses on preventing marine pollution by oil, chemicals, other harmful substances, garbage, sewage and under an Annex VI adopted in 1997, air pollution and emissions from ships⁶¹. The signatories to the MARPOL Convention include China, Japan and Singapore⁶².

Many developing countries cannot yet give full and complete effect to the MARPOL Convention for various reasons⁶³. However, the Target Company is committed to protect the entire marine eco-system and is thus seeking to establish an integrated cruise and ship waste management, treatment and recycling facility in Singapore with the sole purpose of assisting cruise and ship owners and operators in working towards sustainable socio-economic development of marine environment protection, that will ultimately result in cleaner waters and coasts, uncontaminated marine life, increased tourism, and integrated coastal zone management.

11.2 Trend Information

This discussion contains forward-looking statements that involve risks and uncertainties. The actual results of the Target Company and Enlarged Group may differ significantly from those anticipated in the forward-looking statements. Factors that might cause the actual future results of the Target Company and the Enlarged Group to differ significantly from those anticipated in the forward-looking statements include, but are not limited to, those described below and elsewhere in the Circular, particularly, in Section 12 entitled “Risk Factors” of the Circular. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Target Company, the Enlarged Group, the Financial Adviser and Sponsor or any other person. Shareholders are cautioned not to place undue reliance on these forward-looking statements which apply only as at the date of this Circular. Please refer to the section entitled “Cautionary Note on Forward-Looking Statements” of the Circular for further details.

Barring unforeseen circumstances, the Proposed Directors note the following trends

⁵⁸ *Ibid*

⁵⁹ *Ibid*

⁶⁰ *Ibid*

⁶¹ *Ibid*

⁶² This information is derived from the website of United Nations Treaty Collection at <https://treaties.un.org/Pages/showDetails.aspx?objid=0800000280291139&clang=en>. Accessed 19 February 2021.

⁶³ This information is derived from the website of International Marine Organization at <https://www.imo.org/en/OurWork/Environment/Pages/Default.aspx>. Accessed 1 February 2021.

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which may have an impact on the Target Company's business and financial prospects for the current financial year ending 31 December 2021 and for the next 12 months from the Latest Practicable Date:

- (i) The Target Company expects its revenue to increase mainly due to the expansion of its waste management operations through the Tuas Facility, as detailed in Section 11.4 entitled "Business Strategies and Future Plans" of this Circular. The expected increase in revenue would be mainly attributable to (a) an increase in the capacity of the Target Company to handle and manage general waste with the Tuas Facility operating as a general waste disposal facility with a licensed design capacity of 220 tonnes of waste per day and a storage capacity of 500 tonnes of waste, and (b) the expected commencement of operations of the Tuas Facility to treat toxic waste such as spent chemicals, oil sludge and oily water.
- (ii) Generally, the Target Company expects its operating expenses, such as amortisation and depreciation expenses, employee benefits expenses, finance costs and other expenses, and capital expenditure to increase in order to support its business expansion and in line with the expected increase in revenue.
- (iii) The Target Company also expect its expenses to increase due to listing expenses incurred in connection to the Proposed Acquisition and ongoing compliance costs. For further details on the listing expenses, please refer to the Section 5.10 entitled "Estimated Expenses in connection with the Proposed Transactions" of this Circular.
- (iv) The Target Company expects a gradual recovery of demand and economic conditions in tandem with the recovery of Singapore and other countries from the ongoing COVID-19 pandemic, which in turn would likely give rise to an increase in demand for the waste management and disposal services of the Target Company from its shipping and cruise customers and a consequential increase in its revenue.

Save as disclosed above and in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Position of the Target Company" and "Industry Overview and Prospects" of this Circular, and barring any unforeseen circumstances, the Proposed Directors are not aware of any (i) significant recent trends in production, sales and inventory, and the costs and selling prices of the Target Company's products and services since 31 December 2020, or (ii) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Target Company's net sales, revenue, profitability, liquidity or capital resources for at least FY2020, or that may cause the financial information disclosed in this Circular to be not necessarily indicative of the Target Company's future operating results or financial condition.

Please also refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Circular.

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11.3 Order Book

Due to the nature of the Target Company's business, it does not maintain an order book and the concept of an order book is not meaningful to the Target Company.

11.4 Business Strategies and Future Plans

Existing subsidiaries and associated companies of the Company

The Company's plans to deal with the existing subsidiaries and associated companies of the Company (the "**CPH Plans**") are as described below:

- (i) **Circuits Plus Pte Ltd.** Circuits Plus is presently a wholly owned subsidiary of the Company and is holding a leasehold property located at 8 First Lok Yang Road, Singapore 629731. As announced by the Company on 13 November 2020, Circuits Plus has on 13 November 2020, granted an option to purchase to Asiapac Trading Pte. Ltd. to purchase the aforesaid property ("**Option to Purchase**"), at a consideration of S\$6,500,000, and on the terms and subject to the conditions of the Option to Purchase. The Option to Purchase has been accepted by Asiapac Trading Pte. Ltd. on 13 November 2020, and the exercise of the Option to Purchase by Asiapac Trading Pte. Ltd. shall constitute a binding contract for the proposed disposal of the property located at 8 First Lok Yang Road, Singapore 629731. As the aforesaid transaction is considered a "major transaction" of the Company as defined under Chapter 10 of the Catalist Rules, the Disposal of Lok Yang Property will be subject to, amongst others, the approval of the Shareholders at an extraordinary general meeting of the Shareholders to be convened pursuant to Rule 1014 of the Catalist Rules.

Pursuant to Rule 1018(1) of the Catalist Rules, if the option to acquire or dispose of assets is not exercisable at the discretion of the issuer, shareholder approval must be obtained at the time of grant of the option. As announced by the Company on 18 December 2020, the Company had on 13 November 2020 submitted an application to the SGX-ST to seek its approval for a waiver from compliance with Rule 1018(1) of the Catalist Rules. The SGX-ST had, in its letter dated 18 December 2020, informed the Company that it has no objection to the Company's application for waiver from compliance with Rule 1018(1) of the Catalist Rules, for the requirement to obtain prior Shareholders' approval at the time of grant of the Option to Purchase for the Disposal of Lok Yang Property, subject to the conditions specified in its letter. As at the Latest Practicable Date, all the conditions specified in the SGX-ST's letter dated 18 December 2020 have been satisfied.

As announced by the Company on 16 February 2021, the Company had on 8 December 2020 submitted an application to JTC, the owner of the Singapore factory, for the transfer of the lease to the purchaser. On 3 June 2021, Circuits Plus had received JTC's letter of consent dated 3 June 2021 in relation to the proposed transfer of 8 First Lok Yang Road, Singapore 629731 from Circuits Plus to Asiapac Trading Pte. Ltd., subject to certain conditions specified therein, and pursuant thereto, the assignor and assignee shall, amongst others,

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submit their letter of acceptance to JTC by 30 June 2021. All of these conditions are customary in nature and there are no special conditions prescribed. Pursuant to JTC's letter of consent, completion of the Disposal of Lok Yang Property shall be no later than 6 months from the date thereof (i.e. by 2 December 2021). As at the Latest Practicable Date, the Company is working towards the satisfaction of the conditions relating to it as set out in JTC's letter of consent, and will update Shareholders as and when appropriate, in accordance with the Catalist Rules.

Shareholders' approval as required under Rule 1014 of the Catalist Rules for the Disposal of Lok Yang Property has been obtained at the extraordinary general meeting of the Company held on 24 February 2021. Following the receipt of JTC's letter of consent, the completion of the Disposal of Lok Yang Property is still subject to, amongst others, the Company and Asiapac Trading Pte. Ltd. obtaining the written confirmation from JTC that JTC has no objection to the execution of the relevant deed of assignment or instrument of transfer (as the case may be), or such other confirmation of similar nature. Following the completion of the Disposal of Lok Yang Property, the Company may consider winding up Circuits Plus, or utilise Circuits Plus for the Enlarged Group's business in such manner as the Proposed New Board deems fit.

- (ii) **CP Lifestyle Pte. Ltd.** CP Lifestyle is presently a wholly owned subsidiary of the Company. CP Lifestyle presently holds 25% shareholding interest in Joy Garden Restaurant Pte. Ltd., and other third parties collectively hold the remaining 75% shareholding interest. Joy Garden Restaurant Pte. Ltd. is an indirect associated company of the Company.

The Company intends to dispose of CP Lifestyle's 25% shareholding interest in Joy Garden Restaurant Pte. Ltd. Thereafter, the Company may consider winding up CP Lifestyle, or utilise CP Lifestyle for the Enlarged Group's business in such manner as the Proposed New Board deems fit.

- (iii) **Circuits Plus (M) Sdn. Bhd.** Circuits Plus (M) is presently a wholly owned subsidiary of Circuits Plus and accordingly, an indirect wholly owned subsidiary of the Company. As announced by the Company on 1 July 2020, Circuits Plus (M) had on 28 June 2020 received a letter from the Labour Office, Johor Bahru, Malaysia, dated 28 June 2020, containing the decision made by the Director General of the Labour Office in relation to a labour dispute between Circuits Plus (M) and 13 of its former employees. Circuits Plus (M) operated a factory in Johor Bahru, Malaysia, manufacturing printed circuit boards and had ceased operations by the end of November 2019. With the exception of just two essential staff, Circuits Plus (M) had retrenched all of its employees. Prior to the payment of the retrenchment benefits, the management of Circuits Plus (M) had spoken to and obtained the written agreement of all the employees concerned in respect of the retrenchment package to be paid. However, 13 of the retrenched employees have subsequently registered a complaint with the Labour Office indicating their dissatisfaction with the quantum of the retrenchment benefits received ("**Complainants**"). Since then, several meetings have been held at the Labour Office between the management of

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Circuits Plus (M), the presiding officer of the Labour Office as well as the Complainants. On 28 June 2020, Circuits Plus (M) received the letter from the Labour Office wherein they awarded the case in favour of the Complainants and ordered Circuits Plus (M) to make full settlement of the claimed shortfall of retrenchment benefits for the 13 employees, which aggregated to an amount of RM317,030.18 (equivalent to S\$103,267.16) ("**Claim Amount**") ("**Decision**"). The Company did not agree with the Decision and have appealed to the High Court of Malaysia. As further announced by the Company on 21 October 2020, Circuits Plus (M) and the Complainants have reached an out-of-court settlement, whereby a total sum of RM60,000 was paid as full and final settlement to the Complainants without any admission of liability or responsibility by Circuits Plus (M), and the solicitors had on 20 October 2020 advised the Directors that all monies in relation to the case have been paid and the case is closed.

Arising from Circuits Plus (M)'s cessation of operations in Malaysia at the end of November 2019, two (2) former employees of Circuits Plus (M) have also filed a claim with the Industrial Court of Malaysia in relation to their loss of employment. On 11 February 2021, the solicitors of the two (2) former employees confirmed to the Company that the case is closed after the complainants have accepted out-of-court cash settlement of RM5,000 each from Circuits Plus (M).

In addition, as announced by the Company on 6 August 2020, Circuits Plus (M) had executed a sale and purchase agreement on 6 August 2020 with a third party, Brightwater Sunrise Sdn. Bhd, a company incorporated in Malaysia, for the proposed disposal of a property located at PLO 146 No 22 Jalan Angkasa Mas Utama, Kawasan Perindustrian Tebrau 2, 81100 Johor Bahru, Johor (the "**Malaysia Property**") (the "**Proposed Disposal of the Malaysia Property**"). The Malaysia Property comprised land and the factory built thereon and is leased to Circuits Plus (M) by the Johor Corporation, the registered and beneficial owner of the Malaysia Property, who had on 27 July 2020 approved the sale and transfer of the lease to Brightwater Sunrise Sdn. Bhd. The purchase price for the Proposed Disposal of the Malaysia Property is RM2,000,000, of which Brightwater Sunrise Sdn. Bhd has already made (i) a deposit amounting to RM40,000 (2% of the consideration) to Circuits Plus (M) before the execution of the sale and purchase agreement, and (ii) a further payment of RM160,000 (8% of the consideration) to Circuits Plus (M) upon the execution of the sale and purchase agreement. The completion of the Proposed Disposal of the Malaysia Property shall take place upon the receipt of the balance of the consideration amount of RM1,800,000 by Circuits Plus (M)'s solicitors in accordance with terms and conditions of the sale and purchase agreement. As announced by the Company on 15 January 2021, the Proposed Disposal of the Malaysia Property has been completed on 11 January 2021.

The Company will take steps to wind up Circuits Plus (M) and will update Shareholders via SGXNET as and when there are material developments on this matter.

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- (iv) **Joy Garden Restaurant Pte. Ltd.** CP Lifestyle presently holds 25% shareholding interest in Joy Garden Restaurant Pte. Ltd.. The remaining 75% shareholding interest in Joy Garden Restaurant Pte. Ltd. are held by 11 individuals, of which Foo Tiang Ann together with his spouse and son hold an aggregate shareholding interest of 57.5%. Foo Tiang Ann was a substantial shareholder of the Company until 12 June 2020. None of the Directors, Proposed Directors or controlling shareholders of the Enlarged Group has any shareholding interest in Joy Garden Restaurant Pte. Ltd. Joy Garden Restaurant Pte. Ltd. is an indirect associate company of the Company.

The Company intends to dispose of CP Lifestyle's 25% shareholding interest in Joy Garden Restaurant Pte. Ltd to the other shareholders of Joy Garden Restaurant Pte. Ltd. As at the Latest Practicable Date, no agreements had been entered into by CP Lifestyle for the disposal of its shareholding interest in Joy Garden Restaurant Pte. Ltd. As the Company is presently focusing its time and resources on the Proposed Acquisition, the Proposed New Board will assess and oversee the disposal of CP Lifestyle's 25% shareholding interest in Joy Garden after the completion of the Proposed Acquisition.

Target Company

The Target Company's business strategies and future plans for the growth and expansion of its businesses are as described below:

(1) **Expansion of waste management operations**

As disclosed in Section 7.10 entitled "Permits, Approvals, Licences and Government Regulations" of this Circular, pursuant to the licence issued under the EPH(GWDF)R to the Target Company, the Target Company is licensed to construct and operate the Tuas Facility as a general waste disposal facility with a design capacity for the treatment of 220 tonnes of waste per day, and an approved storage limit of 500 tonnes of waste at any given time. This is in addition to the Target Company's existing Kian Teck Facility, which has a design capacity for the treatment of 50 tonnes of waste per day, and an approved storage limit of 50 tonnes of waste at any given time.

The Target Company has on 5 May 2021 moved its corporate office from the Kian Teck Facility to the Tuas Facility and commenced its general waste disposal operations at the Tuas Facility. With the commencement of its general waste disposal operations at the Tuas Facility, the Target Company will be able to scale up its existing operations as it will be able to collect and treat a larger volume of waste. In particular, most waste collected from the ships and cruises by the Target Company will be delivered directly to the Tuas Facility for sorting and will then be segregated to various waste categories and streams for further treatment and disposal. Further, certain processes to be conducted at the Tuas Facility are integrated and automated, and the Target Company expects to derive benefits from the synergy of operations. In addition, the Target Company also intends to deploy machineries that are operating on the best available

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technologies in the market presently at the Tuas Facility.

The Target Company also has intentions to use the Tuas Facility for the treatment of toxic waste such as spent chemicals, oil sludge, oil waste mixtures and oily water, after the Target Company obtains *inter alia* the General Waste Collector Licence (Class C) and the licence issued under the EPH(TIW)R permitting so. In this regard, the Target Company had received approval in-principle from the NEA for the proposed use of the Tuas Facility for toxic industrial waste collection and disposal, and such approval in-principle is subject to, amongst others, the Target Company seeking clearance / approval from other relevant agencies on whether the aforementioned proposed use can be accepted and submitting technical details of the proposed pollution control equipment / facilities to the NEA for approval prior to installation. In addition, the Target Company had on 19 May 2021 applied for PUB's approval for the discharge of trade effluent into the public sewer, and had on 7 June 2021 applied to NEA to amend its existing General Waste Collector Licence to include Class C (in addition to Classes A and B). As at the Latest Practicable Date, the aforementioned applications are still in progress. The Target Company envisages that the main streams of waste at the Tuas Facility will eventually be incinerable and non-incinerable waste, electronic waste (including batteries and PVC cables), toxic waste (including spent chemicals, oil sludge and oily water) and recyclable waste. In this regard, the Target Company intends to utilize the SASES system, one of the best available technologies in the market presently, for its toxic waste treatment activities at the Tuas Facility in the future.

A few unique features of the Tuas Facility, once it expands its capabilities to include treatment of toxic waste such as spent chemicals, oil sludge, oil waste mixtures and oily water, will be as follows:

- (i) reduced fire risk due to the usage of "no naked flame" process for the treatment of oil sludge; and
- (ii) recycled water will be used in the process of recovering oil from oil sludge.

Accordingly, the operations at the Tuas Facility in the future will include the following:

- (i) Spent chemicals will be treated by an in-house chemical treatment plant within the Tuas Facility. Currently, such wastes are sent to the Target Company's recycling partners for treatment as detailed in Section 7.2 entitled "Business Overview" of this Circular.
- (ii) Oil sludge and oily water will be treated using the Target Company's SASES System and the residual dry solid will be safely disposed of at a NEA-approved facility. Within the SASES System, recycled water will

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be used for the recovery of oil from oil sludge.

- (iii) Wastewater will be treated by an in-house wastewater treatment plant and the treated water will be discharged into the public sewers in compliance with applicable PUB standards.

With the ability to treat toxic waste such as spent chemicals, oil sludge, oil waste mixtures and oily water at the Tuas Facility (subject to receipt of the relevant licences), the Tuas Facility would streamline the Target Company's current workflow process, which would ultimately increase and diversify the revenue streams and yield cost savings for the Target Company.

Further, upon the commencement of the treatment and disposal operations for toxic waste, the Target Company will be able to reduce its reliance on its recycling partners for the treatment, disposal and recycling of such waste. This will allow the Target Company to have better coordination and faster response time to service its customers, as the Target Company will be less dependent on other recycling partners and their schedule.

In addition, given the size of the Tuas Facility and its proximity to the Tuas mega port, the Target Company intends to provide bonded warehouse services to its customers, for the temporary storage of their goods under insurance claim, survey, salvage sales and customs inspection. The Target Company will apply for the requisite licences, such as under the Licensed Warehouse Scheme and the Zero GST Warehouse Scheme administered by the Singapore Customs, prior to offering such services.

Apart from the above, the Target Company also intends to provide storage of pyrotechnics service at the Tuas Facility, and will apply for the requisite licences, such as the Petroleum and Flammable Material Storage Licence under the Singapore Civil Defence Force, and seek consent from JTC for the use of the Tuas Facility for such purpose, at the relevant time. For the avoidance of doubt, the Target Company wishes to offer the aforementioned ancillary services for bonded warehouse and storage of pyrotechnics as an added service to its customers, and such services will not form the core business of the Enlarged Group.

Please also refer to Section 7.2 entitled "Business Overview" of this Circular for further details on the upcoming Tuas Facility.

(2) **Expansion of recycling services**

In line with the global trend towards environmental sustainability and protection, the Target Company is exploring the option of venturing into the recycling of glass and plastic, which are currently being sent by waste management industry players in Singapore to other regional countries (such as Malaysia) for further treatment and recycling. If the Target Company is able to undertake

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such recycling activities, this will yield cost savings for the Target Company as it would have more control over the downstream of its waste management activities. The Target Company would also be able to capture a first mover advantage in this niche market, as it becomes one of the first companies to be able to recycle glass in Singapore.

(3) **Expansion through mergers and acquisitions, joint ventures and/or strategic alliances**

The Target Company may expand through acquisitions, joint ventures and/or strategic alliances as part of its long-term growth strategy. Depending on the available opportunities, feasibility and market conditions, the Target Company may also enter into acquisitions, joint ventures or strategic alliances with parties who create synergistic value and would allow for effective integration with its existing business. Through such opportunities, the Target Company may strengthen its market position, provide an impetus for growth and/or develop its operations more cost effectively through greater economies of scale. When evaluating such opportunities, the Target Company will consider factors such as the acquisition of capabilities, skills, reputation, technology and/or operational processes which are synergistic to its business.

As at the Latest Practicable Date, the Target Company has not entered into any agreements in respect of a potential acquisition or strategic investment. After Completion, as and when the Target Company has identified any potential acquisition targets or joint venture and/or strategic alliance opportunities and enter into definitive agreements in respect of the same, the Company will update the Shareholders and seek approval, where necessary, from the Shareholders and the relevant authorities as required by the relevant laws and regulations.

12. RISK FACTORS

Shareholders and prospective investors should carefully consider and evaluate each of the following risk factors and all other information contained in this Circular before voting on the resolutions in respect of the Proposed Transactions.

The following describes some of the significant risks known to the Target Company and the Group now that could directly or indirectly affect the Target Company, the Enlarged Group and the Proposed Acquisition, including the risks that relate principally to the industry in which the Target Company operates and its business in general. Other risks relate principally to the general social, economic, political and regulatory conditions in Singapore, the securities market and ownership of the Shares following Completion, including future dilution in the value of the Shares. The risks factors set out below are not intended to be exhaustive and do not state risks unknown to the Target Company and the Group now but which could occur in future, and risks which the Target Company and the Group currently believe to be immaterial, which could turn out to be material. Should these risks occur or turn out to be material, they could materially and adversely affect the Target Company's or the Enlarged Group's

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business, financial position, results of operations and/or prospects. New risk factors may emerge from time to time and it is not possible for the Directors and the Proposed Directors to predict all risk factors, nor can the Company assess the impact of all factors or the extent to which any factor or combination of factors may affect the Target Company, the Enlarged Group and the Proposed Acquisition.

Save as disclosed below, to the best of the Directors' and the Proposed Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed judgement of the Target Company and the Proposed Acquisition have been set out below.

Shareholders should also note that certain of the statements set forth below constitute "forward-looking statements" that involve risks and uncertainties. For more information, please also refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Circular. Following Completion, the risk factors in relation to the Target Company will also be relevant to the Enlarged Group. If any of the following considerations, uncertainties or material risks develops into actual events, the business, financial condition, results of operations or prospects of the Enlarged Group may be materially and adversely affected. In such circumstances, the trading price of the Shares could decline, and Shareholders may lose all or part of their investment in the Shares.

12.1 General Risk Factors relating to the Target Company, its Business and Industry

12.1.1 The Target Company is dependent on the outlook of the shipping and cruise industries for a significant portion of its revenue

The Target Company is primarily engaged in the collection, sorting and safe disposal of waste from ships and cruises porting in Singapore or anchoring in the surrounding waters of Singapore and the South China Sea. Further, once the Tuas Facility is operational, the Target Company will be able to leverage on the close proximity between the Tuas Facility and the Tuas mega port, which is slated to open progressively from 2021 and targeted by the authorities for completion in the 2040s⁶⁴. With the completion of the Tuas mega port, Singapore's current 5 container terminals, namely Tanjong Pagar, Keppel, Brani, Pasir Panjang Terminal 1 and Pasir Panjang Terminal 2, will eventually be merged at the Tuas mega port⁶⁵, and this may potentially

⁶⁴ This information is derived from the website of the Maritime Singapore Connect <https://www.maritimesgconnect.com/features/spotlight/5-things-you-should-know-about-new-tuas-mega-port>. Accessed 22 January 2021. Maritime Singapore Connect has not consented to the inclusion of the information in this Circular for the purpose of Section 249 of the SFA and are therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Proposed Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

⁶⁵ This information is derived from the website of the Maritime Singapore Connect <https://www.maritimesgconnect.com/features/spotlight/5-things-you-should-know-about-new-tuas-mega-port>. Accessed 22 January 2021. Maritime Singapore Connect has not consented to the inclusion of the information in this Circular for the purpose of Section 249 of the SFA and are therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Proposed Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

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boost the demand for the services provided by the Target Company.

The Target Company presently services a range of marine transportation and logistics solutions providers and port agency services provider in Singapore, which acts as agents and/or intermediaries and in turn services a wide spectrum of ships and/or cruises. As set out in Section 7.5 entitled “Major Customers” of this Circular, the Target Company’s major customers collectively accounted for 42.8%, 33.2% and 35.7% of the Target Company’s revenue for FY2018, FY2019 and FY2020 respectively.

In the event of a sudden downturn in the local shipping and cruise industries due to various factors, such as a slowdown in international trade, a global pandemic resulting in prolonged travel restrictions and government imposed lockdowns, and competition from ports in the neighbouring regions such as Malaysia and Indonesia, the Target Company’s business, financial position, results of operations and prospects may be adversely affected. Based on the “Independent Auditors’ Report and Audited Financial Statements of Shanaya Environmental Services Pte. Ltd. for the financial years ended 31 December 2018, 2019 and 2020” as set out in **Appendix A** to this Circular, revenue for FY2020 was flat as compared to FY2019, due to global travel restrictions arising from the COVID-19 pandemic situation, which impacted the cruise industry.

12.1.2 The Target Company may not be able to secure the Full Lease Term over the Tuas Land

As set out in Section 7.8 entitled “Properties and Fixed Assets” of this Circular, pursuant to the Tender Acceptance Letter, JTC had indicated that the lease of the Tuas Land and the tenure for the lease will be confirmed by JTC in writing upon the Target Company’s fulfilment of the minimum plot ratio of 0.60 and the Minimum Plant and Machinery Investment Criteria of S\$6.0 million within 3 years from 15 May 2018, and compliance by the Target Company with all the covenants, stipulations, terms and conditions in the Conditions of Tender and the Schedule of Building Terms.

As at 14 May 2021, the Target Company has satisfied the minimum plot ratio of 0.60 but has yet to satisfy the Minimum Plant and Machinery Investment Criteria prescribed by JTC. The Target Company has invested approximately S\$5.6 million as at 14 May 2021 towards meeting the Minimum Plant and Machinery Investment Criteria. On 26 May 2021, the Target Company had applied to the JTC for an extension of time of two (2) years to fulfil the outstanding sum of approximately S\$0.4 million under the Minimum Plant and Machinery Investment Criteria, to secure the original Full Lease Term of 17 years, 7 months and 16 days commencing from 15 May 2018 and expiring on 30 December 2035.

The JTC had, by way of letter dated 25 June 2021, granted the Company an extension of a further one (1) year from the expiry of the Original Licence Term to fulfil the Minimum Plant and Machinery Investment Criteria, subject to certain conditions as more particularly described in Section 7.8 entitled “Properties and Fixed Assets” of this Circular. As such, the extended licence term will commence from 15 May 2021 and expire on 14 May 2022, and the submission deadline for showing due proof of fulfilment

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of the Minimum Plant and Machinery Investment Criteria and the plot ratio criteria is 14 November 2022.

In addition, if the Minimum Plant and Machinery Investment Criteria is not met by the stipulated timeline, JTC may, in its absolute discretion, grant a reduced lease term of at least 16 years, as the actual investment incurred by the Target Company has exceeded S\$5,445,264 (being the minimum investment amount that has to be incurred for a reduced lease term of 16 years).

Accordingly, the carrying amount of the right-of-use asset and the corresponding lease liability relating to the Tuas Land will be adjusted downwards to reflect the reduced lease term of 16 years vis-à-vis the full lease term of 17 years, 7 months and 16 days. In this regard, assuming such adjustment takes effect on 15 May 2022 after the time extension of one (1) year has lapsed, the values of the right-of-use asset and lease liability relating to the Tuas Land would be adjusted downwards by approximately S\$0.23 million and S\$0.42 million respectively, giving rise to the recognition of a net gain of S\$0.19 million in the net income statement. Lease liability is recognised at amortised cost method where higher interests are recorded at the earlier period whereas right-of-use asset is amortised at straight-line method. Accordingly, the carrying value of the lease liability would be higher than that of the right-of-use asset which resulted in higher downward adjustments to the carrying value of the lease liabilities than the right-of-use asset and consequently, the aforementioned net gain.

Accordingly, the Target Company does not envisage that the shortfall in the lease term will have any material adverse impact to its financials and operations. However, in the event that JTC does not grant the lease over the Tuas Land to the Target Company, there would be material changes to the indicative valuation of the Target Company by the Independent Business Valuer.

12.1.3 The Target Company may not be able to maintain and/or obtain the licences, permits and approvals necessary to carry on or expand its business

As set out in Section 7.10 entitled “Permits, Approvals, Licences and Government Regulations” of this Circular, the Target Company has obtained several licences and permits necessary for its existing business operations, including a General Waste Collector Licence (Class A and Class B), a Toxic Industrial Waste Collector Licence awarded by NEA, the licence to deal in pyrotechnics awarded by the Police Licensing & Regulatory Department and the general waste disposal facility licence issued by NEA for the Kian Teck Facility and the Tuas Facility respectively. These licences and permits are subject to conditions stipulated in the licences, permits and/or in the relevant laws, rules and regulations under which they have been issued. These conditions must be complied with for the duration of the licences and permits and where there is a failure to comply fully, the relevant authorities have the power to revoke the licences and permits. Whilst the Target Company has not in the past experienced any such occurrence as at the Latest Practicable Date, in the event that the foregoing occurs, the Target Company may be required to cease its operations and its business, financial position, results of operations and prospects may be

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adversely affected.

Furthermore, some of the licences and permits are subject to periodic renewal (for example, every one (1) to three (3) years) and re-assessment as well as fulfilment of conditions imposed by the relevant government authorities, and the standard of compliance required in relation thereto may from time to time be subject to changes by the authorities.

Non-renewal of the Target Company's licences, permits or approvals will have a material adverse effect on its operations as it may not be able to carry on its business and operations without such licences, permits and approvals being in effect, and the Target Company's business, financial position, results of its operations and prospects may be adversely affected. In addition, there could be modifications of, or additions or new restrictions to, the conditions attached to the Target Company's licences, permits or approvals in the future, and the Target Company may incur additional costs or resources in complying with the new or modified conditions which may in turn adversely affect its business, financial position, results of its operations and prospects.

In addition, as disclosed in Section 7.10 entitled "Permits, Approvals, Licences and Government Regulations" of this Circular, pursuant to the written direction issued by the BCA in connection with the issuance of the TOP in respect of the Tuas Facility on 12 January 2021, the Target Company is required to apply for the Certificate of Statutory Completion by 12 January 2022. The Target Company had on 21 January 2021 submitted the application for Certificate of Statutory Completion in respect of the Tuas Facility to the BCA, and as at the Latest Practicable Date, the application is in progress. Following submission, the Target Company's application for the Certificate of Statutory Completion is understood to be processed by multiple governmental agencies which would provide their respective clearances to BCA, which will in turn compile the clearances, and when it is satisfied that all building requirements have been met, approve the said application by issuing the Certificate of Statutory Completion to the Target Company. Notwithstanding that the Certificate of Statutory Completion has not been issued by BCA as at the Latest Practicable Date, the Target Company can continue to carry out its business activities at the Tuas Facility, and has commenced its general waste operations at the Tuas Facility since May 2021. The Target Company understands that the Certificate of Statutory Completion to be granted has no implication to the current and/or intended waste management and recycling operations of the Tuas Facility or its ownership title. The Company has undertaken to update Shareholders by way of a SGXNET announcement once the approval for the Certificate of Statutory Completion has been obtained subsequent to the lodgement of the Circular. In the event that the Target Company does not obtain the Certificate of Statutory Completion, the Target Company may be required to cease its operations and its business, financial position, results of operations and prospects may be adversely affected.

12.1.4 The Target Company is dependent on its relationship with its major customers

Although the Target Company's business and profitability are presently not materially

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dependent on any particular commercial contract with any particular one (1) customer, the Target Company's business is dependent on its relationship with the local players in the shipping and cruise industries in Singapore, including its major customers. As set out in Section 7.5 entitled "Major Customers" of this Circular, the Target Company's major customers collectively accounted for 42.8%, 33.2% and 35.7% of the Target Company's revenue for FY2018, FY2019 and FY2020 respectively.

Typically, for the waste management industry in Singapore that services the shipping and cruise segments, service providers such as the Target Company do not enter into any long-term service agreements with the customers for the bulk purchase of services by the customers, or the exclusive engagement of such service providers to service the customers' principals (i.e. the shipowners and cruise owners, since the customers usually act as agents and/or intermediaries and in turn service different ships and/or cruises). The Target Company's job assignments with its major customers are based on service quotations and are not subject to tender processes. As such, there can be no assurance that the Target Company will be able to retain its major customers or maintain or increase its current level of business activities with them. Should any of the Target Company's major customers cease or reduce their orders, the Target Company may not be able to immediately establish new business relationships to make up for the lost sales. Moreover, prior to establishing new business relationships, the Target Company may be subject to vetting and verification by its potential customers and there can be no assurance that the results thereof will be satisfactory, or that any transaction will materialise. Accordingly, the business operations, financial condition, results of operations and prospects of the Target Company may be materially and adversely affected if it is not able to retain its major customers.

12.1.5 The Target Company is dependent on its key management personnel for its continued success and growth

The Target Company's success to date is attributable to the contributions, expertise and industry experience of the Proposed Executive Director and Proposed Executive Officers. Following Completion, the continued success and growth of the Target Company is, to a large extent, dependent on its ability to retain Mohamed Gani Mohamed Ansari, the proposed Executive Director and Chief Executive Officer of the Enlarged Group, as well as Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan, and Perumal S/O Gopal, all of whom are the Proposed Executive Officers of the Enlarged Group. Please refer to Section 25 entitled "Proposed Directors and Executive Officers of the Enlarged Group" of this Circular for more information on the aforementioned persons' responsibilities and working experience with the Target Company.

In addition to being familiar with the Target Company's business, the aforementioned key management personnel have established strong working relationships with the Target Company's customers and suppliers. Further, the aforementioned key management personnel are instrumental in managing and ensuring that the various key functions of the Target Company such as sales, operations and administration are running smoothly. In addition, Mohamed Gani Mohamed Ansari, the proposed

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Executive Director and Chief Executive Officer of the Enlarged Group, is responsible for charting the strategic direction and future plans of the Enlarged Group. Although the Target Company has entered into service agreements and employment contracts with each of its key management personnel, the loss of these personnel, without suitable and timely replacement, or the inability to attract and retain other qualified and experienced personnel, will have an adverse impact on the Target Company's business, financial position, results of its operations and prospects.

12.1.6 The Target Company's results of operations may be adversely affected if it is unable to pass on any increases in its costs of operations to its customers

The Target Company's costs of operations include but are not limited to, NEA disposal fees, crane and wharfage charges, depreciation of its properties, plant and equipment, amortisation of right-of-use assets, diesel and petrol expenses, purchase of supplies, subcontracting costs paid to its recycling partners and employee benefits expenses.

Arising from the application of the Environmental and Public Health Act (Chapter 95) of Singapore which prohibits illegal dumping and the requirements of its subsidiary regulations, including the EPH(GWC)R, as well as applicable codes of practice, all non-recyclable waste collected that are incinerable must be disposed of at refuse incineration plants maintained and operated by NEA or such other authorised disposal facilities or refuse transfer station and all non-recyclable waste collected that are non-incinerable must be disposed of at a landfill. Disposal of collected waste at any unauthorised disposal facility is considered illegal dumping and punitive measures such as fines and forfeiture of vehicles used for the illegal dumping activities will be imposed by the authorities.

As at the Latest Practicable Date, there are a total of four (4) waste incineration plants in Singapore. The Tuas Incineration Plant and Tuas South Incineration Plant are operated by NEA, and the Senoko Waste-to-Energy Plant and Keppel Seghers Tuas Waste-to-Energy Plant are privately operated. All four (4) waste incineration plants set out above are regulated by NEA. NEA also operates a refuse transfer station in Singapore, known as the Tuas Marine Transfer Station.

Disposal of non-recyclable and incinerable waste at the aforementioned disposal facilities or the refuse transfer station requires payment of disposal fees to the NEA as prescribed under the Environmental Public Health (Public Cleansing) Regulations (Rg 3, 2000 Revised Edition). Further, as at the Latest Practicable Date, there is only one landfill ground in Singapore known as the Semakau Landfill. Semakau Landfill is an offshore landfill ground operated by NEA and charges are being imposed by NEA for waste disposal at the Semakau Landfill. NEA imposes similar fees for the disposal of non-recyclable and non-incinerable waste at the Semakau Landfill.

As at the Latest Practicable Date, the waste collected by the Target Company are disposed at the incineration plants and/or the landfill ground as set out above. Disposal charges are calculated and paid to the NEA based on the weight of the waste disposed. For the Period Under Review, NEA disposal fees incurred by the Target Company

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amounted to approximately 47.5%, 44.3% and 47.3% of the Target Company's direct operating costs for FY2018, FY2019 and FY2020 respectively. While the unit rate of disposal fees levied by NEA have not increased since the last 5 years, there is no certainty that they will not be revised upwards in the future. Any increase in the unit rate of disposal fees prescribed in the Environmental Public Health (Public Cleansing) Regulations or any changes to NEA's landfill charges will consequently increase the Target Company's waste disposal costs. While the Target Company seeks to impute these costs in its pricing of its services, it may not be able to always do so due to the competitive nature of its business or any number of reasons beyond its control. If such costs cannot be passed on to the Target Company's customers through a commensurate increase in the price of the services, such cost increase will have an adverse impact on the results of operations of the Target Company.

The Target Company incurs crane and wharfage charges in its operations. While the crane and wharfage charges levied by Jurong Port have not increased since the last 5 years, there is no certainty that they will not be revised upwards in the future. For the Period Under Review, crane and wharfage charges levied by Jurong Port that had been incurred by the Target Company amounted to approximately 15.3%, 13.8% and 21.9% of the Target Company's direct operating costs for FY2018, FY2019 and FY2020 respectively. Any increase in the crane and wharfage charges levied by Jurong Port or otherwise will consequently increase the Target Company's costs of operations and may adversely affect its results of operations.

The Target Company also incurs subcontracting costs of engaging recycling partners in its operations for the collection, handling and disposal of the particular types of waste which the Target Company is presently not licensed or permitted to collect, handle and dispose of. Any price increase imposed by the recycling partners, which cannot be passed on to the Target Company's customers, will have an adverse impact on the Target Company's costs of operations and may adversely affect its results of operations.

The Target Company's diesel and fuel charges are mainly subject to fluctuations in the market prices of diesel and petrol, whereby an increase in the prices of such fuel, which the Target Company is not able to pass on to its customers, will consequently increase the Target Company's costs of operations and may adversely affect its results of operations.

Employee benefits expenses include salaries, CPF contributions and foreign worker levies. For FY2018, FY2019 and FY2020, the Target Company's employee benefits expenses contributed to approximately 28.2%, 22.2% and 27.2% of the Target Company's revenue respectively. Any general increase in salaries, employers' CPF contribution and, in particular, foreign workers' levy, will have an adverse impact on the Target Company's costs of operations and may in turn adversely affect its results of operations.

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12.1.7 The Target Company is dependent on foreign labour

The waste management industry that the Target Company presently operates in is labour-intensive and the Target Company depends on foreign labour for its predominantly manual operations such as transportation and manual sorting of collected waste. As at the Latest Practicable Date, approximately 35% of the Target Company's total labour force of 31 employees employed at the Tuas Facility and Kian Teck Facility was made up of foreign labour from mainly Malaysia, India and the PRC. As such, the Target Company is susceptible to any sudden withdrawal in the supply of foreign workers or changes in the costs of hiring such workers.

The supply of foreign workers in Singapore is largely dependent on the quotas imposed by MOM as well as the individual labour policies of the countries from which the foreign workers originate. In the event that there are any unfavourable changes in labour policies in these countries or a tightening of quota entitlements by MOM, the availability of foreign workers may be restricted further resulting in delay or disruptions in the Target Company's operations if the Target Company is unable to procure suitable and timely replacements of workers. This will in turn adversely affect the Target Company's business, financial position, results of operations and prospects. Further, any increase in competition for foreign workers, especially skilled workers, will also increase the general labour wages paid by the Target Company to its foreign workers, which will have an adverse impact on the Target Company's costs of operations and may in turn adversely affect its results of operations.

During the Period Under Review and up to the Latest Practicable Date, the shortage in foreign labour and the increase in the cost of foreign labour generally experienced by various industries that are dependent on foreign labour in Singapore, did not have a material adverse effect on the Target Company's business, financial position and results of operations. In particular, the COVID-19 pandemic situation did not have any material impact on the Target Company's labour force and there were no material changes to the foreign labour headcount employed by the Target Company. This is because the Target Company's existing pool of foreign labour is sufficient for its present business operations. Even with the commencement of general waste disposal operations at the Tuas Facility, as certain of the processes at the Tuas Facility will be automated, it is envisaged that the Target Company will also not be materially dependent on foreign labour then.

12.1.8 The Target Company's business is vulnerable to keen competition and its performance will depend on its ability to compete effectively against its competitors

The waste management industry in Singapore has relatively lower barriers of entry, notwithstanding that licences and permits are required to be obtained to collect specific classes of waste or to operate specific types of waste disposal facility. As such, the Target Company will face increasing competition if new players enter into the waste management industry. Such new players are not strictly limited to local players in Singapore, but also includes other waste management service providers in the

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neighbouring ports of Malaysia and Indonesia. In particular, the Target Company services a niche market – the shipping and cruise market segments. Criteria considered by the Target Company's shipping and cruise customers in assessing potential waste management service providers would include responsiveness, industry experience, quality of service delivery, technical competence and attractiveness of pricing.

Some of the Target Company's competitors may have or may develop greater financial and technical resources than the Target Company and possess the key competitive attributes as set out above, and thus respond more quickly to changes in customer requirements. There is no assurance that the Target Company will be able to continue to compete successfully against its present and future competitors. Increased competition may also force the Target Company to lower its prices in its bid to maintain or expand its market share. In the event that the Target Company is not able to compete successfully against its competitors in the future, the Target Company's business, financial position, results of its operations and prospects may be materially and adversely affected.

Please refer to Section 7.15 entitled "Competition" of this Circular for more information on the Target Company's major competitors.

12.1.9 The Target Company is required to comply with applicable laws and regulations

Arising from the operations of the Target Company, it is required to comply with laws and regulations applicable to, amongst others, port safety, workplace safety, employment of foreign workers, environment and road traffic. Please refer to **Appendix H** to this Circular for a summary of the key laws and regulations applicable to the Target Company. In the event that the Target Company fails to comply with any of the applicable laws and regulations, it may be subject to penalties imposed by the authorities which include, but are not limited to, being fined and/or issued with remedial or stop-work orders which may affect its business and results of operations.

The Target Company was informed by the NEA on 19 October 2020 that it had, on 21 August 2020, transported non-incinerable/bulky waste, specifically spring mattresses mixed with refuse, into Tuas South Incineration Plant for disposal, thereby contravening Regulation 17(2) of the EPH(GWC)R and committing an offence punishable under Regulation 22 of the aforementioned regulations. The Target Company had on 26 October 2020 fully settled the composition amount of S\$500.

The Target Company has put in place the following measures to prevent a repeat of the disclosed breach:

- (i) With the commencement of the general waste disposal operations at the Tuas Facility, the waste management process flow and segregation or sorting procedures have been enhanced with the installation of new plant and machineries including a trommel which cuts open the rubbish bags to empty the waste contents on a running conveyor belt platform, where the workers in

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turn will scrutinise and pick out non-incinerable waste, prior to disposal at the NEA-approved incineration plants. The general waste stream from the Kian Teck Facility would also be channelled to the Tuas Facility for further sorting prior to disposal;

- (ii) For each job assignment, customers are also notified and/or reminded to separate the non-incinerable and bulky waste at source for easy handling and safe disposal by the Target Company; and
- (iii) Employees are required to undergo in-house orientation and periodic trainings to familiarise themselves with, *inter alia*, the Target Company's policies and procedures including on the categorisation and segregation of incinerable and non-incinerable waste.

The above measures have been put in place to prevent a recurrence of the disclosed breach.

Save as disclosed in this Circular, the Target Company had not, in the past, breached or were non-compliant with the key laws and regulations that are material in the context of its operations, during the course of its operations.

During the Period Under Review and up to the Latest Practicable Date, the aggregate amounts of fines and composition payments that the Target Company had paid for breaches of applicable traffic, safety and other regulations were negligible. Please refer to Section 7.10 entitled "Permits, Approvals, Licences and Government Regulations" of this Circular for further details.

12.1.10 The Target Company may be affected by accidents at their facilities

The Workplace Safety and Health Act (Chapter 354A) of Singapore requires the Target Company to take reasonably practicable measures to ensure the safety and health of its employees and workers at its facilities and during the running of business operations and any contravention could result in a fine or other harsher penalties. In the event that any of the Kian Teck Facility or the Tuas Facility contravenes the requisite safety and health standards imposed by the regulatory authorities, penalties would be imposed or the Target Company's work sites might be issued with partial or full stop-work orders.

Additionally, while the Target Company has put in place safety measures at its facilities, accidents may still occur. Such circumstances would disrupt the Target Company's operations and have an adverse impact on its business, financial position and results of operations. Further, the Target Company may be subject to personal injury claims from its employees, workers or other persons involved in these accidents. Any significant claims which are not covered by the Target Company's insurance policies or which are contested by the insurance companies may adversely affect the financial performance of the Target Company. In addition, any accidents resulting in significant damage to any installed machinery or equipment at the Kian Teck Facility and/or the Tuas Facility may require further capital expenditure to repair the damage or replace the damaged machinery or equipment entirely. To the extent that such expenditures

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are irrecoverable under the Target Company's insurance policies, the Target Company's business, financial position, results of its operations and prospects may be adversely affected.

In August 2020, one of the Target Company's former employees slipped and fell while walking towards the pantry at the Kian Teck Facility. This incident had been fully covered under the Target Company's work injury compensation insurance policy.

During the Period Under Review and up to the Latest Practicable Date, there have been no accidents at the Kian Teck Facility and/or the Tuas Facility which have had a material adverse impact on the Target Company's financial performance and operations.

12.1.11 The Target Company may require bank borrowings and/or equity fund raising to finance its expansion plans

As set out in Section 9.5 entitled "Capital Expenditure and Divestments and Commitments" of this Circular, the Target Company had incurred total capital expenditure of approximately S\$4.01 million for the Kian Teck Facility in FY2018, and had incurred total capital expenditure of approximately S\$4.11 million for the construction of the Tuas Facility for the Period Under Review. The above capital expenditure was primarily financed by a combination of internally generated resources and loans and borrowings. Further, the amount of capital expenditure contracted but not provided for as at the Latest Practicable Date is S\$0.35 million. The capital commitments relate to the balance of the capital expenditure that the Target Company has committed for the purchase of plant and machinery for the Tuas Facility. Please refer to Section 9.5 entitled "Capital Expenditure and Divestments and Commitments" of this Circular for further details on the capital expenditure incurred by the Target Company for the Period Under Review, as well as its outstanding capital commitments.

As the Target Company is expanding its operations which may entail, amongst others, future purchases of fixed assets such as motor vehicles and specialised machineries, a sufficient level of funding may be required to finance the Target Company's expansion plans as and when required. Notwithstanding that the Target Company's operating cash flows and financing activities have in the past been sufficient to meet and/or service its debt repayment obligations, there is no assurance that it will be able to continue to do so in the future. In the event that the Target Company is unable to meet its debt repayment obligations, it may face the risk of foreclosure of its material assets such as the waste management facilities which have been mortgaged or pledged to the various banks and financial institutions to secure such credit facilities. The Kian Teck Facility has been mortgaged to DBS Bank Ltd. whilst the Tuas Facility has been mortgaged to United Overseas Bank Limited, as security for the banking facilities provided to the Target Company by the respective banks. In addition, certain of the Target Company's motor vehicles and equipment are subject to hire purchase. Please refer to Section 7.8 entitled "Properties and Fixed Assets" of this Circular for further details.

Further, in the event that the Target Company is not able to obtain financing on terms

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that are favourable, or at all, and with low interest rates, this will have an adverse effect on the Target Company's business, financial position, results of its operations and prospects.

12.1.12 Covenants in the Target Company's loan and financing agreements may limit its operational flexibility, and breaches of these covenants could adversely affect its financial condition

The Target Company's loans and financing agreements entered into with the banks and financial institutions contain provisions requiring the Target Company to take or refrain from taking certain actions. In addition, certain financing agreements require the Target Company to comply with financial covenants, amongst others, by maintaining various financial ratios or particular gearing levels. Certain of the Target Company's financing agreements contain restrictive or negative covenants and other prohibitions that may affect its ability to, amongst others, borrow, pay dividends, dispose of a substantial part of its assets, enter into contracts outside of the ordinary course of business, effect a change in shareholders and create security over assets.

These covenants may limit the Target Company's flexibility in its operations and breaches of these covenants may result in immediate default under the financing agreements. If the Target Company is unable to rectify the default, refinance its indebtedness or meet its repayment obligations, this will have a material adverse effect on its business, financial position, results of operations and prospects.

During the Period Under Review and up to the Latest Practicable Date, there have not been any breaches of any of the terms and conditions or covenants associated with any credit arrangement or bank loan entered into by the Target Company with the relevant banks and financial institutions.

12.1.13 The Target Company's insurance coverage may not be adequate

The Target Company maintains public liability insurance, motor vehicle insurance, contractors' all risks insurance, machinery all risks insurance and insurance for claims for workmen's compensation under the Work Injury Compensation Act (Chapter 354) of Singapore. In addition, the Target Company has purchased medical insurance for its foreign workers and fire insurance for its Kian Teck Facility and Tuas Facility. However, no insurance can compensate all potential losses and there can be no assurance that the Target Company's existing insurance coverage will be adequate or that its insurers will pay a particular claim. The Target Company's insurance coverage is renewed on an annual basis and there is no assurance that it will be able to renew all of its existing insurance coverage or obtain new coverage on similar terms. There are also certain types of risks that are not covered by the Target Company's insurance policies, because they are either uninsurable or not economically insurable, including acts of war and acts of terrorism. In addition, the Target Company is not insured against loss of key personnel or business interruption. If such events were to occur, the Target Company might be liable for such loss and the Target Company's business, financial position, results of its operations and prospects might be adversely affected

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as a result.

During the Period Under Review and up to the Latest Practicable Date, the Target Company was not subject to any damage or liability claims in excess of its available insurance coverage which had a material impact on its business, financial position and results of operations.

12.1.14 The Target Company may face disruptions in its operations due to an outbreak of diseases among its personnel

An outbreak of Severe Acute Respiratory Syndrome, avian influenza, Influenza A (H1N1) virus, Coronavirus disease 2019 (COVID-19) and/or other communicable diseases, if uncontrolled, may affect the Target Company's operations, as well as the operations of its customers, recycling partners and suppliers. Any occurrence of a pandemic, an epidemic or outbreak of other disease amongst the Target Company's employees may have an adverse effect on the Target Company's business operations including its ability to deploy personnel for job assignments. For illustration purposes, such outbreaks could result in workers having to be quarantined, or regulators may impose stop-work measures, all of which could lead to manpower shortage and business interruption respectively. This will result in a delay in the delivery of services to the Target Company's customers, which may consequently lead to a damage to the Target Company's business reputation and claims from customers, loss of future business and affect the Target Company's ability to attract new customers. Accordingly, the Target Company's business, financial position, results of its operations and prospects may be adversely affected.

In 2020, due to the COVID-19 pandemic and related measures imposed in Singapore, there was a restriction on the number of staff that could be working at the Kian Teck Facility at any point of time, and the Target Company was required to send its foreign workers living in the workers' dormitory at the Kian Teck Facility for routine testing. Presently, the Target Company is required to send its foreign workers for testing twice a month and to prevent disruption to the Target Company's operations, these foreign workers are sent for testing at staggered timings. Accordingly, there have been minimal disruptions to the Target Company's operations.

12.1.15 The Target Company may face uncertainties associated with the expansion of its business

The Target Company's future plans are as described in Section 11 entitled "Prospects, Business Strategies and Future Plans" of this Circular. In particular, the Target Company and its key management personnel may not have the relevant experience and expertise in the activities intended to be carried out at the Tuas Facility, namely the handling, treatment and/or recycling of other types of waste such as non-solid waste, plastic and glass. The Target Company faces risks and difficulties associated with entry into any new business segments at the Tuas Facility, in which it has no prior track record. Such risks include failure to manage the operations and cost structure effectively, failure to achieve the expected results, level of revenue and margins. In

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addition, there is no assurance that the Target Company will be able to obtain the requisite licences to successfully execute its future plans. In the event that any of the foregoing materialises, the Target Company's business, financial position, results of its operations and prospects may be adversely affected.

Furthermore, in the event that additional capital expenditure needs to be incurred to efficiently and effectively undertake the Target Company's intended activities as described in Section 11 entitled "Prospects, Business Strategies and Future Plans" of this Circular, the Target Company's financial position and results of operations may be adversely affected.

12.1.16 The Target Company is exposed to the credit risks of its customers

The Target Company's financial position and results of operations are dependent, to a certain extent, on the creditworthiness of its customers. If there are any unforeseen circumstances affecting its customers' ability or willingness to pay the Target Company, such as a decline in their business or a general economic downturn, the Target Company may experience payment delays or non-payment. In particular, the Target Company's customers are given credit terms of between 30 to 90 days (in line with the Target Company's credit policy) once they have been invoiced by the Target Company after the service has been provided, whilst certain suppliers such as the NEA and Jurong Port are paid almost immediately when the Target Company is invoiced by the suppliers. As for the invoices issued by the recycling partners or other suppliers, the Target Company is offered credit terms of 30 to 60 days to settle the invoices.

Trade receivables are recorded by the Target Company for revenue that are uncollected but have been recognised in respect of a service provided to a customer. There is no assurance that the Target Company's past practice for the making of provisions for its trade receivables will not change in the future or that the provisions it has made will be sufficient to cover defaults in its trade receivables. The Target Company's liquidity and cash flows from operations may be materially and adversely affected if its receivable cycles or collection periods are lengthened significantly or if it encounters a material increase in defaults of payment or an increase in provisions for impairment of its receivables. Should these events occur, the Target Company may be required to obtain working capital from other sources, such as third-party financing or loans from banks and financial institutions, in order to maintain its daily operations and such financing may not be available to it on commercially acceptable terms, or at all.

In any of these events, the Target Company's business, financial position, results of its operations and prospects will be affected adversely. Please refer to the Section 7.7 entitled "Credit Policy and Credit Management" of this Circular for more information.

During the Period Under Review and up to the Latest Practicable Date, the Target Company did not experience any delays or failures in collecting receivables from its customers that had a material adverse impact on its business, financial position and results of operations.

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12.1.17 The Target Company may be subject to litigation

The Target Company may be involved from time to time in material disputes with various parties in the ordinary course of its business such as its customers, suppliers, recycling partners, employees and/or ex-employees. These disputes may lead to legal and other proceedings, and may result in damage to the Target Company's reputation, substantial costs and diversion of its resources and management's attention. Any litigation brought against the Target Company by its customers or otherwise in the future in relation to its business could have a material adverse effect on the Target Company's business, financial position, results of its operations and prospects.

The Target Company was informed by the Tripartite Alliance for Dispute Management ("TADM") on 3 November 2020 of a request received by TADM to mediate a wrongful dismissal claim lodged by an ex-employee of the Target Company against the Target Company. As at the Latest Practicable Date, the matter has been settled with a goodwill payment of a nominal amount to the ex-employee and without admission of liability from the Target Company and the case has been closed by the TADM.

Although the Target Company has not incurred material costs arising from legal disputes for the Period Under Review and up to the Latest Practicable Date, there is no assurance that these will not arise in the future which would adversely affect the Target Company's business, financial position, results of operations and prospects.

No legal proceedings have been instituted against the Target Company in the courts of Singapore during the Period Under Review and up to the Latest Practicable Date.

12.1.18 The Target Company will be subject to risks in relation to interest rate movements

The Target Company may from time to time take loans from financial institutions and/or banks to finance its day-to-day operations and expansion plans. Accordingly, fluctuations in interest rate movements may affect the Target Company's financial performance and cash flow. Unfavourable changes in interest rates will affect the Target Company's interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities dependent on the quoted interest rates, which could in turn lead to a material and adverse effect on the Target Company's results of operations.

12.1.19 The Target Company's business may be affected by adverse conditions in the global financial markets which may affect the Target Company's growth prospects and financial performance

The Target Company's business, financial position, results of operations and prospects may be materially affected by conditions in the financial markets and the economy in Singapore and elsewhere. Adverse political and socio-economic changes may have an impact on the health of the global economic and financial system, and may affect global consumer sentiments. Such sentiments have precipitated an

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economic slowdown and recessionary pressures globally. In Singapore, concerns over, amongst others, increased unemployment, inflation, geopolitical issues and the availability and cost of credit have contributed to a reduction in liquidity levels, a general decline in lending activity by financial institutions, diminished expectations for the global economy and the markets in the near term, and declining business and consumer confidence. A global economic downturn can adversely affect the Target Company's revenue as the shipping industry is heavily reliant on global trade flows whereas the cruise industry could face a decline in travel volumes from holiday travellers in such situation. It could also affect the Target Company's ability to obtain short-term and long-term financing from the banks and financial institutions. Further, it could also result in an increase in the cost of the Target Company's credit facilities and a reduction in the amount of credit facilities currently available to the Target Company, and this may have an adverse effect on the Target Company's prospects, business, operations and financial results.

12.2 Risk Factors relating to Non-Fulfilment of Conditions

The Proposed Acquisition is conditional upon the fulfilment of several conditions precedent pursuant to the SPA. In the event that any of the conditions precedent are not fulfilled or waived by the relevant party by the Revised Long Stop Date, the Proposed Transactions will not take place and this may adversely affect the Company's future financial condition and results of operations. In this regard, in the event of an early termination of the SPA, the professional fees incurred in relation to the Proposed Acquisition shall be borne by the Company and/or the Target Company in certain proportions as set out in the SPA.

Catalist Rule 406(3)(c) states that the listing applicant's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the listing applicant. In the event that Lee Teong Sang is not re-elected as an independent director at the EGM, Catalist Rule 406(3)(c) is met with Sukhvinder Singh Chopra appointed as an independent director on the Proposed New Board and Tito Shane Isaac being re-elected as an independent director respectively. This is also the case if Tito Shane Isaac is not re-elected but Lee Teong Sang is re-elected as an independent director at the EGM. However, if both Lee Teong Sang and Tito Shane Isaac are not re-elected as independent directors at the EGM and assuming Sukhvinder Singh Chopra is appointed as a director on the Proposed New Board, the Proposed New Board shall have only 1 non-executive director who is independent and free of any material business or financial connection with the Company. Under such circumstances, assuming all other conditions precedent under the SPA have been met, the Proposed Acquisition will not be completed until a new independent director is appointed by the Proposed New Board in any event before the Revised Long Stop Date.

The Target Company has obtained a hire purchase facility from a bank with the outstanding amount of approximately S\$0.27 million in relation to a motor vehicle. Pursuant to the terms of the aforementioned facility, consent of the bank is required for the change of control and/or ownership of the Target Company pursuant to the

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Proposed Acquisition. As at the Latest Practicable Date, the Target Company has made the application to the bank to seek their consent for the change of control and the bank's consent has not been obtained. In the event that the consent of the bank is not obtained prior to Completion, the bank has the right to terminate the aforementioned facility, retake and resume possession of the collateralised motor vehicle and/or demand immediate repayment of the outstanding amount. In such an event, the Target Company expects that its results of operations may be adversely affected but not its business operations in consideration that the motor vehicle has been purchased for future business and is not currently in use. The Target Company will endeavour to obtain the bank's consent prior to Completion. The Target Company is of the view that it is unlikely for the bank to reject its application for the aforementioned consent given that all other banks and financial institutions have previously provided similar consents in respect of the Target Company's credit facilities. The Parties to the SPA (including the Company and the Target Company) are aware of the potential risk that the outstanding consent would pose to the Enlarged Group as highlighted above. Further, in the event that the consent of the bank is not obtained prior to Completion, the parties to the SPA will consider waiving the relevant Condition Precedent under the SPA given that this is not a key Condition Precedent and the impact to the Company and/or the Enlarged Group would not be material.

Further, as the Company has been deemed a cash company under Rule 1017 of the Catalist Rules with effect from 2 April 2020, the continued trading in the shares of the Company will be dependent on the success of the Proposed Acquisition. Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Official List of the SGX-ST if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may apply to the SGX-ST for a maximum 6-month extension to the said 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the said 6-month extension period. In the event that the Proposed Transactions do not take place, this may adversely affect the Company's future financial condition and results of operations and the Company may be removed from the Official List of the SGX-ST.

12.3 Risk Factors relating to the Ownership of Shares Following Completion of the Proposed Transactions

12.3.1 The Vendors will have significant control over the Company, allowing them to influence the outcome of matters requiring the approval of Shareholders

Upon Completion, the Vendors will hold in aggregate approximately 70.17% of the Enlarged Share Capital. As a result, the Vendors will be able to exercise significant influence over the outcome of matters requiring the approval of shareholders (other than the approval of transactions for which it and its associates may be prohibited from voting) in a manner which may or may not be in the interests of other Shareholders, including, amongst others, the election of directors of the Company, the timing and payment of dividends, transactions such as the sale of all or substantially all of the Enlarged Group's assets, the merger or consolidation with another entity, capital

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restructuring and business ventures.

The Vendors will also effectively have veto power with respect to any Shareholder action or approval requiring an ordinary resolution or a special resolution.

Such concentration of ownership will place the Vendors in a position to significantly affect corporate actions in a manner that could conflict with the interests of public Shareholders and may also have the effect of delaying, preventing or deterring a change in control of the Company, which may otherwise have benefited the Shareholders.

12.3.2 No prior market for the Shares on an Enlarged Group basis

The Shares have never been traded on the SGX-ST on an Enlarged Group basis. As such, there can be no assurance that an active trading market for the Shares will develop or, if developed, will be sustained.

12.3.3 Existing Shareholders will face immediate and substantial dilution following Completion and may experience future dilution to shareholdings

Completion will result in immediate dilution to the shareholdings of existing Shareholders from the issuance and allotment of the Consideration Shares to the Vendors pursuant to the Proposed Acquisition. Following Completion, it is possible that the Enlarged Group may require further funding in order to grow and expand its operations. Under such circumstances, secondary issue(s) of securities may be necessary to raise the required capital to develop these growth opportunities. If new Shares are issued and placed to new and/or existing Shareholders, they may be priced at a discount to the then prevailing market price of Shares trading on the SGX-ST, in which case existing Shareholders' equity interest will be diluted. If the Enlarged Group fails to utilise the new equity to generate a commensurate increase in earnings, the EPS of the Enlarged Group will be diluted and this could lead to a decline in the market prices of its Shares.

12.3.4 The Enlarged Group may not be able to successfully execute the CPH Plans

The future plans for the existing subsidiaries of the Company are as described in Section 11 entitled "Prospects, Business Strategies and Future Plans" of this Circular. In particular, the Company is working towards the satisfaction of the conditions relating to it as set out in JTC's letter of consent dated 3 June 2021 in relation to the proposed transfer of 8 First Lok Yang Road, Singapore 629731 from Circuits Plus to Asiapac Trading Pte. Ltd., and the outstanding conditions precedent in relation to the Disposal of Lok Yang Property as at the Latest Practicable Date are, *inter alia*, the Company and Asiapac Trading Pte. Ltd. obtaining the written confirmation from JTC that JTC has no objection to the execution of the relevant deed of assignment or instrument of transfer (as the case may be), or such other confirmation of similar nature. In addition, no agreements had been entered into by CP Lifestyle for the disposal of its shareholding interest in Joy Garden Restaurant Pte. Ltd as at the Latest Practicable

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Date.

No assurance can be given that the Enlarged Group will be able to successfully execute the CPH Plans as described above. It is also not possible to predict with certainty, the length of time that may be needed to successfully execute the CPH Plans. Until such time that the CPH Plans are successfully executed, the aforementioned liabilities and other liabilities of the existing subsidiaries of the Company will remain within the Enlarged Group, and such liabilities would continue to require cost, resources and attention of the management of the Enlarged Group.

12.3.5 Future issuances of the Enlarged Group's Shares may not be available to existing Shareholders

Should the Enlarged Group issue new Shares in the future, it will not be obligated to offer those Shares to existing Shareholders, except in a rights issue. The Enlarged Group will have the discretion in electing the method of issuance of new Shares and may be subject to regulations governing the offering procedure, which may affect its ability to make the Shares available to its existing Shareholders.

Accordingly, existing Shareholders may be unable to participate in future offerings of new Shares and may experience dilution to their shareholding interests as a result. In addition, the Company may also issue new Shares or convertible securities, share options or share awards under any employee share schemes that may be implemented after Completion, including the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan. This may lead to further dilution to the shareholdings of the existing Shareholders.

12.3.6 The price of the Shares may fluctuate following the Completion

The Issue Price of the Consideration Shares allotted and issued in relation to the Proposed Acquisition, and after taking into account the Proposed Share Consolidation, may not be indicative of the price of the Shares that will prevail in the trading market. Volatility in the market price of the Shares may be caused by factors beyond the control of the Enlarged Group and may be unrelated and disproportionate to the operating results of the Enlarged Group.

The market price of the Shares may fluctuate significantly and rapidly as a result of, amongst other things, the following factors, some of which are beyond the control of the Enlarged Group:

- (a) the success or failure of the Enlarged Group's management team in implementing business and growth strategies;
- (b) announcements by the Enlarged Group of significant contracts, acquisitions, strategic alliances or capital commitments;
- (c) loss of the Enlarged Group's major customers or failure to complete significant

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orders or contracts;

(d) any negative publicity on the Enlarged Group, its customers and suppliers;

(e) involvement by the Enlarged Group in material litigation, arbitrations proceedings and/or investigations by government authorities;

(f) unforeseen contingent liabilities of the Enlarged Group;

(g) addition or departure of key personnel of the Enlarged Group;

(h) loss of an important business relationship or adverse financial performance by a significant customer or group of customers;

(i) changes in securities analysts' estimates of the Enlarged Group's financial performance and recommendations;

(j) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;

(k) differences between the Enlarged Group's actual financial operating results and those expected by investors and securities analysts; and

(l) changes in general market conditions and broad market fluctuations.

12.3.7 Future sale of securities by the Vendors may adversely affect the price of the Shares

Following Completion, the Vendors will hold approximately 70.17% of the Enlarged Share Capital. Although the Consideration Shares held by the Vendors are subject to a moratorium (the details of which are set out in Section 13.6 entitled "Moratorium" of this Circular), any sale of a significant number of such Shares after expiration of the applicable moratorium period or any permitted sale during the applicable moratorium period by the Vendors, or the perception that such sales may occur, could materially and adversely affect the market price of the Shares and may thereby also affect the Enlarged Group's ability to raise funds through the issue of equity or other forms of securities. These factors may also affect the Company's ability to attract subscriptions for additional equity securities in the future, at a time and price the Company deems appropriate.

12.3.8 The Enlarged Group may not be able to pay dividends

There is no assurance that the Company will pay dividends in the future or, if the Company does pay dividends in the future, when the Company will pay them. The declaration and payment of future dividends will depend upon, *inter alia*, the Enlarged Group's actual and future financial performance and financial condition, level of its cash and retained earnings, its current capital commitments, projected capital

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expenditure and other investment plans, the terms of the borrowing arrangements (if any), future plans for expansion, and any other factors which the Proposed New Board may deem appropriate. This may be affected by numerous factors including but not limited to general economic conditions, market sentiment, market competition and the success of the Enlarged Group's future plans and business strategies, many of which are beyond the Enlarged Group's control. As such, there is no assurance that the Enlarged Group will be able to pay dividends to its Shareholders after the Completion. Please refer to the Section 16 entitled "Dividend Policy" of this Circular for further details on the dividend policy of the Enlarged Group.

Further, companies in the Enlarged Group may enter into loan agreements in the future, which contain covenants that may limit when and how much dividends the companies in the Enlarged Group can declare and pay. There is no assurance that the Enlarged Group will be able to obtain the approval of the relevant lenders for the declaration and payment of dividend, and there is therefore no assurance that the Enlarged Group will be able to declare and pay dividend after Completion.

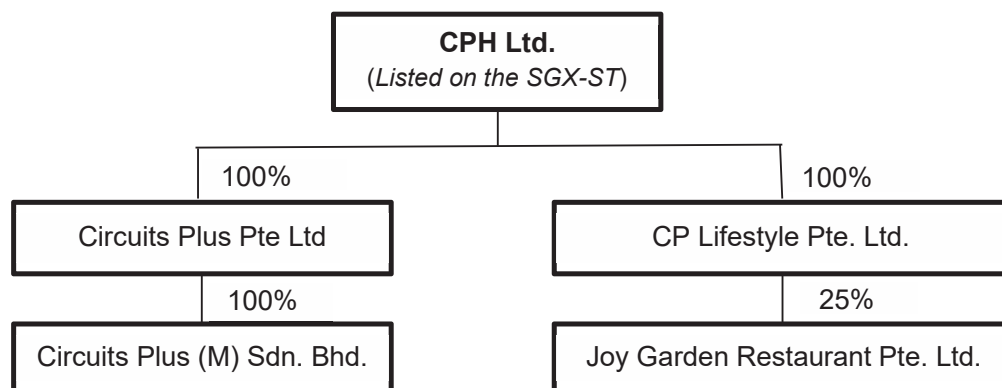
12.3.9 Negative publicity may adversely affect the price of the Shares

Negative publicity or announcements including those relating to the Enlarged Group or any of the directors of the Proposed New Board, Proposed Executive Officers and Substantial Shareholders of the Enlarged Group may adversely affect the market perception or the price of the Shares, whether or not they are justified. Some examples of the negative publicity are unsuccessful attempts in acquisitions, joint ventures or takeovers or involvement in litigation or insolvency proceedings.

13. ENLARGED GROUP CORPORATE AND SHAREHOLDING STRUCTURE

13.1 Corporate Structure of the Group before Completion

The following diagram depicts the structure of the Group as at the Latest Practicable Date:

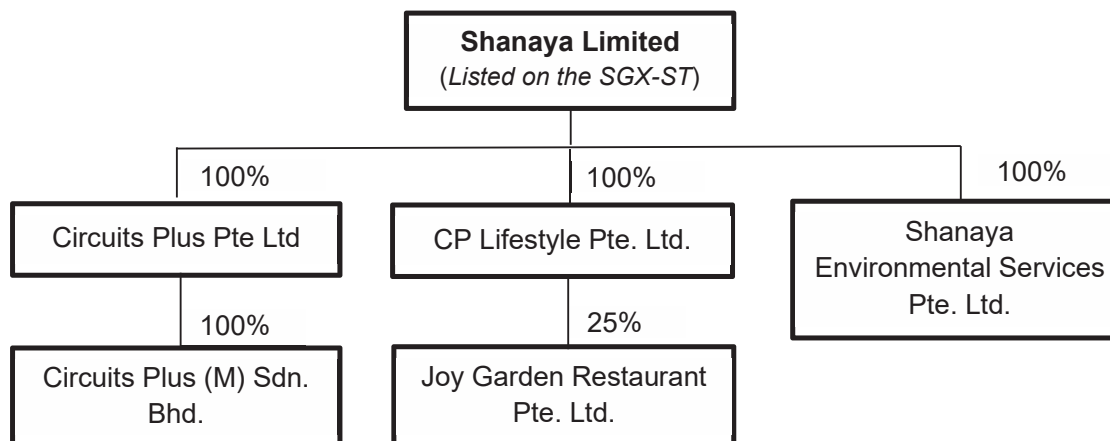


13.2 Corporate Structure of the Enlarged Group after Completion

Upon Completion, the corporate structure of the Enlarged Group comprising the

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Company, its subsidiaries, and the Target Company is expected to be as set out in the diagram below:



The information on the Target Company is set out below:

Date of incorporation	:	16 September 2002
Country of incorporation	:	Singapore
Principal activities	:	Collection of waste; Treatment and disposal of waste (including remediation activities)
Address of registered office	:	27 Kian Teck Drive, Singapore 628844
Principal place of business	:	3A Tuas South Street 15, Singapore 636845
Issued and paid-up share capital	:	S\$1,500,000 comprising 1,500,000 ordinary shares
Present directors	:	Mohamed Gani Mohamed Ansari, Perumal S/O Gopal, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan
Present auditors	:	BDO LLP

The Target Company is not listed on any stock exchange.

The Target Company does not have any subsidiaries, subsidiary entities, associated companies and associated entities.

None of the Proposed Independent Directors (namely Sukhvinder Singh Chopra, Lee Teong Sang and Tito Shane Isaac) sits or will sit on the board of the Enlarged Group's principal subsidiaries based in jurisdictions outside Singapore.

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13.3 Share capital of the Company

As at the Latest Practicable Date, there is only one (1) class of shares in the capital of the Company, being ordinary shares, and all the issued Shares are fully paid-up. All of the ordinary shares carry the same voting rights. The rights and privileges attached to the Company's Shares are stated in the Constitution. The Shares are registered shares. Shareholders are not entitled to pre-emptive rights to purchase Shares under the Constitution or Singapore law.

The issued share capital of the Company as at the Latest Practicable Date is S\$24,764,175 divided into 1,229,226,124 Shares.

There have been no changes in the issued and paid-up share capital of the Company in the three (3) years prior to the Latest Practicable Date.

There has been no change in the voting rights attached to the shares of the Company and its subsidiaries in the three (3) years prior to the Latest Practicable Date.

Save as disclosed above, no shares in the Company or any of its subsidiaries have been issued for a consideration other than for cash, during the three (3) years prior to the Latest Practicable Date.

Save as disclosed in the Section 13.5 entitled "Changes in Shareholding Structure", Section 26 entitled "Proposed Adoption of the Shanaya Employee Share Option Scheme" and Section 27 entitled "Proposed Adoption of the Shanaya Performance Share Plan" of this Circular, as at the Latest Practicable Date:

- (a) To the extent known to the Company, the Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government;
- (b) There is no other arrangement, the operation of which may, at a subsequent date, result in a change in control of the Company after the Completion, save for the Proposed Acquisition;
- (c) No person has, or has the right to be given, an option to subscribe for or purchase any securities or securities-based derivative contracts of the Company;
- (d) There is no arrangement which involves the employees of the Company, the directors or employees of a subsidiary or an associated company of the Company in the capital of the Company that involves the issue or grant of options or Share or any other securities or securities-based derivatives contracts in the Company, and no option to subscribe for Shares has been granted to, or was exercised by, any Director or the CEO of the Company, and
- (e) None of the Shares are held by or on behalf of the Company or by its subsidiaries or subsidiary entities.

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There has not been any public take-over offer by a third party in respect of any of the Shares, or by the Company in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of the most recent completed financial year and the Latest Practicable Date.

There is no shareholding qualification for the Directors of the Company in the Constitution.

There are no restrictions on the free transferability of the Shares which are fully paid-up under the Constitution.

13.4 Share capital of the Target Company

As at the Latest Practicable Date, there is only one (1) class of shares in the capital of the Target Company, being ordinary shares, and all the issued shares of the Target Company are fully paid-up. All of the ordinary shares carry the same voting rights. The rights and privileges attached to the Target Company's shares are stated in the constitution of the Target Company. The shares of the Target Company are registered shares. Shareholders of the Target Company are not entitled to pre-emptive rights to purchase shares of the Target Company under the existing constitution of the Target Company or Singapore law.

As at the Latest Practicable Date, the Target Company has an issued and paid-up share capital of S\$1,500,000.00 comprising 1,500,000 ordinary shares.

Save as disclosed in the following table, there have been no changes in the issued and paid-up share capital of the Target Company in the three (3) years prior to the Latest Practicable Date:

Date of issue	Number of shares issued	Total consideration	Purpose of issue	Resultant number of issued and paid-up shares	Resultant issued and paid-up capital
28 January 2019	1,000,000	S\$1,000,000	Dividend-in-specie to existing shareholders	1,500,000	S\$1,500,000

There has been no change in the voting rights attached to the shares of the Target Company in the three (3) years prior to the Latest Practicable Date.

As at the Latest Practicable Date, the entire issued share capital of the Target Company is held by the Vendors, as follows:

Name	Number of Target Company's shares held	Shareholding percentage in the share capital of the Target Company (%)
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Shitthi Nabesathul Bathuria D/O Abdul Hamid	1,050,000	70.0
Sivakumar Martin S/O Sivanesan	300,000	20.0
Perumal S/O Gopal	150,000	10.0
Total	1,500,000	100.0

The Vendors are Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan, and Perumal S/O Gopal, all of whom are also existing directors of the Target Company as at the Latest Practicable Date, and also Proposed Executive Officers of the Enlarged Group upon the completion of the Proposed Acquisition. Shitthi Nabesathul Bathuria D/O Abdul Hamid is the spouse of Mohamed Gani Mohamed Ansari, an existing director of the Target Company and also the Proposed Executive Director and Chief Executive Officer of the Enlarged Group upon the completion of the Proposed Acquisition.

The Target Company's directors as at the Latest Practicable Date comprise Mohamed Gani Mohamed Ansari, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal. Mohamed Gani Mohamed Ansari is the spouse of Shitthi Nabesathul Bathuria D/O Abdul Hamid. None of the Vendors are related to any of the Company's existing Directors, controlling shareholders or their respective associates. As at the Latest Practicable Date, none of the Vendors hold any shares in the Company.

Upon Completion, the Target Company will be a wholly owned subsidiary of the Company and the Vendors will no longer hold any shares directly in the Target Company.

Save as disclosed above:

- (i) the Target Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government, as at the Latest Practicable Date;
- (ii) there has not been any public take-over offer by a third party in respect of any of the shares of the Target Company, or by the Target Company in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of the most recently completed financial year and the Latest Practicable Date;
- (iii) as at the Latest Practicable Date, there is no other arrangement, the operation of which may, at a subsequent date, result in a change in control of the Target Company after the Completion, save for the Proposed Acquisition;
- (iv) as at the Latest Practicable Date, there is no arrangement which involves the directors, chief executive officer and employees of the Target Company,

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including any arrangement that involves the issue or grant of options or shares or any other securities or securities-based derivatives of the Target Company;

- (v) no person has, or has the right to be given, an option to subscribe for or purchase any securities or securities-based derivative contracts of the Target Company; and
- (vi) none of the Target Company's shares are held by or on behalf of the Target Company.

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13.5 Changes in Shareholding Structure

As at the Latest Practicable Date, the Company's issued and paid-up share capital comprises 1,229,226,124 Shares. The Enlarged Share Capital following the completion of the proposed issuance and allotment of the Consideration Shares, the Introducer Shares and the PPCF Shares, and the Proposed Share Consolidation will comprise 112,813,983 Consolidated Shares.

Details of the changes in the aggregate interest (direct and deemed) of the Company before and after the Proposed Transactions are set out in the table below:

	As at the Latest Practicable Date				After the Proposed Acquisition and the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares, but before the Proposed Share Consolidation				After the Proposed Acquisition, the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares and the Proposed Share Consolidation			
	Direct		Deemed		Direct		Deemed		Direct		Deemed	
	Number	% ⁽¹⁾	Number	% ⁽¹⁾	Number	% ⁽²⁾	Number	% ⁽²⁾	Number	% ⁽³⁾	Number	% ⁽³⁾
Directors												
Choo Tung Kheng	247,012,315	20.09	1,200 ⁽⁴⁾	0.00	247,012,315	5.47	1,200 ⁽⁴⁾	0.00	6,175,307	5.47	30 ⁽⁴⁾	0.00
Proposed Directors												
Mohamed Gani Mohamed Ansari	—	—	—	—	—	—	2,216,666,667 ⁽⁵⁾	49.12	—	—	55,416,666 ⁽⁵⁾	49.12
Sukhvinder Singh Chopra	—	—	—	—	—	—	—	—	—	—	—	—
Directors and Proposed Directors												
Ong Kian Soon	10,534,000	0.86	—	—	10,534,000	0.23	—	—	263,350	0.23	—	—
Lee Teong Sang	—	—	—	—	—	—	—	—	—	—	—	—
Tito Shane Isaac	—	—	—	—	—	—	—	—	—	—	—	—
Substantial Shareholders												
Shitthi Navesathul	—	—	—	—	2,216,666,667	49.12	—	—	55,416,666	49.12	—	—
Bathuria D/O Abdul Hamid Sivakumar Martin S/O Sivanesan	—	—	—	—	633,333,333	14.03	—	—	15,833,333	14.03	—	—
Perumal S/O Gopal	—	—	—	—	316,666,667	7.02	—	—	7,916,666	7.02	—	—

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	As at the Latest Practicable Date				After the Proposed Acquisition and the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares, but before the Proposed Share Consolidation				After the Proposed Acquisition, the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares and the Proposed Share Consolidation			
	Direct		Deemed		Direct		Deemed		Direct		Deemed	
	Number	% ⁽¹⁾	Number	% ⁽¹⁾	Number	% ⁽²⁾	Number	% ⁽²⁾	Number	% ⁽³⁾	Number	% ⁽³⁾
Other Shareholders												
Associates of Choo Tung Kheng ⁽⁴⁾	12,001,200	0.98	—	—	12,001,200	0.27	—	—	300,030	0.27	—	—
PPCF ⁽⁶⁾	—	—	—	—	66,666,667	1.48	—	—	1,666,666	1.48	—	—
Introducer ⁽⁷⁾	—	—	—	—	50,000,000	1.11	—	—	1,250,000	1.11	—	—
Existing Public Shareholders	959,678,609	78.07	—	—	959,678,609	21.27	—	—	23,991,965	21.27	—	—
Total	1,229,226,124	100.00	—	—	4,512,559,458	100.00	—	—	112,813,983	100.00	—	—

Notes:

- (1) This is based on the total issued share capital of the Company as at the Latest Practicable Date of 1,229,226,124 Shares.
- (2) This is based on the total issued share capital of the Company after the Proposed Acquisition and the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares, but before the Proposed Share Consolidation of 4,512,559,458 Shares.
- (3) This is based on the total issued share capital of the Company after the Proposed Acquisition, the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares and the Proposed Share Consolidation of 112,813,983 Consolidated Shares.
- (4) Associates of Choo Tung Kheng include her spouse, the late Mr. Tan Ming and her children, namely Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei who collectively hold 12,001,200 Shares. Choo Tung Kheng is deemed interested in the 1,200 Shares held by her spouse, the late Mr. Tan Ming.
- (5) Mohamed Gani Mohamed Ansari is deemed interested in Shares held by his spouse, Shitthi Nabesathul Bathuria D/O Abdul Hamid.
- (6) As part of PPCF's management fees as the Financial Adviser and Sponsor to the Company, the Company shall allot and issue 66,666,667 Shares (on a pre-consolidation basis) at the Issue Price to PPCF. After the completion of the Proposed Share Consolidation, PPCF shall hold 1,666,666 Consolidated Shares, representing approximately 1.48% of the Enlarged Share Capital of 112,813,983 Shares on Completion.
- (7) As payment of the Introducer Fee, the Company shall allot and issue 50,000,000 Introducer Shares at the Issue Price to the Introducer. After the completion of the Proposed Share Consolidation, the Introducer shall hold 1,250,000 Consolidated Shares, representing approximately 1.11% of the Enlarged Share Capital of 112,813,983 Shares on Completion.

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Based on notifications of changes of Directors' and Substantial Shareholders' shareholding interest received by the Company, the changes in the percentage of ownership of the Directors and Substantial Shareholders of the Company over the last three (3) financial years prior to the Latest Practicable Date, were as follows:

	Percentage (%) of ownership as at							
	31 March 2019		31 March 2020		31 March 2021		Latest Practicable Date	
	Direct	Deemed	Direct	Deemed	Direct	Deemed	Direct	Deemed
Directors								
Choo Tung Kheng	13.83	6.26	20.09	n.m.	20.09	n.m.	20.09	n.m.
Ong Kian Soon	0.86	-	0.86	-	0.86	-	0.86	-
Lee Teong Sang	-	-	-	-	-	-	-	-
Tito Shane Isaac	-	-	-	-	-	-	-	-
Former Director								
Chong Cheng Whatt ⁽¹⁾	0.04	-	0.04	-	cannot be determined ⁽¹⁾	cannot be determined ⁽¹⁾	cannot be determined ⁽¹⁾	cannot be determined ⁽¹⁾
Substantial Shareholder								
Foo Tiang Ann	-	8.42 ⁽²⁾	-	8.42 ⁽²⁾	cannot be determined ⁽³⁾	cannot be determined ⁽³⁾	cannot be determined ⁽³⁾	cannot be determined ⁽³⁾

Notes:

- (1) Mr. Chong Cheng Whatt ceased to be a director of the Company with effect from 30 September 2020. Following Mr. Chong Cheng Watt's cessation as a director of the Company, he is not obliged to disclose any changes to his shareholding interest in the Company unless required under the SFA and/or the Companies Act.
- (2) Mr. Foo Tiang Ann was deemed to be interested in 53,492,977 Shares held by CGS-CIMB Securities (Singapore) Pte. Ltd. and 50,000,000 Shares held by RHB Securities Singapore Pte. Ltd.
- (3) Mr. Foo Tiang Ann ceased to be a substantial shareholder of the Company with effect from 12 June 2020. Following Mr. Foo Tiang Ann's cessation as a substantial shareholder of the Company, he is not obliged to disclose any changes to his shareholding interest in the Company unless required under the SFA and/or the Companies Act.

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The Directors, Proposed Directors and Substantial Shareholders named above who have or will have an interest in Shares do not have voting rights different from other Shareholders. Save for the Proposed Acquisition, including the proposed issuance and allotment of the Consideration Shares, the Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in the control of the Company.

13.6 Moratorium

Rule 1015(3)(b) of the Catalist Rules provides that moratorium requirements specified in Rules 420, 421 and 422 are applicable to the following persons:

- (a) persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition; and
- (b) associates of any person in (a).

In compliance of the moratorium requirements or the terms of the SPA, and to demonstrate their commitment to the Enlarged Group, the following persons have provided undertakings in favour of the Company and the Sponsor as set out below:

The Vendors

Shitthi Nabesathul Bathuria D/O Abdul Hamid

Upon Completion, Shitthi Nabesathul Bathuria D/O Abdul Hamid will hold 55,416,666 Consolidated Shares, representing approximately 49.12% of the Enlarged Share Capital of 112,813,983 Shares. Accordingly, Shitthi Nabesathul Bathuria D/O Abdul Hamid will become a Controlling Shareholder of the Company following Completion.

Pursuant to Rule 1015(3)(b) of the Catalist Rules and the terms of the SPA (as amended and supplemented by a side letter dated 23 June 2021 and the Supplemental SPA dated 23 June 2021), Shitthi Nabesathul Bathuria D/O Abdul Hamid has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of her shareholding interests in the Consideration Shares, to be allotted or issued to her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for a period of six (6) months commencing from the date of listing and quotation of the Consideration Shares on the Catalist of the SGX-ST (hereinafter to be referred to as the “**Initial Moratorium Period**”); and
- (ii) more than 50.0% of her entire shareholding interests in the Company (adjusted

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for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.

After the completion of the aforesaid moratorium period, she may dispose of her shareholding interests in the Company at her own discretion.

Sivakumar Martin S/O Sivanesan

Upon Completion, Sivakumar Martin S/O Sivanesan will hold 15,833,333 Consolidated Shares, representing approximately 14.03% of the Enlarged Share Capital of 112,813,983 Shares. Accordingly, Sivakumar Martin S/O Sivanesan will become a Substantial Shareholder of the Company following Completion.

Pursuant to the terms of the SPA (as amended and supplemented by a side letter dated 23 June 2021 and the Supplemental SPA dated 23 June 2021), Sivakumar Martin S/O Sivanesan has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of his shareholding interests in the Consideration Shares, to be allotted or issued to him upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and
- (ii) more than 50.0% of his entire shareholding interests in the Company (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.

After the completion of the aforesaid moratorium period, he may dispose of his shareholding interests in the Company at his own discretion.

Perumal S/O Gopal

Upon Completion, Perumal S/O Gopal will hold 7,916,666 Consolidated Shares, representing approximately 7.02% of the Enlarged Share Capital of 112,813,983 Shares. Accordingly, Perumal S/O Gopal will become a Substantial Shareholder of the Company following the Completion.

Pursuant to the terms of the SPA (as amended and supplemented by a side letter dated 23 June 2021 and the Supplemental SPA dated 23 June 2021), Perumal S/O Gopal has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of his shareholding interests in the Consideration Shares, to be

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allotted or issued to him upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and

- (ii) more than 50.0% of his entire shareholding interests in the Company (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.

After the completion of the aforesaid moratorium period, he may dispose of his shareholding interests in the Company at his own discretion.

Choo Tung Kheng and her associates

Choo Tung Kheng

As at the Latest Practicable Date, Choo Tung Kheng is the Managing Director of the Company, and she also holds 247,012,315 Shares, representing approximately 20.09% of the existing issued share capital of the Company of 1,229,226,124 Shares. Choo Tung Kheng is also deemed interested in the 1,200 Shares held by her spouse, the late Mr. Tan Ming. Accordingly, Choo Tung Kheng is an existing Controlling Shareholder of the Company.

Upon issuance of the Consideration Shares, PPCF Shares and Introducer Shares, but prior to the Proposed Share Consolidation, Choo Tung Kheng will continue to hold 247,012,315 Shares, representing approximately 5.47% of the enlarged share capital of the Company. After the Proposed Share Consolidation, Choo Tung Kheng will hold 6,175,307 Consolidated Shares, representing approximately 5.47% of the Enlarged Share Capital of 112,813,983 Shares. Accordingly, following the Completion, Choo Tung Kheng will cease to be a Controlling Shareholder of the Company, though she will continue to be a Substantial Shareholder of the Company.

Choo Tung Kheng has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of her shareholding interests in the Consolidated Shares to be held by her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and
- (ii) more than 50.0% of her shareholding interests in the Consolidated Shares to be held by her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.

After the completion of the aforesaid moratorium period, Choo Tung Kheng may dispose of her shareholding interests in the Company at her own discretion.

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Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei

Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei, all of whom are above 21 years of age, are the children of Choo Tung Kheng and are therefore, they are deemed as associates of Choo Tung Kheng as defined in the Catalist Rules. As at the Latest Practicable Date, Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei collectively hold 12,000,000 Shares, representing approximately 0.98% of the existing issued share capital of the Company of 1,229,226,124 Shares. Upon Completion, Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei will collectively hold 300,000 Consolidated Shares, representing approximately 0.27% of the Enlarged Share Capital of 112,813,983 Shares.

Each of Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of his/her shareholding interests in the Consolidated Shares to be held by him/her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and
- (ii) more than 50.0% of his/her shareholding interests in the Consolidated Shares to be held by him/her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.

After the completion of the aforesaid moratorium period, each of Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei may dispose of his/her shareholding interests in the Company at his/her own discretion.

Estate of Tan Ming

As at the Latest Practicable Date, the estate of Tan Ming holds 1,200 Shares. Upon issuance of the Consideration Shares, PPCF Shares and Introducer Shares, but prior to the Proposed Share Consolidation, the estate of Tan Ming will continue to hold 1,200 Shares. After the Proposed Share Consolidation, the estate of Tan Ming will hold 30 Consolidated Shares.

The estate of Tan Ming has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

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- (i) all or any part of its shareholding interests in the Consolidated Shares to be held by it upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and
- (ii) more than 50.0% of its shareholding interests in the Consolidated Shares to be held by it upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.

After the completion of the aforesaid moratorium period, the estate of Tan Ming may dispose of its shareholding interests in the Company at its own discretion.

Other Voluntary Moratorium

To demonstrate their commitment to the Enlarged Group, the following person has provided undertakings in favour of the Company as set out below:

PPCF

As part of PPCF's management fees as the Financial Adviser and Sponsor to the Company, the Company shall allot and issue 66,666,667 Shares (on a pre-consolidation basis) at the Issue Price to PPCF. On Completion (following the completion of the Proposed Share Consolidation), PPCF shall hold 1,666,666 Consolidated Shares, representing approximately 1.48% of the Enlarged Share Capital of 112,813,983 Shares.

PPCF has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of any part of its shareholding interests in the PPCF Shares, to be allotted or issued to it upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for a period of three (3) months commencing from the date of listing and quotation of the PPCF Shares on the Catalist of the SGX-ST. After the expiry of the aforementioned moratorium period, PPCF will be disposing its shareholding interests in the Company at its discretion.

14. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Enlarged Group within the two (2) years preceding the Latest Practicable Date, and are or may be material:

- (a) The Company:
 - (1) The SPA.

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- (2) The deed of termination entered into between the Company, Delphinium Capital plc and oCap Management Pte. Ltd. on 30 May 2019, pursuant to which the conditional sale and purchase agreement entered into between the aforesaid parties on 22 November 2018 in respect of the proposed acquisition by the Company of 100% of the issued share capital of oCap Management Pte. Ltd. from Delphinium Capital plc, for an aggregate purchase consideration of S\$61,815,400, was terminated with effect from 30 May 2019, and the aforesaid parties' respective obligations and liabilities under the aforesaid agreement would cease.

(b) Circuits Plus:

- (1) The Option to Purchase dated 13 November 2020 granted by Circuits Plus to Asiapac Trading Pte. Ltd, pursuant to which Asiapac Trading Pte. Ltd was granted an option to purchase Circuit Plus' leasehold property located at 8 First Lok Yang Road, Singapore 629731 at a consideration of S\$6.5 million, and on the terms and subject to the conditions of the Option to Purchase.

In respect of the Option to Purchase dated 13 November 2020 granted by Circuits Plus to Asiapac Trading Pte. Ltd., the purchase consideration of S\$6.5 million was arrived at after arm's length negotiations and on a willing-buyer and willing-seller basis, after taking into consideration, *inter alia*, (i) the prevailing market conditions, (ii) the indicative valuation of S\$6.5 million of the leasehold property located at 8 First Lok Yang Road, Singapore 629731 as at 30 September 2020, (iii) the existing tenancy agreements, and (iv) that the offer made by the Asiapac Trading Pte. Ltd. as the purchaser constitutes the most favourable sale terms which the Company has received to-date then. Please refer to the Company's circular dated 9 February 2021 for further details on the Disposal of Lok Yang Property.

(c) Circuits Plus (M):

- (1) The conditional sale and purchase agreement entered into between Circuits Plus (M) and Brightwater Sunrise Sdn. Bhd on 6 August 2020 in respect of the proposed disposal of a property located at PLO 146 No 22 Jalan Angkasa Mas Utama, Kawasan Perindustrian Tebrau 2, 81100 Johor Bahru, Johor, for a consideration of RM2.0 million.

In respect of the conditional sale and purchase agreement entered into between Circuits Plus (M) and Brightwater Sunrise Sdn. Bhd on 6 August 2020, the purchase consideration of RM2.0 million was arrived at after arm's length negotiations and on a willing-buyer and willing seller basis, after considering the book value of the property of approximately S\$242,576 as at 31 March 2020 and given that the offer made by Brightwater Sunrise Sdn. Bhd was the best offer received by Circuits Plus (M). Please refer to the Company's SGXNET announcement dated 6 August 2020 for further details on the disposal of the property by Circuits Plus (M).

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(d) The Target Company:

(1) The SPA.

15. SHARE PRICE

The share prices of the Company traded on Catalist for the relevant periods are set out below:

(a) The annual highest and lowest market prices for the three (3) most recent completed financial years:

Financial Year	High (S\$)	Low (S\$)
FY2019	0.010	0.004
FY2020	0.010	0.003
FY2021	0.009	0.003

(b) The highest and lowest market prices for each financial quarter of the two (2) most recent financial years prior to the Latest Practicable Date:

Financial Quarter	High (S\$)	Low (S\$)
1Q2020	0.010	0.004
2Q2020	0.006	0.004
3Q2020	0.006	0.004
4Q2020	0.008	0.003
1Q2021	0.006	0.003
2Q2021	0.006	0.004
3Q2021	0.006	0.003
4Q2021	0.009	0.004

(c) The highest and lowest market prices for each month for the most recent six (6) months prior to the Latest Practicable Date:

Month	High (S\$)	Low (S\$)
December 2020	0.006	0.004
January 2021	0.007	0.004
February 2021	0.009	0.005
March 2021	0.007	0.005
April 2021	0.007	0.005
May 2021	0.007	0.005

(d) The last transacted price of the Shares on Catalist on 28 September 2020, being

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the Market Day on which the Shares were last traded immediately prior to the date of the Announcement was S\$0.005; and

- (e) The last transacted price of the Shares on Catalist on 15 June 2021, being the Market Day immediately preceding the Latest Practicable Date was S\$0.007.

The Shares are generally traded on Catalist and there has been no significant trading suspension that has occurred on Catalist in respect of the Shares during the three (3) years immediately preceding the Latest Practicable Date.

16. DIVIDEND POLICY

(a) The Company

The Company has not declared or paid any dividends in the last three (3) financial years ended 31 March 2019, 31 March 2020 and 31 March 2021, and the period from 1 April 2021 to the Latest Practicable Date.

The Company does not have a fixed dividend policy.

(b) The Target Company

During FY2018, the Target Company declared and paid aggregate cash dividends of S\$36,000 for FY2018 to its then existing shareholders.

During FY2019, the Target Company declared aggregate cash dividends of S\$60,000 for FY2019 to its then existing shareholders. Such dividends were paid in FY2020.

On 28 January 2019, the directors of the Target Company declared an interim dividend-in-specie of 1,000,000 ordinary shares in the Target Company which amounted to S\$1,000,000 at S\$1.00 per ordinary shares. The aforementioned dividend-in-specie was paid in FY2019, as the 1,000,000 ordinary shares were issued to the then existing shareholders of the Target Company on 28 January 2019.

Save as disclosed above, the Target Company has not declared or paid any dividends in the last three (3) financial years in FY2018, FY2019 and FY2020 respectively, and the period from 1 January 2021 to the Latest Practicable Date.

The Target Company does not have a fixed dividend policy.

(c) The Enlarged Group

As at the Latest Practicable Date, the Enlarged Group will not have a fixed dividend policy. Shareholders and potential investors should note that the past dividend distributions by the Company or the Target Company should not be taken as an indication of future dividend distributions. The declaration and payment of dividends will be determined at the sole discretion of the Proposed New Board, subject to the

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approval of Shareholders (if required).

The form, frequency and amount of future dividends on the Shares that the Proposed Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Proposed Directors:

- (i) the level of cash, gearing and retained earnings of the Enlarged Group;
- (ii) actual and projected financial performance of the Enlarged Group;
- (iii) the projected levels of capital expenditure and expansion plans of the Enlarged Group;
- (iv) the working capital requirements of the Enlarged Group and general financing condition; and
- (v) restrictions on payment of dividends imposed on the Enlarged Group by its financing arrangements (if any).

In addition, the Company is a holding company and depends on the receipt of dividends and other distributions from its subsidiaries to pay dividends on the Shares.

Under the New Constitution, the Company may, by ordinary resolution, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by the Proposed New Board. The Proposed New Board may declare interim dividends without seeking Shareholders' approval. Pursuant to the Companies Act, the Company must pay all dividends out of its profits.

All dividends are paid *pro-rata* among the Shareholders in proportion to the amount paid up on each Shareholder's Share(s), unless the rights attached to an issue of any Share provide otherwise. Notwithstanding the foregoing, the payment by the Company to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge the Company from any liability to that Shareholder in respect of that payment. Information relating to taxes payable on dividends is set out in Section 21.2 entitled "Taxation" of this Circular.

No inference shall or can be made from any of the foregoing statements as to the actual future profitability of the Enlarged Group or its ability to pay dividends in the future. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

17. INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

Shareholders should note that upon Completion, the Target Company will become a

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subsidiary of the Company. Accordingly, transactions between any company of the Enlarged Group and any of its interested persons (namely, the Proposed Directors, Chief Executive Officer or Controlling Shareholders of the Company upon Completion and their respective Associates) constitute interested person transactions under Chapter 9 of the Catalist Rules.

This section below sets out the material interested person transactions entered into by the Enlarged Group with interested persons for the Period Under Review up to the Latest Practicable Date. Save as disclosed in this Circular, there have been no interested person transactions which are material in the context of the Proposed Acquisition for the Relevant Period.

17.1 Interested Persons

The following persons and companies are considered “Interested Persons” for the purposes of this section:

Interested Person	Nature of relationship
Mohamed Gani Mohamed Ansari	Upon Completion, Mohamed Gani Mohamed Ansari will be the Executive Director and Chief Executive Officer of the Company. In addition, he will also be a Controlling Shareholder of the Company as he will be deemed interested in the 55,416,666 Consolidated Shares, representing approximately 49.12% of the Enlarged Share Capital, held by his spouse, Shitthi Nabesathul Bathuria D/O Abdul Hamid on Completion.
Nawaz Faizullah S/O Mohamed Ansari	Nawaz Faizullah S/O Mohamed Ansari is the son of Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/O Abdul Hamid
One Enviro Pte. Ltd.	<p>A company incorporated in Singapore on 19 October 2018. Immediately prior to 29 March 2021, Nawaz Faizullah S/O Mohamed Ansari held 79.2% shareholding interest, and the remaining 20.8% shareholding interest was held by a third party who is unrelated to the Proposed Directors and Controlling Shareholders of the Company (upon Completion). One Enviro was engaged in the business of collection of waste from construction companies for resource recovery, recycling and safe disposal, as well as recycling of metal waste and scrap.</p> <p>On 29 March 2021, Nawaz Faizullah S/O Mohamed Ansari disposed of all his shares in One Enviro to the other shareholder of One Enviro. Nawaz Faizullah S/O Mohamed Ansari also ceased to be a director of One Enviro since 29 March 2021. For the avoidance of doubt, the other shareholder of One Enviro is an unrelated third party and there are no nominees of Mohamed Gani Mohamed Ansari and his associates (including Nawaz Faizullah S/O Mohamed Ansari)</p>

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	<p>in One Enviro following the disposal of shares held by Nawaz Faizullah S/O Mohamed Ansari in One Enviro.</p> <p>Accordingly, as at the Latest Practicable Date, One Enviro is no longer an Interested Person.</p>
Seven Green Recycling Sdn Bhd	<p>A company incorporated in Malaysia on 4 March 2019 and the shareholders as at the Latest Practicable Date comprise Mohamed Gani Mohamed Ansari (40%), Shitthi Nabesathul Bathuria D/o Abdul Hamid (30%), Dato Selvarajah A/L Govindasamy (10%), Datin P. Mageswari A/P Perumal (10%) and Shaseendran A/L Perumal (10%), Dato Selvarajah A/L Govindasamy, Datin P. Mageswari A/P Perumal and Shaseendran A/L Perumal are not related to Mohamed Gani Mohamed Ansari and/or Shitthi Nabesathul Bathuria D/o Abdul Hamid.</p> <p>As at the Latest Practicable Date, Seven Green Recycling has an issued and paid-up share capital of RM 50,000 comprising 50,000 ordinary shares.</p> <p>Seven Green Recycling is presently engaged in the business of wholesale of metal and non-metal waste and scrap and materials for recycling, within Malaysia.</p>
Shitthi Nabesathul Bathuria D/O Abdul Hamid	<p>Shitthi Nabesathul Bathuria D/O Abdul Hamid will be the Controlling Shareholder of the Company as she will hold 55,416,666 Consolidated Shares, representing approximately 49.12% of the Enlarged Share Capital, on Completion. In addition, she will be one of the Proposed Executive Officers of the Company following Completion.</p>
Yanasha Enterprise (formerly known as Shanaya Recycling)	<p>A partnership registered in Singapore on 26 October 2012 and the owners as at the Latest Practicable Date are Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/O Abdul Hamid.</p> <p>As at the Latest Practicable Date, Yanasha Enterprise is primarily involved in (i) the collection of rental income arising from the lease of properties owned by Mohamed Gani Mohamed Ansari and/or Shitthi Nabesathul Bathuria D/o Abdul Hamid, and (ii) the investment of such rental income in assets including real estate, shares, currency and commodities. The son of Mohamed Gani Mohamed Ansari and/or Shitthi Nabesathul Bathuria D/o Abdul Hamid currently manages the day-to-day activities in Yanasha Enterprise.</p>

17.2 Past Interested Person Transactions

Loans from directors and shareholders to the Target Company

During the Relevant Period, each of Mohamed Gani Mohamed Ansari and Shitthi

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Nabesathul Bathuria D/O Abdul Hamid had provided interest-free loans to the Target Company for working capital purposes (“Loans”). The aggregate amount of Loans owing to each of Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/O Abdul Hamid as at the end of each of the last three (3) financial years and as at the Latest Practicable Date are set out below:

(\$)	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at LPD
Loans outstanding and payable to Mohamed Gani Mohamed Ansari	32,690	31,690	-	-
Loans outstanding and payable to Shitthi Nabesathul Bathuria D/O Abdul Hamid	70,000	25,000	-	-

During the Relevant Period, the aggregate largest amount of outstanding Loans from Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/O Abdul Hamid was approximately S\$32,690 and S\$550,000 respectively.

As at the Latest Practicable Date, the Loans have been repaid and there is no amount due from the Target Company to each of Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/O Abdul Hamid.

The provision of the Loans was not on an arm’s length basis and was not carried out on normal commercial terms as the Loans were unsecured, interest-free and had no fixed repayment terms. Nonetheless, the Proposed Directors are of the opinion that the Loans were not prejudicial to the Enlarged Group and minority Shareholders.

The Enlarged Group does not intend to enter into similar transactions after the Completion.

Purchase of machineries and equipment from Yanasha Enterprise

During the Relevant Period, the Target Company had purchased machineries and equipment consisting of a wood shredder, a conveyor and a trommel from Yanasha Enterprise, for the purposes of its operations. The aggregate amounts charged to the Target Company for the purchase of the aforementioned machineries and equipment from Yanasha Enterprise are set out below:

(\$’000)	FY2018	FY2019	FY2020	From 1 January 2021 to LPD
Yanasha Enterprise	152	-	-	-

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The purchase of the machineries and equipment were made at cost and on a reimbursement basis to Yanasha Enterprise, and was carried out on an arm's length basis. Accordingly, the Proposed Directors are of the view that the transactions were not prejudicial to the Enlarged Group and minority Shareholders.

The Enlarged Group does not intend to enter into similar transactions after Completion.

All outstanding amounts due to Yanasha Enterprise from the Target Company for the purchase of machineries and equipment have been settled as at the Latest Practicable Date.

Lease of excavator to One Enviro

During the Relevant Period, the Target Company had leased an excavator to One Enviro, which had paid rental fees for such lease. The aggregate amounts charged by the Target Company for leasing the excavator to One Enviro are set out below:

(S\$'000)	FY2018	FY2019	FY2020	From 1 January 2021 to LPD
One Enviro	-	5.6	33.8	5.7

The Target Company had on 15 December 2020 notified One Enviro of its intention to terminate the rental service agreement in respect of the lease of the excavator, and the Target Company has ceased the lease of the excavator to One Enviro with effect from 15 February 2021.

The above transaction was entered into on normal commercial terms and was carried out on an arm's length basis as the terms are similar to those of other third-party lessors. Accordingly, the Proposed Directors are of the view that the transaction was not prejudicial to the Enlarged Group and minority Shareholders.

On 29 March 2021, Nawaz Faizullah S/O Mohamed Ansari disposed of all his shares in One Enviro to the other shareholder of One Enviro. Nawaz Faizullah S/O Mohamed Ansari also ceased to be a director of One Enviro since 29 March 2021. Accordingly, as at the Latest Practicable Date, One Enviro is no longer an Interested Person.

The Enlarged Group does not intend to enter into similar transactions after Completion.

Given that the transacted amounts are not material and that One Enviro is no longer an Interested Person as at the Latest Practicable Date, any outstanding amounts due to or from the Target Company as a result of the aforementioned transactions will be settled in accordance with the Target Company's credit policy and/or the transactional credit terms, where applicable, extended to One Enviro.

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Sale of diesel to One Enviro

During the Relevant Period, the Target Company had sold diesel to One Enviro for the latter's use. The aggregate amounts charged by the Target Company for the sale of diesel to One Enviro are set out below:

(S\$'000)	FY2018	FY2019	FY2020	From 1 January 2021 to LPD
One Enviro	-	3.3	20.7	5.6

The above transaction was entered into on normal commercial terms, based on prevailing market prices of the diesel, and were carried out on an arm's length basis. Accordingly, the Proposed Directors are of the view that the transactions were not prejudicial to the Enlarged Group and minority Shareholders.

On 29 March 2021, Nawaz Faizullah S/O Mohamed Ansari disposed of all his shares in One Enviro to the other shareholder of One Enviro. Nawaz Faizullah S/O Mohamed Ansari also ceased to be a director of One Enviro since 29 March 2021. Accordingly, as at the Latest Practicable Date, One Enviro is no longer an Interested Person.

The Enlarged Group does not intend to enter into similar transactions after Completion.

Given that the transacted amounts are not material and that One Enviro is no longer an Interested Person as at the Latest Practicable Date, any outstanding amounts due to or from the Target Company as a result of the aforementioned transactions will be settled in accordance with the Target Company's credit policy and/or the transactional credit terms, where applicable, extended to One Enviro.

Provision of wood waste disposal services to One Enviro

During the Relevant Period, the Target Company had provided wood waste disposal services to One Enviro. The aggregate amounts charged by the Target Company for the provision of wood waste disposal services to One Enviro are set out below:

(S\$'000)	FY2018	FY2019	FY2020	From 1 January 2021 to LPD
One Enviro	-	6.8	28.5	6.8

The above transactions were entered into on normal commercial terms, based on prices that the Target Company charges to other third-party customers, and were carried out on an arm's length basis. Accordingly, the Proposed Directors are of the view that the transactions were not prejudicial to the Enlarged Group and minority Shareholders.

On 29 March 2021, Nawaz Faizullah S/O Mohamed Ansari disposed of all his shares in One Enviro to the other shareholder of One Enviro. Nawaz Faizullah S/O Mohamed Ansari also ceased to be a director of One Enviro since 29 March 2021. Accordingly,

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as at the Latest Practicable Date, One Enviro is no longer an Interested Person.

The Enlarged Group does not intend to enter into similar transactions after Completion.

Given that the transacted amounts are not material and that One Enviro is no longer an Interested Person as at the Latest Practicable Date, any outstanding amounts due to or from the Target Company as a result of the aforementioned transactions will be settled in accordance with the Target Company's credit policy and/or the transactional credit terms, where applicable, extended to One Enviro.

Provision of general waste disposal services to One Enviro

During the Relevant Period, the Target Company had provided general waste disposal services to One Enviro. The aggregate amounts charged by the Target Company for the provision of general waste disposal services to One Enviro are set out below:

(S\$'000)	FY2018	FY2019	FY2020	From 1 January 2021 to LPD
One Enviro	-	15.6	42.2	3.2

The above transactions were entered into on normal commercial terms, based on prices that the Target Company charges to other third-party customers, and were carried out on an arm's length basis. Accordingly, the Proposed Directors are of the view that the transactions were not prejudicial to the Enlarged Group and minority Shareholders.

On 29 March 2021, Nawaz Faizullah S/O Mohamed Ansari disposed of all his shares in One Enviro to the other shareholder of One Enviro. Nawaz Faizullah S/O Mohamed Ansari also ceased to be a director of One Enviro since 29 March 2021. Accordingly, as at the Latest Practicable Date, One Enviro is no longer an Interested Person.

The Enlarged Group does not intend to enter into similar transactions after Completion.

Given that the transacted amounts are not material and that One Enviro is no longer an Interested Person as at the Latest Practicable Date, any outstanding amounts due to or from the Target Company as a result of the aforementioned transactions will be settled in accordance with the Target Company's credit policy and/or the transactional credit terms, where applicable, extended to One Enviro.

Provision of waste disposal services by One Enviro to the Target Company

During the Relevant Period, the Target Company had engaged One Enviro as a recycling partner for the provision of waste disposal services involving construction related waste. The aggregate amounts paid by the Target Company to One Enviro for the latter's provision of such services are set out below:

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(S\$'000)	FY2018	FY2019	FY2020	From 1 January 2021 to LPD
One Enviro	-	-	-	88.2

The above transactions were not entered into on normal commercial terms, and were not carried out on an arm's length basis. For such disposal services, One Enviro charged the Target Company a mutually agreed price, which is comparatively lower than the dumping fee that NEA would have levied the Target Company, had the Target Company disposed of such waste at a NEA approved facility. In this regard, the transaction had resulted in cost savings by the Target Company. As such, the Proposed Directors are of the view that the transactions were not prejudicial to the Enlarged Group and minority Shareholders.

On 29 March 2021, Nawaz Faizullah S/O Mohamed Ansari disposed of all his shares in One Enviro to the other shareholder of One Enviro. Nawaz Faizullah S/O Mohamed Ansari also ceased to be a director of One Enviro since 29 March 2021. Accordingly, as at the Latest Practicable Date, One Enviro is no longer an Interested Person.

The Enlarged Group does not intend to enter into similar transactions after Completion.

Given that the transacted amounts are not material and that One Enviro is no longer an Interested Person as at the Latest Practicable Date, any outstanding amounts due to or from the Target Company as a result of the aforementioned transactions will be settled in accordance with the Target Company's credit policy and/or the transactional credit terms, where applicable, extended to One Enviro.

Provision of labour services by One Enviro to the Target Company

During the Relevant Period, One Enviro had subcontracted some of its manpower to the Target Company for the latter's operations. Accordingly, the Target Company had reimbursed One Enviro for the salaries of the employees of One Enviro who had been subcontracted to the Target Company, for the relevant months when these employees were subcontracted out. The aggregate amounts paid by the Target Company to One Enviro for the latter's provision of such services are set out below:

(S\$'000)	FY2018	FY2019	FY2020	From 1 January 2021 to LPD
One Enviro	-	6.0	2.5	-

The above transactions were not entered into on normal commercial terms, and were not carried out on an arm's length basis. As the Target Company had reimbursed One Enviro for the salaries of the employees of One Enviro whom had been subcontracted to the Target Company, the Proposed Directors are of the view that the transactions were not prejudicial to the Enlarged Group and minority Shareholders.

On 29 March 2021, Nawaz Faizullah S/O Mohamed Ansari disposed of all his shares in One Enviro to the other shareholder of One Enviro. Nawaz Faizullah S/O Mohamed

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Ansari also ceased to be a director of One Enviro since 29 March 2021. Accordingly, as at the Latest Practicable Date, One Enviro is no longer an Interested Person.

The Enlarged Group does not intend to enter into similar transactions after Completion.

Given that the transacted amounts are not material and that One Enviro is no longer an Interested Person as at the Latest Practicable Date, any outstanding amounts due to or from the Target Company as a result of the aforementioned transactions will be settled in accordance with the Target Company's credit policy and/or the transactional credit terms, where applicable, extended to One Enviro.

17.3 Present and On-going Interested Person Transactions

Personal guarantees given by Interested Persons

Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/O Abdul Hamid have provided, among other things, guarantees in favour of financial institutions to secure certain banking facilities granted by these financial institutions to the Target Company, as set out below:

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Financial institution	Type of facility	Interested Person(s) who provided the guarantees	Amount of facilities guaranteed or secured	Interest rate per annum	Approximate amount outstanding as at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
Oversea-Chinese Banking Corporation Limited	Term loan limited at S\$265,000	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$265,000	8.88%	S\$207,497	S\$265,000
Oversea-Chinese Banking Corporation Limited	Working capital loan limited at S\$165,000	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$165,000	6.75%	S\$126,224	S\$165,000
Oversea-Chinese Banking Corporation Limited	Term loan limited at S\$465,000 ⁽¹⁾	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$465,000	9.88%	-	S\$465,000

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Financial institution	Type of facility	Interested Person(s) who provided the guarantees	Amount of facilities guaranteed or secured	Interest rate per annum	Approximate amount outstanding as at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
DBS Bank Ltd	Term loan limited at S\$3,120,000	Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan, one of the Proposed Executive Officers)	S\$3,120,000	2.28%	S\$2,587,911	S\$3,120,000
United Overseas Bank Limited	Bank facility of S\$4,350,000, comprising of: <ul style="list-style-type: none"> • a S\$1,500,000 5-year Term Loan; and • a S\$2,850,000 Term Loan-Construction Loan 	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$4,350,000	<u>For S\$1,500,000 5-year Term Loan:</u> 4.73% <u>For S\$2,850,000 Term Loan-Construction Loan:</u> 2.92%	S\$4,060,882	S\$4,033,249
United Overseas Bank Limited	Bank facility of S\$2,000,000, comprising of: <ul style="list-style-type: none"> • a S\$1,500,000 revolving credit facility; and • a S\$500,000 5-year term loan 	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$2,000,000	<u>For S\$1,500,000 revolving credit facility:</u> 2.44% <u>For S\$500,000 5-year term loan:</u> 2.44%	-	-

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Financial institution	Type of facility	Interested Person(s) who provided the guarantees	Amount of facilities guaranteed or secured	Interest rate per annum	Approximate amount outstanding as at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
United Overseas Bank Limited	Bank facility of S\$136,000	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$163,000	10.88%	S\$75,298	S\$163,000
United Overseas Bank Limited	Bank facility of S\$159,000	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$159,000	7.00%	S\$70,985	S\$159,000
United Overseas Bank Limited	Bank facility of S\$3,000,000	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$3,000,000	3.00%	S\$2,927,590	S\$3,000,000

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Financial institution	Type of facility	Interested Person(s) who provided the guarantees	Amount of facilities guaranteed or secured	Interest rate per annum	Approximate amount outstanding as at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
United Overseas Bank Limited	Premium financing loan of S\$401,773	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$401,773	1.28%	-	-
Abwin Private Limited	Hire purchase of vehicle registration number YP3247E	Shitthi Nabesathul Bathuria D/O Abdul Hamid	S\$68,000	3.69%	S\$46,162	S\$68,000
Oversea-Chinese Banking Corporation Limited	Hire purchase of excavator	Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan, a Proposed Executive Officer)	S\$124,200	4.18%	S\$80,018	S\$124,200
Oversea-Chinese Banking Corporation Limited	Hire purchase of excavator	Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan, a Proposed Executive Officer)	S\$108,000	4.18%	S\$69,583	S\$108,000

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Financial institution	Type of facility	Interested Person(s) who provided the guarantees	Amount of facilities guaranteed or secured	Interest rate per annum	Approximate amount outstanding as at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
Oversea-Chinese Banking Corporation Limited	Hire purchase of vehicle registration number XE4460T	Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan, a Proposed Executive Officer)	S\$175,800	4.61%	S\$90,021	S\$175,800
Oversea-Chinese Banking Corporation Limited	Hire purchase of vehicle registration number XE5257H	Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan, a Proposed Executive Officer)	S\$180,000	4.42%	S\$127,301	S\$180,000
Oversea-Chinese Banking Corporation Limited	Hire purchase of wood shredder	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal, both of whom are Proposed Executive Officers)	S\$187,063	3.37%	-	-
Maybank Singapore Limited	Hire purchase of vehicle registration number XE6357X	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan, a Proposed Executive Officer)	S\$272,000	6.66%	S\$264,389	S\$272,000

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Financial institution	Type of facility	Interested Person(s) who provided the guarantees	Amount of facilities guaranteed or secured	Interest rate per annum	Approximate amount outstanding as at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
Hong Leong Finance Limited	Hire purchase of vehicle registration number YP6530S	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan, a Proposed Executive Officer)	S\$74,000	4.05%	S\$17,288	S\$74,000
Hong Leong Finance Limited	Hire purchase of vehicle registration number XE2609X	Mohamed Gani Mohamed Ansari; Shitthi Nabesathul Bathuria D/O Abdul Hamid (also guaranteed by Sivakumar Martin S/O Sivanesan, a Proposed Executive Officer)	S\$170,360	3.54%	S\$30,416	S\$170,360

Note:

- (1) This term loan limited at S\$465,000 provided by Oversea-Chinese Banking Corporation Limited to the Target Company has been fully repaid in January 2021. Accordingly, the guarantees given by Mohamed Gani Mohamed Ansari, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal to Oversea-Chinese Banking Corporation Limited will no longer cover this term loan.

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As no fee, commission, interest or benefit-in-kind was paid by the Target Company to Mohamed Gani Mohamed Ansari or Shitthi Nabesathul Bathuria D/O Abdul Hamid for the provision of the above guarantees, the Proposed Directors are of the view that the guarantees were not provided on an arm's length basis and were not on normal commercial terms, but were nonetheless not prejudicial to the interests of the Enlarged Group and minority Shareholders.

As at the Latest Practicable Date, save as disclosed above, all of the above guarantees are still outstanding. Following Completion, the Target Company intends to request for the release and discharge of these personal guarantees by Mohamed Gani Mohamed Ansari and/or Shitthi Nabesathul Bathuria D/O Abdul Hamid and replace them with corporate guarantees provided by the Company, subject to the consent of the relevant financial institutions. The Target Company does not expect any material changes to other terms and conditions of the facilities granted by the respective financial institutions. In the event that any of these financial institutions does not agree to release Mohamed Gani Mohamed Ansari and/or Shitthi Nabesathul Bathuria D/O Abdul Hamid from the abovementioned guarantees and the Target Company is unable to secure alternative bank facilities on similar terms, Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/O Abdul Hamid will continue to provide the abovementioned guarantee, until such time when the Target Company is able to secure alternative facilities from other financial institutions. In such event, no fee, commission, interest or benefit-in-kind will be payable by the Enlarged Group to Mohamed Gani Mohamed Ansari and/or Shitthi Nabesathul Bathuria D/O Abdul Hamid for the provision of these guarantees.

Mohamed Gani Mohamed Ansari, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal had on 29 June 2021 entered into a deed of undertaking, guarantee and indemnity in favour of the Company, pursuant to which they:

- (i) irrevocably and unconditionally jointly and severally undertake to and with the Company that they shall procure the due and punctual performance by the Target Company of all its obligations under any financing arrangement in respect of any indebtedness of the Target Company that was incurred on or prior to the Completion Date;
- (ii) jointly and severally undertake to and with the Company that they shall use their best efforts to procure the replacement of the personal guarantees given by them with corporate guarantee(s) to be given by the Enlarged Group after the Completion, subject to the written consent of the applicable bank and/or financial institutions; and
- (iii) irrevocably and unconditionally acknowledge and agree that each of them will without any consideration whatsoever continue to provide his personal guarantee in favour of a bank or financial institution (as the case may be) for as long as the Enlarged Group requires, in the event that (i) such bank's or financial institution's written consent to replace a personal guarantee with a

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corporate guarantee is not obtained for any reason or (ii) any replacement of a personal guarantee is on terms and conditions that are less beneficial to the Enlarged Group.

The aforementioned deed shall be effective on the date of the Completion and shall continue in full force and effect for so long as: (i) the Company continues to be listed on the Official List of the SGX-ST; and (ii) the aggregate shareholding interest (direct and indirect) held by Mohamed Gani Mohamed Ansari, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal collectively is no less than 50.0% of the total issued share capital of the Company for the time being.

The Enlarged Group does not intend to enter into similar transactions after Completion.

17.4 Guidelines and Review Procedures for Future and Ongoing Interested Person Transactions

From time to time upon Completion, the Enlarged Group may enter into Interested Person Transactions with any one or more of the Interested Persons. Any material transactions between the Enlarged Group and the Interested Persons will be subject to the guidelines set out below. This is to ensure that all future Interested Person Transactions will be carried out on an arm's length basis and on normal commercial terms which will not be prejudicial to the interests of the Company and its minority Shareholders.

- (a) The Enlarged Group will maintain a register of Interested Persons and a register of Interested Person Transactions. The register of Interested Persons will be updated regularly and disclosed to the relevant personnel to enable identification of Interested Persons. The register of Interested Person Transactions will record the basis on which Interested Person Transactions are entered into, including the transaction prices and supporting evidence and quotations obtained to support such basis, and the approval or review by the Proposed New Audit Committee, Chief Financial Officer or any duly appointed Director as the case may be. The register of Interested Persons and register of Interested Person Transactions will be reviewed by the Proposed New Audit Committee (as defined in Section 18.5 of this Circular) at least on a half yearly basis.
- (b) In relation to any purchase of products or procurement of services from Interested Persons, quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two (2) comparative prices from the two (2) unrelated third parties. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration.

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- (c) In relation to any sale of products or provision of services to Interested Persons, the price and terms of two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The Interested Persons shall not be charged at rates lower than the lowest price of that charged to the unrelated third parties. In determining the most competitive price or fee, all pertinent factors, including but not limited to the requirements, specifications, volume, delivery time of services, industry norms, complexity, capacity availability and resources required for the provision of services to the Interested Person will be taken into consideration.
- (d) When renting properties from or to an Interested Person, the Enlarged Group shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary), including independent valuation report by property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries. Such transactions shall be subject to review by the Proposed New Audit Committee on a half-yearly basis.
- (e) Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with the Enlarged Group's usual business practices and policies, consistent with the usual margin given or price received by the Enlarged Group for the same or substantially similar type of transactions between the Enlarged Group and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.
- (f) For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between the Enlarged Group and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the Interested Person are no more favourable than those extended to unrelated parties.
- (g) Where the prevailing market rates or prices for the services are not available or cannot be practicably ascertained for whatever reason (for example, due to the nature of the services to be provided, or if meaningful comparisons cannot be practicably obtained for any commercial reasons), the Chief Financial Officer (or the equivalent of Chief Financial Officer), in consultation with the Chairman of the Proposed New Audit Committee and/or qualified personnel of the Company (excluding such Director who has an interest in the Interested Person Transaction under review or any business or personal connection with the relevant Interested Person) shall evaluate and weigh the benefits of, and

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rationale for, transacting with the relevant Interested Person. The evaluation will include considerations of the efficiencies and flexibilities derived by the Enlarged Group in transacting with the relevant Interested Person, compared with transacting with unrelated third parties, as well as the prevailing industry norms (including the reasonableness of the terms), to determine whether the relevant Interested Person Transaction is undertaken at an arm's length basis and on the Enlarged Group's usual business practices, commercial terms and/or pricing policies, and where applicable, consistent with the usual margin to be obtained by the Enlarged Group for the same or reasonably comparable type of contract or transaction with unrelated third parties.

- (h) In addition, the Enlarged Group shall monitor all Interested Person Transactions entered into by categorising the transactions as follows:
- (a) all Interested Person Transactions above S\$100,000 but below 3.0% of the latest audited NTA of the Enlarged Group (either individually or as part of a series or aggregated with other transactions involving the same Interested Person during the same financial year) shall be approved by the Chief Financial Officer prior to entry. The Chief Financial Officer shall be a person who has no interest, directly or indirectly, in the transaction; and
 - (b) for Interested Person Transactions where the value thereof amounts to 3.0% or more of the latest audited NTA of the Enlarged Group, the Enlarged Group shall obtain the approval of the Proposed New Audit Committee prior to entering into the transaction. Where a member of the Proposed New Audit Committee has an interest, directly or indirectly, in the transaction, he shall abstain from participating in the review of the transaction. In the event of an equality of votes pertaining to any Interested Person Transactions put forth to the Proposed New Audit Committee for approval, the Proposed New Audit Committee chairman shall have the casting vote. Should the casting vote be exercised, such circumstances leading to the exercise of the casting vote shall be properly minuted, including the steps taken to assess the objections of the dissenting Independent Director and attempts for consensus to be reached between the Independent Directors. Further, the dissenting view shall also be minuted.

Pursuant to Rule 905(4) of the Catalist Rules, in the event that the latest audited NTA of the Enlarged Group is negative, the Chief Financial Officer shall consult the Proposed New Audit Committee, or where required under Chapter 9 of the Catalist Rules, through its Sponsor consult the SGX-ST, on the appropriate benchmark to calculate the relevant thresholds above, which may be based on the Company's market capitalisation.

The Enlarged Group will prepare relevant information to assist the Proposed New Audit Committee in its review.

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Before any agreement or arrangement with an Interested Person that is not in the ordinary course of business of the Enlarged Group is transacted, prior approval must be obtained from the Proposed New Audit Committee. The Proposed New Audit Committee will review all Interested Person Transactions, if any, on a half-yearly basis to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above. It will take into account all relevant non-qualitative factors. In the event that a member of the Proposed New Audit Committee is interested in any Interested Person Transaction, he/she will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the Proposed New Audit Committee.

Disclosure will be made in the Enlarged Group's annual report of the aggregate value of Interested Person Transactions during the relevant financial year under review and in the subsequent annual reports for the subsequent financial years of the Enlarged Group.

Internal auditors will be appointed and their internal audit plan will incorporate a review of all the Interested Person Transactions. The internal audit report will be reviewed by the Proposed New Audit Committee to ascertain whether the guidelines and procedures established to monitor Interested Person Transactions have been complied with. The Proposed New Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Interested Person Transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice the interests of the Enlarged Group and Shareholders.

Further, if during these periodic reviews by the Proposed New Audit Committee, the Proposed New Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that Interested Person Transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to the interests of the Enlarged Group and Shareholders, the Proposed New Audit Committee will adopt such new guidelines and review procedures for future Interested Person Transactions as may be appropriate. The Proposed New Audit Committee may request for an independent financial adviser's opinion on such guidelines and procedures as it deems fit.

In addition, the Proposed New Audit Committee will include the review of Interested Person Transactions as part of the standard procedures while examining the adequacy of the internal controls of the Enlarged Group. The Proposed New Audit Committee will also review all Interested Person Transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with. The Enlarged Group will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2018.

The Enlarged Group will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future Interested Person Transactions, and if required under the

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Catalist Rules, the Companies Act or the SFA, it will seek independent Shareholders' approval for such transactions.

17.5 Potential Conflicts of Interest

In general, a conflict of interests arises when any of the Proposed Directors, Controlling Shareholders or their associates (upon Completion) is carrying on or has any interest, direct or indirect:

- (b) in any transaction to which the Target Company was or is to be a party of;
- (c) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of the Target Company; and
- (d) in any enterprise or company that is the Target Company's customer or supplier of goods and services.

A summary of the potential conflict of interests involving the Target Company has been set out below:

Potential conflict of interests in relation to Seven Green Recycling

Upon Completion, Mohamed Gani Mohamed Ansari will be the Executive Director and Chief Executive Officer of the Company. In addition, he will also be a Controlling Shareholder of the Company as he will be deemed interested in the 55,416,666 Consolidated Shares, representing approximately 49.12% of the Enlarged Share Capital, held by his spouse, Shitthi Nagesathul Bathuria D/O Abdul Hamid on Completion. Upon Completion, Shitthi Nagesathul Bathuria D/O Abdul Hamid will be one of the Proposed Executive Officers and the Controlling Shareholder of the Company as she will hold 55,416,666 Consolidated Shares, representing approximately 49.12% of the Enlarged Share Capital on Completion.

As at the Latest Practicable Date, Mohamed Gani Mohamed Ansari and Shitthi Nagesathul Bathuria D/O Abdul Hamid are non-executive directors and shareholders of Seven Green Recycling, a company incorporated in Malaysia on 4 March 2019 and is presently engaged in the business of wholesale of metal and non-metal waste and scrap and materials for recycling, within Malaysia. The shareholders of Seven Green Recycling comprise Mohamed Gani Mohamed Ansari (40%), Shitthi Nagesathul Bathuria D/o Abdul Hamid (30%), Dato Selvarajah A/L Govindasamy (10%), Datin P. Mageswari A/P Perumal (10%) and Shaseendran A/L Perumal (10%). Dato Selvarajah A/L Govindasamy, Datin P. Mageswari A/P Perumal and Shaseendran A/L Perumal are not related to Mohamed Gani Mohamed Ansari and/or Shitthi Nagesathul Bathuria D/o Abdul Hamid.

The Proposed Directors are of the view that the business of Seven Green Recycling is not in conflict with the Target Company's business due to the following reasons:

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- (a) No overlap of business regions

Although Seven Green Recycling operates a waste recycling business, it is presently engaged solely in the business of wholesale of metal and non-metal waste and scrap and materials for recycling, and its business activities are presently confined solely to Malaysia, where the Target Company does not have any business interests. As at the Latest Practicable Date, the Target Company has no intention to venture overseas into Malaysia.

- (b) Separate management teams

As Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/O Abdul Hamid are non-executive directors of Seven Green Recycling, they are not involved in the day-to-day operations of Seven Green Recycling, which is being managed by the other shareholders and partners of Seven Green Recycling in Malaysia. These shareholders and partners and their supporting team of employees have no involvement in the Target Company's operations or management.

Notwithstanding the above, the following undertaking has been obtained from Seven Green Recycling to protect the interest of the Enlarged Group and the minority Shareholders.

Pursuant to a deed of undertaking dated 10 January 2021, Seven Green Recycling has undertaken to the Company and the Target Company that:

- (i) it will not, and shall procure that its subsidiaries and associated companies (whether present or future) will not, carry on, be engaged in or be interested in any business that is directly or indirectly in competition with the Restricted Business (as defined below);
- (ii) it will not, and shall procure that its subsidiaries and associated companies (whether present or future), will not have any interest in or provide any financial assistance to any other person to carry on business or other activity that will directly or indirectly compete with the Restricted Business (as defined below);
- (iii) it will not, and shall procure that its subsidiaries and associated companies (whether present or future) shall not solicit, market to or entice away, whether directly or indirectly, from the Enlarged Group and/or the Target Company any business, customer or business associate; and
- (iv) it shall procure that the tyre, plastic and metals recycling business undertaken by it is only confined to Malaysia. For the avoidance of doubt, the deed of undertaking does not prohibit Seven Green Recycling from continuing the tyre, plastic and metals recycling business undertaken by it as at the date of the deed of undertaking in Malaysia in the event that the Enlarged Group subsequently expands into the business of plastic recycling in Malaysia.

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For the purposes of the deed of undertaking, "Restricted Business" means the business of provision of waste management and waste disposal services to industrial and commercial clients and particularly, in providing collection, transfer and disposal services to the shipping and cruise industries in Singapore, and such other business(es) of the Enlarged Group from time to time.

The aforesaid deed of undertaking provided by Seven Green Recycling shall be deemed to be effective immediately upon the completion of the Proposed Acquisition, and shall continue in full force and effect for the duration of the period for which (i) the shares of the Company remain listed on the Official List of the SGX-ST and (ii) the Enlarged Group engages in the Restricted Business. Once the Enlarged Group no longer engages in the Restricted Business and the Company is delisted from SGX, the non-compete undertaking shall cease to be in effect. Save for the foregoing, there are no termination clauses currently provided in the non-compete undertaking.

At present, the Target Company has no intention to invest and/or operate in geographical regions beyond Singapore.

Pursuant to their respective Service Agreements, each of Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/O Abdul Hamid has undertaken that, amongst others:

- (a) he/she shall not, during his/her employment and until one (1) year after the termination of his/her employment (the "**Termination Date**") for whatever reason, in Singapore and in any other geographical region which the Company and/or the Enlarged Group has operations, whether directly or indirectly:
 - (i) engage, be concerned or interested in any other business which in regard to any goods and services, is a supplier or customer of any Group Company, except as a representative or nominee of any Group Company or otherwise with the prior consent in writing of the Company;
 - (ii) either solely or jointly with or on behalf of any other person, firm or partnership, company corporation, association, organization or trust (in each case whether or not having a separate legal personality) be engaged or attempt to engage or interested in any capacity in any business in Singapore, and any other geographical region which the Company and/or the Enlarged Group has operations, which is similar to or in competition with the business of the Enlarged Group; or
 - (iii) cause or permit any person or company under their control or in which they have any beneficial interests to do any of the foregoing acts or things;
- (b) during his/her employment:
 - (i) he shall not have any interest, directly or indirectly, in, and/or provide

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- any assistance, financial, technical or otherwise, to any person, entity or corporation whose business is similar to or in competition with the business of the Enlarged Group, in Singapore and any other geographical region which the Company and/or the Enlarged Group has operations;
- (ii) he shall not be a director and/or hold an executive management position (including but not limited to board membership) in any entity or corporation whose business is similar to or in competition with the business of the Enlarged Group, in Singapore and any other geographical region which the Company and/or the Enlarged Group has operations;
 - (iii) he shall not utilise the resources or assets of the Enlarged Group for the benefit of, or otherwise assist, any person, entity or corporation carrying on any business or activity that is similar to or in competition with the business of the Enlarged Group;
 - (iv) he shall not use, divulge or communicate to any person, entity or corporation any important information related to the Enlarged Group's affairs, business, customers, suppliers or business associates; and
 - (v) if aware or made aware of any actual or potential conflicts of interest that may involve him, he shall use reasonable endeavours to disclose to the Audit Committee of the Company the extent of such actual or potential conflicts of interest. Following such disclosure, he and/or any of his associates (as defined in the Catalist Rules) shall abstain from participating in making decisions or voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until the Audit Committee has determined that no such conflict of interest exists.

18. CORPORATE GOVERNANCE

The Board and the Proposed New Board recognise the importance of corporate governance and the offering of high standards of accountability to the Shareholders, and will use best efforts to implement the good practices recommended in the CG Code. The Proposed New Board will continue to have three (3) committees, namely, the Audit Committee, the Remuneration Committee and the Nominating Committee.

Upon Completion, Mohamed Gani Mohamed Ansari will be appointed as the Executive Director and Chief Executive Officer. Sukhvinder Singh Chopra will be appointed as the Independent Chairman. Ong Kian Soon will be re-elected as the Non-Executive and Non-Independent Director, and Lee Teong Sang and Tito Shane Isaac will be re-elected as the Independent and Non-Executive Directors. Accordingly, upon Completion and assuming that Shareholders' approval for Lee Teong Sang and Tito Shane Isaac's independence is obtained, the Company will have five (5) Directors, of

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which one (1) is an executive director, one (1) is a non-executive director and three (3) are independent directors.

None of the Proposed Independent Directors, comprising Sukhvinder Singh Chopra, Lee Teong Sang and Tito Shane Isaac, has any existing business or professional relationship of a material nature with the Company, the Target Company, the current Directors, the Proposed Executive Director and/or the current and incoming Substantial Shareholders, save as disclosed in this Circular. None of the Proposed Independent Directors is related to any of the Directors, the Proposed Directors and/or the current and incoming Substantial Shareholders.

18.1 Board Practices

The Proposed New Board will have overall responsibility for the corporate governance of the Enlarged Group so as to protect and enhance long-term Shareholder value. It will set the overall strategy for the Enlarged Group and supervise executive management and monitor their performance. Apart from its statutory responsibilities, the Proposed New Board will be responsible for, amongst others:

- (i) providing entrepreneurial leadership, and setting strategic objectives for the Enlarged Group, which will include appropriate focus on value creation, innovation and sustainability;
- (ii) ensuring that the necessary resources are in place for the Enlarged Group to meet its strategic objectives;
- (iii) establishing and maintaining a sound risk management framework to effectively monitor and manage risks faced by the Enlarged Group, and to achieve an appropriate balance between risks and company performance;
- (iv) constructively challenging the management of the Company and reviewing its performance;
- (v) instilling an ethical corporate culture and ensuring that the Company's values, standards, policies and practices are consistent with the culture; and
- (vi) ensuring transparency and accountability to key stakeholder groups of the Enlarged Group.

The Proposed Directors will be appointed by the Shareholders at a general meeting, and an election of Directors will take place annually. One third (or the number nearest one third) of the Directors will be required to retire from office at each annual general meeting. Further, all the Directors will be required to retire from office at least once in every three (3) years. However, a retiring Director will be eligible for re-election at the meeting at which he retires. At any time or from time to time, Shareholders shall also have the power to remove a Director before the expiration of this period of office and appoint any person as a Director to fill the place of a Director so removed.

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18.2 Lee Teong Sang and Tito Shane Isaac as Proposed Independent Directors

Guideline 2.4 of the Code of Corporate Governance 2012, which continues to be applicable as at the date of this Circular, states that the independence of any director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

The SGX-ST has announced amendments to the Catalist Rules pursuant to which a person will not be regarded as independent if he has been a director for an aggregate period of more than nine (9) years (whether before or after listing), and his continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer. These amendments will apply only as from 1 January 2022 and do not apply to the Company as at the date of this Circular. Instead, the position under the Code of Corporate Governance 2012 as described in the immediately preceding paragraph continues to apply to the Company.

Lee Teong Sang and Tito Shane Isaac are existing Directors, and would become members of the Proposed New Board upon Completion. Lee Teong Sang was an independent director of the Company from 25 January 2000 to 27 March 2003, before being re-appointed as an independent director from 16 September 2004 to present. Tito Shane Isaac was appointed as an independent director of the Company from 30 August 2006 to present. As such, both Lee Teong Sang and Tito Shane Isaac have served on the Board for more than nine (9) years.

Notwithstanding the foregoing, the Nominating Committee to be constituted upon Completion (comprising Sukhvinder Singh Chopra, Lee Teong Sang, Tito Shane Isaac and Mohamed Gani Mohamed Ansari) (referred to in this Section 18 as the “**Proposed New Nominating Committee**”) and the Proposed New Board had after rigorous review, considered both Lee Teong Sang and Tito Shane Isaac to be independent based on the following reasons:

- (i) Lee Teong Sang and Tito Shane Isaac were appointed as and acted as Independent Directors at a time when the Company was carrying on a different business that was led by a different management, being Choo Tung Kheng as Managing Director. Choo Tung Kheng will be stepping down as Executive Director upon Completion.

The Proposed Acquisition will, upon Completion, result in the Company having a new business and new management. Upon Completion, Mohamed Gani Mohamed Ansari will be appointed as the Executive Director and Chief Executive Officer of the Company.

Apart from having been Non-Executive Directors of the Company under a

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different management:

- (a) none of Lee Teong Sang or Tito Shane Isaac had, or will after Completion have, any relationship with the Company, its related companies, its Substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company after Completion;
- (b) none of them is or was in the past three (3) financial years employed by the Company, Target Company or any of their respective related corporations;
- (c) none of their immediate family members is or was in the past three (3) financial years employed by the Company, Target Company or their respective related corporations and whose remuneration was or is determined by the Remuneration Committee;
- (d) none of them or any of their immediate family members, in the current or immediate past financial year, provided to or received from the Company, Target Company or any of their respective subsidiaries any significant payments (being, for this purpose, an amount in excess of S\$50,000 aggregated over any financial year) or material services;
- (e) none of them or any of their immediate family members, in the current or immediate past financial year, is or was a Substantial Shareholder, partner (with a stake of 5% or more), director or executive officer of any organization which has provided to or received from the Company, Target Company or any of their respective subsidiaries significant payments (being, for this purpose, an amount in excess of S\$200,000 aggregated over any financial year) or material services from the Company, Target Company or any of their respective subsidiaries; and
- (f) none of them is or has been directly associated with a Substantial Shareholder of the Company or the Target Company in the current or immediate past financial year.

In view of the foregoing, notwithstanding that Lee Teong Sang or Tito Shane Isaac have been Independent Directors for more than nine (9) years, the Proposed New Nominating Committee and the Proposed New Board believe that they are suitable to remain as Independent Directors upon Completion.

- (ii) Lee Teong Sang and Tito Shane Isaac have substantial business and commercial experience and substantial understanding of the role of, and experience in acting as, independent directors, having been appointed as independent directors of a number of SGX-ST listed companies over the years.

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Lee Teong Sang's current directorships in SGX-ST listed companies include New Wave Holdings Ltd. (independent director). Tito Shane Isaac's current directorships in SGX-ST listed companies include New Wave Holdings Ltd. (non-executive chairman and independent director) and Hiap Tong Corporation Ltd. (lead independent director).

In view of the foregoing, the Proposed New Nominating Committee and the Proposed New Board believe that they will be able to exercise independent judgement and demonstrate objectivity in their conduct and deliberations at Board and Board committee meetings.

Lee Teong Sang and Tito Shane Isaac have each abstained from participation in the deliberations on their independence and suitability to continue as Independent Directors of the Company.

In view of the reasons set forth above, the Target Company confirms that Lee Teong Sang and Tito Shane Isaac have complied with the independence requirements under the CG Code and the related practice guidance.

In accordance with Catalist Rule 406(3)(d)(iii) which will come into effect on 1 January 2022, each of Lee Teong Sang and Tito Shane Isaac's continued appointment as independent director shall be approved in separate resolutions by (a) all Shareholders; and (b) Shareholders, excluding the Directors and the chief executive officer of the Company, and associates of such Directors and chief executive officer (the "**2-Tier Vote**"). Such resolutions may remain in force until the earlier of the following: (1) the retirement or resignation of the director; or (2) the conclusion of the third annual general meeting of the Company following the passing of the resolutions.

In the event that Lee Teong Sang's independence is not passed at the 2-Tier Vote, Lee Teong Sang will not be re-elected as a director on the Proposed New Board. Similarly, in the event that Tito Shane Isaac's independence is not passed at the 2-Tier Vote, Tito Shane Isaac will not be re-elected as a director on the Proposed New Board.

Catalist Rule 406(3)(c) states that the listing applicant's board must have at least two (2) non-executive directors who are independent and free of any material business or financial connection with the listing applicant.

In the event that Lee Teong Sang is not re-elected as an independent director at the EGM, Catalist Rule 406(3)(c) is met with Sukhvinder Singh Chopra appointed as an independent director on the Proposed New Board and Tito Shane Isaac being re-elected as an independent director respectively. This is also the case if Tito Shane Isaac is not re-elected but Lee Teong Sang is re-elected as an independent director at the EGM.

However, if both Lee Teong Sang and Tito Shane Isaac are not re-elected as independent directors at the EGM and assuming Sukhvinder Singh Chopra is

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appointed as a director on the Proposed New Board, the Proposed New Board shall have only one (1) non-executive director who is independent and free of any material business or financial connection with the Company. Under such circumstances, assuming all other conditions precedent have been met, the Proposed Acquisition will not be completed until a new independent director is appointed by the Proposed New Board in any event before the long-stop date of the SPA.

18.3 Nominating Committee

The Proposed New Nominating Committee after Completion will comprise four (4) Directors, the majority of whom, including the Chairman of the Proposed New Nominating Committee, are independent. The Proposed New Nominating Committee will comprise Sukhvinder Singh Chopra, Lee Teong Sang, Tito Shane Isaac and Mohamed Gani Mohamed Ansari. The Chairman of the new Nominating Committee will be Tito Shane Isaac. The Proposed New Nominating Committee will be responsible for, *inter alia*, the following:

- (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman of the Proposed New Board, the CEO and key management personnel;
- (b) the process and criteria for evaluation of the performance of the Proposed New Board, its board committees and directors;
- (c) the review of training and professional development programmes for the Proposed New Board and its directors;
- (d) the appointment and re-nomination of directors (including alternate directors, if any) in accordance with the Company's constitution at each annual general meeting and having regard to the director's contribution and performance;
- (e) determining on an annual basis whether or not a director is independent;
- (f) in respect of a director who has multiple board representations on various companies, deciding whether or not such director is able to and has been adequately carrying out his duties as director, having regard to the competing time commitments that are faced when serving on multiple boards; and
- (g) reviewing and approving any new employment of related persons and the proposed terms of their employment.

The Proposed New Nominating Committee will decide how the Proposed New Board's performance is to be evaluated and will propose objective performance criteria, subject to the approval of the Proposed New Board, which addresses how the Proposed New Board has enhanced long-term Shareholders' value. The Proposed New Board will also implement a process to be carried out by the Proposed New Nominating Committee for assessing the effectiveness of the Proposed New Board as a whole and

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for assessing the contribution of each individual Director to the effectiveness of the Proposed New Board. Each member of the Proposed New Nominating Committee will not take part in determining his own re-nomination or independence and shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as a Director. In the event that any member of the Proposed New Nominating Committee has an interest in a matter being deliberated upon by the Proposed New Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

18.4 Remuneration Committee

The Remuneration Committee to be constituted upon Completion (referred to in this Section 18 as the “**Proposed New Remuneration Committee**”) will comprise three (3) Directors, all of whom, including the Chairman of the Proposed New Remuneration Committee, are independent. The Proposed New Remuneration Committee will comprise Sukhvinder Singh Chopra, Lee Teong Sang and Tito Shane Isaac. The Chairman of the Proposed New Remuneration Committee will be Sukhvinder Singh Chopra. The Proposed New Remuneration Committee will be responsible for, *inter alia*, the following:

- (a) to recommend to the Proposed New Board a framework of remuneration for the Directors and Executive Officers, and to determine specific remuneration packages for each Executive Director, CEO and Executive Officer, which should cover all aspects of remuneration, including but not limited to director’s fees, salaries, allowances, bonuses, options and benefits in kind;
- (b) in respect of service agreements (if any) for any Director or Executive Officer, to consider what compensation entitlements such Director or Executive Officer shall have in the event of early termination;
- (c) in respect of long-term incentive schemes (if any) including share schemes as may be implemented (such as the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan, if approved for adoption by Shareholders at the EGM), to consider whether any Director should be eligible for benefits under such long-term incentive schemes;
- (d) review the employment of any staff who is related to any Director or Substantial Shareholder and the proposed terms of their employment with the Enlarged Group; and
- (e) review, on an annual basis, the remuneration of any staff who is related to any Director or Substantial Shareholder.

Each member of the Proposed New Remuneration Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of the Proposed New Remuneration Committee in respect of matters in which he is interested.

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The recommendations of the Proposed New Remuneration Committee on remuneration of Directors, CEO and Executive Officers should be submitted for endorsement by the entire Proposed New Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind shall be covered by the Proposed New Remuneration Committee.

The remuneration of any staff who is related to any Director or Substantial Shareholder will be reviewed annually by the Proposed New Remuneration Committee to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses pay increases and/or promotions for these related staff will also be subject to the review and approval of the Proposed New Remuneration Committee. In addition, any new employment of related staff and the proposed terms of their employment will also be subject to the review and approval of the Proposed New Remuneration Committee. In the event that a member of the Proposed New Remuneration Committee is related to the staff under review, he or she will abstain from the review.

The remuneration paid to employees who are substantial shareholders or immediate family members of any Director, CEO or substantial shareholder will be disclosed in the annual report in the event such remuneration exceeds S\$100,000 for that financial year.

18.5 Audit Committee

The Audit Committee to be constituted upon Completion (referred to in this Section 18 as the "**Proposed New Audit Committee**") will comprise three (3) Directors, all of whom, including the Chairman of the Proposed New Audit Committee, are independent. The Proposed New Audit Committee will comprise Sukhvinder Singh Chopra, Lee Teong Sang and Tito Shane Isaac. The Chairman of the Proposed New Audit Committee will be Lee Teong Sang.

The Proposed New Audit Committee will assist the Proposed New Board in discharging its responsibility to safeguard the Enlarged Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Enlarged Group. The Proposed New Audit Committee shall meet, at a minimum, twice a year.

The Proposed New Audit Committee will provide a channel of communication between the Directors, the management and the external auditors on matters relating to audit.

The Audit Committee will, *inter alia*, perform the following functions:

- (a) review, with the help of the management, external and internal auditors, the adequacy and effectiveness of the Enlarged Group's internal control procedures addressing the financial, operational, compliance and information

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technology risks relating to the Enlarged Group's business;

- (b) review and discuss with the internal and external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations which has or is likely to have a material impact on the Enlarged Group's operating results or financial position, and the management's response, and at appropriate times, report the matter to the Proposed New Board and to the Sponsor;
- (c) review with the external auditor, the work plan, scope of work, the independence and objectivity of the external auditors, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits conducted by the Enlarged Group's internal and external auditors;
- (d) review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgments so as to ensure the integrity of the financial statements of the Enlarged Group and any announcements relating to the Enlarged Group's financial performance before submission to the Proposed New Board for approval;
- (e) review the half-yearly and annual financial statements and results announcements before submission to the Proposed New Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory or regulatory requirements;
- (f) make recommendations to the Proposed New Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- (g) review and report to the Proposed New Board at least annually the adequacy and effectiveness of the Enlarged Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties) and ensure that a clear reporting structure is in place between the Audit Committee and the internal auditors;
- (h) review the independence, effectiveness and adequacy of the Enlarged Group's internal audit function and ensure that a clear reporting structure is in place between the audit committee and the internal auditors;
- (i) review the system of internal controls and management of financial risks with the Enlarged Group's internal and external auditors;

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- (j) ensure co-ordination between the external and internal auditors and the management, and review the co-operation given by the Enlarged Group's management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary) and if necessary, appoint a suitable accounting firm as internal auditor for the Enlarged Group;
- (k) review the Enlarged Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (l) review and approve Interested Person Transactions and review procedures thereof, and transactions falling within the scope of Chapter 10 of the Catalist Rules;
- (m) review potential conflicts of interest if any, including reviewing and considering transactions in which there may be potential conflicts of interests between the Enlarged Group and interested persons and recommend whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Proposed New Board or voting on resolutions of the Proposed New Board or the Shareholders in relation to such transaction as well as to ensure that proper measures to mitigate such conflicts of interest have been put in place;
- (n) review the Enlarged Group's risk management framework, with a view to providing an independent oversight on the Enlarged Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;
- (o) review the assurance from the CEO and the Chief Financial Officer on the financial records and financial statements;
- (p) review policies and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, ensure that such policies and arrangements continue to be in place for independent investigation and appropriate follow-up, and ensure that the Enlarged Group publicly discloses, and clearly communicates, to employees the existence of a whistle-blowing policy and the procedures for raising such concerns;
- (q) investigate any matters within its terms of reference;
- (r) undertake such other reviews and projects as may be requested by the Proposed New Board and report to the Proposed New Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

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- (s) review and establish procedures for receipt, retention and treatment of complaints received by the Enlarged Group, including criminal offences involving the Enlarged Group or its employees, questionable accounting, auditing, business, safety or other matters that may impact negatively on the Enlarged Group and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up, and
- (t) undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, the Proposed New Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on the Enlarged Group's operating results and/or financial position. In the event that a member of the Proposed New Audit Committee is interested in any matter being considered by the Proposed New Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Following Completion, the business of the Enlarged Group will comprise wholly of the business of the Target Company, and thus the internal controls of the Company and the Target Company will be harmonised. Therefore, in preparation for the Proposed Acquisition, the Target Company has commissioned Nexia TS Risk Advisory Pte Ltd as internal auditor to conduct an internal control review of key business processes for identifying gaps within the internal controls framework and recommending controls improvement plans to the Target Company.

The Proposed New Audit Committee has held discussions with Loy Suan Choo, the proposed new Chief Financial Officer, the internal auditor, as well as BDO LLP, in relation to the Target Company's internal controls. The Proposed New Board has noted that no material internal control weakness had been raised by BDO LLP in the course of their audit of the Target Company's financial statements for FY2018, FY2019 and FY2020. The Proposed New Board also noted that the internal auditor has reviewed the implementation of the recommendations for observations raised in relation to the Target Company's internal control weaknesses and noted that management has implemented the recommendations as agreed. As such, based on the internal control review report, there was no material internal control weakness not addressed by the management of the Target Company relating to the Target Company's systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems that remained unresolved.

Currently, based on the internal controls established and maintained by the Enlarged Group, work performed by the internal and external auditors, and reviews performed by the Enlarged Group's management and the Proposed New Board, the Proposed New Board, with the concurrence of the Proposed New Audit Committee, is of the view that the internal controls of the Target Company, including the financial, operational, compliance and information technology controls and risks management systems, are

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adequate and effective.

The Proposed New Board notes that the system of internal controls and risk management systems provides reasonable, but not absolute, assurance that the Target Company will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Proposed New Board also notes that no system of internal controls and risk management systems can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

The Proposed New Audit Committee shall also commission an annual internal control audit to satisfy itself that the Enlarged Group's internal controls are robust and effective enough to mitigate the Enlarged Group's internal control weaknesses (if any). Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by the Proposed New Board, if applicable.

The Proposed New Audit Committee having (i) conducted an interview with Loy Suan Choo; (ii) considered the qualifications and past working experience of Loy Suan Choo (as described in Section 25.3 entitled "Proposed Executive Officers" of this Circular); (iii) observed his abilities, familiarity and diligence in relation to the financial matters and information of the Target Company; and (iv) noted the absence of negative feedback from the internal auditors and external auditors, is of the view that Loy Suan Choo is suitable for the position of Chief Financial Officer of the Enlarged Group.

After making all reasonable enquiries, and to the best of the knowledge and belief of the Proposed New Audit Committee, nothing has come to the attention of the members of the Proposed New Audit Committee to cause them to believe that Loy Suan Choo does not have the competence, character and integrity expected of a Chief Financial Officer of a listed issuer.

The Company has in place a whistle-blowing policy, which is administered by the Proposed New Audit Committee. The whistle-blowing policy provides employees with well-defined and accessible channels for reporting unlawful conduct, financial malpractice or dangers, or other similar matters to the Proposed New Audit Committee, and for appropriate follow-up action to be taken. The policy aims to encourage the reporting of such matters in good faith, with confidence on the part of employees making such reports, that they will be treated fairly and to the extent possible, be protected from possible reprisal or victimisation. Concerns about possible improprieties may be raised verbally or in writing by emailing such concerns to the Proposed New Audit Committee.

The Proposed New Audit Committee shall also commission an annual internal control audit to satisfy itself that the Enlarged Group's internal controls are robust and effective enough to mitigate the Enlarged Group's internal control weaknesses (if any). Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by the Proposed New Board, if applicable.

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Currently, based on the internal controls established and maintained by the Enlarged Group, work performed by the internal and external auditors, and reviews performed by the Enlarged Group's management and the Proposed New Board, the Proposed New Board, with the concurrence of the Proposed New Audit Committee, is of the view that the internal controls of the Target Company, including the financial, operational, compliance and information technology controls and risks management systems, are adequate and effective.

The Proposed New Board notes that the system of internal controls and risk management systems provides reasonable, but not absolute, assurance that the Target Company will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Proposed New Board also notes that no system of internal controls and risk management systems can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

18.6 Information Disclosure

Following the Completion, the Enlarged Group will continue to implement a policy of providing full disclosure of material corporate information in accordance with the Catalyst Rules, through announcements, press releases and shareholders' circulars as well as through the interim and annual financial results announcements.

19. CONSTITUTION

For the purposes of Part 11 (10(b) and 10(c)) of the Fifth Schedule to the SFR, a summary of the relevant provisions from the New Constitution is set out below:

19.1 Directors

(a) Ability of interested directors to vote

In general, a Director shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has directly or indirectly a personal material interest, and he shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase. Any Director who renders or performs extra or special services of any kind to the Company, or travels or resides abroad in connection with the conduct of any of the affairs of the Company, shall be entitled to receive such sum as the Directors may think fit for expenses, provided that such extra remuneration (in

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case of an executive Director) shall not be by way of commission on or a percentage of turnover and (in the case of a non-executive Director) shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover, or by any or all of those modes. The remuneration of a Chief Executive Officer, or persons holding equivalent positions, shall from time to time be fixed by the Directors and may, subject to the provisions of the New Constitution, be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors on behalf of the Company may pay a pension or other retirement, superannuation, death or disability benefits to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such pension or benefit. The Directors shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has any personal material interest, directly or indirectly. A Director shall also not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(c) Borrowing

Subject to the New Constitution and the applicable laws, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(d) Retirement age limit

There is no retirement age limit for Directors under the New Constitution.

(e) Shareholding qualification

There is no shareholding qualification for Directors in the New Constitution.

19.2 Share rights and restrictions

The Company currently has one (1) class of Shares, namely ordinary shares. Only persons who are registered on the Company's register of Shareholders and in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as the Shareholders.

(a) Dividends and distribution

The Company may, by ordinary resolution of the Shareholders, declare

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dividends at a general meeting, but the Company shall not pay dividends in excess of the amount recommended by the Board of Directors. The Company must pay all dividends out of its profits; however, the Company may capitalise any sum standing to the credit of any of its reserve accounts or other distributable reserve or any sum standing to the credit of the financial statements and apply it to pay dividends, if such dividends are satisfied by the issue of Shares to the Shareholders. All dividends are paid *pro rata* amongst the Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by the Company to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge the Company from any liability to that Shareholder in respect of that payment. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a Share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six (6) years from having been first payable shall be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled prior to the forfeiture. The Directors may retain any dividends or other moneys payable on or in respect of a Share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP seventy-two (72) hours before the general meeting. Except as otherwise provided in the New Constitution, two (2) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting.

Under the New Constitution, if required by the listing rules of any stock exchange upon which the Shares may be listed, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by such stock exchange). In this regard, as Catalist Rule 730A(2) prescribes that all resolutions at general meetings shall be voted by poll, all resolutions at general meetings of the Company shall be voted by poll for so long as the Shares are listed on the Catalist of the SGX-ST, unless such requirement is waived by the SGX-ST.

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Under the New Constitution, on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents (excluding Treasury Shares) and upon which all calls or other sums due thereon to the Company have been paid. A Shareholder who is not a relevant intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same general meeting. A Shareholder who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by it. In the case of an equality of vote, the chairman of the meeting shall be entitled to a casting vote.

19.3 Change in capital

Changes in the capital structure of the Company (for example, an increase, consolidation, cancellation, subdivision or conversion of its share capital) require Shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least fourteen (14) days' notice in writing. The notice must be given to each of the Shareholders who have supplied the Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, the Company is required to obtain the Shareholders' approval by way of a special resolution for any reduction of its share capital or other undistributable reserve, subject to the conditions prescribed by law.

19.4 Variation of rights of existing shares or classes of shares

Subject to the Companies Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of the New Constitution relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two (2) months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant regulation in the New Constitution does not impose more significant conditions than the Companies Act in this regard.

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19.5 Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by the New Constitution on the rights of foreign or non-resident shareholders to hold or exercise voting rights in respect of the shares of the Company.

20. MATERIAL LITIGATION

The Enlarged Group has not, as at the Latest Practicable Date, engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated, which may have or have had in the 12 months before the date of lodgement of this Circular, a material effect on its financial position or profitability, and the Directors, the Proposed Directors and the directors of the Target Company have no knowledge of any proceedings pending or threatened against the Enlarged Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of the Enlarged Group.

Mohamed Gani Mohamed Ansari, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal had on 29 June 2021 entered into a deed of undertaking, guarantee and indemnity in favour of the Company, pursuant to which they shall, *inter alia*, jointly and severally, at all times indemnify the Company and/or any company in the Enlarged Group against all reasonable costs, expenses, liabilities, damages, penalties, actions, proceedings and claims of whatever nature and howsoever arising if incurred or suffered by the Company and/or any company in the Enlarged Group as a direct result of or in connection with any act done or omission by the Target Company or any of them on behalf of the Target Company, or any matter concerning the affairs of the Target Company, that occurred on or prior to the Completion Date (the “**General Default Indemnity**”).

Without prejudice to the generality of the above, Mohamed Gani Mohamed Ansari, Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal shall, jointly and severally, at all times:

- (a) indemnify each of the Company and the affected company in the Enlarged Group (if any) in respect of all reasonable costs and expenses which any or all of them may incur;
- (b) indemnify each of the Company and the affected company in the Enlarged Group (if any) in respect of all reasonable liabilities, damages and penalties which any or all of them may suffer or incur, including without limitation, as a result of the Target Company’s breach of any applicable laws and regulations; and
- (c) indemnify each of the Company and the affected company in the Enlarged Group (if any) against all reasonable liabilities, damages and penalties, and

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reimburse each of the Company and the affected company in the Enlarged Group (if any) in full for all reasonable costs and expenses (on a full indemnity basis), incurred or suffered by any or all of them in disputing or defending or taking any other reasonable action in connection with any claim, action or other proceedings (whether civil or criminal, and whether or not judgment is given in favour of the Company and/or any company in the Enlarged Group), including in connection with any application made by any or all of them for relief under any applicable legislation, or in connection with any rights and remedies vested in any or all of them,

in connection with, amongst others, any act done or omission by the Target Company or any of Mohamed Gani Mohamed Ansari, Shitthi Nagesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal on behalf of the Target Company, or any matter concerning the affairs of the Target Company, that occurred on or prior to the Completion Date.

The indemnities given by Mohamed Gani Mohamed Ansari, Shitthi Nagesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal under the JTC Lease Indemnity (the details of which are set out in Section 7.8 entitled "Properties and Fixed Assets" of this Circular) shall be subject to the terms and conditions set out in the deed containing the JTC Lease Indemnity, and in the event of any conflict or inconsistency between the application of the JTC Lease Indemnity and the General Default Indemnity (the details of which are set out above), the provisions of the deed containing the JTC Lease Indemnity shall prevail insofar as the matter relates to the JTC Lease Indemnity. For the avoidance of doubt, Mohamed Gani Mohamed Ansari, Shitthi Nagesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal confirm and accept to be fully bound by the JTC Lease Indemnity and the General Default Indemnity.

The aforementioned deed containing the General Default Indemnity shall be effective on the date of the Completion and shall continue in full force and effect for so long as: (i) the Company continues to be listed on the Official List of the SGX-ST; and (ii) the aggregate shareholding interest (direct and indirect) held by Mohamed Gani Mohamed Ansari, Shitthi Nagesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan and Perumal S/O Gopal collectively is no less than 50.0% of the total issued share capital of the Company for the time being.

21. EXCHANGE CONTROL AND TAXATION

21.1 Exchange Control

There are no laws or regulations in Singapore that may affect (a) the repatriation of capital, including the availability of cash and cash equivalents for use by the Enlarged Group, and (b) the remittance of profits that may affect dividends, interest or other payments to the Shareholders.

21.2 Taxation

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The following is a discussion of certain tax matters relating to Singapore income tax, capital gains tax, stamp duty, estate duty and GST consequences in relation to the purchase, ownership and disposal of the Shares based on the current tax laws in Singapore. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of the Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase the Shares. It is also not intended to be and does not constitute legal or tax advice. The discussion below is based on the assumption that the Company is a tax resident in Singapore for Singapore income tax purposes. The laws, regulations and interpretations, may change at any time, and any change could be made on a retroactive basis. These laws and regulations are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts of Singapore will agree with the explanations or conclusions set out below or that changes in such laws and regulations will not occur.

Prospective investors should consult their tax advisers and/or legal advisers concerning the tax consequences of owning and disposing of the Shares. Neither the Company, the Directors, the Proposed Directors, the Target Company nor any other persons involved in this Circular accepts responsibility for any tax effects or liabilities resulting from the issuance and allotment, purchase, holding or disposal of the Shares.

INCOME TAX

Individual Taxpayers

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received by a Singapore tax resident individual is generally exempt from income tax in Singapore except for such income received through a partnership in Singapore. Certain Singapore-sourced investment income received or deemed received by individuals is also exempt from tax.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0.0% to 22.0%, after deductions of qualifying personal reliefs where applicable. While a non-Singapore tax resident individual is generally taxed at the rate of 22.0% except that Singapore employment income is taxed at a flat rate of 15.0% or at progressive resident rates, whichever yields a higher tax.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Corporate Taxpayers

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A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

Corporate taxpayers are subject to Singapore income tax on income accrued in or derived from Singapore and, subject to certain exceptions, on foreign-source income received or deemed to be received in Singapore from outside Singapore. Foreign-source income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met.

The corporate tax rate in Singapore is currently 17.0%. In addition, 75% of up to the first S\$10,000 of normal chargeable income, and 50.0% of up to the next S\$290,000 is exempt from corporate tax for each year of assessment (“YA”) prior to YA 2020. From YA 2020 onwards, 75.0% of up to the first S\$10,000 of normal chargeable income, and 50.0% of up to the next S\$190,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17.0%. For the YA2019 and YA2020, companies will be granted a 20.0% corporate tax rebate capped at S\$10,000 for YA2019 and a 25.0% corporate tax rebate capped at S\$15,000 for YA2020.

Dividend Distributions

Singapore adopts the One-Tier Corporate Taxation System (“**One-Tier System**”). Under the One-Tier System, the tax collected from corporate profits is a final tax. Distributable profits of the company resident in Singapore can be distributed to the shareholders as tax exempt (One-Tier) dividends. Such dividends are tax exempt in the hands of the shareholders.

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective home countries/countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

CAPITAL GAINS TAX

There is no tax on capital gains in Singapore.

Thus, any gains derived from the disposal of the Shares acquired for long-term investment will not be taxable in Singapore.

On the other hand, where the taxpayer is deemed by the Inland Revenue Authority of Singapore (“**IRAS**”) to be carrying on a trade or business of dealing in shares in Singapore, gains from disposal of shares are of an income nature (rather than capital gains) and thus subject to Singapore income tax.

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Subject to certain conditions being met, gains derived from the disposal of ordinary shares by companies, during the period 1 June 2012 to 31 December 2027 (both dates inclusive) will not be subjected to Singapore tax, if the divesting company holds a minimum shareholding of 20.0% of the ordinary shares in the company whose shares are being disposed for a minimum period of 24 months immediately before the disposal. Other than the above, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and subject to tax especially if they arise from activities which the IRAS regards as the carrying on of a trade in Singapore.

In addition, Shareholders who adopt the Singapore Financial Reporting Standard 109 (FRS 109) or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) (SFRS(I) 9) (as the case may be) for accounting purposes for financial periods beginning on or after 1 January 2018, may for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses of a capital nature) on the Shares, irrespective of an actual disposal, in accordance with FRS 109 or SFRS(I)9 (as the case may be). Shareholders who may be subject to such tax adjustments/treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their purchase, holding and disposal of our Shares.

Foreign sellers are advised to consult their own tax advisers to take into account the applicable tax laws of their respective home countries or countries of residence as well as the provisions of any applicable double taxation agreement.

STAMP DUTY

No stamp duty is payable on the subscription and issuance of the Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of 0.20% of the consideration for, or market value of the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty will be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of the Shares through the CDP system.

ESTATE DUTY

Singapore estate duty has been abolished with effect from 15 February 2008.

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GOODS AND SERVICES TAX (“GST”)

The sale of the Shares by a GST-registered investor belonging in Singapore to another person belonging in Singapore is an exempt supply and would not be subject to GST. Any GST incurred by the GST-registered investor in respect of such exempt supplies is not recoverable from the Comptroller of GST, Singapore.

Where the Shares are sold by a GST-registered investor to a person belonging to a country other than Singapore, the sale is a zero-rated supply (i.e. subject to GST at zero rate). Any GST incurred by a GST-registered investor in making a zero-rated supply may be recoverable as input GST from the Comptroller of GST, Singapore, subject to the conditions.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase, sale or holding of the Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered contractually to an investor belonging outside Singapore should qualify for zero-rating (i.e. subject to GST at zero rate) provided that the investor is not physically present in Singapore at the time the services are performed and the services do not directly benefit a person who belongs in Singapore.

Shareholders and investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with purchase and sale of the Shares.

Shareholders, whether or not domiciled in Singapore, should consult their own tax advisers regarding the Singapore tax consequences of their acquisition, ownership and/or disposal of the Shares.

22. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION

Asian Corporate Advisors Pte Ltd has been appointed as the IFA to advise the Unaffected Directors on the Proposed Whitewash Resolution.

The letter from the IFA to the Unaffected Directors in relation to the Proposed Whitewash Resolution, containing its advice in full, is reproduced and set out in **Appendix B** to this Circular. **Shareholders are advised to read and consider carefully, the advice of the IFA in its entirety, and the recommendation of the Unaffected Directors on the Proposed Whitewash Resolution.**

Having regard to the analysis and considerations set forth in the IFA Letter to the Unaffected Directors as set out in Appendix B to this Circular (including its limitation and constraints such as, *inter alia*, absence of the valuation of the Target Company’s assets and liabilities) and after having considered carefully the information available to them and based on market, economic and other

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relevant conditions prevailing as at the Latest Practicable Date, and subject to their terms and reference and confirmations and representations from the Directors and/or the Target Company, the IFA is of the opinion that, the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution is, FAIR and REASONABLE.

Accordingly, the IFA has advised the Unaffected Directors to recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution.

23. PROPOSED SHARE CONSOLIDATION

23.1 Rationale and Details of the Proposed Share Consolidation

Under Rule 1015(3)(c) of the Catalist Rules, in relation to a reverse takeover, the issue price of each Share after adjusting for any share consolidation must not be lower than S\$0.20.

The SPA provides for the Consideration Shares to be allotted and issued at the pre-consolidation issue price of S\$0.006 for each Consideration Share in satisfaction of the Consideration.

To comply with the minimum issue price requirement under Rule 1015(3)(c), the Company proposes to undertake the Proposed Share Consolidation prior to Completion. Pursuant to the Proposed Share Consolidation, the Company will consolidate every 40 Shares, as at the Consolidation Record Date, into one (1) Consolidated Share. Accordingly, after the Consolidation Record Date, every 40 Shares will be consolidated to constitute one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their shareholdings as at the Consolidation Record Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded.

Fractions of a Consolidated Share arising from the Proposed Share Consolidation may be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. This may include aggregating and selling the same and retaining the net proceeds for the benefit of the Company and/or purchasing of any or all of the fractional Consolidated Shares and retaining the net proceeds of the share purchase for the benefit of the Company.

For illustrative purposes, if a Shareholder holds 4,000 Shares as at the Consolidation Record Date, following the Proposed Share Consolidation and rounding down to the nearest whole Consolidated Share and disregarding any fractions of Consolidated Shares arising from the Proposed Share Consolidation, the Shareholder will be entitled to 100 Consolidated Shares.

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Shareholders are reminded to check their respective shareholdings in the Company after the Consolidation Record Date before trading.

Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$24,764,175 comprising 1,229,226,124 Shares. Following the completion of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S\$24,764,175 comprising 30,730,652 Consolidated Shares (after disregarding allotment of fractional Consolidated Share to Choo Tung Kheng), fractional Consolidated Shares being disregarded.

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the equity of the Company.

Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. Subject to approval of Shareholders being obtained for the Proposed Share Consolidation at the EGM, the number of Consolidated Shares held by Shareholders arising from the Proposed Share Consolidation will be ascertained on the Consolidation Record Date.

Shareholders who hold less than 40 existing Shares as at the Record Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional existing Shares so as to increase the number of existing Shares held to a multiple of 40 existing Shares prior to the Consolidation Record Date.

Shareholders should note that the Proposed Share Consolidation may not result in the desired outcome in terms of the price of the Shares post-consolidation, that is, the price of the Shares may not increase in proportion to the share consolidation ratio following the completion of the Proposed Share Consolidation.

23.2 Conditions precedent to the Proposed Share Consolidation

Shareholders should note that the implementation of the Proposed Share Consolidation is subject to Shareholders' approval for the Proposed Share Consolidation at the EGM. Shareholders should also note that under the SPA, the approval of Shareholders for the Proposed Share Consolidation is one of the Conditions Precedent. If Shareholders' approval for the Proposed Share Consolidation is not obtained, the Proposed Acquisition will not proceed to Completion. Shareholders should refer to Section 2.12 entitled "Inter-conditionality of Resolutions" of this Circular on the inter-conditionality and/or conditionality of the resolutions contained in this Circular.

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Subject to Shareholders' approval being obtained for, among other things, the Proposed Share Consolidation at the EGM, and the approval from the SGX-ST for the listing of and quotation for the Consolidated Shares on the Catalist being received, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be determined on the Consolidation Record Date. The Company will in due course make an announcement to notify Shareholders of the Consolidation Record Date and the date on which the Consolidated Shares will commence trading on the SGX-ST in board lots of 100 Consolidated Shares (the "**Effective Trading Date**").

23.3 Administrative procedures

23.3.1 Updating of Register of Members and Depository Register

After Shareholders' approval has been obtained for the Proposed Share Consolidation at the EGM, Shareholders' entitlements to the Consolidated Shares will be determined on the Consolidation Record Date, whereupon the Register of Members and the depository register will be updated to reflect the number of Consolidated Shares held by Shareholders based on their shareholdings in the Company as at the Consolidation Record Date.

23.3.2 Deposit of Old Share Certificates with CDP

Shareholders who hold old physical share certificates for the existing Shares ("**Old Share Certificates**") in their own names and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than 12 Market Days before the Consolidation Record Date.

After the Consolidation Record Date, CDP will only accept for deposit share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their New Share Certificates with CDP after the Consolidation Record Date must first deliver their Old Share Certificates to the Share Registrar and Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, for cancellation and issue of New Share Certificates in replacement thereof as described below.

23.3.3 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Consolidation Record Date need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who

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do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Company's Share Registrar and Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, as soon as possible after they have been notified of the Consolidation Record Date and no later than five (5) Market Days after the Consolidation Record Date for cancellation and exchange for New Share Certificates. New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within ten (10) Market Days from the Consolidation Record Date or the date of receipt of the Old Share Certificates, whichever is the later.

Shareholders are to deliver their respective Old Share Certificates to the Company's Share Registrar and Share Transfer Agent or CDP only after the announcement of the Consolidation Record Date by the Company. No receipt will be issued by the Company's Share Registrar and Share Transfer Agent for the receipt of the Old Share Certificates tendered.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have been tendered to the Company's Share Registrar and Share Transfer Agent for cancellation.

Please notify the Company's Share Registrar and Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, if you have lost any of your Old Share Certificates or if there is any change in your address from that reflected in the Register of Members of the Company.

23.3.4 Share certificates not valid for settlement of trades on the SGX-ST

Shareholders who hold physical share certificates are reminded that their Old Share Certificates will not be valid for settlement of trading in the new Consolidated Shares on the SGX-ST (as the Company is under a book-entry (scripless) settlement system) but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Company's Share Registrar and Share Transfer Agent. Notwithstanding the above, the New Share Certificates will not be valid for delivery for trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

23.3.5 Trading arrangements for the Consolidated Shares and for odd lots

Subject to Shareholders' approval for the Proposed Share Consolidation being obtained at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Consolidated Shares will be in board lots of 100 Consolidated Shares.

Accordingly, 40 existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date.

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Trading in the existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of depositors may be credited with odd lots of Consolidated Shares (i.e. lots other than board lots of 100 Consolidated Shares). Depositors who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded on the unit share market which, following the Proposed Share Consolidation, would allow trading in odd lots with a minimum size of one (1) Consolidated Share. The SGX-ST's unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying Consolidated Shares in the ready market. However, Shareholders should note that the market for trading of such odd lots of Consolidated Shares may be illiquid and they may have to bear disproportionate transaction costs in trading their shares in the unit share market.

23.4 Consolidation Record Date and Effective Trading Date

The announcement on the Consolidation Record Date and the Effective Trading Date in respect of the Proposed Share Consolidation will be made by the Company in due course, after consultation with the Financial Adviser and Sponsor for compliance with the relevant Catalist Rules. Please refer to the section entitled "Indicative Timetable" of this Circular for further details.

24. PROPOSED WHITEWASH RESOLUTION

24.1 Mandatory general offer requirement under the Take-over Code

As at the Latest Practicable Date, the Vendors and their concert parties do not hold any Shares or instruments convertible into, rights to subscribe for the options in respect of Shares. Upon the issuance and allotment of the Consideration Shares and following Completion, the Vendors will hold in aggregate 3,166,666,667 Shares (on a pre-consolidation basis) or 79,166,665 Shares (on a post-consolidation basis), representing approximately 70.17% of the Enlarged Share Capital. Please also refer to Section 13.5 entitled "Changes in Shareholding Structure" of this Circular for more details on the changes in shareholdings arising from the Proposed Transactions.

Under Rule 14 of the Take-over Code and Section 139 of the SFA, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must extend offers immediately to

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the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

Accordingly, pursuant to Rule 14 of the Take-over Code and Section 139 of the SFA, the Vendors and their concert parties would be required to make a mandatory general offer for all the remaining Shares in issue not already owned, controlled or agreed to be acquired by them following Completion. It is a condition precedent to the Proposed Acquisition that the SIC grants the Vendors and their concert parties, and does not revoke or repeal such grant, a waiver of its obligation to make a mandatory general offer under Rule 14 of the Take-over Code and that the Shareholders approve at a general meeting of the Company the Proposed Whitewash Resolution for the waiver of the rights of the Independent Shareholders of the Company to receive a mandatory general offer from the Vendors, at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months, for all the Shares not already owned by the Vendors and their concert parties.

24.2 Conditional waiver of the mandatory general offer requirement by SIC

The Vendors and the Company have sought the following rulings and/or confirmations from the SIC:

- (a) the Vendors and parties acting in concert with them will not be required to make a mandatory general offer for shares in the capital of the Company, following Completion, arising from the issuance of the Consideration Shares to the Vendors and/or parties acting in concert with them; and
- (b) that the Vendors and parties acting in concert with them will not be treated as parties acting in concert with Choo Tung Kheng in relation to the Proposed Acquisition, Whitewash Resolution and the Consideration Shares to be issued pursuant thereto, and that Choo Tung Kheng will be regarded as independent of the Vendors and parties acting in concert with them, by virtue of the Undertaking Shareholder's Undertaking.

SIC had on 17 November 2020 granted the Vendors a waiver of the requirement to make a mandatory general offer, subject to certain conditions. Subsequently, an application had been made to the SIC to seek an extension of time to meet one of the conditions specified by SIC in its grant of the aforesaid waiver. Please refer to the Company's SGXNET announcement dated 16 February 2021 for further details on the reasons for seeking the extension of time. Such extension of time application had since been withdrawn on 21 April 2021.

A fresh application seeking the Whitewash Waiver had been made to the SIC on 21 April 2021. SIC had on 16 June 2021 waived the obligation for the Vendors to make a general offer under Rule 14 of the Take-over Code in the event that the Vendors and their concert parties acquire more than 30% of the total voting rights of the Company based on its Enlarged Share Capital as a result of issuance and allotment of the

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Consideration Shares to the Vendors, subject to the following conditions:

- (i) a majority of holders of voting rights of the Company approving at a general meeting, before the issue of the Consideration Shares, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Vendors;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) the Vendors and their concert parties abstain from voting on the Proposed Whitewash Resolution;
- (iv) the Vendors and their concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):
 - (A) during the period between the announcement of the Proposed Acquisition and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution, and
 - (B) in the six (6) months prior to the announcement of the Proposed Acquisition but subsequent to negotiations, discussions or the reaching of understandings or agreements with the CPH Board in relation to the Proposed Acquisition;
- (v) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (vi) the Company sets out clearly in this Circular:
 - (A) details of the Proposed Acquisition including the Undertaking Shareholder's Undertaking;
 - (B) the dilution effect to existing Shareholders of the issue of the Consideration Shares to the Vendors;
 - (C) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Vendors and their concert parties as at the Latest Practicable Date;
 - (D) the number and percentage of voting rights to be issued to the Vendors upon the acquisition of the Consideration Shares;
 - (E) specific and prominent reference to the fact that the acquisition of the Consideration Shares could result in the Vendors and their concert

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parties holding shares carrying over 49% of the voting rights of the Company and to the fact that the Vendors and their concert parties will be free to acquire further shares without incurring any obligation under Rule 14 to make a general offer; and

- (F) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Vendors at the highest price paid by the Vendors and their concert parties for the Shares in the past six (6) months preceding the commencement of the offer;
- (vii) this Circular states that the waiver granted by SIC to the Vendors and their concert parties from the requirement to make a general offer under Rule 14 of the Take-over Code is subject to the conditions stated at (i) to (vi) above;
- (viii) the Company obtains SIC's approval in advance for those parts of this Circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, the approval of the Proposed Whitewash Resolution must be obtained within three (3) months of SIC's letter dated 16 June 2021 and the subscription of the Consideration Shares by the Vendors must be completed within three (3) months of approval of the Proposed Whitewash Resolution.

SIC had also ruled that Choo Tung Kheng will not be regarded as a concert party of or not independent of the Vendors and their concert parties with respect to the Proposed Whitewash Resolution by virtue of the Undertaking Shareholder's Undertaking.

As at the Latest Practicable Date, all the above conditions imposed by the SIC (save and except for the condition requiring approval of the majority of holders of voting rights of the Company present and voting at a general meeting of the Proposed Whitewash Resolution) have been satisfied.

24.3 Proposed Whitewash Resolution

Shareholders are requested to vote on a poll, the Proposed Whitewash Resolution, waiving their rights to receive a general offer from the Vendors and their concert parties for the Company under Rule 14 of the Take-over Code arising from the issuance and allotment of the Consideration Shares to the Vendors and their concert parties pursuant to the Proposed Acquisition.

Independent Shareholders should note that:

- (a) **their approval of the Proposed Whitewash Resolution is a condition precedent to Completion pursuant to the terms of the SPA. If Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place;**

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- (b) by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer from the Vendors and their concert parties, which the Vendors and their concert parties would otherwise be obliged to make at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months preceding the commencement of the offer, in accordance with Rule 14 of the Take-over Code and Section 139 of the SFA; and
- (c) the acquisition of the Consideration Shares by the Vendors would result in the Vendors and their concert parties holding Shares carrying more than 49.0% of the voting rights of the Company and the Vendors and their concert parties will thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Take-over Code to make a general offer.

24.4 Advice of the IFA

In connection with one of the conditions imposed by the SIC for granting the Whitewash Waiver, ACA has been appointed as the IFA to the Unaffected Directors in relation to the Proposed Whitewash Resolution.

A summary of the advice of the IFA is set out in the Section 22 entitled “Advice of the Independent Financial Adviser in respect of the Proposed Whitewash Resolution” of this Circular.

The letter from the IFA to the Unaffected Directors containing their advice is set out in **Appendix B** to this Circular.

The recommendations of the Unaffected Directors to the Independent Shareholders in relation to the Proposed Whitewash Resolution are set out in the Section 36 entitled “Directors’ Recommendations” of this Circular.

The Proposed Whitewash Resolution, as set out in Ordinary Resolution 6 in the Notice of EGM, is one of the Key Resolutions to be voted upon at the EGM whereby if any of the Key Resolutions are not approved, the other Key Resolutions will not be duly passed.

25. PROPOSED DIRECTORS AND EXECUTIVE OFFICERS OF THE ENLARGED GROUP

25.1 Proposed Directors

Pursuant to the SPA, the Vendors shall be entitled to nominate new directors to the Board as cleared by the Sponsor, subject always to compliance with the requirements of the Catalist Rules and the SGX-ST (if any). On Completion, Choo Tung Kheng will step down as a Director of the Board in accordance with the terms of the SPA. Ong

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Kian Soon, Lee Teong Sang and Tito Shane Isaac, who are existing Directors, are proposed to be re-elected to the Proposed New Board upon Completion. Sukhvinder Singh Chopra and Mohamed Gani Mohamed Ansari are proposed to be appointed to the New Board upon Completion.

The following Proposed Directors will be entrusted with the responsibility for the overall management and direction of the Enlarged Group and their particulars are set out below:

Name	Age	Address	Proposed Position in the Enlarged Group
Sukhvinder Singh Chopra	60	c/o 27 Kian Teck Drive, Singapore 628844	Independent and Non-Executive Chairman
Mohamed Gani Mohamed Ansari	63	c/o 27 Kian Teck Drive, Singapore 628844	Executive Director and Chief Executive Officer
Ong Kian Soon	66	c/o 27 Kian Teck Drive, Singapore 628844	Non-Executive and Non-Independent Director
Lee Teong Sang	62	c/o 27 Kian Teck Drive, Singapore 628844	Independent and Non-Executive Director
Tito Shane Isaac	50	c/o 27 Kian Teck Drive, Singapore 628844	Independent and Non-Executive Director

25.2 Material Background Information on the Proposed Directors

Information on the business and working experience, educational and professional qualifications, if any, and areas of responsibilities of the Proposed Directors are set out below:

Sukhvinder Singh Chopra is proposed to be appointed as Independent and Non-Executive Chairman of the Company upon Completion. As Chairman of the Proposed New Board, Mr. Chopra's responsibilities include: (a) promoting a culture of openness and debate at the Board; (b) facilitating the effective contribution of all directors; and (c) promoting high standards of corporate governance. Mr. Chopra will also ensure effective communication with shareholders and other stakeholders, as well as within the Proposed New Board, and between the Proposed New Board and management, in particular, between the Proposed New Board and the CEO.

Mr. Chopra had been a director of the Target Company from 1 November 2011 to 10

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December 2012. As non-executive director, he led the feasibility study on setting up a food waste treatment facility for the Target Company then. However, these plans did not materialise and Mr. Chopra subsequently resigned as a director of the Target Company. For the avoidance of doubt, no remuneration or benefits-in-kind were received by Mr. Chopra for the period of his directorship with the Target Company then.

Mr. Chopra's career highlights are as follows: From October 2020 to present, as an executive director in SGVector Pte. Ltd., his primary responsibilities include securing private investments and obtaining grants from the Economic Development Board to subsequently establish a certified facility for the manufacture of clinical grade viral vectors in Singapore. From July 2020 to present, Mr. Chopra is the board chairman and non-executive director of TSC Global Limited, a management consulting company incorporated in New Zealand.

Presently, Mr. Chopra is also a senior advisor at Civica Pte. Ltd. having been appointed since October 2018, where he assists the company in possible mergers and acquisitions opportunities. Prior to this, Mr. Chopra was the managing director of Civica Pte. Ltd. from December 2014 to September 2018, and an executive director from April 2015 to September 2018. As managing director of Civica Pte. Ltd., his scope of responsibilities included being responsible for the business in Singapore and the region, driving its business development, tender bid submissions, operations, accounts management, and overseeing finance and human resources.

From August 2013 to present, Mr. Chopra is a non-executive director at Solutions to End Poverty (STEP) Ltd., and with the chairman, board and volunteers, STEP works on various initiatives to help the underprivileged or marginalized.

From January 2007, Mr. Chopra was the Director of Administration at the Lee Kuan Yew School of Public Policy, National University of Singapore (NUS) till December 2011. As the director, he was a member of the leadership team and responsible for, amongst others, human resource, finance, donor relations and corporate communications. From January 2012, for three years, he was also Senior Advisor to NUS' Development Office helping them in their fundraising efforts and from January 2012, till date, he is an adjunct trainer with LKY School on leadership, change management, human resources and procurement.

From December 1978 to December 2006, Mr. Chopra worked at the Singapore Armed Forces (SAF), where he was a Colonel before he left his employment with SAF. He held various operational command and staff appointments.

Mr. Chopra graduated from the University of Tasmania with a Master of Business Administration degree in March 1997. He later graduated from the Civil Service College with a Graduate Diploma in Change Management in May 2005. In July 2008, Mr. Chopra graduated from the University of Lancaster with a Postgraduate Certificate in Executive Coaching. Mr. Chopra has also attended numerous short courses, highlights being an executive programme in international management conducted by the Stanford University (Graduate School of Business) and NUS (School of Business), and a senior

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management programme conducted by NUS (School of Business). He is also a graduate of the Singapore Command and Staff College (1995).

Mr. Chopra is an award recipient of Singapore National Day Awards (2006) - The Public Administration Medal (Bronze, Military), awarded by the President of Singapore. He is also the recipient of service awards for years of dedicated grassroots work through the People's Association.

Mohamed Gani Mohamed Ansari is proposed to be the Executive Director and Chief Executive Officer of the Company upon Completion. He will be responsible for all day-to-day management decisions, as well as charting the direction for the Enlarged Group's short- and long-term plans and seeing to the implementation of such plans. As Executive Director and Chief Executive Officer, he will also be responsible for, amongst others, branding and market positioning, sourcing joint venture and mergers and acquisitions opportunities, tender and costing, negotiating loans and investments, and being involved in corporate exercises of the Enlarged Group as and when appropriate.

Mr. Ansari has over 28 years of relevant experience in the recycling, waste management and disposal industry. In particular, Mr. Ansari had been a director of the Target Company from September 2002 to December 2015, and re-appointed as a director of the Target Company since March 2019. Notwithstanding the break in directorship in the Target Company between December 2015 and March 2019, Mr. Ansari continued to remain as an advisor to the Target Company in its operations during that period. Specifically, he played a crucial role in, amongst others, (i) advising the Target Company on the acquisition and subsequent operation of the Kian Teck Facility; (ii) the participation by the Target Company in the tender for the Tuas Land and the preparation of the business plan for the Tuas Facility for submission to the relevant regulatory authorities; (iii) the appointment of the builder for the construction of the Tuas Facility; and (iv) advising and assisting the Target Company in securing the funding necessary for the Kian Teck Facility and Tuas Facility. Over his years of working in the Target Company, Mr. Ansari has been instrumental to the growth of the Target Company, and has been involved in many aspects of the Target Company's business, ranging from business strategy to market positioning and branding.

From April 2016 to July 2017, Mr. Ansari was a director of SPMR Surface Engineering Pte Ltd (now known as Aerospace Advance Tech Pte. Ltd.), where he was responsible for business development.

From March 2008 March 2010, Mr. Ansari was the Head of Group Business Development in Enviro-Hub Holdings Ltd, a company presently listed on the Mainboard of the SGX-ST. Enviro-Hub Holdings Ltd is engaged in the business of trading, recycling and refining of e-waste/metals, piling contracts, construction, rental and servicing of machinery, property investments and management, as well as plastics to fuel refining. As the Head of Group Business Development then, he was involved in business strategy and development, waste management and resource recovery and expansion of the global network. Mr. Ansari was appointed as an executive director of

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Enviro-Hub Holdings Ltd from April 2010 to October 2012, and was responsible for, amongst others, business strategy and development, branding and market positioning, joint ventures, mergers and acquisitions, tender process, budget and cost control. During his time with the Enviro-Hub group of companies, he was also a director of several of Enviro-Hub Holdings Ltd's subsidiaries. From February 2004 to December 2012, Mr. Ansari was a founding member and director of Cimelia Resource Recovery Pte Ltd, and was primarily involved with raw material procurement (including e-waste), precious metal trading, sales, marketing and business development, and mergers and acquisitions (when Cimelia Resource Recovery Pte Ltd was bought over by Enviro-Hub group of companies around 2007 to 2008).

Mr. Ansari was with Citiraya Industries Ltd., a company listed on the Mainboard of the SGX-ST then, from June 1997 to February 2004. In particular, Mr. Ansari was Head of Procurement in Citiraya Industries Ltd. from June 1997 to May 1998, after which he was promoted to Marketing Manager from May 1998 to March 2003, where he was responsible for all local purchases, as well as assisting the Director for Marketing then, for the purchase of material from Europe, India, Saudi Arabia, Australia and South Africa. During his employment with Citiraya Industries Ltd., Mr. Ansari had represented Citiraya Industries Ltd. in various markets such as Brazil and India, and assisted to source for electronic scrap from Brazil and India for refining in Singapore. Mr. Ansari held an additional appointment as Assistant General Manager from March 2003 to February 2004, where he was responsible for, amongst others, overseas marketing and networking, sourcing of electronic waste from overseas, and business development.

From June 1996 to May 1997, Mr. Ansari was a Sales Manager at Metrade (S) Pte. Ltd., where he was involved mainly in the sale and purchase of primary and secondary alloy metals, and commodity and scrap metal trading. From September 1994 to May 1996, Mr. Ansari was a Director of Sales at Shine Trading Pte Ltd, where he was involved in sale and purchase of primary metal ingots, scrap metal trading and overseas marketing. Mr. Ansari was employed in the Al-Yaesh Trading Est. Dammam group of companies based in Saudi Arabia from May 1980 to September 1994, where he was primarily responsible for commodity trading or non-ferrous metal trading.

Mr. Ansari graduated from the Annamalai University, India with a Master of Business Administration (Marketing) in May 2007. He graduated from The College of Professional Management, Britain with a Diploma in Business Management / Administration in August 1989. Prior to that, he graduated from Madurai Kamaraj University, India with a Bachelor of Commerce in April 1979.

Mr. Ansari is the spouse of Shitthi Nabesathul Bathuria D/O Abdul Hamid, whom will be the Controlling Shareholder of the Company as she will hold 55,416,666 Shares, representing approximately 49.12% of the Enlarged Share Capital, on Completion. In addition, she will be one of the Proposed Executive Officers of the Company upon Completion.

Ong Kian Soon is proposed to be re-elected as a Non-Executive and Non-

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Independent Director of the Company upon Completion. Following Completion, Mr. Ong will be assisting the Company in the transition to the new business in waste management and disposal services currently undertaken by the Target Company, as well as the winding up of the existing CPH subsidiaries.

Mr. Ong was first appointed to the Board of the Company on 29 December 1998 and then re-designated as a non-executive director of the Company from July 2011. From December 1998 to June 2011, Mr. Ong was an executive director of the Company, where he was primarily involved in leading and managing the sales teams and the production teams for the Company's printed circuit board business then. He was also involved in the management of human resources, and assisted the managing director of the Company then on all corporate exercises. Mr. Ong was re-designated as a non-executive director of the Company from July 2011, where he mainly provided guidance and advice to the operations team for the Company's printed circuit board business.

Mr. Ong is also an executive director and chief executive officer of New Wave Holdings Ltd, a company presently listed on the Catalist of the SGX-ST, having been first appointed from July 2011. Mr. Ong is primarily responsible for strategic planning and business development and the day-to-day operations of the New Wave Holdings group. He oversees the business operations of the New Wave Holdings group, and manages and communicates with all stakeholders on all aspects of the business of the New Wave Holdings group.

From November 1994 to December 1998, Mr. Ong was a director of Circuits Plus Pte. Ltd. (presently a subsidiary of the Company), where his responsibilities included, amongst others, leading and managing the sale and customers service teams for the group's facilities in both Singapore and Malaysia. From July 1984 to December 1987, Mr. Ong was a Finance Manager in Motorola Singapore Pte Ltd, following which he was promoted to Marketing Manager from January 1988 to October 1994. From September 1979 to June 1984, Mr. Ong was an accountant at Keppel Corporation Ltd.

Mr. Ong graduated from the Nanyang University of Singapore, Department of Accountancy with a Bachelor of Commerce in August 1979.

Lee Teong Sang is proposed to be re-elected as an Independent and Non-Executive Director in the Company upon Completion.

Mr. Lee was first appointed to the Board from 25 January 2000 to 27 March 2003, before being re-appointed as a director from 16 September 2004. He was appointed as the independent non-executive chairman of the Company on 1 December 2016 and holds the same appointment since then.

Mr. Lee has more than 20 years of working experience in banking, equity research and investor relations. Since April 1999, Mr. Lee has been working at Cyrus Capital Consulting, a boutique consulting firm providing investor relations consultancy services to companies listed on the SGX-ST, and is currently the principal consultant thereof. Since March 2003, Mr. Lee is also a non-executive independent director of New Wave

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Holdings Ltd, a company presently listed on the Catalist of the SGX-ST.

From September 1990 to March 1999, Mr. Lee was an investment analyst at GK Goh Holdings Limited, a stockbroking firm. Prior to that, Mr. Lee was an investment analyst at Paul Morgan and Associates from June 1989 to August 1990, also a stockbroking firm. From May 1984 to June 1989, Mr. Lee was a corporate banking officer at DBS Bank Ltd.

Mr. Lee graduated from the University of Sheffield with a Master of Business Administration in November 1984. He graduated from the University of London with a Bachelor of Pharmacy in July 1981.

Tito Shane Isaac is proposed to be re-elected as an Independent and Non-Executive Director in the Company upon Completion.

Mr. Isaac was first appointed to the Board on 30 August 2006. He is currently a practicing lawyer, and the founder and managing partner of Singapore-based law firm Tito Isaac & Co LLP. Mr. Isaac is also currently the Non-Executive Chairman and Independent Director of New Wave Holdings Ltd., a company presently listed on the Catalist of the SGX-ST, and the Lead Independent Director of Hiap Tong Corporation Ltd., a company presently listed on the Catalist of the SGX-ST.

Mr. Isaac was an executive director of TIC Corporate Advisory (Pte.) Ltd. from May 2007 to April 2021, where his areas of responsibility included business development and playing an advisory role in the company.

From August 1999 to the present, Mr. Isaac has been the Managing Partner of Tito Isaac & Co LLP, where his responsibilities include securing new business for the firm and the full spectrum of management issues such as budget and finance, human resources and office management. From 1997 to 1999, Mr. Isaac was a Partner at Ng Isaac Partnership, where he had advised and acted for clients in a wide range of legal matters. From 1996 to 1997, Mr. Isaac was a Legal Associate at Nathan Isaac & Co, and from 1994 to 1996, he was a legal officer and military prosecutor at the Legal Service Commission.

Mr. Isaac was admitted to the Roll of Advocates and Solicitors of the Supreme Court of Singapore in 1995, and has been a practising lawyer since. He was called to the Degree of an Utter Barrister by the Honourable Society of Gray's Inn in November 1994. He graduated from the University of Leeds with a Bachelor of Laws Degree in July 1993.

Experience and training of Directors

Rule 406(3)(a) of the Catalist Rules states that as a pre-quotations disclosure requirement, a listing applicant must release a statement (via SGXNET or in the Circular) identifying for each director, whether the person has prior experience as a director of an issuer listed on the SGX-ST or if he has other relevant experience, and if

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so, provide details of his directorships and other relevant experience. If the director has no prior experience as a director of an issuer listed on the SGX-ST and has no other relevant experience, the listing applicant must confirm that the person has undertaken training as prescribed by the SGX-ST. With regard to Rule 406(3)(a) of the Catalist Rules, four (4) of the five (5) Proposed Directors, being Mohamed Gani Mohamed Ansari, Ong Kian Soon, Lee Teong Sang and Tito Shane Isaac have prior and/or current experience as directors of other public listed companies in Singapore, and are familiar with the roles and responsibilities of a director of a public listed company in Singapore. Sukhvinder Singh Chopra had provided an undertaking to the Company and the Sponsor that he will attend the relevant trainings at the Singapore Institute of Directors to familiarise himself with the roles and responsibilities of a director of a public listed company in Singapore as required under the Catalist Rules, before the first anniversary of the date of his appointment to the Proposed New Board.

The list of present and past directorships of each Proposed Director for the five (5) years preceding the Latest Practicable Date, including the directorships presently held in the Target Company or the Group (as the case may be), is as set out below:

Name	Present Directorships	Past Directorships
Sukhvinder Singh Chopra	<p><u>Companies within Enlarged Group</u> -</p> <p><u>Companies outside Enlarged Group</u> SGVector Pte. Ltd. Solutions to End Poverty (STEP) Ltd. TSC Global Limited</p>	<p><u>Companies within Enlarged Group</u> -</p> <p><u>Companies outside Enlarged Group</u> Civica Pte. Ltd. Guinness Gallagher International Pte. Ltd.⁽¹⁾ More Holdings Private Limited⁽¹⁾ Sky Energy Pte. Ltd. (formerly known as Paylink Global Pte.Ltd.) Paylink Middle East Pte. Ltd.⁽¹⁾ VIRIO⁽⁶⁾ Zadara Group Pte. Ltd.⁽¹⁾</p>
Mohamed Gani Mohamed Ansari	<p><u>Companies within Enlarged Group</u> Shanaya Environmental Services Pte Ltd</p> <p><u>Companies outside Enlarged Group</u> Kalisp Realty Private Limited Onaro Recycling Sdn Bhd⁽²⁾ Seven Green Recycling Sdn Bhd⁽³⁾ Singapore Precious Metal Refinery Pte. Ltd.</p>	<p><u>Companies within Enlarged Group</u> -</p> <p><u>Companies outside Enlarged Group</u> Aerospace Advance Tech Pte. Ltd. AJ Shanaya Venture Pte. Ltd. Ted Surface Engineering Pte. Ltd. Yanasha Trading Sdn. Bhd. (formerly known as Shanaya</p>

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	Yanasha Enterprise (formerly known as Shanaya Recycling) ⁽⁴⁾	Recycling Sdn. Bhd.)
Ong Kian Soon	<p><u>Companies within Enlarged Group</u> CPH Ltd. Circuits Plus Pte. Ltd. Circuits Plus (M) Sdn. Bhd. CP Lifestyle Pte. Ltd.</p> <p><u>Companies outside Enlarged Group</u> Joy Garden Restaurant Pte. Ltd. New Wave Holdings Ltd <i>Subsidiaries of New Wave Holdings Ltd, comprising:</i> Alutech Metals Asiatic Pte. Ltd. Alutech Metals Co., Ltd. Eplus Technologies Pte Ltd Eplus Technologies Sdn Bhd General Electronics & Instrumentation Corporation Private Limited Manufacturing Network Pte Ltd MNPL Aluminium Centre Sdn. Bhd. MNPL Investments Pte. Ltd. MNPL Metals Co., Ltd. MSC Aluminium Holdings Pte. Ltd. Twin Metal (Penang) Sdn. Bhd. Twin Metal Service Centre Sdn. Bhd.</p>	<p><u>Companies within Enlarged Group</u> Circuits Plus (Asiatic) Pte Ltd⁽⁵⁾</p> <p><u>Companies outside Enlarged Group</u> -</p>
Lee Teong Sang	<p><u>Companies within Enlarged Group</u> CPH Ltd.</p> <p><u>Companies outside Enlarged Group</u> Cyrus Corporation Pte Ltd Kyrus Investment Pte Ltd New Wave Holdings Ltd Scent Loft Pte Ltd</p>	<p><u>Companies within Enlarged Group</u> -</p> <p><u>Companies outside Enlarged Group</u> -</p>
Tito Shane Isaac	<p><u>Companies within Enlarged Group</u> CPH Ltd.</p> <p><u>Companies outside Enlarged Group</u> Hiap Tong Corporation Ltd.</p>	<p><u>Companies within Enlarged Group</u> -</p> <p><u>Companies outside Enlarged Group</u> Starpub Digital Pte. Ltd.</p>

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	International Institute of Mediators (Singapore) Limited New Wave Holdings Ltd. Tito Isaac & Co LLP	TIC Corporate Advisory (Pte.) Ltd. Upstream Petroleum Pte. Ltd.
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Notes:

- (1) These companies have been struck off.
- (2) Onaro Recycling Sdn Bhd is a company incorporated in Malaysia on 16 July 2008, which is presently a dormant company and is in the process of being wound up.
- (3) Seven Green Recycling is a company incorporated in Malaysia on 4 March 2019 and as at the Latest Practicable Date, the shareholders comprise Mohamed Gani Mohamed Ansari (40%), Shitthi Nabesathul Bathuria D/o Abdul Hamid (30%), Dato Selvarajah A/L Govindasamy (10%), Datin P. Mageswari A/P Perumal (10%) and Mr. Shaseendran A/L Perumal (10%). Seven Green Recycling is presently engaged in the business of wholesale of metal and non-metal waste and scrap and materials for recycling, within Malaysia, and is managed by the local shareholders and/or partners. Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/o Abdul Hamid do not undertake executive functions in the aforesaid company. Please refer to Section 17.5 entitled "Potential Conflicts of Interest" of this Circular for further details on the non-compete undertaking given by Seven Green Recycling.
- (4) Yanasha Enterprise (formerly known as Shanaya Recycling) is a partnership commenced on 15 October 2012 and registered in Singapore on 26 October 2012. The owners of the partnership as at the Latest Practicable Date are Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/o Abdul Hamid, both of whom serve non-executive functions in the entity. As at the Latest Practicable Date, Yanasha Enterprise is primarily involved in (i) the collection of rental income arising from the lease of properties owned by Mr. Mohamed Gani Mohamed Ansari and/or Ms. Shitthi Nabesathul Bathuria D/o Abdul Hamid, and (ii) the investment of such rental income in assets including real estate, shares, currency and commodities. The son of Mr. Mohamed Gani Mohamed Ansari and/or Ms. Shitthi Nabesathul Bathuria D/o Abdul Hamid currently manages the day-to-day activities in Yanasha Enterprise.
- (5) Circuits Plus (Asiatic) Pte Ltd has been wound up with effect from November 2019.
- (6) VIRIO was a sole proprietorship owned solely by Sukhvinder Singh Chopra, which was cancelled due to non-renewal with effect from 30 July 2017.

The resolutions to seek Shareholders' approval for the appointment or re-election (as the case may be) of the Proposed Directors are set out in Ordinary Resolutions 7 to 15 in the Notice of EGM.

25.3 Proposed Executive Officers

The particulars of the Proposed Executive Officers are set out below:

Name	Age	Address	Proposed Position in the Enlarged Group
Loy Suan Choo	49	c/o 27 Kian Teck Drive, Singapore 628844	Chief Financial Officer
Shitthi	53	c/o 27 Kian Teck Drive,	Chief Administrative

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Name	Age	Address	Proposed Position in the Enlarged Group
Nabesathul Bathuria D/O Abdul Hamid		Singapore 628844	Officer
Perumal S/O Gopal	52	c/o 27 Kian Teck Drive, Singapore 628844	Chief Sales Officer
Sivakumar Martin S/O Sivanesan	51	c/o 27 Kian Teck Drive, Singapore 628844	Chief Operating Officer

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of the Proposed Executive Officers are set out below:

Loy Suan Choo is proposed to be the Chief Financial Officer of the Enlarged Group. His responsibilities include, amongst others, overseeing the financial, accounting, fiscal, enterprise risk management, information systems, investor relations and internal control aspects of the Enlarged Group, as well as assisting the Chief Executive Officer and management of the Company to develop and recommend for the Board's approval an annual operating plan and financial budget that supports the long-term strategy of the Enlarged Group.

He was appointed as the Finance Controller of the Target Company since 18 January 2021, and is primarily involved in overseeing and managing the finance and accounting functions of the Target Company.

Mr. Loy has over 24 years of experience in accounting. Prior to joining the Target Company, he served as a special project director at Gain City Best-Electric Pte Ltd from September 2020 to December 2020 (on a contract basis), and worked as the group chief financial officer at Y.E.S F&B Group Pte Ltd from December 2018 to September 2020. From July 2009 to December 2018, Mr. Loy worked as the group financial controller, and thereafter chief financial officer, at Cogent Holdings Pte Ltd, a company formerly listed on the Mainboard of the SGX-ST, where he oversaw the accounting operations, group financial reporting, corporate finance, forecast/budget, taxation, cash flow management, treasury management, enterprise risk management, corporate governance, SGX compliance, corporate secretarial matters, investment/project feasibility evaluation, rights issue, and investor relations of the group. From June 2002 to July 2009, Mr. Loy worked as a senior accountant and thereafter finance manager at MTQ Corporation Limited. From November 2000 to April 2002, he worked as a finance manager at Acma Ltd. From June 1996 to November 2000, he embarked on his auditing career including three (3) years in Ernst & Young LLP as audit assistant and thereafter audit senior.

Mr. Loy graduated from the Nanyang Technological University with a Bachelor of Accountancy in June 1996. He is a member of the Institute of Singapore Chartered

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Accountants.

Loy Suan Choo's appointment as a Chief Financial Officer in the Enlarged Group is subject to the approval of the Proposed New Audit Committee.

Shitthi Nabesathul Bathuria D/O Abdul Hamid is proposed to be the Chief Administrative Officer of the Enlarged Group. Her responsibilities will include overseeing matters relating to administration and human resources, overseeing matters relating to IT, data security and system integration, and assisting in preparing the Enlarged Group's budget and projected expenditures for consideration by the Proposed New Board.

Ms. Shitthi had been a director of the Target Company since September 2002, where she was also involved in various functions within the Target Company, including finance, human resource and administration. For the avoidance of doubt, upon completion of the Proposed Acquisition, Ms. Shitthi will not be involved in the finance function of the Enlarged Group. As the Chief Administrative Officer, Ms. Shitthi's key responsibilities will be on the day-to-day running of the administration and human resource functions in the Enlarged Group.

Ms. Shitthi was employed as an accountant in APL Logistic Pte Ltd from May 2009 to January 2010, where she prepared quarterly reporting for closing and was involved in the control of accounts receivables and accounts payables, approval of major claims and budget for fleet and vessel operations. From December 2005 to April 2009, Ms. Shitthi was a senior executive (finance) at the Lee Kuan Yew School of Public Policy, where she was involved in, amongst others, preparing the monthly financial report and budget and managing funds. From January 2004 to August 2005, Ms. Shitthi was an account executive at the People Association, where she was involved in accounts receivables and accounts payables control and monthly closing, amongst others. From September 2000 to March 2003, Ms. Shitthi was working as an executive (finance) at Alexandra Hospital, where she was involved in, amongst others, invoicing and payment, the medical benefit and claims process and preparation and submission of report for Medifund to the Ministry of Health. From July 1998 to October 1999, Ms. Shitthi was working as a senior accounts officer at the National University Hospital, where her scope of responsibilities included ensuring payment to vendors, creditor reconciliation, coding accounts and cost center. From October 1994 to June 1997, Ms. Shitthi was working as an account executive at Specargo Forwarding (S) Pte Ltd, where she was in charge of accounts receivables modules, invoicing, preparation of aging list and customer credit control. From February 1988 to August 1994, Ms. Shitthi was working as an account assistant at the Singapore General Hospital, where she was in charge of accounts payables and reconciliation.

Ms. Shitthi was awarded a Bachelor of Science, Accounting & Finance in August 2007 by the University of London, in association with The London School of Economics and Political Science, offered in Singapore through the Singapore Institute of Management.

Ms. Shitthi is the spouse of Mohamed Gani Mohamed Ansari, the proposed Executive

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Director and Chief Executive Officer of the Company upon Completion.

Perumal S/O Gopal is proposed to be the Chief Sales Officer of the Enlarged Group. His responsibilities will include, amongst others, developing sales strategies, formulating marketing, brand planning and business development strategies to drive revenue growth and fostering working relationships with prospective and existing customers.

Mr. Gopal has over 10 years of relevant experience in the waste management and disposal industry. Mr. Gopal had been an executive director of the Target Company since June 2017, where he was in charge of project management and sales. From February 2014 to May 2017, Mr. Gopal was the Director of Sales & Marketing in the Target Company, where he headed the sales and marketing team. During his employment with the Target Company, Mr. Gopal had been involved in fostering customer relationships, management of contracts entered into by the Target Company, project management and staff training on waste characterisation and safe disposal.

Prior to joining the Target Company, Mr. Gopal worked at Cleanway Disposal Services Pte Ltd, where he was a sales executive from March 2005 to September 2013, and an executive director from September 2013 to January 2014. Over the course of his employment with Cleanway Disposal Services Pte Ltd, Mr. Gopal was involved in various functions, including customer care and relationship, costing and budgeting, sales and marketing and tender submission. From March 1985 to February 2005, Mr. Gopal was a senior operation executive at Applied Logistics Pte Ltd, where he had supervised transport and logistic operation, and was involved in customer care and relationships.

Sivakumar Martin S/O Sivanesan is proposed to be the Chief Operating Officer of the Enlarged Group. His responsibilities will include overseeing and managing the operations team, including handling matters relating to, *inter alia*, fleet, logistics and warehouse management, ensuring compliance with system management standards, being actively involved in dealing with licence and permit applications and regulatory matters of the Enlarged Group, and overseeing the sales, marketing, business development and operations functions of the Enlarged Group's business.

Mr. Martin has over 10 years of relevant experience in the waste management and disposal industry. Mr. Martin had been a director of the Target Company since September 2013, where he was the head of the operations team and took charge of logistics and warehousing. During the course of his directorship in the Target Company, Mr. Martin had also been involved in, amongst others, fostering customer relationships and public relations, representing the Target Company at the Waste Management & Recycling Association of Singapore, risk assessment, and assisting in government tender.

Prior to joining the Target Company, Mr. Martin worked at Cleanway Disposal Services Pte Ltd, where he was operation executive from December 1997 to August 2001, then operations manager from September 2001 to August 2007, then sales manager from

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September 2007 to January 2009, and sales director and executive director from February 2009 to September 2013. Over the course of his employment with Cleanway Disposal Services Pte Ltd, Mr. Martin was involved in a wide variety of job functions, including fleet management, waste disposal, resources recovery and recycling, costing, sales, marketing and business development. As sales director, Mr. Martin led the operation and sales and accounts teams, and represented the company at the Waste Management & Recycling Association of Singapore. After Cleanway Disposal Services Pte Ltd was acquired by Analabs Resources Berhad, a public company listed on the Bursa Malaysia, around 2008 to 2009, thereby becoming a wholly-owned subsidiary of Analabs Resources Berhad, Mr. Martin was also appointed as a director of other Singapore-incorporated subsidiaries of Analabs Resources Berhad such as AL Resources Pte. Ltd., Toh Ban Seng Contractor Pte Ltd and Ban Tiong Soon Contractor Pte. Ltd.

From October 1995 to October 1997, Mr. Martin was a partner at Fast Trax Logistics, which was engaged in the provision of delivery, baggage transfer, home moving and courier services. From October 1987 to September 1995, Mr. Martin was a transport supervisor and guardsmen vocation at the Singapore Armed Forces, where he was involved in logistic and store management work.

The list of present and past directorships of each Proposed Executive Officer for the five (5) years preceding the Latest Practicable Date, including the directorships presently held in the Target Company or the Group (as the case may be), is as set out below:

Name	Present Directorships	Past Directorships
Loy Suan Choo	<p><u>Companies within Enlarged Group</u></p> <p>-</p> <p><u>Companies outside Enlarged Group</u></p> <p>-</p>	<p><u>Companies within Enlarged Group</u></p> <p>-</p> <p><u>Companies outside Enlarged Group</u></p> <p>-</p>
Shitthi Nagesathul Bathuria D/O Abdul Hamid	<p><u>Companies within Enlarged Group</u></p> <p>Shanaya Environmental Services Pte. Ltd.</p> <p><u>Companies outside Enlarged Group</u></p> <p>Kalisp Realty Private Limited Onaro Recycling Sdn Bhd⁽¹⁾ Seven Green Recycling Sdn Bhd⁽²⁾ Singapore Precious Metal Refinery Pte. Ltd. Yanasha Enterprise (formerly known as Shanaya</p>	<p><u>Companies within Enlarged Group</u></p> <p>-</p> <p><u>Companies outside Enlarged Group</u></p> <p>-</p>

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		Recycling) ⁽³⁾ Yanasha Trading Sdn. Bhd. (formerly known as Shanaya Recycling Sdn. Bhd.) ⁽⁴⁾	
Perumal Gopal	S/O	<u>Companies within Enlarged Group</u> Shanaya Environmental Services Pte. Ltd. <u>Companies outside Enlarged Group</u> -	<u>Companies within Enlarged Group</u> - <u>Companies outside Enlarged Group</u> -
Sivakumar Martin S/O Sivanesan		<u>Companies within Enlarged Group</u> Shanaya Environmental Services Pte. Ltd. <u>Companies outside Enlarged Group</u> -	<u>Companies within Enlarged Group</u> - <u>Companies outside Enlarged Group</u> -

Notes:

- (1) Onaro Recycling Sdn Bhd is a company incorporated in Malaysia on 16 July 2008, which is presently a dormant company and is in the process of being wound up.
- (2) Seven Green Recycling is a company incorporated in Malaysia on 4 March 2019 and as at the Latest Practicable Date, the shareholders comprise Mohamed Gani Mohamed Ansari (40%), Shitthi Nabesathul Bathuria D/o Abdul Hamid (30%), Dato Selvarajah A/L Govindasamy (10%), Datin P. Mageswari A/P Perumal (10%) and Mr. Shaseendran A/L Perumal (10%). Seven Green Recycling is presently engaged in the business of wholesale of metal and non-metal waste and scrap and materials for recycling, within Malaysia, and is managed by local partners. Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/o Abdul Hamid do not undertake executive functions in the aforesaid company. Please refer to Section 17.5 entitled "Potential Conflicts of Interest" of this Circular for further details on the non-compete undertaking given by Seven Green Recycling.
- (3) Yanasha Enterprise (formerly known as Shanaya Recycling) is a partnership commenced on 15 October 2012 and registered in Singapore on 26 October 2012. The owners of the partnership as at the Latest Practicable Date are Mohamed Gani Mohamed Ansari and Shitthi Nabesathul Bathuria D/o Abdul Hamid, both of whom serve non-executive functions in the entity. As at the Latest Practicable Date, Yanasha Enterprise is primarily involved in (i) the collection of rental income arising from the lease of properties owned by Mr. Mohamed Gani Mohamed Ansari and/or Ms. Shitthi Nabesathul Bathuria D/o Abdul Hamid, and (ii) the investment of such rental income in assets including real estate, shares, currency and commodities. The son of Mr. Mohamed Gani Mohamed Ansari and/or Ms. Shitthi Nabesathul Bathuria D/o Abdul Hamid currently manages the day-to-day activities in Yanasha Enterprise.
- (4) Yanasha Trading Sdn. Bhd. (formerly known as Shanaya Recycling Sdn. Bhd.) (Registration Number: 201301016528 (1046361-T)) is a company incorporated in Malaysia on 16 May 2013 and as at the Latest Practicable Date, the shareholders comprise Nawaz Faizullah S/o Mohamed Ansari (50%) and Ms. Shitthi (50%). Yanasha Trading Sdn. Bhd. is presently an investment company managing its own assets (factory building) in Yong Peng, Johor State, Malaysia for rental income, and is also engaged in general trading, export and import activities.

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25.4 Familial Relationships

Save as disclosed in this Circular, as at the Latest Practicable Date, there is no family relationship between the Proposed Directors, the Proposed Executive Officers or the Substantial Shareholders of the Company. Mohamed Gani Mohamed Ansari, the Executive Director and Chief Executive Officer of the Company upon Completion, is the spouse of Shitthi Nabesathul Bathuria D/O Abdul Hamid, a Proposed Executive Officer and a Controlling Shareholder of the Company upon Completion.

There is no family relationship between the employees of the Enlarged Group upon whose work the Enlarged Group is dependent and the Proposed Directors, the Proposed Executive Officers or the Substantial Shareholders of the Company.

Save as disclosed below and in this Circular, as at the Latest Practicable Date, neither the Company nor the Target Company has any employee who is an immediate family member of a Director, the CEO, a Proposed Director or a director of the Target Company whose remuneration exceeds S\$50,000 per year.

As at the Latest Practicable Date, Tan Yeat Chia is the corporate services manager of the Company, and assists the managing director and non-executive director of the Company, being Choo Tung Kheng and Ong Kian Soon, with the business development initiatives and provides support services which include monitoring and analysing financial and operational data of the Group. Tan Yeat Chia is the son of Choo Tung Kheng, the Managing Director of the Company, whose remuneration band (paid by the Company) falls below S\$100,000.

25.5 Arrangement or Understanding

None of the Proposed Directors or Proposed Executive Officers has any arrangement or understanding with any of the Substantial Shareholders, customers or suppliers of the Enlarged Group or other person pursuant to which such person is or will be appointed.

25.6 Service Agreements upon Completion

The Company will enter into Service Agreements with Mohamed Gani Mohamed Ansari as Executive Director and CEO, Loy Suan Choo as Chief Financial Officer, Shitthi Nabesathul Bathuria D/O Abdul Hamid as Chief Administrative Officer, Perumal S/O Gopal as Chief Sales Officer and Sivakumar Martin S/O Sivanesan as Chief Operating Officer (“**Appointees**”), which shall be deemed to have commenced on the date of Completion.

The term of employment contemplated under each Service Agreement shall be for an initial period of three (3) years upon the date of Completion, and upon the expiry of such period, the employment of the relevant Appointee pursuant to the relevant Service Agreement shall be automatically renewed on an annual basis, on the same terms, unless either of the parties thereto notifies the other party by giving six (6)

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months' written notice prior to the expiry thereof, of its intention not to renew the said employment of such Appointee. During the initial period of three (3) years, the relevant Appointee shall not resign voluntarily but his employment may be terminated during such term either in circumstances specified in the Service Agreement or by the Company giving him not less than six (6) months' written notice or six (6) months' salary in lieu of notice. After the initial period of three (3) years, his employment may be terminated either as provided in the Service Agreement or by either party giving to the other not less than six (6) months' written notice or six (6) months' salary in lieu of notice.

Under the Service Agreements, the Company shall be entitled to terminate the Service Agreement forthwith upon notice in writing to the Appointee if the Appointee:

- (i) commits an act of bankruptcy under any applicable law, is declared a bankrupt, makes any arrangement or composition with his creditors generally, or has bankruptcy proceedings commenced against him or any such analogous event occurs under any provisions under applicable law;
- (ii) commits any act of criminal breach of trust or dishonesty or is convicted of or otherwise found guilty by any court of competent jurisdiction, or pleads guilty to, any criminal offence (save for an offence under any road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment) or any other offence involving fraud or dishonesty, or of a felony, serious misdemeanour, or crime involving moral turpitude;
- (iii) misappropriates assets of the Company or the Enlarged Group; or
- (iv) by reason of ill health, mental illness or injury caused by his own default, becomes unable to perform any of his duties under the Service Agreement for a period of 120 days or more.

At any time during the employment of an Appointee with the Enlarged Group, the Company, without prejudice to any remedy which it may have against such Appointee for the breach or non-performance of any of the provisions of the Service Agreement, may terminate such Appointee's employment with immediate effect if the Appointee, in the reasonable opinion of the Board, shall:

- (a) be guilty of any misconduct or default in the discharge of his duties hereunder;
- (b) be guilty of any act or thing which may bring serious discredit or disrepute on the Company or the Enlarged Group;
- (c) be guilty of any gross default or grave misconduct in connection with or affecting the business of the Company or the Enlarged Group;
- (d) be found to be disqualified from holding the office of, or acting as, a director or an executive officer of any company, pursuant to any applicable laws or rules

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of any stock exchange, for whatever reason, if applicable;

- (e) be found to have committed by act that is reported in general or trade press or otherwise achieves general notoriety which involves conduct that is likely to be regarded as illegal, immoral or scandalous and which, in the reasonable opinion of the Board is likely to discredit such Appointee to a degree which materially reduces the value of his services to the Company or the Enlarged Group or may discredit the Company or the Enlarged Group through association with such Appointee;
- (f) be found to be incompetent in the performance of his duties;
- (g) be found to have neglected or refused, without reasonable cause, to attend to the business of the Company or the Enlarged Group; or
- (h) breach any material provision of the Service Agreement.

Upon such termination, such Appointee shall not be entitled to claim any compensation or damage for or in respect or by reason of such termination, including any direct or indirect losses due to loss of income or compensation. Notwithstanding the above, an Appointee's employment will cease if such Appointee dies or becomes permanently incapacitated during the term of his Service Agreement with the Company.

Under the Service Agreements, the remuneration package of the Appointee shall be subject to annual review by the Board and the Remuneration Committee which is in line with the Company's annual year-end salary review exercise. In addition, the Appointee shall be entitled to participate in any performance bonus and/or variable bonus of the Company (the "**Incentive Bonus**"), to be determined and approved by the Board and the Remuneration Committee from time to time based on, amongst others, the profitability of the Company and the Enlarged Group. The Incentive Bonus may be paid in the form of cash and/or shares in the capital of the Company at the sole discretion of the Board, subject to all requisite approvals for the same being obtained prior to the payment of the Incentive Bonus.

The Appointee, if he is a director of the Company, shall abstain from voting in respect of any resolution or decision to be made by the Board in relation to the terms and renewal of his Service Agreement.

Each Service Agreement contains certain undertakings as follows:

- (A) During the period of an Appointee's employment with the Company, such Appointee shall not (without the Company's prior written consent) be directly or indirectly engaged or interested in any capacity in any other business, trade or occupation whatsoever, except as disclosed or declared to the Company in writing on the date of the Service Agreement but so that this provision shall not prohibit the holding whether directly or through nominees of quoted investments.

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- (B) Such Appointee shall not, during his employment and until one (1) year after the termination of his employment (the “**Termination Date**”) for whatever reason, in Singapore and in any other geographical region which the Company and/or the Enlarged Group has operations, whether directly or indirectly:
- (i) engage, be concerned or interested in any other business which in regard to any goods and services, is a supplier or customer of any Group Company, except as a representative or nominee of any Group Company or otherwise with the prior consent in writing of the Company;
 - (ii) persuade or attempt to persuade any employee of the Enlarged Group, or any individual who was an employee during the period of two (2) years prior to the commencement date of the Service Agreement, to leave the Enlarged Group’s employ, or to become employed by any company outside the Enlarged Group;
 - (iii) solicit or attempt to solicit any person, firm or partnership, company, corporation, association, organization or trust (in each case whether or not having a separate legal personality) who is or has been a customer, client or supplier of the Enlarged Group at any time within the period of two (2) years before the Termination Date for the purpose of offering to such customer, client or supplier, goods or services similar to or competing with those of the business of the Enlarged Group;
 - (iv) either solely or jointly with or on behalf of any other person, firm or partnership, company, corporation, association, organization or trust (in each case whether or not having a separate legal personality) be engaged or attempt to engage or interested in any capacity in any business in Singapore, and any other geographical region which the Company and/or the Enlarged Group has operations, which is similar to or in competition with the business of the Enlarged Group; or
 - (v) cause or permit any person or company under their control or in which they have any beneficial interests to do any of the foregoing acts or things.
- (C) Such Appointee further undertakes with the Company that during his employment:
- (i) he shall not have any interest, directly or indirectly, in, and/or provide any assistance, financial, technical or otherwise, to, any person, entity or corporation whose business is similar to or in competition with the business of the Enlarged Group, in Singapore and any other geographical region which the Company and/or the Enlarged Group has operations;

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- (ii) he shall not be a director and/or hold an executive management position (including but not limited to board membership) in any entity or corporation whose business is similar to or in competition with the business of the Enlarged Group, in Singapore and any other geographical region which the Company and/or the Enlarged Group has operations;
- (iii) he shall not utilise the resources or assets of the Enlarged Group for the benefit of, or otherwise assist, any person, entity or corporation carrying on any business or activity that is similar to or in competition with the business of the Enlarged Group;
- (iv) he shall not use, divulge or communicate to any person, entity or corporation any important information related to the Enlarged Group's affairs, business, customers, suppliers or business associates; and
- (v) if aware or made aware of any actual or potential conflicts of interest that may involve such Appointee, he shall use reasonable endeavours to disclose to the Audit Committee of the Company the extent of such actual or potential conflicts of interest. Following such disclosure, he and/or any of his associates (as defined in the Catalist Rules) shall abstain from participating in making decisions or voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until the Audit Committee has determined that no such conflict of interest exists.

Save as disclosed above and in respect of the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan (if adopted), there are no bonus or profit sharing plans or any other profit-linked agreements or arrangements between the Company and any of the Proposed Directors or Proposed Executive Officers.

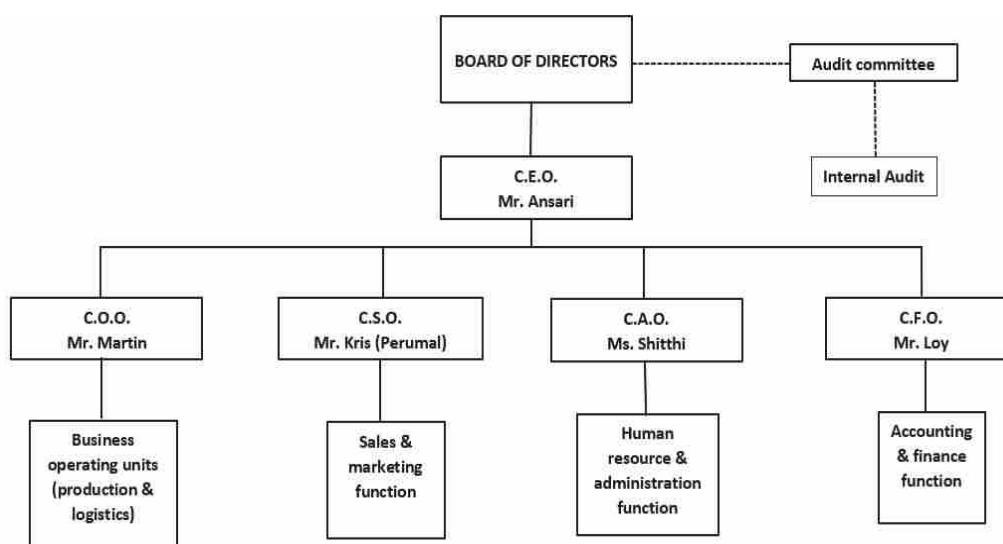
Save as disclosed in this Circular, as at the Latest Practicable Date, there are no existing or proposed service contracts entered into or to be entered into by the companies in the Enlarged Group with any of the Directors or Proposed Directors which provides for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits, upon the termination of employment.

Subject to the approvals of the Shareholders, the SGX-ST and other regulatory authorities, where necessary, the Appointees shall be eligible to participate in any other employee scheme or plan implemented by the Company on such terms as may be determined by the Remuneration Committee at its sole and absolute discretion.

25.7 Management Reporting Structure

The Company proposes to constitute the Proposed New Board and appoint a new senior management upon Completion. Accordingly, upon Completion, the proposed management reporting structure of the Company will be as follows:

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25.8 Remuneration

The amount of remuneration (including salary, contributions of CPF, directors' fees, allowances and benefits-in-kind) paid or payable to the Proposed Directors and the Proposed Executive Officers for services rendered or to be rendered to the Enlarged Group in all capacities, on an individual basis, for FY2019, FY2020 and as estimated for FY2021 respectively, such estimate excluding bonuses and any profit sharing plan, in remuneration bands of S\$250,000 per annum⁽¹⁾ are as follows:

Name	FY2019	FY2020	Estimated for FY2021
Proposed Directors			
Sukhvinder Singh Chopra	- (2)	- (2)	Band 1
Mohamed Gani Mohamed Ansari	Band 1	Band 1	Band 1
Ong Kian Soon	- (2)	- (2)	Band 1
Lee Teong Sang	- (2)	- (2)	Band 1
Tito Shane Isaac	- (2)	- (2)	Band 1
Proposed Executive Officers			
Loy Suan Choo	- (2)	Band 1	Band 1
Shitthi Nabesathul Bathuria D/O Abdul Hamid	Band 1	Band 1	Band 1
Perumal S/O Gopal	Band 1	Band 1	Band 1
Sivakumar Martin S/O Sivanesan	Band 1	Band 1	Band 1

Notes:

- (1) Remuneration bands:
 "Band 1" refers to compensation of between S\$0 and S\$250,000 per annum.
 "Band 2" refers to compensation between S\$250,001 and S\$500,000 per annum.
 "Band 3" refers to compensation between S\$500,001 and S\$750,000 per annum.
- (2) Not employed or appointed by the Target Company during the relevant period.

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As at the Latest Practicable Date, no portion of the remuneration disclosed above was paid or is to be paid:

- (a) pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement; or
- (b) in the form of stock options.

Save for amounts set aside or accrued in respect of mandatory employee funds, no amounts have been set aside or accrued by the Target Company or the Enlarged Group to provide pension, retirement or similar benefits.

25.9 Material background information

Saved as disclosed below, none of the Proposed Directors, Proposed Executive Officers or Controlling Shareholders of the Enlarged Group:

- (a) has had at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years from the date he ceased to be a partner;
- (b) has had at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) has any unsatisfied judgment against him;
- (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) has at any time during the last 10 years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any

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law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

- (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities and futures industry in Singapore or elsewhere,in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or
- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

In 2005, after Mohamed Gani Mohamed Ansari's resignation as an assistant general manager from Citiraya Industries Ltd. in February 2004, Mohamed

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Gani Mohamed Ansari was interviewed by the Corrupt Practices Investigation Bureau as part of their investigations against Citiraya Industries Ltd., its then chief executive officer cum president and certain of its then employees for various offences, including under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap 65A, 2000 Rev Ed) of Singapore as it was found that electronic scrap meant for crushing had been misappropriated and subsequently re-packaged and sold. For the avoidance of doubt, Mohamed Gani Mohamed Ansari was not the subject of the aforesaid investigations.

26. PROPOSED ADOPTION OF THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

The Company proposes to adopt a share option scheme, known as the Shanaya Employee Share Option Scheme (“**ESOS**”), subject to Shareholders’ approval being obtained at the EGM.

The detailed rules of the ESOS are set out in **Appendix D** to this Circular and comply with the requirements as set out in Chapter 8, Part VIII of the Catalist Rules. Capitalised terms as used throughout this section, unless otherwise defined in the section entitled “Definitions” of this Circular or in this Section 26, shall bear the meanings as defined in Rule 2 of **Appendix D** to this Circular. A summary of the rules of the ESOS is set out below.

26.1 Rationale for the ESOS

The Target Company believes that it is desirable for a share option scheme to be implemented by the Company to provide eligible participants (“**ESOS Participants**”) with an opportunity to participate in the equity of the Enlarged Group and to provide a greater flexibility to the Enlarged Group in structuring its staff remuneration package. The Target Company recognises that in order to maintain the Enlarged Group’s competitiveness and for the Enlarged Group to build sustainable businesses in the long term, the Company must be able to continue to attract, motivate, reward and maintain a core group of directors, executives and employees.

Pursuant to the above, the Company is proposing to introduce the ESOS, which will be known as the “Shanaya Employee Share Option Scheme” as a new share option scheme of the Company to commence upon its adoption by Shareholders at the EGM.

The ESOS is intended to be employed by the Enlarged Group to reward, retain and motivate eligible Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors), whose services are vital to the well-being and success of the Enlarged Group.

The main objectives of the ESOS are as follows:

- (1) motivate ESOS Participants to achieve higher efficiency and productivity and

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improve the performance of the Enlarged Group and its businesses, with the view of aligning their interests to those of Shareholders;

- (2) instill a sense of loyalty to the Enlarged Group in the ESOS Participants, and to create an incentive for ESOS Participants to work towards the long-term well-being of the Enlarged Group;
- (3) increase the competitiveness of the Enlarged Group by giving it the option to use the ESOS as a component in its remuneration and incentive package to attract and retain key Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors) whose contributions are important to the growth and profitability of the Enlarged Group;
- (4) attract potential Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors) with relevant skills and expertise to contribute to the management and/or growth of the Enlarged Group; and
- (5) to give recognition to the contributions made or to be made by Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors) to the success of the Enlarged Group.

The rationale for having the ESOS in addition to the PSP is to give the Company greater flexibility in structuring market-competitive compensation packages for eligible ESOS Participants and to provide an additional tool to motivate and retain key Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors).

26.2 Overview of the ESOS

A summary of the principal terms of the ESOS is set out below. More detailed information on the ESOS is set out in **Appendix D** to this Circular (“**ESOS Rules**”).

26.2.1 ESOS Participants

The following persons shall be entitled to participate in the ESOS:

- (i) confirmed Group Employees;
- (ii) Group Executive Directors; and
- (iii) Group Non-Executive Directors (including Independent Directors),

provided that at the Date of Grant such person must (a) be confirmed in his/her employment with the Enlarged Group; (b) have attained the age of 21 years; and (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

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Controlling Shareholders and/or their Associates who have contributed or have the potential to contribute to the success and development of the Enlarged Group shall also be, subject to the absolute discretion of the Committee, eligible to participate in the ESOS provided that the participation of and the terms of each grant and the actual number of Options granted under the ESOS to persons who are Controlling Shareholders and/or their Associates shall be approved by independent Shareholders in a separate resolution for each such person, with such separate resolution including approval for the actual number and terms of Options to be granted to that person. The Company will at such time provide the rationale and justification for any proposal to grant such Controlling Shareholders and/or their Associates any Options, and such Controlling Shareholders and their Associates shall abstain from voting on the resolution in relation to their participation in the ESOS and grant of Options to them.

For the avoidance of doubt, participation in the ESOS is not available to (1) directors and employees of an associated company of the Company (even if the Company has control over the associated company) and (2) directors and employees of the Company's parent company and its subsidiaries who have contributed to the success and development of the Company. As at the Latest Practicable Date, the Company does not have a parent company.

For the purposes of determining eligibility to participate in the ESOS, the secondment of a confirmed Group Employee to another company within the Enlarged Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Enlarged Group.

The selection of an ESOS Participant and the number of Options proposed to be granted to an ESOS Participant in accordance with the ESOS shall be determined at the absolute discretion of the Committee. The Committee plans to exercise this discretion judiciously, taking into account criteria such as the rank, job performance, years of service and potential for further development, and the contribution to the success and development of the Enlarged Group.

There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or any other company within the Enlarged Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the ESOS may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

26.2.2 Administration of the ESOS

The ESOS shall be administered by the Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board, including powers to determine, *inter alia*, (a) persons to be granted Options; (b) number of Options to be granted; and (c) recommendations for modifications to the ESOS. Where a member of

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the Committee is also a proposed Participant, he shall not be involved in the deliberations and decisions of the Committee in respect of the Options granted, or to be granted, to him or his Associate(s).

For the purposes of the ESOS, "**Committee**" shall refer to the remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer the ESOS.

26.2.3 Size of the ESOS

The aggregate number of new Shares over which the Committee may grant Options on any date, when added to the amount of new Shares issued and issuable and/or transferred and transferable in respect of (i) all Options granted under the ESOS; (ii) all Awards granted under the Shanaya Performance Share Plan (if adopted); and (iii) all options and awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force shall not exceed fifteen per cent. (15%) of the total number of Shares (excluding Treasury Shares and Subsidiary Holdings) on the day preceding that date.

The Proposed Directors believe that this limit gives the Company sufficient flexibility to decide upon the number of new Shares that may be allotted and issued from time to time upon the exercise of the Options granted pursuant to the ESOS ("**Option Shares**") to offer to the Enlarged Group's existing and new employees. The number of eligible ESOS Participants is expected to grow over the years. The Company, in line with its goal of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of eligible ESOS Participants, will increase as a result. If the number of Options available under the ESOS is limited, the Company may only be able to grant a small number of Options to each eligible Participant which may not be a sufficiently attractive incentive. The Company is of the opinion that it should have a sufficient number of Options to offer to new employees as well as to existing ones. The number of Options offered must also be significant to serve as a meaningful reward for contributions to the Enlarged Group. However, it does not necessarily mean that the Committee will definitely issue Option Shares up to the prescribed limit. The Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each employee, which will depend on the performance and value of the employee to the Enlarged Group.

26.2.4 Maximum Entitlements

Generally, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the ESOS shall be determined at the discretion of the Committee who shall take into account criteria such as, *inter alia*, rank, skills, experience, past performance, years of service and potential for future development and contribution to the Enlarged Group of the Participant.

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The aggregate number of Shares issued and issuable and/or transferred and transferable in respect of all Options granted pursuant to the ESOS available to all Controlling Shareholders and their Associates shall not exceed twenty-five per cent. (25%) of the Option Shares available under the ESOS, and the number of Shares issued and issuable and/or transferred and transferable in respect of all Options granted pursuant to the ESOS available to each Controlling Shareholder or each of his/her Associate shall not exceed ten per cent. (10%) of the total number of Option Shares available under the ESOS.

26.2.5 Options, Exercise Period and Exercise Price

Subject to any adjustment pursuant to Rule 10 of the ESOS Rules, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee in its absolute discretion, on the Date of Grant, at:

- (a) a price (the “**Market Price**”) equal to the average of the closing market prices of the Shares over a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant; or
- (b) a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed twenty per cent. (20%) of the Market Price.

The Committee shall determine whether a discount will be given and the amount of discount to be awarded depending on the circumstances and on a case-by-case basis. In making such a determination, the Committee may take into consideration such factors as it may in its absolute discretion deem appropriate, including but not limited to:

- (a) the performance of the Company and the Enlarged Group;
- (b) the years of service and individual performance of the eligible Participant;
- (c) the contribution or potential contribution of the eligible Participant to the success and development of the Company and/or the Enlarged Group; and
- (d) the prevailing market conditions.

Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant after the first anniversary of the Date of Grant of that Option, and Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable by a Participant after the second anniversary of the Date of Grant of that Option.

Group Employees (including Executive Directors) who are granted Options must exercise their Options before the 10th anniversary of the Date of Grant and Group Non-Executive Directors (including Independent Directors) who are granted Options

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must exercise their Options before the fifth (5th) anniversary of the Date of Grant, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

26.2.6 Grant of Options

Under the ESOS Rules, there are no fixed periods for the grant of Options. As such, offers for the grant of Options may be made at any time at the discretion of the Committee. However, no Option shall be granted during the period of one (1) month immediately preceding the date of announcement of the Company's interim and/or full year financial results (as the case may be).

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers to grant Options may only be made on or after the second Market Day from the date on which such announcement is released.

26.2.7 Termination of Options

Special provisions in the ESOS Rules deal with the lapse or earlier exercise of Options in circumstances which include the termination of the Participant's employment in the Enlarged Group, the bankruptcy of the Participant, the death of the Participant, a take-over of the Company and the winding-up of the Company.

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a liquidation plan and/or a resolution to appoint a liquidator of the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all ESOS Participants and thereupon, each Participant (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue or transfer the relevant Shares to the Participant credited as fully-paid.

If an order or an effective resolution is passed for the liquidation of the Company on the basis of its insolvency, all Options, to the extent unexercised, at the date of such order or resolution shall lapse and become null and void.

26.2.8 Acceptance of Options

The grant of Options shall be accepted within 30 days from the date of offer. Offers of Options made to Grantees, if not accepted by the closing date, will lapse. Upon acceptance of the offer, the Grantee must pay the Company a consideration of S\$1.00.

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26.2.9 Variation of Capital and Adjustment

- (a) If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, bonus issue or rights issue, or a reduction, subdivision, consolidation or distribution, or otherwise howsoever of the existing Shares) shall take place, then:
- (i) the Exercise Price in respect of the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached to them; and/or
 - (ii) the class and/or number of Shares in respect of which additional Options may be granted to the ESOS Participants,
- may be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the record date relating to such variation precedes such date of exercise. Any adjustment, except in relation to a bonus issue, must be confirmed in writing by the auditors of the Company for the time being (acting only as experts and not as arbitrators), to be in their opinion, fair and reasonable.
- (b) Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustment:
- (i) any issue of securities as consideration for an acquisition or a private placement of securities;
 - (ii) any issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares pursuant to any share-based incentive schemes approved by Shareholders in general meeting and implemented by the Company, including the ESOS;
 - (iii) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; and
 - (iv) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) effected on SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of the Company in general meeting and for the time being in force.
- (c) No such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and unless the Committee, after considering all relevant circumstances, considers it equitable to do so.

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- (d) Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representatives where applicable) in writing informing him (or his duly appointed personal representatives where applicable) of the new Exercise Price thereafter in effect and the class and/or number of Option Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

26.2.10 Rights of Shares arising from the exercise of Options

Shares allotted and issued or transferred upon the exercise of an Option shall be subject to the provisions of the constitution of the Company. The Shares so allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or distributions, the record date for which is prior to the relevant exercise date of the Option. For such purposes, “record date” means the date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

26.2.11 Duration of the ESOS

The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum duration of ten (10) years commencing from its adoption by Shareholders at the EGM. Subject to compliance with any applicable laws and regulations in Singapore, the ESOS may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The ESOS may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the ESOS is so terminated, no further Options shall be offered by the Company thereafter.

26.2.12 Abstention from voting

Shareholders who are eligible to participate in the ESOS are to abstain from voting on any Shareholders’ resolution relating to the ESOS, other than a resolution relating to the participation of, or grant of options to, directors and employees of the Company’s parent company and its subsidiaries, where applicable. This includes, where applicable, (i) implementation of the ESOS; and (ii) participation by, and Option granted to, Controlling Shareholders and their Associates. Such Shareholders should not accept nominations as proxies or otherwise for voting in respect of such resolution unless specific instructions have been given in the proxy instrument on how the votes are to be cast. Controlling Shareholders and their Associates should also abstain from voting on the resolution in relation to their participation in the ESOS and the grant of Options to them.

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26.2.13 Modifications or Alterations to the ESOS

The ESOS Rules may be modified and/or altered from time to time by a resolution of the Committee, subject to compliance with the Catalist Rules and such other regulatory authorities as may be necessary.

Any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of ESOS Participants who, if they exercised their Options in full, would thereby become entitled to Shares representing not less than three-quarters of the total voting rights (or such other requirements as may be prescribed by the SGX-ST) of all the Shares which would fall to be allotted or transferred upon exercise in full of all outstanding Options.

No modification or alteration shall be made to the ESOS Rules to the advantage of the ESOS Participants except with the prior approval of Shareholders in general meeting. Further, no modification or alteration shall be made to the ESOS Rules that will result in a Participant receiving a benefit that a Shareholder does not have.

26.3 Rationale for including Controlling Shareholders and/or their Associates in the ESOS

The Company acknowledges that the services and contributions of employees who are Controlling Shareholders or Associates of the Controlling Shareholders are important to the development and success of the Enlarged Group. The extension of the ESOS to confirmed full-time employees who are Controlling Shareholders or Associates of the Controlling Shareholders allows the Enlarged Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of the Enlarged Group. The participation of the Controlling Shareholders or their Associates in the ESOS will serve both as a reward to them for their dedicated services to the Enlarged Group and a motivation for them to take a long-term view of the Enlarged Group.

Although participants who are Controlling Shareholders or their Associates may already have shareholding interests in the Company, the extension of the ESOS to include them ensures that they are equally entitled, with the other employees of the Enlarged Group who are not Controlling Shareholders or Associates of the Controlling Shareholders, to take part and benefit from this system of remuneration. The Company is of the view that a person who would otherwise be eligible should not be excluded from participating in the ESOS solely by reason that he/she is a Controlling Shareholder or an Associate of the Controlling Shareholder(s).

The specific approval of the independent Shareholders is required for the proposed participation of any Controlling Shareholder and/or their Associates in the ESOS as well as any specific grant thereunder to such persons. Separate resolutions must be

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passed for each such person and, in the case of a grant, the resolution must state the actual number of Shares comprised in the specific grant and its applicable terms, as well as the Company's rationale for such proposal. In addition, only members of the Committee who are not the Controlling Shareholders or Associates of such Controlling Shareholders will be involved in deliberations and decisions in respect of the Options to be granted to or held by Controlling Shareholders and/or their Associates and the terms and conditions including the performance conditions attached to such Options. On the foregoing basis, the Company is of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and/or their Associates in the ESOS.

26.4 Rationale for including Group Non-Executive Directors (including Independent Directors) in the ESOS

Although the Group Non-Executive Directors (including Independent Directors) are not involved in the day-to-day running of the Enlarged Group's business, they, nonetheless, play an invaluable role in furthering the business interests of the Enlarged Group by contributing their experience and expertise. The participation by the Group Non-Executive Directors (including Independent Directors) in the ESOS will provide the Company with a further avenue to acknowledge and recognise their services and contributions to the Enlarged Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. The extension of the ESOS to Group Non-Executive Directors (including Independent Directors) allows the Enlarged Group to have a fair and equitable system to reward Group Non-Executive Directors of the Enlarged Group who have made and who continue to make significant contributions to the long-term growth of the Enlarged Group.

The Proposed Directors believe that the extension of the ESOS to Group Non-Executive Directors (including Independent Directors) will also enable the Company to attract, retain and incentivise Group Non-Executive Directors (including Independent Directors) to achieve higher standards of performance as well as to give recognition to past contributions and services as well as motivating eligible Group Non-Executive Directors (including Independent Directors) generally to contribute towards the long-term growth and profitability of the Enlarged Group.

To minimise any potential conflicts of interest, it is envisaged that the offer of Options, and hence, the number of Option Shares to be issued and allotted to the Group Non-Executive Directors, based on the criteria set out above will be relatively small, in terms of frequency and numbers, and hence, will not jeopardise the independence of the Independent Directors. The Committee may also decide that no Options shall be granted in any financial year or no Option may be granted at all.

26.5 Rationale for Grant of Options at a Discount

Discounted Options will only be granted to deserving employees whose performances have been consistently good and/or whose future contributions to the Enlarged Group

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will be invaluable. The ability to offer discounted Options will operate as a means to recognise the performance of the ESOS Participants as well as to motivate them to continue to excel while encouraging them to focus on improving the profitability and return of the Enlarged Group to a level that benefits the Shareholders, when these are eventually reflected through an appreciation of the Share price. Discounted Options would be perceived in a more positive light by the ESOS Participants, inspiring them to work hard and produce results in order to be offered discounted Options as only employees who have made significant contributions to the success and development of the Enlarged Group would be granted discounted Options.

In addition, the ability to offer Options at a discount to the Market Price of the Shares will give the Company flexibility in structuring the Options granted, and ensures that the Company maintains the competitiveness of its remuneration strategy. The Company may utilise the Options as a means to reward the ESOS Participants for their outstanding performance as well as to motivate them to continue to excel and attract new talent into the Company. Being able to grant Options at a discount allows the Company to acknowledge a Participant's contributions where such means is more meaningful than paying a cash bonus, as these Options operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Options granted at Market Price. This serves as an additional method available to the Company for compensating employees rather than through salaries, salary increments and cash bonuses as it enables the Company to introduce an effective manner of motivating the ESOS Participants to maximise their performance, which will in turn create better value for the Shareholders.

The flexibility to grant discounted Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Committee will have absolute discretion to: (a) grant Options set at a discount to the Market Price of a Share (subject to a maximum limit of 20.0%); and (b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

In determining whether to give a discount and the quantum of the discount, the Committee shall be at liberty to take into consideration factors including the performance of the Company and the Enlarged Group, the years of service and individual performance of the eligible Participant, the contribution or potential contribution of the eligible Participant to the success and development of the Company and/or the Enlarged Group and the prevailing market conditions.

Further, because Options granted at a discount under the ESOS are subject to a longer vesting period (two years) than those granted at the Market Price (one year), holders of such Options are encouraged to have a long-term view of the Company, thereby promoting staff and employee retention and reinforcing their commitment to the Company.

26.6 Financial Effects of the ESOS

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Details of the costs to the Company of granting Options under the ESOS are as follows:

26.6.1 Share capital

The ESOS will result in an increase in the Company's number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) to the extent that Option Shares are allotted and issued upon the exercise of the Options. This number of Option Shares issued will in turn depend on, *inter alia*, the number of Option Shares comprised in the Options granted, the number of Options that are exercised and the prevailing Market Price of the Shares on the SGX-ST.

If, instead of issuing Option Shares to the ESOS Participants upon the exercise of Options, Treasury Shares are delivered to the ESOS Participants, there would be no impact on the Company's number of issued Shares (excluding Treasury Shares and Subsidiary Holdings). Similarly, there would be no impact on the Company's number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) if the relevant Options are not exercised.

26.6.2 Earnings per Shares ("EPS")

The ESOS will have a dilutive impact on the Company's consolidated EPS following the increase in the Company's number of issued Shares to the extent that Option Shares are allotted and issued pursuant thereto. As the monetary cost of granting Options with a discounted Exercise Price is borne by the Company, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would have received from the difference in proceeds from Exercise Price with no discount versus the discounted Exercise Price. Such reduction would, accordingly, result in the dilution of the Company's EPS. Please refer to paragraph 26.6.4 for further understanding of the impact on the Company's EPS arising from the ESOS under SFRS(I) 2 *Share-based Payment*.

26.6.3 Net Tangible Assets ("NTA")

The issue of Option Shares upon the exercise of the Options will increase the Company's consolidated NTA by the aggregate Exercise Price of the Option Shares issued. On a per Share basis, the effect on the NTA of the Company is accretive if the Exercise Price is above the NTA per Share but dilutive otherwise.

26.6.4 Potential Costs of Options

All Options granted under the ESOS would have a fair value. In the event that such Options are granted with Exercise Prices below the fair value of the Options, there will be a cost to the Company. The costs may be more significant in the case of Options granted with Exercise Prices set at a discount to the Market Price of the Shares. In addition to the impact on the Company's consolidated EPS and consolidated NTA as described above, the cost to the Company of granting Options under the ESOS would be as follows:

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- (a) the exercise of an Option at the Exercise Price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the prevailing market price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to the Company; and
- (b) the grant of Options under the ESOS will have an impact on the Company's reported profit/loss under SFRS(I) as share-based payment requires the recognition of an expense in respect of Options granted under the ESOS. The expense will be based on the fair value of the Options at the Date of Grant (as determined by an option-pricing model) and will be recognised over the performance period. The requirement to recognise an expense in respect of Options granted to employees as set out in SFRS(I) 2 is effective for financial periods beginning on or after 1 January 2005.
- (c) It should be noted that the financial effect discussed in (a) above would materialise only upon the exercise of the relevant Options. The cost of granting Options discussed in (b) above would be recognised in the financial statements even if the Options are not exercised. Measured against the cost of granting the Options as described above is the desirable effect of the ESOS in attracting, recruiting, retaining and motivating directors and employees which could in the long-term yield greater returns for the Company and Shareholders.

26.6.5 Dilutive impact

If approved, the ESOS will provide that the maximum Shares available under the ESOS and all options and awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force shall not exceed fifteen (15) per cent of the total number issued shares of the Company (excluding Treasury Shares and Subsidiary Holdings) from time to time. Shareholders' shareholding percentages will be diluted accordingly as a result of the issuance and allotment of Option Shares pursuant to the ESOS depending on the number of Option Shares issued.

26.7 Taxes, Costs and Expenses

All taxes (including income tax, if applicable) arising from the exercise of any Option by or the grant and/or disposal of Shares pursuant to the Options granted to any Participant under the ESOS shall be borne by that Participant.

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

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Save for the above, all other fees, costs and expenses incurred by the Company in relation to the ESOS shall be borne by the Company.

26.8 The Proposed Adoption of the ESOS

The ESOS will commence and take effect only upon its adoption by Shareholders at the EGM. Shareholders' approval will be sought at the EGM for the proposed adoption of the ESOS (including the issuance and allotment of Option Shares pursuant to the exercise of Options granted under the ESOS).

Shareholders who are also persons eligible to participate in the ESOS should abstain from voting at the EGM in respect of the resolution relating to the proposed adoption of the ESOS to be proposed at the EGM, and should not accept nominations as proxies or otherwise for voting at the EGM in respect of the said resolution unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the resolution to be proposed at the EGM. Please refer to the ESOS Rules set out in the **Appendix D** to this Circular for the list of persons who are eligible to participate in the ESOS.

27. PROPOSED ADOPTION OF THE SHANAYA PERFORMANCE SHARE PLAN

The Company proposes to adopt a performance share plan, known as the Shanaya Performance Share Plan ("**PSP**"), subject to Shareholders' approval being obtained at the EGM.

The detailed rules of the PSP are set out in **Appendix E** to this Circular and comply with the requirements as set out in Chapter 8, Part VIII of the Catalist Rules. Capitalised terms as used throughout this section, unless otherwise defined in the section entitled "Definitions" of this Circular or in this Section 27, shall bear the meanings as defined in Rule 2 of **Appendix E** to this Circular. A summary of the rules of the PSP is set out below.

27.1 Rationale for the PSP

The Target Company believes that it is desirable for a performance share plan to be implemented by the Company to provide eligible participants ("**PSP Participants**") with an opportunity to participate in the equity of the Enlarged Group and to provide a greater flexibility to the Enlarged Group in structuring its staff remuneration package. The Company recognises that in order to maintain the Enlarged Group's competitiveness and for the Enlarged Group to build sustainable businesses in the long term, the Company must be able to continue to attract, motivate, reward and maintain a core group of directors, executives and employees.

Pursuant to the above, the Company is proposing to introduce the PSP, which will be known as the "Shanaya Performance Share Plan" as a new performance share plan of the Company to commence upon its adoption by Shareholders at the EGM.

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The PSP is intended to be employed by the Enlarged Group to reward, retain and motivate eligible Group Employees, Group Executive Directors and Group Non-Executive Directors (including the Independent Directors), including those who are also Controlling Shareholders.

The main objectives of the PSP are as follows:

- (1) motivate Participants to achieve higher efficiency and productivity and improve the performance of the Enlarged Group and its businesses, with the view of aligning their interests to those of Shareholders;
- (2) instill a sense of loyalty in the PSP Participants, and to create an incentive for the PSP Participants to work towards the long-term well-being of the Enlarged Group;
- (3) increase the competitiveness of the Enlarged Group by giving it the option to use the PSP as a component in its remuneration and incentive package to attract and retain key Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors) whose contributions are important to the growth and profitability of the Enlarged Group;
- (4) attract potential Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors) with relevant skills and expertise to contribute to the management and/or growth of the Enlarged Group; and
- (5) to give recognition to the contributions made or to be made by Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors) to the success of the Enlarged Group.

The rationale for having the PSP in addition to the ESOS is to give the Company greater flexibility in structuring market-competitive compensation packages for eligible PSP Participants and to provide an additional tool to motivate and retain key Group Employees, Group Executive Directors, and Group Non-Executive Directors (including the Independent Directors).

In particular, Awards granted under the PSP will be principally performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management and non-executive directors aimed at delivering long-term Shareholder value. The Proposed Directors believe that the PSP will be an effective tool in motivating senior executives, key senior management and non-executive directors to work towards stretched goals.

A PSP Participant's Award under the PSP will be determined at the sole discretion of the Committee. In considering an Award to be granted to a PSP Participant who is an employee, the Committee may take into account, *inter alia*, such participant's capability, entrepreneurship, innovativeness, scope of responsibility, skills set and work ethic. In

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considering an Award to be granted to a PSP Participant who is a non-executive director, the Committee may take into account, *inter alia*, the services and contributions made to the growth of the Enlarged Group, attendance and participation in meetings and the years of service.

Awards granted under the PSP are principally performance-based with performance targets to be set over a performance period and may vary from one performance period to another performance period and from one grant to another grant. Performance targets set by the Committee are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance targets and performance periods will be set according to the specific roles of each PSP Participant, and may differ from participant to participant. The performance targets are stretched targets aimed at sustaining long-term growth, and will be tied in with the Company's corporate key performance indicators. Examples of non-market performance targets which may be included as a performance target for a grant of an Award include, *inter alia*, profitability of the Enlarged Group.

27.2 Overview of the PSP

A summary of the principal terms of the PSP is set out below. More detailed information on the PSP is as set out in **Appendix E** to this Circular ("**PSP Rules**").

27.2.1 PSP Participants

The following persons shall be entitled to participate in the PSP:

- (i) Group Employees;
- (ii) Group Executive Directors; and
- (iv) Group Non-Executive Directors (including Independent Directors),

provided that on or prior to the Award Date, such person must (a) be confirmed in his/her employment with the Enlarged Group; (b) have attained the age of 21 years; and (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

Controlling Shareholders and/or their Associates who meet the eligibility criteria and who have contributed or have the potential to contribute to the success and development of the Enlarged Group are, subject to the absolute discretion of the Committee, eligible to participate in the Plan provided that the participation by each such Controlling Shareholder or Associate of a Controlling Shareholder and the actual number of Shares to be issued and the terms of each grant of Award to any one of them may be effected only with the specific prior approval of independent Shareholders at a general meeting in separate resolutions. The Company will at such time provide the rationale and justification for any proposal to grant the Controlling Shareholders

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and/or their Associates any Award. Controlling Shareholders or their Associates are eligible to participate in the PSP if their participation and Awards are approved by independent Shareholders in separate resolutions for each such person and for each such Award, and such Controlling Shareholders and their Associates shall abstain from voting on the resolution in relation to their participation in the PSP and the grant of Awards to them.

For the avoidance of doubt, participation in the PSP is not available to (1) directors and employees of an associated company of the Company (even if the Company has control over the associated company) and (2) directors and employees of the Company's parent company and its subsidiaries who have contributed to the success and development of the Company. As at the Latest Practicable Date, the Company does not have a parent company.

The selection of a PSP Participant and the number of Shares which are the subject of each Award granted to a PSP Participant in accordance with the PSP shall be determined at the absolute discretion of the Committee. The Committee plans to exercise this discretion judiciously, taking into account criteria such as the rank, job performance, years of service and potential for further development, the contribution to the success and development of the Enlarged Group and the extent of effort required to achieve the performance target within the performance period.

There will be no restriction on the eligibility of any PSP Participant to participate in any other share option or share incentive schemes implemented by any other companies within the Enlarged Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the PSP may be amended from time to time at the absolute discretion of the Committee, which shall be exercised judiciously.

27.2.2 Administration of the PSP

The PSP shall be administered by the Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board, including powers to determine, *inter alia*, (a) persons to be granted Awards; (b) terms and conditions of the grant of the Awards; and (c) recommendations for modifications to the Plan. Where a member of the Committee is also a proposed PSP Participant, he shall not be involved in the deliberations and decisions of the Committee in respect of the Awards granted, or to be granted, to him or his Associate(s).

27.2.3 Size of the PSP

The aggregate number of Shares in respect of which an Award may be granted on any date under the Plan, when added to the amount of Shares issued and issuable and/or transferred and transferable in respect of (i) all Shares available under the PSP; (ii) all Options granted under the ESOS (if adopted); and (iii) all options and awards granted under any other share option, share incentive, performance share or restricted share

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plan implemented by the Company and for the time being in force shall not exceed fifteen per cent. (15%) of the total number of Shares (excluding Treasury Shares and Subsidiary Holdings) on the day immediately preceding the relevant Award Date.

The Company will be delivering Shares pursuant to the Award granted under the PSP in the form of existing Shares held as Treasury Shares and/or an issue of new Shares that may be allotted and issued from time to time upon the vesting of the Awards granted pursuant to the PSP (“**Performance Shares**”).

In determining whether to issue Performance Shares or to purchase existing Shares for delivery to Participants upon vesting of their Award, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing Performance Shares or purchasing existing Shares.

The Proposed Directors believe that this limit gives the Company sufficient flexibility to decide upon the number of Performance Shares to offer to the Enlarged Group’s existing and new employees. The number of eligible PSP Participants is expected to grow over the years. The Company, in line with its goal of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of eligible Participants, will increase as a result. If the number of Awards available under the PSP is limited, the Company may only be able to grant a small number of Awards to each eligible PSP Participant which may not be a sufficiently attractive incentive. The Company is of the opinion that it should have the discretion to award a sufficient number of Awards to new employees as well as to existing ones. The number of Awards offered must also be significant to serve as a meaningful reward for contributions to the Enlarged Group. However, it does not necessarily mean that the Committee will definitely issue Performance Shares up to the prescribed limit. The Committee shall exercise its discretion in deciding the number of Performance Shares to be granted to each employee, which will depend on the performance and value of the employee to the Enlarged Group.

27.2.4 Maximum Entitlements

The aggregate number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted pursuant to the PSP available to all Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the PSP.

The number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted pursuant to the PSP available to each Controlling Shareholder or each of his Associates shall not exceed 10% of the Shares available under the PSP.

27.2.5 Awards

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Awards represent the right of a PSP Participant to receive fully paid Shares free of charge, upon the PSP Participant achieving prescribed Performance Conditions. Performance Conditions set under the PSP are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The Performance Conditions are targets aimed at sustaining long-term growth. Examples of Performance Conditions to be set include targets based on criteria such as sales growth, growth in earnings and return on investment.

Awards may only be vested and consequently any Shares comprised in such Award shall only be delivered upon the Committee's satisfaction that the prescribed Performance Conditions have been achieved.

Awards may be granted at any time in the course of a financial year, provided that no Awards shall be granted during the period commencing one month before the announcement of the Company's half year and full year financial statements. In addition, in the event that an announcement on any matter of any exceptional nature involving unpublished price sensitive information is made, an Award may only be vested and hence any Shares comprised in such Award may only be delivered on or after the second Market Day from the date on which such announcement is released.

The Committee shall decide, in its absolute discretion, in relation to each Award:

- (a) the PSP Participant;
- (b) the Award Date;
- (c) the number of Shares which are the subject of the Award;
- (d) the prescribed Vesting Period(s);
- (e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
- (f) in the case of a Performance-related Award, the Performance Period and the Performance Condition.

The Committee may amend or waive the Vesting Period(s) and, in the case of a Performance-related Award, the Performance Period and/or the Performance Condition in respect of any Award, in certain specified circumstances such as in the case of a Performance-related Award, if anything happens which causes the Committee to conclude that a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy, or the Performance Condition should be waived as the PSP Participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled.

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An Award letter confirming the Award and specifying, *inter alia*, in relation to the Award, the prescribed Performance Condition(s), the performance period during which the prescribed Performance Condition(s) are to be satisfied and the date by which the Award shall be vested, will be sent to each Participant as soon as reasonably practicable after the Award is finalised.

PSP Participants are not required to pay for the grant of Awards.

An Award or Released Award shall be personal to the PSP Participant to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a PSP Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

A member of the Committee who is also a participant of the PSP shall not be involved in the deliberation in respect of the Awards granted or to be granted to him.

27.2.6 Events Prior to Vesting

Under the PSP Rules, an Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the PSP Participant shall have no claim whatsoever against the Company, its Directors or employees):

- (a) a PSP Participant, being an employee, ceasing for any reason whatsoever, to be in the employment of the Company;
- (b) a PSP Participant, being a Non-Executive Director, ceasing to be a director of the Company for any reason whatsoever;
- (c) upon the bankruptcy of the PSP Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (d) ill health, injury, disability or death of a PSP Participant;
- (e) a PSP Participant commits any breach of any of the terms of his Award;
- (f) misconduct on the part of a PSP Participant as determined by the Company in its sole and absolute discretion;
- (g) a take-over, winding-up or reconstruction of the Company; and/or
- (h) any other event approved by the Committee.

For the purpose of (a) above, an employee shall be deemed to have ceased to be in

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the employment of the Company on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the employee has (with the written consent of the Company) withdrawn such notice.

For the purpose of (b) above, a PSP Participant shall be deemed to have ceased to be a Non-Executive Director as at the date the notice of resignation of or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

Further, to the extent of an Award yet to be Released, if any of the following occurs:

- (i) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
- (ii) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;
- (iii) an order for the compulsory winding-up of the Company is made; or
- (iv) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Committee may consider, at its discretion, whether or not to Release such Award. If the Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been satisfied. Where such Award is Released, the Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7 of the PSP Rules. If the Committee so determines, the Release may be satisfied in cash as provided in Rule 7 of the PSP Rules.

27.2.7 Release of Awards

In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied. If the Committee determines, in its sole discretion, that the Performance Condition has not been satisfied or if the relevant Participant has not continued to be an employee or has not continued to be a Group Non-Executive Director (as the case may be) from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value. The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company, as the case may be,

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to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

The Committee may determine to make a Release, wholly or partly, in the form of cash rather than Shares which would otherwise have been allotted and issued to the PSP Participant upon the Release of an Award on the relevant Vesting Date, in which event the Company shall pay to the PSP Participant as soon as practicable after such Vesting Date, in lieu of all or part of such Shares, the aggregate Market Value of such Shares on such Vesting Date.

27.2.8 Operation of the PSP

Subject to prevailing legislation and SGX-ST guidelines, the Company will be delivering Shares to Participants upon vesting of their Award by way of delivery of existing Shares held as Treasury Shares and/or issue of Performance Shares.

The financial effects of the delivery of Shares to Participants upon vesting of the Award are set out in Section 27.5 of this Circular.

Performance Shares allotted and issued and existing Shares held as Treasury Shares for delivery, on the release of an Award shall be subject to all the provisions of the constitution of the Company (including provisions relating to the liquidation of the Company) and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue. For this purpose, "record date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions or rights to holders of Shares.

As set out above, for purposes of the determination of Award, the Committee has the right to make computational adjustments to figures extracted from the audited results of the Company or the Enlarged Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the Performance Condition(s) if the Committee decides that a changed Performance Condition would be a fairer measure of performance.

27.2.9 Variation of Capital and Adjustment

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves, bonus issue or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the

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extent not yet vested and the rights attached thereto; and/or

- (b) the class and/or number of Shares in respect of which future Awards may be granted under the PSP,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a PSP Participant will not receive a benefit that a Shareholder does not receive.

Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustment:

- (i) any issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) any issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares pursuant to any share-based incentive schemes approved by Shareholders in general meeting and implemented by the Company, including the PSP;
- (iii) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; and
- (iv) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) effected on SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of the Company in general meeting and for the time being in force.

Any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not arbitrators) to be in their opinion, fair and reasonable.

27.2.10 Duration of the PSP

The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date the PSP is adopted by the Company in general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the PSP may be continued beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The termination, discontinuance or expiry of the PSP shall be without prejudice to the Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

The PSP may be terminated at any time by the Committee or by resolution of the

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Company in general meeting subject to all other relevant approvals which may be required, and if the PSP is terminated, no further Awards shall be offered by the Company.

27.2.11 Abstention from voting

Shareholders who are eligible to participate in the PSP are to abstain from voting on any Shareholders' resolution relating to the PSP, other than a resolution relating to the participation of, or grant of awards to, directors and employees of the Company's parent company and its subsidiaries, where applicable. This includes, where applicable, (i) implementation of the PSP; and (ii) participation by, and Award granted to, Controlling Shareholders and their Associates. Such Shareholders should not accept nominations as proxies or otherwise for voting in respect of such resolution unless specific instructions have been given in the proxy instrument on how the votes are to be cast. Controlling Shareholders and their Associates should also abstain from voting on the resolution in relation to their participation in the PSP and the grant of Awards to them.

27.2.12 Modifications or Alterations to the PSP

The rules of the PSP may be modified and/or altered from time to time by a resolution of the Committee, subject to compliance with the Catalist Rules and such other regulatory authorities as may be necessary.

However, any modification or alteration which shall alter adversely the rights attaching to any Award granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Award granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would thereby become entitled to Shares representing not less than three-quarters of the total voting rights (or such other requirements as may be prescribed by the SGX-ST) of all the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards.

No modification or alteration shall be made to the rules of the PSP to the advantage of the Participants except with the prior approval of Shareholders in general meeting. Further, no modification or alteration shall be made to the rules of the PSP that will result in a Participant receiving a benefit that a Shareholder does not have.

27.3 Rationale for including Controlling Shareholders and/or their Associates in the PSP

The Company acknowledges that the services and contributions of employees who are Controlling Shareholders or Associates of the Controlling Shareholders are important to the development and success of the Enlarged Group. The extension of the PSP to confirmed full-time employees who are Controlling Shareholders or their

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Associates allows the Enlarged Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of the Enlarged Group. The participation of the Controlling Shareholders or the Associates of the Controlling Shareholders in the ESOS will serve both as a reward to them for their dedicated services to the Enlarged Group and a motivation for them to take a long-term view of the Enlarged Group.

Although participants who are Controlling Shareholders or their Associates may already have shareholding interests in the Company, the extension of the PSP to include them ensures that they are equally entitled, with the other employees of the Enlarged Group who are not Controlling Shareholders or Associates of the Controlling Shareholders, to take part and benefit from this system of remuneration. The Company is of the view that a person who would otherwise be eligible should not be excluded from participating in the PSP solely by reason that he/she is a Controlling Shareholder or an Associate of the Controlling Shareholder(s).

The specific approval of the independent Shareholders is required for the proposed participation of any Controlling Shareholder and/or their Associates in the PSP as well as any specific award thereunder to such persons. Separate resolutions must be passed for each such person and, in the case of an Award, the resolution must state the actual number of Shares comprised in the specific Award and its applicable terms, as well as the Company's rationale for such proposal. In addition, only members of the Committee who are not the Controlling Shareholders or Associates of such Controlling Shareholders will be involved in deliberations and decisions in respect of the Awards to be granted to or held by Controlling Shareholders and/or their Associates and the terms and conditions including the performance conditions attached to such Awards. On the foregoing basis, the Company is of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and/or their Associates in the PSP.

27.4 Rationale for including Group Non-Executive Directors (including Independent Directors) in the PSP

Although the Group Non-Executive Directors (including Independent Directors) are not involved in the day-to-day running of the Enlarged Group's business, they, nonetheless, play an invaluable role in furthering the business interests of the Enlarged Group by contributing their experience and expertise. The participation by the Group Non-Executive Directors (including Independent Directors) in the PSP will provide the Company with a further avenue to acknowledge and recognise their services and contributions to the Enlarged Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. The extension of the PSP to Group Non-Executive Directors (including Independent Directors) allows the Enlarged Group to have a fair and equitable system to reward Group Non-Executive Directors of the Enlarged Group who have made and who continue to make significant contributions to the long-term growth of the Enlarged Group.

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The Proposed Directors believe that the extension of the PSP to Group Non-Executive Directors (including Independent Directors) will also enable the Company to attract, retain and incentivise Group Non-Executive Directors (including Independent Directors) to achieve higher standards of performance as well as to give recognition to past contributions and services as well as motivating eligible Group Non-Executive Directors (including Independent Directors) generally to contribute towards the long-term growth and profitability of the Enlarged Group.

To minimise any potential conflicts of interest, it is envisaged that the grant of Awards, and hence, the number of Performance Shares to be issued and allotted to the Group Non-Executive Directors, based on the criteria set out above will be relatively small, in terms of frequency and numbers, and hence, will not jeopardise the independence of the Independent Directors. The Committee may also decide that no Awards shall be granted in any financial year or no Award may be granted at all.

27.5 Financial Effects of the PSP

Details of the costs to the Company of granting Awards under the PSP are as follows:

27.5.1 Share capital

The PSP will result in an increase in the Company's issued share capital only if Performance Shares are issued to PSP Participants. The number of Performance Shares issued will depend on, *inter alia*, the size of the Award granted under the PSP. However, if existing Shares are purchased for delivery to PSP Participants in lieu of issuing Performance Shares to Participants, the PSP will have no impact on the Company's issued share capital.

27.5.2 EPS

The PSP will result in a charge to earnings equivalent to the market value at which the existing Shares are purchased or the market value on the date at which Performance Shares are issued under the Awards.

Although the PSP will have a dilutive impact (to the extent that Performance Shares are issued pursuant to the PSP) on the EPS of the Company and the Enlarged Group, it should again be noted that the delivery of Shares to Participants under the PSP will generally be contingent upon the Participants meeting the prescribed performance conditions. Accordingly, the earnings of the Company and the Enlarged Group could have grown before the Awards are granted and Shares delivered.

27.5.3 NTA

The PSP will result in a charge to the Company's consolidated income statement equal to the market value at which the Performance Shares are issued or the existing Shares are purchased to meet delivery under the Award. If Performance Shares are issued under the PSP, there would be no effect on the NTA of the Enlarged Group. If existing

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Shares are purchased for delivery to Participants, the NTA of the Enlarged Group and the Company would decrease by the amount charged.

Although the PSP will result in a charge to the Company's consolidated income statement, it should be noted that Awards are granted only on a selective basis and will be granted to PSP Participants whom the Company believes would have contributed or will contribute significant value in its success including financial performance. In particular, the grant of Awards and delivery of Shares to PSP Participants, are contingent upon the PSP Participants meeting prescribed Performance Conditions. Therefore, PSP Participants would have contributed to or will contribute to significant value add to the NTA of the Company and the Enlarged Group before the Awards are granted and Shares delivered.

27.5.4 Cost of Award

As PSP Participants are not required to pay for the grant of the Awards, such grant of Awards will have a financial effect on the Company.

The SFRS(I) 2 *Share-based Payment* issued by the Accounting Standard Council is effective for the financial statements of the Company for the financial year beginning 1 January 2007. SFRS(I) 2 requires the recognition of an expense in respect of the Awards granted under the PSP. The expenses will be based on the fair value of the Awards at the date of the grant and will be recognised over the expected vesting period. However, no expense will ultimately be recognised for any Awards granted that do not vest because of failure to satisfy the vesting conditions.

In accordance with SFRS(I) 2, paragraph 15, the Company shall account for the grant of award during the vesting period, with a corresponding increase in equity. Per SFRS(I) 2, paragraph 19, on a cumulative basis, no amount is recognised for services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition. Also, per SFRS(I) 2, paragraph 20, the Company shall recognise an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary. Therefore, the grant of an Award is recognised to income statement over the expected vesting period. If an employee leaves before end of the vesting period, the Company should revise the estimated number of equity instruments expected to vest.

27.5.5 Dilutive impact

If approved, the PSP will provide that the maximum Shares available under the PSP and all options and awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force shall not exceed fifteen (15) per cent of the total number issued shares of the Company (excluding Treasury Shares and Subsidiary Holdings) from time to time. Shareholders' shareholding percentages will be diluted accordingly as a result of the issuance and allotment of Performance Shares pursuant to the PSP

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depending on the number of Performance Shares issued.

27.6 The Proposed Adoption of the PSP

The PSP will commence and take effect only upon its adoption by Shareholders at the EGM. Shareholders' approval will be sought at the EGM for the proposed adoption of the PSP (including the issuance and allotment of Performance Shares pursuant to the vesting of Awards granted under the PSP).

Shareholders who are also persons eligible to participate in the PSP should abstain from voting at the EGM in respect of the resolution relating to the proposed adoption of the PSP to be proposed at the EGM, and should not accept nominations as proxies or otherwise for voting at the EGM in respect of the said resolution unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the resolution to be proposed at the EGM. Please refer to the PSP Rules set out in the **Appendix E** to this Circular for the list of persons who are eligible to participate in the PSP.

28. THE PROPOSED NEW GENERAL SHARE ISSUE MANDATE

28.1 Rationale

As at the Latest Practicable Date, the Existing General Share Issue Mandate authorising the Directors to allot and issue new Shares in the capital of the Company in accordance with, and subject to, the provisions of Rule 806 of the Catalist Rules was last obtained at the AGM of the Company held on 28 September 2020. The aggregate number of shares which may be issued under the Existing General Share Issue Mandate is determined based on the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) at the time of passing of the Existing General Share Issue Mandate, being, 1,229,226,124 shares.

Following Completion, it is anticipated that the Enlarged Group will be required to issue Shares and convertible securities from time to time in order to, amongst others, meet the working capital requirements of the Company. As such, the Company is proposing to seek Shareholders' approval at the EGM for the Proposed New General Share Issue Mandate. This is in addition to the authorisation to be sought for the proposed share issuance in relation to the issuance and allotment of the Consideration Shares, Introducer Shares and PPCF Shares as set out in Section 5 of this Circular.

28.2 Limits of the Proposed New General Share Issue Mandate

The Proposed New General Share Issue Mandate, if approved, will authorise and empower the Proposed New Board pursuant to Section 161 of the Companies Act, the Company's Constitution and Rule 806 of the Catalist Rules, to:

- (a) (i) allot and issue shares in the capital of the Company (whether by way of rights issue, bonus issue or otherwise); and/or

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- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares,

at any time and upon such terms and conditions, and for such purposes and to such persons as the Proposed New Board may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue (A) additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Proposed New Board while the ordinary resolution was in force; and (B) shares in pursuance of any Instrument made or granted by the Proposed New Board while the ordinary resolution was in force of such additional Instruments in (b)(A) above, provided that:
 - (i) the aggregate number of Shares to be issued pursuant to the ordinary resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 100% of the then-existing issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings, if any) or such other limit as may be prescribed by the Catalist Rules as at the date of the passing of the ordinary resolution, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to the ordinary resolution) shall not exceed 50% of the then-existing issued share capital of the Company (excluding Treasury Shares and Subsidiary Holdings, if any) or any such other limit as may be prescribed by the Catalist Rules as at the date of the passing of the ordinary resolution;
 - (ii) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Company’s Constitution for the time being of the Company; and
 - (iii) unless revoked or varied by the Company in general meeting, such authority shall continue in full force until the conclusion of the next AGM or the date by which the next AGM is required by the law or the Catalist Rules to be held, whichever is earlier.

For this purpose, the “**then-existing issued share capital**” shall mean the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings, if any) in the capital of the Company immediately after Completion, after adjusting for (aa) new Shares arising from the conversion or exercise of any convertible securities; (bb)

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new Shares arising from the exercise of share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (cc) any subsequent bonus issue, consolidation or subdivision of Shares. Adjustments for (aa) and (bb) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the ordinary resolution.

The Proposed New General Share Issue Mandate falls within the limits set out in Rule 806(2)(a) of the Catalist Rules

28.3 Validity Period of the Proposed New General Share Issue Mandate

The Proposed New General Share Issue Mandate, if approved by Shareholders at the EGM, shall take effect from the passing of the resolution, and shall continue in force until the earliest of the following:

- (a) the conclusion of the Company's next AGM;
- (b) the expiration of the period within which the Company's next AGM is required to be held pursuant to the Constitution or any applicable laws of Singapore;
- (c) it is carried out to the full extent mandated; or
- (d) It is revoked or varied by ordinary resolution of the Shareholders in a general meeting.

Subject to its continued relevance to the Company, the Proposed New Share Issue Mandate will be put to Shareholders for renewal at subsequent general meetings of the Company.

29. PROPOSED CHANGE OF THE COMPANY'S NAME

Pursuant to the terms of the SPA, and conditional upon and concurrent with Completion, the Company is required to change its name from "CPH Ltd." to "Shanaya Limited" to better reflect the identity of the Enlarged Group and the new business and activities of the Enlarged Group.

In line with the Proposed Change of the Company's Name, the Company also intends to adopt a new corporate logo as shown below:



29.1 Approvals

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An application had been made to ACRA by the Company on behalf of the Vendors for the reservation of the name of “Shanaya Limited” on 8 June 2021. The proposed name has been reserved with ACRA until 6 October 2021.

Subject to Shareholders’ approval of the special resolution for the Proposed Change of the Company’s Name and registration by ACRA, the Company shall change its name to “Shanaya Limited” with effect from the issue by ACRA of the certificate confirming the incorporation of the Company under the new name. The new name “Shanaya Limited” shall be substituted for “CPH Ltd.” wherever the latter name appears in the Constitution.

The resolution to seek Shareholders’ approval for the Proposed Change of Company’s Name is set out in Special Resolution 19 in the Notice of EGM.

The Company will make an announcement to notify Shareholders when the Proposed Change of Company’s Name takes effect.

29.2 Existing Share Certificates

Shareholders should note that the Proposed Change of Company’s Name does not affect any of the rights of the Shareholders and the legal status of the Company. The Company will not be recalling existing share certificates. The existing share certificates of the Company bearing the current name, that is, “CPH Ltd.” issued prior to the date on which the Proposed Change of Company’s Name takes effect, will continue to be *prima facie* evidence of legal title to Shares and will remain valid for trading, settlement, registration and delivery purposes. **No further action is required to be taken on the part of the Shareholders in relation to the Proposed Change of Company’s Name.**

30. PROPOSED ADOPTION OF THE NEW CONSTITUTION

30.1 Background

The existing Constitution was adopted by the Company on 14 December 1998 in connection with its conversion to a public company and listing on the SGX-ST, and was last amended on 3 February 2009. Since the previous amendments to the existing Constitution, the Companies Act has seen various amendments, and amendments have also been introduced to the Catalist Rules.

30.2 Rationale for the New Constitution

In connection with the Proposed Transactions, the Company has undertaken a review of its Constitution and proposes to adopt the New Constitution as set out at **Appendix F** to this Circular, in place of its existing Constitution, to streamline its Constitution and to incorporate amendments to the Companies Act. The Amendment Act 2014 which was passed in Parliament on 8 October 2014 and took effect in phases on 1 July 2015 and 3 January 2016 respectively, introduced wide-ranging changes to the Companies Act. Thereafter, the Companies (Amendment) Act 2017, which was passed in

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Parliament on 10 March 2017 and took effect in phases on 31 March 2017, 23 May 2017, 11 October 2017 and 31 August 2018, introduced further changes to the Companies Act. These changes to the Companies Act aim to reduce regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape in Singapore. The key changes include the merging of the memorandum and articles of association of a company into one document called the “constitution”, the introduction of a multiple proxies regime to enfranchise indirect investors and CPF investors, provisions to facilitate the electronic transmission of notices and documents, and the removal of the requirement for a common seal.

The proposed New Constitution also contains updated provisions which are consistent with the Catalist Rules prevailing as at the Latest Practicable Date, in compliance with Rule 730 of the Catalist Rules, as well as to address other regulatory changes, namely, the personal data protection regime in Singapore and the enactment of the Mental Health (Care and Treatment) Act (Chapter 178A) of Singapore.

The resolution to seek Shareholders’ approval for the Proposed Adoption of the New Constitution is set out in Special Resolution 20 in the Notice of EGM.

30.3 Summary of Principal Provisions

The following is a summary of the principal provisions of the proposed New Constitution which are significantly different from the equivalent provisions in the existing Constitution. It does not set out all the new and amended provisions in the proposed New Constitution and should be read in conjunction with the proposed New Constitution which is set out in its entirety in **Appendix F** to this Circular. For Shareholders’ ease of reference, **Appendix G** sets out a comparison of the proposed New Constitution against the existing Constitution, with all additions underlined and any deletions marked with a strikethrough.

Unless otherwise defined, capitalised terms in this Section 31 of this Circular below shall bear the meanings ascribed to them in the proposed New Constitution.

30.3.1 Changes due to amendments to the Companies Act

The following regulations are amendments/inclusions which are in line with the Companies Act as at the Latest Practicable Date, as amended pursuant to the Amendment Act 2014 and Amendment Act 2017. In line with Section 35 of the Companies Act, all references to “Article” or “Articles” in the existing Constitution have been amended to “Regulation” or “Regulations” in the proposed New Constitution.

- (i) **Regulation 2 (Article 2 of the Constitution).** The interpretation section under Regulation 2 includes the additional or revised provisions:
 - (A) A new definition of “Constitution” to mean the constitution of the Company for the time being in force. This aligns the terminology used in the New Constitution with the Companies Act, as amended by the Amendment Act

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2014. In particular, the amended Section 4 of the Companies Act now collectively deems the memorandum and articles of association of a company prior to 3 January 2016 (being the date on which the amended Section 4 came into effect) to be the company's constitution.
- (B) New definitions of "registered address" and "address" to make it clear that these expressions mean, in relation to any Shareholder, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly specified.
 - (C) A new definition of "Regulations" as the Regulations of the Company contained in the proposed New Constitution for the time being in force. This ensures consistency with the new terminology used in the Companies Act, as amended by the Amendment Act 2014.
 - (D) Revised definitions of "in writing" and "written" to make it clear that these include any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in a physical or electronic form or otherwise howsoever.
 - (E) Revised regulation stating that the terms "Depositor", "Depository", "Depository Agent" and "Depository Register" shall have the meaning ascribed to them respectively in the SFA, as the provisions which relate to the Central Depository System in the Companies Act have, pursuant to the Amendment Act 2014, migrated to the SFA.
 - (F) New regulation stating that the expressions "current address", "electronic communication" and "relevant intermediary" shall have the meanings ascribed to them respectively in the Companies Act, in light of the introduction of the new provisions facilitating electronic communication and the multiple proxies regime to the Companies Act.
 - (G) A new provision stating that a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under the proposed New Constitution.
- (ii) **Regulation 5(E).** Regulation 5(E) which relates to the issuance of shares for no consideration, is a new provision which clarifies that a company having a share capital may issue shares for which no consideration is payable to the issuing company. This is in line with new Section 68 of the Companies Act.
 - (iii) **Regulations 54, 151, 152 (Articles 51, 136 and 137 of the Constitution).** The references to the Company's "profit and loss account" or "accounts" and "Directors' report" have also been updated in the proposed New Constitution to substitute them with references to "financial statements" and "Directors' statement", as appropriate, for consistency with the updated terminology in the Companies Act.

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- (iv) **Regulation 6(A) (Article 6 of the Constitution).** Regulation 6(A) provides that any expenses (including commissions or brokerage) incurred directly by the Company in relation to the issue of new shares may be paid out of the proceeds of such issue of new shares or the Company's share capital, but such payment shall not be taken as a reduction of the amount of share capital of the Company. This is in line with Section 67 of the Companies Act.
- (v) **Regulation 10(e) (Article 11 of the Constitution).** Regulation 10(e), which relates to the Company's power to alter its share capital, has new provisions which empower the Company, by ordinary resolution, to convert its share capital or any class of shares from one currency to another currency. This is in line with new Section 73 of the Companies Act, which sets out the procedure for such re-denominations.
- (vi) **Regulation 11 (Article 12 of the Constitution).** Regulation 11(B) is a new provision that empowers the Company to convert one class of shares into another class of shares. This is in line with new Section 74A of the Companies Act, which sets out the procedure for such conversions. Article 12(A) (renumbered as Regulation 11(A) in the proposed New Constitution) has also been clarified to provide that the Company may by special resolution reduce its share capital and any other undistributable reserves in any manner subject to the relevant laws. This is in line with new Section 78C of the Companies Act.
- (vii) **Regulation 12 (Article 13 of the Constitution).** The requirement to disclose the amount paid on the shares in the share certificate relating to those shares has been removed in Article 13 (renumbered as Regulation 12 in the proposed New Constitution), which relates to share certificates. A share certificate need only state, *inter alia*, the number and class of the shares, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares. This is in line with the amendments to Section 123(2) of the Companies Act pursuant to the Amendment Act 2014.
- (viii) **Regulation 50 (Article 47 of the Constitution).** Article 47 (renumbered as Regulation 50 in the proposed New Constitution), which relates to annual general meetings, has been updated to provide that annual general meetings shall be held within 4 months after the end of the Company's financial year, unless otherwise stipulated by the Exchange and subject to the provisions of the Companies Act. This is in line with Section 175 and 175A of the Companies Act, as amended pursuant to the Amendment Act 2017.
- (ix) **Regulation 62(B) (Article 59 of the Constitution).** Article 59 (renumbered as Regulation 62(B) in the proposed New Constitution), which relates to the method of voting at a general meeting where mandatory polling is not required, has been revised to reduce the threshold for eligibility to demand a poll from 10% to 5% of the total voting rights of the members having the right to vote at the meeting. This is in line with Section 178 of the Companies Act, as amended

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pursuant to the Amendment Act 2014.

- (x) **Regulations 66, 72 and 74 (Articles 63, 69 and 71 of the Constitution).** Articles 63, 69 and 71 (renumbered as Regulations 66, 72 and 74 in the proposed New Constitution respectively), which relate to the voting rights of Shareholders, have new provisions which cater to the multiple proxies regime introduced by the Amendment Act 2014. The multiple proxies regime allows “relevant intermediaries”, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. In particular, Regulations 66, 72 and 74 provide that:
- a. save as otherwise provided in the Companies Act, a Shareholder who is a “relevant intermediary” may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. This is in line with new Section 181(1C) of the Companies Act;
 - b. in the case of a Shareholder who is a “relevant intermediary” and who is represented at a general meeting by two or more proxies, each proxy shall be entitled to vote on a show of hands. This is in line with new Section 181(1D) of the Companies Act;
 - c. the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 (previously 48) hours before the time of the relevant general meeting. Consequential changes have also been made to make it clear that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting. This is in line with new Section 81SJ(4) of the SFA; and
 - d. the Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

The cut-off time for the deposit of instruments appointing proxies has also been extended from 48 to 72 hours before the time appointed for holding the general meeting in Regulation 74, which relates to the deposit of proxies. This is in line with Section 178(1)(c) of the Companies Act, as amended pursuant to the Amendment Act 2014.

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- (xi) **Regulation 88.** Regulation 88 is a new provision that extends the application of the obligation of a Director to disclose interests in transactions or proposed transactions with the Company, or any office or property held which might create duties or interests in conflict with those as Director, to a Chief Executive Officer (or person(s) holding an equivalent position) as well. This is in line with Section 156 of the Companies Act, as amended pursuant to the Amendment Act 2014.
- (xii) **Regulation 118 (Article 109 of the Constitution).** Article 109 (renumbered as Regulation 118 in the proposed New Constitution), which relates to the general powers of the Directors to manage the Company's business, clarifies that the business and affairs of the Company is to be managed by, or under the direction or supervision of, the Directors. This is in line with Section 157A of the Companies Act, as amended pursuant to the Amendment Act 2014.
- (xiii) **Regulation 130 (Article 119 of the Constitution).** Regulation 130(C) is a new provision that provides that the Company may exercise the powers conferred by the Company Act with regard to (a) the dispensation of the requirement of having a common seal as referred to in Section 41A of the Companies Act; and (b) alternatives to sealing as referred to in Sections 41B and 41C of the Companies Act. This is in line with Section 41A of the Companies Act (as introduced by the Amendment Act 2017) which provides that a company may have a common seal but need not have one. Consequential amendments have been made to Article 13 (renumbered as Regulation 12 in the proposed New Constitution) which relate to the form of share certificates.
- (xiv) **Regulation 131 (Article 120 of the Constitution).** Article 120 (renumbered as Regulation 131 in the proposed New Constitution), which relates to the keeping of Company records, has been revised to provide that such records may be kept either in hard copy or electronic form. This is in line with new Sections 395 and 396 of the Companies Act.
- (xv) **Regulation 151 (Article 136 of the Constitution).** Article 136 (renumbered as Regulation 151 in the proposed New Constitution) has been updated to provide that directors must at annual general meetings lay the financial statements for the financial year in respect of which such annual general meeting is held. This is in line with Section 201 of the Companies Act, as amended pursuant to the Amendment Act 2017.
- (xvi) **Regulation 152 (Article 137 of the Constitution).** Article 137 (renumbered as Regulation 152 in the proposed New Constitution), which relates to the sending of the Company's financial statements and related documents to Shareholders, additionally provides that such documents may be sent less than 14 days before the date of the general meeting with the agreement of all persons entitled to receive notices of general meetings. This is in line with new Section 203(2) of the Companies Act, which provides that the requisite financial

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statements and other related documents may be sent less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree.

Notwithstanding the above, it should be noted that under the prevailing Rule 707(2) of the Catalist Rules, an issuer must issue its annual report to shareholders and the Exchange at least 14 days before the date of its annual general meeting. Accordingly, subject to any revision to Rule 707(2) of the Catalist Rules, the Company will ensure nevertheless that its annual reports are issued to Shareholders at least 14 days before the date of its annual general meetings.

- (xvii) **Regulation 157 (Article 140 of the Constitution).** Amendments have been made to Article 140 (renumbered as Regulation 157 in the proposed New Constitution) so as to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to new Section 387C of the Companies Act. Under the new Section 387C of the Companies Act, notices and documents may be given, sent or served using electronic communications with the express, implied or deemed consent of the member in accordance with the constitution of the company. There is express consent if a shareholder expressly agrees with the company that notices and documents may be given, sent or served on him using electronic communications. There is deemed consent if the member was by notice in writing given an opportunity to elect, within such period of time specified in the notice, whether to receive the notice or document by way of electronic communications or as a physical copy, and the member failed to make an election within the time so specified. There is implied consent if the constitution (i) provides for the use of electronic communications and specifies the mode of electronic communications, and (ii) specifies that shareholders agree to receive such notices or documents by way of electronic communications and do not have a right to elect to receive physical copies of such notices and documents. Certain safeguards for the use of the deemed consent and implied consent regimes are prescribed under new regulation 89C of the Companies Regulations.

The new Section 387C of the Companies Act was introduced to give effect to recommendations by the Steering Committee for Review of the Companies Act to ease the rules for the use of electronic transmission and to make them less prescriptive, and these recommendations were accepted by the Ministry of Finance (“MOF”). In accepting these recommendations, the MOF noted the concerns of some shareholders who would prefer to have an option to receive physical copies of the notices and documents, notwithstanding that the company adopts the implied consent regime, and indicated that such shareholders could highlight their concerns when a company proposes amendments to its constitution to move to an implied consent regime. Shareholders who are supportive of the new deemed consent and implied consent regimes for electronic communications may vote in favour of the

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adoption of the New Constitution, which incorporates new provisions (contained in Regulation 157) to facilitate these regimes.

Regulation 157 provides that:

- a. notices and documents may be sent to Shareholders using electronic communications either to a Shareholder's current address (which may be an email address) or by making it available on a website;
- b. for these purposes, a Shareholder is deemed to have agreed to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document (this is the implied consent regime permitted under the new Section 387C of the Companies Act); and
- c. notwithstanding sub-paragraph (ii) above, the Directors may decide to give Shareholders an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications if he was given such opportunity but failed to opt out within the specified time (this is the deemed consent regime permitted under the new Section 387C of the Companies Act).

New Regulation 157(G) additionally provides for when service is effected in the case of notices or documents sent by electronic communications. In particular, where a notice or document is made available on a website, it is deemed served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Companies Act and/or other applicable regulations or procedures.

Under new regulation 89D of the Companies Regulations, notices or documents relating to take-over offers and rights issues are excluded from the application of Section 387C of the Companies Act and therefore cannot be transmitted by electronic means pursuant to Section 387C of the Companies Act.

On 31 March 2017, amendments to the Catalist Rules came into effect to permit listed issuers to send documents to shareholders electronically under the new regimes provided under the Companies Act, subject to the additional safeguards prescribed under the Catalist Rules. Should the Company decide to make use of the new regimes to send documents electronically to Shareholders, the Company will comply with the applicable listing rules of the Exchange. In particular, under Rule 1207 of the Catalist Rules, an issuer must send the following documents to shareholders by way of physical copies:

- a. forms or acceptance letters that shareholders may be required to complete;
- b. notices of meetings, excluding circulars or letters referred to in such

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- notices;
- c. notices and documents relating to take-over offers and rights issues; and
- d. notices under Rules 1208 and 1209 of the Catalist Rules.

Rule 1208 of the Catalist Rules also provides that when an issuer uses electronic communications to send a document to a shareholder, the issuer shall inform the shareholder as soon as practicable of how to request a physical copy of that document from the issuer. The issuer shall provide a physical copy of that document upon such request.

Rule 1209 of the Catalist Rules provides that if the issuer uses website publication as the form of electronic communications, the issuer shall separately provide a physical notification to shareholders notifying of the following:

- a. the publication of the document on the website;
 - b. if the document is not available on the website on the date of notification, the date on which it will be available;
 - c. the address of the website;
 - d. the place on the website where the document may be accessed; and
 - e. how to access the document.
- (xviii) **Regulation 164 (Article 147 of the Constitution).** Article 147 (renumbered as Regulation 164 in the proposed New Constitution), which relates to Directors' indemnification, has been expanded to permit the Company, subject to the provisions of and so far as may be permitted by the Companies Act, to indemnify a Director against losses "to be incurred" by him in the execution of his duties. This is in line with new Sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred or to be incurred by him in defending court proceedings or regulatory investigations.

30.3.2 Amendments for consistency with the Catalist Rules

- (i) **Regulation 3 (Article 4(A) of the Constitution).** Article 4(A) of the existing Constitution provides that no shares shall be issued which results in a transfer of a controlling interest in the Company without the prior approval of the members of the Company in a general meeting. It is proposed that this language would not be retained in Regulation 3 of the New Constitution as such a provision is no longer required by Appendix 4C of the Catalist Rules to be included in the constitution of a company. However, the Company is still required to comply with Rule 803 of the Catalist Rules, which provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.
- (ii) **Regulation 5(D).** Regulation 5(D) has been included in the proposed New Constitution to reflect that the rights attaching to shares of a class other than

LETTER TO SHAREHOLDERS

ordinary shares must be expressed in the constitution. This change is in line with paragraph 1(b) of Appendix 4C of the Catalist Rules. Regulation 8 has also been updated to clarify that the total number of issued preference shares of the Company shall not exceed the total number of issued ordinary shares of the Company. This change is in line with paragraph 1(a) of Appendix 4C of the Catalist Rules.

- (iii) **Regulation 28 (Article 29 of the Constitution).** Article 29 (renumbered as Regulation 28 in the proposed New Constitution), which relates to the Company's paramount lien on shares, will clarify that such lien shall be restricted to unpaid calls and instalments upon the specific Shares in respect of which such moneys are due and unpaid. This is in line with paragraph 3(a) of Appendix 4C of the Catalist Rules.
- (iv) **Regulation 50 (Article 47 of the Constitution).** Article 47 (renumbered as Regulation 50 in the proposed New Constitution) has been updated to reflect the requirement of the Catalist Rules that general meetings of the Company shall be held in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation. This update is in line with Rule 730A(1) of the Catalist Rules.
- (v) **Regulation 74(A) (Article 71 of the Constitution).** Article 71 (renumbered as Regulation 74 in the proposed New Constitution) has been updated to clarify that if a Shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy is deemed to be revoked. This is in line with Paragraph 3.3 of Practice Note 7E of the Catalist Rules.
- (vi) **Regulations 93 and 97 (Article 85 and 89 of the Constitution).** Articles 85 and 89 (renumbered as Regulations 93 and 97 in the proposed New Constitution respectively), which relate to the appointment of a Chief Executive Officer or a Managing Director of the Company and the election of Directors, have been amended to provide that a Chief Executive Officer and a Managing Director shall be subject to retirement by rotation, resignation and removal as the other Directors and be taken into account in determining the rotation of retirement of Directors or the number of Directors to retire. This is in line with Rule 720(4) of the Catalist Rules.
- (vii) **Regulation 102 (Article 93 of the Constitution).** Article 93 (renumbered as Regulation 102 in the proposed New Constitution) has been updated for consistency with the wordings set out in paragraph 9(g) of Appendix 4C of the Catalist Rules.
- (viii) **Regulation 103 (Article 94 of the Constitution).** Article 94 (renumbered as Regulation 103 in the proposed New Constitution) has been updated to provide that the office of a Director shall be vacant if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. This

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amendment is in line with paragraph 9(m) of Appendix 4C of the Catalist Rules.

- (ix) **Regulation 105(A) (Article 96(A) of the Constitution).** Article 96(A) (renumbered as Regulation 105(A) in the proposed New Constitution) has been updated for consistency with the wordings set out in paragraph 9(k) of Appendix 4C of the Catalist Rules.

30.3.3 Updates in line with the Personal Data Protection Act

In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. The new Regulation 166 specifies, *inter alia*, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives.

30.3.4 Other amendments

- (i) **Memorandum of Association.** The memorandum of association of the Company is proposed to be deleted in its entirety and is therefore not reflected in **Appendix F** herein. For the avoidance of doubt, clauses 1 to 4 of the memorandum of association of the Company are proposed to be replicated and incorporated into the New Constitution as Regulation 1.
- (ii) **Regulations 39 and 103 (Article 94 of the Constitution).** References to insane persons and persons of unsound mind have been substituted with references to persons who are mentally disordered and incapable of managing himself or his affairs in new Regulation 39 and Article 94 (renumbered as Regulation 103 in the proposed New Constitution), following the enactment of the Mental Health (Care and Treatment) Act, Chapter 178A of Singapore, which repealed and replaced the Mental Disorders and Treatment Act, Chapter of 178 Singapore.

31. CHANGE IN FINANCIAL YEAR END UPON COMPLETION

Subject to the Key Resolutions being passed at the EGM, the Company intends to change its financial year end to 31 December of each year, and will make an announcement of such change after the conclusion of the EGM. The proposed change of the Company's financial year end upon Completion is intended to align the Company's financial year end, currently ending on 31 March, with that of the Target Company. The Target Company's financial year ends on 31 December of each year.

32. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders of the Company in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and the Register of Substantial

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Shareholders maintained by the Company are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors						
Ong Kian Soon	10,534,000	0.86	—	—	10,534,000	0.86
Lee Teong Sang	—	—	—	—	—	—
Tito Shane Isaac	—	—	—	—	—	—
Director and Substantial Shareholder						
Choo Tung Kheng	247,012,315	20.09	1,200 ⁽²⁾	0.00	247,013,515	20.09

Notes:

- (1) Based on the total number of 1,229,226,124 Shares (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.
- (2) Choo Tung Kheng is deemed interested in the 1,200 Shares held by her spouse, the late Mr. Tan Ming.

Save as disclosed in this Circular and for their interests in the Shares as disclosed in the table above, none of the Directors or Substantial Shareholders of the Company has any interests, direct or indirect, in the Proposed Transactions.

33. INTERESTS OF FINANCIAL ADVISER AND SPONSOR, IFA, INDEPENDENT BUSINESS VALUER AND INTRODUCER

Interest of PPCF as the Financial Adviser and Sponsor

In the reasonable opinion of the Directors, PPCF does not have a material relationship with the Company and/or the Target Company, save for the following:

- (i) PPCF is the Financial Adviser and Sponsor to the Company in respect of the Proposed Acquisition;
- (ii) PPCF is the continuing sponsor of the Company, and will be the continuing sponsor of the Company for a period of three (3) years from the Completion Date; and
- (iii) As part of PPCF's management fees as the Financial Adviser and Sponsor to the Company, the Company shall allot and issue 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price to PPCF. After the completion of the Proposed Share Consolidation, PPCF shall hold 1,666,666 Consolidated Shares, representing approximately 1.48% of the Enlarged Share Capital on Completion. After the expiry of the relevant moratorium period as set out in Section 13.6 entitled "Moratorium" of this Circular, PPCF will be disposing its shareholding interest in the Company at its discretion.

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Interests of ACA as the IFA

In the reasonable opinion of the Directors, the IFA, ACA, does not have a material relationship with the Company and/or the Target Company, save that it is the IFA in relation to the Proposed Whitewash Resolution.

Interests of Chay Corporate Advisory Pte Ltd as the Independent Business Valuer

In the reasonable opinion of the Directors, the Independent Business Valuer, Chay Corporate Advisory Pte Ltd, does not have a material relationship with the Company and/or the Target Company save for Chay Corporate Advisory Pte Ltd being the Independent Business Valuer.

Interests of Oakwood & Drehem Capital Pte. Ltd. as the Introducer

The Introducer is appointed by the Target Company to provide management consultation services to the Vendors and the Target Company in relation to the proposed acquisitions, disposals and fund raising by the Vendors and the Target Company. The Introducer introduced the Vendors and the Target Company to the Company for the purposes of the Proposed Acquisition. Pursuant to a supplemental deed dated 27 June 2021 entered into between the Introducer, the Target Company and the Company, it was agreed that the introducer fee of S\$300,000 shall be fully satisfied by the issuance and allotment by the Company of the Introducer Shares at the Issue Price (subject to the Proposed Share Consolidation). In the reasonable opinion of the Directors, the Introducer, Oakwood & Drehem Capital Pte. Ltd., does not have a material relationship with the Company, save for the issuance and allotment of 50,000,000 Introducer Shares (on a pre-consolidation basis) by the Company to the Introducer at the Issue Price for each Introducer Share as payment of the Introducer Fee. After the completion of the Proposed Share Consolidation, the Introducer shall hold 1,250,000 Consolidated Shares, representing approximately 1.11% of the Enlarged Share Capital on Completion.

34. INTERESTS OF EXPERTS

None of the experts named in this Circular is employed on a contingent basis by the Company and/or the Target Company, or has a material interest, whether direct or indirect, in the Shares and/or the shares of the Target Company, or has a material economic interest, whether direct or indirect, in the Company and/or the Target Company, including an interest in any of the Proposed Transactions.

35. ABSTENTION FROM VOTING

Proposed Whitewash Resolution

In accordance with the conditions of the Whitewash Waiver granted by the SIC, the Vendors, their concert parties and persons not independent of them will abstain from voting at the EGM on the Ordinary Resolution relating to the Proposed Whitewash

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Resolution. They will also decline to accept appointment as proxies for voting at the EGM in respect of the resolution relating to the Proposed Whitewash Resolution unless the Independent Shareholders appointing them as proxies give specific instructions in their proxy forms as to the manner in which their votes are to be cast in respect of such resolution.

The Company will disregard any votes cast by the Vendors, their concert parties and persons not independent of them on the resolution relating to the Proposed Whitewash Resolution.

Proposed re-election of Ong Kian Soon as a director upon the completion of the Proposed Acquisition

Ong Kian Soon and his respective Associates who are shareholders shall abstain from voting in respect of their holdings of Shares (if any) at the EGM in respect of the Ordinary Resolution for the proposed re-election of Ong Kian Soon as a director upon the completion of the Proposed Acquisition, and shall not accept appointments as proxies for voting at the EGM in respect of the aforesaid Ordinary Resolution unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the aforesaid Ordinary Resolution.

Lee Teong Sang's and Tito Shane Isaac's independence subject to approval of shareholders (excluding the directors and CEO of the Company, and their associates) in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules

All the Directors and CEO of the Company who are shareholders, being Choo Tung Kheng and Ong Kian Soon, together with their respective Associates who are shareholders shall abstain from voting in respect of their holdings of Shares (if any) at the EGM in respect of the Ordinary Resolutions 11 and 13 set out in the Notice of EGM in accordance with Rule 406(3)(d)(iii) of the Catalist Rules (which will come into effect from 1 January 2022). Each of the aforementioned persons shall not accept appointments as proxies for voting at the EGM in respect of the aforesaid Ordinary Resolutions unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the aforesaid Ordinary Resolutions.

Proposed adoption of the Shanaya Employee Share Option Scheme

As all the Directors (save for Choo Tung Kheng) and Proposed Directors are entitled to participate in the ESOS, the Directors (save for Choo Tung Kheng), Proposed Directors and their respective Associates who are shareholders shall abstain from voting in respect of their holdings of Shares (if any) at the EGM in respect of the Ordinary Resolution for the proposed adoption of the ESOS, and shall not accept appointments as proxies for voting at the EGM in respect of the Ordinary Resolution for the proposed adoption of the ESOS unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the Ordinary Resolution for the proposed adoption of the ESOS. For the avoidance of doubt, Choo Tung Kheng and her associates are not required to abstain from voting in

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respect of their holdings of Shares (if any) at the EGM in respect of the Ordinary Resolution for the proposed adoption of the ESOS.

Any Shareholder entitled to participate in the proposed ESOS shall abstain from voting at the EGM in respect of the Ordinary Resolution for the proposed adoption of the ESOS and shall not accept appointments as proxies for voting at the EGM in respect of the Ordinary Resolution for the proposed adoption of the ESOS unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the Ordinary Resolution for the proposed adoption of the ESOS.

Proposed adoption of the Shanaya Performance Share Plan

As all the Directors (save for Choo Tung Kheng) and Proposed Directors are entitled to participate in the PSP, the Directors (save for Choo Tung Kheng), Proposed Directors and their respective Associates who are shareholders shall abstain from voting in respect of their holdings of Shares (if any) at the EGM in respect of the Ordinary Resolution for the proposed adoption of the PSP, and shall not accept appointments as proxies for voting at the EGM in respect of the Ordinary Resolution for the proposed adoption of the PSP unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the Ordinary Resolution for the proposed adoption of the PSP. For the avoidance of doubt, Choo Tung Kheng and her associates are not required to abstain from voting in respect of their holdings of Shares (if any) at the EGM in respect of the Ordinary Resolution for the proposed adoption of the PSP.

Any Shareholder entitled to participate in the proposed PSP shall abstain from voting at the EGM in respect of the Ordinary Resolution for the proposed adoption of the PSP and shall not accept appointments as proxies for voting at the EGM in respect of the Ordinary Resolution for the proposed adoption of the PSP unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the Ordinary Resolution for the proposed adoption of the PSP.

36. DIRECTORS' RECOMMENDATIONS

As Ong Kian Soon, Lee Teong Sang and Tito Shane Isaac are interested in the respective resolutions relating to their proposed re-election as new directors upon the completion of the Proposed Acquisition, they have abstained from making any recommendation to Shareholders on the resolution relating to their respective re-election.

As all the Directors (save for Choo Tung Kheng) are entitled to participate in the ESOS and PSP respectively, the Directors (save for Choo Tung Kheng) have abstained from making any recommendation to Shareholders on the resolutions relating to the proposed adoption of the ESOS and PSP respectively.

Having considered and reviewed, amongst others, the terms of the SPA, the rationale

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for and the financial effects of the Proposed Transactions, the Appraised Value, the risk factors and other investment considerations, and all other relevant facts set out in this Circular, and in particular, having considered the advice of the IFA in relation to the Proposed Whitewash Resolution, all of the Directors (save as disclosed above) recommend that Shareholders vote in favour of all of the resolutions as set out in the Notice of EGM dated 29 June 2021 contained in this Circular.

37. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be held by electronic means on 4 August 2021 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the resolutions as set out in the notice of EGM.

38. ACTION TO BE TAKEN BY SHAREHOLDERS

Appointment of Proxies

Due to the current COVID-19 restriction orders in Singapore, Shareholders will **NOT** be able to attend the EGM in person. Shareholders who wish to appoint the Chairman of the EGM as his proxy to attend, speak and vote at the EGM on his behalf should complete and sign the Proxy Form attached to this Circular in accordance with the instructions printed thereon. The completed and signed Proxy Form should then be returned as soon as possible and in any event so as to:

- (a) if submitted by post, be lodged with the registered office of the Company at 8 First Lok Yang Road, Singapore 629731; or
- (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at CPH_IR@circuitsplus.com.sg,

no later than 2.00 p.m. on 2 August 2021.

When a Depositor is Regarded as a Shareholder

A depositor shall not be regarded as a member of the Company entitled to appoint the Chairman of the EGM and to attend, speak and vote thereat on his behalf unless he is shown to have Shares entered against his name in the depository register, as certified by CDP, at least seventy-two (72) hours before the EGM.

39. CONSENTS

PrimePartners Corporate Finance Pte. Ltd., the Financial Adviser and Sponsor to the Company has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto in the form and context in which they appear in this Circular and to act in such respective capacity in relation to this Circular.

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Shook Lin & Bok LLP, the Legal Adviser to the Company and the Target Company respectively as to Singapore Law, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and all references thereto, and excerpts of the Legal Opinion as extracted and reproduced in Section 7.8 entitled “Properties and Fixed Assets” of this Circular and all references thereto, in the form and context in which they appear in this Circular and to act in such respective capacities in relation to this Circular.

BDO LLP, the Independent Auditors to the Target Company and the Company, the Reporting Accountants to the Enlarged Group, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, **Appendix A** entitled “Independent Auditors’ Report and Audited Financial Statements of Shanaya Environmental Services Pte. Ltd. for the financial years ended 31 December 2018, 2019 and 2020” and all references thereto in the form and context in which they appear in this Circular and to act in such respective capacities in relation to this Circular.

Asian Corporate Advisors Pte. Ltd., the Independent Financial Adviser in respect of the Proposed Whitewash Resolution, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, **Appendix B** entitled “Letter from the IFA to the Unaffected Directors in relation to the Proposed Whitewash Resolution” and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

Chay Corporate Advisory Pte Ltd, the Independent Business Valuer to the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the statements as set out in Section 5.2 entitled “Valuation of the Target Company” of this Circular and **Appendix C** entitled “Summary Valuation Letter by Chay Corporate Advisory Pte Ltd” and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

Each of the Introducer, Principal Bankers to the Company and the Target Company respectively, and the Share Registrar do not make, or purport to make, any statement in this Circular or any statement upon which a statement in this Circular is based and make no representation express or implied regarding, and to the maximum extent permitted by law expressly disclaim and take no responsibility for, any statements, information or opinion in or any omission from this Circular.

40. RESPONSIBILITY STATEMENTS OF THE DIRECTORS AND THE PROPOSED DIRECTORS

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular in respect of the Company and its subsidiaries, the Enlarged Group (in so far as they relate to the Company and its subsidiaries) and the Proposed Transactions (excluding the information herein relating to the Introducer,

LETTER TO SHAREHOLDERS

the Target Company and the Vendors) 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 Company and its subsidiaries, the Enlarged Group (in so far as they relate to the Company and its subsidiaries) and the Proposed Transactions (excluding the information herein relating to the Introducer, the Target Company and the Vendors), and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

The Proposed Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular in respect of the Vendors, the Target Company, the Enlarged Group (in so far as they relate to the Target Company) and the Proposed Transactions (excluding the information herein relating to the Company and its subsidiaries), 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 Vendors, the Target Company, the Enlarged Group (in so far as they relate to the Target Company) and the Proposed Transactions (excluding the information herein relating to the Company and its subsidiaries), and the Proposed Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from, published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Proposed Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

41. FINANCIAL ADVISER AND SPONSOR'S RESPONSIBILITY STATEMENT

To the best of the Financial Adviser and Sponsor's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Target Company, and the Financial Adviser and Sponsor is not aware of any facts the omission of which would make any statement in this Circular misleading.

42. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company during normal business hours for a period of six (6) months from the date of this Circular:

- (i) the existing Constitution, and the proposed New Constitution as set out in **Appendix F** to this Circular;
- (ii) the constitution of the Target Company;

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- (iii) the material contracts as set out in Section 14 entitled “Material Contracts” of this Circular;
- (iv) the SPA and the Supplemental SPA;
- (v) the Service Agreements as set out in Section 25.6 entitled “Service Agreements upon Completion” of this Circular;
- (vi) the Independent Auditors’ Report and Audited Financial Statements of Shanaya Environmental Services Pte. Ltd. for the financial years ended 31 December 2018, 2019 and 2020 as set out in **Appendix A** to this Circular;
- (vii) the IFA Letter from the IFA to the Unaffected Directors on the Proposed Whitewash Resolution as set out in **Appendix B** to this Circular;
- (viii) the Summary Valuation Letter as set out in **Appendix C** to this Circular;
- (ix) the Valuation Report;
- (x) the Legal Opinion, an excerpt of which has been extracted and reproduced in Section 7.8 entitled “Properties and Fixed Assets” of this Circular;
- (xi) the annual report of the Company for the financial year ended 31 March 2021;
- (xii) the letters of consent described in Section 39 entitled “Consents” of this Circular;
- (xiii) the rules of the ESOS as set out in **Appendix D** to this Circular; and
- (xiv) the rules of the PSP as set out in **Appendix E** to this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
CPH Ltd.

Ong Kian Soon
Non-Executive and Non-Independent Director

**APPENDIX A – INDEPENDENT AUDITORS’ REPORT AND AUDITED
FINANCIAL STATEMENTS OF SHANAYA ENVIRONMENTAL SERVICES
PTE. LTD. FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019
AND 2020**

Shanaya Environmental Services Pte. Ltd.

Independent Auditors’ Report and Audited Financial Statements
For the financial years ended 31 December 2018, 2019 and 2020

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

STATEMENT BY DIRECTORS

We, Mohamed Gani Mohamed Ansari and Sivakumar Martin S/O Sivanesan, being two of the Directors of Shanaya Environmental Services Pte. Ltd. (the "Company"), do hereby state that, in the opinion of the Board of Directors,

- (i) the accompanying financial statements together with the notes thereon as set out on pages A-6 to A-51 are properly drawn up in accordance with Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the Company as at 31 December 2018, 2019 and 2020 and of the financial performance, changes in equity and cash flows of the Company for the financial years ended on those dates, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Mohamed Gani Mohamed Ansari
Director

Sivakumar Martin S/O Sivanesan
Director

Singapore
29 June 2021

**INDEPENDENT AUDITORS' REPORT ON THE
AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

29 June 2021

The Board of Directors
Shanaya Environmental Services Pte. Ltd.
27 Kian Teck Drive
Singapore 628844

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Shanaya Environmental Services Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2018, 2019 and 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for each of the financial years ended 31 December 2018, 2019 and 2020, and a summary of significant accounting policies and other explanatory notes, as set out on pages A-6 to A-51.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Company as at 31 December 2018, 2019 and 2020, and of the financial performance, changes in equity and cash flows of the Company for the financial years ended on those dates.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

**INDEPENDENT AUDITORS' REPORT ON THE
AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements (Continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT ON THE
AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Distribution and Use

This report is made solely for the inclusion in the Circular to Shareholders dated 29 June 2021 to be issued in relation to the proposed transaction as described in Section 2.1 of the Circular to Shareholders.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore

William Ng Wee Liang
Partner-in-charge

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018, 2019 AND 2020**

	Note	2018 \$	2019 \$	2020 \$
ASSETS				
Non-current assets				
Property, plant and equipment	5	5,688,687	7,824,273	11,519,740
Right-of-use assets	6	-	7,090,459	6,420,234
		<u>5,688,687</u>	<u>14,914,732</u>	<u>17,939,974</u>
Current assets				
Trade and other receivables	7	1,078,202	1,724,359	1,545,181
Cash and bank balances	8	47,685	404,932	1,481,016
		<u>1,125,887</u>	<u>2,129,291</u>	<u>3,026,197</u>
Total assets		<u>6,814,574</u>	<u>17,044,023</u>	<u>20,966,171</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	9(a)	500,000	1,500,000	1,500,000
Retained earnings		<u>1,560,444</u>	<u>1,640,921</u>	<u>2,414,613</u>
Total equity		<u>2,060,444</u>	<u>3,140,921</u>	<u>3,914,613</u>
Non-current liabilities				
Lease liabilities	10	-	6,454,658	6,105,032
Loans and borrowings	11	3,570,566	4,235,163	8,155,700
Deferred tax liabilities	12	115,595	221,595	292,595
		<u>3,686,161</u>	<u>10,911,416</u>	<u>14,553,327</u>
Current liabilities				
Trade and other payables	13	443,430	1,764,997	767,452
Lease liabilities	10	-	408,520	408,837
Loans and borrowings	11	584,539	670,872	1,100,720
Current income tax payable		40,000	147,297	221,222
		<u>1,067,969</u>	<u>2,991,686</u>	<u>2,498,231</u>
Total liabilities		<u>4,754,130</u>	<u>13,903,102</u>	<u>17,051,558</u>
Total equity and liabilities		<u>6,814,574</u>	<u>17,044,023</u>	<u>20,966,171</u>

The accompanying notes form an integral part of these financial statements.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

	Note	2018 \$	2019 \$	2020 \$
Revenue	14	4,421,793	5,896,776	5,840,400
Other item of income				
Other income	15	120,860	291,935	336,498
Items of expense				
Amortisation of right-of-use assets	6	-	(144,785)	(201,631)
Depreciation of property, plant and equipment	5	(269,710)	(340,119)	(333,884)
Employee benefits expense	16	(1,247,045)	(1,308,709)	(1,590,884)
Loss allowance on trade receivables	7	(828)	(5,798)	(22,831)
Finance costs	17	(85,671)	(186,398)	(288,328)
Other expenses		<u>(2,357,700)</u>	<u>(2,849,128)</u>	<u>(2,798,221)</u>
Profit before income tax	18	581,699	1,353,774	941,119
Income tax expense	19	(70,405)	(213,297)	(167,427)
Profit for the financial year, representing total comprehensive income for the financial year				
		<u>511,294</u>	<u>1,140,477</u>	<u>773,692</u>
Earnings per share				
- Basic and diluted (in cents)	20	<u>34.09</u>	<u>76.03</u>	<u>51.58</u>

The accompanying notes form an integral part of these financial statements.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020

	Note	Share capital \$	Retained earnings \$	Total equity \$
Balance as at 1 January 2018		500,000	1,085,150	1,585,150
Profit for the financial year, representing total comprehensive income for the financial year		-	511,294	511,294
Total transactions with owners, recognised directly in equity				
Dividends	9(b)	-	(36,000)	(36,000)
Balance as at 1 January 2019		500,000	1,560,444	2,060,444
Profit for the financial year, representing total comprehensive income for the financial year		-	1,140,477	1,140,477
Total transactions with owners, recognised directly in equity				
Dividends	9(b)	-	(60,000)	(60,000)
Dividend-in-specie	9(a)	1,000,000	(1,000,000)	-
Total transactions with owners		1,000,000	(1,060,000)	(60,000)
Balance as at 1 January 2020		1,500,000	1,640,921	3,140,921
Profit for the financial year, representing total comprehensive income for the financial year		-	773,692	773,692
Balance as at 31 December 2020		1,500,000	2,414,613	3,914,613

The accompanying notes form an integral part of these financial statements.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

	2018 \$	2019 \$	2020 \$
Operating activities			
Profit before income tax	581,699	1,353,774	941,119
Adjustments for:			
Amortisation of right-of-use assets	-	144,785	201,631
Depreciation of property, plant and equipment	269,710	340,119	333,884
Interest expense	85,671	186,398	288,328
Loss allowance on trade receivables	828	5,798	22,831
(Gain)Loss on disposal of property, plant and equipment	(21,000)	20,452	(24,568)
Property, plant and equipment written-off	676	-	-
RTO expenses	-	-	130,570
Operating cash flows before working capital changes	<u>917,584</u>	<u>2,051,326</u>	<u>1,893,795</u>
Working capital changes:			
Trade and other receivables	287,458	(651,955)	156,347
Trade and other payables	<u>(9,428)</u>	<u>46,923</u>	<u>216,555</u>
Cash generated from operations	1,195,614	1,446,294	2,266,697
Income tax paid	<u>(6,047)</u>	<u>-</u>	<u>(22,502)</u>
Net cash from operating activities	<u>1,189,567</u>	<u>1,446,294</u>	<u>2,244,195</u>
Investing activities			
Purchase of property, plant and equipment	(1,532,440)	(1,541,840)	(1,380,174)
Additions to right-of-use assets	-	(43,981)	(17,000)
Proceeds from disposal of property, plant and equipment	<u>21,000</u>	<u>1,000</u>	<u>29,813</u>
Net cash used in investing activities	<u>(1,511,440)</u>	<u>(1,584,821)</u>	<u>(1,367,361)</u>
Financing activities			
Interest paid	(85,671)	(342,423)	(524,147)
Increase in restricted cash	-	-	(396,000)
Repayment of finance lease obligations (Note A)	(205,418)	-	-
Repayment of bank borrowings (Note A)	(254,904)	(383,778)	(468,724)
Repayment of lease obligations (Note A)	-	(408,025)	(417,309)
Proceeds from bank borrowings (Note A)	-	430,000	3,000,000
Proceeds from third party loans	-	1,200,000	-
Repayment of third party loans	-	-	(1,200,000)
RTO expenses paid	-	-	(130,570)
Dividends paid	<u>(36,000)</u>	<u>-</u>	<u>(60,000)</u>
Net cash (used in)/from financing activities	<u>(581,993)</u>	<u>495,774</u>	<u>(196,750)</u>
Net change in cash and cash equivalents	(903,866)	357,247	680,084
Cash and cash equivalents as at the beginning of the financial year	<u>951,551</u>	<u>47,685</u>	<u>404,932</u>
Cash and cash equivalents as at the end of the financial year	<u>47,685</u>	<u>404,932</u>	<u>1,085,016</u>

The accompanying notes form an integral part of these financial statements.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

Note A: Reconciliation of liabilities arising from financing activities

	1 January 2018	Cash flows	Non-cash changes		31 December 2018
	\$	\$	Additions of property, plant and equipment under finance leases	Additions of property, plant and equipment	\$
Finance lease liabilities	524,910	(205,418)	175,800	-	495,292
Term loans	794,717	(254,904)	-	3,120,000	3,659,813

	1 January 2019	Cash flows	Non-cash changes		31 December 2019
	\$	\$	Adoption of SFRS(I) 16	Additions of lease liabilities	\$
Lease liabilities	495,292	(408,025)	6,363,711	412,200	6,863,178
Term loans	3,659,813	46,222	-	-	3,706,035

	1 January 2020	Cash flows	Non-cash changes		31 December 2020
	\$	\$	Additions of lease liabilities	Additions of property, plant and equipment	\$
Lease liabilities	6,863,178	(417,309)	68,000	-	6,513,869
Term loans	3,706,035	2,531,276	-	3,019,109	9,256,420

The accompanying notes form an integral part of these financial statements.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020

These notes form an integral part and should be read in conjunction with the financial statements.

These financial statements have been prepared for inclusion in the Circular of CPH Ltd. and were authorised for issue by the Directors of the Company on 29 June 2021.

1. General corporate information

The Company is an exempt private company limited by shares, incorporated and domiciled in the Republic of Singapore. The Company's registered office address is located at 27 Kian Teck Drive, Singapore 628844 and its principal place of business is located at 3A Tuas South Street 15, Singapore 636845. The registration number of the Company is 200208018R.

The principal activities of the Company are those of collection of waste and waste management.

2. Basis of preparation of financial statements

The audited financial statements of the Company for the financial years ended 31 December 2018, 2019 and 2020 are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and on the historical cost except as disclosed in the accounting policies in Note 3 to the financial statements. The financial statements are presented in Singapore dollar, which is the functional and presentation currency of the Company.

These financial statements are the Company's first financial statements prepared in accordance with SFRS(I)s. The Company has previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRSs"). As required by SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, the Company has consistently applied the same accounting policies in its opening statements of financial position at 1 January 2018 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The transition from FRSs to SFRS(I) do not have material financial impact on the comparative information in these financial statements.

The preparation of financial statements in conformity with SFRS(I) requires the management to exercise judgement in the process of applying the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the respective reporting periods, and the reported amounts of revenue and expenses throughout the financial years. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

2. Basis of preparation of financial statements (Continued)

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. Summary of significant accounting policies

3.1 Changes in accounting policies

The Company has adopted Singapore Financial Reporting Standards (International) ("SFRS (I)") for the financial years ended 31 December 2018, 2019 and 2020 issued by the Accounting Standards Council of Singapore as required by the listing requirements of the Singapore Exchange. SFRS (I) is a financial reporting framework identical to the International Financial Reporting Standards.

In adopting the framework, the Company will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*. The adoption of the new or revised framework did not result in any substantial changes to the Company's accounting policies and has no material effect on the amounts reported for the respective financial years.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. In addition, it also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

On 1 January 2018, the Company adopted SFRS(I) 15 using the full retrospective method. There is no impact arising from the adoption of SFRS(I) 15 on the financial statements.

The accounting policy under SFRS(I) 15 is disclosed in Note 3.6 to the financial statements.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 *Financial Instruments* is effective from annual periods beginning on or after 1 January 2018. The Company has applied SFRS(I) 9 retrospectively, with the initial application date of 1 January 2018 and elect not to restate the comparative information for the period beginning 1 January 2017. The impact arising from the adoption of SFRS(I) 9 is disclosed in Note 7 to the financial statements.

The accounting policy under SFRS(I) 9 is disclosed in Note 3.4 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Company applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 January 2019 (the "date of initial application"). The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

In applying the modified retrospective approach, the Company has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Leases with a remaining term of twelve months from the date of initial application have been accounted for as short-term leases (i.e. not recognised on statement of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months;
- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Company previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Company recognises right-of-use assets and lease liabilities for most leases. For those leases with a lease term of 12 months or less, the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

On adoption of SFRS(I) 16, the Company recognised right-of-use assets and lease liabilities in relation to leasehold lands, motor vehicles and plant and machinery, which had previously been classified as operating leases and finance leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 3.60%.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

3. Summary of significant accounting policies (Continued)

3.1 Changes in accounting policies (Continued)

SFRS(I) 16 Leases (Continued)

Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the assets acquired under finance leases and finance lease liabilities at the date of initial application shall be the carrying amount of the right-of-use assets and lease liabilities as at 31 December 2018. Consequently, certain motor vehicles and plant and machinery are reclassified and presented under right-of-use assets (Note 6) at the date of initial application.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	\$
Assets	
Property, plant and equipment	(756,935)
Right-of-use assets	<u>7,120,646</u>
Liabilities	
Lease liabilities	6,859,003
Loans and borrowings	<u>(495,292)</u>

The aggregate lease liabilities recognised in the statements of financial position as at 1 January 2019 and the Company's operating lease commitment as at 31 December 2018 can be reconciled as follows:

	\$
Operating lease commitment as at 31 December 2018 (Note 22)	8,183,520
Add: Effect of extension options reasonably certain to be exercised	<u>561,228</u>
	8,744,748
Effect of discounting using the incremental borrowing rate as at date of initial application	<u>(2,381,037)</u>
	6,363,711
Finance lease liabilities recognised as at 31 December 2018	495,292
Lease liabilities as at 1 January 2019	<u>6,859,003</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

3. Summary of significant accounting policies (Continued)

3.2 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, on the following bases:

Leasehold properties	Over the lease term of 21 years
Renovation	3 years
Computers	3 years
Furniture and fittings	3 years
Motor vehicles	1 to 10 years
Plant and machinery	3 to 7 years

No depreciation is charged on building under construction as they are not yet ready for their intended use as at the end of the reporting period.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

3. Summary of significant accounting policies (Continued)

3.3 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3. Summary of significant accounting policies (Continued)

3.4 Financial instruments

The Company recognises a financial asset or a financial liability in its statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Accounting policy for financial assets from 1 January 2019

The Company classifies its financial assets into one of the categories below, depending on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Company shall reclassify its affected financial assets when and only when the Company changes its business model for managing these financial assets. The Company's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. To calculate expected credit losses, trade receivables are grouped based on similar credit risk. The expected loss rates are based on the Company's historical credit losses experienced, in addition to current and forward-looking information in relation to the nature of the customer and factors affecting the jurisdictions in which the Company's customers operate. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for non-trade receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

3. Summary of significant accounting policies (Continued)

3.4 Financial instruments (Continued)

Financial assets (Continued)

Accounting policy for financial assets from 1 January 2019 (Continued)

Amortised cost (Continued)

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

The Company's financial assets measured at amortised cost comprise trade and other receivables (excluding Goods and Services Tax ("GST") receivables) and cash and cash equivalents on the statements of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Accounting policy for financial assets prior to 1 January 2018

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company's loans and receivables comprise trade and other receivables (excluding GST receivables) and cash and cash equivalents on the statements of financial position.

3. Summary of significant accounting policies (Continued)

3.4 Financial instruments (Continued)

Financial assets (Continued)

Accounting policy for financial assets prior to 1 January 2018 (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of financial assets are reduced by the impairment losses directly with the exception of receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Company classifies ordinary shares as equity instruments.

3. Summary of significant accounting policies (Continued)

3.4 Financial instruments (Continued)

Financial liabilities

The Company classifies all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and loans from third parties are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (Note 3.10).

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and other deposits with banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3. Summary of significant accounting policies (Continued)

3.6 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Company expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Company's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Provision of waste management and disposal services

Revenue from the provision of waste management and disposal services are recognised at a point in time when the services are performed. There is no element of significant financing component in the Company's revenue transactions as customers are required to pay within a credit term ranging from 30 to 90 days.

Recycling income

Recycling income is recognised at a point in time when the recyclable materials are delivered to the customer.

3.7 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expenditure which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included in profit or loss to match such related expenditures.

3.8 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised leave as a result of services rendered by employees up to the end of the reporting period.

3. Summary of significant accounting policies (Continued)

3.9 Leases

Accounting policy from 1 January 2019

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases with a duration of twelve months or less.

The payments for short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

The Company presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the statements of financial position.

3. Summary of significant accounting policies (Continued)

3.9 Leases (Continued)

Accounting policy from 1 January 2019 (Continued)

As lessee (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated amortisation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The estimated useful life of right-of-use assets are as follows:

Leasehold lands	Over the lease term ranging from 17 to 21 years
Motor vehicles	2 to 5 years
Plant and machinery	2 to 5 years

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 3.3 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Company revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

3. Summary of significant accounting policies (Continued)

3.9 Leases (Continued)

Accounting policy from 1 January 2019 (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Company has elected to account for the entire contract as a lease. The Company does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

Accounting policy prior to 1 January 2019

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

3. Summary of significant accounting policies (Continued)

3.11 Taxes

Income tax represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

3. Summary of significant accounting policies (Continued)

3.11 Taxes (Continued)

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.12 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

3.13 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

3.14 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company) and whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements made in applying the accounting policies

In the process of applying the Company's accounting policies, management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Loss allowance on trade receivables

Management determines the expected loss arising from default for trade receivables by categorising them based on the Group's historical loss pattern. Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The carrying amounts of the Company's trade receivables as at 31 December 2018, 2019 and 2020 were \$997,757, \$1,390,539 and \$1,370,563 respectively.

(ii) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Company has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Company obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2 Key sources of estimation uncertainty (Continued)

(ii) Measurement of lease liabilities (Continued)

The incremental borrowing rate applied to lease liabilities as at 31 December 2019 and 31 December 2020 was 3.60%. The carrying amount of the Company's lease liabilities as at 31 December 2019 and 31 December 2020 were \$6,863,178 and \$6,513,869 respectively. If the incremental borrowing rate had been 0.1% higher or lower than management's estimates, the Company's lease liabilities as at 31 December 2019 and 31 December 2020 would have been lower or higher by \$49,443 and \$45,022 respectively.

(iii) Income taxes

Significant judgement is involved in determining the Company's provision for income taxes. There are certain transactions during the ordinary course of business and computations for which the ultimate tax determination is uncertain. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

The carrying amounts of the Company's current income tax payable as at 31 December 2018, 2019 and 2020 were \$40,000, \$147,297 and \$221,222 respectively. The carrying amounts of the Company's deferred tax liabilities as at 31 December 2018, 2019 and 2020 were \$115,595, \$221,595 and \$292,595 respectively.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)

5. Property, plant and equipment

	Leasehold properties	Building under construction	Renovation	Computers	Furniture and fittings	Motor vehicles	Plant and machinery	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance as at 1 January 2018	-	-	-	39,273	6,004	961,452	676,601	1,683,330
Additions	4,011,600	314,125	52,000	513	7,000	220,931	222,071	4,828,240
Disposals	-	-	-	-	-	(91,000)	-	(91,000)
Written-off	-	-	-	(6,861)	(6,004)	-	(6,240)	(19,105)
Balance as at 31 December 2018	4,011,600	314,125	52,000	32,925	7,000	1,091,383	892,432	6,401,465
Accumulated depreciation								
Balance as at 1 January 2018	-	-	-	33,782	6,004	274,236	238,475	552,497
Depreciation charge	25,224	-	2,889	2,970	1,361	136,713	100,553	269,710
Disposals	-	-	-	-	-	(91,000)	-	(91,000)
Written-off	-	-	-	(6,555)	(6,004)	-	(5,870)	(18,429)
Balance as at 31 December 2018	25,224	-	2,889	30,197	1,361	319,949	333,158	712,778
Carrying amount								
Balance as at 31 December 2018	3,986,376	314,125	49,111	2,728	5,639	771,434	559,274	5,688,687

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)

5. Property, plant and equipment (Continued)

	Leasehold properties \$	Building under construction \$	Renovation \$	Computers \$	Furniture and fittings \$	Motor vehicles \$	Plant and machinery \$	Total \$
Cost								
Balance as at 1 January 2019	4,011,600	314,125	52,000	32,925	7,000	1,091,383	892,432	6,401,465
Adoption of SFRS(l) 16 (Note 3.1)	-	-	-	-	-	(869,853)	(132,000)	(1,001,853)
Balance as at 1 January 2019 (restated)	4,011,600	314,125	52,000	32,925	7,000	221,530	760,432	5,399,612
Additions	-	3,203,397	-	-	-	-	50,695	3,254,092
Disposals	-	-	-	-	-	-	(68,000)	(68,000)
Balance as at 31 December 2019	4,011,600	3,517,522	52,000	32,925	7,000	221,530	743,127	8,585,704
Accumulated depreciation								
Balance as at 1 January 2019	25,224	-	2,889	30,197	1,361	319,949	333,158	712,778
Adoption of SFRS(l) 16 (Note 3.1)	-	-	-	-	-	(181,037)	(63,881)	(244,918)
Balance as at 1 January 2019 (restated)	25,224	-	2,889	30,197	1,361	138,912	269,277	467,860
Depreciation charge	187,897	-	17,333	1,683	2,333	22,896	107,977	340,119
Disposals	-	-	-	-	-	-	(46,548)	(46,548)
Balance as at 31 December 2019	213,121	-	20,222	31,880	3,694	161,808	330,706	761,431
Carrying amount								
Balance as at 31 December 2019	3,798,479	3,517,522	31,778	1,045	3,306	59,722	412,421	7,824,273

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)

5. Property, plant and equipment (Continued)

	Leasehold properties	Building under construction	Renovation	Computers	Furniture and fittings	Motor vehicles	Plant and machinery	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance as at 1 January 2020	4,011,600	3,517,522	52,000	32,925	7,000	221,530	743,127	8,397,220
Additions	-	1,888,103		850	2,058		1,931,575	3,822,586
Disposals	-	-	-	-	-	(38,000)	(48,700)	(86,700)
Reclassified from right-of-use assets (Note 6)	-	-	-	-	-	258,325	68,118	326,443
Balance as at 31 December 2020	4,011,600	5,405,625	52,000	33,775	9,058	441,855	2,694,120	12,459,549
Accumulated depreciation								
Balance as at 1 January 2020	213,121	-	20,222	31,880	3,694	161,808	330,706	761,431
Depreciation charge	187,897	-	17,333	1,097	2,505	22,896	102,156	333,884
Disposals	-	-	-	-	-	(38,000)	(43,455)	(81,455)
Reclassified from right-of-use assets (Note 6)	-	-	-	-	-	76,719	37,714	114,433
Balance as at 31 December 2020	401,018	-	37,555	32,977	6,199	223,423	427,121	1,128,293
Carrying amount								
Balance as at 31 December 2020	3,610,582	5,405,625	14,445	798	2,859	218,432	2,266,999	11,519,740

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

5. Property, plant and equipment (Continued)

For the purpose of the statements of cash flows, the Company's additions to property, plant and equipment during the financial years were financed as follows:

	2018	2019	2020
	\$	\$	\$
Additions to property, plant and equipment	4,828,240	3,254,092	3,822,586
Acquired under finance lease arrangements	(175,800)	-	-
Financed via term loan	(3,120,000)	-	(3,019,109)
Trade and other payables	-	(1,182,185)	1,154,100
Amortisation of right-of-use assets capitalised (Note 6)	-	(341,583)	(341,584)
Interest expense capitalised	-	(188,484)	(235,819)
Cash payments to purchase property, plant and equipment	<u>1,532,440</u>	<u>1,541,840</u>	<u>1,380,174</u>

As at each reporting date, the carrying amounts of the property, plant and equipment pledged as security to secure bank loans granted (Note 11) were as follows:

	2018	2019	2020
	\$	\$	\$
Leasehold properties	3,986,376	3,798,479	3,610,582
Building under construction	-	-	5,017,306
Plant and machinery	-	-	1,859,291
	<u>3,986,376</u>	<u>3,798,479</u>	<u>10,487,179</u>

As at 31 December 2018, property, plant and equipment with a total carrying amount of \$844,878 were acquired under finance lease arrangements.

Particulars of the leasehold properties and building under construction held by the Company are as follows:

Location	Description	Usage	Tenure
27 Kian Teck Drive Singapore 628844	Industrial building with land area of 2,211.3 square metres	Collection, storage, sorting, and disposal of general waste and baling of recyclable materials	30 + 15 years commencing from 16 March 1995
3A Tuas South Street 15 Singapore 636845	Part single/part 2-storey single-user general industrial factory with ancillary office with land area of 8,829.6 square metres	Collection, storage, sorting and disposal of general waste; treatment of oil sludge, oily water, and spent chemicals; storage of pyrotechnics temporarily for safe disposal; recycling of wastes; regeneration of traction batteries; and bonded warehouse services.	17 years and 7 months commencing from 15 May 2018

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

5. Property, plant and equipment (Continued)

Interest expenses capitalised under property, plant and equipment of the Company are pertaining to the lease liability on the land leasehold land at Tuas South (Note 10) and Term Loan 7 and Term Loan 9 which are used for the purpose of construction of the facility at Tuas South (Note 11).

6. Right-of-use assets

	Leasehold lands \$	Motor vehicles \$	Plant and machinery \$	Total \$
Balance as at 1 January 2019				
- Adoption of SFRS(I) 16 (Note 3.1)	6,363,711	688,816	68,119	7,120,646
Additions	-	198,181	258,000	456,181
Amortisation charges	(367,785)	(91,940)	(26,643)	(486,368)
- Charged to profit or loss	(26,202)	(91,940)	(26,643)	(144,785)
- Capitalised under property, plant and equipment	(341,583)	-	-	(341,583)
Balance as at 31 December 2019	<u>5,995,926</u>	<u>795,057</u>	<u>299,476</u>	<u>7,090,459</u>
Balance as at 1 January 2020	5,995,926	795,057	299,476	7,090,459
- Reclassified to property, plant and equipment (Note 5)	-	(181,606)	(30,404)	(212,010)
Additions	-	85,000	-	85,000
Amortisation charges	(367,786)	(119,715)	(55,714)	(543,215)
- Charged to profit or loss	(26,202)	(119,715)	(55,714)	(201,631)
- Capitalised under property, plant and equipment	(341,584)	-	-	(341,584)
Balance as at 31 December 2020	<u>5,628,140</u>	<u>578,736</u>	<u>213,358</u>	<u>6,420,234</u>

Restrictions

Included in the above, motor vehicles and plant and machinery with carrying amounts of \$578,736 (2019: \$795,057) and \$213,358 (2019: \$299,476) respectively, are pledged as security in respect of the lease liabilities of \$368,086 (2019: \$452,036) and \$173,083 (2019: \$243,641) (Note 10) respectively. The motor vehicles and plant and machinery will be returned to the lessor in the event of default by the Company.

For the purpose of the statement of cash flows, the Company's additions to right-of-use assets during the financial years were financed as follows:

	2019 \$	2020 \$
Additions to right-of-use assets	456,181	85,000
Acquired under finance lease arrangements (Note 10)	<u>(412,200)</u>	<u>(68,000)</u>
Cash payments to purchase right-of-use assets	<u>43,981</u>	<u>17,000</u>

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)****6. Right-of-use assets (Continued)**

Included in the Right-of-use asset – leasehold lands as at 31 December 2020 of \$5,123,749 (2019: \$5,465,333) with a remaining lease period of approximately 15 years (2019: 16 years) subject to the Company to fulfil certain criteria by 15 May 2021. Subsequent to the end of the reporting period, the Company had obtained approval for extension of time of 1 year to 14 May 2022 from the lessor to fulfil the criteria and the Directors are of the opinion that the Company will be able to fulfil the criteria within the extended time.

7. Trade and other receivables

	2018	2019	2020
	\$	\$	\$
Trade receivables			
- third parties	1,007,838	1,371,502	1,409,273
- related party	-	34,916	-
	<u>1,007,838</u>	<u>1,406,418</u>	<u>1,409,273</u>
Loss allowance on trade receivables	<u>(10,081)</u>	<u>(15,879)</u>	<u>(38,710)</u>
	997,757	1,390,539	1,370,563
Deposits	31,556	139,005	98,833
GST receivables	48,889	194,815	55,958
Government grant receivables	-	-	19,827
	<u>1,078,202</u>	<u>1,724,359</u>	<u>1,545,181</u>

The movements in loss allowance on trade receivables are as follows:

	2018	2019	2020
	\$	\$	\$
Balance as at the beginning of the financial year under SFRS(I) 1-39	-	-	-
Application of SFRS(I) 9	<u>9,253</u>	<u>-</u>	<u>-</u>
Balance as at the beginning of the financial year under SFRS(I) 9	9,253	10,081	15,879
Loss allowance made during the financial year	<u>828</u>	<u>5,798</u>	<u>22,831</u>
Balance as at the end of the financial year	<u>10,081</u>	<u>15,879</u>	<u>38,710</u>

Trade receivables are unsecured, non-interest bearing and generally ranging from 30 to 90 days' credit terms.

Government grant receivables relates to Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty.

Trade and other receivables are denominated in Singapore dollar.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)****8. Cash and bank balances**

	2018	2019	2020
	\$	\$	\$
Cash at bank	47,421	402,521	1,480,150
Cash in hand	264	2,411	866
Cash and bank balances as per statement of financial position	47,685	404,932	1,481,016
Restricted cash	-	-	(396,000)
Cash and cash equivalents as per statement of cash flows	47,685	404,932	1,085,016

Restricted cash pertains to bank balances held by the bank for the banking facilities granted.

Cash and bank balances are denominated in Singapore dollar.

9. Share capital and dividends**(a) Share capital**

	2018		2019		2020	
	Number of shares	\$	Number of shares	\$	Number of shares	\$
Balance as at the beginning of the financial year	500,000	500,000	500,000	500,000	500,000	500,000
Dividend-in-Specie	-	-	1,000,000	1,000,000	1,000,000	1,000,000
Balance as at the end of the financial year	500,000	500,000	1,500,000	1,500,000	1,500,000	1,500,000

On 28 January 2019, a dividend-in-specie was declared by the Company to issue a total of 1,000,000 shares to the existing shareholders, who are also directors of the Company, on the basis of 1 new ordinary share for every existing 1 ordinary share held. This dividend-in-specie will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ended 31 December 2019.

The ordinary shares have no par value, carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

9. Share capital and dividends (Continued)

(b) Dividends

	2018	2019	2020
	\$	\$	\$
Interim one-tier tax exempt dividends for the financial year ended 31 December 2018			
- \$0.03 per ordinary share	12,000	-	-
- \$0.12 per ordinary share	12,000	-	-
- \$0.24 per ordinary share	12,000	-	-
Interim one-tier tax exempt dividends for the financial year ended 31 December 2019			
- \$0.03 per ordinary share	-	30,000	-
- \$0.05 per ordinary share	-	15,000	-
- \$0.10 per ordinary share	-	15,000	-
	<u>36,000</u>	<u>60,000</u>	<u>-</u>

10. Lease liabilities

	Leasehold lands	Motor vehicles	Plant and machinery	Total
	\$	\$	\$	\$
Balance as at 1 January 2019				
- Adoption of SFRS(I) 16 (Note 3.1)	6,363,711	-	-	6,363,711
- Finance lease liabilities under SFRS(I) 1-17 (Note 3.1)	-	445,027	50,265	495,292
Additions	<u>-</u>	<u>180,000</u>	<u>232,200</u>	<u>412,200</u>
	6,363,711	625,027	282,465	7,271,203
Interest expense	206,513	10,447	2,459	219,419
- Charged to profit or loss (Note 17)	18,029	10,447	2,459	30,935
- Capitalised under property, plant and equipment (Note 5)	188,484	-	-	188,484
Lease payments				
- Principal portion	(196,210)	(172,991)	(38,824)	(408,025)
- Interest portion	<u>(206,513)</u>	<u>(10,447)</u>	<u>(2,459)</u>	<u>(219,419)</u>
Balance as at 31 December 2019	<u>6,167,501</u>	<u>452,036</u>	<u>243,641</u>	<u>6,863,178</u>

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)

10. Lease liabilities (Continued)

	Leasehold lands \$	Motor vehicles \$	Plant and machinery \$	Total \$
Balance as at 1 January 2020	6,167,501	452,036	243,641	6,863,178
Additions	-	68,000	-	68,000
	<u>6,167,501</u>	<u>520,036</u>	<u>243,641</u>	<u>6,931,178</u>
Interest expense	218,881	40,709	11,390	270,980
- Charged to profit or loss (Note 17)	19,046	40,709	11,390	71,145
- Capitalised under property, plant and equipment	199,835	-	-	199,835
Lease payments				
- Principal portion	(194,801)	(151,950)	(70,558)	(417,309)
- Interest portion	(218,881)	(40,709)	(11,390)	(270,980)
Balance as at 31 December 2020	<u>5,972,700</u>	<u>368,086</u>	<u>173,083</u>	<u>6,513,869</u>

The maturity analysis of lease liabilities of the Company are as follows:

	2019 \$	2020 \$
Contractual undiscounted cash flows		
- Not later than a year	654,422	640,202
- Between one and five years	2,290,205	2,182,140
- More than five years	6,157,297	5,683,685
	<u>9,101,924</u>	<u>8,506,449</u>
Less: Future interest expense	(2,238,746)	(1,992,580)
Present value of lease liabilities	<u>6,863,178</u>	<u>6,513,869</u>
Presented in statements of financial position		
- Non-current	6,454,658	6,105,032
- Current	408,520	408,837
	<u>6,863,178</u>	<u>6,513,869</u>

The Company leases leasehold lands in Singapore. As at 31 December 2020, the average incremental borrowing rate applied was 3.60% (2019: 3.60%).

The Company also leases certain motor vehicles and plant and machinery with lease term ranging from 4 to 5 years (2019: 2 to 5 years). The average interest rates implicit in the lease range from 1.78% to 3.69% per annum (2019: 1.68% to 4.61% per annum).

The Company's lease liabilities of \$541,169 (2019: \$695,677) are secured over certain motor vehicles and plant and machinery (Notes 6).

Lease liabilities are denominated in Singapore dollar.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)

11. Loans and borrowings

	2018	2019	2020
	\$	\$	\$
<u>Current</u>			
<u>Term loans – secured</u>			
Term loan 1	101,198	111,301	11,607
Term loan 2	37,130	39,815	42,692
Term loan 3	35,491	39,551	44,075
Term loan 4	209,957	213,644	218,587
Term loan 5	-	40,291	47,599
Term loan 6	-	26,270	30,548
Term loan 7	-	-	122,470
Term loan 8	-	-	415,179
Term loan 9	-	-	167,963
	383,776	470,872	1,100,720
Loans from third parties	-	200,000	-
Finance lease liabilities	200,763	-	-
	584,539	670,872	1,100,720
 <u>Non-current</u>			
<u>Term loans – secured</u>			
Term loan 1	122,908	11,607	-
Term loan 2	128,243	88,428	45,736
Term loan 3	132,661	93,110	49,035
Term loan 4	2,892,225	2,678,579	2,459,972
Term loan 5	-	224,709	179,276
Term loan 6	-	138,730	108,182
Term loan 7	-	-	2,022,690
Term loan 8	-	-	2,584,821
Term loan 9	-	-	705,988
	3,276,037	3,235,163	8,155,700
Loans from third parties	-	1,000,000	-
Finance lease liabilities	294,529	-	-
	3,570,566	4,235,163	8,155,700

Term loan 1

Term loan 1 commenced on 30 December 2015 and is repayable in 60 monthly instalments. Term loan 1 is guaranteed by the Directors of the Company.

The interest rate for the loan is calculated at 2.12% per annum below the Bank's prevailing board rate for loans. The interest rate for this facility is 9.88% per annum.

Term loan 2

Term loan 2 commenced on 29 December 2017 and is repayable in 60 monthly instalments. Term loan 2 is guaranteed by the Directors of the Company.

The fixed interest rate for this facility is 7% per annum.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

11. Loans and borrowings (Continued)

Term loan 3

Term loan 3 commenced on 29 December 2017 and is repayable in 60 monthly instalments. Term loan 3 is guaranteed by the Directors of the Company.

The interest rate for the loan is calculated at 2.88% above the Bank's prevailing board rate for loans. The interest rate for this facility is 10.88% per annum.

Term loan 4

Term loan 4 commenced on 12 November 2018 and is repayable in 156 monthly instalments. Term loan 4 is secured by a first legal mortgage over the leasehold property (Note 5) and guaranteed by the Directors of the Company.

As at 31 December 2020, the interest for the loan is fixed at certain percentage below the bank's specified interest rate for the first two years and thereafter at the bank's specified interest rate. The interest rate for this facility ranges from 1.98% to 2.28% per annum.

Term loan 5

Term loan 5 commenced on 27 December 2019 and is repayable in 60 monthly instalments. Term loan 5 is guaranteed by the Directors of the Company.

The interest rate for the loan is calculated at 3.12% per annum below the Bank's prevailing board rate for loans. The interest rate for this facility is 8.88% per annum.

Term loan 6

Term loan 6 commenced on 30 December 2019 and is repayable in 60 monthly instalments. Term loan 6 is guaranteed by the Directors of the Company.

The interest rate for this facility is 6.75% per annum based on Bank's prevailing board rate for loans.

Term loan 7

Term loan 7 commenced on 15 May 2020 and is repayable in 120 monthly instalments. Term loan 7 is secured by the following:

- (i) First legal mortgage over the Company's leasehold property and the building under construction;
- (ii) Legal Assignment to be executed of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the building under construction;
- (iii) Guarantee from Directors of the Company; and
- (iv) First Deed of Debenture to be executed, incorporating a fixed and floating charge over the environmental waste machinery / oil sludge treatment and recovery plant.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

11. Loans and borrowings (Continued)

Term loan 7 (Continued)

The interest rate for this facility is calculated as 2.50% per annum over the Bank's Cost of Funds or 2.50% per annum over the applicable SWAP Offer Rate as determined by the Bank on the day of transaction, whichever is the higher. The interest rate for this facility is 2.92% per annum.

Term loan 8

Term loan 8 commenced on 4 May 2020 and is repayable in 60 monthly instalments. Term loan 8 is guaranteed by the Directors of the Company.

The interest rate for this facility is calculated as 3.00% per annum or such other rate as may be approved by Enterprise Singapore under EFS. The interest rate for this facility is 3.00% per annum.

Term loan 9

Term loan 9 commenced on 25 September 2020 and is repayable in 60 monthly instalments. Term loan 9 is secured by the following:

- (i) First legal mortgage over the Company's leasehold property and the building under construction;
- (ii) Legal Assignment to be executed of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the building under construction;
- (iii) Guarantee from Directors of the Company; and
- (iv) First Deed of Debenture to be executed, incorporating a fixed and floating charge over the Environmental waste machinery / oil sludge treatment and recovery plant.

The interest rate for this facility is calculated as 2.50% per annum flat or effective interest rate of 4.73% per annum. The interest rate for this facility is 4.73% per annum.

All term loans are denominated in Singapore dollar.

Loans from third parties

The loan of \$200,000 commenced on 28 February 2019 and was repayable at the end of 12 months from the commencement date. The interest rate for this loan was calculated at 12% per annum. The loan was fully repaid during the financial year ended 31 December 2020.

The loan of \$1,000,000 commenced on 17 October 2019 and was repayable at the end of 24 months from commencement date. It was guaranteed by the Directors of the Company. The interest rate for this loan was calculated at 10.2% per annum. The loan was fully repaid during the financial year ended 31 December 2020.

Loans from third parties are denominated in Singapore dollar.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)****11. Loans and borrowings (Continued)**Finance lease liabilities

The Company leases certain motor vehicles and plant and equipment under finance leases.

	2018
	\$
Minimum lease payments due	
- Not later than one year	212,801
- Between one to five years	317,572
	<u>530,373</u>
Less: Future finance charges	<u>(35,081)</u>
Present value of finance lease liabilities	<u>495,292</u>
Effective interest rate per annum	<u>3.89% - 8.82%</u>

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

As at each reporting date, the fair values of the Company's finance lease obligations approximate their carrying amounts.

The Company's obligations under finance leases were secured by the leased assets (Note 5), which will revert to the lessors in the event of default by the Company.

As at 31 December 2017 and 2018, finance leases amounting to \$20,683 and \$6,289 respectively are guaranteed by the management and Directors of the Company.

The finance lease liabilities are denominated in Singapore dollar.

12. Deferred tax liabilities

	2018	2019	2020
	\$	\$	\$
Balance as at the beginning of the financial year	85,190	115,595	221,595
Charged to profit or loss	<u>30,405</u>	<u>106,000</u>	<u>71,000</u>
Balance as at the end of the financial year	<u>115,595</u>	<u>221,595</u>	<u>292,595</u>

The following are the major deferred tax liabilities recognised by the Company during the financial years.

	2018	2019	2020
	\$	\$	\$
Accelerated tax depreciation	115,595	160,651	169,018
Leased assets	<u>-</u>	<u>60,944</u>	<u>123,577</u>
	<u>115,595</u>	<u>221,595</u>	<u>292,595</u>

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

13. Trade and other payables

	2018	2019	2020
	\$	\$	\$
Trade payables – third parties	98,718	144,990	150,768
Non-trade payables			
- third parties	138,204	1,336,696	418,581
- Directors	102,690	56,689	-
	240,894	1,393,385	418,581
Accruals	103,818	166,621	178,276
Deferred government grant income	-	-	19,827
Dividends payable	-	60,000	-
	<u>443,430</u>	<u>1,764,996</u>	<u>767,452</u>

Trade payables are unsecured, non-interest bearing and normally settled on 30 days' credit term.

The non-trade amounts due to Directors are unsecured, interest-free and repayable on demand.

Deferred government grant income is recognised in respect of the Job Support Scheme details of which are disclosed in Note 7 to the financial statements.

Trade and other payables are denominated in Singapore dollar.

14. Revenue

	2018	2019	2020
	\$	\$	\$
<u>Recognised at a point in time:</u>			
Provision of waste management and disposal services	4,421,793	5,896,776	5,840,400

15. Other income

	2018	2019	2020
	\$	\$	\$
Gain on disposal of property, plant and equipment	21,000	-	24,568
Government grants	52,037	50,672	213,374
Recycling income	47,823	241,263	98,556
	<u>120,860</u>	<u>291,935</u>	<u>336,498</u>

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)****16. Employee benefits expense**

	2018	2019	2020
	\$	\$	\$
Salaries, wages and other short-term benefits	1,170,272	1,227,675	1,496,103
Contributions to defined contribution plans	76,773	81,034	94,781
	<u>1,247,045</u>	<u>1,308,709</u>	<u>1,590,884</u>

The above includes key management personnel remuneration as disclosed in Note 21 to the financial statements.

17. Finance costs

	2018	2019	2020
	\$	\$	\$
Interest expense			
- finance lease liabilities	19,184	-	-
- lease liabilities (Note 10)	-	30,935	71,145
- term loan	66,487	110,999	170,300
- third parties loan	-	40,959	45,222
Others	-	3,505	1,661
	<u>85,671</u>	<u>186,398</u>	<u>288,328</u>

18. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	2018	2019	2020
	\$	\$	\$
Crane and wharfage expenses	293,946	386,716	529,935
Diesel and petrol expenses	128,431	175,084	162,011
Dumping fee	864,491	1,365,129	1,231,830
Loss on disposal of property, plant and equipment	-	20,452	-
Operating lease expenses	628,116	3,102	600
Property, plant and equipment written-off	676	-	-
Subcontractor and other labor costs	348,687	512,269	325,310
Upkeep of motor vehicles	84,691	100,210	114,767
	<u>2,334,837</u>	<u>2,563,965</u>	<u>2,364,752</u>

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)****19. Income tax expense**

	2018	2019	2020
	\$	\$	\$
Current income tax			
- current financial year	40,000	107,297	96,427
Deferred tax			
- current financial year	30,405	106,000	71,000
	<u>70,405</u>	<u>213,297</u>	<u>167,427</u>

The income tax expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 17% to profit before income tax as a result of the following differences:

	2018	2019	2020
	\$	\$	\$
Profit before income tax	<u>581,699</u>	<u>1,353,774</u>	<u>941,119</u>
Income tax at statutory rate	98,889	230,142	159,990
Effect of expenses not deductible for tax purposes	4,962	32,928	67,179
Effect of income not subject to tax	(8,846)	(8,614)	(27,194)
Tax incentives and rebates	(36,350)	(32,425)	(32,425)
Others	11,750	(8,734)	(123)
	<u>70,405</u>	<u>213,297</u>	<u>167,427</u>

20. Earnings per share

The calculation for earnings per share is based on:

	2018	2019	2020
Profit attributable to owners of the Company (\$)	<u>511,294</u>	<u>983,993</u>	<u>582,359</u>
Weighted average number of ordinary shares	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Earnings per share (in cents)			
- Basic and diluted	<u>34.09</u>	<u>76.03</u>	<u>51.58</u>

The calculations of basic earnings per share for the relevant periods are based on profit attributable to owners of the parent for each of the reporting periods, divided by the number of ordinary shares.

The diluted earnings per share for the relevant periods are same as the basic earnings per share as there were no dilutive potential ordinary shares for the relevant periods.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

21. Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Company with its related parties during the financial years ended 31 December 2018, 2019 and 2020:

	2018	2019	2020
	\$	\$	\$
<u>With related party</u>			
Repayment from a related party	<u>152,000</u>	<u>-</u>	<u>-</u>
<u>With Directors of the Company</u>			
Advances to a Director	-	10,000	-
Repayment of advances to Directors	15,246	10,000	-
Advances from a Director	70,000	89,000	585,000
Repayment of advances from Directors	<u>-</u>	<u>135,000</u>	<u>641,690</u>

Related party is an entity where the Company and the party are subject to common control or common significant influence.

Compensation of key management personnel

Key management personnel are Directors of the Company and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly, or indirectly.

The remuneration of key management personnel and Directors of the Company during the financial years ended 31 December 2018, 2019 and 2020 were as follows:

	2018	2019	2020
	\$	\$	\$
Directors' fee	58,000	-	-
Short-term employee benefits	304,297	464,325	488,612
Post-employment benefits	42,475	47,160	49,675
	<u>404,772</u>	<u>511,485</u>	<u>538,287</u>

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

22. Commitments

Operating lease commitments

As lessee

At each reporting date, commitments in respect of non-cancellable operating leases in respect of leasehold land are as follows:

	2018
	\$
Not later than one year	402,723
Later than one and not later than five years	1,723,821
Later than five years	6,056,976
	<u>8,183,520</u>

Capital commitments

At each reporting date, commitments in respect of capital expenditure are as follows:

	2018	2019	2020
	\$	\$	\$
Capital expenditure contracted but not provided for			
- Property, plant and equipment	<u>4,656,484</u>	<u>2,009,650</u>	<u>961,599</u>

23. Segment information

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Company has only one primary business segment, which is that of the provision of waste management and disposal services to industrial and commercial clients. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.

Geographical information

The Company's revenue and assets are mainly derived from Singapore, accordingly, no geographical segment information is presented during these financial years.

Major customer

For the financial years ended 31 December 2018, 2019 and 2020, revenue from one major customer of Company represents approximately 16.7%, 15.5% and 12.9% of the Company's total revenue.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

24. Financial risk management

The Company's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below. It is the Company's policy not to trade in derivative contracts.

24.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals.

The Company's major classes of financial assets are trade and other receivables (excluding GST receivables) and cash and cash equivalents.

As at the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each of the financial asset in the statements of financial position.

Trade receivables

The Company does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for 16% 37%, 20% of the total trade receivables balance as at 31 December 2018, 2019 and 2020 were due from 2, 1 and 1 customers respectively.

The Company has applied the simplified approach in accordance with SFRS(I) 9 to measure the loss allowance of trade receivables using the Expected Credit Loss model ("ECL"). The ECL is determined based on historical data which have been defaulted or terminated adjusted with forward-looking information.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, management believes that there is no further impairment required in excess of the loss allowance on trade receivables.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

24. Financial risk management (Continued)**24.1 Credit risk (Continued)**Non-trade receivables

For non-trade receivables, the Board of Directors adopts a policy of dealing with high credit quality counterparties. The Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on these other receivables. As at 31 December 2018, 2019 and 2020, there is no indication that credit risk on these receivables have increased significantly, hence, these receivables are measured at 12-month expected credit loss model and subject to immaterial credit loss.

Cash and cash equivalents

Cash and cash equivalents are deposited with reputable banks with minimum rating "A", based on Moody's credit ratings. The Board of Directors monitor the credit ratings of counterparties regularly. Impairment of cash and cash equivalents has been measured based on 12-month expected credit loss model. As at 31 December 2018, 2019 and 2020, the Company did not expect any credit losses from non-performance by the counterparties.

24.2 Market risk(i) Foreign exchange risk

The Company has no significant exposure to market risk for changes in foreign currency rates as majority of the Company's transactions are denominated in Singapore dollar. Hence, no sensitivity analysis has been prepared.

(i) Interest rate risk

The Company's exposure to changes in interest rates related primarily to the Company's interest-bearing financial liabilities. Changes to interest rates will affect borrowings which bear interest at a floating rate. Any increase in interest rates will affect the Company's cost of servicing these borrowings which may adversely affect its financial position.

The exposure of the Company's interest-bearing financial liabilities to variable interest rate changes at the end of the reporting period are as follows:

	2018	2019	2020
	\$	\$	\$
Loans and borrowings	<u>3,494,440</u>	<u>3,577,792</u>	<u>5,294,041</u>

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for variable interest-bearing financial liabilities as at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. If the interest rates had been higher/lower by 1%, with all variable including tax rate held constant, profit before tax would have been lower/higher by \$34,944, \$35,778 and \$52,940 for the financial years ended 31 December 2018, 2019 and 2020 respectively.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

24. Financial risk management (Continued)

24.3 Liquidity risk

Liquidity risk refer to the risk in which the Company encounters difficulty in meeting financial obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining cash and available funding through an adequate amount of committed credit facilities sufficient to enable it to meet its operational requirements.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Company is expected to pay. The table includes both expected interest and principal cash flows.

	Carrying amount \$	Contractual cash flow \$	Within 1 year \$	Within 2 to 5 years \$	Over 5 years \$
Financial liabilities					
2018					
Trade and other payables	443,430	443,430	443,430	-	-
Loans and borrowings	4,155,105	4,758,395	706,723	1,855,581	2,196,091
Total financial liabilities	4,598,535	5,201,825	1,150,153	1,855,581	2,196,091
2019					
Trade and other payables	1,764,997	1,764,997	1,764,997	-	-
Loans and borrowings	4,906,035	5,626,642	897,237	2,810,686	1,918,719
Lease liabilities	6,863,178	9,101,924	654,422	2,290,205	6,157,297
Total financial liabilities	13,534,210	16,493,563	3,316,656	5,100,891	8,076,016
2020					
Trade and other payables (excluding deferred government grant income)	747,625	747,625	747,625	-	-
Loans and borrowings	9,256,420	9,763,970	1,199,053	5,725,366	2,839,551
Lease liabilities	6,513,869	8,506,449	640,500	2,182,264	5,683,685
Total financial liabilities	16,517,914	19,018,044	2,587,178	7,907,630	8,523,236

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)**

24. Financial risk management (Continued)**24.4 Financial instruments by category**

	2018	2019	2020
	\$	\$	\$
Financial assets			
Financial assets at amortised cost			
- Trade and other receivables (excluding GST receivables)	1,029,313	1,529,544	1,489,223
- Cash and bank balances	47,685	404,932	1,481,016
	<u>1,076,998</u>	<u>1,934,476</u>	<u>2,970,239</u>
Financial liabilities			
Financial liabilities at amortised cost			
- Trade and other payables (excluding deferred government grant income)	443,430	1,764,997	747,625
- Lease liabilities	-	6,863,178	6,513,869
- Loans and borrowings	4,155,105	4,906,035	9,256,420
	<u>4,598,535</u>	<u>13,534,210</u>	<u>16,517,914</u>

24.5 Fair value of financial assets and financial liabilities

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Management is of the opinion that the carrying amount of loan and borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

25. Capital risk management policies and objectives

The Company manage its capital to ensure that the Company is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Company consists of equity attributable to equity owners, which comprises of issued share capital and retained earnings as disclosed in the financial statements.

Management reviews the capital structure to ensure that the Company is able to service any debt obligations (including principal repayment and interest) based on operating cash flows. The Company's overall strategy remains unchanged during the financial years ended 31 December 2018, 2019 and 2020.

The Company monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Company's net debt includes trade and other payables and loans and borrowings less cash and bank balances. Equity attributable to the owners of the Company comprises share capital and retained earnings.

SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (Continued)****25. Capital risk management policies and objectives (Continued)**

	2018	2019	2020
	\$	\$	\$
Trade and other payables	443,430	1,764,997	767,452
Loans and borrowings	4,155,105	4,906,035	9,256,420
Lease liabilities	-	6,863,178	6,513,869
Less: Cash and bank balances	<u>(47,685)</u>	<u>(404,932)</u>	<u>(1,481,016)</u>
Net debt	4,550,850	13,129,278	15,056,725
Total equity	<u>2,060,444</u>	<u>3,140,921</u>	<u>3,914,613</u>
Total capital	<u>6,611,294</u>	<u>16,270,199</u>	<u>18,971,338</u>
Gearing ratio (%)	<u>68.8%</u>	<u>80.7%</u>	<u>79.4%</u>

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2018, 2019 and 2020.

26. Impact of novel coronavirus (“COVID-19”) on the Company’s operations

The COVID-19 pandemic has significantly affected countries around the world, weighing on their economies. Businesses in Singapore are not spared, and have been impacted by demand reduction, supply chain challenges and workforce disruptions. The Company had implemented precautionary measures and operational protocols to ensure the safety and well-being of its employees in Singapore amidst the pandemic.

The Company is providing essential services to its customers mainly from cruise and shipping industries and its principal business of general waste collection is heavily dependent on the number of port calls in Singapore made by ships and cruises. Notwithstanding the Singapore cruise industry having experienced significant decline in travel volumes and concomitantly lower demand for waste disposal services from cruise customers, the Company’s overall business has been resilient thus far. Its revenue for FY2020 continued to remain stable as it tapped on other non-cruise shipping clients, notably cargo ships, anchorage services, feeder and supply boats apart from cruises.

The Company would expect the broadly weaker economy to affect its customers’ business and consequently slower trade collections, in particular, from its customers who are shipping agents and maritime service providers for the cruises. However, the Company is cautiously optimistic that this would not result in any significant erosion of its customers’ credit quality given the good repayment history of its customers. The Company will monitor closely on the collection of trade receivables. Going forward, the Company’s planned business expansion into a wider spectrum of waste treatment and recycling businesses at the Tuas Facility, including but not limited to spent chemicals, oil sludge and oily water, will further fortify its earnings capabilities amidst uncertainties brought by the pandemic.

As the global COVID-19 situation remains much fluid as at the date these financial statements were authorized for issuance, future developments in relation to the COVID-19 pandemic and their impact on the operating and financial performance of the Company cannot be reasonably and reliably ascertained at the present moment.

**APPENDIX B – LETTER FROM THE IFA TO THE UNAFFECTED
DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH
RESOLUTION**

**LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE
UNAFFECTED DIRECTORS OF CPH LTD.**

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Unaffected Directors (as hereinafter defined)
CPH Ltd.
8 First Lok Yang Road
Singapore 629731

29 June 2021

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHT TO RECEIVE A MANDATORY GENERAL OFFER FROM THE VENDORS AND THEIR CONCERT PARTIES FOR ALL THE SHARES IN ISSUE NOT ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE VENDORS AND THEIR CONCERT PARTIES ON COMPLETION OF THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SHANAYA ENVIRONMENTAL SERVICES PTE. LTD. FOR THE PURCHASE CONSIDERATION OF S\$22,000,000 (“PROPOSED WHITEWASH RESOLUTION”)

Unless otherwise defined or where the context otherwise requires, the definition used in the circular dated 29 June 2021 (the “Circular”) shall apply throughout this Letter.

1. INTRODUCTION

Asian Corporate Advisors Pt. Ltd. (“**ACA**”) has been appointed as an independent financial adviser (“**IFA**”) to the directors (“**Directors**”) of CPH Ltd. (“**CPH**” or the “**Company**”) who are deemed independent for the purpose of the Proposed Whitewash Resolution, which comprise all the existing Directors of the Company namely, Lee Teong Sang, Choo Tung Kheng, Ong Kian Soon and Tito Shane Isaac (“**Unaffected Directors**”).

This Letter sets out, *inter alia*, our views and evaluation of the Proposed Whitewash Resolution which has been proposed as an ordinary resolution in the notice of the extraordinary general meeting (“**EGM**”) of the Company as set out in the Circular to be issued to the shareholders of the Company (“**Shareholders**”), which if passed by the Shareholders other than (i) Shitthi Nabesathul Bathuria D/O Abdul Hamid, Sivakumar Martin S/O Sivanesan, and Perumal S/O Gopal (collectively, the “**Vendors**”); (ii) parties acting in concert with the Vendors; and (iii) parties not independent of the persons mentioned in (i) and (ii) above (“**Independent Shareholders**”) would result in a waiver by the Independent Shareholders of their rights to receive a general offer from the Vendors and their concert parties in connection with the issue and allotment of the Consideration Shares (defined herein). Likewise, it contains our recommendation to the Unaffected Directors in relation to the Proposed Whitewash Resolution as set out in Section 24 of the Circular, for determining whether the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, are fair and reasonable.

Unless otherwise defined or where the context otherwise requires, the definition used in the Circular shall apply throughout this Letter. Certain figures and computations as enumerated or set out in this Letter are based on approximations and its accuracy is subject to rounding.

APPENDIX B – LETTER FROM THE IFA TO THE UNAFFECTED DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

1.1. BACKGROUND

The Proposed Acquisition

On 29 September 2020 (“**Announcement Date**”), the Company announced that it had entered into a conditional sale and purchase agreement dated 29 September 2020 with (i) Ms Shitthi Nagesathul Bathuria D/O Abdul Hamid, (ii) Mr Sivakumar Martin S/O Sivanesan, (iii) Mr Perumal S/O Gopal, and (iv) Shanaya Environmental Services Pte. Ltd. (the “**Target Company**”) (the Company, the Vendors and the Target Company hereinafter referred to as each a “**Party**” and collectively, the “**Parties**”), in respect of the proposed acquisition by the Company of 100% of the issued share capital of the Target Company from the Vendors (the “**Proposed Acquisition**”) for a purchase consideration (“**Purchase Consideration**”) of S\$22.0 million (subject to the adjustments (“**Adjustments**”) as described under Section 5 of the Circular)), to be satisfied by a combination of (i) S\$3.0 million in cash, and (ii) the issuance and allotment of 3,166,666,667 new ordinary shares in the capital of the Company (“**Consideration Shares**”) to the Vendors at an issue price of S\$0.006 per Consideration Share (the “**Issue Price**”).

On 23 June 2021, the Vendors, the Company and the Target Company entered into the supplemental deed dated 23 June 2021, pursuant to which they agreed to vary certain terms of the sale and purchase agreement dated 29 September 2020, *inter alia*, to extend the Long Stop Date to 29 September 2021 or such other date as mutually agreed between the Parties.

The sale and purchase agreement dated 29 September 2020, the side letter dated 23 June 2021 and the supplemental deed dated 23 June 2021 are collectively referred as the “**SPA**”.

Based on the foregoing, the Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). In accordance with Chapter 10 of the Catalist Rules, the Proposed Acquisition will be subject to, amongst others, the approval of the Shareholders of the Company at an EGM to be convened pursuant to Rule 1015 of the Catalist Rules.

Adjustments

In the event that the fair value of the Target Company and the Target Business (as described in the Circular) as set out in the Valuation Report pursuant to Rule 1015(3)(a) of the Catalist Rules (“**Appraised Value**”) is less than 90% of the Purchase Consideration (such difference being the “**Shortfall**”), the Purchase Consideration shall be adjusted as follows:

- (i) for the first S\$3,000,000 or less of the Shortfall, the Cash Consideration shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall for up to S\$3,000,000; and
- (ii) for any amount of the Shortfall exceeding S\$3,000,000, the number of Consideration Shares issued shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall that is in excess of S\$3,000,000,

For the avoidance of doubt, if the Appraised Value is at least 90% of the Purchase Consideration, no Adjustment shall be made to the Purchase Consideration. Any adjustment to the Purchase Consideration will be announced immediately by the Company via SGXNET.

Proposed Share Consolidation

We note from the Circular that in connection with the Proposed Acquisition, the Company proposes to undertake a consolidation of the Shares based on the ratio of 40 existing Shares into one (1) new consolidated share (“**Consolidated Share**”) (the “**Proposed Share Consolidation**”).

APPENDIX B – LETTER FROM THE IFA TO THE UNAFFECTED DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, pursuant to the Proposed Consolidation based on their shareholdings as at the Consolidated Record Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. As the proceeds of the sale of fractions of Consolidated Shares arising from the Proposed Share Consolidation are likely to be less than the administrative costs and expenses involved in despatching such proceeds to the Shareholders, fractions of Consolidated Shares arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

Each Consolidated Share will rank *pari passu* with each other and will be traded in board lots of 100 Consolidated Shares. Please refer to Section 23.3.5 of the Circular for information on the arrangements made by the Company in relation to the trading of the Consolidated Shares and odd lots.

As at 16 June 2021 (the “**Latest Practicable Date**”), the Company has a total issued Share capital of S\$24,764,175 divided into 1,229,226,124 Shares. Following the completion of the Proposed Share Consolidation (including allotment and issuance of the Consideration Shares, Introducer Shares and PPCF Shares), the Company will have a total issued Share capital of S\$44,464,175 divided into approximately 112,813,983 Consolidated Shares.

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company and has no effect on the Shareholders’ funds of the Company. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation.

1.2. THE PROPOSED WHITEWASH RESOLUTION

Save as disclosed in the Circular, as at the Latest Practicable Date, the Vendors and their concert parties do not hold any Shares or instruments convertible into, rights to subscribe for and options in respect of the Shares. Upon the issuance and allotment of the Consideration Shares and following Completion, the Vendors will hold in aggregate 3,166,666,667 Shares (on a pre-consolidation basis) or 79,166,665 Shares (on a post-consolidation basis), representing approximately 70.17% of the Enlarged Share Capital. Please also refer to Section 13.5 entitled “Changes in Shareholding Structure” of the Circular for more details on the changes in shareholdings arising from the Proposed Transactions.

Under Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**” or “**Take-over Code**”) and Section 139 of the Securities and Futures Act, Chapter 289, of Singapore (“**SFA**”), where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

Accordingly, pursuant to Rule 14 of the Take-over Code and Section 139 of the SFA, the Vendors and their concert parties would be required to make a mandatory general offer for all the Shares in issue not already owned, controlled or agreed to be acquired by them following Completion. It is a condition precedent to the Proposed Acquisition that the Securities Industry Council of Singapore (“**SIC**”) grants the Vendors and their concert parties, and does not revoke or repeal such grant, a waiver of its obligation to make a mandatory general offer under Rule 14 of the Take-over Code and that the Shareholders approve at a general meeting of the Company the Proposed Whitewash Resolution for the waiver of the rights of the Independent Shareholders of the Company to receive a mandatory general offer from the Vendors, at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months, for all the Shares not already owned by the Vendors and their concert parties.

APPENDIX B – LETTER FROM THE IFA TO THE UNAFFECTED DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

The Vendors and the Company have sought the following rulings and/or confirmations from the SIC:

- (a) the Vendors and parties acting in concert with them will not be required to make a mandatory general offer for shares in the capital of the Company, following Completion, arising from the issuance of the Consideration Shares to the Vendors and/or parties acting in concert with them; and
- (b) that the Vendors and parties acting in concert with them will not be treated as parties acting in concert with Choo Tung Kheng in relation to the Proposed Acquisition, Whitewash Resolution and the Consideration Shares to be issued pursuant thereto, and that Choo Tung Kheng will be regarded as independent of the Vendors and parties acting in concert with them, by virtue of the Undertaking Shareholder's Undertaking.

SIC had on 17 November 2020 granted the Vendors a waiver of the requirement to make a mandatory general offer, subject to certain conditions. Subsequently, an application had been made to the SIC to seek an extension of time to meet one of the conditions specified by SIC in its grant of the aforesaid waiver. Please refer to the Company's SGXNET announcement dated 16 February 2021 for further details on the reasons for seeking the extension of time. Such extension of time application had since been withdrawn on 21 April 2021.

A fresh application seeking the Whitewash Waiver had been made to the SIC on 21 April 2021. SIC had on 16 June 2021 waived the obligation for the Vendors to make a general offer under Rule 14 of the Take-over Code in the event that the Vendors and their concert parties acquire more than 30% of the total voting rights of the Company based on its Enlarged Share Capital as a result of issuance and allotment of the Consideration Shares to the Vendors, subject to the following conditions:

- (i) a majority of holders of voting rights of the Company approving at a general meeting, before the issue of the Consideration Shares, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Vendors;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) the Vendors and their concert parties abstain from voting on the Proposed Whitewash Resolution;
- (iv) the Vendors and their concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
 - (A) during the period between the announcement of the Proposed Acquisition and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution, and
 - (B) in the six (6) months prior to the announcement of the Proposed Acquisition but subsequent to negotiations, discussions or the reaching of understandings or agreements with the CPH Board in relation to the Proposed Acquisition;
- (v) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (vi) the Company sets out clearly in the Circular:
 - (A) details of the Proposed Acquisition including the Undertaking Shareholder's Undertaking;

APPENDIX B – LETTER FROM THE IFA TO THE UNAFFECTED DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

- (B) the dilution effect to existing Shareholders of the issue of the Consideration Shares to the Vendors;
 - (C) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Vendors and their concert parties as at the Latest Practicable Date;
 - (D) the number and percentage of voting rights to be issued to the Vendors upon the acquisition of the Consideration Shares;
 - (E) specific and prominent reference to the fact that the acquisition of the Consideration Shares could result in the Vendors and their concert parties holding shares carrying over 49% of the voting rights of the Company and to the fact that the Vendors and their concert parties will be free to acquire further shares without incurring any obligation under Rule 14 to make a general offer; and
 - (F) specific and prominent reference to the fact that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Vendors at the highest price paid by the Vendors and their concert parties for the Shares in the past six (6) months preceding the commencement of the offer;
- (vii) the Circular states that the waiver granted by SIC to the Vendors and their concert parties from the requirement to make a general offer under Rule 14 of the Take-over Code is subject to the conditions stated at (i) to (vi) above;
 - (viii) the Company obtains SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
 - (ix) to rely on the Proposed Whitewash Resolution, the approval of the Proposed Whitewash Resolution must be obtained within three (3) months of SIC's letter dated 16 June 2021 and the subscription of the Consideration Shares by the Vendors must be completed within three (3) months of approval of the Proposed Whitewash Resolution.

SIC had also ruled that Choo Tung Kheng will not be regarded as a concert party of or not independent of the Vendors and their concert parties with respect to the Proposed Whitewash Resolution by virtue of the Undertaking Shareholder's Undertaking.

As at the Latest Practicable Date, all the above conditions imposed by the SIC (save and except for the condition requiring approval of the majority of holders of voting rights of the Company present and voting at a general meeting of the Proposed Whitewash Resolution) have been satisfied.

Shareholders are requested to vote on a poll, the Proposed Whitewash Resolution, waiving their rights to receive a general offer from the Vendors and their concert parties for the Company under Rule 14 of the Take-over Code arising from the issuance and allotment of the Consideration Shares to the Vendors and their concert parties pursuant to the Proposed Acquisition.

Independent Shareholders should note that:

- (a) **their approval of the Proposed Whitewash Resolution is a condition precedent to Completion pursuant to the terms of the SPA. If Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place;**
- (b) **by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer from the Vendors and their concert parties, which the Vendors and their concert parties would otherwise be obliged to make at the highest**

APPENDIX B – LETTER FROM THE IFA TO THE UNAFFECTED DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

price paid or agreed to be paid by them for the Shares in the past six (6) months preceding the commencement of the offer, in accordance with Rule 14 of the Take-over Code and Section 139 of the SFA; and

- (c) the acquisition of the Consideration Shares by the Vendors would result in the Vendors and their concert parties holding Shares carrying more than 49.0% of the voting rights of the Company and the Vendors and their concert parties will thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Take-over Code to make a general offer.

2. TERMS OF REFERENCE

ACA has been appointed by the Company to advise the Unaffected Directors in respect of the Proposed Whitewash Resolution. We were, *inter alia*, neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, the proposed issue and allotment of the Consideration Shares, the proposed issue and allotment of the Introducer Shares (as defined in the Circular) and the PPCF Shares (as defined in the Circular), the Proposed Share Consolidation, the Proposed Whitewash Resolution, the proposed appointment of the Proposed Directors (as defined in the Circular), the proposed adoption of the Shanaya Employee Share Option Scheme and the Shanaya Performance Share Plan, the proposed adoption of the new general share issue mandate upon Completion, the Proposed Change of Company's Name and the Proposed Adoption of the New Constitution and such other transactions contemplated in the Circular (collectively, the "**Proposed Transactions**"), nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the Proposed Transactions, and we do not, by this Letter or otherwise, advise or form any judgment on the merits of the Proposed Transactions contemplated in the Circular for the Company or the possibilities or feasibilities of the completion of the Proposed Transactions or the timing on when the Proposed Acquisition can be completed or whether there are alternative transactions available other than to form an opinion, strictly and solely on the bases set out herein on whether the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, are fair and reasonable.

We have confined our evaluation strictly and solely on the financial terms for the Proposed Acquisition (being the subject of the Proposed Whitewash Resolution) and have not taken into account the commercial/financial/operational/compliance risks and/or merits (if any) of or the timing for the Proposed Transactions contemplated in the Circular including, *inter alia*, the structuring or inter-conditionality (if applicable) of the Proposed Transactions or the validity of any resolution or its feasibility. It is not within our scope to opine on the future financial performance or position of the Company or the Target Company or the Enlarged Group (as defined in the Circular) subsequent to the Proposed Acquisition or the Proposed Transactions or the possibility or probability that the Company or the Target Company or the Enlarged Group can improve their profitability or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Transactions or the viability, profitability and risks of the Proposed Acquisition or the profitability and risks related to the Target Company's business operations.

In addition, our scope does not require us to opine or comment on the adequacy of the working capital of the Company, the Target Company or the Enlarged Group or the ability of the Company to raise funds or the legality, validity or enforceability of, *inter alia*, the SPA and/or the relevant transactions as contemplated. Such evaluation or comment remains the responsibility of the directors of the Target Company ("**Target Company's Directors**") and the management of the Target Company ("**Target Company's Management**") although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

In the course of our evaluation, we have held discussions with certain Directors and the Management as well as, where applicable, the Target Company's Directors and the Target Company's Management, *inter alia*, regarding their assessment of the rationale for the Proposed Acquisition, and the Proposed Whitewash Resolution, the Company and/or the Enlarged Group, and have examined publicly available

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information collated by us including the audited financial statements as well as information including material information or developments pertaining to the Company, and the Target Company where applicable (both written and verbal), provided to us by the Directors and Management or where applicable the Target Company's Directors and the Target Company's Management and professional advisers of the Company, including its consultants or advisers or solicitors or auditors. We have not independently verified such information but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We have relied upon the assurance of Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular (save for information in the Circular relating to the Target Company) as well as their announcements for the financial results of the Company have been reasonably made after due and careful enquiry. Likewise, we have relied upon the assurance that all statements of fact, belief, opinion and intention made by the Target Company's Directors and the Target Company's Management in the Circular (including its appendices) have been reasonably made after due and careful enquiry. We have not independently verified such information but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the financial statements for the financial year ended 31 March 2021 ("**FY2021**") for the Company, the monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021 ("**2M2022**") and the financial year ended 31 December 2020 ("**TFY2020**") for the Target Company. The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Target Company or the Enlarged Group after the completion of Proposed Transactions. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Target Company or the Enlarged Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Transactions (in part or in full) or voting for or voting against the Proposed Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Target Company or the Enlarged Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Target Company or the Enlarged Group or the Proposed Acquisition, or the Proposed Whitewash Resolution if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Unaffected Directors (as well as Independent Shareholders of the Company who would be receiving the Circular and this Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available information and other information provided by the Company, the Directors, the Target Company's Directors as well as those disclosed in the Circular as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial year end or financial period for the Company or the Target Company or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the

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Proposed Whitewash Resolution and our recommendation or opinion or views. Likewise, this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

As set out in Section 40 of the Circular, the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular in respect of the Company and its subsidiaries, the Enlarged Group (in so far as they relate to the Company and its subsidiaries) and the Proposed Transactions (excluding the information herein relating to the Introducer, the Target Company and the Vendors) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Company and its subsidiaries, the Enlarged Group (in so far as they relate to the Company and its subsidiaries) and the Proposed Transactions (excluding the information herein relating to the Introducer, the Target Company and the Vendors), and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

As set out in Section 40 of the Circular, the Proposed Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular in respect of the Vendors, the Target Company, the Enlarged Group (in so far as they relate to the Target Company), and the Proposed Transactions (excluding the information herein relating to the Company and its subsidiaries), and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Vendors, the Target Company, the Enlarged Group (in so far as they relate to the Target Company) and the Proposed Transactions (excluding the information herein relating to the Company and its subsidiaries), and the Proposed Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from, published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Proposed 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.

The Directors have, to their best knowledge, confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Company in connection with the Proposed Transactions stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed Whitewash Resolution has been disclosed to ACA or included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company, the omission of which would result in the facts stated and the opinions expressed or confirmations given by the Directors in the Circular or the IFA letter to be untrue, inaccurate or incomplete in any respect or misleading.

Likewise, the Target Company's Directors have, to their best knowledge, confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Target Company or the Enlarged Group or the Proposed Whitewash Resolution stipulated in the Circular or issue or changes to its capital structure, available to them in connection with the Proposed Transactions has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Target Company or the Enlarged Group, the omission of which would result in the facts stated and the opinions expressed or confirmations given by the Target Company's Directors in the Circular or the IFA letter to be untrue, inaccurate or incomplete in any respect or misleading. We have not independently verified such information but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, no representation or warranty, expressed or implied, is

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made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

Our scope does not require us and we have not made any independent evaluation or business valuation of the Company or the Target Company or the Enlarged Group (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities of the Company or the Target Company (including without limitation, property, plant and equipment) or contracts entered into by the Company or the Target Company and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the Target Company save for the independent valuation report dated 29 June 2021 (“**Valuation Report**”) and the summary valuation letter dated 29 June 2021 (“**Summary Valuation Letter**”) issued by Chay Corporate Advisory Pte Ltd (the “**Independent Business Valuer**”) in respect of the fair value of 100% equity interest in the Target Company.

With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment) including, *inter alia*, the contracts or agreements that the Company or the Target Company has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the Target Company’s Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group as reflected in the full year audited financial statements for the Group as at 31 March 2021 as well as the monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021 are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the Group’s audited financial statements for FY2021 and the monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021 to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter alia*, the valuation or appraisal of business, assets and liabilities including, *inter alia*, the contracts or agreements that the Company has embarked upon or are about to embark upon, the omission of which would render those statements or information including our views or analysis or opinions or reliance of such statements or information to be untrue, inaccurate, incomplete or misleading.

Likewise, the Target Company’s Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Target Company as reflected in the audited financial statements for the Target Company for TFY2020 are true and fair. The Target Company’s Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the audited financial statements for TFY2020 to be false or misleading in any material aspect. In addition, the Target Company’s Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter alia*, the valuation or appraisal of business, assets and liabilities including, *inter alia*, the contracts or agreements that the Target Company has embarked upon or are about to embark upon, the omission of which would render those statements or information including our views or analysis or opinions or reliance of such statements or information to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the audited financial statements of the Group for FY2021 as well as the monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021 and public announcements of the Company, there has been no material changes to the Group’s business, assets and liabilities, financial position, condition and performance.

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The Target Company's Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the audited financial statements for the Target Company for TFY2020, there has been no material changes to the Target Company's business, assets and liabilities, financial position, condition, and performance.

The scope of our appointment does not require us to express, and we do not express, a view or analysis or opinion on the basis or rationale for determining or negotiating the terms and conditions for the Proposed Acquisition (being the subject of the Proposed Whitewash Resolution) or the basis of valuation used by parties (including but not limited to reliance or non-reliance on certain valuation basis or basis) for determining the consideration payable or, where applicable, the need for or amount of adjustments to the number of Consideration Shares to be issued pursuant to the Proposed Acquisition or the basis or methodology of any valuations undertaken or future growth prospects of the Company or the Target Company or the Enlarged Group before and after the transactions stipulated in the Circular or the Proposed Transactions. We are also not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Transactions or the other transactions or resolutions stipulated in the Circular or voting for or voting against the Proposed Transactions or the other transactions or resolutions stipulated in the Circular or on the future financial performance of the Company or the Target Company or the Enlarged Group or the plans (if any) for each of them.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Unaffected Directors to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter or the Proposed Transactions or the Company or the Target Company or the Shares or the Consideration Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Director or Unaffected Director, and as such the Unaffected Directors are advised to highlight to Independent Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Proposed Whitewash Resolution or its recommendation, following the date of the issue of this Letter.

This Letter is addressed to the Unaffected Directors in connection with and for the sole purposes of their evaluation of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Whitewash Resolution and/or at the forthcoming EGM. In addition, any references to our Letter or opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

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3. PROPOSED ACQUISITION

3.1. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

The overview of the principal terms of the Proposed Acquisition can be found in Section 5 of the Circular. Independent Shareholders are advised to read them carefully.

The overview of the principal terms of the Proposed Acquisition have been extracted from the Circular and are set out in italics below. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

“5. PROPOSED ACQUISITION

5.1 Purchase Consideration

Subject to the Adjustment (as defined below), the Purchase Consideration for the Proposed Acquisition shall be satisfied by a combination of (i) the payment of S\$3,000,000 in cash to the Vendors within 12 months from the Completion Date, and (ii) the issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) to the Vendors at the Issue Price of S\$0.006 per Consideration Share which shall be equivalent to an aggregate issued and paid-up share capital of S\$19.0 million on the Completion Date.

The Purchase Consideration was arrived at after arms’ length negotiations between the Company and the Vendors, and on a willing-buyer and willing-seller basis, taking into consideration, the earnings and business prospects of the Target Company, and on the basis that it shall be supported by the Appraised Value.

The Company plans to pay the Cash Consideration within twelve (12) months from the Completion Date with the net proceeds to be received from the Disposal of Lok Yang Property of approximately S\$6.38 million.

The Issue Price of S\$0.006 for each Consideration Share represents a premium of 33.33% to the volume-weighted average price of S\$0.0045 per Share, based on trades done on the Shares on the Catalist on the full market day preceding the date of the SPA, being 28 September 2020.

In the event that the Appraised Value is less than 90% of the Purchase Consideration (such difference being the “Shortfall”), the Purchase Consideration shall be adjusted as follows:

- (i) for the first S\$3,000,000 or less of the Shortfall, the Cash Consideration shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall for up to S\$3,000,000; and*
- (ii) for any amount of the Shortfall exceeding S\$3,000,000, the number of Consideration Shares issued shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall that is in excess of S\$3,000,000,*

(collectively, the “Adjustment”).

For the avoidance of doubt, if the Appraised Value is at least 90% of the Purchase Consideration, no Adjustment shall be made to the Purchase Consideration. Any Adjustment to the Purchase Consideration will be announced immediately by the Company via SGXNET.

The 3,166,666,667 Consideration Shares shall be consolidated to 79,166,665 Consolidated Shares after the completion of the Proposed Share Consolidation.

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5.2 Valuation of the Target Company

Pursuant to Rule 1015(3)(a) of the Catalist Rules, a competent and independent valuer is required to be appointed to value the incoming business.

The Company has commissioned Chay Corporate Advisory Pte Ltd to undertake an independent business valuation to determine the Fair Value of 100% equity interest in the Target Company.

“Fair Value” is defined in the Summary Valuation Letter as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

The indicative valuation of the Target Company by the Independent Business Valuer has taken into consideration the values implied by a combination of discounted cash flow (“DCF”) and comparable companies (“CC”) analysis. The discounted cash flow analysis is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow, while the CC analysis determines the value of a company’s business by referencing available market information, such as trading multiples of comparable publicly listed companies.

In valuing the Target Company, the Independent Business Valuer has adopted the DCF approach as the primary valuation methodology for the following reasons:

- (i) The DCF approach reflects the future plans and growth of the Target Company. This approach is less influenced by volatile external factors because it is an inward-looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers;*
- (ii) The asset-based approach does not take into account the future changes in sales or income; and*
- (iii) The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as the Target Company.*

Under the DCF approach and methodology, the Independent Business Valuer has discounted the projected free cash flows of the Target Company with discount rates having considered, amongst all relevant risk factors, such as business size, business environment, cost of debt, riskiness of cash flows. The free cash flow of the Target Company has been projected for the period starting from 1 January 2021 to 31 December 2023. The Independent Business Valuer has considered the EV/EBITDA multiple of comparable companies as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF analysis. The DCF analysis has taken into consideration the projected capital expenditure of the Target Company, including the investments required for the Tuas Facility.

As part of the CC analysis, the Independent Business Valuer has considered comparable publicly listed companies based on the following criteria: (i) companies which are in a similar industry with the Target Company; and (ii) companies which are involved in the environmental and facilities sector with a focus in the waste management and recycling space. The comparable publicly listed companies considered were Cleanaway Waste Management Limited, Daiseki Co., Ltd., Bingo Industries Limited, Kaname Kogyo Co., Ltd. and Shanghai Environment Group Co., Ltd..

The valuation is based on various assumptions with respect to the Target Company, including their respective present and future financial conditions, business strategies and the environment in which they operate. These assumptions are based on the information that the Independent Business Valuer has been provided and discussions with the Target Company and its management reflecting current expectations on current and future events. The Independent

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Business Valuer had relied on and considered, amongst others, the following key assumptions for the valuation:

- (i) the Target Company's financial forecast for the next twelve (12) months after the completion of the Proposed Acquisition and the industry trend as set out in Section 11.1 entitled "Industry Overview and Prospects" of this Circular;*
- (ii) the Target Company's revenue is expected to be generated from both the Kian Teck Facility and from new business streams from the Tuas Facility based on the assumption that the Target Company will be able to obtain the lease approval from JTC by fulfilling the capital expenditure investment shortfall of approximately S\$0.4 million during the period of the time extension of one year from 15 May 2021. The management are of the opinion that the Target Company will be able to fulfill the investment shortfall within the extended time. Please refer to Section 7.8 entitled "Properties and Fixed Assets" of this Circular for more details. Revenue arising from the new business streams is based on expectations of the Target Company's management;*
- (iii) The Kian Teck Facility is forecasted to operate at full capacity across the forecast period, while the Tuas Facility is expected to operate at 25% in FY2021, 65% in FY2022 and 80% capacity in FY2023. In forecasting the expected level of the utilisation rate of the Tuas Facility in FY2021, the Management of the Target Company has conducted its own assessment on the market potential which takes into consideration, amongst others, (i) the industry trends and prospects as disclosed in this Circular, (ii) the historical and ongoing level of business that the Target Company outsources to its recycling partners which is envisaged to be carried out under the Tuas Facility in the near future, and (iii) its understanding of the business needs of long-standing and/or major customers.*

Notwithstanding that no independent assessment of the capacity utilisation assumptions was conducted, as part of their terms of reference, the Independent Business Valuer has made such reasonable enquiries and used their judgment as they have deemed necessary on the reasonable use of such information and/or representations provided by the Target Company's management and have no reason to doubt its accuracy or reliability. In connection with the above, the Independent Business Valuer has considered the industry trend as disclosed in this Circular in their valuation;

- (iv) Considering the automation of processes at the Tuas Facility, coupled with the Target Company's intention to explore new high margin revenue streams, the expected EBITDA margin (on a pre SFRS(I) 16 basis) of 25.8% for FY2021 improved as compared to the actual EBITDA margin (on a pre SFRS(I) 16 basis) of 22.1% for FY2020 owing to the expected cost savings in respect to two major cost drivers, whereby the Target Company's management has forecast employee benefit and other expenses at 17% and 46% of revenue respectively for FY2021, and 15% and 39% of revenue respectively for both FY2022 and FY2023;*
- (v) In view of the cost savings arising from the automation of processes at the Tuas Facility, coupled with the Target Company's intention to explore new high margin revenue streams that have yet to be apparent, a more conservative approach of blending the average historical percentages of employee benefit and other expenses against revenue from FY2018 to FY2020 of 26% and 50% respectively with the Target Company's management's forecast percentages of such expenses against revenue was considered, whereby the average historical percentages of such expenses against revenue from FY2018 to FY2020 was allocated greater weightage;*
- (vi) Accordingly, the revised forecast percentages of employee benefit and other expenses against revenue for the period from FY2021 to FY2023 was 25% and 48% of revenue respectively;*

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- (vii) *The range of weighted average cost of capital (“WACC”) from 12.70% to 13.70% with a base WACC of 13.20% was considered; and*
- (viii) *The range of long-term growth rate from 0.88% to 1.88% with a base long-term growth rate of 1.38% based on the forecasted long-term Singapore inflation rate was considered.*

In connection with point (iii) above, in consideration that the growth of the Target Company is constrained by its capacity level of its facilities, the financial forecast of the Target Company was projected by the management based on the expected capacity utilisation rates of the Kian Teck Facility and the Tuas Facility across FY2021 to FY2023, instead of being based upon a set of assumed growth rates between each of the forecasted financial years. In respect of the Tuas Facility, it is expected to operate at 25% capacity in FY2021, 65% capacity in FY2022 and 80% capacity in FY2023 amid a gradual increase in capacity utilisation rate which has taken into account, inter alia, the recovery trajectory of the cruise and shipping industries amid the current COVID-19 pandemic situation. The Target Company’s management anticipates that the demand and economic conditions of the shipping and cruise industries in Singapore would recover to pre-COVID 19 pandemic levels by the start of FY2023, being the first year of steady state financial performance that would be attained by the Target Company. Further, the Target Company’s management has adopted a cautious approach in forecasting the 80% operating capacity level as the steady state performance level of the Tuas Facility given that (i) the management is confident to a high degree of achieving and sustaining the average operating capacity of the Tuas Facility in the long-term at such level, and (ii) sufficient buffer has been provided in the operating capacity levels in case of, inter alia, scheduled and/or unexpected maintenance of the plant and machineries.

Under point (viii) above, the long-term growth rate is used in the calculation of the terminal value after the Target Company’s financial performance has reached a steady state or normalised level of financial performance in FY2023. Based on public sources, the long-term growth rate should possess characteristics of being a stable and sustainable growth rate and is usually in line with the long-term rate of inflation, but not higher than the historical gross domestic product (GDP) growth rate. The Independent Business Valuer has applied the expected long term inflation rate of Singapore in place of the expected growth rate of Singapore, as the inflation rate is often lower than the growth rate of the economy and therefore considered more conservative and prudent in consideration that the Target Company is operating in a mature industry.

The foregoing assumption on the long-term growth rate is in line with the valuation of companies in mature industries including but not limited to waste management industry that the Target Company is operating in, construction, utilities and commodities industries. In view of the foregoing, the historical performances of the Target Company and the comparable companies were not used by the Independent Business Valuer in arriving at the long-term growth rate.

There would be material changes to the indicative valuation of the Target Company in the event that JTC does not grant the lease over the Tuas Land to the Target Company.

The independent valuation was performed, and the Summary Valuation Letter was prepared, in accordance with the International Valuation Standards as prescribed by the International Valuation Standards Council.

Based on prevailing International Valuation Standards, control premiums ‘are applied to reflect differences between the comparables and the subject asset with regard to the ability to make decisions and the changes that can be made as a result of exercising control.’ The International Valuation Standards states that an example of circumstances where control premiums should be considered is where ‘shares of public companies generally do not have the ability to make decisions related to the operations of the company (they lack control). As such, when applying the guideline public comparable method to value a subject asset that reflects a controlling interest,

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a control premium may be appropriate.' Given that the Target Company is not a publicly traded company and that there is no intention to change the existing management and business plans of the Target Company following Completion, no consideration has been given by the Independent Business Valuer to a control premium in the business valuation of the Target Company.

Based on the Summary Valuation Letter, Chay Corporate Advisory Pte Ltd is of the opinion that the range fair value of 100% equity interest in the Target Company as at 31 December 2020 is between S\$22.7 million and S\$28.6 million, with a base value of S\$25.4 million. Please refer to the Summary Valuation Letter attached as **Appendix C** to this Circular for more details.

Accordingly, the Purchase Consideration represents a discount of 13.4% to the Appraised Value, and no Adjustment shall be made to the Purchase Consideration. The Appraised Value ascribed by the Independent Business Valuer would be materially impacted if, inter alia, one or more of the key assumptions used by the Independent Business Valuer in its valuation is/are no longer applicable or if the future expected performance of the Target Company has materially changed. Accordingly, a waiver or non-satisfaction of certain conditions precedent by itself is not expected to have a material impact on the Appraised Value if the waiver or non-satisfaction of conditions precedent did not arise from a material change to the aforementioned key assumptions or future expected performance.

Shareholders are advised to read the Summary Valuation Letter carefully in its entirety before deciding to approve the Proposed Acquisition. The full copy of the Valuation Report is available for inspection at the registered office of the Company during business hours for a period of six months from the date of this Circular. Please refer to Section 42 entitled "Documents Available for Inspection" of this Circular for further details.

5.3 Introducer Shares

In consideration that the Introducer to the Target Company has introduced the Vendors and the Target Company to the Company for the purposes of the Proposed Acquisition, the Introducer shall be paid an introducer fee upon Completion in the amount of S\$300,000. Pursuant to a supplemental deed dated 27 June 2021 entered into between the Introducer, the Target Company and the Company, it was agreed that the introducer fee of S\$300,000 shall be fully satisfied by the issuance and allotment by the Company of the Introducer Shares at the Issue Price (subject to the Proposed Share Consolidation). The Introducer Fee shall only be payable upon the completion of the Proposed Acquisition, and the Company shall not be responsible or liable to pay any fees or amounts whatsoever in the event that the Proposed Acquisition is not completed.

The Introducer was incorporated in Singapore on 11 June 2018. Its sole director is Kenny Ng Tek Kooi and its shareholders are (i) Kenny Ng Tek Kooi, who holds a 90% shareholding in the Introducer, and (ii) Thailin Management Services Pte. Ltd., which holds a 10% shareholding in the Introducer and is 100% beneficially owned by Thai Jun Xian. The Introducer is principally engaged in the provision of management consultation services.

Upon issuance, the Introducer Shares shall be wholly, legally and beneficially owned by the Introducer, and the Introducer shall not hold its interests therein on trust for other parties.

The Introducer, represented by its director, Kenny Ng Tek Kooi, was appointed by the Target Company on 17 September 2019 to provide management consultation services to the Vendors and the Target Company in relation to the proposed acquisitions, disposals and fund raising by the Vendors and the Target Company.

Save as disclosed above and to the best of the knowledge of the Company and the Target Company, the Introducer and its shareholders are independent from the Company, the Target

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Company, the Directors, the Proposed Directors, the Vendors and the substantial shareholders of the Company.

Accordingly, as payment of the Introducer Fee, the Company shall allot and issue 50,000,000 Introducer Shares (on a pre-consolidation basis) to the Introducer at the Issue Price for each Share. On Completion (following the completion of the Proposed Share Consolidation), the Introducer shall hold 1,250,000 Consolidated Shares, representing approximately 1.11% of the Enlarged Share Capital of 112,813,983 Shares.

5.4 PPCF Shares

As part of PPCF's professional fees in respect of the financial advisory services rendered as the Financial Adviser and Sponsor to the Company in connection to the Proposed Acquisition, the Company shall issue and allot 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price to PPCF upon Completion, amounting to an aggregate value of S\$400,000. On Completion (following the completion of the Proposed Share Consolidation), PPCF shall hold 1,666,666 Consolidated Shares, representing approximately 1.48% of the Enlarged Share Capital of 112,813,983 Shares.

After the expiry of the relevant moratorium period as set out in Section 13.6 entitled "Moratorium" of this Circular, PPCF will be disposing its shareholding interests in the Company at its discretion.

5.5 Status of the Consideration Shares, the Introducer Shares and PPCF Shares

The issuance and allotment of the Consideration Shares, the Introducer Shares and the PPCF Shares is subject to, inter alia, the listing and quotation notice thereof on Catalist having been obtained from the SGX-ST.

The Consideration Shares, the Introducer Shares and the PPCF Shares, upon its issuance and allotment, will be credited as fully paid-up and free from all encumbrances and will rank pari passu in all respects with the then existing Shares, save for any rights, benefits, dividends and entitlements attached the record date of which is before the Completion Date.

5.6 Conditions Precedent

The Proposed Acquisition is subject to conditions precedent between the Parties as set out in their entirety in the SPA which include, inter alia, the following:

- (a) the results of a legal, financial and technical due diligence investigation on the Company, to be conducted by the Vendors and their advisors, being satisfactory in relation to all aspects;*
- (b) the results of a legal, financial and technical due diligence investigation on the Target Company, to be conducted by the Company and its advisors, being satisfactory in relation to all aspects;*
- (c) the Proposed Acquisition upon the terms of this Agreement being approved by the SGX-ST as (part of) a reverse takeover by the Company pursuant to Part VIII, Chapter 10 of the Catalist Rules, as relevant, and where approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the Parties;*
- (d) the approval of the Board and Shareholders having been obtained, and such approval not having been revoked or amended, for the entry into, implementation and completion of the transactions contemplated in the SPA, including in particular:
 - (i) the Proposed Acquisition;**

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- (ii) the Proposed Share Consolidation;*
- (iii) the allotment and issuance of the Consideration Shares in accordance with the terms of the SPA;*
- (iv) the Proposed Whitewash Resolution;*
- (v) the allotment and issuance of the Introducer Shares and the PPCF Shares in accordance with the terms of the SPA;*
- (vi) the change of the Company's name to "Shanaya Limited" or such name as the Vendors may decide (subject to prior approval for the new name being obtained from ACRA);*
- (vii) the appointment of such new directors onto the Proposed New Board as nominated by the Vendors and cleared by the Sponsor; and*
- (viii) any additional terms as may be agreed among the Parties;*
- (e) on the Completion Date, the Target Company being wholly, legally and beneficially owned by the Vendors and the Vendors not holding their interests therein on trust for other parties;*
- (f) no capitalisation activities, re-organisation, amalgamation, restructuring, take-over or change in shareholding or changes in the share capital structure of the Target Company nor any insolvency events affecting the Target Company and/or any Vendors;*
- (g) all necessary approvals, waivers, consents, licences, permits, authorisations and/or registrations from/ with all relevant governmental, regulatory and other authorities, financiers, counterparties and/or third parties (if any) of the Company, the Target Company and/or the Target Business in respect of the Proposed Acquisition being obtained and being in full force and effect and not having been withdrawn, suspended, revoked, amended or subject to conditions not acceptable to the Parties, and if such conditions are required to be fulfilled before completion of the Proposed Acquisition, such conditions being fulfilled before completion of the Proposed Acquisition, including but not limited to:*
 - (i) the approval in-principle being granted by the SGX-ST for the Proposed Acquisition, being a reverse takeover under Rule 1015 of the Catalist Rules;*
 - (ii) the receipt of a listing and quotation notice from SGX-ST for the dealing and quotation of the Consideration Shares, the Introducer Shares and the PPCF Shares on the Catalist of the SGX-ST, such notice or approval not being revoked, rescinded or cancelled prior to completion of the Proposed Acquisition and, where such listing and quotation notice is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties; and*
 - (iii) the SIC having granted the Vendors and their concert parties (and not having revoked or repealed such grant) the Whitewash Waiver;*
- (h) the delivery of a disclosure letter by the Company to the Vendors, which shall include all disclosures pertaining to the Purchaser's business in connection with the Proposed Acquisition;*
- (i) an unqualified opinion by the IFA that the Proposed Whitewash Resolution to be sought from the Shareholders is fair, reasonable and not prejudicial to the interests of the independent Shareholders;*

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- (j) *each of the warranties provided by the Vendors and the Company being complied with, and is true, accurate and complete as at the date of the SPA and until the Completion Date;*
- (k) *no material adverse change (as determined by the Company in its reasonable discretion) in the prospects, operations or financial conditions of the Target Company occurring on or before the Completion Date;*
- (l) *the Vendors undertake to maintain:*
 - (i) *its entire equity interest in the Company at the listing date of the Consideration Shares for a period of not less than six (6) months commencing from the listing date of the Consideration Shares; and*
 - (ii) *not less than fifty percent (50%) of the entire equity interest in the Company at the listing date of the Consideration Shares for a subsequent period of six (6) months thereafter;*
- (m) *no relevant government authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or making, proposing or enacting any statute, regulation, decision, ruling, statement or order or taking any steps to do so, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:*
 - (i) *make the Proposed Acquisition or any transaction contemplated under the SPA or any other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or frustrate or be adverse to the same; and/or*
 - (ii) *render the Company being unable to acquire all or any of the Sale Shares in the manner set out in the SPA;*
- (n) *the Vendors and the Target Company not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, order or action which is threatened;*
- (o) *save that the Company is currently a cash company pursuant to the SGX-ST's letter dated 1 April 2020, the Company remaining listed on the Catalist from the date of the SPA up till completion of the Proposed Acquisition, and no condition exists which would affect the continued listing of the Company on the Catalist;*
- (p) *all the licences, permits, consents, approvals, authorisations, waivers and exemptions which are required and/or advisable for the purpose of conducting and carrying on the business and operations of the Target Company ("**Licences and Permits**") remaining in force and not being expired or revoked and there being no occurrence which could result in any of the Licences and Permits being revoked as at the Completion Date;*
- (q) *the Company proposing and undergoing the Proposed Share Consolidation, to comply with and satisfy the listing requirements specified in the Catalist Rules. The Proposed Share Consolidation will not involve a diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Company; and*
- (r) *the execution and performance of the SPA by the Parties not being prohibited in any*

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material aspects by any relevant applicable statute, order, rule, directive or regulation promulgated by any applicable legislative, executive or regulatory body or authority.

The Vendors and the Company undertake to use their best endeavours to assist each other to the extent permitted by applicable laws in any actions or filings necessary to achieve the fulfilment of the Conditions Precedent and will regularly inform each other without undue delay of the progress of the fulfilment of each Condition Precedent and notify the other party in writing as soon as they are aware of the fulfilment of a Condition Precedent or that a Condition Precedent has become incapable of fulfilment.

The Vendors and the Company may, upon mutual agreement, waive (in whole or in part) all or any of the Conditions Precedent set out above. For the avoidance of doubt, any such waiver shall not prejudice the Vendor's or the Company's rights in respect of the non-fulfilment of the same.

If any of the Conditions Precedent are not able to be fulfilled as a result of any decision or rejection received from any regulatory authority in connection with the Proposed Acquisition, and not otherwise waived by the Parties, the Parties shall be entitled to elect to be released from their respective obligations under the SPA by written notice, and upon issuance of such written notice, all obligations of the Parties hereunder shall ipso facto cease.

In relation to paragraph (g) above:

- (i) The SIC had on 17 November 2020 granted the Vendors a waiver of the requirement for the Vendors to make a mandatory general offer for the Shares not held by the Vendors under Rule 14 of the Code as a result of the issuance and allotment of the Consideration Shares pursuant to the Proposed Acquisition, subject to certain conditions. Subsequently, an application had been made to the SIC to seek an extension of time to meet one of the conditions specified by SIC in its grant of the aforesaid waiver. Such extension of time application had since been withdrawn on 21 April 2021;*
- (ii) A fresh application seeking the Whitewash Waiver had been made to the SIC on 21 April 2021. Subsequently, the SIC had on 16 June 2021 granted the Vendors a waiver of the requirement to make a mandatory general offer subject to, amongst other things, the appointment of the IFA to advise Independent Shareholders on the Proposed Whitewash Resolution and a majority of holders of voting rights of the Company approving at a general meeting, before the issuance of the Consideration Shares, a resolution by way of a poll to waive their rights to receive a general offer from the Vendors. Accordingly, the approval of the Independent Shareholders for the Proposed Whitewash Resolution will be sought at the EGM. Please see Section 24 entitled "Proposed Whitewash Resolution" of this Circular for more information on the conditions set out by the SIC in relation to such Whitewash Waiver; and*
- (iii) The Target Company has obtained a hire purchase facility from a bank with the outstanding amount of approximately S\$0.27 million in relation to a motor vehicle. Pursuant to the terms of the aforementioned facility, consent of the bank is required for the change of control and/or ownership of the Target Company pursuant to the Proposed Acquisition. As at the Latest Practicable Date, the bank's consent has not been obtained.*

On 23 June 2021, the Vendors, the Company and the Target Company entered into the Supplemental SPA, pursuant to which they agreed to extend the Long Stop Date to 29 September 2021 or such other date as mutually agreed between the Parties.

Under the SPA (as supplemented by the Supplemental SPA and the side letter dated 23 June 2021), if any of the Conditions Precedent are not fulfilled (or is not waived in writing) by the Revised Long Stop Date, or such other date as may be mutually agreed in writing between the Parties, the Parties shall be entitled to elect to be released from their obligations under the SPA

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by written notice, and upon issuance of such written notice, all obligations of the Parties under the SPA shall ipso facto cease.

As at the Latest Practicable Date, save as disclosed above and save for the condition precedents in paragraph (d) above (specifically, the approval of the Shareholders having been obtained for the entry into, implementation and completion of the transactions contemplated in the SPA), paragraph (q) above (in relation to the Proposed Share Consolidation, which will take place after Shareholders' approval for the same is obtained at the EGM), paragraph (g)(ii) above (in relation to the receipt of a listing and quotation notice from SGX-ST for the dealing and quotation of the Consideration Shares, the Introducer Shares and the PPCF Shares on the Catalist of the SGX-ST, which is expected to take place upon the lodgement of this Circular) and paragraphs (e), (h), (j), (k) and (p) above (all of which relate to matters to be confirmed on Completion Date), [all of the] conditions precedent as set out in the SPA have been fulfilled. The Company would make an immediate SGXNet announcement in the event that any of the conditions precedent to the Proposed Acquisition is waived, including the bases, and/or not fulfilled.

5.7 Other Salient Terms of the SPA

(a) Moratorium

The Vendors have undertaken to comply with a moratorium on the transfer or disposal of all their Consideration Shares in accordance with Rules 420, 422(1) and 422(2) of the Catalist Rules. Information on the moratorium undertakings provided by the Vendors is set out in Section 13.6 entitled "Moratorium" of this Circular.

(b) Representations, Warranties and Undertakings

(i) Vendor's Representations and Warranties

The Vendors shall provide customary representations and warranties to the Company.

(ii) Company's Representations and Warranties

The Company shall provide customary representations and warranties to the Vendors. The Company further represents and warrants to the Vendors that it shall procure that Choo Tung Kheng provides a written undertaking before the EGM to do the following:

- (A) give a letter of undertaking to the Vendors and the Target Company that she shall, and she shall ensure that any entity controlled by her and her associates which holds shares in the capital of the Company shall, vote in favour of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto, including without limitation the Proposed Acquisition and the Whitewash Resolution; and*
- (B) not transfer or dispose her shareholding in the Company, whether held by her directly or indirectly, from the date of the SPA until the conclusion of the EGM to be convened.*

If before the completion of the Proposed Acquisition, it shall be found that the Vendor's or the Company's representations and warranties in the SPA is untrue or incorrect in any material respect, the party not in default shall be entitled (without prejudice to all other rights or remedies available to it) to elect to rescind the SPA.

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5.8 Undertakings Provided

Choo Tung Kheng had, on 1 October 2020, provided a written undertaking pursuant to which, *inter alia*:

- (a) she shall vote all of her direct shareholding interests in the Company (being 247,012,315 Shares, representing approximately 20.09% of the Company's issued share capital of 1,229,226,124 Shares) in favour of the resolutions relating to the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto (including without limitation the Proposed Acquisition and the Proposed Whitewash Resolution) to be proposed at the EGM;
- (b) she shall not transfer or dispose of any or all of her aforesaid shareholding interests, whether held by herself directly or indirectly, from 29 September 2020, being the date of the SPA, until the conclusion of the EGM; and
- (c) she shall procure her associates (as defined in the Catalist Rules), including her children, Mr Tan Yeat Cheong, Mr Tan Yeat Chia, Mr Tan Yeat Chun and Ms Tan Yeat Bei (who collectively hold 12,000,000 Shares, representing approximately 0.98% of the Company's issued share capital of 1,229,226,124 Shares):
 - (i) to vote all of their respective shareholding interests in the Company in favour of the resolutions relating to the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto (including without limitation the Proposed Acquisition and the Proposed Whitewash Resolution) to be proposed at the EGM; and
 - (ii) not to transfer or dispose of any or all of their respective shareholding interests in the Company from 29 September 2020, being the date of the SPA, until the conclusion of the EGM.

Pursuant to a side letter dated 23 June 2021 entered into between the Company, the Vendors and the Target Company, it was agreed that:

- (i) Choo Tung Kheng is not required to procure the estate of the late Mr Tan Ming to vote the 1,200 Shares held by it in favour of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto, including without limitation the Proposed Acquisition and the Proposed Whitewash Resolution; and
- (ii) any failure or omission by the estate of the late Mr Tan Ming to vote the 1,200 Shares held by it in favour of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto shall not be construed as a breach by the Company of Clause 7.3 of the SPA or by Choo Tung Kheng of her written undertaking dated 1 October 2020 (as described above).

The side letter was entered into in view of the difficulties for Choo Tung Kheng to procure the estate of her late husband Mr Tan Ming to vote the 1,200 Shares held by it in favour of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto.

To the best of the Directors' knowledge, there are no arrangements or undertakings (written or otherwise) between the Company, its directors and/or shareholders with the Vendors aside from the Company's representations and warranties and the undertakings provided by Choo Tung Kheng as disclosed above, as well as the various agreements, deeds and documents entered into between the Company and the Vendors as disclosed in this Circular.

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5.9 Shareholders' Approval

The resolution to seek Shareholders' approval for the Proposed Acquisition is set out in Ordinary Resolution 1 in the Notice of EGM.

The resolution to seek Shareholders' approval for the proposed issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) at the Issue Price for each Share to the Vendors in satisfaction of the Purchase Consideration for the Proposed Acquisition is set out in Ordinary Resolution 2 in the Notice of EGM.

5.10 Estimated Expenses in connection with the Proposed Transactions

The Company estimates that the costs and expenses payable by the Company and/or the Target Company in connection with the Proposed Transactions, including professional fees and all other incidental expenses relating to the Proposed Transactions (including applicable taxes), will be approximately S\$1.09 million.

A breakdown of these estimated expenses is as follows:

Expenses to be borne by the Company and/or the Target Company	Estimated Amount (S\$'000)	As a percentage of the Purchase Consideration of S\$22.0 million (%)
<i>Listing and application fees</i>	57	0.26
<i>Professional fees⁽¹⁾</i>	1,010	4.59
<i>Miscellaneous expenses</i>	21	0.10
Total	1,088	4.95

Note:

- (1) The professional fees refer to the cash expenses incurred by the Company and/or the Target Company in connection with the Proposed Transactions and excludes (i) part of PPCF's management fees as the Financial Adviser and Sponsor to the Company, which will be satisfied by the issuance and allotment of 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price to PPCF; and (ii) the Introducer Fee, which will be satisfied in full by the issuance and allotment of 50,000,000 Introducer Shares (on a pre-consolidation basis) at the Issue Price to the Introducer.

Separately, upon Completion, the cash consideration of S\$3.0 million (which forms part of the Purchase Consideration of S\$22.0 million) shall be payable in full to the Vendors within 12 months from the Completion Date. The Company plans to pay the Cash Consideration within 12 months from the Completion Date with the proceeds to be received from the Disposal of Lok Yang Property.

Any cash balances in the Enlarged Group after the payment of the expenses listed above, the earmarking of approximately S\$0.4 million as described in the Section 7.8 entitled "Properties and Fixed Assets" of this Circular and the satisfaction of the cash consideration of S\$3.0 million as set out above shall be managed by the Proposed New Board and the new management of the Enlarged Group in their discretion, and may be used to discharge, reduce or retire any indebtedness of the Target Company and/or the Enlarged Group if it deems fit."

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4. INFORMATION ON TARGET COMPANY

Information on the Target Company can be found in Section 7 of the Circular.

5. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In assessing the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, we have taken into account the following pertinent factors as well as others as set out in this Letter, which we consider as having a significant bearing on our assessment:–

- (i) Rationale for the Proposed Acquisition;
- (ii) Assessment of the Issue Price;-
- (iii) Assessment of the Purchase Consideration; and
- (iv) Other considerations which have significant bearing on our assessment.

These factors are discussed in detailed in the ensuing sections.

We have applied certain valuation ratios in assessing, *inter alia*, the fairness and reasonableness of the Issue Price of S\$0.006 per Consideration Share, and the Purchase Consideration. A brief description of such valuation ratios are as follows:–

- (i) **EV/EBITDA** **“EV”** or **“Enterprise Value”** is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. **“EBITDA”** stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.

The **“EV/EBITDA”** multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
- (ii) **Price-to-Earnings (“PER”)** The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company’s shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.
- (iii) **Price-to-NTA (“P/NTA”)** The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of

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their shares.

(iv) **Price-to-NAV (“P/NAV”)**

The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.

The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

In assessing the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, we have taken into account the following pertinent factors (as well as others in this Letter), which we consider will have a significant bearing on our assessment.

5.1 Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition can be found in Section 6 of the Circular and have been extracted and set out in italics below. Shareholders are advised to read Section 6 of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

“6. RATIONALE FOR THE PROPOSED ACQUISITION

As indicated in the Company’s previous announcement dated 14 November 2019, the Group had ceased operations in the printed circuit board business and has been in the midst of searching for a new viable business. As announced by the Company on 2 April 2020, the Company was deemed a cash company under Rule 1017 of the Catalist Rules with effect from 2 April 2020.

Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Official List of the SGX-ST if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may apply to the SGX-ST for a maximum 6-month extension to the said 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the said 6-month extension period.

As announced by the Company on 16 February 2021, the Company has, on the date of the announcement, submitted an application to the SGX-ST for an extension of time under Catalist Rule 1017(2) of six (6) months from 1 April 2021 (being the original deadline for the Company to meet the requirements for a new listing) until 30 September 2021 to allow the Company to complete the Proposed Acquisition and meet the requirements for a new listing (the “Cash Company EOT”). The Cash Company EOT was sought for the following reasons:

- (i) *the Vendors and the Company had on 29 September 2020 entered into the SPA, being the binding definitive agreement in respect of the Proposed Acquisition. There is, (a) in relation to the Whitewash Waiver, less than 5 months between 29 September 2020 and the corresponding deadline of 17 February 2021, and (b) in relation to the cash company requirements under Catalist Rule 1017, only approximately 6 months between 29 September 2020 and the corresponding deadline of 1 April 2021, for the Vendors and the Company to meet all the necessary conditions precedent as set out in the SPA in order for the Proposed Acquisition to be completed. These conditions precedent comprise the satisfactory completion of the relevant pre-listing due diligence on the Target Company (including the audit of historical financials), the approval-in-principle of the SGX-ST having been granted for the Proposed Acquisition, and the approval of Shareholders having been obtained for the Proposed Acquisition in an extraordinary*

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general meeting to be convened. The due diligence exercise in relation to the Proposed Acquisition had commenced upon the signing of the SPA. Based on observed market precedents, the typical timeframe for reverse takeover transactions typically span more than 6 months from the time when the sale and purchase agreements were signed to completion. Accordingly, the time extension sought would provide a more practicable timeframe for the parties to execute and complete the Proposed Acquisition;

- (ii) the Vendors and the Company have appointed the key professionals in connection to the Proposed Acquisition (“Appointed Professionals”), and due diligence by the Appointed Professionals on the Target Company is presently in progress despite delays brought about by the gradual resumption of normal business dealings under Phases 2 and 3 of the COVID-19 re-opening. The time extension sought will allow the Appointed Professionals more time to complete their on-going necessary due diligence work;*
- (iii) upon completion of the Proposed Acquisition, the Company will cease to be a cash company (as defined in the Catalist Rules) and would be able to continue to remain listed on the Official List of the SGX-ST, instead of facing the possibility of being delisted. Accordingly, Shareholders can look forward to participating in the waste management industry through the acquisition of an operating business with a profitable track record and good growth potential, thereby allowing the Enlarged Group to achieve a consistent and sustainable operational and financial growth;*
- (iv) the Proposed Acquisition would enable the Company to enhance shareholder value by generating renewed investor interest in the shares and ultimately, create the potential to significantly increase the value of the Company with a wider investor base. Accordingly, the Board is of the view that the Proposed Acquisition is likely to enhance the long-term interests of the Company and its Shareholders; and*
- (v) subject to the satisfactory completion of due diligence by the Appointed Professionals, the Board believes that the Target Company can satisfy the SGX-ST’s requirements for a new listing on the Catalist.*

The SGX-ST had, on 16 March 2021, informed that it has no objections to the Company’s application for the Cash Company EOT for an extension of time to 30 September 2021 with regard to compliance with Rule 1017(2) of the Catalist Rules, subject to the fulfilment of the following conditions:

- (i) the Company announcing the waiver granted, the reasons for seeking the waiver, the conditions as required under Rule 106 of the Catalist Rules and if the waiver conditions have been satisfied. If the waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and*
- (ii) the Company making regular updates via SGXNET on its progress in meeting key milestones of the Proposed Acquisition to the SGX-ST and investors.*

The Company had made the necessary announcement pursuant to condition (i) above on 16 March 2021, and will make subsequent SGXNET announcements to update Shareholders when there are material updates as may be necessary or appropriate pursuant to condition (ii) above.

Please refer to the Company’s SGXNET announcements dated 16 February 2021 and 16 March 2021 for further details on the foregoing.”

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5.2 Assessment of the Issue Price

In assessing the Issue Price, we have considered the historical financial performance and position of the Company, the historical trading performance of Shares, the Company's NAV and NTA, and comparison with the precedent successful reverse takeovers ("**RTOs**") transactions undertaken by companies listed on the SGX-ST.

5.2.1 Historical financial performance and position of the Company

The Company had on 14 November 2019 announced that the Company had decided to cease the operations of the printed circuit boards segment (the "**PCB segment**") by the end of November 2019.

On 5 December 2019, the Company announced that the SGX-ST had on 4 December 2019, informed the Company to demonstrate to the SGX-ST by its financial year ending 31 March 2020, whether it is a cash company pursuant to Rule 1017(1) of the Catalist Rules and whether it has a business which is able to satisfy the SGX-ST's requirements for a new listing, and accordingly disclose if Rule 1017 of the Catalist Rules would be applicable to the Company.

On 24 March 2020, the Company announced that it had on 23 March 2020, submitted an application to seek the SGX-ST's approval for an extension of time of up to three (3) months to 30 June 2020, to demonstrate to the SGX-ST the applicability of Rule 1017 of the Catalist Rules from the initial deadline stipulated by the SGX-ST of 31 March 2020.

On 2 April 2020, the Company announced that it has received a letter dated 1 April 2020 (the "**Notification Letter**") from the SGX-ST, advising that the SGX-ST is unable to grant the Company an extension of time to demonstrate the applicability of Rule 1017 of the Catalist Rules ("**Extension**") and to deem to the Company as a cash company. The SGX-ST further advised that there are no extenuating reasons to grant the Extension, given that the Company has yet to complete the acquisition of a new business and is in substance a cash company. Pursuant to the Notification Letter, the Company will be deemed a cash company with effect from 2 April 2020.

A summary of the audited financial statements of the Company for FY2019, FY2020 and FY2021 as well as the monthly valuation of assets and utilisation of cash as at 31 May 2021 are set out below:

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Summary of income statements

Figures in S\$'000 ⁽¹⁾	Audited FY2021	Audited FY2020	Audited FY2019
Total income	472	425	413
Total expenses ⁽²⁾	(2,628)	(1,499)	(1,382)
Loss before income tax from continuing operations	(2,156)	(1,075)	(969)
Gain/(Loss) from discontinued operations, net of tax	219	(1,651)	(1,281)
Loss after tax attributable to owners of the parent	(1,937)	(2,726)	(2,250)

Summary of statements of financial position

Figures in S\$'000 ⁽¹⁾	Unaudited 31 May 2021	Audited FY2021	Audited FY2020	Audited FY2019
Non-current assets	18	19	9,627	8,510
Current assets	8,424	8,731	884	3,882
Non-current liabilities	644	678	1,621	8
Current liabilities	2,287	2,481	1,424	2,229
Total borrowings	842	872	2,488	358
Shareholders' equity	5,510	5,591	7,466	10,155
Net working capital	6,137	6,250	(540)	1,653

Summary of statements of cash flows

Figures in S\$'000 ⁽¹⁾	Audited FY2021	Audited FY2020	Audited FY2019
Net cash (used in)/from operating activities	(340)	(312)	(1,661)
Net cash from investing activities	711	24	11
Net cash (used in)/from financing activities	(111)	(58)	(142)
Net (decrease)/increase in cash and cash equivalents	260	(345)	(1,792)
Cash and cash equivalents at end of financial period/year	554	295	639

Notes:

- (1) *The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.*
- (2) *Total expenses comprised administrative expenses, other expenses, finance costs and share of results of associate, net of tax.*

We note the following:

(i) Total income

The Company ceased to have any operating business following the cessation of the operations of the PCB segment by the end of November 2019, and had been deemed as a cash company under Rule 1017 of the Catalist Rules with effect of 2 April 2020. The Group recorded total income of approximately S\$413 thousands, S\$425 thousands and S\$472 thousands for FY2019, FY2020 and FY2021 respectively. The total income for FY2019, FY2020 and FY2021 was mainly attributable to rental income, interest income and government grants.

(ii) Total expenses and loss from discontinued operations

Total expenses over the periods under review were approximately S\$1.4 million, S\$1.5 million, and S\$2.6 million in FY2019, FY2020 and FY2021 respectively. For FY2021, the Group's total expenses comprised administrative expenses of approximately S\$1.1 million, share of loss of associate, net of tax, of approximately S\$0.1 million, other expenses of approximately S\$1.3 million, and finance costs of approximately S\$0.1 million. The Group recorded higher expenses of approximately S\$2.6 million in

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FY2021 due to expenses related to change in fair value of investment property of approximately S\$1.3 million.

Loss after tax from discontinued operations increased from approximately S\$1.3 million in FY2019 to approximately S\$1.7 million in FY2020 due mainly to continuous losses suffered and the intensified market competition in the PCB segment. For FY2021, the Group recorded a profit after tax from the discontinued operations of approximately S\$219 thousands due to the much-reduced operations cost as the Malaysian Factory (as defined below) ceased operations completely in November 2019, and the gain from the Malaysian Factory Disposal (as defined below) of approximately S\$0.4 million.

(iii) Loss after tax attributable to owner of the parent

The loss after tax attributable to owners of the parent widened significantly from approximately S\$2.3 million in FY2019 to approximately S\$2.7 million in FY2020. This was largely due to the higher loss from the discontinued PCB segment which increased from approximately S\$1.3 million in FY2019 to approximately S\$1.7 million in FY2020 as well as higher total expenses which increased from approximately S\$1.4 million in FY2019 to approximately S\$1.5 million for FY2020. For FY2021, the Group's loss after tax attributable to owners of the parent reduced to approximately S\$1.9 million due mainly to the net profit after tax from the discontinued operations of approximately S\$219 thousands.

(iv) Assets and liabilities

The Group's total assets dwindled from approximately S\$12.4 million as at 31 March 2019 to approximately S\$10.5 million, S\$8.8 million, and S\$8.4 million as at 31 March 2020, 31 March 2021, and 31 May 2021 respectively. The decline was due primarily, *inter alia*, to the cessation of the PCB segment in November 2019. The main components of the total assets as at 31 May 2021 is the Group's assets classified as held for sale of approximately S\$8.1 million and cash and bank balances of approximately S\$0.2 million.

The Group's total liabilities rose from approximately S\$2.2 million as at 31 March 2019 to approximately S\$3.0 million as at 31 March 2020 and approximately S\$3.2 million as at 31 March 2021. Subsequently, it reduced to approximately S\$2.9 million as at 31 May 2021. The constituents of total liabilities as at 31 May 2021 were liabilities directly associated with assets classified as held for sale of approximately S\$1.6 million, borrowings (comprising bank borrowings and lease liabilities) of approximately S\$0.8 million, and other payables of approximately S\$0.5 million.

(v) Malaysian Factory Disposal

On 6 August 2020, the Company announced that its indirect wholly-owned subsidiary, Circuits Plus (M) Sdn. Bhd. ("**CPM**") has executed a sale and purchase agreement (the "**Malaysian Factory SPA**") with a third party, Brightwater Sunrise Sdn. Bhd. ("**Brightwater**"), for the proposed disposal of a property located at PLO 146 No 22 Jalan Angkasa Mas Utama, Kawasan Perindustrian Tebrau 2, 81100 Johor Bahru, Johor (the "**Malaysian Factory**") (the "**Malaysian Factory Disposal**").

The consideration for the Malaysian Factory Disposal is RM2.0 million (or equivalent to approximately S\$652,800 based on the exchange rate on 6 August 2020) and was derived on a "willing buyer, willing seller" basis, after considering the book value of the Malaysian Factory of approximately S\$242,576 as at 31 March 2020. As announced on 18 June 2020 and 17 July 2020, Brightwater has already made a deposit to CPM of RM40.0 thousands (or equivalent to approximately S\$13,056 based on the exchange rate on 6 August 2020) which is 2% of the consideration for the Malaysian Factory Disposal. Upon execution of the Malaysian Factory SPA, Brightwater made a further payment of RM160.0 thousands (or equivalent to approximately S\$52,224) which is 8% of the consideration for the Malaysian Factory Disposal. The balance amount of RM1.8 million (or equivalent to approximately S\$587,520) was received on 11 January 2021 and accordingly, the Malaysian Factory Disposal has been deemed completed.

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(vi) Proposed Singapore Factory Disposal

On 13 November 2020, the Company announced that its wholly-owned subsidiary, Circuits Plus Pte Ltd (“**CPPL**”), has, on the same date, granted an option to purchase to Asiapac Trading Pte. Ltd. (“**Asiapac**”) to purchase its Singapore factory, being the leasehold property located at 8 First Lok Yang Road, Singapore 629731 (the “**Investment Property**”), at a consideration of S\$6.5 million and on the terms and subject to the conditions of the Option (the “**Proposed Singapore Factory Disposal**”). We note from the Company’s announcement dated 13 November 2020 that, *inter alia*, (a) as the consideration for the Proposed Singapore Factory Disposal is at the book value of the Investment Property, there will not be any excess or deficit of the proceeds over the book value upon disposal of the Investment Property, or any gain or loss on the Proposed Singapore Factory Disposal; (b) as announced on 29 September 2020, the Company plans to pay the cash consideration of S\$3.0 million within twelve (12) months from the completion of the Proposed Acquisition with the proceeds to be received from the intended disposal of the Investment Property and the remaining proceeds of the Proposed Singapore Factory Disposal is to be used for general working capital, which may include the repayment of existing borrowings; and (c) as announced on 8 June 2020, the net proceeds from the Proposed Singapore Factory Disposal must be placed into an escrow account upon completion, which cannot be drawn down until the completion of the acquisition of a business which satisfies SGX-ST’s requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by Shareholders and pro-rata distribution to Shareholders.

The Proposed Singapore Factory Disposal is considered a “major transaction” of the Company as defined under Chapter 10 of the Catalist Rules. In accordance with Chapter 10 of the Catalist Rules, the extraordinary general meeting was held and the Shareholders’ approval for the Proposed Singapore Factory Disposal was duly obtained on 24 February 2021. As announced on 15 March 2021, the Company had on 8 December 2020 submitted the application to Jurong Town Corporation (“**JTC**”), the owner of the Singapore Factory, for the transfer of the lease to Asiapac (“**JTC Confirmation**”). As announced on 25 May 2021, CPPL and Asiapac have mutually agreed to an extension of time of 3 months (up to and including 13 August 2021) to obtain the JTC Confirmation. On 3 June 2021, JTC has given its consent to the transfer of the lease subject to certain conditions being satisfied by 30 June 2021 (the “**JTC Consent Letter**”). We note from the Company’s announcement that all of these conditions are customary in nature and there are no special conditions prescribed. As announced on 18 June 2021, Asiapac and the Company have submitted their respective letters of acceptance to the JTC Consent Letter in the prescribed form to JTC.

We note from the Circular that following the receipt of JTC Consent Letter, the completion of the Proposed Singapore Factory is still subject to, amongst others, the Company and Asiapac Trading Pte. Ltd. obtaining the written confirmation from JTC that JTC has no objection to the execution of the relevant deed of assignment or instrument of transfer (as the case may be), or such other confirmation of similar nature.

The Singapore Factory is recorded under assets classified as held for sale with a net book value of approximately S\$6.5 million (after deducting the liabilities directly associated with non-current assets classified as held for sale) as at 31 May 2021. The net proceeds from the Proposed Singapore Factory Disposal are estimated at approximately S\$6.4 million.

(vii) Net working capital and Shareholders’ equity

The Group’s net working capital worsened from approximately S\$1.7 million as at 31 March 2019 to a deficit position of approximately S\$0.5 million as at 31 March 2020. The Group’s net working capital improved to a positive standing of approximately S\$6.3 million as at 31 March 2021 and approximately S\$6.1 million as at 31 May 2021 due to reclassification of assets directly associated with assets classified as held for sale. We note that the shareholders’ equity for the Group eroded from approximately S\$10.2 million as at 31 March 2019 to approximately S\$7.5 million, S\$5.6 million and S\$5.5 million as at 31 March 2020, 31 March 2021 and 31 May 2021, respectively.

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We note that the substantial decline for FY2019 to 2M2022 in the shareholders' equity of the Group was attributable to the losses incurred during the said period.

(viii) Cash flow from operations and cash and cash equivalents

Due mainly to the losses incurred by both the continuing and discontinued operations, the Group recorded negative net cash flow from operating activities of approximately \$1.7 million, S\$0.3 million and S\$0.3 million in FY2019, FY2020 and FY2021, respectively. The Group's cash and cash equivalents decreased from approximately S\$1.0 million as at the end of FY2019 to approximately S\$0.6 million as at the end of FY2021.

Assuming completion of the Proposed Singapore Factory Disposal and after repayment of bank borrowings of approximately S\$0.8 million and expenses related to the Proposed Singapore Factory Disposal of approximately S\$0.1 million, the cash and cash equivalents of the Group would increase from approximately S\$0.2 million as at 31 May 2021 to approximately S\$5.8 million.

The Directors confirmed that to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGXNET, the audited financial statements for the Group for FY2020 and FY2021 and the monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021, there has been no material changes to the assets and liabilities, financial position, condition and performance of the Group.

Key Audit Matters

We note that the Independent Auditor's Report dated 18 June 2021 on the Group's and Company's financial statements for FY2021 contained key audit matters. The following paragraphs as set out in italics below are extracted from the Independent Auditor's Report (page 40 of the Group's annual report for FY2021 ("AR2021")). We recommend that the Unaffected Directors advise Independent Shareholders to read this section of the AR2021 carefully:-

"1. Going concern

During the financial year, the Group had incurred a loss of \$1,936,816 and had cash outflow from operating activities of \$340,089. With the cessation of the Printed Circuits Board business segment in November 2019, the Group generates income solely from leasing its investment property to third parties. As at 31 March 2021, the Group had cash and cash equivalents of \$553,619.

As disclosed in Note 4, notwithstanding that these conditions exist; management has assessed that there is no material uncertainty related to these conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The Group is dependent upon its ability to generate sufficient cash flows to meet scheduled loan repayments and hence to operate within its existing debt facilities. Management's use of going concern basis of accounting include a number of assumptions regarding the timing of cash receipt from the disposal of property, the cash inflows generate from additional income stream upon the completion of the proposed acquisition, anticipated levels of future cash flows and compliance with covenants.

This is a key audit matter due to the level of significant judgement made by management in determining the future plans, including cash flow projections of the Group which will affect the level of available funds in order for the Group to continue as going concern.

Related Disclosures

Refer to Note 4 to the financial statements.

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Audit Response

Our procedures included, amongst others, the following:

- *Held meetings and discussions with management to obtain understanding of its future business plans;*
- *Reviewed management's monthly cash flows projections and evaluated the key assumptions made;*
- *Performed stress test on the related key assumptions such as the timing of cash proceeds from disposal of property;*
- *Reviewed the Group's available and unutilised banking facilities, including the compliance with debt covenants; and;*
- *Assessed the adequacy of the related disclosures in the financial statements."*

Note 4 to the Group's financial statements for FY2021 is as follow:-

"4. Going concern

During the financial year ended 31 March 2021, although the Group incurred a loss of \$1,936,816 and had cash outflows from operating activities of \$340,089, the Group had net tangible assets of \$5,591,484 as at 31 March 2021. Accordingly, the Directors of the Company are of the view that the use of going concern assumption to prepare the financial statements is appropriate based on the following factors:

- (i) The adequacy of funds required to meet its debt obligations and working capital requirements based on a 15-months projected cash flows for the Group from 1 April 2021.*
- (ii) In November 2020, the Group entered into an option to purchase with a buyer to dispose its investment property in Singapore for \$6,500,000. The option was exercised by the buyer on the same day and has a validity period of up till 13 August 2021. On 3 June 2021, consent was received from JTC Corporation for the disposal. The consent comes with conditions to be fulfilled by both the Group and buyer no later than 6 months from 3 June 2021. The Group expects these conditions to be fulfilled, disposal completed and proceeds from the disposal received by July 2021.*
- (iii) In September 2020, the Company has entered into a conditional sales and purchase agreement in respect of the proposed acquisition of 100% of the issued share capital of Shanaya Environmental Services Pte. Ltd. ("Target Company"). The proposed acquisition will provide the Group with an additional income stream as well as improve the Group's financial position arising from available cash of Target Company at the completion of the proposed acquisition. As at the date of the financial statements, the Company is still in the process of preparing the necessary documents which are expected to be submitted to the SGX-ST for approval. Thereafter, an extraordinary general meeting will be convened to seek the approval of the shareholders of the Company for the proposed acquisition.*

Accordingly, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due for the ensuing twelve months."

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5.2.2 The Group's NAV and NTA analysis

The NAV based approach in valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets but not limited to land use rights, goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account the hypothetical sale of assets in a non-orderly or over a short period of time. In addition, it does not illustrate the values of which assets may actually be realized or disposed of.

The NTA based approach in valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NTA based approach does not take into account the presence of any intangible assets including but not limited to (where applicable) land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly or over a short period of time. It does not illustrate the values of which assets may actually be realized or disposed of.

In assessing the Issue Price of S\$0.006 for each Share, in relation to the NAV and NTA per Share of the Group as at 31 May 2021, we have reviewed the unaudited monthly valuation of assets and utilization of cash for the Company as at 31 May 2021 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach but would be included in the NAV approach. Save as disclosed in this Letter, the Circular, the audited financial statements of the Group for FY2021, the monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021, and the Company's announcements on the SGXNET, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021 in accordance with Singapore Financial Reporting Standards (International) and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Company as at Latest Practicable Date.

The Directors have also confirmed that to the best of their knowledge as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Group as at 31 May 2021, save as disclosed in this Letter, the Circular, the audited financial statements of the Group for FY2021, the monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021, and the Company's announcements on the SGXNET. In addition, the Directors are of the opinion that, to the best of their knowledge, save as disclosed in this Letter, the Circular, the audited financial statements of the Group for FY2021, the monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021, and the Company's announcements on the SGXNET, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Company as disclosed and reflected in the monthly

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valuation of assets and utilisation of cash for the Company as at 31 May 2021 are true and fair. Lastly, the Directors confirmed that to the best of their knowledge or belief that such information is true, complete, and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate, or incomplete or misleading in any respect.

Unaudited monthly valuation of assets and utilisation of cash as at 31 May 2021⁽¹⁾	S\$'000
<u>Non-current assets</u>	
Property, plant and equipment	18
	18
<u>Current assets</u>	
Cash and cash equivalents	231
Other current assets ⁽²⁾	74
Assets classified as held for sale ⁽³⁾	8,119
	8,424
<u>Non-current liabilities</u>	
Bank borrowings ⁽⁵⁾	644
	644
<u>Current liabilities</u>	
Other current liabilities ⁽⁴⁾	481
Lease liabilities	1
Bank borrowings	196
Liabilities directly associated with assets classified as held for sale ⁽⁵⁾	1,609
	2,287
NAV as at 31 May 2021	5,510
Less: Intangible assets	-
NTA as at 31 May 2021	5,510
NAV and/or NTA per Share (S\$)⁽⁷⁾	0.0045
Issue Price (S\$)	0.0060
Premium of Issue Price over NAV and/or NTA per Share as at 31 May 2021	33.9%

Notes:

- (1) The figures above are based on the Group's unaudited monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021. The figures and computations above are subject to rounding.
- (2) Other current assets comprise other receivables and prepayments.
- (3) Assets classified as held for sale comprise investment property and right-of-use asset.
- (4) Other current liabilities comprise trade and other payables, and accrued expenses.
- (5) Liabilities directly associated with assets classified as held for sale comprise lease liabilities relating to right-of-use asset.
- (6) The figures are computed based on the Company's issued Share capital of 1,229,226,124 Shares as at the Latest Practicable Date.

For illustrative purposes only, the Issue Price represents a premium of approximately 33.9% over the Group's NAV and/or NTA per Share as at 31 May 2021.

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We note that as at 31 May 2021, cash and cash equivalents amounted to approximately S\$0.2 million (or approximately 2.7% of the total assets). We note that on 8 June 2020, the Company announced that it had received a letter dated 5 June 2020 from the SGX-ST advising that the SGX-ST has no objection to the Company's application for (i) a waiver from compliance with Rule 1017(1)(a) of the Catalist Rules to open an escrow account and place 90% of its existing cash and cash equivalents in the escrow account; and (ii) to maintain its listing status and to continue the trading of the Shares on the Catalist of the SGX-ST pursuant to Rules 1017(2)(c) and (d) of the Catalist Rules.

Adjusted NAV and/or NTA

We have considered the following events:-

- The Proposed Singapore Factory Disposal – The Directors have represented and confirmed that the net proceeds from the Proposed Singapore Factory Disposal is estimated at approximately S\$6.4 million and the estimated loss arising from the Proposed Singapore Factory Disposal is approximately S\$115.1 thousands (being the estimated expenses incurred for the Proposed Singapore Factory Disposal). The Directors represented to us that from the net proceeds of approximately S\$6.4 million, approximately S\$0.8 million will be used to repay bank loans, S\$3.0 million will be set aside for the cash payment of the Purchase Consideration ("**Cash Consideration**") and 90% of the balance will be kept in escrow account. The Directors confirmed that based on information available to them as at the Latest Practicable Date, they are not aware of any reason which may cause non-completion of the Proposed Singapore Factory Disposal.
- Pursuant to the SPA, the Purchase Consideration will be satisfied by a combination of (a) the payment of S\$3.0 million in cash to the Vendors within 12 months from the Completion Date; and (b) by the issuance and allotment to the Vendors of 3,166,666,667 Consideration Shares (before completion of the Proposed Share Consolidation) on the Completion Date at the Issue Price of S\$0.006 (before completion of the Proposed Share Consolidation).

Assuming completion of the Proposed Singapore Factory Disposal and the payment of Cash Consideration, the Group's NAV and/or NTA would decrease by approximately S\$3.1 million which are illustrated in the table below.

Adjusted NAV and/or NTA⁽¹⁾	S\$'000
Group's NAV and/or NTA as at 31 May 2021	5,510
Less: Net loss arising from the Proposed Singapore Factory Disposal	(115)
Less: Payment of Cash Consideration	(3,000)
NAV and/or NTA adjusted with the above items (" Adjusted NAV and/or NTA ")	2,395
Adjusted NAV/NTA per Share (S\$)⁽²⁾	0.0019
Premium of Issue Price over Group's Adjusted NAV and/or NTA (%)	207.9%

Notes:

(1) *Figures and computations are subject to rounding.*

(2) *The figures are computed based on the Company's issued Share capital of 1,229,226,124 Shares as at the Latest Practicable Date*

From the table above, we note that the Issue Price represents a premium of approximately 207.9% over the Group's Adjusted NAV and/or NTA per Share.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Company is as stated above. It also does not imply that the assets or properties of the Company can be disposed of at the estimated values indicated above and

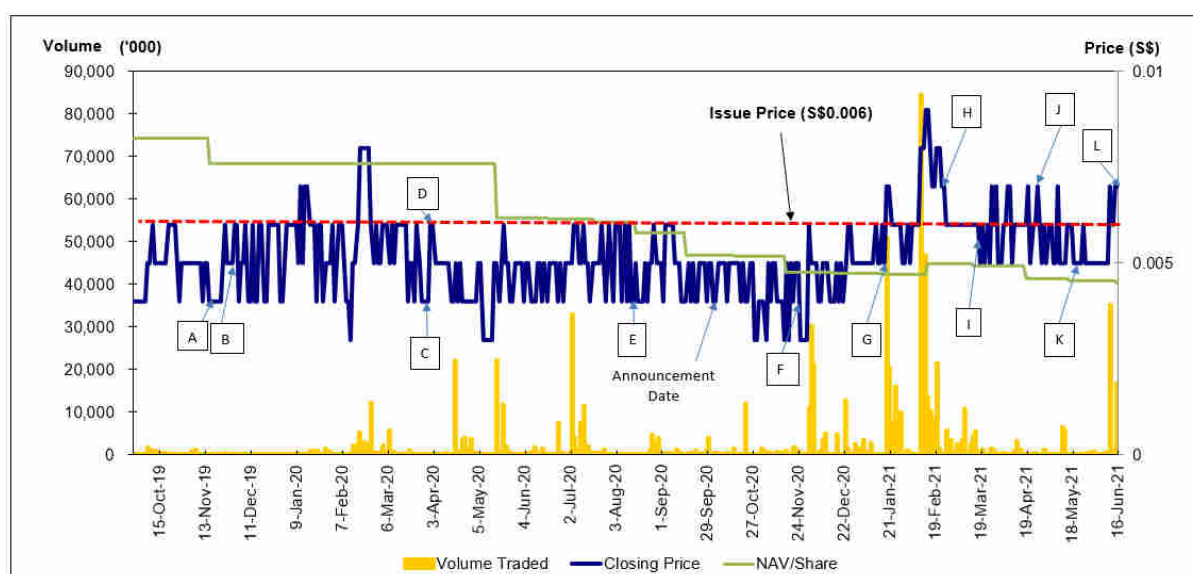
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that after payment of all liabilities and obligations, the values or amounts as indicated is realisable or distributable to Shareholders.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Company decides to change the nature of its business or to release or convert the use of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Company as a going concern nor can it capture or illustrate any value for the Company's goodwill or branding.

5.2.3 Market quotation and trading activities for the Shares

The historical price and volume charts for the Shares (based on the closing prices together with the number of Shares traded on a daily basis) for the period commencing from 30 September 2019 (being the Market Day 12 months prior to the Announcement Date) and ending on the Latest Practicable Date is set out below:



Source: Bloomberg

Notes:

- A. 14 November 2019 – Announcement of cessation of the PCB segment.
- B. 5 December 2019 – Announcement on applicability of Catalist Rule 1017
- C. 24 March 2020 – Announcement on application for extension of time to demonstrate the applicability of Catalist Rule 1017.
- D. 2 April 2020 – Announcement on the receipt of outcome for application and the Company was deemed as cash company
- E. 6 August 2020 – Announcement on the Malaysian Factory Disposal
- F. 13 November 2020 – Announcement on the Proposed Singapore Factory Disposal
- G. 15 January 2021 – Announcement on completion of the Disposal of Malaysian Factory
- H. 24 February 2021 – Shareholders' approval obtained for the Proposed Singapore Factory Disposal
- I. 16 March 2021 – Announcement on the grant of a 6-month extension to 30 September 2021 with regards to compliance with Rule 1017(2) of the Catalist Rules
- J. 26 April 2021 – Announcement on the submission of pre-admission notification to the SGX-ST

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K. 25 May 2021 – Announcement on the extension of time to satisfy the condition precedent for the Proposed Singapore Factory Disposal

L. 16 June 2021 – Announcement on the receipt of the Whitewash Waiver from SIC

For the period commencing from 30 September 2019 and ending on 29 September 2020, being the Announcement Date (both dates inclusive), we note that the Shares were traded on all the 252 Market Days (or 100%) and the closing prices for the Shares during the said period were above the Issue Price on 8 Market Days, below the Issue Price on 183 Market Days, and in line with the Issue Price on 61 Market Days out of the total 252 Market Days.

For the period commencing on the Market Day immediately after the Announcement Date to the Latest Practicable Date, we note that the Shares were traded for 177 Market Days out of a total 180 Market Days. During the said period, the closing prices of the Shares were below the Issue Price for 105 Market Days out of the total 180 Market Days, higher than the Issue Price for 23 Market Days out of the total 180 Market Days and equivalent to the Issue Price for 52 Market Days out of the total 180 Market Days.

As a general market comparison and observation, the FTSE Straits Times Catalist Index (“**Catalist Index**”) increased by approximately 14.9% for the period commencing from 30 September 2019 and ending on 29 September 2020, being the Announcement Date and subsequently increased further by approximately 23.3% from the Announcement Date to the Latest Practicable Date. For the same period commencing from 30 September 2019 and ending on 29 September 2020, being the Announcement Date, the closing prices for the Shares maintained at S\$0.004 and as at the Latest Practicable Date, the closing price for the Shares was at S\$0.007 (or an increase of approximately 75.0% from the Announcement Date). We observed that the Shares appeared to have underperformed the Catalist Index for the 12 months period prior to and including the Announcement Date but outperformed the Catalist Index for the period commencing immediately after the Announcement Date till the Latest Practicable Date.

We further note that the market prices for the Share have generally moved in tandem with the Group’s NAV per Share which is likely in view of the cessation of PCB segment (as announced on 14 September 2019) and the cash company status (with effect from 2 April 2020). For the period commencing on 2 April 2020 to the Announcement Date, the closing prices for the Shares were on average at a discount of approximately 24.1% from the Group’s NAV per Share. For the period commencing from 30 September 2020 (being the Market Day immediately after the Announcement Date) till the Latest Practicable Date, the closing prices for the Shares were on average at a premium of approximately 11.6% from the Group’s NAV per Share. As at the Latest Practicable Date, the closing price for the Shares was S\$0.007 representing a premium of approximately 56.2% over the Group’s NAV per Share as at 31 May 2021.

The above chart and the analysis below is presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices of the Shares.

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	VWAP per Share (S\$)⁽¹⁾	Premium/ (Discount) of the Issue Price over the VWAP per Share (%)	Lowest transacted price (S\$)	Highest transacted price (S\$)	Average daily trading volume⁽²⁾	Average daily trading volume as % of free- float⁽³⁾ (%)
For the period prior to the Announcement Date						
Last 12 months	0.0052	15.9	0.003	0.009	959,006	0.10
Last 6 months	0.0050	20.2	0.003	0.007	1,434,783	0.15
Last 3 months	0.0053	12.4	0.004	0.007	1,374,097	0.14
Last 1 month	0.0048	25.9	0.004	0.006	582,513	0.06
Last transacted price on 29 September 2020 (being the Announcement Date) ⁽⁴⁾	0.0040	50.0	0.004	0.005	1,000,200	0.10
For the period commencing on the Market Day immediately after the Announcement Date up to the Latest Practicable Date						
Till the Latest Practicable Date	0.0063	(5.0)	0.003	0.009	3,238,702	0.33
Last transacted price on the Latest Practicable Date ⁽⁵⁾	0.0070	(14.3)	0.006	0.007	16,773,100	1.73

Source: Bloomberg

Notes:

- (i) The VWAP had been weighted based on the average prices of the Shares and traded volumes for the relevant trading days for each of the periods.
- (ii) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the period divided by the number of Market Days during that period.
- (iii) Free float refers to approximately 971,678,609 Shares or approximately 79.0% of the issued Shares held by Shareholders, other than the Substantial Shareholders and Directors as at the Latest Practicable Date.
- (iv) This represents the last transacted price instead of VWAP for the Shares on 29 September 2020, being the Announcement Date.
- (v) This represents the last transacted price instead of VWAP for the Shares on 16 June 2021, being the Latest Practicable Date.

Based on a general observation of the chart above and after taking into account the summary of the transacted prices for the Shares, we note the Issue Price:

- (i) represents a premium of approximately 50.0% over the last transacted price of S\$0.004 per Share on the SGX-ST on 29 September 2020, being the Announcement Date;
- (ii) represents a premium of approximately 15.9%, 20.2%, 12.4%, and 25.9% over the VWAP for the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the Announcement Date respectively;
- (iii) represents a discount of approximately 5.0% from the VWAP for the Shares for the period commencing from the Market Day immediately after the Announcement Date till the Latest Practicable Date; and
- (iv) represents a discount of approximately 14.3% from the last transacted price of S\$0.007 per Share on the SGX-ST on the Latest Practicable Date.

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For illustrative purpose only, based on the number of Shares traded on a daily basis during the period commencing from 30 September 2019 and ending on the Latest Practicable Date, we note that:

- (i) from 30 September 2019 to 29 September 2020, being the Announcement Date (both dates inclusive), the Shares were traded on all the 252 Market Days during the period, with the total number of Shares traded being approximately 241.7 million Shares and an average daily trading volume (based on a total of 252 Market Days) of approximately 959,006 Shares, which represents approximately 0.08% of the issued Shares as at the Latest Practicable Date or approximately 0.10% of the issued Shares held by Shareholders other than the Substantial Shareholders and the Directors as at the Latest Practicable Date.
- (ii) from 30 September 2020, being the Market Day immediately after the Announcement Date to the Latest Practicable Date (both dates inclusive), the Shares were traded on 177 Market Days out of the total 180 Market Days during the period, with the total number of Shares traded being approximately 583.0 million Shares and an average daily trading volume (based on a total of 180 Market Days) of approximately 3.2 million Shares, which represents approximately 0.26% of the issued Shares as at the Latest Practicable Date or approximately 0.33% of the issued Shares held by Shareholders other than the Substantial Shareholders and the Directors as at the Latest Practicable Date.

We note that trading for the Shares is erratic and appear to be relatively active in the context that the Shares were traded on all the 252 Market Days during the 1-year period prior to and including the Announcement Date and on 177 Market Days out of the total 180 Market Days during the period from the Market Day immediately after the Announcement Date till the Latest Practicable Date. However, the daily average number of Shares traded commencing from 30 September 2019 till the Latest Practicable Date is significantly low as compared to the number of issued Shares and the issued Shares held by Shareholders other than the Substantial Shareholders and the Directors as at the Latest Practicable Date. In addition, we observed that the daily average number of Shares have increased from approximately 959,006 Shares for the period commencing from 30 September 2019 till the Announcement Date to approximately 3,238,702 Shares for the period commencing from the Market Day immediately after the Announcement Date till the Latest Practicable Date. It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller. In view of the high number of Trading Days, the historical prices for the Shares may be a good indication of the fair value of the Shares.

The increase in the number of Shares traded after the Announcement Date to the Latest Practicable Date may, *inter alia*, be a reflection of the Proposed Acquisition as well as prospects or demand for the Shares after the Announcement Date.

Unaffected Directors should note that there is no assurance that the average trading volume on a daily basis will be maintained or that the transacted prices for the Shares after the completion of the Proposed Acquisition (or if the Proposed Acquisition lapses) will be at the same levels prevailing during the period commencing after the Announcement Date and ending on the Latest Practicable Date.

5.2.4 Comparison with precedent reverse takeover transactions

In our assessment of the reasonableness of the Issue Price as compared to the last traded price of the Shares prior to the Announcement Date and the NTA of the Company as well as the impact on the dilution arising from the number of Consideration Shares to be issued for the Proposed Acquisition, we have considered the details of other selected completed reverse takeover transactions (“**Selected RTO Transactions**”) that involved SGX-ST listed companies (“**Selected RTO Companies**”), and issuance of their shares. Shareholders should note that most of these Selected RTO Transactions are more than one year old since their respective completion dates, and as such references or observation made herein is necessarily limited.

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Selected RTO Companies	Target Companies	Announcement date	No. of shares issued	Percentage of new shares to existing shares (%)	Adjusted issue price (\$)	Price on last traded market day before announcement date (\$)	Premium / (Discount) of issue price over last price traded on market day prior to announcement date (%)	Issue price/ NTA (for the group) (times)
SHC Capital Asia Limited	Memories Group	20-Jan-16	1,854,979,455	606.2	0.133	0.125	6.1	2.2 ⁽¹⁾
Changjiang Fertilizer Holdings Limited	WBH Investments Pte. Ltd., and Chiu Teng 8 Pte. Ltd.	12-Apr-16	46,451,231	516.3	0.005	0.018	(72.2)	n.m. ⁽²⁾
LH Group Limited	Pacific Star Development Pte Ltd	20-May-16	132,500,000	882.6	0.800	0.570	40.4	0.6 ⁽³⁾
VGO Corporation Limited	Sky Win Management Consultancy Pte. Ltd.	6-Jun-16	1,187,692,308	1,285.5	0.325	0.128	153.9	13.1 ⁽⁴⁾
Terratech Group Limited	Altimate Ventures Limited, Rise Expedition Global Limited and, First Star Ventures	9-Jun-16	1,071,428,569	627.0	0.070	0.051	37.3	6.1 ⁽⁵⁾
China Bearing (Singapore) Ltd	FE Resources Pte. Ltd.	27-Oct-16	95,793,103	347.1	0.073	0.024	202.1	1.8 ⁽⁶⁾
Lereno Bio-Chem Ltd	Knit Textile and Apparel Pte. Ltd.	29-Sep-17	132,000,000	3,585.4	0.010	0.045	(77.8)	n.m. ⁽⁷⁾
TSH Corporation Limited	SLOSHED! Pte. Ltd.	31-Aug-18	646,666,666	268.9	0.030	0.019	57.9	1.5 ⁽⁸⁾
Jason Holdings Limited	Revez Group Pte. Ltd.	5-Nov-18	11,642,995,836	426.6	0.004	0.062	(94.1)	n.m. ⁽⁹⁾
Artivision Technologies Ltd.	Mobile Credit Payment Pte. Ltd.	17-Sep-19 ⁽¹⁰⁾	157,725,296	438.7	0.011	0.005 ⁽¹¹⁾	110.0	n.m. ⁽¹²⁾
Citicode Ltd.	Livingstone Health Ltd.	29-Jul20	342,500,000	414.5	0.0004	0.001	(60)	n.m. ⁽¹³⁾
Maximum				3,585.4			202.1	13.1
Minimum				268.9			(94.1)	0.6
Median				516.3			37.3	2.0
Simple Average				854.4			27.6	4.2
Company	Target Company	29-Sep-20	79,166,666⁽¹⁴⁾	257.6	0.006⁽¹⁴⁾	0.004	50.0	3.1⁽¹⁵⁾

Source: Circulars and announcements of the respective Selected RTO Transactions.

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Notes:

- (1) *Based on the unaudited NTA per Share as at 31 October 2017.*
- (2) *Not meaningful as the company had net tangible liabilities position as at 30 September 2017.*
- (3) *Based on the unaudited NTA per Share of the group as at 30 September 2016.*
- (4) *Based on the en-cashed NTA per Share of S\$0.0249.*
- (5) *Based on the pre-consolidated issue price and the group's unaudited NTA as at 31 December 2016.*
- (6) *Based on the pre-consolidated issue price and the group's unaudited NTA as at 30 April 2018.*
- (7) *Not meaningful as the company had net tangible liabilities position as at 30 November 2018.*
- (8) *Based on the pre-consolidated issue price and the group's unaudited NTA as at 30 November 2018.*
- (9) *Not meaningful as the company had net tangible liabilities position as at 31 December 2018.*
- (10) *Based on the announcement date for the execution of the amended conditional sale and purchase agreement.*
- (11) *Based on the VWAP of the last traded day prior to the execution of the amended conditional sale and purchase agreement.*
- (12) *Not meaningful as the company had net tangible liabilities position as at 31 March 2020.*
- (13) *Not meaningful as the company had net tangible liabilities position as at 31 December 2019.*
- (14) *Based on post consolidated number of shares and the Issue Price.*
- (15) *Based on the Adjusted NAV and/or NTA of the Group as 31 May 2021.*

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For illustrative purpose only, we note from the above table that the number of Consideration Shares to be issued pursuant to the Proposed Acquisition as a percentage of the existing Share capital is approximately 257.6% and this is lower than any of the Selected RTO Transactions. This should be viewed in the context of and circumstances of the Company, *inter alia*, being a “cash company”.

In addition, the Issue Price represents a premium of approximately 50.0% over the last transacted prices for the Shares on the Announcement Date, and this is within the range, higher than both the median and the simple average of the Selected RTO Transactions.

We note that the Issue Price is approximately 3.1 times of the Group’s Adjusted NTA per Share and this is lower than the simple average, but higher than the median and still within the range of the Selected RTO Transactions.

We wish to highlight that the level of premium (if any) an acquirer would normally pay for acquiring a listed company through a reverse takeover varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business or assets to be acquired by the listed company, the circumstances of the company, and whether it’s a cash company, the possibility of a significant appraisal of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of listed company’s shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company or the extent of control the existing substantial or controlling shareholders have on the listed company, relative or perceived motivation to sell/buy and current market expectation as well as general economic and business risks.

We wish to highlight that the Selected RTO Transactions listed above may not be exhaustive and are not directly comparable to the Company or Target Company in terms of businesses, size, market capitalisation, asset base, track record, accounting policy, relative attractiveness, and other relevant criteria. Each of the Selected RTO Transactions must be judged on its own commercial and financial merits. Furthermore, the Selected RTO Transactions is by no means exhaustive and information relating to them was compiled from public available information. Therefore, any comparison with the Selected RTO Transactions is for illustrative purpose only and merely serves as a guide to illustrate the relative premiums or discounts for the transactions. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company or Target Company.

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5.3 Assessment of the Purchase Consideration

We note from the Circular that pursuant to the SPA, the Purchase Consideration will be satisfied by a combination of (a) the payment of S\$3.0 million in cash to the Vendors within 12 months from the Completion Date; and (b) by the issuance and allotment to the Vendors of 3,166,666,667 Consideration Shares (before completion of the Proposed Share Consolidation) on the Completion Date at the Issue Price of S\$0.006 (before completion of the Proposed Share Consolidation).

In determining the “intrinsic value” of the Purchase Consideration, we have considered the following factors:-

- (i) The Issue Price represents a premium of approximately 207.9% over the Group’s Adjusted NAV and/or NTA per Share which we have assessed in conjunction with the “cash company” status for the Company; and
- (ii) Assuming completion of the Proposed Singapore Factory Disposal and payment of the Cash Consideration, the Group’s Adjusted NAV and/or NTA would consist mainly of cash and cash equivalents.

As such, for illustrative purpose only, we present the computation of the adjusted Purchase Consideration for the Proposed Acquisition taking into account factors highlighted above.

Cash consideration	Number of Consideration Shares and Issue Price	Intrinsic value	Remarks
S\$3.0 million	3,166,666,667 Consideration Shares at an assumed Issue Price of S\$0.0019 per Consideration Share (being equivalent to the Group’s Adjusted NAV and/or NTA per Share) or equivalent to approximately S\$6.2 million.	Approximately S\$9.2 million (“ Adjusted Purchase Consideration ”)	The Group’s Adjusted NAV and/or NTA would consist mainly of cash and cash equivalents upon completion of the Proposed Singapore Factory Disposal and payment of the Cash Consideration.

In assessing the Purchase Consideration and/or the Adjusted Purchase Consideration for the Target Company, we have considered the following factors:-

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5.3.1 Financials of Target Company

The Target Company is principally engaged in the provision of waste management recycling and disposal services to industrial and commercial clients and specifically, the provision of collection, transfer and disposal services to mainly the shipping and cruise industries in Singapore. The Target Company has a general waste collector license and is also licensed to as a toxic industrial waste collector to handle toxic waste materials containing polyvinyl chloride (PVC) and waste lead-acid batteries. As at the Latest Practicable Date, the Target Company does not have any subsidiaries or associated companies and operates only in Singapore.

A summary of the audited financial statements of the Target Company for the financial year ended 31 December 2018 (“TFY2018”), the financial year ended 31 December 2019 (“TFY2019”) and TFY2020 are set out below:

Summary of income statements

Figures in S\$'000 ⁽¹⁾	Audited TFY2020	Audited TFY2019	Audited TFY2018
Revenue	5,840	5,897	4,422
Operating expenses ⁽²⁾	(3,356)	(3,340)	(2,628)
Employee benefits expense	(1,591)	(1,309)	(1,247)
Other income	336	292	121
Finance costs	(288)	(186)	(86)
Profit before tax	941	1,354	582
Profit after tax	774	1,140	511

Summary of statements of financial position

Figures in S\$'000 ⁽¹⁾	Audited TFY2020	Audited TFY2019	Audited TFY2018
Non-current assets	17,940	14,915	5,689
Current assets	3,026	2,129	1,126
Non-current liabilities	14,553	10,911	3,686
Current liabilities	2,498	2,992	1,068
Total borrowings ⁽³⁾	15,770	11,769	4,155
Shareholders' equity	3,915	3,141	2,060
Net working capital	528	(863)	58

Summary of statements of cash flows

Figures in S\$'000 ⁽¹⁾	Audited TFY2020	Audited TFY2019	Audited TFY2018
Net cash from/(used in) operating activities	2,244	1,446	1,189
Net cash (used in)/from investing activities	(1,367)	(1,585)	(1,511)
Net cash from/(used in) financing activity	(197)	496	(582)
Net increase/(decrease) in cash and cash equivalents	680	357	(904)
Cash and cash equivalents at end of financial year	1,085	405	48

Notes:

- (1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.
- (2) Operating expenses comprise depreciation of property, plant and equipment, amortization of right-of-use assets, loss allowance on trade receivables and other expenses.
- (3) Total borrowings are defined as loans and borrowings and lease liabilities.

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We note the following:

(i) Stable revenue and other income

The Target Company derives its revenue from the provision of waste management, recycling and disposal services to industrial and commercial clients and specifically, the provision of collection, transfer, disposal, recycling and resource recovery services to the cruise and ship industry in Singapore. The Target Company recorded revenue of approximately S\$4.4 million, S\$5.9 million, and S\$5.8 million for TFY2018, TFY2019, and TFY2020, respectively.

The Company has also recorded other income of approximately S\$0.12 million, S\$0.29 million and S\$0.34 million for TFY2018, TFY2019 and TFY2020, respectively. The increase in other income in TFY2019 was mainly due to an increase in recycling income from approximately S\$48 thousands to S\$0.24 million. The increase in other income in TFY2020 was mainly due to significant increase in government grants from approximately S\$51 thousands to S\$0.21 million coupled with a one-time gain on disposal of property, plant and equipment of S\$25 thousands, but net-off significant decrease in recycling from approximately S\$0.24 million in TFY2019 to S\$99 thousands in TFY2020.

(ii) Rising operating expenses and employee benefits expense

In line with the rising revenue, the Target Company recorded total operating expenses of approximately S\$2.6 million, S\$3.3 million and S\$3.4 million for TFY2018, TFY2019 and TFY2020, respectively. The increase in operating expenses was mainly due to an increase in depreciation and amortization expenses throughout the period. The Target Company's employee benefit expense also increased from approximately S\$1.2 million for TFY2018 to approximately S\$1.3 million and S\$1.6 million for TFY2019 and TFY2020, respectively.

(iii) Decline in earnings and net profit margin in TFY2020

The Target Company recorded profit after income tax of approximately S\$0.5 million, S\$1.1 million and S\$0.8 million with corresponding net profit margin of approximately 11.6%, 19.3% and 13.2% in TFY2018, TFY2019 and TFY2020, respectively. In terms of absolute amount, the profit after income tax recorded over the three years are quite erratic, and in terms of net profit margin, it has declined in TFY2020 as compared to TFY2019 but is still higher than TFY2018.

We note that the Target Company recorded RTO expenses of approximately S\$130.6 thousands in TFY2020, which is non-recurring and non-trade in nature. The Target Company's Directors confirmed that in the event the RTO expenses is excluded, the Target Company's adjusted earnings would be approximately S\$0.9 million and the corresponding net profit margin would be approximately 15.1%.

(iv) Assets and liabilities

The Target Company's total assets amounted to approximately S\$21.0 million as at the end of TFY2020. Non-current assets as at 31 December 2020 of approximately S\$17.9 million (approximately 85.6% of total assets), comprised property, plant and equipment of approximately S\$11.5 million and right-of-use assets of approximately S\$6.4 million. Property, plant and equipment mainly consisted of leasehold property at the Kian Teck Facility of approximately S\$3.6 million, building under construction at the Tuas Facility of approximately S\$5.4 million, plant and machinery of approximately S\$2.3 million, and motor vehicles of approximately S\$0.2 million. The right-of-use assets consisted of leasehold land for the Tuas Facility and Kian Teck Facility leased from JTC of approximately S\$5.6 million, motor vehicles of approximately S\$0.6 million and plant and machinery of approximately S\$0.2 million. The right-of-use assets of leasehold lands for the Tuas Facility and Kian Teck Facility amounted to approximately S\$5.1 million and approximately S\$0.5 million respectively.

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Current assets as at 31 December 2020 amounted to approximately S\$3.0 million (approximately 14.4% of total assets), comprised cash and bank balances of approximately S\$1.5 million, and trade and other receivables of approximately S\$1.5 million.

The increase in total assets from approximately S\$6.8 million as at 31 December 2018 to approximately S\$17.0 million and S\$21.0 million as at 31 December 2019 and 31 December 2020 respectively was mainly due to the acquisition of property, plant and equipment throughout the period which has increased from approximately S\$5.7 million as at 31 December 2018 to approximately S\$11.5 million as at 31 December 2020 coupled with an increase in cash and bank balances from approximately S\$48 thousands as at 31 December 2018 to approximately S\$1.5 million as at 31 December 2020.

The Target Company's total liabilities amounted to approximately S\$17.1 million as at 31 December 2020. Non-current liabilities as at 31 December 2020 of approximately S\$14.6 million (approximately 85.3% of total liabilities) comprised loans and borrowings of approximately S\$8.2 million, lease liabilities of approximately S\$6.1 million and deferred tax liabilities of approximately S\$0.3 million. Current liabilities as at 31 December 2020 of approximately S\$2.5 million (approximately 14.7% of total liabilities) comprised trade and other payables of approximately S\$0.8 million, loans and borrowings of approximately S\$1.1 million, lease liabilities of approximately S\$0.4 million and tax payables of approximately S\$0.2 million. The Target Company's total borrowings increased significantly from approximately S\$4.2 million as at 31 December 2018 to approximately S\$11.8 million and S\$15.8 million as at 31 December 2019 and 31 December 2020, respectively. We understand from the Target Company's Directors that the Target Company has been taking up loans to finance the existing Kian Teck Facility and the construction of its new Tuas Facility as well as the equipment and machineries to be installed at the Tuas Facility.

The increase in total liabilities from approximately S\$4.8 million as at 31 December 2018 to approximately S\$13.9 million and S\$17.1 million as at 31 December 2019 and 31 December 2020, respectively, was mainly due to the increase in loan and borrowings as well as lease liabilities throughout the period.

(iv) Net working capital and Shareholders' equity

The Target Company's net working capital decreased from approximately S\$58 thousands as at 31 December 2018 to a deficit position approximately S\$0.9 million as at 31 December 2019. It subsequently increased back to a positive position of approximately S\$0.5 million as at 31 December 2020.

The shareholders' equity for the Target Company increased from approximately S\$2.1 million as at 31 December 2018 to S\$3.1 million as at 31 December 2019 to S\$3.9 million as at 31 December 2020 due to accumulation of earnings generated during TFY2018, TFY2019 and TFY2020 with minimal dividend distribution.

We note that the Target Company had successfully tendered for the land for the Tuas Facility in March 2018. As at the Latest Practicable Date, the Target Company has commenced its general waste disposal operations at the Tuas Facility in May 2021.

The PPE and ROU of Tuas Facility of approximately S\$12.4 million represented approximately 59.2% of the Target Company's total assets as at TFY2020, while the borrowings related to the Tuas Facility of approximately S\$8.5 million represented approximately 49.7% of the Target Company's total liabilities as at TFY2020. The gearing ratio of the Company has increased from approximately 2.2 times in TFY2018 to approximately 3.9 times in TFY2020 mainly due to the above.

The Target Company's Directors confirmed that during the period under review and up to the Latest Practicable Date, there have not been any breaches of any of the terms and conditions or covenants associated with any credit arrangement or bank loan entered into by the Target Company with the

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relevant banks and financial institutions which could materially affect the Target Company's financial position and results or business operations or the investments of the shareholders.

(v) Cash flow from operations

The Company recorded positive net cash flow from operating activities of approximately S\$1.2 million, \$1.4 million and S\$2.2 million in TFY2018, TFY2019 and TFY2020 respectively.

(vi) Sufficiency of working capital

The Target Company's net working capital has decreased from approximately S\$58 thousands in TFY2018 to a deficit of S\$0.9 million in TFY2019 before improving to S\$0.5 million in TFY2020. The decline in TFY2019 is largely attributable to an increase in trade and other payables and lease liabilities. The improvement in TFY2020 is attributable to an increase in cash and cash equivalents and a decrease in trade and other payables, which was partially offset by an increase in current portion of loans and a decline in trade and other receivables.

We note from the Circular that the Target Company's Directors have considered the following:

- (i) Save for the negative working capital position of approximately S\$0.86 million as at 31 December 2019, the Target Company was in positive working capital positions of approximately S\$0.06 million and approximately S\$0.53 million as at 31 December 2018 and 31 December 2020 respectively;
- (ii) The Target Company had recorded a positive equity position of approximately S\$2.06 million, S\$3.14 million and S\$3.91 million as at 31 December 2018, 2019 and 2020 respectively;
- (iii) The Target Company had recorded net profit of approximately S\$0.51 million, S\$1.14 million and S\$0.77 million in TFY2018, TFY2019 and TFY2020 respectively;
- (iv) The implications of the COVID-19 pandemic and the cessation of relevant government grants on the Target Company's business performance;
- (v) The Target Company's capital commitments of approximately S\$0.35 million as at the Latest Practicable Date;
- (vi) The Target Company generated positive cash flows from operating activities of approximately S\$1.19 million, S\$1.45 million and S\$2.24 million in TFY2018, TFY2019 and TFY2020 respectively;
- (vii) The Target Company had cash and bank balances of approximately S\$1.48 million and S\$0.93 million as at 31 December 2020 and the Latest Practicable Date respectively; and
- (viii) The Target Company has unutilised credit facilities of up to approximately S\$2.69 million from various banks and financial institutions as at the Latest Practicable Date. For more details, please refer to Section 9.8 entitled "Capitalisation and Indebtedness – Credit Facilities" of the Circular.

Taking into account the above, the Proposed Directors of the Target Company are of the reasonable opinion that, after having made due and careful enquiry, the working capital available to the Target Company as at the date of lodgement of the Circular is sufficient for their present working capital requirements and for at least 12 months after the completion of the Proposed RTO.

The Target Company's Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, and the Target Company's audited financial statements

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for TFY2020, there has been no material changes to the Target Company's business, assets and liabilities, financial position, condition and performance.

5.3.2 NAV and NTA of Target Company

For the brief description of the NAV and NTA based approach, please refer to Section 5.2.2 of this Letter.

In assessing the Purchase Consideration, in relation to the NAV and NTA per Share of the Target Company as at 31 December 2020, we have reviewed the audited statements of financial position of the Target Company as at 31 December 2020 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the audited statements of financial position of the Target Company as at 31 December 2020 as well as the Circular, the Target Company's Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such audited statements of financial position as at 31 December 2020 in accordance with Singapore Financial Reporting Standards (International) and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Target Company as at Latest Practicable Date.

The Target Company's Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Target Company as at 31 December 2020, save as disclosed in the audited statements of financial position of the Target Company as at 31 December 2020 and the Circular. In addition, the Target Company's Directors are of the opinion that save as disclosed in the Circular, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Target Company as disclosed and reflected in the audited statements of financial position of the Target Company as at 31 December 2020 are true and fair. Lastly, the Target Company's Directors confirmed that, to the best of their knowledge or belief, such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete or misleading in any respect.

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Audited statements of financial position of the Target Company as at 31 December 2020⁽¹⁾	S\$'000
Non-current assets	
Property, plant and equipment	11,520
ROU asset	6,420
	17,940
Current assets	
Cash and cash equivalents	1,481
Trade and other receivables	1,545
	3,026
Current liabilities	
Trade and other payables	767
Loan and borrowings	1,101
Lease obligations	409
Current income tax liabilities	221
	2,498
Non-current liabilities	
Loan and borrowings	8,156
Deferred tax liabilities	293
Lease obligations	6,105
	14,553
NAV of the Target Company as at 31 December 2020	3,915
Less: intangible assets	-
NTA of the Target Company as at 31 December 2020	3,915
Purchase Consideration	22,000
Premium of Purchase Consideration over Target Company's NAV and/or NTA as at 31 December 2020	462.0%
Adjusted Purchase Consideration	9,170
Premium of Adjusted Purchase Consideration over Target Company's NAV and/or NTA as at 31 December 2020	134.3%

Notes:

- (1) *The figures above are based on the Target Company's audited statements of financial position as at 31 December 2020. Figures and computations above are subject to rounding.*

From the above table, we note that the NAV and/or NTA of the Target Company were approximately S\$3.9 million as at 31 December 2020.

The Purchase Consideration for the Target Company was arrived at after arms' length negotiations between the Company and the Vendors, and on a willing-buyer, willing-seller basis, taking into consideration, *inter alia*, the earnings and business prospects of the Target Company, and on the basis that it shall be supported by the Appraised Value.

For illustrative purpose only, the Purchase Consideration of S\$22.0 million represents a premium of approximately 462.0% from the NAV and/or NTA for the Target Company as at 31 December 2020. The Adjusted Purchase Consideration of approximately S\$9.2 million represents a premium of approximately 134.3% from the NAV and/or NTA for the Target Company as at 31 December 2020.

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We note that the Target Company recorded RTO expenses of approximately S\$130.6 thousands in TFY2020, which is non-recurring and non-trade in nature. The Target Company's Directors confirmed that in the event the RTO expenses is excluded, the Target Company's adjusted earnings would be approximately S\$0.9 million ("**Adjusted Earnings**") and the adjusted NAV and/or NTA of the Target Company would be approximately S\$4.0 million ("**Adjusted NAV**" or "**Adjusted NTA**"). For illustrative purpose only, the Purchase Consideration and the Adjusted Purchase Consideration represents a premium of approximately 447.0% and 128.0% over the Target Company's Adjusted NAV and/or NTA respectively.

In our evaluation of the Purchase Consideration, we have considered whether:

- (i) there are any material events that may have an impact on the audited statements of financial position of the Target Company from 31 December 2020 to the Latest Practicable Date to determine whether adjustments need to be made to the NAV and/or NTA as at 31 December 2020. In this respect, the Target Company's Directors have confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, save as disclosed in the audited financial statements of the Target Company as at 31 December 2020, the announcements released by the Company on SGXNET, the Circular and this IFA Letter, there have been no known material events since 31 December 2020 to the Latest Practicable Date that have or will have a material impact to the audited statements of financial position of the Target Company as at 31 December 2020;
- (ii) there are any tangible assets which should be valued at an amount that is materially different from that which is recorded in the audited statements of financial position of the Target Company as at 31 December 2020. The Target Company's Directors have confirmed that to the best of their knowledge, as at the Latest Practicable Date, there are no material differences between the estimated market value of the assets and liabilities of the Target Company and their respective book values as at 31 December 2020; and
- (iii) the Tuas Facility, which accounted for 59.3% of the Target Company's total assets as at 31 December 2020, has only commenced operations in May 2021 and therefore, has not generated nor contributed any revenue in TFY2020.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Target Company is as stated above. It also does not imply that the assets or properties of the Target Company can be disposed of at the value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA and is realisable or distributable to the shareholders of the Target Company.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Target Company decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Target Company as a going concern nor can it capture or illustrate any value for the Target Company's intangible assets, *inter alia*, goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed of.

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5.3.3 Fair value of Target Company

The Company had also appointed the Independent Business Valuer to conduct a business valuation of the 100% equity interest in the capital of the Target Company. We recommend that the Unaffected Directors advise Independent Shareholders to note and review carefully the contents of the Summary Valuation Letter (attached as Appendix C to the Circular) as well as the Valuation Report (which is made available for inspection) in its entirety including the assumptions made and the basis for the assumptions.

Based on the Summary Valuation Letter, the Appraised Value of the Target Company as at 31 December 2020, subject to the assumptions stated therein, is in the range of approximately S\$22.7 million (the “**Lower Band**”) to approximately S\$28.6 million (the “**Upper Band**”) with a base value of approximately S\$25.4 million (the “**Base Value**”). The said valuation is based primarily on the income approach.

As stated in the Summary Valuation Letter, in valuing the Target Company, the Independent Business Valuer has adopted the discounted cash flow (“**DCF**”) approach as the primary valuation methodology for the following reasons:-

- (i) The DCF approach reflects the future plans and growth of the Target Company. This approach is less influenced by volatile external factors because it is an inward-looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers;
- (ii) The asset-based approach does not take into account of the future changes in sales or income; and
- (iii) The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as the Target Company.

The Independent Business Valuer has also considered the EV/EBITDA multiple of comparable companies as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF analysis. The DCF analysis has taken into consideration the projected capital expenditure of the Target Company, including the investments required for the Tuas Facility. We note from the Circular that as part of the comparable companies (“**CC**”) analysis, the Independent Business Valuer has considered comparable publicly listed companies based on the following criteria: (i) companies which are in a similar industry with the Target Company; and (ii) companies which are involved in the environmental and facilities sector with a focus in the waste management and recycling space. The comparable publicly listed companies considered were Cleanaway Waste Management Limited, Daiseki Co., Ltd., Bingo Industries Limited, Kaname Kogyo Co., Ltd. and Shanghai Environment Group Co., Ltd.

As stated in the Circular, the valuation is based on various assumptions with respect to the Target Company, including their respective present and future financial conditions, business strategies and the environment in which they operate. These assumptions are based on the information that the Independent Business Valuer has been provided and discussions with the Target Company and management reflecting current expectations on current and future events. As part of the key assumptions relied on by the Independent Business Valuer for the valuation, the Target Company’s financial forecast for the next twelve (12) months after the completion of the Proposed Acquisition and the industry trend as set out in Section 11.1 entitled “Industry Overview and Prospects” of the Circular have been considered.

The Independent Business Valuer’s conclusion is dependent on the following key assumptions:-

- (i) The Target Company’s forecast for the next 12 months as prepared by the Management and the trend of the industry as disclosed in the circular have been considered;

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- (ii) The Target Company will continue as a going concern without any changes in its management, notwithstanding the new reverse takeover shareholding structure arising from the Proposed Acquisition;
- (iii) The future operations of the Target Company will not be adversely affected by changes to its key personnel, Management team, notwithstanding the new reverse takeover shareholding structure arising from the Proposed Acquisition;
- (iv) All contracts entered into by the Target Company will continue to be in effect for the foreseeable future;
- (v) The information provided to the Independent Business Valuer by the Management reflects the financial positions of the Target Company for the respective financial years/period;
- (vi) The Target Company has the legal titles to all assets as mentioned in the financial information provided to us by the Management. All assets, which are physically in existence, are in good working condition;
- (vii) There are no risks that any of these assets will be subject to compulsory acquisition by any third party or government body;
- (viii) There will be no major changes in the corporate taxation basis or rates applicable to the Target Company;
- (ix) The effects of the adoption of the SFRS(I) 16 Leases was reversed for the purpose of this valuation;
- (x) In view of the cost savings arising from the automation of processes at the new Tuas property, coupled with the Target Company's intention to explore new high margin revenue streams that have yet to be apparent, a more conservative approach of blending the average historical percentages of employee benefit and other expenses against revenue with Management's forecast percentages of such expenses against revenue was considered, whereby the average historical percentages of such expenses against revenue was allocated greater weightage;
- (xi) Related party transactions, if any, are carried out on an arm's length basis and will continue to be so for the foreseeable future even if there are any changes in the shareholding structure;
- (xii) There are no subsequent events which will have material effect on the unaudited management accounts for the period then ended;
- (xiii) Revenue is expected to be generated from both the current Kian Teck facility and from new business streams from the Tuas property on the assumption that the Target Company will be able to obtain the lease approval from JTC by fulfilling the capital expenditure investment shortfall of approximately S\$0.4 million during the period of the time extension of one year from 15 May 2021 granted by JTC. The management are of the opinion that the Target Company will be able to fulfil the investment shortfall within the extended time. Please refer to the Section 7.8 on "Properties and Fixed Assets" of the Circular for more details. Revenue arising from the new business is based on Management's expectations;
- (xiv) The current Kian Teck facility is forecasted to operate at full capacity across the forecast period, while the Tuas property is expected to operate at 25% in TFY2021, 65% in TFY2022 and 80% capacity in TFY2023. In forecasting the expected level of the utilisation rate of the Tuas Facility in TFY2021, the Target Company's Management has conducted its own assessment on the market potential which takes into consideration, amongst others, (i) the industry trends and prospects as disclosed in this Circular, (ii) the historical and ongoing level of business that the

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Target Company outsources to its recycling partners which is envisaged to be carried out under the Tuas Facility in the near future, and (iii) its understanding of the business needs of long-standing and/or major customers.

Notwithstanding that no independent assessment of the capacity utilisation assumptions was conducted, as part of their terms of reference, the Independent Business Valuer has made such reasonable enquiries and used their judgment as would have been deemed necessary on the reasonable use of such information and/or representations provided by the Target Company's Management and have no reason to doubt its accuracy or reliability;

- (xv) Considering the automation of processes at the new Tuas property, coupled with the Target Company's intention to explore new high margin revenue streams, the expected EBITDA margin (on a pre SFRS(I) 16 basis) of 25.8% for TFY2021 improved as compared to the actual EBITDA margin (on a pre SFRS(I) 16 basis) of 22.1% for TFY2020 owing to the expected cost savings in respect to two major cost drivers, whereby Management has forecast employee benefit and other expenses at 17% and 46% of revenue respectively for TFY2021, and 15% and 39% of revenue respectively for both TFY2022 and TFY2023;
- (xvi) In view of the cost savings arising from the automation of processes at the new Tuas property, coupled with the Target Company's intention to explore new high margin revenue streams that have yet to be apparent, a more conservative approach of blending the average historical percentages of employee benefit and other expenses against revenue from TFY2018 to TFY2020 of 26% and 50% respectively with Management's forecast percentages of such expenses against revenue was considered, whereby the average historical percentages of such expenses against revenue from TFY2018 to TFY2020 was allocated greater weightage;
- (xvii) Accordingly, the revised forecast percentages of employee benefit and other expenses against revenue for the period from TFY2021 to TFY2023 was 25% and 48% of revenue respectively;
- (xviii) The range of weighted average cost of capital ("**WACC**") from 12.70% to 13.70% with a base WACC of 13.20% was considered; and
- (xix) The range of long-term growth rate from 0.88% to 1.88% with a base long-term growth rate of 1.38% based on the forecasted long-term Singapore inflation rate was considered.

We note from the Circular that there would be material changes to the indicative valuation in the event that JTC does not grant the lease over the Tuas Land to the Target Company.

The Directors have confirmed that they have reviewed the Valuation Report to understand the assumptions, methodology used in arriving at the market value of Target Company. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions and methodology of the Valuation Report are reasonable and appropriate.

We have not made any independent evaluation or appraisal of the Target Company but have relied on the Valuation Report issued by the Independent Business Valuer, as well as confirmation and representation by the Target Company's Directors and Management in respect of the Appraised Value of the Target Company.

	Discount from		
	Lower Band (%)	Base Value (%)	Upper Band (%)
Purchase Consideration of approximately S\$22.0 million	(3.1)%	(13.4)%	(23.1)%
Adjusted Purchase Consideration of approximately S\$9.2 million	(59.6)%	(63.9)%	(67.9)%

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For illustrative purpose only, the Purchase Consideration represents a discount ranging from approximately 3.1% to 23.1% from the Appraised Value. The Adjusted Purchase Consideration represents a discount ranging from approximately 59.6% to 67.9% from the Appraised Value.

We note from the Circular that in the event that the Appraised Value is less than 90% of the Purchase Consideration (such difference being the “**Shortfall**”), the Purchase Consideration shall be adjusted as follows: (a) for the first S\$3,000,000 or less of the Shortfall, the Cash Consideration shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall for up to S\$3,000,000; and (b) for any amount of the Shortfall exceeding S\$3,000,000, the number of Consideration Shares issued shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall that is in excess of S\$3,000,000, (collectively, the “**Adjustment**”). For the avoidance of doubt, if the Appraised Value is at least 90% of the Purchase Consideration, no Adjustment shall be made to the Purchase Consideration.

As the Appraised Value is higher than the Purchase Consideration, no Adjustment shall be made to the Purchase Consideration. We note from the Circular that the Appraised Value ascribed by the Independent Business Valuer would be materially impacted if, *inter alia*, one or more of the key assumptions used by the Independent Business Valuer in its valuation is/are no longer applicable or if the future expected performance of the Target Company has materially changed. Accordingly, a waiver or non-satisfaction of certain conditions precedent by itself is not expected to have a material impact on the Appraised Value if the waiver or non-satisfaction of conditions precedent did not arise from a material change to the aforementioned key assumptions or future expected performance.

The Directors have confirmed that to their best knowledge and belief, as at the Latest Practicable Date, there are no material changes that would affect the Appraised Value of the Target Company as ascribed by the Independent Business Valuer as at the Valuation Date, being 31 December 2020.

In assessing the Appraised Value ascribed by the Independent Business Valuer, Independent Shareholders should note the following limiting condition, *inter alia*, which has been confirmed by Directors and Management:-

- (i) There is no assurance and certainty that the Target Company will be able to secure contracts in the future and sustain the forecasted revenue, given, *inter alia*, the industry outlook, competition, and the Target Company’s financial position, gearing and need for financing.
- (ii) The Appraised Value is subject to, *inter alia*, the ability of the Target Company to continue as a going concern and to achieve the forecast and projection as well as availability of funding for, *inter alia*, future capital expenditures. This should be considered in the context of the following:-
 - There is no assurance, given the Target Company’s declining revenue and net profit for TFY2020, that the Target Company can achieve the forecasted revenues for TFY2021 to TFY2023 or the growth rate for the terminal year(s). Further the assumptions for, *inter alia*, revenues and profit margins are key factors for the valuation and there is no certainty that such can be achieved.
 - The Target Company’s revenue for the forecasted period includes revenue from the existing business of the Target Company and potential revenue streams from other value added services upon commencement of operations at the Tuas Facility. We note from the Circular, the temporary occupation permit (“**TOP**”) approval from the Building and Construction Authority of Singapore (“**BCA**”) for the Tuas Facility was obtained on 12 January 2021. Subsequently, the Target Company has obtained a licence from the NEA to construct, establish, maintain and operate a general waste disposal facility at the Tuas Facility, which allows the Target Company to handle industrial, commercial and electronic waste with a permitted design capacity of 220 tonnes per day within the facility and a storage limit of up to 500 tonnes of waste within the facility at any given time. The aforementioned licence was first obtained from the NEA for the period from 25 March 2021

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to 24 March 2023. As at the Latest Practicable Date, the Target Company has commenced its general waste disposal operations at the Tuas Facility in May 2021.

- It is noted from the Circular that the Target Company and its key management personnel may not have the relevant experience and expertise in the activities intended to be carried out at the Tuas Facility, hence the Target Company may face uncertainties associated with the expansion of its business.
 - As at 31 December 2020, the Target Company's ratio of debt to equity stood at 4.0 times. This may put some constraints on the Target Company's ability to secure further funding for its expansion plans.
- (iii) The sensitivity of the Appraised Value of the Target Company to terminal values (which constitute approximately 89.5% of the valuation of the enterprise value for the Target Company), and its assumptions being, *inter alia*, growth and discount rates. As an illustration, the difference in the equity values of the Sale Group based on growth rates of 0.88% and 1.38% (and at an assumed discount rate of 13.2%) is approximately S\$1.2 million (or approximately 5.3% of the Purchase Consideration). Similarly, the difference in the equity values of the Target Company based on discount rates of 13.2% and 13.7% (and at a growth rate of 1.38%) is approximately S\$1.6 million (or approximately 7.4% of the Purchase Consideration).

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5.3.4 Relative valuation analysis

In our assessment of the valuation of the Purchase Consideration, we have considered the financial performance, financial position and valuation statistics of selected listed companies (the “**Selected Comparable Companies**”) that may, in our view, be broadly comparable to the core businesses of the Target Company as at the Latest Practicable Date, which is in the waste management business.

The Selected Comparable Companies have been identified after a search was carried out on the SGX-ST, and other recognised stock exchanges and evaluation of the companies operating in the same industry as the Target Company. We have had discussions with the Directors and Management on the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Target Company. Unaffected Directors should note that no two companies can be totally comparable.

Relevant information has been extracted from, *inter alia*, the annual reports and/or public announcements of the Selected Comparable Companies. Notwithstanding our use of these companies for peer analysis, the Selected Comparable Companies may or may not have similar business or operations or similar assets or geographical markets as the Target Company, and their accounting policies with respect to the values for which the assets or the revenue or cost are recorded or the relevant financial period compared may differ from the Target Company. In addition, the trading of the shares of the Selected Comparable Companies may differ from that of the Shares and shares of the Selected Comparable Companies may be caused by any actual perceived or fundamentally determined risk premiums between different stock exchanges.

We advise Unaffected Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the Target Company in terms of size, diversity of business activities and products/services, branding, geographical spread, regulatory and licensing framework, track record, prospects, end-customers, supply and/or value chain, core competence, resources, revenue drivers and models, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected Comparable Companies as the markets and businesses of the Selected Comparable Companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Target Company may differ. In addition, the Target Company is not listed, while the Selected Comparable Companies are listed companies. Lastly, the market capitalisation of the Selected Comparable Companies (save for Metech) are higher than the market capitalisation of the Target Company (as implied by the Purchase Consideration and the Adjusted Purchase Consideration). We note that the trading statistics for companies with higher capitalisation may be different than those with lower market capitalisation and this may be attributable to relative liquidity in terms of number or value of shares traded as well as relative interest in shares of companies with larger market capitalisations. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Target Company as at the Latest Practicable Date.

Unaffected Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares and whether the shares are listed or unlisted.

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Selected Comparable Companies	Market Capitalisation as at the Latest Practicable Date (S\$' million)	Principal Activities
<p>Bingo Industries Limited ("Bingo Industries")</p> <p><i>Listed on Australian Securities Exchange ("ASX")</i></p>	2,205.0	The company provides waste management solutions for domestic and commercial businesses in Australia. It collects and transports building, demolition, industrial, and commercial waste from customers to post-collection facilities; and provides bins on hire.
<p>Cleanaway Waste Management Limited ("Cleanaway Waste")</p> <p><i>Listed on ASX</i></p>	5,361.2	The company provides waste management, industrial, and environmental services in Australia. The company offers commercial and industrial, municipal, and residential collection services for various types of solid waste streams, including general waste, recyclables, construction, and demolition waste, as well as medical and washroom services.
<p>Daiseiki Co., Ltd. ("Daiseiki")</p> <p><i>Listed on Tokyo Stock Exchange ("TSE")</i></p>	2,310.2	The company engages in industrial waste treatment and resource recycling activities in Japan. The company is involved in the treatment and recycling of waste oil and sludge, as well as collection, transportation, treatment, and recycling of industrial waste.
<p>Kaname Kogyo Co., Ltd. ("Kaname Kogyo")</p> <p><i>Listed on TSE</i></p>	177.4	The company provides waste management services and engages in the collection, transportation, and disposal of general and industrial waste; and collection, recycling, and transportation of waste paper and plastic bottles.
<p>Shanghai Environment Group Co., Ltd. ("Shanghai Environment")</p> <p><i>Listed on Shanghai Stock Exchange ("SHSE")</i></p>	2,688.4	The company provides municipal solid waste disposal and transfer services in Shanghai. The company offers municipal solid waste, municipal sewage and sludge, medical and hazardous waste, and food waste treatment and disposal services, as well as contaminated soil and groundwater remediation services.
<p>Colex Holdings Limited ("Colex")</p> <p><i>Listed on SGX-ST</i></p>	31.1	The company's business segments include waste disposal and contract cleaning. The waste disposal segment is undertaken by Colex's subsidiary, Colex Environmental Pte. Ltd. and deals with waste disposal services for domestic, commercial and industrial waste, sale and rental of equipment to customers and repair of waste compactors.

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<p>Ecowise Holdings Limited ("Ecowise")</p> <p><i>Listed on SGX-ST</i></p>	<p>74.0</p>	<p>The company is engaged in the provision of resource management and integrated environmental engineering solutions for industrial waste and energy management, including designing, optimising, engineering, procurement, fabricating, commissioning, managing, and maintenance of waste and energy management facilities.</p>
<p>Reclaims Global Limited ("Reclaims Global")</p> <p><i>Listed on SGX-ST</i></p>	<p>31.4</p>	<p>The company is an eco-friendly integrated service provider in the construction industry which specialises in the recycling of C&D waste, customisation of excavation solutions and operating fleet management.</p>
<p>Metech International Limited ("Metech")</p> <p><i>Listed on SGX-ST</i></p>	<p>8.8</p>	<p>The company is offering customized and flexible electronic waste (e-waste) management solutions that help customers fulfill their environmental responsibilities. The company recycles e-waste comprising of electronic and electrical equipment, as well as recovers precious metals for enterprises, manufacturers and local communities.</p>

Source: Bloomberg, S&P Capital IQ, SGX-ST, and the respective company's website.

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The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies:

Selected Comparable Companies	LTM ROE (%) ⁽¹⁾	LTM net profit margin (%) ⁽²⁾	LTM asset turnover (times) ⁽³⁾	Total liabilities ^{(4)/} shareholders' equity ⁽⁵⁾ (times)	Total borrowings ^{(6)/} shareholders' equity ⁽⁵⁾ (times)
Bingo Industries ⁽⁷⁾	5.0	9.2	0.3	0.7	0.4
Cleanaway Waste ⁽⁷⁾	5.6	6.4	0.5	0.7	0.4
Daiseki ⁽⁷⁾	9.4	13.5	0.5	0.2	0.1
Kaname Kogyo ⁽⁷⁾	3.9	5.6	0.5	0.3	0.1
Shanghai Environmental ⁽⁷⁾	8.9	17.9	0.2	1.8	1.0
Colex	5.7	3.7	1.1	0.4	0.1
Ecowise	5.6	4.3	0.7	0.8	0.5
Reclaims Global	9.0	8.8	0.7	0.4	0.2
Metech	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾	1.1	0.1	n.m. ⁽⁸⁾
MAXIMUM	9.4	17.9	1.1	1.8	1.0
MINIMUM	3.9	3.7	0.2	0.1	0.1
MEDIAN	5.7	7.6	0.5	0.4	0.3
SIMPLE AVERAGE	6.7	8.7	0.6	0.6	0.3
Target Company	22.5⁽⁹⁾	15.1⁽⁹⁾	0.3	4.4	4.0

Source: The latest annual reports and the announced unaudited financial statements of the respective companies.

Notes:

- (1) The last twelve months ("LTM") return on equity ("ROE") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated shareholders equity (excluding minority interest) of the respective companies.
- (2) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to shareholders to the most recent twelve months total consolidated revenue of the respective companies.
- (3) LTM asset turnover is the ratio of the most recent twelve months total consolidated revenue to the total consolidated assets of the respective companies.
- (4) Total liabilities include, inter alia, all the liabilities of the respective companies but exclude contingent liabilities, if any.
- (5) Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.
- (6) Total borrowings include all bank loans and borrowings, hire purchase obligations, lease liabilities and interest bearing debts, where applicable.
- (7) Figures were obtained from S&P Capital IQ.
- (8) Metech incurred a loss after tax for the LTM ended 31 December 2020. Hence, its LTM ROE and LTM net profit margin ratios are negative and not meaningful. It did not have any borrowings as at 31 December 2020.
- (9) Based on the Target Company's Adjusted Earnings.

For illustrative purposes only, we note the following:-

- (i) The Target Company's LTM ROE of approximately 22.5% (based on the Target Company's Adjusted Earnings) is significantly higher and more favourable than any of the Selected Comparable Companies. Its LTM net profit margin of approximately 15.1% (based on the Target Company's Adjusted Earnings) is within the range and higher and more favourable than the median and the simple average for the Selected Comparable Companies. In fact, the Target Company's LTM Net profit margin is higher and more favourable than any of the Selected Comparable Companies (save for Shanghai Environmental).

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- (ii) The Target Company's LTM asset turnover ratio is lower than the median and the simple average, but still within the range of the Selected Comparable Companies. The Target Company's relatively low asset turnover can be attributed to the fact that its assets as at 31 December 2020 include the Tuas Facility which only commenced operations in May 2021 and therefore has not generated nor contributed any revenue in TFY2020. For illustrative purpose only, in the event the total assets relating to the Tuas Facility of approximately S\$12.4 million (comprising PPE of approximately S\$7.3 million and right-of-use asset of approximately S\$5.1 million) are excluded, the Target Company's asset turnover would be approximately 0.7 times and this is within the range and higher than the simple average and the median for the Selected Comparable Companies.
- (iii) The Target Company's total liabilities to shareholders' equity ratio and total borrowings to shareholders' equity ratio are higher than any of the Selected Comparable Companies. This is attributable to the fact that the Target Company's liabilities as at 31 December 2020 include liabilities in relation to the Tuas Facility which only commenced operations in May 2021 and therefore has not generated or contributed any revenue in TFY2020. For illustrative purpose only, in the event that the total liabilities relating to the Tuas Facility of approximately S\$8.5 million (comprising lease liabilities of approximately S\$5.5 million and loans of approximately S\$3.0 million) are excluded while keeping the shareholders' equity value as per the book value as at 31 December 2020, the Target Company's ratios for total liabilities to shareholders' equity and total borrowings to shareholders' equity would be approximately 2.2 times and 1.9 times respectively. While the ratios are substantially lower after exclusion of the liabilities relating to the Tuas Facility but these remain higher than any of the Selected Comparable Companies.

In summary, the historical financial performance of the Target Company appears to be more favourable than the Selected Comparable Companies in terms of its LTM ROE, LTM net profit and LTM asset turnover (in the event the assets relating to the Tuas Facility are excluded). The historical financial position of the Target Company appears to be weaker than the Selected Comparable Companies in terms of its total liabilities to shareholders' equity ratio, and total borrowings to shareholders' equity ratio (with inclusion or exclusion of the liabilities for the Tuas Facility). The Target Company's has been highly geared since TFY2018 and its total borrowings have increased significantly from approximately S\$4.2 million as at 31 December 2018 to approximately S\$15.8 million as at 31 December 2020. We understand that the Target Company has been taking up loans to finance the existing Kian Teck Facility and the construction of its new Tuas Facility as well as the equipment and machineries that had been installed at the Tuas Facility.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the Target Company are based on the Purchase Consideration and the Adjusted Purchase Consideration. All the valuation statistics of the Selected Comparable Companies are computed on a historical basis using financial data and information obtained, *inter alia*, from their latest publicly available unaudited financial statements or audited financial statements from their annual reports or result announcements. We note that shares of the Target Company are not listed and we have relied on figures and disclosures provided to us and confirmed by the Target Company's Directors.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the Target Company and should be evaluated in the context of their relative financial performance.

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Selected Comparable Companies	Market capitalisation (\$ million)	LTM EV/ EBITDA⁽¹⁾ (times)	LTM PER⁽²⁾ (times)	P/NAV⁽³⁾ (times)	P/NTA⁽⁴⁾ (times)	Premium/ (discount) over/from NAV (%)
Bingo Industries ⁽⁵⁾	2,205.0	20.4	51.6	2.6	6.1	159.8
Cleanaway Waste ⁽⁵⁾	5,361.2	14.8	37.3	2.1	19.8	110.1
Daiseki ⁽⁵⁾	2,310.2	13.2	27.5	2.6	2.6	158.9
Kaname Kogyo ⁽⁵⁾	177.4	8.1	23.8	0.9	0.9	(6.7)
Shanghai Environmental ⁽⁵⁾	2,688.4	16.2	15.5	1.4	94.0	37.2
Colex	31.1	3.2	17.6	1.0	1.0	0.6
Ecowise	74.0	10.2	33.3	1.9	1.9	87.6
Reclaims Global	31.4	5.4	14.5	1.3	1.3	30.9
Metech	8.8	n.m. ⁽⁶⁾	n.m. ⁽⁶⁾	4.0	4.0	304.0
MAXIMUM	5,361.2	20.4	51.6	4.0	94.0	304.0
MINIMUM	8.8	3.2	14.5	0.9	0.9	(6.7)
MEDIAN	177.4	11.7	25.6	1.9	2.6	87.6
SIMPLE AVERAGE	1,432.0	11.4	27.6	2.0	14.6	98.0
Target Company						
Based on Purchase Consideration	22.0	19.1⁽⁷⁾	25.0⁽⁸⁾	5.5⁽⁹⁾	5.5⁽⁹⁾	447.0
Based on Adjusted Purchase Consideration	9.2	12.4⁽⁷⁾	10.4⁽⁸⁾	2.3⁽⁹⁾	2.3⁽⁹⁾	128.0

Source: The latest annual reports, the announced unaudited financial statements of the respective companies, and S&P Capital IQ.

Notes:

- (1) The LTM EV/EBITDA for the Selected Comparable Companies is based on the most recent twelve months EBITDA as reported by the respective companies. The EBITDA for Colex is based on the financial year ended 31 December 2020. The EBITDA for Ecowise is based on the last twelve months ended 30 April 2021. The EBITDA for Reclaims Global is based on the financial year ended 31 January 2021. The EBITDA for Metech, Bingo Industries and Cleanaway Waste are based on the last twelve months ended 31 December 2020. The EBITDA for Daiseki is based on the financial year ended 28 February 2021. The EBITDA for Kaname Kogyo and Shanghai Environmental are based on the last twelve months ended 31 March 2021.
- (2) The LTM PERs for the Selected Comparable Companies are based on the most recent twelve months earnings after tax attributable to shareholders as reported by the respective companies. The earnings after tax for Colex is based on the financial year ended 31 December 2020. The earnings after tax for Ecowise is based on the last twelve months ended 30 April 2021. The earnings after tax for Reclaims Global is based on the financial year ended 31 January 2021. The earnings after tax for Metech, Bingo Industries and Cleanaway Waste are based on the last twelve months ended 31 December 2020. The earnings after tax for Daiseki is based on the financial year ended 28 February 2021. The earnings after tax for Kaname Kogyo and Shanghai Environmental are based on the last twelve months ended 31 March 2021.
- (3) The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements. The NAV for Colex is based on the financial year ended 31 December 2020. The NAV for Ecowise is based on the last twelve months ended 30 April 2021. The NAV for Reclaims Global is based on the financial year ended 31 January 2021. The NAV for Metech, Bingo Industries and Cleanaway Waste are based on the last twelve months ended 31 December 2020. The NAV for Daiseki is based on the financial year ended 28 February 2021. The NAV for Kaname Kogyo and Shanghai Environmental are based on the last twelve months ended 31 March 2021.
- (4) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements. The NTA for Colex is based on the financial year ended 31 December 2020. The NTA for Ecowise is based on the last twelve months ended 30 April 2021. The NTA for Reclaims Global is based on the financial year ended 31 January 2021. The NTA for Metech, Bingo Industries and Cleanaway Waste are based on the last twelve months ended 31 December 2020. The NTA for Daiseki is based on the financial year ended 28 February 2021. The NTA for Kaname Kogyo and Shanghai Environmental are based on the last twelve months ended 31 March 2021.

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- (5) *Figures were obtained from S&P Capital IQ.*
- (6) *Metech registered a negative EBITDA and loss after tax for LTM ended 31 December 2020. Hence, Metech's LTM EV/EBITDA and LTM PER are negative and not meaningful.*
- (7) *Based on the Target Company's EBITDA for TFY2020 adjusted with the one-off RTO expenses of approximately S\$130.6 thousands ("**Adjusted EBITDA**").*
- (8) *Based on the Target Company's Adjusted Earnings.*
- (9) *Based on the Target Company's Adjusted NAV and/or NTA.*

For illustrative purposes only, we note:

- (i) The market capitalisation of the Target Company (as implied by the Purchase Consideration and the Adjusted Purchase Consideration) is within the range for the Selected Comparable Companies, but lower than both the median and the simple average for the Selected Comparable Companies. The market capitalisation of the Selected Comparable Companies (save for Metech) are higher than the market capitalisation of the Target Company (as implied by the Purchase Consideration and the Adjusted Purchase Consideration). We note that the trading statistics for companies with higher capitalisation may be different than those with lower market capitalisation and this may be attributable to relative liquidity in terms of number or value of shares traded as well as relative interest in shares of companies with larger market capitalisations. Whilst the Target Company is an unlisted company, and shares of unlisted companies usually trade a discount, the Proposed Acquisition of the Target Company will result in a RTO, with a requirement to comply with the Catalist Rules, *inter alia*, Rule 406 those pertaining to Catalist admissions. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Target Company as at the Latest Practicable Date.
- (ii) The valuation of the Target Company in terms of LTM EV/EBITDA as implied by the Purchase Consideration and the Adjusted EBITDA is within the range, but higher than the median and the simple average for the Selected Comparable Companies. Likewise, the valuation of the Target Company in terms of LTM EV/EBITDA as implied by the Adjusted Purchase Consideration and the Adjusted EBITDA is higher than the median and the simple average for the Selected Comparable Companies, but it is still within the range. The Target Company's high LTM EV/EBITDA is due to its high borrowings and in particular, it has recorded approximately S\$8.5 million of borrowings and lease liabilities as at 31 December 2020 for the Tuas Facility which has only commenced operations in May 2021 and has not attributed to the Target Company's EBITDA. For illustrative purpose only, in the event (a) the borrowings and lease liabilities in relation to the Tuas Facility is excluded from the computation of EV; and (b) carrying net asset value of the Tuas Facility as at 31 December 2020 of approximately S\$4.0 million is subtracted from the Adjusted Purchase Consideration (assuming the carrying net asset value of the Tuas Facility as at 31 December 2020 represents the fair value or market value of the Tuas Facility after considering the relevant liabilities as confirmed by the Target Company's Directors and in the absence of valuation for the Tuas Facility), the valuation of the Target Company in terms of LTM EV/EBITDA would be approximately 5.8 times (based on the Adjusted Purchase Consideration and the Adjusted EBITDA). This is within the range and lower than the median and the simple average for the Selected Comparable Companies.
- (iii) The valuation of the Target Company in terms of LTM PER (as implied by the Purchase Consideration and/or the Adjusted Purchase Consideration and based on the Adjusted Earnings) are within the range and lower than both the median and the simple average for the Selected Comparable Companies. For illustrative purpose only, in the event the carrying net asset value of the Tuas Facility as at 31 December 2020 of approximately S\$4.0 million is subtracted from the Adjusted Purchase Consideration (assuming the carrying net asset value of the Tuas Facility as at 31 December 2020 represents the fair value or market value of the Tuas Facility after

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considering the relevant liabilities as confirmed by the Target Company's Directors and in the absence of valuation for the Tuas Facility), the valuation of the Target Company in terms of LTM PER would be approximately 5.9 times (based on the Adjusted Purchase Consideration and the Adjusted Earnings). This is lower than any of the Selected Comparable Companies (save for Metech which was loss-making).

- (iv) In terms of P/NAV ratio, the valuation of the Target Company (as implied by the Purchase Consideration and based on the Adjusted NAV) is higher than any of the Selected Comparable Companies. In terms of P/NAV ratio, the valuation of the Target Company (as implied by the Adjusted Purchase Consideration and based on the Adjusted NAV) is higher than the simple average and the median, but still within the range of the Selected Comparable Companies. For illustrative purpose only, in the event the carrying net asset value of the Tuas Facility as at 31 December 2020 of approximately S\$4.0 million is subtracted from the Adjusted Purchase Consideration (assuming the carrying net asset value of the Tuas Facility as at 31 December 2020 represents the fair value or market value of the Tuas Facility after considering the relevant liabilities as confirmed by the Target Company's Directors and in the absence of valuation for the Tuas Facility), the valuation of the Target Company in terms of P/NAV would be approximately 1.3 times (based on the Adjusted Purchase Consideration and the Adjusted NAV) and this is lower than both the median and the simple average, but still within the range of the Selected Comparable Companies.
- (v) In terms of P/NTA ratio, the valuation of the Target Company as implied by the Purchase Consideration and based on the Adjusted NTA is higher than the median but lower than the simple average for the Selected Comparable Companies and it is still within the range of the Selected Comparable Companies. The valuation of the Target Company in terms of P/NTA ratio as implied by the Adjusted Purchase Consideration and based on the Adjusted NTA is within the range, lower than both the median and the simple average for the Selected Comparable Companies. For illustrative purpose only, in the event the carrying net asset value of the Tuas Facility as at 31 December 2020 of approximately S\$4.0 million is subtracted from the Adjusted Purchase Consideration (assuming the carrying net asset value of the Tuas Facility as at 31 December 2020 represents the fair value or market value of the Tuas Facility after considering the relevant liabilities as confirmed by the Target Company's Directors and in the absence of valuation for the Tuas Facility), the valuation of the Target Company in terms of P/NTA would be approximately 1.3 times (based on the Adjusted Purchase Consideration and the Adjusted NTA) and this is within the range and lower than the median and the simple average for the Selected Comparable Companies.

The comparison of the valuation ratios between the Target Company and the Selected Comparable Companies should be assessed in conjunction with: (a) the relatively stronger financial performance (in terms of ROE, LTM net profit margin, and LTM asset turnover in the event the total assets relating to the Tuas Facility are excluded) but weaker financial position of the Target Company *vis a vis* the Selected Comparable Companies (in terms of the ratios for total liabilities to shareholders' equity and total borrowings to shareholders' equity); (b) the underlying transaction, being the Proposed Acquisition, involves acquisition of "control" of the Target Company whilst the valuation statistic for the Selected Comparable Companies are based on transactions that do not result in acquisition of control; (c) the Target Company is not listed; (d) the valuation multiples above for the Target Company have not taken into account the future earnings potential of the Tuas Facility which has only commenced operations in May 2021; and (e) in particular for the LTM EV/EBITDA multiple, the Target Company's high LTM EV/EBITDA is due to its high borrowings and in particular, it has recorded approximately S\$8.5 million of borrowings as at 31 December 2020 for the Tuas Facility which has only commenced operations in May 2021 and has not attributed to the Target Company's EBITDA. Whilst it is generally accepted that the value for quoted shares are generally higher than those for unquoted shares in view of the listed status, improved liquidity, disclosure, corporate governance requirements as well as rules of the relevant exchange that has to be complied with for listing, we note that the Proposed Acquisition will result in a reverse takeover of the Company and that the enlarged group is required to meet the requirements for, *inter alia*, Catalist admissions. Accordingly on balance, the valuation of the Target

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Company (as implied by the Purchase Consideration and the Adjusted Purchase Consideration) appears to be fair.

We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each Selected Comparable Companies including, *inter alia*, factors such as depreciation policies. As such, the comparison of the NAV and NTA of the Target Company with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, the financial performance may differ.

Unaffected Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

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6 OTHER CONSIDERATIONS

6.1 Financial effects of the Proposed Transactions

The audited pro forma financial effects of the Proposed Transactions (including the Proposed Acquisition), and the underlying assumptions are set out in Section 3 of the Circular. We recommend that the Unaffected Directors advise the Independent Shareholders to read those pages of the Circular carefully.

For illustrative purpose only, we note from Section 3 of the Circular that loss for the Group would reduce from approximately 0.16 S\$ cent per Share for FY2021 and before the Proposed Transactions to approximately 0.06 S\$ cent per Share or 2.27 S\$ cent per Consolidated Share after the Proposed Transactions. However, the Group's NTA would decline from approximately 0.45 S\$ cent per Share as at 31 March 2021 and before the Proposed Transactions to approximately 0.13 S\$ cent per Share or 5.15 S\$ cent per Consolidated Share after the Proposed Transactions. Lastly, the net gearing ratio of the Group would increase from approximately 46.6% as at 31 March 2021 and before the Proposed Transactions to approximately 86.6% after the Proposed Transactions.

We also wish to highlight that whilst the Proposed Transactions will lead to a lower NTA per Share (on pre-consolidation basis) and higher gearing ratio, they will result in an improvement in the Group's loss per Share (on pre-consolidation basis). As stated in the Circular, upon completion of the Proposed Acquisition, the Company will cease to be a cash company (as defined in the Catalyst Rules) and would be able to continue to remain listed on the Official List of the SGX-ST, instead of facing the possibility of being delisted.

6.2 Financing requirements of the Enlarged Group

As set out in the Section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position of the Target Company – Capital Expenditure and Divestments and Commitments" of the Circular, the Target Company had incurred total capital expenditure of approximately S\$4.0 million for the acquisition of the Kian Teck Facility in TFY2018, and had incurred total capital expenditure of approximately S\$4.1 million for the construction of the Tuas Facility during TFY2018 to TFY2020. The Target Company had incurred capital expenditures of approximately S\$13.3 million during TFY2018 to the Latest Practicable Date. The above capital expenditures were primarily financed by a combination of internally generated resources and loans and borrowings. Further, the amount of capital expenditure contracted but not provided for as at the Latest Practicable Date is S\$345.7 thousands which relates to the balance of the capital expenditure that the Target Company has committed for the purchase of plant and machinery for the Tuas Facility. The Target Company expects to finance these capital commitments by loans and borrowings and/or internally generated resources. Please refer to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position of the Target Company – Capital Expenditure and Divestments and Commitments" of the Circular for further details on the capital expenditure incurred by the Target Company for TFY2018 to the Latest Practicable Date, as well as its outstanding capital commitments.

It is noted from the Circular that as the Target Company is expanding its operations which may entail, amongst others, future purchases of fixed assets such as motor vehicles and specialised machineries, a sufficient level of funding may be required to finance the Target Company's expansion plans as and when required. Notwithstanding that the Target Company's operating cash flows and financing activities have in the past been sufficient to meet and/or service its debt repayment obligations, there is no assurance that it will be able to continue to do so in the future. In the event that the Target Company is unable to meet its debt repayment obligations, it may face the risk of foreclosure of its material assets such as the waste management facilities which have been mortgaged or pledged to the various banks and financial institutions to secure such credit facilities. For illustration, the Kian Teck Facility has been mortgaged to DBS Bank Ltd. whilst the Tuas Facility has been mortgaged to United Overseas Bank Limited, as security for the banking facilities provided to the Target Company by the foregoing banks. In addition, certain of the Target Company's motor vehicles and equipment are subject to hire purchase.

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Please refer to Section 7.8 entitled “Properties and Fixed Assets” of the Circular for further details on the foregoing.

Further, in the event that the Target Company is not able to obtain financing on terms that are favourable, or at all, and with low interest rates, this will have an adverse effect on the Target Company’s business, financial position, results of its operations and prospects.

We note from the Circular that the Target Company’s Directors have considered the following:

- (i) Save for the negative working capital position of approximately S\$0.86 million as at 31 December 2019, the Target Company was in positive working capital positions of approximately S\$0.06 million and approximately S\$0.53 million as at 31 December 2018 and 31 December 2020 respectively;
- (ii) The Target Company had recorded a positive equity position of approximately S\$2.06 million, S\$3.14 million and S\$3.91 million as at 31 December 2018, 2019 and 2020 respectively;
- (iii) The Target Company had recorded net profit of approximately S\$0.51 million, S\$1.14 million and S\$0.77 million in TFY2018, TFY2019 and TFY2020 respectively;
- (iv) The implications of the COVID-19 pandemic and the cessation of relevant government grants on the Target Company’s business performance;
- (v) The Target Company’s capital commitments of approximately S\$0.35 million as at the Latest Practicable Date;
- (vi) The Target Company generated positive cash flows from operating activities of approximately S\$1.19 million, S\$1.45 million and S\$2.24 million in TFY2018, TFY2019 and TFY2020 respectively;
- (vii) The Target Company had cash and bank balances of approximately S\$1.48 million and S\$0.93 million as at 31 December 2020 and the Latest Practicable Date respectively; and
- (viii) The Target Company has unutilised credit facilities of up to approximately S\$2.69 million from various banks and financial institutions as at the Latest Practicable Date. For more details, please refer to Section 9.8 entitled “Capitalisation and Indebtedness – Credit Facilities” of the Circular.

For the avoidance of doubt, the outstanding investment amount of approximately of S\$0.4 million under the Minimum Plant and Machinery Investment Criteria (as defined in the Circular) will be met by the earmarked sum of the same amount from the net proceeds of the Disposal of Lok Yang Property, which has been set aside solely for the purposes of fulfilling the Minimum Plant and Machinery Investment Criteria. Accordingly, the investment amount has been considered by the Target Company’s directors and has been specifically excluded in the assessment of working capital sufficiency.

Taking into account the above, the Proposed Directors are of the reasonable opinion that, after having made due and careful enquiry, the working capital available to the Target Company as at the date of lodgement of the Circular is sufficient for the Target Company’s present working capital requirements and for at least 12 months after the completion of the Proposed Acquisition.

6.3 The Proposed Whitewash Resolution is a condition precedent to the Proposed Acquisition and inter-conditionality of Key Resolutions

As set out in the Circular, approval of the Proposed Whitewash Resolution by the Independent Shareholder is a condition precedent to Completion pursuant to the SPA. If Shareholders’ approval of the Proposed Whitewash Resolution is not obtained, the Proposed Acquisition will not proceed. In

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addition, we note that the ordinary resolutions in connection with, *inter alia*, the Proposed Acquisition, the proposed issuance and allotment of the Consideration Shares, the proposed issuance and allotment of 66,666,667 PPCF Shares (on a pre-consolidation basis), the Proposed Share Consolidation, the Proposed Whitewash Resolution, the proposed appointment of the Mohamed Gani Mohamed Ansari and the proposed change of the Company's name (collectively, the "**Key Resolutions**") are inter-conditional on each other. Accordingly, if any of the Key Resolutions is not passed, the other Key Resolutions would not be passed.

6.4 Failed Acquisition

The Company had on 22 November 2018 entered into a conditional sale and purchase agreement ("SPA") with Delphinium Capital PLC ("**Delphinium**") and oCap Management Pte. Ltd. ("**OCAP**") in respect of the proposed acquisition by the Company of 100% of the issued share capital of OCAP from Delphinium, for a purchase consideration of S\$61,815,400, to be fully satisfied through the allotment and issuance of 5,151,283,333 new ordinary shares of the Company to the Vendor at an issue price of S\$0.012 per consideration Share. If the proposed acquisition were to be successfully undertaken, it will result in a reverse takeover of the Company. The Company was exploring ways to diversify from its loss-making printed circuit board business.

Subsequently on 30 May 2019, the Company, Delphinium and OCAP entered into a deed of termination, pursuant to which the SPA entered into on 22 November 2018 will be terminated.

6.5 No Alternative Investment or Acquisition Opportunity

As at the Latest Practicable Date, the Directors have confirmed that they are not aware of any alternative investment or acquisition opportunity available to the Company, which is comparable in nature, size and scope to the Proposed Acquisition. It is noted from Section 6 of the Circular that the existing Board is of the view that the Proposed Acquisition, if completed by the Company, will, *inter alia*, provide the Company with an opportunity to participate in the waste management industry through the acquisition of an operating business with a profitable track record and good growth potential, thereby allowing the Group to achieve a consistent and sustainable operational and financial growth. In addition, the Board believes that the Proposed Acquisition should enable the Company to enhance shareholder value by generating renewed investor interest in the Shares and ultimately, create the potential to significantly increase the value of the Company with a wider investor base.

As indicated in the Company's previous announcement dated 14 November 2019, following the termination of the SPA the Group had ceased operations in the printed circuit board business and has been in the midst of searching for a new viable business. As announced by the Company on 2 April 2020, the Company was deemed a cash company under Rule 1017 of the Catalist Rules with effect from 2 April 2020.

Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may apply to the SGX-ST for a maximum 6-month extension to the said 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the said 6-month extension period.

As announced by the Company on 16 February 2021, the Company has, on the date of the announcement, submitted an application to the SGX-ST for an extension of time under Catalist Rule 1017(2) of six (6) months from 1 April 2021 (being the original deadline for the Company to meet the requirements for a new listing) until 30 September 2021 to allow the Company to complete the Proposed Acquisition and meet the requirements for a new listing (the "**Cash Company EOT**"). The Cash Company EOT was sought for the following reasons:

- (i) the Vendors and the Company had on 29 September 2020 entered into the SPA, being the binding definitive agreement in respect of the Proposed Acquisition. There is, (a) in relation to the

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Whitewash Waiver, less than 5 months between 29 September 2020 and the corresponding deadline of 17 February 2021, and (b) in relation to the cash company requirements under Catalist Rule 1017, only approximately 6 months between 29 September 2020 and the corresponding deadline of 1 April 2021, for the Vendors and the Company to meet all the necessary conditions precedent as set out in the SPA in order for the Proposed Acquisition to be completed. These conditions precedent comprise the satisfactory completion of the relevant pre-listing due diligence on the Target Company (including the audit of historical financials), the approval-in-principle of the SGX-ST having been granted for the Proposed Acquisition, and the approval of Shareholders having been obtained for the Proposed Acquisition in an extraordinary general meeting to be convened. The due diligence exercise in relation to the Proposed Acquisition had commenced upon the signing of the SPA. Based on observed market precedents, the typical timeframe for reverse takeover transactions typically span more than 6 months from the time when the sale and purchase agreements were signed to completion. Accordingly, the time extension sought would provide a more practicable timeframe for the parties to execute and complete the Proposed Acquisition;

- (ii) the Vendors and the Company have appointed the key professionals in connection to the Proposed Acquisition (“**Appointed Professionals**”), and due diligence by the Appointed Professionals on the Target Company is presently in progress despite delays brought about by the gradual resumption of normal business dealings under Phases 2 and 3 of the Covid-19 re-opening. The time extension sought will allow the Appointed Professionals more time to complete their on-going necessary due diligence work;
- (iii) upon completion of the Proposed Acquisition, the Company will cease to be a cash company (as defined in the Catalist Rules) and would be able to continue to remain listed on the Official List of the SGX-ST, instead of facing the possibility of being delisted. Accordingly, Shareholders can look forward to participating in the waste management industry through the acquisition of an operating business with a profitable track record and good growth potential, thereby allowing the Enlarged Group to achieve a consistent and sustainable operational and financial growth;
- (iv) the Proposed Acquisition would enable the Company to enhance shareholder value by generating renewed investor interest in the shares and ultimately, create the potential to significantly increase the value of the Company with a wider investor base. Accordingly, the Board is of the view that the Proposed Acquisition is likely to enhance the long-term interests of the Company and its Shareholders; and
- (v) subject to the satisfactory completion of due diligence by the Appointed Professionals, the Board believes that the Target Company can satisfy the SGX-ST’s requirements for a new listing on the Catalist.

The SGX-ST had, on 16 March 2021, informed that it has no objections to the Company’s application for the Cash Company EOT for an extension of time to 30 September 2021 with regard to compliance with Rule 1017(2) of the Catalist Rules, subject to the fulfilment of the following conditions:

- (i) the Company announcing the waiver granted, the reasons for seeking the waiver, the conditions as required under Rule 106 of the Catalist Rules and if the waiver conditions have been satisfied. If the waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
- (ii) the Company making regular updates via SGXNET on its progress in meeting key milestones of the Proposed Acquisition to the SGX-ST and investors.

The Company had made the necessary announcement pursuant to condition (i) above on 16 March 2021, and will make subsequent SGXNET announcements to update Shareholders when there are material updates as may be necessary or appropriate pursuant to condition (ii) above.

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Please refer to the Company's SGXNET announcements dated 16 February 2021 and 16 March 2021 for further details on the foregoing.

Shareholders should note that there is no certainty that further extension of time to meet the requirements for a new listing will be granted in the event that the Proposed Acquisition is not completed. Accordingly, it is in the interest of the Company and its Shareholders to complete the Proposed Acquisition.

6.6 Risk Factors

While we have, in the course of our evaluation, assessed the financial terms of the Proposed Acquisition and considered the transactions from the perspective of whether such terms are fair and reasonable, we have not examined the underlying business and financial risks associated with the Proposed Acquisition as well as the business prospects of the Target Company or the Enlarged Group following the completion of the Proposed Acquisition, which shall be responsibility of the Proposed Directors.

The risk factors in connection with the Proposed Acquisition are set out in Section 12 of the Circular. Should any of the considerations and uncertainties highlighted in the aforementioned risk factors develop in actual event, the business, financial condition or results of the operations of the Company, the Target Company or the Enlarged group could be materially adversely affected.

6.7 No assurance of profitability or prices for the Shares

Unaffected Directors should note that no profit warranty has been provided by any party with respect for the future performance of the Target Company or the Enlarged Group in connection with the Proposed Acquisition. Thus, there can be no assurance that the Target Company or the Enlarged Group will be able to maintain or improve its profitability or profit after tax.

We recommend that the Unaffected Directors advise the Independent Shareholder to read the Section 11 of the Circular entitled "Prospects, Business Strategies and Future Plans".

Unaffected Directors should also note there is no assurance that the steps taken or to be taken by the Enlarged Group subsequent to the Proposed Acquisition to improve the profitability of the Enlarged Group and to improve Shareholders' value will be successful or would result in the Shares being traded at prices higher than the Issue Price for the Consideration Shares.

6.8 Material Litigation

As disclosed in Section 20 of the Circular, the Enlarged Group has not, as at the Latest Practicable Date, engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated, which may have or have had in the 12 months before the date of the Circular, a material effect on its financial position or profitability, and the Directors, the Proposed Directors and the Target Company's Directors have no knowledge of any proceedings pending or threatened against the Enlarged Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of the Enlarged Group.

6.9 Proposed Consolidation

As disclosed in Section 23 of the Circular, the Company proposes to undertake the Proposed Share Consolidation. We would like to highlight that Independent Shareholders' holdings in Shares would be reduced proportionally and that the Proposed Share Consolidation might result in shareholdings being in odd lots.

As an illustration, if a Shareholder has 4,000 Shares as at the Consolidation Record Date, following the Proposed Share Consolidation and rounding down to the nearest whole Consolidated Share and

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disregarding any fractions of Consolidated Shares arising from the Proposed Share Consolidation, the Shareholder will be entitled to 100 Consolidated Shares.

Shareholders who hold less than 40 existing Shares as at the Record Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional existing Shares so as to increase the number of existing Shares held to a multiple of forty 40 existing Shares prior to the Consolidated Record Date.

Shareholders should note if Shareholders' approval for the Proposed Share Consolidation is not obtained, the resolutions pertaining to the Proposed Acquisition and the other Key Resolutions will not be passed. Please refer to Section 6.3 of the IFA letter and Section 2.12 of the Circular for more information.

6.10 Dilution Impact

It is important to note that pursuant to the Proposed Transactions (including the Proposed Acquisition), the shareholdings of existing Independent Shareholders will be diluted significantly. In evaluating the dilution impact of the Proposed Transactions (including the Proposed Acquisition) on the existing Independent Shareholders, we have considered the following:-

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	As at the Latest Practicable Date				After the Proposed Acquisition and the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares, but before the Proposed Share Consolidation				After the Proposed Acquisition, the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares, and the Proposed Share Consolidation			
	Direct		Deemed		Direct		Deemed		Direct		Deemed	
	Number	% ⁽¹⁾	Number	% ⁽¹⁾	Number	% ⁽²⁾	Number	% ⁽²⁾	Number	% ⁽³⁾	Number	% ⁽³⁾
Directors												
Choo Tung Kheng	247,012,315	20.09	1,200 ⁽⁴⁾	0.00	247,012,315	5.47	1,200 ⁽⁴⁾	0.00	6,175,307	5.47	30 ⁽⁴⁾	0.00
Proposed Directors												
Mohamed Gani	—	—	—	—	—	—	2,216,666,667 ⁽⁵⁾	49.12	—	—	55,416,666 ⁽⁵⁾	49.12
Mohamed Ansari	—	—	—	—	—	—	—	—	—	—	—	—
Sukhvinder Singh Chopra	—	—	—	—	—	—	—	—	—	—	—	—
Directors & Proposed Directors												
Ong Kian Soon	10,534,000	0.86	—	—	10,534,000	0.23	—	—	263,350	0.23	—	—
Lee Teong Sang	—	—	—	—	—	—	—	—	—	—	—	—
Tito Shane Isaac	—	—	—	—	—	—	—	—	—	—	—	—
Substantial Shareholder(s)												
Shitthi Nabesathul Bathuria D/O Abdul Hamid	—	—	—	—	2,216,666,667	49.12	—	—	55,416,666	49.12	—	—
Sivakumar Martin S/O Sivanesan	—	—	—	—	633,333,333	14.03	—	—	15,833,333	14.03	—	—
Perumal S/O Gopal	—	—	—	—	316,666,667	7.02	—	—	7,916,666	7.02	—	—
Other Shareholder												
Associates of Choo Tung Kheng ⁽⁴⁾	12,001,200	0.98	—	—	12,001,200	0.27	—	—	300,030	0.27	—	—
Introducer ⁽⁶⁾	—	—	—	—	50,000,000	1.11	—	—	1,250,000	1.11	—	—
PPCF ⁽⁷⁾	—	—	—	—	66,666,667	1.48	—	—	1,666,666	1.48	—	—
Other existing public Shareholders	959,678,609	78.07	—	—	959,678,609	21.27	—	—	23,991,965	21.27	—	—
Total	1,229,226,124	100.00	—	—	4,512,559,458	100.00	—	—	112,813,983	100.00	—	—

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Notes:

- (1) *This is based on the total issued Share capital of the Company as at the Latest Practicable Date of 1,229,226,124 Shares.*
- (2) *This is based on the total issued Share capital of the Company after the Proposed Acquisition and the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares, but before the Proposed Share Consolidation of 4,512,559,458 Shares.*
- (3) *This is based on the total issued Share capital of the Company after the Proposed Acquisition, the proposed issuance of the Consideration Shares, Introducer Shares and PPCF Shares, and the Proposed Share Consolidation of 112,813,983 Consolidated Shares.*
- (4) *Associates of Choo Tung Kheng include her spouse, the late Mr. Tan Ming and her children, namely Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei who collectively hold 12,001,200 Shares. Choo Tung Kheng is deemed interested in the 1,200 Shares held by her spouse, the late Mr. Tan Ming.*
- (5) *Mohamed Gani Mohamed Ansari is deemed interested in Shares held by his spouse, Shitthi Nabesathul Bathuria D/O Abdul Hamid.*
- (6) *As payment of the Introducer Fee, the Company shall allot and issue 50,000,000 Introducer Shares at the Issue Price to the Introducer. After the completion of the Proposed Share Consolidation, the Introducer shall hold 1,250,000 Consolidated Shares, representing approximately 1.11% of the Enlarged Share Capital of 112,813,983 Consolidated Shares on Completion.*
- (7) *As part of PPCF's management fees as the Financial Adviser and Sponsor to the Company, the Company shall allot and issue 66,666,667 Shares (on a pre-consolidation basis) at the Issue Price to PPCF. After the completion of the Proposed Share Consolidation, PPCF shall hold 1,666,666 Consolidated Shares, representing approximately 1.48% of the Enlarged Share Capital of 112,813,983 Consolidated Shares on Completion.*

Based on the above illustration, we note that following issuance of the Consideration Shares pursuant to the Proposed Acquisition, issuance of the Introducer Shares and PPCF Shares and after the Proposed Share Consolidation, the number of Shares in issue will reduce from 1,229,226,124 Shares to 112,813,983 Consolidated Shares.

The Vendors' shareholding will increase from nil to approximately 70.17%. In addition, we note that the shareholdings of the other existing public Shareholders as tabulated above will decrease from approximately 78.07% (before the issuance of the Consideration Shares pursuant to the Proposed Acquisition, allotment and issuance of the Introducer Shares and PPCF Shares, and the Proposed Share Consolidation) to approximately 21.27% (after the issuance of the Consideration Shares pursuant to the Proposed Acquisition, allotment and issuance of the Introducer Shares and PPCF Shares, and the Proposed Share Consolidation). As such, the other existing public Shareholders' ability to influence the outcome of any resolutions tabled in a general meeting will be significantly reduced after the issuance of the Consideration Shares.

Independent Shareholders are advised to read Section 2.12 of the Circular carefully on the inter-conditional nature of the various resolutions for the EGM.

6.11 Implications of the Vendors' controlling interest in the Company

Shareholders should note that after completion of the Proposed Transactions (including the Proposed Acquisition) and issuance of the Consideration Shares, the shareholding of the Vendors in the Company will increase beyond 50%. In such event, the Vendors will be in a position to exercise statutory control of the Company and will be able to pass all ordinary resolutions on matters in which the Vendors do not have an interest in and which are tabled for Shareholders' approval at general meetings to be convened. As such, their influence or voting rights in the Company can affect the outcome of any resolutions or corporate actions that the Company may contemplate after the Proposed Transactions (including the Proposed Acquisition), which may require the approval of Shareholders. Independent Shareholders' ability to influence the outcome of resolutions will be significantly reduced after the Proposed Transactions (including the Proposed Acquisition).

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6.12 Allotment and Issue of the Introducer Shares and PPCF Shares

As disclosed in Section 2.3 and 2.4 of the Circular, the Company shall allot and issue 50,000,000 Introducer Shares (on a pre-consolidation basis) to the Introducer, representing approximately 1.11% of the Enlarged Share Capital of 112,813,983 Shares, at the Issue Price for each Share on Completion as payment of the Introducer Fee. The Company shall also allot and issue 66,666,667 PPCF Shares (on a pre-consolidation basis) to PPCF, representing approximately 1.48% of the Enlarged Share Capital of 112,813,983 Shares, at the Issue Price for each Share on Completion in partial payment of PPCF's management fees as the Financial Adviser and Sponsor to the Company.

6.13 Moratorium Undertakings

The information regarding moratorium undertakings in connection with the Proposed Acquisition are set out in Section 13.6 of the Circular, which have been extracted from the Circular and are set out in italics below. We recommend that the Unaffected Directors advise the Independent Shareholders to read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

“13.6 Moratorium

Rule 1015(3)(b) of the Catalist Rules provides that moratorium requirements specified in Rules 420, 421 and 422 are applicable to the following persons:

- (a) persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition; and*
- (b) associates of any person in (a).*

In compliance of the moratorium requirements or the terms of the SPA, and to demonstrate their commitment to the Enlarged Group, the following persons have provided undertakings in favour of the Company and the Sponsor as set out below:

The Vendors

Shitthi Nabesathul Bathuria D/O Abdul Hamid

Upon Completion, Shitthi Nabesathul Bathuria D/O Abdul Hamid will hold 55,416,666 Consolidated Shares, representing approximately 49.12% of the Enlarged Share Capital of 112,813,983 Shares. Accordingly, Shitthi Nabesathul Bathuria D/O Abdul Hamid will become a Controlling Shareholder of the Company following Completion.

Pursuant to Rule 1015(3)(b) of the Catalist Rules and the terms of the SPA (as amended and supplemented by a side letter dated 23 June 2021 and the Supplemental SPA dated 23 June 2021), Shitthi Nabesathul Bathuria D/O Abdul Hamid has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of her shareholding interests in the Consideration Shares, to be allotted or issued to her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for a period of six (6) months commencing from the date of listing and quotation of the Consideration Shares on the Catalist of the SGX-ST (hereinafter to be referred to as the “Initial Moratorium Period”); and*
- (ii) more than 50.0% of her entire shareholding interests in the Company (adjusted for any*

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bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.

After the completion of the aforesaid moratorium period, she may dispose of her shareholding interests in the Company at her own discretion.

Sivakumar Martin S/O Sivanesan

Upon Completion, Sivakumar Martin S/O Sivanesan will hold 15,833,333 Consolidated Shares, representing approximately 14.03% of the Enlarged Share Capital of 112,813,983 Shares. Accordingly, Sivakumar Martin S/O Sivanesan will become a Substantial Shareholder of the Company following Completion.

Pursuant to the terms of the SPA (as amended and supplemented by a side letter dated 23 June 2021 and the Supplemental SPA dated 23 June 2021), Sivakumar Martin S/O Sivanesan has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of his shareholding interests in the Consideration Shares, to be allotted or issued to him upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and*
- (ii) more than 50.0% of his entire shareholding interests in the Company (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.*

After the completion of the aforesaid moratorium period, he may dispose of his shareholding interests in the Company at his own discretion.

Perumal S/O Gopal

Upon Completion, Perumal S/O Gopal will hold 7,916,666 Consolidated Shares, representing approximately 7.02% of the Enlarged Share Capital of 112,813,983 Shares. Accordingly, Perumal S/O Gopal will become a Substantial Shareholder of the Company following the Completion.

Pursuant to the terms of the SPA (as amended and supplemented by a side letter dated 23 June 2021 and the Supplemental SPA dated 23 June 2021), Perumal S/O Gopal has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of his shareholding interests in the Consideration Shares, to be allotted or issued to him upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and*
- (ii) more than 50.0% of his entire shareholding interests in the Company (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.*

After the completion of the aforesaid moratorium period, he may dispose of his shareholding interests in the Company at his own discretion.

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Choo Tung Kheng and her associates

Choo Tung Kheng

As at the Latest Practicable Date, Choo Tung Kheng is the Managing Director of the Company, and she also holds 247,012,315 Shares, representing approximately 20.09% of the existing issued share capital of the Company of 1,229,226,124 Shares. Choo Tung Kheng is also deemed interested in the 1,200 Shares held by her spouse, the late Mr Tan Ming. Accordingly, Choo Tung Kheng is an existing Controlling Shareholder of the Company.

Upon issuance of the Consideration Shares, PPCF Shares and Introducer Shares, but prior to the Proposed Share Consolidation, Choo Tung Kheng will continue to hold 247,012,315 Shares, representing approximately 5.47% of the enlarged share capital of the Company. After the Proposed Share Consolidation, Choo Tung Kheng will hold 6,175,307 Consolidated Shares, representing approximately 5.47% of the Enlarged Share Capital of 112,813,983 Shares. Accordingly, following the Completion, Choo Tung Kheng will cease to be a Controlling Shareholder of the Company, though she will continue to be a Substantial Shareholder of the Company.

Choo Tung Kheng has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of her shareholding interests in the Consolidated Shares to be held by her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and*
- (ii) more than 50.0% of her shareholding interests in the Consolidated Shares to be held by her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.*

After the completion of the aforesaid moratorium period, Choo Tung Kheng may dispose of her shareholding interests in the Company at her own discretion.

Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei

Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei, all of whom are above 21 years of age, are the children of Choo Tung Kheng and are therefore, they are deemed as associates of Choo Tung Kheng as defined in the Catalist Rules. As at the Latest Practicable Date, Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei collectively hold 12,000,000 Shares, representing approximately 0.98% of the existing issued share capital of the Company of 1,229,226,124 Shares. Upon Completion, Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei will collectively hold 300,000 Consolidated Shares, representing approximately 0.27% of the Enlarged Share Capital of 112,813,983 Shares.

Each of Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) all or any part of his/her shareholding interests in the Consolidated Shares to be held by him/her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and*

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- (ii) *more than 50.0% of his/her shareholding interests in the Consolidated Shares to be held by him/her upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.*

After the completion of the aforesaid moratorium period, each of Tan Yeat Cheong, Tan Yeat Chia, Tan Yeat Chun and Tan Yeat Bei may dispose of his/her shareholding interests in the Company at his/her own discretion.

Estate of Tan Ming

As at the Latest Practicable Date, the estate of Tan Ming holds 1,200 Shares. Upon issuance of the Consideration Shares, PPCF Shares and Introducer Shares, but prior to the Proposed Share Consolidation, the estate of Tan Ming will continue to hold 1,200 Shares. After the Proposed Share Consolidation, the estate of Tan Ming will hold 30 Consolidated Shares.

The estate of Tan Ming has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of:

- (i) *all or any part of its shareholding interests in the Consolidated Shares to be held by it upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for the Initial Moratorium Period; and*
- (ii) *more than 50.0% of its shareholding interests in the Consolidated Shares to be held by it upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation) for the subsequent six (6) months after the expiry of the Initial Moratorium Period.*

After the completion of the aforesaid moratorium period, the estate of Tan Ming may dispose of its shareholding interests in the Company at its own discretion.

Other Voluntary Moratorium

To demonstrate their commitment to the Enlarged Group, the following person has provided undertakings in favour of the Company as set out below:

PPCF

As part of PPCF's management fees as the Financial Adviser and Sponsor to the Company, the Company shall allot and issue 66,666,667 Shares (on a pre-consolidation basis) at the Issue Price to PPCF. On Completion (following the completion of the Proposed Share Consolidation), PPCF shall hold 1,666,666 Consolidated Shares, representing approximately 1.48% of the Enlarged Share Capital of 112,813,983 Shares.

PPCF has irrevocably and unconditionally undertaken not to offer, sell, contract to sell, realise, transfer, pledge, assign, lend, grant any option, warrant or right to purchase, grant any security over, encumber, or otherwise dispose of or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of any part of its shareholding interests in the PPCF Shares, to be allotted or issued to it upon completion of the Proposed Acquisition (adjusted for any bonus issue, subdivision or consolidation), for a period of three (3) months commencing from the date of listing and quotation of the PPCF Shares on the Catalist of the SGX-ST. After the expiry of the aforementioned moratorium period, PPCF will be disposing its shareholding interests in the Company at its discretion."

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7. OPINION

In arriving at our recommendation, we have reviewed and examined all factors which we have considered to be pertinent in our assessment of the Proposed Whitewash Resolution, including the views of and representations by the Directors and, where applicable, the Target Company's Directors. Our recommendation or opinion is by no means an indication after completion of the Proposed Transactions, of the merits, prospects, financial performance and position of the Company or the Group or the Target Company or the Enlarged Group or whether the Target Company or the Enlarged Group can improve their financial position and performance, and cash flow or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Transactions. Save for the Valuation Report in respect of the fair value of 100% equity interest in the Target Company, we have not been furnished with the valuation for the assets and/or liabilities of the Target Company (including, *inter alia*, the Tuas Facility) and have relied on the confirmation from the Target Company's Directors' that, *inter alia*, as at the Latest Practicable Date, there are no material differences between the estimated market value of the assets and liabilities of the Target Company and their respective book values as at 31 December 2020 and our views, recommendation and opinion are necessarily limited and subject to these matters.

Our views, recommendation and opinion are necessarily limited and subject to the matters stated in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (a) The rationale for the Proposed Acquisition. We note from Section 6 of the Circular that upon completion of the Proposed Acquisition, the Company will cease to be a cash company (as defined in the Catalist Rules) and would be able to continue to remain listed on the Official List of the SGX-ST, instead of facing the possibility of being delisted. In addition, the Proposed Acquisition will provide the Company with an opportunity to participate in the waste management industry through the acquisition of an operating business with a profitable track record and good growth potential, thereby allowing the Enlarged Group to achieve a consistent and sustainable operational and financial growth. Shareholders should note that there is no certainty that further extension of time to meet the requirements for a new listing will be granted in the event that the Proposed Acquisition is not completed. Accordingly, it is in the interest of the Company and its Shareholders to complete the Proposed Acquisition.
- (b) The historical financial performance and position of the Group. The Group did not record revenue and was loss making in FY2019, FY2020 and FY2021 with loss after tax of approximately S\$2.3 million, S\$2.7 million and S\$1.9 million, respectively. Following the cessation of the operations of the PCB segment by the end of November 2019, the Company ceased to have any operating business and had classified as a cash company under Rule 1017 of the Catalist Rules with effect of 2 April 2020.
- (c) The evaluation of the Issue Price (as set out in Section 5.2 of this Letter) after taking into account, *inter alia*, the following factors:
 - (i) The Issue Price represents a premium of approximately 50.0% over the last transacted price for the Shares on the Announcement Date;
 - (ii) The Issue Price represents a premium of approximately 15.9%, 20.2%, 12.4%, and 25.9% over the VWAP for the Shares for the period 12-month, 6-month, 3 month and 1 month prior to the Announcement Date;
 - (iii) The Issue Price represents a discount of approximately 5.0% from the VWAP for the Shares for the period commencing immediately after the Announcement Date till the Latest Practicable Date;
 - (iv) The Issue Price represents a discount of approximately 14.3% to the last transacted price for the Shares on the SGX-ST on the Latest Practicable Date;

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- (v) The Issue Price represents a premium of approximately 33.9% and 207.9% over the Group's NAV and/or NTA per Share as at 31 May 2021 and Adjusted NAV and/or NTA per Share respectively;
 - (vi) Comparison with Selected RTO Transactions. The valuation of the Group in terms of P/NTA (as implied by the Group's Adjusted NAV and/or NTA per Share) is lower than the simple average, but higher than the median and still within the range of the Selected RTO Transactions. In addition, the Issue Price represents a premium of approximately 50.0% over the last transacted price for the Shares on the Announcement Date and this premium is within the range, higher than both the simple average and median for the Selected RTO Transactions.
- (d) Historical financial performance and position of the Target Company. The Target Company has been profitable during the period reviewed and recorded profit after income tax of approximately S\$0.5 million, S\$1.1 million, and S\$0.8 million with corresponding net profit margin of approximately 11.6%, 19.3% and 13.2% in TFY2018, TFY2019 and TFY2020, respectively. The Target Company recorded positive net cash flow from operating activities during the period under review and positive net working capital of approximately S\$0.5 million with shareholders' equity of approximately S\$3.9 million as at 31 December 2020. However, it is noted that the Target Company's total borrowings have increased significantly from approximately S\$4.2 million as at 31 December 2018 to approximately S\$15.8 million as at 31 December 2020 and its gearing stood at 4.0 times as at 31 December 2020. We understand that the Target Company has been taking up loans to finance the existing Kian Teck Facility and the construction of its new Tuas Facility as well as the equipment and machineries to be installed at the Tuas Facility.
- Independent Shareholders should note the relatively stronger financial performance (in terms of ROE and LTM net profit margin) but weaker financial position of the Target Company *vis a vis* the Selected Comparable Companies (in terms of the ratios for total liabilities to shareholders' equity and total borrowings to shareholders' equity).
- (e) The evaluation of the Purchase Consideration and Adjusted Purchase Consideration (as set out in Section 5.3 of this Letter) after taking into account, *inter alia*, the following factors:
- (i) The Purchase Consideration represents a premium of approximately 462.0% over the Target Company's NAV and/or NTA as at 31 December 2020.
 - (ii) The Adjusted Purchase Consideration represents a premium of approximately 134.3% over the Target Company's NAV and/or NTA as at 31 December 2020.
 - (iii) The Purchase Consideration and the Adjusted Purchase Consideration represents a premium of approximately 447.0% and 128.0% over the Target Company's Adjusted NAV and/or NTA respectively.
 - (iv) The Purchase Consideration represents a discount ranging from approximately 3.1% to 23.1% from the Appraised Value ascribed by the Independent Business Valuer.
 - (v) The Adjusted Purchase Consideration represents a discount ranging from approximately 59.6% to 67.9% from the Appraised Value ascribed by the Independent Business Valuer.
 - (vi) Comparison with the Selected Comparable Companies.

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Based on the Purchase Consideration:-

- The valuation of the Target Company in terms of LTM EV/EBITDA as implied by the Purchase Consideration and the Adjusted EBITDA is within the range and higher than both the median and the simple average for the Selected Comparable Companies.
- The valuation of the Target Company in terms of LTM PER (as implied by the Purchase Consideration and based on the Adjusted Earnings) is within the range but lower than both the median and the simple average for the Selected Comparable Companies.
- In terms of P/NAV ratio, the valuation of the Target Company (as implied by the Purchase Consideration and based on the Adjusted NAV) is higher than any of the Selected Comparable Companies.
- In terms of P/NTA ratio, the valuation of the Target Company as implied by the Purchase Consideration and based on the Adjusted NTA is higher than the median but lower than the simple average for the Selected Comparable Companies and it is still within the range of the Selected Comparable Companies.

Based on the Adjusted Purchase Consideration:-

- The valuation of the Target Company in terms of LTM EV/EBITDA as implied by the Adjusted Purchase Consideration and based on the Adjusted EBITDA is higher than the median and the simple average for the Selected Comparable Companies, but it is still within the range of the Selected Comparable Companies.
- The valuation of the Target Company in terms of LTM PER (as implied by the Adjusted Purchase Consideration and the Adjusted Earnings) is within the range, and lower than the median and the simple average for the Selected Comparable Companies.
- The valuation of the Target Company (as implied by the Adjusted Purchase Consideration and based on the Adjusted NAV) is higher than the simple average and the median, but still within the range of the Selected Comparable Companies.
- The valuation of the Target Company in terms of P/NTA ratio as implied by the Adjusted Purchase Consideration and based on the Adjusted NTA is within the range, relatively in line with the median and lower than the simple average for the Selected Comparable Companies.

Based on the Adjusted Purchase Consideration and after adjustments for assets and liabilities related to the Tuas Facility:-

- The valuation of the Target Company (based on the Adjusted Purchase Consideration and after adjustments for assets and liabilities related to the Tuas Facility) appears to be within the range and lower than the simple average and the median for the Selected Comparable Companies (in terms of LTM EV/EBITDA, P/NAV and P/NTA).
- The valuation of the Target Company in terms of LTM PER (based on the Adjusted Purchase Consideration and the Adjusted Earnings) is lower than any of the Selected Comparable Companies (save for Metech which was loss-making).

On balance, the valuation of the Target Company (as implied by the Purchase Consideration and the Adjusted Purchase Consideration) appears to be fair after considering, *inter alia*, (a) the relatively stronger financial performance (in terms of ROE, LTM net profit margin, and LTM asset turnover in the event the total assets relating to the Tuas Facility are excluded) but weaker financial position of the Target Company *vis a vis*

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the Selected Comparable Companies (in terms of the ratios for total liabilities to shareholders' equity and total borrowings to shareholders' equity); (b) the underlying transaction, being the Proposed Acquisition, involves acquisition of "control" of the Target Company whilst the valuation statistic for the Selected Comparable Companies are based on transactions that do not result in acquisition of control; (c) the Target Company is not listed; (d) the valuation multiples above for the Target Company have not taken into account the future earnings potential of the Tuas Facility which has only commenced operations in May 2021; and (e) in particular for the LTM EV/EBITDA multiple, the Target Company's high LTM EV/EBITDA is due to its high borrowings and in particular, it has recorded approximately S\$8.5 million of borrowings as at 31 December 2020 for the Tuas Facility which has only commenced operations in May 2021 and has not attributed to the Target Company's EBITDA.

- (f) The potential financial effects of the Proposed Transactions as outlined in Section 3 of the Circular. We also wish to highlight that whilst the Proposed Transactions will lead to a lower NTA per Share (on pre-consolidation basis) and higher gearing ratio, they will result in an improvement in the Group's loss per Share (on pre-consolidation basis). As stated in the Circular, upon completion of the Proposed Acquisition, the Company will cease to be a cash company (as defined in the Catalist Rules) and would be able to continue to remain listed on the Official List of the SGX-ST, instead of facing the possibility of being delisted.
- (g) The dilutive impact of the Proposed Acquisition on the percentage of shareholding interest of the existing Independent Shareholders and the significant reduction in the voting interest in the Company pursuant to the Proposed Acquisition. Following the issuance of the Consideration Shares pursuant to the Proposed Acquisition, issuance of the Introducer Shares and PPCF Shares and after the Proposed Share Consolidation, the number of Shares in issue will reduce from 1,229,226,124 Shares to 112,813,983 Consolidated Shares. The Vendors' shareholding will increase from nil to approximately 70.17%. In addition, we note that the shareholdings of the other existing public Shareholders as tabulated above will decrease from approximately 78.07% (before the issuance of the Consideration Shares pursuant to the Proposed Acquisition, allotment and issuance of the Introducer Shares and PPCF Shares, and the Proposed Share Consolidation) to approximately 21.27% (after the issuance of the Consideration Shares pursuant to the Proposed Acquisition, allotment and issuance of the Introducer Shares and PPCF Shares, and the Proposed Share Consolidation). As such, the other existing public Shareholders' ability to influence the outcome of any resolutions tabled in a general meeting will be significantly reduced after the issuance of the Consideration Shares.
- (h) The risk factors as set out in Section 12 of the Circular.
- (i) The Directors confirmation that as at the Latest Practicable Date, they are not aware of any alternative investment or acquisition opportunity available to the Company, which is comparable in nature, size and scope to the Proposed Acquisition.
- (j) The Key Resolutions relating to, *inter alia*, (i) the Proposed Acquisition; (ii) the Proposed Share Consolidation; (iii) the Proposed issue and allotment of the Consideration Shares; (iv) the Proposed Whitewash Resolution; (v) the Proposed Change of Name; and (vi) the proposed appointment of Mr Mohamed Gani Mohamed Ansari as a Proposed Director of the Company upon Completion; are inter-conditional upon each other. Accordingly, in the event that any of the resolutions is not approved, the other resolutions will not be passed.
- (k) Other relevant considerations as set out in Section 6 of this Letter.

In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints, *inter alia*, absence of the valuation of the Target Company's assets and liabilities) and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to our terms of

APPENDIX B – LETTER FROM THE IFA TO THE UNAFFECTED DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

reference and confirmations and representations from the Directors and/or the Target Company, **we are of the opinion that**, the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution is, **FAIR**, and **REASONABLE**.

For the purposes of evaluating the Proposed Acquisition, being the transaction that is the subject of the Proposed Whitewash Resolution, we have adopted the approach that the term “fair” and “reasonable” comprises two distinct concepts:

- (i) Whether an acquisition(s) is “fair” relates to an opinion on the value of the Purchase Consideration or the Adjusted Purchase Consideration and the Issue Price for the Consideration Shares. This is based strictly on a financial or fundamental analysis and evaluation of the consideration (*vis a vis* the Target Company financial performance and position and equity valuation), and the Issue Price for the Consideration Shares (*vis a vis* the Group’s financial performance and position, comparison with previous fund raising, historical prices for the Shares as well as relative valuation analysis and comparison with the Selected RTO Transactions).
- (ii) Whether an acquisition(s) is “reasonable”, relates to, after taking into consideration the actual and potential financial impact of other circumstances surrounding the acquisition(s) as well as the Company or the Group or the Target Company, *inter alia*, the cash company status, Vendors’ shareholding prior and after the Proposed Acquisition and issuance of the Consideration Shares etc., which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the Proposed Acquisition (which is the subject of the Proposed Whitewash Resolution) to be **FAIR** after factoring in, *inter alia*, the following:-

- (i) The Issue Price is fairly comparable (being in general at premium) to the historical market prices for the Shares on the Announcement Date and for the period 12 months, 6 months, 3 months and 1 month prior to the Announcement Date.
- (ii) The Issue Price represents a premium of approximately 33.9% and 207.9% over the Group’s NAV and/or NTA per Share as at 31 May 2021 and the Group’s Adjusted NAV and/or NTA per Share as at 31 May 2021 respectively
- (iii) Fair comparison of the Proposed Acquisition and the Selected RTO Transactions in terms of the premium implied by Issue Price over the last transacted prices for the Shares on the Announcement Date and the P/NTA multiple (as implied by the Issue Price and the Group’s Adjusted NTA per Share).
- (iv) The Purchase Consideration and the Adjusted Consideration are at discounts from the range of the Appraised Value ascribed by the Independent Business Valuer.
- (v) Relatively fair valuation of the Target Company as implied by the Adjusted Purchase Consideration *vis a vis* the valuation of the Selected Comparable Companies in terms of LTM EV/EBITDA, LTM PER, P/NAV and P/NTA.

We also consider the Proposed Acquisition (which is the subject of the Proposed Whitewash Resolution) to be **REASONABLE** after factoring, *inter alia*, the following:

- (i) The rationale for the Proposed Acquisition. We note from Section 6 of the Circular that upon completion of the Proposed Acquisition, the Company will cease to be a cash company (as defined in the Catalist Rules) and would be able to continue to remain listed on the Official List of the SGX-ST, instead of facing the possibility of being delisted. In addition, the Proposed Acquisition will provide the Company with an opportunity to participate in the waste management industry through the acquisition of an operating business with a profitable track record and good growth potential, thereby allowing the Enlarged Group to achieve a consistent and sustainable

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operational and financial growth. Shareholders should note that there is no certainty that further extension of time to meet the requirements for a new listing will be granted in the event that the Proposed Acquisition is not completed. Accordingly, it is in the interest of the Company and its Shareholders to complete the Proposed Acquisition.

- (ii) The financial performance and position of the Target Company. We note that the Target Company has been profit making for the past three financial year ends with positive net cash flow from operating activities during the period under review and positive net working capital and shareholders' equity of approximately S\$3.9 million as at 31 December 2020. Despite the weaker financial position of the Target Company *vis a vis* the Selected Comparable Companies (in terms of the ratios for total liabilities to shareholders' equity and total borrowings to shareholders' equity), we note that the Target Company's financial performance (in terms of ROE, LTM net profit margin, and LTM asset turnover in the event the total assets relating to the Tuas Facility are excluded) are relatively stronger than the financial performance of the Selected Comparable Companies.
- (iii) The Proposed Acquisition appears to be more favourable as compared with the Selected RTO Transactions in terms of the dilution impact for the existing Shareholders (arising from the issuance of the Consideration Shares).
- (iv) Directors' confirmation that as at the Latest Practicable Date, they are not aware of any alternative investment or acquisition opportunity available to the Company, which is comparable in nature, size and scope to the Proposed Acquisition.
- (v) The Proposed Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account, *inter alia*, the factors highlighted in Section 9 of the Circular, the working capital available to the Target Company as at the date of lodgement of the Circular is sufficient for the Target Company's present working capital requirements and for at least 12 months after the completion of the Proposed RTO.

Recommendation

Based on our assessment of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution as set out above, we advise the Unaffected Directors to recommend that Independent Shareholders vote **in favour of** the Proposed Whitewash Resolution to be proposed at the EGM. We advise the Unaffected Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is limited. We advise the Unaffected Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Proposed Whitewash Resolution.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or the Target Company or the Enlarged Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors, Target Company's Directors, and Management and therefore does not reflect any projections or future financial performance of the Company or the Group or the Target Company or the Enlarged Group after the completion of the Proposed Transactions and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Proposed Whitewash Resolution.

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Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

1. **Independent Shareholders should note that:**
 - (a) **their approval of the Proposed Whitewash Resolution is a condition precedent to Completion pursuant to the terms of the SPA. If Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place;**
 - (b) **by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer from the Vendors and their concert parties, which the Vendors and their concert parties would otherwise be obliged to make at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months preceding the commencement of the offer, in accordance with Rule 14 of the Take-over Code and Section 139 of the SFA; and**
 - (c) **the acquisition of the Consideration Shares by the Vendors would result in the Vendors and their concert parties holding Shares carrying more than 49.0% of the voting rights of the Company and the Vendors and their concert parties will thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Take-over Code to make a general offer.**
2. The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Target Company or the Enlarged Group after the completion of Proposed Transactions. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Target Company or the Enlarged Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Transactions (in part or in full) or voting for or voting against the Proposed Acquisition or the Proposed Whitewash Resolution or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Target Company or the Enlarged Group or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Target Company or the Enlarged Group or the Proposed Acquisition, or the Proposed Whitewash Resolution if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.
3. Our scope does not require us and we have not made any independent evaluation or business valuation of the Company or the Target Company or the Enlarged Group (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities of the Company or the Target Company (including without limitation, property, plant and equipment) or contracts entered into by the Company or the Target Company and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the Target Company save for the Valuation Report issued by the Independent Business Valuer in respect of the fair value of 100% equity interest in the Target Company. With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment) including, *inter alia*, the contracts or agreements that the Company or the Target Company has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the Target Company's Directors and the financial statements (audited and unaudited), where applicable for the assessment.
4. Our scope does not require us to opine or comment on the adequacy of the working capital of the

APPENDIX B – LETTER FROM THE IFA TO THE UNAFFECTED DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

Company, the Target Company or the Enlarged Group or the ability of the Company to raise funds or the legality, validity or enforceability of, *inter alia*, the SPA (as defined in the Circular) and/or the relevant transactions as contemplated. Such evaluation or comment remains the responsibility of the Target Company's Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

5. The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the audited financial statements of the Group for FY2021 and the monthly valuation of assets and utilisation of cash for the Company as at 31 May 2021, and public announcements of the Company, there has been no material changes to the Group's business, assets and liabilities, financial position, condition and performance.
6. The Target Company's Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the Circular, the audited financial statements for the Target Company for TFY2020, there has been no material changes to the Target Company's business, assets and liabilities, financial position, condition and performance.

Specific objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Recommending Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments in unlisted shares or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, Shareholders will **NOT** be able to attend the EGM in person. Shareholders who wish to appoint the Chairman of the EGM as his proxy to attend, speak and vote at the EGM on his behalf should complete and sign the Proxy Form attached to the Circular in accordance with the instructions printed thereon. The completed and signed Proxy Form should then be returned as soon as possible and in any event so as to:

- (a) if submitted by post, be lodged with the registered office of the Company at 8 First Lok Yang Road, Singapore 629731; or
- (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at CPH_IR@circuitsplus.com.sg,

no later than 2.00 p.m. on 2 August 2021.

A depositor shall not be regarded as a member of the Company entitled to appoint the Chairman of the EGM and to attend, speak and vote thereat on his behalf unless he is shown to have Shares entered against his name in the depository register, as certified by CDP, at least seventy-two (72) hours before the EGM.

In addition, Independent Shareholders are advised to read Section 38 of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter is addressed to the Unaffected Directors in connection with and for the sole purpose of their evaluation of the Proposed Whitewash Resolution and is not meant or intended to be an evaluation of

APPENDIX B – LETTER FROM THE IFA TO THE UNAFFECTED DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION

the other resolutions to be proposed or alternatives. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Whitewash Resolution and/or at the forthcoming EGM. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed herein, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply. Nothing herein shall prevent or exclude Shareholders from relying on this Letter in connection with the Proposed Whitewash Resolution, whether pursuant to the Contracts (Rights of Third Parties) Act Chapter 53B of Singapore or otherwise.

The recommendations made by the Unaffected Directors to the Independent Shareholders in relation to the Proposed Whitewash Resolution as well as other resolutions referred to in the Circular and the issue of the Circular shall remain the sole responsibility of the Unaffected Directors and the Directors respectively.

Yours faithfully,

For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

APPENDIX C – SUMMARY VALUATION LETTER BY CHAY CORPORATE ADVISORY PTE LTD



Summary Valuation Letter

29 June 2021

The Board of Directors
CPH Ltd.
8 First Lok Yang Road
Singapore 629731

Indicative Corporate Valuation of Shanaya Environmental Services Pte. Ltd.

Dear Sirs,

1. Introduction

Chay Corporate Advisory Pte Ltd (“Chay”) has been appointed by the Board of Directors (“Directors”) of CPH Ltd. (“CPH” or the “Company”) to perform an indicative valuation of Shanaya Environmental Services Pte. Ltd. (“Shanaya” or the “Target Company”) as at 31 December 2020 (“Valuation Date”).

This letter has been prepared for the purpose of disclosure as an appendix to the Company’s Circular to be issued in relation to, inter alia, the proposed acquisition by CPH of 100% of the issued share capital of the Target Company (the “Proposed Acquisition”). The Proposed Acquisition will result in a reverse takeover of CPH as defined under Chapter 10 of the Catalist Rules of the SGX-ST.

The letter is a summary containing information from our valuation report dated 29 June 2021 (the “Valuation Report”). Accordingly, this letter and its contents should be read in conjunction with the full text in the full Valuation Report.

2. Terms of reference

- i) The objective of the Valuation Report is to provide an independent view of the fair value of Shanaya as at 31 December 2020 in accordance with the International Valuation Standards (“IVS”) as prescribed by the International Valuation Standards Council (“IVSC”).
- ii) We have not undertaken any due diligence or audit of the financial information provided to us. The accuracy of such information is the sole responsibility of the management of the Target Company (“Management”).

APPENDIX C – SUMMARY VALUATION LETTER BY CHAY CORPORATE ADVISORY PTE LTD



- iii) Our estimation of the indicative valuation of the Target Company is based on its existing operations and likely future expansion plans only, and does not take into account of any fundamentally different business that Management may pursue in the foreseeable future.
- iv) We are not expressing an opinion on the commercial merits and structure on the transaction of the Target Company and accordingly, this valuation report does not purport to contain all the information that may be necessary to fully evaluate the commercial or investment merits of the transaction of the Target Company. The assessment of the commercial and investment merits of this transaction is solely the responsibility of the Management. In addition, our work should not be constructed as an investment advice to the current or prospective shareholders / investors of the Company.
- v) We have not conducted a comprehensive review of the business, operation or financial conditions of the Target Company nor any work in relation to the feasibility or tax efficiency of the Target Company's business operation, and accordingly our Valuation Report will not make any representation or warranty, expressed or implied in this regard.
- vi) Our scope in this engagement does not require us to express, and we do not express a view on the future prospects of the Target Company, or any views on the future trading process of the shares or the financial condition of the Target Company.
- vii) Our terms of reference do not require us to provide advice on legal, regulatory, accounting or taxation matters made available to us if the Target Company has obtained specialist advise, and where we will consider, and where appropriate, relied upon such advice.
- viii) The information used by us in preparing the Valuation Report has been obtained from a variety of sources as indicated within the Valuation Report. While our work has involved an analysis of the financial information and accounting records, it has not included an audit in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representation with respect to the accuracy or completeness of any information provided to us by and on the behalf of the Company.
- ix) Budgets/forecasts/projections relate to future events and are based on assumptions which may not remain valid for the whole of the relevant period. Consequently, they cannot be relied upon to the same extent as information derived from audited accounts for completed accounting periods. For these reasons, we express no opinion as to how closely the actual results achieved will correspond to those budgeted/forecasted/projected. Instead, our work is in nature of a review of the information provided to us, and discussions with members of the Management.



3. Use of Valuation Report and Summary Valuation Letter

Our work will be carried out solely for the use of CPH. This valuation report resulting from our work may not be used for any other purpose or by any other person, referred to in any document or made available to any party (other than your professional advisors acting in that capacity) without our prior written consent (including without limitation, the shareholders of the Target Company), except for the purpose of any matter relating to the Proposed Acquisition (including making references to and reproduction in the shareholders' circular and being made available for inspection). Any recommendation made by the Directors to the shareholders of CPH shall remain the responsibility of such Directors.

4. Reliance on available information and representation from Management

In the course of our work, we have held discussions with the Management. We have also examined and relied on information provided by the Target Company, and reviewed other relevant publicly available information. We have not independently verified all such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance, but have made such reasonable enquiries and used our judgment as we deemed necessary on the reasonable use of such information and have no reason to doubt the accuracy or reliability of the information.

However, we have a duty to exercise reasonable professional skill and care in performing our work in accordance with the terms of this engagement and have made reasonable enquires and exercised our judgment on the reasonable use of such information. Our work will, where appropriate, be conducted in accordance with applicable professional guidance.

The Management have confirmed to us, upon making all reasonable enquiries and to their best knowledge and belief, that the information provided to us constitute full and true disclosure, in all material respects and facts relating to the Target Company as required for the purposes of our valuation.

In no circumstances shall we be liable, other than in the event of our bad faith, willful default for any loss or damage, of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by the Management and the Directors, employees or staffs of the Company or any other person of whom we have made inquiries of during the course of our work.



5. Valuation methodology

The basis of the valuation will be made by reference to the fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Special purchasers may be willing to pay higher prices to gain control or obtain the capacity to reduce or eliminate competition, ensure a source of material supply or sales, achieve cost savings arising on business combinations following acquisition, or any other synergies which may be enjoyed by the purchaser. Our valuation will not be premised on the existence of a special purchase.

The indicative valuation of the Target Company has taken into consideration of the values implied by a combination of discounted cash flow (“DCF”) and comparable companies (“CC”) analysis.

The discounted cash flow analysis is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow, while the CC analysis determines the value of a company’s business by referencing to available market information, such as trading multiples of comparable publicly listed companies.

In valuing the Target Company, we have adopted the DCF approach as the primary valuation methodology for the following reasons:

- i) The DCF approach reflects the future plans and growth of the Target Company. This approach is less influenced by volatile external factors because it is an inward-looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers;
- ii) The asset-based approach does not take into account of the future changes in sales or income; and
- iii) The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as the Target Company.

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Under this approach and methodology, we have discounted the projected free cash flows of Target Company with discount rates having considered, amongst all relevant risk factors, such as business size, business environment, cost of debt, riskiness of cash flows. The free cash flow of Shanaya has been projected for the period starting from 1 January 2021 to 31 December 2023. We have considered the EV/EBITDA multiple of comparable companies as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF analysis.

Our valuation is based on various assumptions with respect to Target Company, including their respective present and future financial conditions, business strategies and the environment in which they operate. These assumptions are based on the information that we have been provided and discussions with Target Company and Management reflecting current expectations on current and future events.

Among other assumptions that are stated in the Valuation Report, the key assumptions are as follows:

- i) The Target Company's forecast for the next 12 months as prepared by the Management and the trend of the industry as disclosed in the circular have been considered.
- ii) The Target Company will continue as a going concern without any changes in its management, notwithstanding the new reverse takeover shareholding structure arising from the Proposed Acquisition;
- iii) The future operations of the Target Company will not be adversely affected by changes to its key personnel, Management team, notwithstanding the new reverse takeover shareholding structure arising from the Proposed Acquisition;
- iv) All contracts entered into by the Target Company will continue to be in effect for the foreseeable future;
- v) The information provided to us by the Management reflects the financial positions of the Target Company for the respective financial years/period;
- vi) The Target Company has the legal titles to all assets as mentioned in the financial information provided to us by the Management. All assets, which are physically in existence, are in good working condition.
- vii) There are no risks that any of these assets will be subject to compulsory acquisition by any third party or government body;

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- viii) There will be no major changes in the corporate taxation basis or rates applicable to the Target Company;
- ix) The effects of the adoption of SFRS(I) 16 *Leases* was reversed for the purpose of this valuation;
- x) In view of the cost savings arising from the automation of processes at the new Tuas property, coupled with the Target Company's intention to explore new high margin revenue streams that have yet to be apparent, a more conservative approach of blending the average historical percentages of employee benefit and other expenses against revenue with Management's forecast percentages of such expenses against revenue was considered, whereby the average historical percentages of such expenses against revenue was allocated greater weightage;
- xi) Related party transactions, if any, are carried out on an arm's length basis and will continue to be so for the foreseeable future even if there are any changes in the shareholding structure; and
- xii) There are no subsequent events which will have material effect on the audited financial statements for the financial year then ended.
- xiii) Revenue is expected to be generated from both the current Kian Teck facility and the new business streams from the Tuas property on the assumption that the Target Company will be able to obtain the lease approval from Jurong Town Corporation ("JTC") by fulfilling the capital expenditure investment shortfall of approximately S\$0.4 million during the period of the time extension of one year from 15 May 2021 granted by JTC. The Management are of the opinion that the Target Company will be able to fulfill the investment shortfall within the extended time. Please refer to the section on "Properties and Fixed Assets" of the Circular for more details. Revenue arising from the new business is based on Management's expectations.

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- xiv) The current Kian Teck facility is forecasted to operate at full capacity across the forecast period, while the Tuas property is expected to operate at 25% in FY 2021, 65% in FY 2022 and 80% capacity in FY 2023. In forecasting the expected level of utilisation rate of the Tuas property in FY 2021, the Management of the Target Company has conducted its own assessment on the market potential which takes into consideration, amongst others, (i) the industry trends and prospects as disclosed in the circular, (ii) the historical and ongoing level of business that the Target Company outsources to its recycling partners which is envisaged to be carried out under the Tuas property in the near future, and (iii) its understanding of the business needs of long-standing and/or major customers.

Notwithstanding that no independent assessment of the capacity utilisation assumptions was conducted, as part of the terms of reference, CCA has made such reasonable enquiries and used judgment as would have been deemed necessary on the reasonable use of such information and/or representations provided by the Management and have no reason to doubt its accuracy or reliability.

- xv) Considering the automation of processes at the new Tuas property, coupled with the Target Company's intention to explore new high margin revenue streams, the expected EBITDA margin (on a pre SFRS(I) 16 basis) of 25.8% for FY 2021 improved as compared to the actual EBITDA margin (on a pre SFRS(I) 16 basis) of 22.1% for FY 2020 owing to the expected cost savings in respect to two major cost drivers, whereby Management has forecast employee benefit and other expenses at 17% and 46% of revenue respectively for FY 2021, and 15% and 39% of revenue respectively for both FY 2022 and FY 2023.
- xvi) In view of the cost savings arising from the automation of processes at the new Tuas property, coupled with the Target Company's intention to explore new high margin revenue streams that have yet to be apparent, a more conservative approach of blending the average historical percentages of employee benefit and other expenses against revenue from FY 2018 to FY 2020 of 26% and 50% respectively with Management's forecast percentages of such expenses against revenue was considered, whereby the average historical percentages of such expenses against revenue from FY 2018 to FY 2020 was allocated greater weightage.
- xvii) Accordingly, the revised forecast percentages of employee benefit and other expenses against revenue for the period from FY 2021 to FY 2023 was 25% and 48% of revenue respectively.

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- xviii) The range of weighted average cost of capital ("WACC") from 12.70% to 13.70% with a base WACC of 13.20% was considered.
- xix) The range of long term growth rate from 0.88% to 1.88% with a base long-term growth rate of 1.38% based on the forecasted long-term Singapore inflation rate was considered.

6. Conclusion

In summary and as detailed in the Valuation Report, the range of fair value corresponding to the implied equity values for the Target Company is between S\$ 22.7 million to S\$ 28.6 million, with a base value of S\$ 25.4 million as at the Valuation Date.

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us as of the date of this letter and the Valuation Report. Such conditions may change significantly over a relatively short period and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this letter to reflect events or developments subsequent to the date of this letter and the Valuation Report.

Yours faithfully,

Chay Corporate Advisory Pte. Ltd.

APPENDIX D – RULES OF THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

RULES OF THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THE SCHEME

The Scheme (as defined below) shall be called the “**Shanaya Employee Share Option Scheme**”.

2. DEFINITIONS

2.1 In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“ Adoption Date ”	:	The date on which the Scheme is adopted by the Company in a general meeting
“ Articles ”	:	The articles of association of the Company for the time being
“ 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
“ Auditors ”	:	The auditors of the Company for the time being
“ Board ”	:	The board of Directors of the Company for the time

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		being
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer this Scheme
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
“Company”	:	Shanaya Limited
“Constitution”	:	The constitution of the Company, as amended, supplemented or modified from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	:	A person who (a) holds directly or indirectly 15% or more of the total votes attached to all the voting shares in the Company or (b) in fact exercises control over the Company
“CPF”	:	Central Provident Fund
“Date of Grant”	:	The date on which an option is granted to a Participant pursuant to Rule 7
“Directors”	:	The directors of the Company for the time being
“Exercise Notice”	:	Has the meaning ascribed to it in Rule 12.1
“Exercise Price”	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9 , as adjusted in accordance with Rule 10
“Grantee”	:	A person to whom an offer of an Option is made
“Group”	:	The Company and its subsidiaries
“Group Director”	:	A director of the Group
“Group Employee”	:	An employee of the Group (including any Group Executive Director) selected by the Committee to

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		participate in the Scheme in accordance with Rule 4
“Group Executive Director”	:	A director of the Group who performs an executive function
“Group Non-executive Director”	:	A director of the Group other than a Group Executive Director but including an Independent Director
“Independent Director”	:	An independent Director of the Company
“Market Day”	:	A day on which the SGX-ST is open for securities trading
“Market Price”	:	A price equal to the average of the closing market prices of the Shares over a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares were not traded on the SGX-ST, the closing market price for the Shares on such Market Day shall be deemed to be the closing market price of the Shares on such Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Options granted under the Scheme
“Option”	:	The right to subscribe for Shares granted or to be granted pursuant to the Scheme
“Option Period”	:	The period(s) within which an Option has to be exercised as stated in Rule 11
“Participant”	:	A person who is selected by the Committee to participate in the Scheme in accordance with the rules thereof
“Record Date”	:	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
“Rules”	:	Rules of the Scheme, as may be amended from time to time, and any reference to a particular Rule shall be construed accordingly
“Scheme” or “ESOS”	:	The proposed employee share option scheme of the Company known as the “Shanaya Employee Share Option Scheme”, as amended,

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		supplemented or modified from time to time pursuant to the rules set out herein
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons who are registered as holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall mean the Depositors who have Shares credited to their Securities Accounts
“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”	:	Subsidiary holdings shall have the meaning ascribed to it in the Catalist Rules
“treasury shares”	:	Treasury shares shall have the meaning ascribed to it in Section 4 of the Companies Act
“S” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent”	:	Per centum or percentage

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

3. OBJECTIVES OF THE SCHEME

APPENDIX D – RULES OF THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

- 3.1 The Company places a strong emphasis on the recruitment and retention of quality employees with talent in all areas of the Group's operations, and in particular, the drive, leadership, skills, expertise and experience of such persons, as the Company considers these to be qualities that will assist the Group to realise its strategic and long-term business goals.
- 3.2 The Scheme will provide the Company with the means to use share options as part of a compensation scheme for attracting as well as promoting long-term staff retention, by providing an opportunity for employees who satisfy the eligibility criteria as set out in **Rule 4** of the Scheme, to participate in the equity of the Company, namely Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors).
- 3.3 The Scheme is a share incentive scheme. The purpose of the Scheme is to recognise the fact that the services of such Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) are important to the ongoing and continued growth and success of the Group. Implementation of the Scheme will give the Company the flexibility in relation to the Group's remuneration packages and allow the Group to better manage its fixed overheads. At the same time, it will give such Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) who have contributed significantly or who can contribute significantly to the growth and development of the Group to have a personal stake in the Company at a relatively low direct cost to the Company's profitability. The Scheme is intended to be employed by the Group to reward, retain and motivate Participants and will help to achieve the following objectives:
- (i) motivate Participants to achieve higher efficiency and productivity and improve the performance of the Group and its businesses;
 - (ii) instil a sense of loyalty to the Group in the Participants, and to create an incentive for Participants to work towards the long-term well-being of the Group;
 - (iii) to align the interests of Participants to those of Shareholders;
 - (iv) to make employee and/or director remuneration sufficiently competitive to recruit and retain Participants whose contributions are important to the growth and profitability of the Group;
 - (v) to attract potential employees and/or directors with relevant skills to contribute to the Group; and
 - (vi) to give recognition to the contributions made or to be made by Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) to the success of the Group.

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4. ELIGIBILITY

4.1 Subject to the absolute discretion of the Committee, Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) who meet the criteria in **Rule 4.2** shall be eligible to participate in the Scheme.

4.2 Any person shall be eligible to participate in the Scheme at the absolute discretion of the Committee, provided that at the Date of Grant such person must:

- (a) be confirmed in his/her employment with the Group;
- (b) have attained the age of 21 years; and
- (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

4.3 Controlling Shareholders and/or their Associates who meet the eligibility criteria in **Rule 4.2** and who have contributed or have the potential to contribute to the success and development of the Group are, subject to the absolute discretion of the Committee, eligible to participate in the Scheme provided that the participation by each such Controlling Shareholder or Associate and the terms of each grant and the actual number of Options granted under the Scheme to a person who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by independent Shareholders in a separate resolution for each such person, with such separate resolution including approval for the actual number and terms of Options to be granted to that person. The Company will at such time provide the rationale and justification for any proposal to grant such Controlling Shareholders and/or their Associates any Options.

Such Controlling Shareholders and their Associates shall abstain from voting on the resolution in relation to their participation in the Scheme and grant of Options to them.

4.4 For the purposes of determining eligibility to participate in the Scheme, the secondment of a confirmed Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.

4.5 The eligibility of Participants to participate in the Scheme, and the number of Options to be granted to a Participant in accordance with the Scheme shall be determined at the absolute discretion of the Committee, which shall take into account,

- (i) the financial performance of the Group;
- (ii) in respect of a Participant being an employee or Group Executive Director, criteria such as his rank, job performance, years of service, potential for future development and his contribution to the success and development of the Group; and

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(iii) in respect of a Participant being a Group Non-executive Director, criteria such as his extent of involvement, responsibilities within the Board, contribution to the success and development of the Group.

4.6 There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or any other companies within the Group.

4.7 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

5. **MAXIMUM ENTITLEMENT**

Subject to **Rules 4, 6 and 10**, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the discretion of the Committee who shall take into account criteria such as, *inter alia*, rank, skills, experience, past performance, years of service and potential for future development and contribution to the Group of the Participant.

6. **LIMITATION ON SIZE OF THE SCHEME**

6.1 The aggregate number of new Shares over which the Committee may grant Options on any date, when added to the amount of new Shares issued and issuable and/or transferred and transferable in respect of:

- (a) all Options granted under the Scheme; and
- (b) all options and awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force,

shall not exceed 15% of the number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date.

6.2 The aggregate number of Shares issued and issuable and/or transferred and transferable in respect of all Options granted pursuant to the Scheme available to all Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Scheme.

6.3 The number of Shares issued and issuable and/or transferred and transferable in respect of all Options granted pursuant to the Scheme available to each Controlling Shareholder or each of his/her Associates shall not exceed 10% of the total number of Shares available under the Scheme.

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7. DATE OF GRANT

- 7.1 The Committee may, save as provided in **Rules 4, 5 and 6**, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no Option shall be granted during the period of 1 month immediately preceding the date of announcement of the Company's interim and/or full year financial results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.
- 7.2 Any grant of Options by the Company will be announced in accordance with the Catalyst Rules.
- 7.3 An offer to grant an Option to a Grantee shall be made by way of a letter ("**Letter of Offer**") in the form or substantially in the form set out in **Appendix 1.1**, subject to such modification as the Committee may determine from time to time.

8. ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Grantee pursuant to **Rule 7** may only be accepted by the Grantee within 30 days after the relevant Date of Grant and not later than 5.00 p.m. on the 30th day from such Date of Grant (a) by completing, signing and returning to the Company the acceptance form ("**Acceptance Form**") in or substantially in the form set out in **Appendix 1.2**, subject to such modification as the Committee may from time to time determine, accompanied by payment of \$1.00 as consideration and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.
- 8.2 If a grant of an Option is not accepted strictly in the manner as provided in this **Rule 8**, such offer shall, upon the expiry of the 30-day period, automatically lapse and shall forthwith be deemed to be null and void and of no effect.
- 8.3 The Committee shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this **Rule 8** or Exercise Notice (as defined below) given pursuant to **Rule 12** which does not strictly comply with the terms of the Scheme.
- 8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in **Rule 11.6** in the event of the death of such Grantee.
- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares.

APPENDIX D – RULES OF THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in **Rule 8.1** within the 30-day period;
 - (b) the Grantee dies prior to his acceptance of the Option;
 - (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option;
 - (d) the Grantee, being a Group Director, ceases to be a Group Director and also ceases to be a Group Employee prior to his acceptance of the Option; or
 - (e) the Company is liquidated prior to the Grantee's acceptance of the Option.
9. **EXERCISE PRICE**
- 9.1 Subject to any adjustment pursuant to **Rule 10**, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, on the Date of Grant, at:
- (a) a price equal to the Market Price; or
 - (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount shall not exceed 20% of the Market Price; and
 - (ii) the Shareholders in a general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.
- 9.2 In making any determination under **Rule 9.1(b)** on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:
- (a) the performance of the Company and the Group;
 - (b) the years of service and individual performance of the eligible Participant;
 - (c) the contribution or potential contribution of the eligible Participant to the success

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and development of the Company and/or the Group; and

(d) the prevailing market conditions.

9.3 The ability to offer Options at a discount to the Market Price of the Shares will allow flexibility in structuring the Options. Being able to offer Options at a discount is important in situations where it is more meaningful for the Company to acknowledge a Participant's achievement through offering Options at a discount to the Market Price rather than paying him a cash bonus, as these Options operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Options granted at Market Price, or in situations where more compelling motivation is required in order to attract new talent into the Group and/or retain talented individuals.

10. ALTERATION OF CAPITAL

10.1 If a variation in the number of issued Shares (excluding treasury shares) of the Company (whether by way of a capitalisation of profits or reserves, bonus issue or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a bonus issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

10.2 Notwithstanding the provisions of **Rule 10.1** above, no such adjustment shall be made (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and (b) unless the Committee after considering all relevant circumstances considers it equitable to do so.

10.3 Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustment under this **Rule 10**:

- (i) any issue of securities as consideration for an acquisition or a private placement of securities;

APPENDIX D – RULES OF THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

- (ii) any issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares pursuant to any share-based incentive schemes approved by Shareholders in general meeting and implemented by the Company, including the Scheme;
 - (iii) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; and
 - (iv) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) effected on SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of the Company in general meeting and for the time being in force.
- 10.4 The restriction on the number of Shares to be offered to any Grantee under **Rule 5** above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this **Rule 10**.
- 10.5 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

11. OPTION PERIOD

- 11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant after the first anniversary of the Date of Grant of that Option provided always that such Options granted with the Exercise Price set at Market Price (other than Options granted to Group Non-Executive Directors (including Independent Directors)) shall be exercised before the 10th anniversary of the relevant Date of Grant and Options granted to Group Non-Executive Directors (including Independent Directors) shall be exercised before the fifth anniversary of the relevant Date of Grant, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant after the second anniversary of the Date of Grant of that Option provided always that the Options (other than Options granted to Group Non-Executive Directors (including Independent

APPENDIX D – RULES OF THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

Directors)) shall be exercised before the 10th anniversary of the relevant Date of Grant and Options granted to Group Non-Executive Directors (including Independent Directors) shall be exercised before the fifth anniversary of the relevant Date of Grant, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

- 11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:
- (a) subject to **Rules 11.3, 11.4 and 11.5**, upon the Participant ceasing to be a Group Employee or a Group Director, for any reason whatsoever;
 - (b) upon the bankruptcy of the Participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
 - (c) in any event resulting in termination for cause, including but not limited to gross negligence, wilful misconduct, insubordination or incompetence on the part of the Participant, as determined by the Committee in its absolute discretion.

For the purpose of **Rule 11.3(a)**, a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. For the avoidance of doubt, no Option shall lapse pursuant to **Rule 11.3(a)** in the event of any transfer of employment of a Grantee within the Group or upon the cessation of employment of a Group Executive Director who shall continue to serve as a Group Non-Executive Director.

- 11.4 If a Participant ceases to be employed by the Group by reason of his:
- (a) ill-health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
 - (b) redundancy;
 - (c) retirement at or after a normal retirement age; or
 - (d) retirement before that age with the consent of the Committee, or for any other reason approved in writing by the Committee,

he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

- 11.5 If a Participant dies and at the date of his death holds any unexercised Option, such

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Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

- 11.6 If a Participant, who is also a Group Executive Director or a Group Non-Executive Director (including Independent Directors), ceases to be a Group Director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

12. EXERCISE OF OPTIONS, ALLOTMENT, TRANSFER AND LISTING OF SHARES

- 12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in **Appendix 1.3 (“Exercise Notice”)**, subject to such modification as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

- 12.2 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules, and the Constitution,

the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within 10 Market Days after the date of the exercise of the Option in accordance with **Rule 12.1**, allot and issue or transfer the Shares in respect of which such Option has been exercised by the Participant and deliver the relevant share certificates to CDP for the crediting of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

- 12.3 The Company shall, if necessary, as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued or transferred upon exercise of the Option and the Shares (if any) which may be issued or transferred to the Participant pursuant to any adjustments made in accordance with **Rule**

APPENDIX D – RULES OF THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

10.

- 12.4 Shares which are allotted or transferred on the exercise of an Option by a Participant shall be issued or transferred, as the Participant may elect, in the name of CDP to the credit of the securities account of the Participant maintained with CDP, or to the Participant's securities sub-account with a CDP Depository Agent, or if such securities account is not available, in the name of the Participant.
- 12.5 Shares allotted and issued or transferred upon the exercise of an Option shall be subject to all provisions of the Constitution and shall rank *pari passu* in all respects with the then existing issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.
- 12.6 Except as set out in **Rule 12.2** and subject to **Rule 10**, an Option does not confer on a Participant any right to participate in any new issue of Shares.
- 12.7 The Company shall keep available sufficient unissued Shares (or treasury shares) to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

13. MODIFICATIONS TO THE SCHEME

- 13.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to Shares representing not less than three-quarters of the total voting rights (or such other requirements as may be prescribed by the SGX-ST) of all the Shares which would fall to be allotted or transferred upon exercise in full of all outstanding Options;
 - (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in a general meeting;
 - (c) the modification or alteration must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
 - (d) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted and listed, and such other regulatory authorities as may be necessary.

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For the purposes of **Rule 13.1(a)**, the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in **Rule 13.1**, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this **Rule 13** shall be given to all Participants.

14. DURATION OF THE SCHEME

- 14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in **Rule 8**, whether such Options have been exercised (whether fully or partially) or not.

15. TAKE-OVER AND LIQUIDATION OF THE COMPANY

- 15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of **Rule 11.1** and **Rule 11.2**) holding Options as yet unexercised shall, notwithstanding **Rules 11 and 12** but subject to **Rule 15.5**, be entitled to exercise such Options in full or in part in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:
- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto);

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or

- (b) the date of the expiry of the Option Period relating thereto, whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to **Rule 11.3**, remain exercisable until the expiry of the Option Period.

- 15.2 If, under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of **Rule 11.1** and **Rule 11.2**) shall notwithstanding **Rules 11 and 12** but subject to **Rule 15.5**, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, provided always that the date of exercise of any Option shall be before the 10th anniversary of the Date of Grant.
- 15.3 If an order or an effective resolution is passed for the liquidation of the Company on the basis of its insolvency, all Options, to the extent unexercised, at the date of such order or resolution shall lapse and become null and void.
- 15.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a liquidation plan and/or a resolution to appoint a liquidator of the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provisions of this **Rule 15.4**) and thereupon, each Participant (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue or transfer the relevant Shares to the Participant credited as fully-

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paid.

- 15.5 If in connection with the making of a general take-over referred to in **Rule 15.1** above or the scheme referred to in **Rule 15.2** above or the liquidation referred to in **Rule 15.4** above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other Options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this **Rule 15**.
- 15.6 To the extent that an Option is not exercised within the periods referred to in this **Rule 15**, it shall lapse and become null and void.

16. ADMINISTRATION OF THE SCHEME

- 16.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board provided that a member of the Committee who is a Participant shall not be involved in the deliberations and decisions of the Committee in respect of the Options granted or to be granted to him or his Associate(s) in compliance with the requirements of the Catalist Rules.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit.
- 16.3 Any decision of the Committee, made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation, or procedure thereunder or as to any rights under the Scheme).

17. NOTICES

- 17.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other address (including an electronic mail address) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 17.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person or persons as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number provided by the Participant to the Company.

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17.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant, when left at the address specified in **Rule 17.2** or, if sent by post, shall be deemed to have been given on the day following the date of posting.

18. TERMS OF EMPLOYMENT UNAFFECTED

18.1 The Scheme or any Option shall not form part of any contract of employment between any member of the Group and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any Option which he may hold and the Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

18.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against any member of the Group directly or indirectly or give rise to any cause of action at law or in equity against any member of the Group.

19. TAXES

All taxes (including income tax) arising from the exercise of any Option by or the grant and/or disposal of Shares pursuant to the Options granted to any Participant under the Scheme shall be borne by that Participant.

20. COSTS AND EXPENSES OF THE SCHEME

20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in **Rule 19** which shall be payable by the relevant Participant.

20.2 Save for such costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the exercise of any Option shall be borne by the Company.

21. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued or transferred pursuant to the exercise of an Option if such issue or transfer would be

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contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

22. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Companies Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of the New Shares on the SGX-ST.

23. DISCLOSURES IN ANNUAL REPORT

The Company shall make the following disclosure in its annual report:

- (a) The names of the members of the Committee;
- (b) The information required in the table below for the following Participants:
 - (i) Participants who are Directors;
 - (ii) Participants who are Controlling Shareholders and their Associates (if any); and
 - (iii) Participants, other than those in (b)(i) and (b)(ii) above who receive 5% or more of the total number of Options available under the Scheme;

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

- (c) The number and proportion of Options granted at the following discounts to average market value of the Shares in the financial year under review:
 - (i) Options granted at up to 10.0% discount; and
 - (ii) Options granted at between 10.0% but not more than 20.0% discount;

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and

- (d) Such other information as may be required by the Catalist Rules or the Companies Act.

An appropriate negative statement will be included in the annual report to the Shareholders in the event the disclosure of any of the abovementioned information is not applicable.

24. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Scheme are to abstain from voting on any Shareholders' resolution relating to the Scheme, other than a resolution relating to the participation of, or grant of options to, directors and employees of the Company's parent company and its subsidiaries, where applicable. This includes, where applicable, (i) implementation of the Scheme; and (ii) participation by, and Option granted to, Controlling Shareholders and their Associates. Such Shareholders should not accept nominations as proxies or otherwise for voting in respect of such resolution unless specific instructions have been given in the proxy instrument on how the votes are to be cast. Controlling Shareholders and their Associates should also abstain from voting on the resolution in relation to their participation in the Scheme and the grant of Options to them.

25. DISPUTES

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

26. GOVERNING LAW

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

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SCHEME**

APPENDIX 1.1 – THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No. _____

Private and Confidential

[Date]

To: [Name]
[Designation]
[Address]

Dear [Sir/Madam]

We are pleased to inform you that you have been nominated by the Committee of Directors of Shanaya Limited (“**Company**”) to participate in the Shanaya Employee Share Option Scheme (“**Scheme**”).

Accordingly, an offer is hereby made to grant you an Option (as defined in the Scheme), in consideration of the payment of a sum of S\$1.00, to subscribe for and be allotted _____ new ordinary shares in the capital of the Company (“**Shares**”) at the price of S\$ _____ per Share.

This Option is personal to you and shall not be transferred, charged, assigned, pledged or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee (as defined in the Scheme).

The Option shall be subject to the rules of the Scheme, a copy of which is available for inspection at the business address of the Company, as well as the terms of this letter.

Kindly note that under the rules of the Scheme, you will not be entitled to exercise the Option before the _____ anniversary of the date of this letter.

If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form, with a sum of S\$1.00, not later than _____ (a.m. / p.m.) on _____, failing which this offer shall automatically lapse and shall thereafter be null and void.

Yours faithfully

THE COMMITTEE
SHANAYA EMPLOYEE SHARE OPTION SCHEME

**APPENDIX D – RULES OF THE SHANAYA EMPLOYEE SHARE OPTION
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SHANAYA LIMITED

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APPENDIX 1.2 – THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No. _____

Private and Confidential

To: The Committee
Shanaya Employee Share Option Scheme
Shanaya Limited
[●]

Closing Date and Time for Acceptance of the Offer : _____

Number of new ordinary shares in the capital of the Company (“**Shares**”) Offered : _____

Exercise Price per Share : S\$ _____

Total Amount payable for the Shares (exclusive of the relevant CDP charges) : S\$ _____

I have read your Letter of Offer dated _____ (Date of Grant) and agree to be bound by the terms of the Letter of Offer and the Rules of the Shanaya Employee Share Option Scheme referred to therein. Terms defined in the Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at S\$ _____.

*I enclose a *cheque/cashier’s order/bank draft/postal order for S\$1.00 as consideration for the grant of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

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

I confirm that the acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of Shares or the Option.

I acknowledge and confirm that I shall be responsible for all the fees of CDP (if any) relating to or in connection with the allotment and issue or transfer of any Shares in CDP’s name, to the credit of my Securities Account with CDP or my securities sub-account with a Depository Agent

**APPENDIX D – RULES OF THE SHANAYA EMPLOYEE SHARE OPTION
SCHEME**

(as the case may be) (collectively, the “**CDP charges**”).

I further acknowledge and confirm that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer dated _____, this Acceptance Form and the Scheme (as the same may be from time to time amended) constitute the entire agreement between us relating to the offer.

I agree to maintain confidentiality with regards to all information relating to the grant of the Option to me.

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC / Passport Number : _____

Signature : _____

Date : _____

* Please Delete Accordingly

Notes:

1. Shares must be accepted in full or multiples of 100
2. The Acceptance Form must be forwarded to the Committee in an envelope marked “Private and Confidential”.
3. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of the Option.

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SCHEME**

APPENDIX 1.3 – THE SHANAYA EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

Serial No. _____

Private and Confidential

To: The Committee
Shanaya Employee Share Option Scheme
Shanaya Limited
[address]

Total number of ordinary shares in the capital of Shanaya Limited (the “**Company**”) (“**Shares**”) offered at S\$ _____ per Share under the Scheme on _____ (Date of Grant) :

Number of Shares previously allotted and issued or transferred thereunder :

Outstanding balance of Shares to be allotted and issued or transferred thereunder :

Number of Shares now to be subscribed :

-
1. Pursuant to your Letter of Offer dated _____ (Date of Grant) and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares (in multiples of 100) at the Exercise Price of S\$ _____ per Share.
 2. I hereby request the Company to allot and issue or transfer the number of Shares specified in paragraph 1 above in the name of The Central Depository (Pte) Limited (“**CDP**”) to the credit of my Securities Account with CDP or my securities sub-account with a Depository Agent specified below and to deliver the share certificate(s) relating thereto to CDP. I further agree to bear such fees or other charges as may be imposed by CDP (“**CDP charges**”) in respect thereof:

* (a) Direct Securities Account Number : _____

Or

* (b) Securities Sub-Account Number : _____

**APPENDIX D – RULES OF THE SHANAYA EMPLOYEE SHARE OPTION
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Name of Depository Agent : _____

3. I enclose a *cheque/cashier's order/bank draft/postal order with number _____ of S\$ _____ in payment for the subscription of the total number of the said Shares and *CDP charges of S\$ _____.
4. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Shanaya Employee Share Option Scheme (as the same may be from time to time amended) and the Memorandum and Articles of Association of the Company.
5. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC / Passport Number : _____

Signature : _____

Date : _____

* Please Delete Accordingly

Notes:

1. An Option may be exercised, in whole or in part, provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
2. The Exercise Notice must be forwarded to the Committee in an envelope marked "Private and Confidential".
3. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of the Option.

APPENDIX E – RULES OF THE SHANAYA PERFORMANCE SHARE PLAN

1. **NAME OF THE PLAN**

The Plan (as defined below) shall be called the "**Shanaya Performance Share Plan**".

2. **DEFINITIONS**

2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Adoption Date"	:	The date on which the Plan is adopted by the Company in a general meeting
"Associate"	:	<p>(a) In relation to any Director, chief executive officer, substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <ul style="list-style-type: none"> (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 <p>(b) In relation to a substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
"Auditors"	:	The auditors of the Company for the time being
"Award"	:	A contingent award of Shares granted under Rule 5
"Award Date"	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
"Award Letter"	:	A letter in such form as the Committee shall approve confirming an Award granted to a

APPENDIX E – RULES OF THE SHANAYA PERFORMANCE SHARE PLAN

		Participant by the Committee
“Board”	:	The board of Directors of the Company for the time being
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer this Plan
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
“Company”	:	Shanaya Limited
“Constitution”	:	The constitution of the Company, as amended, supplemented or modified from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	:	A shareholder who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Shares held by the Company as treasury shares) (unless otherwise determined by the SGX-ST that a person who satisfies this subparagraph is not a controlling shareholder); or (b) in fact exercises control over the Company.
“CPF”	:	Central Provident Fund
“Directors”	:	The directors of the Company for the time being
“Group”	:	The Company and its subsidiaries
“Group Employee”	:	An employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Plan in accordance with Rule 4
“Group Executive Director”	:	A director of the Group who performs an executive function

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“Group Non-executive Director”	:	A director of the Group other than a Group Executive Director but including an Independent Director
“Independent Director”	:	An independent Director of the Company
“Market Day”	:	A day on which the SGX-ST is open for securities trading
“Participant”	:	A person who has been granted an Award pursuant to the Plan
“Performance Condition”	:	In relation to an Award, the condition specified on the Award Date in relation to that Award
“Performance Period”	:	The period, as may be determined by the Committee at its discretion, during which the Performance Condition is to be satisfied
“Plan”	:	The Shanaya Performance Share Plan, as amended, supplemented or modified from time to time
“Release”	:	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7 , the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	:	An Award which has been released in accordance with Rule 7
“Rules”	:	Rules of the Plan, as amended, supplemented or modified from time to time, and any reference to a particular Rule shall be construed accordingly
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons who are registered as holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall mean the Depositors who have Shares credited to their Securities Accounts
“Shares”	:	Ordinary shares in the capital of the Company
“Subsidiary”	:	A company which is for the time being a subsidiary

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		of the Company, as defined by Section 5 of the Companies Act
“subsidiary holdings”	:	Subsidiary holdings shall have the meaning ascribed to it in the Catalist Rules
“S” and “cents”	:	Singapore dollars and cents, respectively
“treasury shares”	:	Treasury shares shall have the meaning ascribed to it in Section 4 of the Companies Act
“Vesting”	:	In relation to the Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award, and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”		In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7
“Vesting Period”		The period during which an Award may Vest, if any
“%” or “per cent”	:	Per centum or percentage

- 2.2 The terms “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA or any statutory modification thereof, as the case may be.
- 2.3 Words importing the singular number shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.
- 2.4 Any reference in this Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, SFA or any statutory modification thereof and used in this Plan shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA or any statutory modification thereof, as the case may be.
- 2.5 Any reference to a time of a day in the Plan is a reference to Singapore time.

3. OBJECTIVES OF THE PLAN

- 3.1 The Company places a strong emphasis on the recruitment and retention of quality employees with talent in all areas of the Group’s operations, and in particular, the drive, leadership, skills, expertise and experience of such persons, as the Company considers

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these to be qualities that will assist the Group to realise its strategic and long-term business goals.

- 3.2 The Plan will provide the Company with the means to use performance share award as part of a compensation plan for attracting as well as promoting long-term staff retention, by providing an opportunity for employees who satisfy the eligibility criteria as set out in **Rule 4** of the Plan, to be remunerated through an equity stake in the Company, namely Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors).
- 3.3 The Plan is a share incentive plan. The purpose of the Plan is to recognise the fact that the services of such Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) are important to the ongoing and continued growth and success of the Group. Implementation of the Plan will give the Company the flexibility in relation to the Group's remuneration packages and allow the Group to better manage its fixed overheads. At the same time, it will give such Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) who have contributed significantly or who can contribute significantly to the growth and development of the Group to have a personal stake in the Company at a relatively low direct cost to the Company's profitability. The Plan is intended to be employed by the Group to reward, retain and motivate Participants and will help to achieve the following objectives:
- (i) motivate Participants to achieve higher efficiency and productivity and improve the performance of the Group and its businesses;
 - (ii) instil a sense of loyalty to the Group in the Participants, and to create an incentive for Participants to work towards the long-term well-being of the Group;
 - (iii) to align the interests of Participants to those of Shareholders;
 - (iv) to make employee and/or director remuneration sufficiently competitive to recruit and retain Participants whose contributions are important to the growth and profitability of the Group;
 - (v) to attract potential employees and/or directors with relevant skills to contribute to the Group; and
 - (vi) to give recognition to the contributions made or to be made by Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) to the success of the Group.

4. ELIGIBILITY

- 4.1 Subject to the absolute discretion of the Committee, Group Employees (including Group Executive Directors) and Group Non-Executive Directors (including Independent Directors) who meet the criteria below shall be eligible to participate in the Plan. Any

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person shall be eligible to participate in the Plan at the absolute discretion of the Committee, provided that on or prior to the Award Date such person must:

- (a) be confirmed in his/her employment with the Group;
- (b) have attained the age of 21 years; and
- (c) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

4.2 Controlling Shareholders and/or their Associates who meet the eligibility criteria in **Rule 4.1** and who have contributed or have the potential to contribute to the success and development of the Group are, subject to the absolute discretion of the Committee, eligible to participate in the Plan provided that the participation by each such Controlling Shareholder or Associate of a Controlling Shareholder and the actual number of Shares to be issued and the terms of each grant of Award to any one of them may be effected only with the specific prior approval of independent Shareholders at a general meeting in separate resolutions. The Company will at such time provide the rationale and justification for any proposal to grant the Controlling Shareholders and/or their Associates any Award.

Such Controlling Shareholders and their Associates shall abstain from voting on the resolution in relation to their participation in the Plan and grant of Awards to them.

4.3 The eligibility of Participants to participate in the Plan, and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the performance period shall be determined at the absolute discretion of the Committee, which shall take into account,

- (iv) the financial performance of the Group;
- (v) in respect of a Participant being an employee or Group Executive Director, criteria such as his rank, job performance, years of service, potential for future development and his contribution to the success and development of the Group;
- (vi) in respect of a Participant being a Group Non-executive Director, criteria such as his extent of involvement, responsibilities within the Board, contribution to the success and development of the Group; and
- (vii) the extent of effort required to achieve the performance target(s) within the Performance Period shall also be considered.

4.4 There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies within the Group.

4.5 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility

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for participation in the Plan may be amended from time to time at the absolute discretion of the Committee, which shall be exercised judiciously.

5. GRANT OF AWARDS

- 5.1 There are no fixed periods for the grant of Awards. Subject as provided in **Rule 8**, the Committee may grant Awards at any time during the period when the Plan is in force, provided that no Awards shall be granted during the period commencing one month before the announcement of our Company's half year and full year financial statements.

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Awards may only be vested and hence any Shares comprised in such Award may only be delivered on or after the second Market Day from the date on which such announcement is released.

- 5.2 The Committee shall decide, in its absolute discretion, in relation to each Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the number of Shares which are the subject of the Award;
- (d) the prescribed Vesting Period(s);
- (e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
- (f) in the case of a Performance-related Award, the Performance Period and the Performance Condition.

- 5.3 The Committee may amend or waive the Vesting Period(s) and, in the case of a Performance related Award, the Performance Period and/or the Performance Condition in respect of any Award:

- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or
- (b) in the case of a Performance-related Award, if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or

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- (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled, and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).
- 5.4 As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
 - (a) the Award Date;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the prescribed Vesting Period(s);
 - (d) the extent to which Shares which are the subject of that Award shall be released at the end of each prescribed Vesting Period; and
 - (e) in the case of a Performance-related Award, the Performance Period and the Performance Condition.
- 5.5 Participants are not required to pay for the grant of Awards.
- 5.6 An Award or Released Award shall be personal to the Participant to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.
- 6. **EVENTS PRIOR TO THE VESTING DATE**
- 6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or employees):
 - (a) a Participant, being an Employee, ceasing for any reason whatsoever, to be in the employment of the Company;
 - (b) a Participant, being a Non-Executive Director, ceasing to be a director of the Company for any reason whatsoever;
 - (c) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or

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interest in such Award;

- (d) ill health, injury, disability or death of a Participant;
- (e) a Participant commits any breach of any of the terms of his Award;
- (f) misconduct on the part of a Participant as determined by the Company in its sole and absolute discretion;
- (g) a take-over, winding-up or reconstruction of the Company; and/or
- (h) any other event approved by the Committee.

For the purpose of **Rule 6.1(a)** above, an Employee shall be deemed to have ceased to be in the employment of the Company on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the written consent of the Company) withdrawn such notice.

For the purpose of **Rule 6.1(b)** above, a Participant shall be deemed to have ceased to be a Non-Executive Director as at the date the notice of resignation of or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 6.2 The Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including **Rules 6.1 and 7.1**. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in **Rule 6.1**.
- 6.3 Without prejudice to the provisions of **Rules 5.3 and 7.1**, to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
 - (b) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;
 - (c) an order for the compulsory winding-up of the Company is made; or
 - (d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Committee may consider, at its discretion, whether or not to Release such Award. If the Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the

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Performance Condition (if any) has been satisfied. Where such Award is Released, the Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with **Rule 7**. If the Committee so determines, the Release may be satisfied in cash as provided in **Rule 7**.

7. RELEASE OF AWARDS

- 7.1 (a) In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied. If the Committee determines, in its sole discretion, that the Performance Condition has not been satisfied or if the relevant Participant has not continued to be an Employee or has not continued to be a Group Non-executive Director (as the case may be) from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of **Rule 7** (save for this **Rule 7.1(a)**) shall be of no effect. The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to:

- (i) (in relation to a Performance-related Award) the Committee having determined that the Performance Condition has been satisfied;
- (ii) the relevant Participant (being an Employee) having continued to be an Employee from the Award Date up to the end of the relevant Vesting Period;
- (iii) the Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;
- (iv) such consents (including any approvals required by SGX-ST) as may be necessary;
- (v) compliance with the terms of the Award, the Plan and the Constitution;
- (vi) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where Shares are to be allotted on the release of an Award, the Company

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being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on SGX-ST,

upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with **Rule 7.1(a)** and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of such Shares.
 - (c) Where Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to SGX-ST for the listing and quotation of such Shares.
- 7.2 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 7.3 Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:
- (a) be subject to all the provisions of the Constitution (including provisions relating to the liquidation of the Company) and the Companies Act; and
 - (b) rank for any dividend, right, allotment or other distribution on the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

The Committee may determine to make a Release, wholly or partly, in the form of cash rather than Shares which would otherwise have been allotted and issued to the Participant upon the Release of an Award on the relevant Vesting Date, in which event the Company shall pay to the Participant as soon as practicable after such Vesting Date, in lieu of all or part of such Shares, the aggregate Market Value of such Shares on such Vesting Date.

8. LIMITATION ON THE SIZE OF THE PLAN

- 8.1 The aggregate number of Shares in respect of which an Award may be granted on any date under the Plan, when added to the amount of Shares issued and issuable and/or transferred and transferable in respect of:
- (a) all Shares available under the Plan; and

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- (b) all options and awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force,

shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company on the day immediately preceding the relevant Award Date (or such other limit as the SGX-ST may determine from time to time). Any Award which have already been granted shall not be invalidated in the event that a reduction of the Company's capital or a buy-back of its Shares (if applicable) results in the Shares issuable and/or transferable under outstanding Award exceeding 15% of the Company's issued share capital (excluding treasury shares and subsidiary holdings).

- 8.2 The aggregate number of Shares issued and issuable and/or transferred and transferable in respect of all Awards granted pursuant to the Plan available to all Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Plan.
- 8.3 The number of Shares issued and issuable and/or transferred and transferable in respect of all Award granted pursuant to the Plan available to each Controlling Shareholder or each of his Associates shall not exceed 10% of the Shares available under the Plan.
- 8.4 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.
- 8.5 The Company shall keep available sufficient unissued Shares (or treasury shares) to satisfy the full vesting of all Awards for the time being remaining capable of being released. In determining whether to issue new Shares or to purchase existing Shares for delivery to Participants upon vesting of their Award, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing new Shares or purchasing existing Shares.

9. ADJUSTMENT EVENTS

- 9.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, bonus issue or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) shall take place, then:
 - (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
 - (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

may, at the option of the Committee, be adjusted in such manner as the Committee may

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determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

9.2 Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustment:

- (i) any issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) any issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares pursuant to any share-based incentive schemes approved by Shareholders in general meeting and implemented by the Company, including the PSP;
- (iii) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; and
- (iv) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased by the Company by way of market purchase(s) effected on SGX-ST pursuant to a share purchase mandate (or any renewal thereof) given by the shareholders of the Company in general meeting and for the time being in force.

9.3 Notwithstanding the provisions of **Rule 9.1**, any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment being made pursuant to this **Rule 9**, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

9.5 Notwithstanding the provisions of **Rule 9.1** or that no adjustment is required under the provisions of the Plan, the Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in **Rule 9.1** notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

10. ADMINISTRATION OF THE PLAN

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- 10.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as may be conferred on it by the Board provided that a member of the Committee who is a Participant shall not be involved in the deliberations and decisions of the Committee in respect of the Award granted or to be granted to him or his Associates in compliance with the requirements of the Catalist Rules.
- 10.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan as it thinks fit.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Plan;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision of the Committee, made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation, or procedure thereunder or as to any rights under the Plan).

11. NOTICES

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other address (including an electronic mail address) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person or persons as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number provided by the Participant to the Company.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant, when left at the address specified in **Rule 11.2** or, if sent by post, shall be deemed to have been given on the day following the date of posting.

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12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) any modification or alteration which shall alter adversely the rights attaching to any Award granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Award granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would thereby become entitled to Shares representing not less than three-quarters of the total voting rights (or such other requirements as may be prescribed by the SGX-ST) of all the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;
 - (b) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of the Shareholders in a general meeting
 - (c) the modification or alteration must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
 - (d) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted and listed, and such other regulatory authorities as may be necessary.

For the purposes of **Rule 12.1(a)**, the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Award shall be final and conclusive.

- 12.2 Notwithstanding anything to the contrary contained in **Rule 12.1**, the Committee may at any time by resolution (and without other formality, save for the prior approval of SGX-ST) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this **Rule 12** shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

- 13.1 The Plan or any Award shall not form part of any contract of employment between any member of the Group and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall

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not be affected by his participation in the Plan or any right which he may have to participate in it or any Award which he may hold and the Plan or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

- 13.2 The Plan shall not confer on any person any legal or equitable rights (other than those constituting the Award themselves) against any member of the Group directly or indirectly or give rise to any cause of action at law or in equity against any member of the Group.

14. DURATION OF THE PLAN

- 14.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, the Plan may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The Plan may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Plan is so terminated; no further Awards shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the Plan shall be without prejudice to the Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

15. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

16. COSTS AND EXPENSES OF THE PLAN

- 16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in **Rule 15** which shall be payable by the relevant Participant.
- 16.2 Save for such costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Award shall be borne by the Company.

APPENDIX E – RULES OF THE SHANAYA PERFORMANCE SHARE PLAN

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Companies Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of any new Shares on the SGX-ST.

18. DISCLOSURES IN ANNUAL REPORT

The Company shall make the following disclosure in its annual report:

- (a) The names of the members of the Committee;
- (b) The information required in the table below for the following Participants:
 - (i) Participants who are Directors;
 - (ii) Participants who are Controlling Shareholders and their Associates (if any); and
 - (iii) Participants, other than those in (b)(i) and (b)(ii) above who receive 5% or more of the aggregate of the total number of Shares available under the Plan;

Name of participants	Shares granted during the financial year under review (including terms)	Aggregate number of Shares granted since commencement of the Performance Share Plan to the end of the financial year under review	Aggregate number of Shares comprised in Award vested during the financial year under review	Aggregate number of Shares comprised in Award not released as at the end of the financial year under review
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- (c) Such other information as may be required by the Catalist Rules or the Companies Act.

An appropriate negative statement will be included in the annual report to the Shareholders in the event the disclosure of any of the abovementioned information is not applicable.

19. ABSTENTION FROM VOTING

APPENDIX E – RULES OF THE SHANAYA PERFORMANCE SHARE PLAN

Shareholders who are eligible to participate in the Plan are to abstain from voting on any Shareholders' resolution relating to the Plan, other than a resolution relating to the participation of, or grant of awards to, directors and employees of the Company's parent company and its subsidiaries, where applicable. This includes, where applicable, (i) implementation of the Plan; and (ii) participation by, and Award granted to, Controlling Shareholders and their Associates. Such Shareholders should not accept nominations as proxies or otherwise for voting in respect of such resolution unless specific instructions have been given in the proxy instrument on how the votes are to be cast. Controlling Shareholders and their Associates should also abstain from voting on the resolution in relation to their participation in the Plan and the grant of Awards to them.

20. DISPUTES

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

21. GOVERNING LAW

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

APPENDIX F – PROPOSED NEW CONSTITUTION

THE COMPANIES ACT, CAP. 50
SINGAPORE

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

SHANAYA LIMITED

(Adopted by Special Resolution passed on)

(Incorporated in the Republic of Singapore)

PRELIMINARY

1. (a) The name of the Company is **SHANAYA LIMITED**.
- (b) The registered office of the Company will be situated in the Republic of Singapore.
- (c) Subject to the provisions of the Companies Act (Chapter 50) of Singapore and any other written law and this Constitution, the Company has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and for the said purposes, full rights powers and privileges.
- (d) The liability of the members is limited.
- (e) The share capital of the Company is in Singapore dollars.
- (f) The shares of the Company may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges,

APPENDIX F – PROPOSED NEW CONSTITUTION

conditions or restrictions as to dividends, capital, voting or otherwise.

2. In this Constitution (if not inconsistent with the subject or context), the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively.

WORDS

MEANINGS

“Act”		The Companies Act (Chapter 50) of Singapore (as amended from time to time) or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force concerning companies and affecting the Company and any reference to any provision as so modified, amended or re-enacted or contained in any such subsequent Companies Act.
“Annual Meeting”	General	An annual general meeting of the Company.
“book-entry securities”		Listed securities:- (a) documents of title to which are deposited by a Depositor with the Depository and are registered in the name of the Depository or its nominee; and (b) which are transferable by way of book-entry in the Depository Register and not by way of an instrument of transfer.
“Chairman”		The chairman of the Directors or the chairman of the General Meeting as the case may be, for the time being.
“Chief Executive Officer or Managing Director”		The chief executive officer or managing director of the Company (or any other equivalent appointment, howsoever described),

APPENDIX F – PROPOSED NEW CONSTITUTION

		for the time being.
“Company”		The abovenamed company by whatever name from time to time called.
“Constitution”		This Constitution of the Company for the time being in force.
“Deputy Chairman”		The deputy chairman of the Directors or the deputy chairman of the General Meeting as the case may be, for the time being.
“Designated Exchange”	Stock	The Singapore Exchange Securities Trading Limited for so long as the shares of the Company are listed and quoted on the Singapore Exchange Securities Trading Limited and/or such other stock exchange in respect of which the shares of the Company are listed or quoted.
“Director”		Includes any person acting as director of the Company and includes any person duly appointed and acting for the time being as an alternate Director.
“Directors”		The directors of the Company for the time being, as a body or as a quorum present at a meeting of directors.
“Dividend”		Includes bonus and payment by way of bonus.
“Extraordinary Meeting”	General	An extraordinary general meeting of the Company.
“General Meeting”		A general meeting of the Company.
“in writing” or “written”		Written or produced by any substitute for writing or partly one and partly the other, and includes (except where otherwise expressly

APPENDIX F – PROPOSED NEW CONSTITUTION

specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Act) printing, lithography, typewriting and any other mode of representing or reproducing words, symbols or other information which may be displayed in visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.

“Index of Members”	An index in convenient form of the names of the Members.
“market day”	A day on which the Designated Stock Exchange is open for trading in securities.
“Member” “shareholder”	or (a) where the Depository or its nominee (as the case may be) is named in the Depository Register as the holder of shares, a Depositor in respect of the number of shares which stand in credit against his name in the Depository Register; and (b) in any other case, a person whose name appears on the Depository Register as a shareholder, but shall exclude the Company where it is a member by reason of its holding of its shares as treasury shares.
“month”	Calendar month.
“Office”	The registered office of the Company for the time being.
“Ordinary Resolution”	Shall have the meaning ascribed to it in the Act.

APPENDIX F – PROPOSED NEW CONSTITUTION

“paid-up”	Includes credited as paid-up.
“Register of Members”	The Company's register of Members.
“Register of Transfers”	The Company's register of transfers.
“registered address” or “address”	In relation to any Member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution.
“Registrar of the Companies”	The Accounting and Corporate Regulatory Authority of Singapore.
“Regulations”	The regulations of the Company contained in this Constitution for the time being in force.
“Seal”	The common seal of the Company.
“Secretary”	Any person appointed by the Directors to perform any of the duties of the secretary or where two or more persons are appointed to act as joint secretaries, any one of those persons.
“shares”	Shares in the capital of the Company.
“Singapore Dollar(s)” or “S\$”	The lawful currency of the Republic of Singapore.
“Special Resolution”	Shall have the meaning ascribed to it in the Act.
“Statutes”	The Act and every other written law for the time being in force concerning companies and affecting the Company.
“year”	Calendar year.

The words “Depositor”, “Depository”, “Depository Agent” and

APPENDIX F – PROPOSED NEW CONSTITUTION

“Depository Register” shall have the meanings respectively ascribed to them in the Securities and Futures Act (Chapter 289) of Singapore.

The expressions “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the meanings ascribed to them respectively in the Act.

References in the Constitution to “holder” or “holder(s)” of shares or a class of shares shall be taken to mean a person named with respect to such shares in the Register of Members and shall:-

- (a) exclude the Depository or its nominee (as the case may be), except where otherwise expressly provided in this Constitution, or where the term “registered holders” or “registered holder” is used in this Constitution;
- (b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and
- (c) except where expressly provided in this Constitution, exclude the Company in relation to shares held by it as treasury shares,

and “hold”, “holding” and “held” shall be construed accordingly.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include corporations.

Subject as aforesaid, any words or expression defined in the Act or the Interpretation Act (Chapter 1) of Singapore shall (if not inconsistent with the subject or context) bear the same meanings in this Constitution.

References in this Constitution to any enactment is a reference to that enactment as for the time being amended or re-enacted.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of this Constitution.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of these.

ISSUE OF SHARES

3. (A) Subject to the Statutes and to this Constitution, no shares may be issued by the Directors without the prior approval of the Company in a General Meeting pursuant to the Act, but subject thereto and the terms of such approval, and to Regulation 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards Dividend, return of capital, participation in surplus, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that:-
- Shares under control of General Meeting.
- (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of Regulation 5(A) with such adaptations as are necessary shall apply; and
- (b) any other issue of shares, the aggregate of which would exceed the limits referred to in Regulation 5(B), shall be subject to the approval of the Company in General Meeting.
- (B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.
- (C) Except so far as otherwise provided by the conditions of

APPENDIX F – PROPOSED NEW CONSTITUTION

issue or by this Constitution, all new shares shall be issued subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

4. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation 5(A).

Issue of new shares
to Members.

(B) Notwithstanding Regulation 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:-

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

APPENDIX F – PROPOSED NEW CONSTITUTION

instruments convertible into shares; and

- (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:-

- (1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;
 - (2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and this Constitution;
 - (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest);
 - (4) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same; and
 - (5) where the capital of the Company consists of shares of different monetary denominations, the voting rights shall be prescribed in such manner that a unit of capital in each class when reduced to a common denominator, shall carry the same voting power when such right is exercisable.
- (C) The Company may, notwithstanding Regulations 5(A) and 5(B) above, authorise the Directors not to offer new shares

APPENDIX F – PROPOSED NEW CONSTITUTION

to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

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| (D) | The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution. | Shares of a class other than ordinary shares. |
| (E) | The Company may issue shares for which no consideration is payable to the Company. | Issue of shares for no consideration. |
| (F) | If by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the persons who for the time being, and from time to time, shall be Members in respect of the shares, or their legal personal representatives. | Instalments of shares. |
| 6. | (A) The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Any such commission or brokerage may be paid in whole or in part in cash or fully or partly paid shares of the Company as may be arranged. | Power to pay commissions or brokerage. |
| | (B) Any expenses (including brokerage or commission) incurred directly by the Company in relation to the issue of new shares in accordance with these Regulations may be paid out of the proceeds of such issue of new shares or the Company's share capital. Such payment shall not be taken as a reduction of the amount of share capital of the Company. | |
| 7. | Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act. | Power to charge interest on capital. |
| 8. | (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by any Designated Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of | Rights of preference shareholders. |

APPENDIX F – PROPOSED NEW CONSTITUTION

notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrears. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time.

- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued and the rights conferred upon the holders of preference shares shall not unless otherwise expressly provided by the conditions of issue of such shares be deemed to be altered by the creation or issue of such further preference capital ranking equally with or in priority thereto.

Issue of further preference shares.

VARIATION OF RIGHTS

9. (A) (i) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up.
- (ii) To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney shall on a poll have one vote for every share of the class held by him, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if

Variation of rights.

APPENDIX F – PROPOSED NEW CONSTITUTION

obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(iii) The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or Resolution to the Registrar of the Companies.

(B) The provisions in Regulation 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

10. The Company may by Ordinary Resolution:-

Alteration of capital.

- (a) consolidate and divide all or any of its share capital;
- (b) subject to the provisions of this Constitution and the Act, issue shares in pursuance of any Instrument made or granted by the Directors;
- (c) cancel the number of any shares which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled;
- (d) subject to the provisions of this Constitution and the Act, sub-divide its existing shares, or any of them, so that as between the holders or Depositors of the resulting shares one or more of such shares may by the resolution by which the subdivision is effected be given any preference or advantage as regards Dividend, capital, voting or otherwise

APPENDIX F – PROPOSED NEW CONSTITUTION

over the others or any other of such shares;

(e) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency.

11. (A) The Company may by Special Resolution reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law. Power to reduce capital.
- (B) The Company may by Special Resolution subject to and in accordance with the Act, convert any class of shares into any other class of shares. Power to convert shares.
- (C) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereafter, the "**Relevant Laws**"), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly. Company may acquire its own shares.

SHARE CERTIFICATES

12. Subject to Regulation 129, every share certificate shall be issued under the Seal (where the Company has a seal) and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Directors and the Secretary or such other person as may be authorised Share certificates.

APPENDIX F – PROPOSED NEW CONSTITUTION

by the Directors, and shall specify the number and class of shares to which it relates and the amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class.

The provisions in this Regulation and in Regulations 13 to 16 (so far as they are applicable) shall not apply to the transfer of book-entry securities.

13. (A) The Company and the Depository shall not be bound to register more than three persons as joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased Member. Joint holders
- (B) The certificates of shares, or options in respect of shares, registered in the names of two or more persons may, without prejudice to the provisions of Regulation 14, be delivered to the person first named on the Register or, in the case of shares or option registered in the name of the Depository, to the Depository. Issue of certificates to joint holders
14. Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or (as the case may be) after the date of lodgement of a registrable transfer to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where a charge is made for certificates, such charge shall not exceed two dollars. Registered holder's right to certificate.
15. (A) Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the Member shall pay (in the case of sub-division) a maximum fee of S\$2.00 for each new certificate (or such other fee as the Directors may from time Sub-division of share certificate.

APPENDIX F – PROPOSED NEW CONSTITUTION

to time determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time). Where some only of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.

(B) Any two or more certificates representing shares of any one class held by any Member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.

Consolidation of share certificates.

16. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a written indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate, and in any case on payment of such sum not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereon as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to, and to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

Replacement share certificates.

CALLS ON SHARES

17. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares and not by the conditions of allotment thereof made payable at fixed times. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

Powers of Directors to make calls.

18. Each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Joint and several liability of joint holders and Depositors.

APPENDIX F – PROPOSED NEW CONSTITUTION

A call may be revoked or postponed as the Directors may determine.

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| 19. | If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent, per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part. | Interest on unpaid calls. |
| 20. | Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. | Sums payable under terms of allotment to be deemed calls. |
| 21. | The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment. | Difference in calls between various Members. |
| 22. | The Directors may if they think fit receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish <i>pro tanto</i> the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent, per annum) as the Member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits. | Payment of calls in advance. |

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| 23. | If a Member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment. | Notice requiring payment of calls. |
| 24. | The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or | Notice to state place and time of payment. |

APPENDIX F – PROPOSED NEW CONSTITUTION

before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be made forfeit.

25. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be made forfeit by a resolution of the Directors to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeit share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be made forfeit hereunder.
- Forfeiture on non-compliance with notice
26. A share so made forfeit or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorise some person to transfer a share so made forfeit or surrendered to any such other person as aforesaid.
- Sale of forfeited shares.
27. A Member whose shares have been made forfeit or surrendered shall cease to be a Member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent, per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.
- Rights and liabilities of members whose shares have been forfeited.
28. The Company shall have a first and paramount lien on every share (not being a fully paid share) and Dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased
- Company to have paramount lien.

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Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation.

29. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
- Sale of shares subject to lien.
30. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid calls, accrued interest, expenses, debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser.
- Application of sale proceeds.
31. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly made forfeit or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.
- Title to forfeited or surrendered shares.
32. In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon, the Member or other person who
- Certificate of shares to be delivered to the Company.

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prior to such forfeiture or sale was entitled thereto, shall be bound to deliver, and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.

TRANSFER OF SHARES

33. All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and the Designated Stock Exchange. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided Always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof. Member may transfer shares.
34. In the case of a registered transfer, a fee not exceeding S\$2.00 for each transfer as the Directors may from time to time determine shall be charged for the registration of a transfer except that the Depository shall not be liable to pay any fee in respect of the registration of a transfer. Transfer fee.
35. The Register of Members and Register of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to the Designated Stock Exchange, stating the period and purpose or purposes for which such closure is made. Closure of transfer books and Register of Members
36. (A) There shall be no restriction on the transfer of fully paid-up shares (except where required by law or by the rules, by-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to Directors' power to decline to register a transfer.

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time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:-

When Directors may refuse to register a transfer.

(a) such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

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| 37. | All instruments of transfer which are registered may be retained by the Company. | Retention of transfers. |
| 38. | Shares of different classes shall not be comprised in the same instrument of transfer. | Only shares of same class to be in the same instrument. |
| 39. | No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself of his affairs. | Restriction on transfer. |
| 40. | The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the | Destruction of records. |

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expiration of six years from the date of registration thereof and all Dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:-

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

- 41. (A) In case of the death of a Member whose name is registered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares, but nothing in this Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him. Survivor or legal personal representatives of deceased member.
- (B) In the case of the death of a Member who is a Depositor, the survivors or survivor, where the deceased is a joint holder, and the executors or administrators of the Survivor or legal personal representatives of deceased

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| <p>deceased, where he was a sole or only surviving holder and where such executors or administrators are entered into the Depository Register in respect of any shares to the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.</p> | Depositor. |
| <p>(C) Nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.</p> | Estate of deceased holder. |
| <p>42. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member.</p> | Transmission of shares. |
| <p>43. Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share in consequence of the death or bankruptcy of a Member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same Dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to General Meetings of the Company until he shall have been registered as a Member in respect of the share.</p> | Rights of person on transmission of shares. |
| <p>44. There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members</p> | Fee on registration of probate, etc. |

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affecting the title to any shares such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require or prescribe.

EXCLUSION OF EQUITIES

45. Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in this Constitution contained relating to the Depository or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.
- Exclusion of Equities.

STOCK

46. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.
- Conversion of shares to stock.
47. The holders of stock may transfer the same or any part thereof in the same manner and subject to this Constitution as and subject to which the shares from which the stock arose might previous to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.
- Transfer of stock.
48. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.
- Rights of stockholders.

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49. All such provisions of this Constitution as are applicable to paid up shares shall apply to stock, and in all such provisions, the words “shares” shall include “stock”, and “Depositor”, “Member”, and “shareholder” shall include “stockholder”. Definitions.

GENERAL MEETINGS

50. Subject to and in accordance with the provisions of the Act, an Annual General Meeting shall be held once in every year, at such time and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months (or such period as may be permitted by the Act and/or prescribed by the Designated Stock Exchange from time to time). The Company shall hold all its General Meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation. Annual General Meeting and Extraordinary General Meeting.
51. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting. Calling of Extraordinary General Meetings.

NOTICE OF GENERAL MEETINGS

52. (A) Any Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in manner hereinafter mentioned to all Members other than such as are not under the provisions of this Constitution entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:- Notice of General Meeting.
- (a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and

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(b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent, of the total voting rights of all the Members having a right to vote at thereat;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Designated Stock Exchange, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such Extraordinary General Meeting shall be given to the Designated Stock Exchange.

(B) Notice of every General Meeting shall be given to: -

(a) every Member;

(b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the General Meeting; and

(c) the auditor for the time being of the Company.

53. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.

Contents of notice for General Meeting.

(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

Contents of notice for Annual General Meeting.

(C) In the case of any General Meeting at which business other than routine business ("**special business**") is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.

Notice of General Meeting for special business and Special Resolutions.

54. Routine business shall mean and include only business

Routine business.

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transacted at an Annual General Meeting of the following classes, that is to say:-

- (a) declaring Dividends;
- (b) receiving and adopting the financial statements, the Directors' statement, the auditors' report and other documents required to be attached or annexed to the financial statements;
- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) re-appointing the retiring auditors (unless they were last appointed otherwise than by the Company in General Meeting);
- (e) fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the fees of the Directors proposed to be paid in respect of their office as such under Regulation 81 and/or Regulation 82.

55. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

Statement regarding effect of special business.

PROCEEDINGS AT GENERAL MEETINGS

56. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any General Meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be chairman of the General Meeting.
57. No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members, present in person or by proxy, provided

Chairman of General Meeting.

Quorum.

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that (i) a proxy representing more than one Member shall only count as one Member for purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present.

58. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may determine by not less than ten days' notice appoint.
- If quorum not present, adjournment or dissolution of meeting.
59. The Chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or *sine die*) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or *sine die*, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
- Business at adjourned meeting.
60. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.
- Notice of adjournment not required.
61. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the Chairman of the General Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
- Amendment of resolutions.
62. (A) If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock
- Mandatory polling.

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exchange).

(B) Subject to Regulation 62(A), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-

Method of voting where mandatory polling not required.

(a) the Chairman of the meeting; or

(b) not less than two Members present in person or by proxy and entitled to vote; or

(c) any Member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than five per cent (5%) of the total voting rights of all the Members having the right to vote at the General Meeting; or

(d) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be shares in the Company conferring a right to vote at the General Meeting, of which an aggregate sum has been paid-up equal to not less than five per cent (5%), of the total sum paid on all the shares conferring that right,

A demand for a poll may be withdrawn only with the approval of the meeting.

63. (A) A demand for a poll made pursuant to Regulation 62(B) shall not prevent the continuance of the General Meeting for the transaction of any business, other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the Chairman of the General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

Taking a poll.

(B) If a poll is taken, it shall be taken in such manner (including

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the use of ballot or voting papers or tickets) as the Chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The Chairman of the meeting may (and if required by the listing rules of any stock exchange upon which shares in the Company may be listed on or if so directed by the meeting, shall) appoint at least one scrutineer and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. The number of scrutineer(s), and the qualifications and duties of such scrutineer(s), shall be in accordance with the listing rules of the Designated Stock Exchange upon which the shares in the Company are listed (if applicable). The appointed scrutineer(s) shall be independent of the persons undertaking the polling process. Where the appointed scrutineer is interested in the resolution(s) to be passed at the General Meeting, it shall refrain from acting as the scrutineer for such resolution(s). The appointed scrutineer shall exercise the following duties: (i) ensuring that satisfactory procedures of the voting process are in place before the general meeting; and (ii) directing and supervising the count of the votes cast through proxy and in person.

64. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the General Meeting at which the show of hands takes place or at which the poll is taken shall be entitled to a casting vote. Casting vote of Chairman.
65. A poll on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman of the Meeting may direct. No notice need be given of a poll not taken immediately. Timing for taking a poll.

VOTES OF MEMBERS

66. (A) Subject to any special rights or restrictions as to voting attached by or in accordance with this Constitution to any class of shares, each Member entitled to vote may vote in person or by proxy: Voting rights.
- (a) On a show of hands every Member who is present in person or by proxy, has one vote for each share in respect of which he is a Member or represents (excluding treasury shares) and upon which all calls or other sums due thereon to the Company have been paid. Provided

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Always that:-

(i) in the case of a Member who is not a relevant intermediary and is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

(ii) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

(b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents (excluding treasury shares) and upon which all calls or other sums due thereon to the Company have been paid.

(B) For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two hours before the time appointed for the holding of the relevant General Meeting or the adjourned relevant General Meeting as certified by the Depository to the Company.

(C) A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.

67. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding. Voting rights of joint holders.
68. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground Voting by receivers.

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(however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to General Meetings.

69. No Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by Membership in relation to General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid. Entitlement of members to vote.
70. (1) No objection shall be raised as to the admissibility of any vote except at the General Meeting or adjourned General Meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the General Meeting whose decision shall be final and conclusive. Objection as to admissibility.
- (2) If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.
71. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Vote on a poll.
72. (A) A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, provided that if a Member is a Depositor, the Company shall be entitled and bound:- Shares entered in Depository Register.
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the

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Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(B) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

(C) A proxy need not be a Member of the Company.

(D) Save as otherwise provided in the Act:

Appointment of proxies.

(a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

(b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

73. (A) An instrument appointing a proxy for any Member shall be in writing in any usual or common form or in any other form which the Directors may approve and:-

Instrument of proxy to be in writing.

(a) in the case of an individual Member, shall be signed by the Member or his attorney duly authorised in writing;

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and

(b) in the case of a Member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation.

(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a Member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Regulation, failing which the instrument of proxy may be treated as invalid.

(C) In the case of an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney if the instrument of proxy is delivered personally, or sent by post or authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communications. In the case of a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post, or authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted electronically. The Directors may, for the purposes of electronic communication, designate procedure for authenticating any such instrument, and any such instrument not so authenticated by use of procedure shall be deemed not to have been received by the Company.

(D) The Directors may in their absolute discretion approve the method and manner for an instrument appointing a proxy to be authorised and designate the procedure for authenticating an instrument appointing a proxy.

74. (A) An instrument appointing a proxy or the power of attorney or other authority, if any:

Deposit of proxies.

(a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or

(b) if submitted by electronic communication, must be

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received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,

and in either case not less than seventy-two hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid. The deposit of an instrument appointing a proxy does not preclude the Member concerned from attending and voting in person at the General Meeting, as well as for any adjournment of the meeting to which it relates. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the General Meeting.

(B) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 74(A)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 74(A)(a) shall apply.

(C) The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

75. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll and to speak at the General Meeting, to move any resolution or amendment thereto and to speak at the meeting.

Instrument deemed to confer authority to demand for poll.

76. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least seventy-two hours before the

When vote by proxy valid though authority revoked.

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commencement of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

77. Subject to this Constitution and the Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.
- Vote in Absentia.

CORPORATIONS ACTING BY REPRESENTATIVES

78. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- Corporation may attend by representatives.

DIRECTORS

79. Subject as hereinafter provided, the Directors, all of whom shall be natural persons, shall not be less than two nor more than ten in number. The Company may by Ordinary Resolution from time to time vary the maximum number of Directors.
- Number of Directors.
80. A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.
- No share qualification.
81. The fees of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company in General Meeting, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in
- Fees of Directors.

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respect of which such fees are payable shall be entitled only to rank in such division for a proportion of fees related to the period during which he has held office. Salaries payable to an executive Director may not include a commission on or a percentage of turnover and the fees payable to a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

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| 82. | If any Director, being willing and having been called upon to do so, shall hold an executive office in the Company, shall render or perform extra or special services of any kind, including services on any committee established by the Directors, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Directors may think fit for expenses, Provided that such extra remuneration (in case of an executive Director) shall not be by way of commission on or a percentage of turnover and (in the case of a non-executive Director) shall be a fixed sum, and not by a commission on or a percentage of profits or turnover or by any or all of those modes. | Extra remuneration for work outside scope of ordinary duties. |
| 83. | The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company. | Reimbursement of expenses. |
| 84. | Subject to the provisions of the Act, the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums. | Pensions. |
| 85. | A Director may be party to or be in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of the auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to | Directors may contract with Company. |

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him thereunder or in consequence thereof.

86. (A) The Directors may from time to time appoint one or more of their body to be the Chairman or Deputy Chairman of the Company (whether such appointment is executive or non-executive in nature) or be the holder of any executive office under the Company or under any other company in which the Company is in any way interested on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment. Directors may hold offices.
- (B) The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Managing Director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company. Cessation of directorship of Chairman or Deputy Chairman.
- (C) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company. Cessation of directorship of Executive Director.
87. The Directors may entrust to and confer upon any Directors holding any executive office under the Company or any other company as aforesaid any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers. Power of Executive Directors.
88. (A) A Director and Chief Executive Officer or Managing Director (or person(s) holding an equivalent position), who is in any way whether directly or indirectly interested in a transaction (including contract or arrangement) or proposed transaction with the Company or of any office or property held by a Director or a Chief Executive Officer (or person(s) holding an equivalent position) which might create duties or interests in conflict with his duties or interests as a Director or a Chief Executive Officer (or an equivalent position), as the case may be, shall, as soon as is practicable after the relevant facts have come to his knowledge, declare the Director and, Chief Executive Officer or Managing Director, to declare interest if any.

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nature of his interest at a meeting of the Directors or send a written notice to the Company containing details on the nature, character and extent of his interest in the transaction or proposed transaction in accordance with the Act.

(B) A Director and Chief Executive Officer or Managing Director (or person(s) holding an equivalent position), shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has directly or indirectly a personal material interest and if he shall do so his vote shall not be counted nor save as provided by Regulation 88(C) shall he be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to:-

- (a) any arrangement for giving any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debtor obligation of the Company for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security; or
- (c) any contract by a Director to subscribe for or underwrite shares or debentures of the Company,

Provided that these prohibitions may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract arrangement or transaction or any particular proposed contract arrangement or transaction by the Company by Ordinary Resolution.

(C) Subject to applicable law, a general notice that a Director is an officer or member of any specified firm or corporation and is to be regarded as interested in all transactions with that firm or company shall be deemed to be a sufficient disclosure under this Regulation as regards such Director and the said transactions if it specifies the nature and extent of his interest in the specified firm or corporation and his interest is no different in nature or greater in extent than the nature and extent so specified in the general notice at the time any transaction is so made, but no such notice shall be of effect unless either it is given at a meeting of the Directors or the

General notice by
Director.

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Director takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.

89. A Director and Chief Executive Officer or Managing Director (or person(s) holding an equivalent position) who holds any office or possesses any property whereby directly or indirectly duties or interests might be created in conflict with his duties or interests as Director shall declare the fact and the nature, character and extent of the conflict at a meeting of the Directors of the Company in accordance with the Act.
90. A Director and Chief Executive Officer or Managing Director (or person(s) holding an equivalent position) may hold any other office or place of profit under the Company (other than the office of the auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. No such contract and no contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
91. A Director of the Company may become or continue to be a Director or other officer of or otherwise be interested in any company whether or not the Company is interested as a shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interests in such other company.

Director and, Chief Executive Officer or Managing Director, to declare conflict of interest.

CHIEF EXECUTIVE OFFICER OR MANAGING DIRECTOR

92. The Directors may from time to time appoint one or more of their body to be Chief Executive Officer or Managing Director or Managing Directors of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places. Where an appointment is for a fixed term such term shall not exceed five years.

Appointment of Chief Executive Officer or Managing Director.

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93. A Managing Director or a Director who is a Chief Executive Officer or such person holding an equivalent position shall be subject to the same provisions as to retirement by rotation, resignation and removal from the office of Directors as the other Directors of the Company and in the case of a Managing Director, if he ceases to hold the office of Director for any reason, he shall *ipso facto* and immediately cease to be a Managing Director. Retirement, removal and resignation of Chief Executive Officer or Managing Director.
94. The remuneration of a Chief Executive Officer or Managing Director (or person(s) holding an equivalent position) shall from time to time be fixed by the Directors and may subject to the Constitution be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover. Remuneration of Chief Executive Officer or Managing Director.
95. A Chief Executive Officer or Managing Director or such person holding an equivalent position shall at all times be subject to the control of the Directors but subject thereto the Directors may from time to time entrust to and confer upon a Chief Executive Officer or Managing Director for the time being such of the powers exercisable under this Constitution by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. Powers of Chief Executive Officer or Managing Director.

APPOINTMENT AND RETIREMENT OF DIRECTORS

96. The Company may by Ordinary Resolution appoint any person to be a Director either as an additional Director or to fill a casual vacancy. Without prejudice thereto the Directors shall also have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with this Constitution. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Company may appoint to fill vacancy.
97. At each Annual General Meeting, one-third of the Directors for Retirement.

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the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. All Directors must submit themselves for re-nomination and re-appointment at least once every three years. A retiring Director shall retain office until the close of the Meeting at which he retires.

98. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at a General Meeting who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for re-election.
- Determination of directors to retire.
99. The Company at a General Meeting at which a Director retires under any provision of this Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:-
- Filling office. vacated
- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (b) where such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- (c) where the default is due to the moving of a resolution in contravention of the next following Regulation; or
- (d) where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

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100. A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of this provision shall be void.
- Resolution for
appointment of
Directors.
101. Subject to the provisions of the Statutes, a Director shall not resign or vacate his office unless there is remaining in the Company at least one Director who is ordinarily resident in Singapore; and any purported resignation or vacation of office in breach of this Regulation shall be deemed to be invalid.
- Resident Director.
102. A person who is not a retiring Director shall be eligible for election to the office of Director at any General Meeting if the Member intending to propose him has, at least eleven clear days before the General Meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him; PROVIDED ALWAYS THAT in the case of a person recommended by the Directors for election, nine clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven days prior to the General Meeting at which the election is to take place.
- Notice of intention
to appoint
Director.
103. The office of a Director shall be vacated in any of the following events, namely:-
- When office of
Director to be
vacated.
- (a) if he shall become prohibited or disqualified by the Statutes or any other law from acting as a Director; or
- (b) subject to the provisions of the Act, resigns his office by notice in writing to the Company; or
- (c) if he shall become bankrupt or have a receiving order made against him or shall make arrangement or composition with his creditors generally; or
- (d) if he becomes mentally disordered and incapable of managing himself or his affairs, or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the

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appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or

- (e) is absent, for more than six months and without leave of the Directors, from meetings of the Directors held during that period; or
- (f) if he is removed by the Company in General Meeting pursuant to this Constitution; or
- (g) if he shall become disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds (in which case he must immediately resign from the board).

104. The Company may in accordance with and subject to the provisions of the Statutes, by Ordinary Resolution of which special notice has been given, remove any Director from office (notwithstanding any provision of this Constitution or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a Director so removed from office, and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last appointed a Director. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy.

Vacation of office of directors.

ALTERNATE DIRECTORS

105. (A) Any Director may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person (approved by a majority of his co-Directors for the time being and who shall not be another Director or a person who has already been appointed alternate for another Director) to be his alternate Director and may at any time remove any such alternate Director from office. Such appointment shall have effect only upon and subject to being so approved. A person shall not act as Alternate Director to more than one Director at the same time.

Appointment of Alternate Directors.

- (B) The appointment of an alternate Director shall determine on the happening of any event which if he were a Director

Determination of appointment of Alternate Directors.

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would cause him to vacate such office or if the Director concerned (below called "his principal") ceases to be a Director.

- (C) An alternate Director shall (except when absent from Singapore) be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his principal is not personally present and generally at such meeting to perform all functions of his principal as a Director, and for the purposes of the proceedings at such meeting the provisions of this Constitution shall apply as if he (instead of his principal) were a Director. If his principal is for the time being absent from Singapore or temporarily unable to act through ill health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his principal. To such extent as the Directors may from time to time determine in relation to any committees of the Directors, the foregoing provisions of this paragraph shall also apply *mutatis mutandis* to any meeting of any such committee of which his principal is a Member. An alternate Director shall not (save as aforesaid) have any power to act as a Director nor shall he be deemed to be a Director for any other purposes of this Constitution.

Powers of Alternate Directors.

- (D) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct provided that any fees payable to him shall be deducted from his principal's remuneration.

Alternate Directors may contract with Company.

- (E) An alternate Director may be removed from office by a resolution of the Directors, but he shall be entitled to vote on such resolution and he shall, *ipso facto*, cease to be an alternate Director if his appointor ceases for any reason to be a Director.

Removal of Alternate Directors to be in writing.

MEETINGS AND PROCEEDINGS OF DIRECTORS

106. (A) Subject to the provisions of this Constitution, the Directors may meet together for the despatch of business, adjourn

Meetings of Directors.

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and otherwise regulate their meetings as they think fit. At any time, any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore. Any Director may waive notice of any meeting and any such waiver may be retroactive.

- (B) Directors may participate in a meeting of the Board of Directors by means of a conference telephone, video conferencing, audio visual or other similar communications equipment by means of which all persons participating in the meeting can hear each other, without a Director being in the physical presence of another Director or Directors, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Such a meeting shall be deemed to take place where the largest group of Directors physically present for the purpose of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is physically present.

Participation by telephone or video conference.

107. (A) The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number, shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

Quorum.

- (B) For the purposes of this Constitution the contemporaneous linking together by telephone or other means of communication of a number of the Directors not less than the quorum, whether in or outside of Singapore, shall be deemed to constitute a meeting of the Directors and all the provisions in this Constitution as to meetings of the Directors shall apply to such meetings so long as the following conditions are met:-

- (a) All the Directors for the time being entitled to receive notice of a meeting of the Directors (including any alternate for any Director) shall be entitled to notice of a meeting by telephone or other means of communication and to be linked by telephone or such other means for the purposes of such meeting. Notice of any such meeting shall be given on the telephone or other means

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of communication;

(b) Each of the Directors taking part in the meeting by telephone or other means of communication must be able to hear each of the other Directors taking part at all times during the meeting; and

(c) At the commencement of the meeting each Director must acknowledge his presence for the purpose of a meeting of the Directors of the Company to all the other Directors taking part.

(C) A Director may not leave the meeting by disconnecting his telephone or other means of communication unless he has previously obtained the express consent of the Chairman of the meeting. A Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the meeting by telephone or other means of communication unless he has previously obtained the express consent of the Chairman of the meeting to leave the meeting as aforesaid.

(D) A minute of the proceedings at such meeting by telephone or other means of communication shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as a correct minute by the Chairman of the meeting and by any one of the Directors who participated in the meeting.

108. Questions arising at any meeting of the Directors shall be determined by a majority of votes. In case of an equality of votes (except where only two Directors are present and form the quorum or when only two Directors are competent to vote on the question in issue), the Chairman of the meeting shall have a second or casting vote.

Votes.

109. The continuing Directors may act notwithstanding any vacancy in the board, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with this Constitution, the continuing Directors or Director may, except in an emergency, act for the purpose of increasing the number of Directors to such minimum number or of summoning General Meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two Members may summon a General Meeting for the purpose of appointing Directors.

Proceedings in case of vacancies.

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110. The Directors may elect from their number a Chairman and a Deputy Chairman (or two or more Deputy Chairmen) and determine the period for which each is to hold office. If no Chairman or Deputy Chairman shall have been appointed or if at any meeting of the Directors no Chairman or Deputy Chairman shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairman of the meeting.
- Chairman and Deputy Chairman.
111. If at any time there is more than one Deputy Chairman, the right in the absence of the Chairman to preside at a meeting of the Directors or of the Company shall be determined as between the Deputy Chairmen present (if more than one) by seniority in length of appointment or otherwise as resolved by the Directors.
112. A resolution in writing signed by the majority of the Directors or their alternates (who are not prohibited by this Constitution from voting on such resolutions), being not less than are sufficient to form a quorum shall be as effective as a resolution duly passed at a meeting of the Directors and may consist of several documents in the like form, each signed by one or more Directors. The expressions “in writing” and “signed” include approval by any such Director by telegram or any form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.
- Resolutions in writing.
113. The Directors may delegate any of their powers or discretion to committees consisting of one or more members of their body and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee.
- Power to appoint committees.
114. The meetings and proceedings of any such committee consisting of two or more members shall be governed *mutatis mutandis* by the provisions of this Constitution regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any regulations made by the Directors under the last preceding Regulation.
- Proceedings at committee meetings.

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115. All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was defect in the appointment of any of the persons acting as aforesaid, or that any such persons was at the time of his appointment not qualified for appointment or subsequently became disqualified or had vacated office, or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of the committee and had been entitled to vote.
- Validity of acts of Directors in committees in spite of some formal defect.

AUDIT COMMITTEE

116. An audit committee shall be appointed by the Directors from among their number in accordance with Section 201B of the Act, with written terms of reference which clearly set out the authority and duties of the committee.
- Audit committee.

BORROWING POWERS

117. Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- Directors' borrowing powers.

GENERAL POWERS OF DIRECTORS

118. The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors, who may exercise all such powers of the Company as are not by the Statutes or by this Constitution required to be exercised by the Company in General Meeting, subject nevertheless to any Regulations of this Constitution, to the provisions of the Statutes and to such Regulations, being not inconsistent with the aforesaid Regulations or provisions, as may be prescribed by Special Resolution of the Company, but no Regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such Regulation had not been made. The general powers given by this Regulation shall not be limited or restricted by any special authority or power given to the Directors by any other Regulation.
- Power of Directors.
119. The Directors shall not carry into effect any proposals for selling
- Disposal of undertaking or

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- or disposing of the whole or substantially the whole of the Company's undertaking unless such proposals have been approved by the Company in General Meeting. property.
120. The Directors may establish any local boards or agencies for managing any of the affairs of the Company, either in Singapore or elsewhere, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the members of any local boards, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby. Directors may establish local boards or agencies.
121. The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Directors may appoint attorneys.
122. The Company or the Directors on behalf of the Company may in exercise of the powers in that behalf conferred by the Statutes cause to be kept a branch register or Registers of Members and Index of Members, and the Directors may (subject to the provisions of the Statutes) make and vary such Regulations as they may think fit in respect of the keeping of any such register. Registers.
123. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may Cheques, etc.

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be, in such manner as the Directors shall from time to time by resolution determine.

124. The Directors shall cause minutes to be duly made and entered in books provided for such purpose:-

Minutes.

- (a) of all appointments of officers to be engaged in the management of the Company's affairs;
- (b) of the names of the Directors present at all meetings of the Company, of the Directors and of any committee of Directors;
- (c) of all orders made by the Directors and committees of Directors; and
- (d) of all resolutions and proceedings at all meetings of the Company, of the Directors and of any committee of Directors.

Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

SECRETARY

125. The Secretary shall be appointed by the Directors on such terms and for such period as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company, if thought fit, two or more persons may be appointed as joint Secretaries. The Directors may also appoint from time to time on such terms as they may think fit one or more assistant Secretaries.

Company Secretary.

126. The appointment and duties of the Secretary or joint Secretaries shall not conflict with the provisions of the Act and in particular Section 171 of the Act.

Duties of Company Secretary.

127. Anything required or authorised by this Constitution or the Statutes to be done by or to the Secretary may, if the office is vacant or there is for any other reason no Secretary capable of acting, be done by or to any assistant or deputy Secretary or, if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors, Provided Always that

Assistant or deputy Secretary.

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any provision of this Constitution or Statutes requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

THE SEAL

128. (A) The Directors shall provide for the safe custody of the Seal which shall not be used without the authority of the Directors or of a committee authorised by the Directors in that behalf. Seal.
- (B) The general powers given by this Regulation shall not be limited or restricted by any special authority or power given to the Directors by any other Regulation.
129. Every instrument to which the Seal shall be affixed shall be signed autographically or by facsimile by one Director and the Secretary or by two Directors or some other person appointed by the Directors, save that as regards any certificates for shares or debentures or other securities of the Company, the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method of mechanical electronic signature or other method approved by the Directors. Affixing Seal.
130. (A) The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors. Official Seal.
- (B) The Company may exercise the powers conferred by the Statutes with regard to having a duplicate Seal as referred to in Section 124 of the Act which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal". Share Seal.
- (C) The Company may exercise the powers conferred by the Statutes with regard to:
- (a) the dispensation of the requirement of having a Seal as referred to in Section 41A of the Act; and
- (b) alternatives to sealing as referred to in Sections 41B and 41C of the Act.

KEEPING OF STATUTORY RECORDS

131. Any register, index, minute book, accounting record, minute or Statutory Records.

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other book required by this Constitution or by the Act to be kept by or on behalf of the Company may, subject to and in accordance with the Act, be kept in hard copy form or in electronic form, and arranged in the manner that the Directors think fit. If such records are kept in electronic form, the Directors shall ensure that they are capable of being reproduced in hard copy form, and shall provide for the manner in which the records are to be authenticated and verified. In any case where such records are kept otherwise than in hard copy form, the Directors shall take reasonable precautions for ensuring the proper maintenance and authenticity of such records, guarding against falsification and facilitating the discovery of any falsifications.

AUTHENTICATION OF DOCUMENTS

132. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the Constitution of the Company and any resolutions passed by the Company or the Directors or any committee and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and where any books, records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.
- Power to authenticate documents.
133. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee, which is certified as aforesaid, shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this Regulation may be made by any electronic means approved by the Directors from time to time for such purpose incorporating, if the Directors deem necessary, the use of security procedures or devices approved by the Directors.
- Certified copies of resolutions of Directors.

RESERVES

134. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company
- Reserves.

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may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

DIVIDENDS

135. The Company in General Meeting may by Ordinary Resolution declare Dividends but no such Dividend shall exceed the amount recommended by the Directors. Declaration of Dividends.
136. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends on any class of shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit. Interim Dividends.
137. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:- Distribution of profits.
- (a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.
- For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.
138. (A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. Dividends payable out of profits.

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- (B) The payment by the Directors of any unclaimed Dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.
- Unclaimed
Dividends or other
moneys.
- (C) A payment by the Company to the Depository of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.
139. No Dividend or other monies payable on or in respect of a share shall bear interest as against the Company.
- No interest on
Dividends.
140. (A) The Directors may retain any Dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- Retention of
Dividends on shares
subject to lien.
- (B) The Directors may retain the Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.
- Retention of
Dividends pending
transmission.
141. The waiver in whole or in part of any Dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the
- Waiver of
Dividends.

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extent that the same is accepted as such or acted upon by the Company.

142. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a Dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any Member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
- Payment of Dividend *in specie*.
143. (1) Subject to the rules, bye-laws or listing rules of the Designated Stock Exchange, as may be amended from time to time, whenever the Directors or the Company in General Meeting have resolved or proposed that a Dividend (including an interim, final, special or other Dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such Dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the Dividend as the Directors may think fit. In such case, the following provisions shall apply:
- Scrip dividend scheme.
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any Dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular Dividend or Dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked

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must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation 143;

- (iii) the right of election may be exercised in respect of the whole of that portion of the Dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (iv) the Dividend (or that part of the Dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “**elected ordinary shares**”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose, the Directors shall (a) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (2) (i) The ordinary shares allotted pursuant to the provisions of Regulation 143(1) shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the Dividend, which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Dividend, which is the subject of the election referred to above, unless the Directors shall otherwise specify.

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- (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Regulation 143(1), with full power to make such provisions as they think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members).
- (3) The Directors may, on any occasion when they resolve as provided in this Regulation 143, determine that rights of election under that paragraph shall not be made available to persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation 143 shall be read and construed subject to such determination.
- (4) The Directors may, on any occasion when they resolve as provided in this Regulation 143, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decided and in such event the only entitlements of the Members aforesaid shall be to receive in cash the relevant Dividend resolved or proposed to be paid or declared.
- (5) Notwithstanding the foregoing provisions of this Regulation 143, if at any time after the Directors' resolution to apply the provisions of Regulation 143(1) in relation to any Dividend to any Dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstances (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of Regulation

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- 143.
144. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be. Effect of transfer.
145. Any Dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Dividends payable by cheque or warrant.
146. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any Dividend or other moneys payable or property distributable on or in respect of the share. Payment of Dividends to joint holders.
147. Any resolution declaring a Dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such Dividend of transferors and transferees of any such shares. Resolution declaring Dividends.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND

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RESERVES

148. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Regulation 5(B)):
- Power to issue free bonus shares and/or to capitalise reserves.
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 5(B)) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares; and
- (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the financial statements by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 5(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.
- (B) The Directors may do all acts and things considered

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necessary or expedient to give effect to any such bonus issue or capitalisation under this Regulation 148, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

- (C) In addition and without prejudice to the powers provided for by this Regulation 148, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue:
- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or
 - (b) be held by or for the benefit of non-executive Directors as part of their remuneration under Regulation 81 and/or Regulation 82 approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary to give effect to any of the foregoing.

FINANCIAL STATEMENTS

149. The Directors shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Act for Directors to keep proper accounting records and shall cause those records to be kept in such manner as to enable

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them to be conveniently and properly audited.

150. Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes, shall be kept at the Office or at such other place as the Directors think fit. No Member of the Company or other person shall have any right of inspecting any account or book or document of the Company except as conferred by statute or ordered by a court of competent jurisdiction or authorised by the Directors. Accounting Records.
151. The Directors shall from time to time, in accordance with the provisions of the Act, cause to be prepared and to be laid before the Company in General Meeting such financial statements or any reports, statements and other documents as may be prescribed by the Act. Whenever so required, the interval between the close of the Company's financial year and the date of its Annual General Meeting shall not exceed four (4) months (or such period as may be permitted by the Act and/or prescribed by the Designated Stock Exchange from time to time). Presentation of financial statements.
152. A copy of the financial statements (including every document required by law to be comprised therein or attached or annexed thereto) which is duly audited and which is to be laid before the Company in General Meeting accompanied by a copy of the Auditor's report thereon, or a summary financial statement (where applicable), shall not less than fourteen days before the date of the meeting be sent to every Member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of General Meetings under the provisions of the Statutes or of this Constitution, Provided Always that:
- (a) these documents may, subject to the listing rules of the Designated Stock Exchange, be sent less than fourteen days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and
 - (b) this Regulation 152 shall not require a copy of these documents to be sent to more than one of any joint holders or to any person of whose address the Company is not aware, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. Copies of financial statements.

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AUDITORS

153. For so long as the shares of the Company are listed on the Designated Stock Exchange and subject to the rules, bye-laws or listing rules of the Designated Stock Exchange, an effective internal audit function that is adequately resourced and independent of the activities it audits shall be established and maintained on an ongoing basis. Establishment of internal audit function.
154. Subject to the provisions of the Statutes, all acts done by any person acting as an auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified. Validity of acts of auditor.
155. An auditor shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting which any Member is entitled to receive and to be heard at any General Meeting on any part of the business of the meeting which concerns him as auditor. Auditor entitled to attend General Meetings.
156. An auditor shall be appointed, and the appointment and duties of such auditor or auditors shall be in accordance with the provisions of the Act, or any other statute which may be in force in relation to such matters. Every auditor of the Company shall have a right to access at all times to the accounting and other records of the Company and shall make his report as required by the Act. Appointment of auditors.

NOTICES

157. (A) Any notice or document (including a share certificate) may be served on or delivered to any Member by the Company either personally or by sending it through the post in a prepaid cover addressed to such Member at his Singapore registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company, or (as the case may be) the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where any notice or other document is served or delivered by post, service or delivery shall be deemed to have been served at the time the envelope or cover containing the same is posted, and in proving such service or delivery, it shall be sufficient to prove that such envelope Service of notices.

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or cover was properly addressed, stamped and posted.

(B) Without prejudice to the provisions of Regulation 157(A), but subject otherwise to the Act and any regulations made thereunder and (where applicable) the listing rules of the Designated Stock Exchange relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements, circular or report) which is required or permitted to be given, sent or served under the Act or under this Constitution by the Company, or by the Directors, to a Member may be given, sent or served using electronic communications:

Electronic
Communications.

(a) to the current address of that person (as provided for in the Act, which may be, but is not limited to, an email address); or

(b) by making it available on a website prescribed by the Company from time to time,

in accordance with the provisions of this Constitution, the Act and/or any other applicable regulations or procedures. Without prejudice to the generality of the foregoing, in the event that any notice or document is to be given, sent or served according to (b) above, the Directors may give such notification relating to the address of the website and how to access such notice or document in such manner as the Directors may determine at their discretion, subject to the Act and any regulations made under the Act relating to electronic communications and any listing rules of the Designated Stock Exchange or the rules and/or bye-laws governing the Designated Stock Exchange.

(C) Subject to the Act and any under the Act made thereunder relating to electronic communications and any listing rules of the Designated Stock Exchange or the rules and/or bye-laws governing the Designated Stock Exchange, a Member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under applicable laws.

Implied consent.

(D) Notwithstanding Regulation 157(C) above, the Directors may, at their discretion, or will, if so required by the Act, any regulations made under the Act relating to electronic

Deemed consent.

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communications or any listing rules of the Designated Stock Exchange or the rules and/or bye-laws governing the Designated Stock Exchange, any at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document, unless otherwise provided under applicable laws.

(E) Any election or deemed election by a Member pursuant to Regulation 157(D) above is a standing election but the Member may make a fresh election at any time, provided that until the Member makes a fresh election, the election or deemed election that is conveyed to the Company last in time prevails over all previous elections as that Member's valid and subsisting election in relation to all documents and notices to be sent pursuant to Regulation 157(D) above.

(F) Regulations 157(B), (C), (D) and (E) above shall not apply to such notices or documents which are excluded from being given, sent or served by electronic communications or means pursuant to the Act and any regulations made under the Act relating to electronic communications and any listing rules of the Designated Stock Exchange or the rules and/or bye-laws governing the Designated Stock Exchange.

(G) Where a notice or document is given, sent or served by electronic communications:

When notice given
by electronic
communications
deemed served.

(a) to the current address of a person pursuant to Regulation 157(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or any other applicable regulations or

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procedures; or

- (b) by making it available on a website pursuant to Regulation 157(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under the Act and/or any other applicable regulations or procedures.

(H) Where a notice or document is given, sent or served to a Member by making it available on a website pursuant to Regulation 157(B)(b), the Company shall give separate notice to the Member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:

Notice to be given of service on website.

- (a) by sending such separate notice to the Member personally or through the post pursuant to Regulation 157(A);
- (b) by sending such separate notice to the Member using electronic communications to his current address pursuant to Regulation 157(B)(a);
- (c) by way of advertisement in the daily press; and/or
- (d) by way of announcement on the website of the Designated Stock Exchange.

158. Any notice given to that one of the joint holders of a share whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose, a joint holder having no registered address in Singapore and not having supplied an address within Singapore for the service of notices shall be disregarded.

Service of notices in respect of joint holders.

159. A person entitled to a share in consequence of the death or bankruptcy of a Member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company or (as the case may be) the Depository an address within Singapore for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the Member but for his death or bankruptcy would have been entitled, and such service or delivery shall for

Service of notices after death, bankruptcy, etc.

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all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid, any notice or document delivered or sent by post to or left at the registered address or given, sent or served by electronic communication to the current address (as the case may be) of any Member in pursuance of this Constitution shall, notwithstanding that such Member be then dead or bankrupt or in liquidation, and whether or not the Company or (as the case may be) the Depository have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member in the Register of Members or, where such Member is a Depositor, entered against his name in the Depository Register as sole or first-named joint holder.

160. A Member who (having no registered address within Singapore) has not supplied to the Company or (as the case may be) the Depository an address within Singapore for the service of notices shall not be entitled to receive notices from the Company.

No notice to Members with no registered address in Singapore.

WINDING UP

161. The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

Power to present winding up petition.

162. If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of a Special Resolution, divide among the Members *in specie* or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members of different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

Distribution of assets in specie.

163. On a voluntary winding up of the Company, no commission or fee shall be paid to a liquidator without the prior approval of the

Commission or fee to liquidators.

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Members in General Meeting. The amount of such commission or fee shall be notified to all Members not less than seven days prior to the Meeting at which it is to be considered.

INDEMNITY

164. Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto unless the same shall happen through his own negligence, default, breach of duty or breach of trust. Without prejudice to the generality of the foregoing, no Director, Secretary or other officer of the Company shall be liable for the acts, receipts, neglect or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.
- Company to indemnify Directors, etc.

SECRECY

165. No Member shall be entitled to require the Company to disclose any information relating to any trade, business, product or process which is secret in nature which may relate to the conduct of the business of the Company and which the Directors determine to be inexpedient and inadvisable to communicate in the best interest of the Members save as may be authorised by law or required by the listing rules of the Designated Stock Exchange.
- Secrecy.

PERSONAL DATA

166. (A) A Member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that Member or is collected through a third party) by the
- Personal Data of Members.

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Company (or its agents or service providers) from time to time for any of the following purposes:-

- (a) **implementation and administration of any corporate action by the Company (or its agents or service providers);**
 - (b) **internal analysis and/or market research by the Company (or its agents or service providers);**
 - (c) **investor relations communications by the Company (or its agents or service providers);**
 - (d) **administration by the Company (or its agents or service providers) of that Member's holding of shares in the Company;**
 - (e) **implementation and administration of any service provided by the Company (or its agents or service providers) to its Members to receive notices of meetings, annual reports and other Member communications and/or for proxy appointment, whether by electronic means or otherwise;**
 - (f) **processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);**
 - (g) **implementation and administration of, and compliance with, any Regulation of this Constitution;**
 - (h) **compliance with any applicable laws, listing rules of the Designated Stock Exchange, take-over rules, regulations and/or guidelines; and**
 - (i) **purposes which are reasonably related to any of the above purpose.**
- (B) Any Member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such Member

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discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that Member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in Regulations 166(A)(f) and 166(A)(h), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such Member's breach of warranty.

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THE COMPANIES ACT, CAP. 50
SINGAPORE

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION CONSTITUTION

OF

CPH LTD. SHANAYA LIMITED

(Adopted by Special Resolution passed on)

(Incorporated in the Republic of Singapore)

PRELIMINARY

1. ~~The regulations in Table A in the Fourth Schedule to the Companies Act, Chapter 50 (as amended) shall not apply to the Company.~~
 - (g) The name of the Company is **SHANAYA LIMITED**.
 - (h) The registered office of the Company will be situated in the Republic of Singapore.
 - (i) Subject to the provisions of the Companies Act (Chapter 50) of Singapore and any other written law and this Constitution, the Company has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and for the said purposes, full rights powers and privileges.
 - (j) The liability of the members is limited.
 - (k) The share capital of the Company is in Singapore dollars.

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(l) The shares of the Company may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

2. In ~~these presents~~ this Constitution (if not inconsistent with the subject or context), the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively.

WORDS

MEANINGS

~~“the Act”~~

The Companies Act, (Chapter 50) of Singapore (as amended from time to time) or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force concerning companies and affecting the Company and any reference to any provision as so modified, amended or re-enacted or contained in any such subsequent Companies Act.

~~“Annual Meeting”~~ General

An annual general meeting of the Company.

~~“book-entry securities”~~

Listed securities:-

(b) documents of title to which are deposited by a Depositor with the ~~CDP~~ Depository and are registered in the name of the ~~CDP~~ Depository or its nominee; and

(b) which are transferable by way of book-entry in the Depository Register and not by way of an instrument of transfer.

~~“CDP”~~

~~The Central Depository (Pte) Limited and, where the context~~

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	requires, shall include any person specified by it in a notice given to the Company to be its nominee.
<u>“Chairman”</u>	<u>The chairman of the Directors or the chairman of the General Meeting as the case may be, for the time being.</u>
<u>“Chief Executive Officer or Managing Director”</u>	<u>The chief executive officer or managing director of the Company (or any other equivalent appointment, howsoever described), for the time being.</u>
<u>“the Company”</u>	<u>CPH Ltd. The abovenamed company by whatever name from time to time called.</u>
<u>“Constitution”</u>	<u>This Constitution of the Company for the time being in force.</u>
<u>“Depositor”</u>	A Depository Agent or a Direct Account Holder to the balance of whose Securities Account any shares are credited, but excluding a Sub-Account Holder.
<u>“Depository Agent”</u>	A member company of the Singapore Exchange Securities Trading Limited, a trust company (registered under the Trust Companies Act, Chapter 336), a banking corporation or merchant bank (approved by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act, Chapter 186), or any other person or body approved by CDP who or which:- (a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between CDP and the Depository Agent; (b) deposits book entry

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		securities with CDP on behalf of the sub-account holders; and (c) — establishes an account in its name with CDP.
“Depository Register”		A register maintained by CDP in respect of book-entry securities.
<u>“Deputy Chairman”</u>		<u>The deputy chairman of the Directors or the deputy chairman of the General Meeting as the case may be, for the time being.</u>
<u>“Designated Exchange”</u>	<u>Stock</u>	<u>The Singapore Exchange Securities Trading Limited for so long as the shares of the Company are listed and quoted on the Singapore Exchange Securities Trading Limited <u>and/or</u> such other stock exchange in respect of which the shares of the Company are listed or quoted.</u>
“Direct Account Holder”		A person who has a securities account directly with CDP and not through a Depository Agent.
<u>“Director”</u>		<u>Includes any person acting as director of the Company and includes any person duly appointed and acting for the time being as an alternate Director.</u>
<u>“Directors”</u>		<u>The directors of the Company for the time being, as a body or as a quorum present at a meeting of directors.</u>
<u>“Dividend”</u>		<u>Includes bonus and payment by way of bonus.</u>
<u>“Extraordinary General Meeting”</u>		<u>An extraordinary general meeting of the Company.</u>
<u>“General Meeting”</u>		<u>A general meeting of the Company.</u>

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“~~in~~ in writing” or “written” Written or produced by any substitute for writing or partly one and partly the other, and includes (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Act) printing, lithography, typewriting and any other mode of representing or reproducing words, symbols or other information which may be displayed in visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.

“Index of Members” An index in convenient form of the names of the Members.

“market day” A day on which the ~~Singapore Exchange Securities Trading Limited~~ Designated Stock Exchange is open for trading in securities.

“Managing Director” ~~Any person appointed by the Directors to be managing director or executive chairman of the Company.~~

“Member” or “shareholder” (c) where the Depository or its nominee (as the case may be) is named in the Depository Register as the holder of shares, a Depositor in respect of the number of shares which stand in credit against his name in the Depository Register; and

(d) in any other case, a person whose name appears on the Depository Register as a shareholder,

but shall exclude the Company where it is a member by reason of its

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	<u>holding of its shares as treasury shares.</u>
“month”	Calendar month.
“Office”	The registered office of the Company for the time being.
<u>“Ordinary Resolution”</u>	<u>Shall have the meaning ascribed to it in the Act.</u>
“Paid paid-up ”	Paid or <u>Includes</u> credited as paid <u>paid-up</u> .
“These presents” or “Articles”	These Articles of Association as from time to time amended.
“Treasury Shares”	Such shares shall have the meaning ascribed to it in the Act.
“Register of Members”	The Company's register of members <u>Members</u> .
<u>“Register of Transfers”</u>	<u>The Company's register of transfers.</u>
<u>“registered address” or “address”</u>	<u>In relation to any Member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution.</u>
<u>“Registrar of the Companies”</u>	<u>The Accounting and Corporate Regulatory Authority of Singapore.</u>
<u>“Regulations”</u>	<u>The regulations of the Company contained in this Constitution for the time being in force.</u>
“Seal”	The common seal of the Company.
“Secretary”	Any person appointed by the Directors to perform any of the duties of the Secretary <u>secretary</u> or where two or more persons are appointed to act as Joint Secretaries

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joint secretaries, any one of those persons.

~~“Securities Account”~~ ~~The securities account maintained by a depositor with CDP.~~

“shares” Shares in the capital of the Company.

“Singapore Dollar(s)” or “S\$” The lawful currency of the Republic of Singapore.

“Special Resolution” Shall have the meaning ascribed to it in the Act.

~~“Statutes”~~ ~~The Act and every other written law for the time being in force concerning companies and affecting the Company.~~

~~“Year year”~~ ~~Calendar year.~~

The words “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings respectively ascribed to them in the Securities and Futures Act (Chapter 289) of Singapore.

The expressions “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the meanings ascribed to them respectively in the Act.

~~All such of the provisions of these presents as are applicable to paid-up shares shall apply to stock, and the words “share” and “shareholder” shall be construed accordingly except, unless expressly provided in these presents, shall exclude the company in relation to shares held by it as treasury shares.~~

References in the Constitution to “holder” or “holder(s)” of shares or a class of shares shall be taken to mean a person named with respect to such shares in the Register of Members and shall:-

- (a) exclude the Depository or its nominee (as the case may be), except where otherwise expressly provided in this Constitution, or where the term “registered holders” or

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"registered holder" is used in this Constitution;

- (b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and
- (c) except where expressly provided in this Constitution, exclude the Company in relation to shares held by it as treasury shares,

and "hold", "holding" and "held" shall be construed accordingly.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include corporations.

Subject as aforesaid, any words or expression defined in the Act or the Interpretation Act, (Chapter 1) of Singapore shall (if not inconsistent with the subject or context) bear the same meanings in these presents this Constitution.

References in ~~these presents~~ this Constitution to "member" shall, ~~where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares~~ any enactment is a reference to that enactment as for the time being amended or re-enacted.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of this Constitution.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of these.

TREASURY SHARES

- 3. (A) ~~The Company may hold its shares as treasury shares and deal with such shares in accordance with the provisions of the Act and applicable laws.~~
- (B) ~~The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. Ordinary shares that are purchased or acquired by the Company shall, unless held in treasury, be deemed to be~~

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~~cancelled immediately on purchase or acquisition. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act (including without limitation, to hold such share as a treasury share).~~

ISSUE OF SHARES

3. 4. (A) Subject to the Act Statutes and ~~these presents to this Constitution~~, no shares may be issued by the Directors without the prior approval of the Company in a General Meeting pursuant to ~~Section 161~~ of the Act, but subject thereto and the terms of such approval, and to ~~Article~~ Regulation 5, and to any special rights attached to any shares for the time being issued, the Directors may allot ~~(with or without conferring a right of renunciation)~~ and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with ~~Section 70 and 75~~ of the Act, be issued with such preferential, deferred, ~~qualifies~~ qualified or special rights, privileges, conditions or restrictions, whether as regards ~~dividend~~ Dividend, return of capital, participation in surplus, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that:-

- (a) ~~no shares shall be issued to transfer a controlling interest in the Company without the specific prior approval of the Company in General Meeting (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of Regulation 5(A) with such adaptations as are necessary shall apply; and~~

Shares under control of General Meeting.

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(b) ~~the rights (including voting rights) attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same~~ any other issue of shares, the aggregate of which would exceed the limits referred to in Regulation 5(B), shall be subject to the approval of the Company in General Meeting.

(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) Except so far as otherwise provided by the conditions of issue or by ~~these presents~~ this Constitution, all new shares shall be issued subject to the provisions of the Statutes and of ~~these presents~~ this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

4. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except permitted ~~under the Singapore Exchange Securities Trading Limited's listing rules~~ by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as ~~nearly~~ far as the circumstances admit, to the ~~amount~~ number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares

Issue of new shares
to Members.

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held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this ~~Article~~ Regulation 5(A).

(B) ~~Without prejudice to the generality of Article 4A and notwithstanding~~ Notwithstanding Article Regulation 5(A) above, the Company may by ~~resolution~~ Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ~~resolution~~ Ordinary Resolution, to:-

(a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the ~~resolution~~ Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any ~~instrument~~ Instrument made or granted by the Directors while the ~~resolution~~ Ordinary Resolution was in force,

Provided that:-

(1) (i) the aggregate number of shares to be issued pursuant to the ~~resolution~~ Ordinary Resolution (including shares to be issued in pursuance of ~~instruments~~ Instruments made or granted pursuant to the ~~resolution~~ Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;

(2) (ii) in exercising the authority conferred by the ~~resolution~~ Ordinary Resolution, the Company shall comply with the provisions of the ~~Listing Manual~~ listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and ~~these Articles~~ this Constitution;

(3) (iii) (unless revoked or varied by the Company in General

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Meeting) the authority conferred by the ~~resolution~~
Ordinary Resolution shall not continue in force beyond
the conclusion of the Annual General Meeting of the
Company next following the passing of the ~~resolution~~
Ordinary Resolution, or the date by which such Annual
General Meeting of the Company is required by law to
be held, or the expiration of such other period as may
be prescribed by the Act (whichever is the earliest);

~~(4) (iv) Any other issue of shares, the aggregate of which
would exceed the limits of the authority conferred by the
resolution as referred to in this Article, shall be subject
to the approval of the Company in general meeting~~ the
rights attaching to shares of a class other than ordinary
shares shall be expressed in the resolution creating the
same; and

~~(5) where the capital of the Company consists of shares of
different monetary denominations, the voting rights
shall be prescribed in such manner that a unit of capital
in each class when reduced to a common denominator,
shall carry the same voting power when such right is
exercisable.~~

(C) The Company may, notwithstanding ~~Article~~ Regulations
5(A) and 5(B) above, authorise the Directors not to offer
new shares to ~~members~~ Members to whom by reason of
foreign securities laws, such offers may not be made
without registration of the shares or a prospectus or other
document, but to sell the entitlements to the new shares on
behalf of such ~~members~~ Members on such terms and
conditions as the Company may direct.

~~(D) The rights attaching to shares of a class other than ordinary
shares shall be expressed in this Constitution.~~

Shares of a class
other than ordinary
shares.

~~(E) The Company may issue shares for which no consideration
is payable to the Company.~~

Issue of shares for
no consideration.

~~(F) If by the conditions of allotment of any shares, the whole or
part of the amount or issue price thereof shall be payable
by instalments, every such instalment shall, when due, be
paid to the Company by the persons who for the time being,
and from time to time, shall be Members in respect of the
shares, or their legal personal representatives.~~

Instalments _____ of
shares.

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6. (A) ~~The Company may exercise the powers of paying commissions in respect of subscription for shares which is conferred by the Act to the full extent thereby permitted, Provided Always that the amount or rate of the commissions paid or agreed to be paid and the number of shares to be subscribed for absolutely shall be disclosed in the manner required by the Act, in the relevant prospectus, statement, circular or notice as the case may be~~ pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. Any such commission or brokerage may be paid in whole or in part in cash or fully or partly paid shares of the Company as may be arranged. The Company may also on any issue of shares pay such brokerage as may be lawful subject to disclosure of the amount or rate thereof in the manner required by the Act in the relevant prospectus, statement, circular or notice as the case may be. Power to pay commissions or brokerage.
- (B) Any expenses (including brokerage or commission) incurred directly by the Company in relation to the issue of new shares in accordance with these Regulations may be paid out of the proceeds of such issue of new shares or the Company's share capital. Such payment shall not be taken as a reduction of the amount of share capital of the Company.
7. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a ~~lengthened~~ long period, the Company may pay interest on so much of that share capital ~~(except treasury shares)~~ as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act. Power to charge interest on capital.
8. (A) ~~In the event of preference shares being issued, the total number of issued preference shares shall not at any time exceed the total number of the issued ordinary shares and~~ Preference shares may be issued subject to such limitation thereof as may be prescribed by any Designated Stock Exchange. preference Preference shareholders shall have the same rights as ordinary shareholders as regards Rights of preference shareholders.

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receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any ~~meeting~~ General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the ~~proposal~~ proposition to be submitted to the meeting directly affects their rights and privileges or when the ~~dividend~~ Dividend on the preference shares is more than six months in arrears. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time.

- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued and the rights conferred upon the holders of preference shares shall not unless otherwise expressly provided by the conditions of issue of such shares be deemed to be altered by the creation or issue of such further preference capital ranking equally with or in priority thereto.

Issue of further preference shares.

VARIATION OF RIGHTS

9. (A) (i) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up.
- (ii) To every such separate General Meeting all the provisions of ~~these presents~~ this Constitution relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney ~~may demand a poll and that every such~~

Variation of rights.

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holder shall on a poll have one vote for every share of the class held by him ~~where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act,~~ Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(iii) The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or Resolution to the Registrar of the Companies.

(B) The provisions in Regulation 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

~~10. The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into such number of shares as the resolution shall prescribe.~~

10. The Company may by Ordinary Resolution ~~alter its share capital in the manner permitted under the Act and applicable laws, including (without limitation):-~~

Alteration of capital.

(a) consolidate and divide all or any of its share capital;

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- (b) subject to the provisions of this Constitution and the Act, issue shares in pursuance of any Instrument made or granted by the Directors;
- ~~(b)~~ (c) cancel the number of any shares which, at the date of the passing of the resolution, in that behalf have not been taken, or agreed to be taken, by any person, or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled;
- ~~(c)~~ (d) subject to the provisions of the Statutes this Constitution and the Act, sub-divide its existing shares, or any of them, into such number of shares set out in the resolution, so that the resolution whereby any share is sub-divided being otherwise permitted to determine that, as between the holders of the shares resulting from such sub-division, or Depositors of the resulting shares one or more of the such shares may, as compared with the others, have any such preferred, deferred, qualified or other special rights, or be subject to any such restrictions, as the Company has then the authority to attach to unissued or new shares; and/or by the resolution by which the subdivision is effected be given any preference or advantage as regards Dividend, capital, voting or otherwise over the others or any other of such shares;
- ~~(d)~~ (e) subject to the provisions of Statutes this Constitution and the Act, convert its share capital or exchange any class of shares into or for any other class of shares from one currency to another currency.

11.
42.

- (A) The Company may by Special Resolution reduce its share capital or any other undistributable reserve in any manner permitted by, and with, and subject to, any incident authorization authorised, and consent or confirmation required, by law.
- (B) ~~Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly. The Company may by Special Resolution subject to and in accordance with the~~

Power to reduce capital.

Power to convert shares.

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Act, convert any class of shares into any other class of shares.

(C) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereafter, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

Company may
acquire its own
shares.

SHARE CERTIFICATES

12. 43- (A) Subject to Regulation 129, Every every share certificate shall be issued under the Seal (where the Company has a seal) and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Directors and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates and the amount paid up (if any) unpaid thereon and any such other information as may be prescribed by law from time to time. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class.

Share certificates.

(B) The provisions in this Article Regulation and in Articles 14 to 17 Regulations 13 to 16 (so far as they are applicable) shall

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not apply to the transfer of book-entry securities.

13. ~~44.~~ (A) The Company and the Depository shall not be bound to register more than three persons as ~~the holder~~ joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased ~~member~~ Member.
- Joint holders
- (B) ~~In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all. The certificates of shares, or options in respect of shares, registered in the names of two or more persons may, without prejudice to the provisions of Regulation 14, be delivered to the person first named on the Register or, in the case of shares or option registered in the name of the Depository, to the Depository.~~
- Issue of certificates to joint holders
14. ~~15.~~ Every person whose name is entered as a ~~member~~ Member in the Register of Members shall ~~(in the case of a transfer of shares)~~ be entitled, within ten market days ~~(or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or (as the case may be) after the date of lodgement of any transfer, or (subject to the provisions of the Statutes) such longer period of time as may be approved by the stock exchange upon which the shares in the Company may be listed,~~ a registrable transfer to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where a charge is made for certificates, such charge shall not exceed two dollars.
- Registered holder's right to certificate.
15. ~~16.~~ (A) Where a ~~member transfer~~ Member transfers part only of the shares comprised in a certificate or where a ~~member~~ Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the ~~member~~ Member shall pay (in the case of sub-division) a maximum fee of S\$2.00 for each new certificate ~~(or such~~
- Sub-division of share certificate.

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other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by ~~any stock exchange upon which the shares in the Company may be listed~~ the Designated Stock Exchange from time to time). Where some only of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.

(B) Any two or more certificates representing shares of any one class held by any Member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.

Consolidation of share certificates.

~~16.~~ 17. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a written indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of ~~any stock exchange upon which the shares in the Company may be listed~~ the Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate, and in any case on payment of such sum not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereon as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to, and to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

Replacement share certificates.

CALLS ON SHARES

~~17.~~ 18. The Directors may from time to time make calls upon the ~~members~~ Members in respect of any moneys unpaid on their shares ~~but subject always to the terms of issue of such shares~~ or on any class of their shares and not by the conditions of allotment thereof made payable at fixed times. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors ~~authorizing~~ authorising the call was passed and may be made payable by ~~installments~~ instalments.

Powers of Directors to make calls.

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- ~~18.~~ ~~49.~~ Each ~~member~~ Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
- Joint and several liability of joint holders and Depositors.
- ~~19.~~ ~~20.~~ If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the ~~persons~~ person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part.
- Interest on unpaid calls.
- ~~20.~~ ~~24.~~ Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of ~~these presents~~ this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of ~~these presents~~ this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- Sums payable under terms of allotment to be deemed calls.
- ~~21.~~ ~~22.~~ The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
- Difference in calls between various Members.
- ~~22.~~ ~~23.~~ The Directors may if they think fit receive from any ~~member~~ Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish *pro tanto* the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the ~~member~~ Member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.
- Payment of calls in advance.

FORFEITURE AND LIEN

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23. ~~24.~~ If a ~~member~~ Member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment. Notice requiring payment of calls.
24. ~~25.~~ The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be made forfeit. Notice to state place and time of payment.
25. ~~26.~~ If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be made forfeit by a resolution of the Directors to that effect. Such forfeiture shall include all ~~dividends~~ Dividends declared in respect of the forfeit share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be made forfeit hereunder. Forfeiture on non-compliance with notice
26. ~~27.~~ A share so made forfeit or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, ~~authorize~~ authorise some person to transfer a share so made forfeit or surrendered to any such other person as aforesaid. Sale of forfeited shares.
27. ~~28.~~ A ~~member~~ Member whose shares have been made forfeit or surrendered shall cease to be a ~~member~~ Member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent., per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for Rights and liabilities of members whose shares have been forfeited.

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the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.

- ~~28.~~ 29. The Company shall have a first and paramount lien on every share (not being a fully paid share) ~~for all moneys called or payable at a fixed time in respect of such share and for all moneys~~ and Dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the ~~member~~ Member or deceased ~~member~~ Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this ~~Article 29~~ Regulation.
- Company to have paramount lien.
- ~~29.~~ 30. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
- Sale of shares subject to lien.
- ~~30.~~ 31. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid calls, accrued interest, expenses, debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may ~~authorize~~ authorise some person to transfer the shares sold to the purchaser.
- Application of sale proceeds.
- ~~31.~~ 32. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly made forfeit or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the
- Title to forfeited or surrendered shares.

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purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share ~~and, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of.~~ Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

32. In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon, the Member or other person who prior to such forfeiture or sale was entitled thereto, shall be bound to deliver, and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.

Certificate of shares to be delivered to the Company.

TRANSFER OF SHARES

33. All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and ~~each stock exchange upon which the shares in the Company may be listed. An~~ the Designated Stock Exchange. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, ~~provided that CDP shall not be required to sign, as transferee, any instrument of transfer relating to any transfer of shares to it during such period as the Directors may think fit~~ Provided Always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
34. In the case of a registered transfer, a fee not exceeding S\$2.00 for each transfer as the Directors may from time to time determine shall be charged for the registration of a transfer except that the Depository shall not be liable to pay any fee in respect of the registration of a transfer.

Member may transfer shares.

Transfer fee.

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35. ~~34.~~ The ~~Registers~~ Register of Members and Register of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to ~~any stock exchange upon which the shares in the Company may be listed~~ the Designated Stock Exchange, stating the period and purpose or purposes for which such closure is made.
- Closure of transfer books and Register of Members
36. ~~35.~~ (A) There shall be no restriction on the transfer of fully paid-up shares (except where required by law or by the rules, bye-laws or listing rules of ~~any stock exchange upon which the shares in the Company may be listed~~ the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.
- Directors' power to decline to register a transfer.
- (B) The Directors may decline to register any instrument of transfer unless:-
- When Directors may refuse to register a transfer.
- (a) such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;
- (b) the amount of proper duty (if any) with which each instrument of transfer, duly stamped in accordance with is chargeable under any law for the time being in force relating to ~~stamp duty,~~ stamps is paid;
- (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty

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(if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) ~~(e)~~ the instrument of transfer is in respect of only one class of shares.

37. ~~36.~~ All instruments of transfer which are registered may be retained by the Company. Retention of transfers.

38. Shares of different classes shall not be comprised in the same instrument of transfer. Only shares of same class to be in the same instrument.

39. No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself of his affairs. Restriction on transfer.

40. ~~37.~~ The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all ~~dividend~~ Dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:-

(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to

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which the document might be relevant;

(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this ~~Article~~ Regulation; and

(c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

41. ~~38.~~ (A) In case of the death of a ~~member~~ Member whose name is registered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) ~~recognized~~ recognised by the Company as having any title to his interest in the shares, but nothing in this ~~Article~~ Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
- Survivor or legal personal representatives of deceased member.
- (B) In the case of the death of a Member who is a Depositor, the survivors or survivor, where the deceased is a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder and where such executors or administrators are entered into the Depository Register in respect of any shares to the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- Survivor or legal personal representatives of deceased Depositor.
- (C) Nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
- Estate of deceased holder.
42. ~~39.~~ Any person becoming entitled to a share in consequence of the death or bankruptcy of a ~~member~~ Member may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him
- Transmission of shares.

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registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of ~~these presents~~ this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the ~~member~~ Member had not occurred and the notice or transfer were a transfer executed by such ~~member~~ Member.

- ~~43.~~ 40- Save as otherwise provided by or in accordance with ~~these presents~~ this Constitution, a person becoming entitled to a share in consequence of the death or bankruptcy of a ~~member~~ Member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same ~~dividends~~ Dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to ~~meetings~~ General Meetings of the Company until he shall have been registered as a ~~member~~ Member in respect of the share.

Rights of person on transmission of shares.

- ~~44.~~ 41- There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require or prescribe.

Fee on registration of probate, etc.

~~CENTRAL DEPOSITORY SYSTEM~~

- ~~42.~~ A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:-

~~(a) — a Depositor shall only be entitled to attend any General~~

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~~Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;~~

~~(b) — the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;~~

~~(c) — the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and~~

~~(d) — the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book entry securities (as defined in the Statutes).~~

EXCLUSION OF EQUITIES

45. ~~43.~~ Except as required by the Statutes or law, no person shall be ~~recognized~~ recognised by the Company as holding any share

Exclusion of
Equities.

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upon any trust, and the Company shall not be bound by or compelled in any way to ~~recognize~~ recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by ~~these presents~~ this Constitution or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in ~~these presents~~ this Constitution contained relating to ~~CDP~~ the Depository or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

STOCK

46. ~~44.~~ The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares. Conversion of shares to stock.
47. ~~45.~~ The holders of stock may transfer the same or any part thereof in the same manner and subject to ~~the same Articles~~ this Constitution as and subject to which the shares from which the stock arose might previous to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units (~~not being greater than the amount paid on the shares from which the stock arose~~) as the Directors may from time to time determine. Transfer of stock.
48. ~~46.~~ The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards ~~dividend~~ Dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. Rights of stockholders.
49. All such provisions of this Constitution as are applicable to paid up shares shall apply to stock, and in all such provisions, the words "shares" shall include "stock", and "Depositor", "Member", and "shareholder" shall include "stockholder". Definitions.

GENERAL MEETINGS

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50. ~~47.~~ Subject to and in accordance with the provisions of the Act, an Annual General Meeting shall be held once in every year, at such time (~~within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting~~) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months (or such period as may be permitted by the Act and/or prescribed by the Designated Stock Exchange from time to time). The Company shall hold all its General Meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation.
- Annual Meeting and Extraordinary General Meeting.
51. ~~48.~~ The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.
- Calling of Extraordinary General Meetings.

NOTICE OF GENERAL MEETINGS

52. ~~49.~~ (A) Any Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the ~~meeting~~ General Meeting is to be held and shall be given in manner hereinafter mentioned to all ~~members~~ Members other than such as are not under the provisions of ~~these presents~~ this Constitution entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-
- Notice of General Meeting.
- (a) in the case of an Annual General Meeting by all the ~~members~~ Members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the ~~members~~ Members having

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a right to attend and vote thereat, being a majority together holding not less than 95 per cent., of the total voting rights of all the ~~members~~ Members having ~~that~~ a right to vote at thereat;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to ~~any stock exchange upon which the shares in the Company may be listed~~ the Designated Stock Exchange, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such Extraordinary General Meeting shall be given to ~~any stock exchange upon which the shares in the Company may be listed~~ the Designated Stock Exchange.

(B) Notice of every General Meeting shall be given to: -

- (a) every Member;
- (b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the General Meeting; and
- (c) the auditor for the time being of the Company.

53.
~~50.~~

(A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a ~~member~~ Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a ~~member~~ Member of the Company.

Contents of notice for General Meeting.

(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

Contents of notice for Annual General Meeting.

(C) In the case of any General Meeting at which business other than routine business ("**special business**") is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to

Notice of General Meeting for special business and Special Resolutions.

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that effect.

~~54.~~ 54- Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:- Routine business.

- (a) declaring ~~dividends~~ Dividends;
- (b) receiving and adopting the ~~accounts, the reports of financial statements, the Directors and Auditors' statement, the auditors' report~~ and other documents required to be attached ~~and~~ or annexed to the ~~accounts financial statements~~;
- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) re-appointing the retiring ~~Auditors~~ auditors (unless they were last appointed otherwise than by the Company in General Meeting);
- (e) fixing the remuneration of the ~~Auditors~~ auditors or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the fees of ~~Directors~~ the Directors proposed to be paid in respect of their office as such under Regulation 81 and/or Regulation 82.

~~55.~~ 52- Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. Statement regarding effect of special business.

PROCEEDINGS AT GENERAL MEETINGS

~~56.~~ 53- The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any ~~meeting~~ General Meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the ~~members~~ Members present shall choose one of their number) to be chairman of the Chairman of General Meeting.

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~~meeting~~ General Meeting.

- | | |
|---|--|
| <p><u>57.</u> 54. No business other than the appointment of a chairman <u>Chairman</u> shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two members <u>Members</u>, present in person or by proxy, <u>provided that (i) a proxy representing more than one Member shall only count as one Member for purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present.</u></p> | <p>Quorum.</p> |
| <p><u>58.</u> 55. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman <u>Chairman</u> of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members <u>Members</u>, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may <u>determine</u> by not less than ten days' notice appoint.</p> | <p>If quorum not present, adjournment or dissolution of meeting.</p> |
| <p><u>59.</u> 56. The chairman <u>Chairman</u> of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or <i>sine die</i>) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting <u>General Meeting</u> is adjourned <i>sine die</i>, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting <u>General Meeting</u> is adjourned for thirty days or more or <i>sine die</i>, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.</p> | <p>Business at adjourned meeting.</p> |
| <p><u>60.</u> 57. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting <u>General Meeting</u>.</p> | <p>Notice of adjournment not required.</p> |
| <p><u>61.</u> 58. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the</p> | <p>Amendment of resolutions.</p> |

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~~chairman~~ Chairman of the ~~meeting~~ General Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

~~62.~~ ~~59.~~ (A) If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by such stock exchange).

Mandatory polling.

(B) Subject to Regulation 62(A), at ~~At~~ any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-

Method of voting where mandatory polling not required.

- (a) ~~the chairman~~ Chairman of the meeting; or
- (b) not less than two ~~members~~ Members present in person or by proxy and entitled to vote; or
- (c) any ~~member~~ Member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such ~~members~~ Members or proxies, holding or representing as the case may be not less than ~~one-tenth~~ five per cent (5%) of the total voting rights of all the ~~members~~ Members having the right to vote at the ~~meeting~~ General Meeting; or
- (d) any ~~member~~ Member present in person or by proxy, or where such a ~~member~~ Member has appointed two proxies any one of such proxies, or any number or combination of such ~~members~~ Members or proxies, holding or representing as the case may be shares in the Company conferring a right to vote at the ~~meeting~~ General Meeting, of being shares on which an aggregate sum has been paid-up equal to not less than one-tenth five per cent (5%), of the total sum paid on all the shares conferring that right,

~~Provided Always that no poll shall be demanded on the~~

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~~choice of the chairman of the meeting or on a question of adjournment.~~ A demand for a poll may be withdrawn only with the approval of the meeting.

63. ~~60.~~ (A) A demand for a poll made pursuant to Regulation 62(B) Taking a poll.

shall not prevent the continuance of the General Meeting for the transaction of any business, other than the question on which the poll has been demanded. Unless a poll is ~~required~~ demanded, a declaration by the ~~chairman~~ Chairman of the ~~meeting~~ General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution.

(B) If a poll is ~~required~~ taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the ~~chairman~~ Chairman of the ~~meeting~~ General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was ~~demanded~~ taken. The ~~chairman~~ Chairman of the meeting may (and if required by the listing rules of any stock exchange upon which shares in the Company may be listed on or if so directed by the meeting, shall) appoint ~~scrutineers~~ at least one scrutineer and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. The number of scrutineer(s), and the qualifications and duties of such scrutineer(s), shall be in accordance with the listing rules of the Designated Stock Exchange upon which the shares in the Company are listed (if applicable). The appointed scrutineer(s) shall be independent of the persons undertaking the polling process. Where the appointed scrutineer is interested in the resolution(s) to be passed at the General Meeting, it shall refrain from acting as the scrutineer for such resolution(s). The appointed scrutineer shall exercise the following duties: (i) ensuring that satisfactory procedures of the voting process are in place before the general meeting; and (ii) directing and supervising the count of the votes cast through proxy and in person.

64. ~~64.~~ In the case of an equality of votes, whether on a show of hands or on a poll, the ~~chairman~~ Chairman of the ~~meeting~~ General Meeting at which the show of hands takes place or at which the poll is ~~demanded~~ taken shall be entitled to a casting vote. Casting vote of
Chairman.

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65. 62. A poll ~~demanded~~ on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the ~~meeting~~ Meeting) and place as the ~~chairman~~ Chairman of the ~~meeting~~ Meeting may direct. No notice need be given of a poll not taken immediately. ~~The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.~~

Timing for taking a poll.

VOTES OF MEMBERS

66. 63. (A) Subject to any special rights or restrictions as to voting attached by or in accordance with ~~these presents~~ this Constitution to any class of shares, ~~on~~ each Member entitled to vote may vote in person or by proxy.

Voting rights.

(a) On a show of hands every ~~member~~ Member who is present in person or by proxy ~~shall have one vote, the chairman of the meeting to determine which proxy, has one vote for each share in respect of which he is a Member or represents (excluding treasury shares) and upon which all calls or other sums due thereon to the Company have been paid. Provided Always that:-~~

(i) in the case of a Member who is not a relevant intermediary and is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote where a member on a show of hands; and

(ii) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, and on a poll each proxy shall be entitled to vote on a show of hands.

(b) every ~~member~~ Member who is present in person or by proxy, in case of a poll, shall have one vote for every share ~~of which he is the holder. A member which he holds or represents (excluding treasury shares) and upon which all calls or other sums due thereon to the Company have been paid.~~

(B) For the purpose of determining the number of votes which

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a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two hours before the time appointed for the holding of the relevant General Meeting or the adjourned relevant General Meeting as certified by the Depository to the Company.

(C) A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a ~~member~~ Member, or attend, vote or act at any ~~meeting of the Company~~ General Meeting.

67. ~~64.~~ In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding. Voting rights of joint holders.
68. ~~65.~~ Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any ~~member~~ Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such ~~member~~ Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to ~~meetings of the Company~~ General Meetings. Voting by receivers.
69. ~~66.~~ No ~~member~~ Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by ~~membership~~ Membership in relation to ~~meetings of the Company~~ General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid. Entitlement of members to vote.
70. ~~67.~~ (3) No objection shall be raised as to the admissibility of any vote except at the ~~meeting~~ General Meeting or adjourned ~~meeting~~ General Meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at Objection as to admissibility.

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such meeting shall be valid for all purposes. Any such objection shall be referred to the ~~chairman~~ Chairman of the ~~meeting~~ General Meeting whose decision shall be final and conclusive.

- (4) If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.

71. ~~68.~~ On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Vote on a poll.

72. ~~69.~~ (A) A ~~member~~ Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same General Meeting, provided that if a ~~member shall nominate two proxies to attend and vote at the same General Meeting, then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the appointment shall be deemed to be in the alternative.~~
(B) ~~A proxy need not be a member.~~
(C) ~~If the member~~ Member is a Depositor, the Company shall be entitled and bound:-

Shares entered in Depository Register.

(a) to reject any instrument of proxy lodged ~~by any Depositor~~ if the Depositor is not shown to have any shares entered against his name in the Depository Register as at ~~forty-eight (48)~~ seventy-two hours before the time of the relevant General Meeting at which the proxy is to act as certified by ~~GDP~~ the Depository to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at ~~forty-eight (48)~~ seventy-two hours before the time of the relevant General Meeting as certified by ~~GDP~~ the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that

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Depositor.

(B) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

(C) A proxy need not be a Member of the Company.

~~(D) (a) In a poll, the maximum number of shares that a proxy can cast shall be:-~~

~~(i) the Depositor's shareholding specified in the instrument of proxy if that shareholding does not exceed the true balance standing to the Securities Account of the Depositor as appears on the Depository Register forty eight (48) hours before the General Meeting; or~~

~~(ii) restricted to the true balance standing to the Securities Account of the Depositor as appears on the Depository Register forty eight (48) hours before the General Meeting, if the Depositor's shareholding specified in the instrument of proxy is more than the aforesaid true balance standing in the Securities Account of the Depositor.~~

~~(b) A proxy is required to cast his vote in the manner as specified in the instrument of proxy and in the absence of any instruction by the Depositor, he can cast his vote in any manner he deems fit. Nothing in this Article shall require the Company, the Directors or the Chairman to ensure that a proxy complies with the provisions of these Articles.~~

(D) Save as otherwise provided in the Act:

Appointment of proxies.

(a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form

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of proxy; and

(b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

73. 70. (A) An instrument appointing a proxy for any ~~member~~ Member shall be in writing in any usual or common form or in any other form which the Directors may approve and:-

Instrument of proxy
to be in writing.

(a) in the case of an individual ~~member~~ Member, shall be signed by the ~~member~~ Member or his attorney duly ~~authorized~~ authorised in writing; and

(b) in the case of a ~~member~~ Member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly ~~authorized~~ authorised in writing or a duly ~~authorized~~ authorised officer of the corporation.

(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a ~~member~~ Member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following ~~Article~~ Regulation, failing which the instrument of proxy may be treated as invalid.

(C) In the case of an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney if the instrument of proxy is delivered personally, or sent by post or authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communications. In the case of a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post, or authorised by that corporation through such method

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and in such manner as may be approved by the Directors, if the instrument is submitted electronically. The Directors may, for the purposes of electronic communication, designate procedure for authenticating any such instrument, and any such instrument not so authenticated by use of procedure shall be deemed not to have been received by the Company.

(D) The Directors may in their absolute discretion approve the method and manner for an instrument appointing a proxy to be authorised and designate the procedure for authenticating an instrument appointing a proxy.

74. 74. (A) An instrument appointing a proxy or the power of attorney or other authority, if any:

Deposit of proxies.

(a) if sent personally or by post, must be left at the Office or such other place or one of such places (if any) as is specified for the purpose in the notice convening the General Meeting; or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) General Meeting,

and in either case not less than ~~forty-eight~~ seventy-two hours before the time appointed for the holding of the ~~meeting~~ General Meeting or adjourned ~~meeting~~ or General Meeting (or in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) before the time appointed for the taking of the poll ~~at~~ to which it is to be used and in default shall not be treated as valid. The deposit of an instrument appointing a proxy does not preclude the Member concerned from attending and voting in person at the General Meeting, as well as for any adjournment of the meeting to which it relates. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the General Meeting.

(B) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 74(A)(b).

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Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 74(A)(a) shall apply.

(C) The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the ~~meeting~~ General Meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

75. 72- An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll and to speak at the ~~meeting~~ General Meeting, to move any resolution or amendment thereto and to speak at the meeting.

Instrument deemed to confer authority to demand for poll.

76. 73- A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least ~~one hour~~ seventy-two hours before the commencement of the ~~meeting~~ General Meeting or adjourned ~~meeting~~ General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

When vote by proxy valid though authority revoked.

77. Subject to this Constitution and the Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

Vote in Absentia.

CORPORATIONS ACTING BY REPRESENTATIVES

78. 74- Any corporation which is a ~~member~~ Member of the Company may by resolution of its ~~directors~~ Directors or other governing body ~~authorize~~ authorise such person as it thinks fit to act as its representative at any ~~meeting of the Company or of any class of members of the Company~~ General Meeting. The person so ~~authorized~~ authorised shall be entitled to exercise the same

Corporation may attend by representatives.

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powers on behalf of such corporation as the corporation could exercise if it were an individual ~~member~~ Member of the Company and such corporation shall for the purposes of ~~these presents~~ this Constitution (but subject to the Act) be deemed to be present in person at any such meeting if a person so ~~authorized~~ authorised is present thereat.

DIRECTORS

- | | |
|--|--|
| <p>79. <u>75.</u> Subject as hereinafter provided, the Directors, all of whom shall be natural persons, shall not be less than two nor more than nine <u>ten</u> in number. The Company may by Ordinary Resolution from time to time vary the maximum number of Directors.</p> | <p>Number of Directors.</p> |
| <p>80. <u>76.</u> A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member <u>Member</u> of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.</p> | <p>No share qualification.</p> |
| <p>81. <u>77.</u> The ordinary remuneration <u>fees</u> of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company <u>in General Meeting</u>, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration <u>fees</u> are payable shall be entitled only to rank in such division for a proportion of remuneration <u>fees</u> related to the period during which he has held office. The ordinary remuneration of <u>Salaries payable to</u> an executive Director may not include a commission on or a percentage of turnover and the ordinary remuneration of <u>fees payable to</u> a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.</p> | <p>Fees of Directors.</p> |
| <p>82. <u>78.</u> Any Director who holds any executive office, or who serves <u>If any Director, being willing and having been called upon to do so, shall hold an executive office in the Company, shall render or perform extra or special services of any kind, including services on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be</u></p> | <p>Extra remuneration for work outside scope of ordinary duties.</p> |

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~~paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, other than by a commission on or percentage of commission or turnover established by the Directors, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Directors may think fit for expenses,~~
 Provided that such extra remuneration (in case of an executive Director) shall not ~~be~~ by way of commission on or a percentage of turnover and (in the case of a non-executive Director) shall be ~~by~~ a fixed sum, and not by a commission on or a percentage of profits or turnover or by any or all of those modes.

- | | | |
|--------------------|--|----------------------------------|
| 83. 79. | The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company. | Reimbursement of expenses. |
| 84. 80. | Subject to the <u>provisions of the</u> Act, the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or <u>to</u> any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums. | Pensions. |
| 85. 81. | Subject to the Act, a <u>A</u> Director may be party to or be in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor <u>the auditor</u> of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof. | Directors contract with Company. |
| 86. 82. | (A) The Directors may from time to time appoint one or more of their body to be <u>the Chairman or Deputy Chairman of the Company (whether such appointment is executive or non-executive in nature)</u> or <u>be</u> the holder of any executive office under the Company or under any other company in which | Directors may hold offices. |

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the Company is in any way interested (~~including, where considered appropriate, the office of Chairman or Deputy Chairman~~) on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

(B) The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Managing Director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

Cessation of directorship of Chairman or Deputy Chairman.

(C) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

Cessation of directorship of Executive Director.

87. 83. ~~Subject to the Act, the~~ The Directors may entrust to and confer upon any Directors holding any executive office under the Company or any other company as aforesaid any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Power of Executive Directors.

88. (A) A Director and Chief Executive Officer or Managing Director (or person(s) holding an equivalent position), who is in any way whether directly or indirectly interested in a transaction (including contract or arrangement) or proposed transaction with the Company or of any office or property held by a Director or a Chief Executive Officer (or person(s) holding an equivalent position) which might create duties or interests in conflict with his duties or interests as a Director or a Chief Executive Officer (or an equivalent position), as the case may be, shall, as soon as is practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Directors or send a written notice to the Company containing details on the nature, character and extent of his interest in the

Director and, Chief Executive Officer or Managing Director, to declare interest if any.

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transaction or proposed transaction in accordance with the Act.

(B) A Director and Chief Executive Officer or Managing Director (or person(s) holding an equivalent position), shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has directly or indirectly a personal material interest and if he shall do so his vote shall not be counted nor save as provided by Regulation 88(C) shall he be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to:-

(a) any arrangement for giving any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debtor obligation of the Company for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security; or

(c) any contract by a Director to subscribe for or underwrite shares or debentures of the Company,

Provided that these prohibitions may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract arrangement or transaction or any particular proposed contract arrangement or transaction by the Company by Ordinary Resolution.

(C) Subject to applicable law, a general notice that a Director is an officer or member of any specified firm or corporation and is to be regarded as interested in all transactions with that firm or company shall be deemed to be a sufficient disclosure under this Regulation as regards such Director and the said transactions if it specifies the nature and extent of his interest in the specified firm or corporation and his interest is no different in nature or greater in extent than the nature and extent so specified in the general notice at the time any transaction is so made, but no such notice shall be of effect unless either it is given at a meeting of the Directors or the

General notice by
Director.

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Director takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.

89. A Director and Chief Executive Officer or Managing Director (or person(s) holding an equivalent position) who holds any office or possesses any property whereby directly or indirectly duties or interests might be created in conflict with his duties or interests as Director shall declare the fact and the nature, character and extent of the conflict at a meeting of the Directors of the Company in accordance with the Act. Director and, Chief Executive Officer or Managing Director, to declare conflict of interest.
90. A Director and Chief Executive Officer or Managing Director (or person(s) holding an equivalent position) may hold any other office or place of profit under the Company (other than the office of the auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. No such contract and no contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
91. A Director of the Company may become or continue to be a Director or other officer of or otherwise be interested in any company whether or not the Company is interested as a shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interests in such other company.

**CHIEF EXECUTIVE OFFICER OR MANAGING DIRECTORS
DIRECTOR**

92. The Directors may from time to time appoint one or more of
84. their body to be Chief Executive Officer or Managing Director or Managing Directors of the Company (or any equivalent appointment(s) howsoever described) and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from Appointment of Chief Executive Officer or Managing Director.

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office and appoint another or others in his or their places. Where an appointment is for a fixed term such term shall not exceed ~~three~~ five years.

93. A Managing Director ~~(or any or a Director who is a Chief~~
~~85- Executive Officer or such person holding an equivalent~~
~~appointment howsoever described) position shall not while he~~
~~continues to hold that office be subject to retirement by rotation~~
~~and he shall not be taken into account in determining the~~
~~rotation of retirement of Directors but he shall, subject to the~~
~~provisions of any contract between him and the Company, be~~
subject to the same provisions as to retirement by rotation,
resignation and removal from the office of Directors as the other
Directors of the Company and in the case of a Managing
Director, if he ceases to hold the office of Director ~~from~~ for any
~~cause~~ reason, he shall *ipso facto* and immediately cease to be
a Managing Director ~~(or any equivalent appointment~~
~~howsoever described).~~

Retirement, removal
and resignation of
Chief Executive
Officer or Managing
Director.

94. ~~Subject to the Act, the~~ The remuneration of a Chief Executive
~~86- Officer or Managing Director (or any person(s) holding an~~
~~equivalent appointment howsoever described position)~~ shall
from time to time be fixed by the Directors and may ~~be~~ subject
to ~~these presents~~ the Constitution be by way of salary or
commission or participation in profits or by any or all these
modes but he shall not under any circumstances be
remunerated by a commission on or a percentage of turnover.

Remuneration of
Chief Executive
Officer or Managing
Director.

95. A Chief Executive Officer or Managing Director ~~(or any such~~
~~87- person holding an equivalent appointment howsoever~~
~~described) position~~ shall at all times be subject to the control of
the Directors but subject thereto the Directors may from time to
time entrust to and confer upon a Chief Executive Officer or
Managing Director ~~(or any equivalent appointment howsoever~~
~~described)~~ for the time being such of the powers exercisable
under ~~these presents~~ this Constitution by the Directors as they
may think fit and may confer such powers for such time and to
be exercised on such terms and conditions and with such
restrictions as they think expedient and they may confer such
powers ~~whether~~ either collaterally with or to the exclusion of
and in substitution for all or any of the powers of the Directors
in that behalf and may from time to time revoke, withdraw, alter
or vary all or any of such powers.

Powers of Chief
Executive Officer or
Managing Director.

APPOINTMENT AND RETIREMENT OF DIRECTORS

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- ~~88.~~ 96. The Company may by Ordinary Resolution appoint any person to be a Director either as an additional Director or to fill a casual vacancy. Without prejudice thereto the Directors shall also have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with ~~these presents~~ this Constitution. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.
- Company may
appoint to fill
vacancy.
- ~~89.~~ 97. At each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, ~~Provided that no Director holding office as Managing Director (or any equivalent appointment howsoever described) shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. For the avoidance of doubt, each Director (other than a Director holding office as Managing Director (or any equivalent appointment howsoever described) shall retire. All Directors must submit themselves for re-nomination and re-appointment at least once every three years. A retiring Director shall retain office until the close of the Meeting at which he retires.~~
- Retirement.
- ~~90.~~ 98. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at ~~the meeting by reason of age or a General Meeting~~ who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for re-election.
- Determination of
directors to retire.
- ~~91.~~ 99. The Company at ~~the meeting~~ a General Meeting at which a Director retires under any provision of ~~these presents~~ this Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:-
- Filling vacated
office.

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- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (b) where such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- (c) ~~where such Director is prohibited from being a Director by reason of any law or any order made under the Act;~~ or where the default is due to the moving of a resolution in contravention of the next following Article Regulation; or
- (d) where such Director ~~has attained any retiring age applicable to him as Director~~ is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

- | | | |
|--|---|------------|
| <p>92. <u>100.</u> A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of this provision shall be void.</p> | <p>Resolution appointment of Directors.</p> | <p>for</p> |
| <p><u>101.</u> <u>Subject to the provisions of the Statutes, a Director shall not resign or vacate his office unless there is remaining in the Company at least one Director who is ordinarily resident in Singapore; and any purported resignation or vacation of office in breach of this Regulation shall be deemed to be invalid.</u></p> | <p>Resident Director.</p> | |
| <p>93. <u>102.</u> No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any General Meeting unless not less than eleven clear days and not more than forty two days (inclusive of the date on which the notice is given) before the date appointed for the meeting there shall have been lodged at the Office notice in writing signed by some member</p> | <p>Notice of intention to appoint Director.</p> | |

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~~(other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected, Provided that in the case of a person recommended by the Directors for election, not less than nine clear days' notice shall be necessary and notice of each and every such person shall be served on the members at least seven days prior to the meeting at which the election is to take place. A person who is not a retiring Director shall be eligible for election to the office of Director at any General Meeting if the Member intending to propose him has, at least eleven clear days before the General Meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him; PROVIDED ALWAYS THAT in the case of a person recommended by the Directors for election, nine clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven days prior to the General Meeting at which the election is to take place.~~

103. The office of a Director shall be vacated in any of the following
94. events, namely:-

When office of
Director to be
vacated.

- (a) if he shall become prohibited or disqualified by the Statutes or any other law from acting as a Director; or
- (b) ~~if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer subject to the provisions of the Act, resigns his office by notice in writing to the Company; or~~
- (c) if he shall become bankrupt or have a receiving order made against him or shall make arrangement or composition with his creditors generally; or
- (d) if he becomes ~~of unsound mind~~ mentally disordered and incapable of managing himself or his affairs, or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his

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detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or

- (e) is absent, for more than six months and without leave of the Directors, from meetings of the Directors held during that period ~~and his alternate Director (if any) shall not during such period have attended in his stead;~~ or
- (f) if he is removed by the Company in General Meeting pursuant to ~~these presents~~ this Constitution; or
- (g) ~~if he ceases to be a Director by virtue of the Statutes if he shall become disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds (in which case he must immediately resign from the board).~~
- (h) ~~subject to the Act, at the conclusion of the Annual General Meeting commencing next after he attains the age of 70 years.~~

~~104.~~ 104. The Company may in accordance with and subject to the provisions of the Statutes, by Ordinary Resolution of which special notice has been given, remove any Director from office (notwithstanding any provision of ~~these presents~~ this Constitution or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a Director so removed from office, and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last appointed a Director. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy.

Vacation of office of directors.

ALTERNATE DIRECTORS

~~105.~~ 105. (A) Any Director may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person (approved by a majority of his co-Directors for the time being and who shall not be other than another Director or a person who has already been

Appointment of Alternate Directors.

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appointed alternate for another Director) to be his alternate Director and may ~~in like manner~~ at any time remove any such alternate Director from office~~terminate such appointment~~. Such appointment, ~~unless previously approved by a majority of the Directors~~, shall have effect only upon and subject to being so approved. A person shall not act as Alternate Director to more than one Director at the same time.

- (B) The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director concerned (below called "his principal") ceases to be a Director.

Determination of appointment of Alternate Directors.

- (C) An alternate Director shall (except when absent from Singapore) be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his principal is not personally present and generally at such meeting to perform all functions of his principal as a Director, and for the purposes of the proceedings at such meeting the provisions of ~~these presents~~ this Constitution shall apply as if he (instead of his principal) were a Director. If his principal is for the time being absent from Singapore or temporarily unable to act through ill health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his principal. To such extent as the Directors may from time to time determine in relation to any committees of the Directors, the foregoing provisions of this paragraph shall also apply *mutatis mutandis* to any meeting of any such committee of which his principal is a ~~member~~ Member. An alternate Director shall not (save as aforesaid) have any power to act as a Director nor shall he be deemed to be a Director for any other purposes of ~~these presents~~ this Constitution.

Powers of Alternate Directors.

- (D) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time

Alternate Directors may contract with Company.

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to time direct provided that any fees payable to him shall be deducted from his principal's remuneration.

(E) An alternate Director may be removed from office by a resolution of the Directors, but he shall be entitled to vote on such resolution and he shall, ipso facto, cease to be an alternate Director if his appointor ceases for any reason to be a Director.

Removal of
Alternate Directors
to be in writing.

MEETINGS AND PROCEEDINGS OF DIRECTORS

106. (A) Subject to the provisions of ~~these presents~~ this Constitution,
97. the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time, any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore. Any Director may waive notice of any meeting and any such waiver may be retroactive.

Meetings of
Directors.

(B) Directors may participate in a meeting of the Board of Directors by means of a conference telephone, video conferencing, audio visual or other similar communications equipment by means of which all persons participating in the meeting can hear each other, without a Director being in the physical presence of another Director or Directors, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Such a meeting shall be deemed to take place where the largest group of Directors physically present for the purpose of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is physically present.

Participation by
telephone or video
conference.

107. (A) The quorum necessary for the transaction of the business
98. of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number, shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

Quorum.

~~(B) The meetings of Directors may be conducted by means of telephone or video conference or other methods of~~

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~~simultaneous communication by electronic, telegraphic or other similar means by which all persons participating in the meeting are able to hear and be heard and, if applicable, see and be seen by all the other participants without the need for physical presence, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. The minutes of such a meeting signed by Chairman of the meeting shall be conclusive evidence of any resolution of any meeting so conducted. Such a meeting shall be deemed to take place where the largest group of Directors present for purposes of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is present.~~

~~The Directors participating in any such meeting shall be counted in the quorum for such meeting and, subject to there being a requisite quorum under these Articles, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held.~~

~~In the case of a meeting which is not held in person, the fact that a Director is taking part in the meeting must be made known to all the other Directors taking part, and no Director may disconnect or cease to take part in the meeting unless he makes known to all other Directors taking part that he is ceasing to take part in the meeting.~~

~~For the purposes of this Constitution the contemporaneous linking together by telephone or other means of communication of a number of the Directors not less than the quorum, whether in or outside of Singapore, shall be deemed to constitute a meeting of the Directors and all the provisions in this Constitution as to meetings of the Directors shall apply to such meetings so long as the following conditions are met:-~~

- ~~(a) All the Directors for the time being entitled to receive notice of a meeting of the Directors (including any alternate for any Director) shall be entitled to notice of a meeting by telephone or other means of communication and to be linked by telephone or such other means for the purposes of such meeting. Notice of any such meeting shall be given on the telephone or other means of communication;~~

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(b) Each of the Directors taking part in the meeting by telephone or other means of communication must be able to hear each of the other Directors taking part at all times during the meeting; and

(c) At the commencement of the meeting each Director must acknowledge his presence for the purpose of a meeting of the Directors of the Company to all the other Directors taking part.

(C) A Director may not leave the meeting by disconnecting his telephone or other means of communication unless he has previously obtained the express consent of the Chairman of the meeting. A Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the meeting by telephone or other means of communication unless he has previously obtained the express consent of the Chairman of the meeting to leave the meeting as aforesaid.

(D) A minute of the proceedings at such meeting by telephone or other means of communication shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as a correct minute by the Chairman of the meeting and by any one of the Directors who participated in the meeting.

108. Questions arising at any meeting of the Directors shall be determined by a majority of votes. In case of an equality of votes (except where only two Directors are present and form the quorum or when only two Directors are competent to vote on the question in issue), the ~~chairman~~ Chairman of the meeting shall have a second or casting vote.

Votes.

~~100.~~ A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

109. The continuing Directors may act notwithstanding any ~~vacancies~~ vacancy in the board, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with ~~these presents~~ this Constitution, the continuing Directors or Director may, except in an emergency, act for the purpose of ~~filling up such vacancies~~

Proceedings in case of vacancies.

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increasing the number of Directors to such minimum number or of summoning General Meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two ~~members~~ Members may summon a General Meeting for the purpose of appointing Directors.

110.
~~402.~~

~~(A)~~ The Directors may elect from their number a Chairman and a Deputy Chairman (or two or more Deputy Chairmen) and determine the period for which each is to hold office. If no Chairman or Deputy Chairman shall have been appointed or if at any meeting of the Directors no Chairman or Deputy Chairman shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be ~~chairman~~ Chairman of the meeting.

Chairman and
Deputy Chairman.

111.

~~(B)~~ If at any time there is more than one Deputy Chairman, the right in the absence of the Chairman to preside at a meeting of the Directors or of the Company shall be determined as between the Deputy Chairmen present (if more than one) by seniority in length of appointment or otherwise as resolved by the Directors.

112.
~~403.~~

A resolution in writing signed by the majority of the Directors or their alternates (who are not prohibited by this Constitution from voting on such resolutions), being not less than ~~that~~ are sufficient to form a quorum shall be as effective as a resolution duly passed at a meeting of the Directors ~~duly convened and held. Any such resolution and~~ may consist of several documents in the like form, each signed by one or more Directors. ~~For the purposes of this Article, the~~ The expressions "in writing" and "signed" include approval by any such Director by ~~telefax, telex, cable, telegram, wireless or facsimile transmission~~ or any form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

Resolutions in
writing.

113.
~~404.~~

The Directors may delegate any of their powers or discretion to committees consisting of one or more members of their body and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or ~~authorize~~ authorise the co-

Power to appoint
committees.

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option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee.

~~114.~~
~~405.~~ The meetings and proceedings of any such committee consisting of two or more members shall be governed *mutatis mutandis* by the provisions of ~~these presents~~ this Constitution regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any regulations made by the Directors under the last preceding ~~Article~~ Regulation.

Proceedings at committee meetings.

~~115.~~
~~406.~~ All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was defect in the appointment of any of the persons acting as aforesaid, or that any such persons was at the time of his appointment not qualified for appointment or subsequently became disqualified or had vacated office, or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of the committee and had been entitled to vote.

Validity of acts of Directors in committees in spite of some formal defect.

AUDIT COMMITTEE

~~116.~~
~~407.~~ (A) An audit committee shall be appointed by the Directors from among their number in accordance with Section 201B of the Act, with written terms of reference which clearly set out the authority and duties of the committee. ~~(pursuant to a resolution of the Board) and shall be composed of not fewer than three members all of whom shall not be executive Directors of the Company or any related corporation, and a majority of whom (including the Chairman) shall not be:-~~

Audit committee.

~~(a) All the Directors for the time being entitled to receive notice of a meeting of the Directors (including any alternate for any Director) shall be entitled to notice of a meeting by telephone or other means of communication and to be linked by telephone or such other means for the purposes of such meeting. Notice of any such meeting shall be given on the telephone or other means of communication;~~

~~(b) any person having a relationship which, in the opinion of the Directors, would interfere with the exercise of independent judgment in carrying out the functions of~~

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~~an audit committee.~~

- (B) ~~The members of an audit committee shall elect a Chairman from among their number.~~
- (C) ~~The audit committee may regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.~~
- (D) ~~In this Article, "non executive Director" or "a person who is not an executive Director" means a Director who is not an employee of, and does not hold any other office of profit in, the Company or in any subsidiary or associated company of the Company in conjunction with his office of Director, and his membership of an audit committee and "executive Director" shall be read accordingly.~~

BORROWING POWERS

~~117.~~ Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Directors' borrowing powers.

GENERAL POWERS OF DIRECTORS

~~118.~~ The business and affairs of the Company shall be managed by or under the direction or supervision of, the Directors, who may exercise all such powers of the Company as are not by the Statutes or by ~~these presents~~ this Constitution required to be exercised by the Company in General Meeting, subject nevertheless to any ~~regulations of these presents~~ Regulations of this Constitution, to the provisions of the Statutes and to such ~~regulations~~ Regulations, being not inconsistent with the aforesaid ~~regulations~~ Regulations or provisions, as may be prescribed by Special Resolution of the Company, but no ~~regulation~~ Regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such ~~regulation~~ Regulation had not been made. The general powers given by this Article Regulation shall not be limited or restricted by any special authority or power given to the

Power of Directors.

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Directors by any other ~~Article~~ Regulation.

~~119.~~ The Directors shall not carry into effect any proposals for selling Disposal of
~~440.~~ or disposing of the whole or substantially the whole of the undertaking or
Company's undertaking unless such proposals have been property.

~~120.~~ The Directors may establish any local boards or agencies for Directors may
~~444.~~ managing any of the affairs of the Company, either in establish local
Singapore or elsewhere, and may appoint any persons to be boards or agencies.
members of such local boards, or any managers or agents, and
may fix their remuneration, and may delegate to any local
board, manager or agent any of the powers, authorities and
discretions vested in the Directors, with power to sub-delegate,
and may ~~authorize~~ authorise the members of any local boards,
or any of them, to fill any vacancies therein, and to act
notwithstanding vacancies, and any such appointment or
delegation may be made upon such terms and subject to such
conditions as the Directors may think fit, and the Directors may
remove any person so appointed, and may annul or vary any
such delegation, but no person dealing in good faith and without
notice of any such annulment or variation shall be affected
thereby.

~~121.~~ The Directors may from time to time and at any time by power Directors may
~~442.~~ of attorney or otherwise appoint any company, firm or person appoint attorneys.
or any fluctuating body of persons, whether nominated directly
or indirectly by the Directors, to be the attorney or attorneys of
the Company for such purposes and with such powers,
authorities and discretions (not exceeding those vested in or
exercisable by the Directors under ~~these presents~~ this
Constitution) and for such period and subject to such conditions
as they may think fit, and any such power of attorney may
contain such provisions for the protection and convenience of
persons dealing with any such attorney as the Directors may
think fit, and may also ~~authorize~~ authorise any such attorney to
sub-delegate all or any of the powers, authorities and
discretions vested in him.

~~122.~~ The Company or the Directors on behalf of the Company may Registers.
~~443.~~ in exercise of the powers in that behalf conferred by the
Statutes cause to be kept a ~~Branch Register~~ branch register or
Registers of Members and Index of Members, and the Directors
may (subject to the provisions of the Statutes) make and vary
such ~~regulations~~ Regulations as they may think fit in respect of
the keeping of any such ~~Register~~ register.

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123. All cheques, promissory notes, drafts, bills of exchange, and Cheques, etc.
~~444.~~ other negotiable or transferable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

124. The Directors shall cause minutes to be duly made and entered Minutes.
~~445.~~ in books provided for such purpose:-

- (a) of all appointments of officers to be engaged in the management of the Company's affairs;
- (b) of the names of the Directors present at all meetings of the Company, of the Directors and of any committee of Directors; ~~and~~
- (c) of all orders made by the Directors and committees of Directors; and
- (d) of all resolutions and proceedings at all meetings of the Company, of the Directors and of any committee of Directors.

Such minutes shall be signed by the ~~chairman~~ Chairman of the meeting at which the proceedings were held or by the ~~chairman~~ Chairman of the next succeeding meeting.

SECRETARY

125. The Secretary shall be appointed by the Directors on such Company
Secretary.
~~446.~~ terms and for such period as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. ~~If, if~~ if thought fit, two or more persons may be appointed as ~~Joint~~ joint Secretaries. The Directors may also appoint from time to time on such terms as they may think fit one or more ~~Assistant~~ assistant Secretaries.

126. The appointment and duties of the Secretary or ~~Joint~~ joint Secretaries shall not conflict with the provisions of the Act and Duties of Company
Secretary.
in particular Section 171 of the Act.

127. Anything required or authorised by this Constitution or the Assistant or deputy
Secretary.

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Statutes to be done by or to the Secretary may, if the office is vacant or there is for any other reason no Secretary capable of acting, be done by or to any assistant or deputy Secretary or, if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors, Provided Always that any provision of this Constitution or Statutes requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

THE SEAL

128. (A) The Directors shall provide for the safe custody of the Seal which shall not be used without the authority of the Directors or of a committee ~~authorized~~ authorised by the Directors in that behalf. Seal.
- 447.
- (B) The general powers given by this ~~Article~~ Regulation shall not be limited or restricted by any special authority or power given to the Directors by any other ~~Article~~ Regulation.
129. Every instrument to which the Seal shall be affixed shall be signed autographically or by facsimile by one Director and the Secretary or by two Directors or some other person appointed by the Directors, save that as regards any certificates for shares or debentures or other securities of the Company, the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method of mechanical electronic signature or other method approved by the Directors. Affixing Seal.
- 448.
130. (A) The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors. Official Seal.
- 449.
- (B) The Company may exercise the powers conferred by the Statutes with regard to having a duplicate Seal as referred to in Section 124 of the Act which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal". Share Seal.
- (C) The Company may exercise the powers conferred by the Statutes with regard to:
- (c) the dispensation of the requirement of having a Seal as

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referred to in Section 41A of the Act; and

(d) alternatives to sealing as referred to in Sections 41B
and 41C of the Act.

KEEPING OF STATUTORY RECORDS

131. Any register, index, minute book, accounting record, minute or
420. other book of account required by this Constitution or by the Act
to be kept by or on behalf of the Company under the Statutes
may be kept either by making entries in a bound book or
(subject to reasonable precautions against falsification and for
discovery of falsification, and to the provision of proper facilities
for inspection to the persons entitled to inspection) by recording
in any other permanent manner, subject to and in accordance
with the Act, be kept in hard copy form or in electronic form, and
arranged in the manner that the Directors think fit. If such
records are kept in electronic form, the Directors shall ensure
that they are capable of being reproduced in hard copy form,
and shall provide for the manner in which the records are to be
authenticated and verified. In any case where such records are
kept otherwise than in hard copy form, the Directors shall take
reasonable precautions for ensuring the proper maintenance
and authenticity of such records, guarding against falsification
and facilitating the discovery of any falsifications. The Company
shall cause true English translations of all accounts, minute
books or other records required to be kept by the Company
under the Statutes which are not kept in English to be made
from time to time at intervals of not more than seven days, and
shall keep the translations with the originals for so long as the
originals are required under the Statutes to be kept. The
Company shall also keep at the Office certified English
translations of all instruments, certificates, contracts or
documents not written in English which the Company is
required under the Statutes to make available for public
inspection.

Statutory Records.

AUTHENTICATION OF DOCUMENTS

132. Any Director or the Secretary or any person appointed by the
424. Directors for the purpose shall have power to authenticate any
documents affecting the ~~constitution~~ Constitution of the
Company and any resolutions passed by the Company or the
Directors or any committee and any books, records, documents
and accounts relating to the business of the Company, and to
certify copies thereof or extracts therefrom as true copies or

Power to
authenticate
documents.

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extracts, and where any books, records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

133. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee, which is certified as aforesaid, shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this Regulation may be made by any electronic means approved by the Directors from time to time for such purpose incorporating, if the Directors deem necessary, the use of security procedures or devices approved by the Directors.

Certified copies of
resolutions of
Directors.

RESERVES

134. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

Reserves.

DIVIDENDS

135. The Company in General Meeting may by Ordinary Resolution declare ~~dividends~~ Dividends but no such ~~dividend~~ Dividend shall exceed the amount recommended by the Directors.

Declaration of
Dividends.

136. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed ~~dividends~~ Dividends on any class of shares carrying a fixed ~~dividend~~ Dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the

Interim Dividends.

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payment thereof and may also from time to time declare and pay interim ~~dividends~~ Dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

137.
125.

~~Unless and Subject to the extent that the any rights or restrictions attached to any shares or the terms of issue thereof class of shares and except as otherwise provide, and subject to the Act, all dividends shall be declared and permitted under the Act:-~~

Distribution of profits.

- (a) ~~all Dividends in respect of shares must be paid according in proportion to the number of issued and fully paid shares. Where held by a Member, but where shares are partly paid, dividends shall~~ all Dividends must be apportioned and paid proportionately to the amount amounts paid or credited as paid thereon on the partly paid shares; and
- (b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.

~~For the purposes of this Article, no Regulation, an amount paid or credited as paid on a share in advance of calls shall be treated as paid on the share a call is to be ignored.~~

138.
126.

(A) No ~~dividend~~ Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

Dividends payable out of profits.

(B) ~~Any~~ The payment by the Directors of any unclaimed Dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any ~~dividend~~ Dividend or any such moneys unclaimed after six (6) years from the date of declaration having been first payable shall be ~~made forfeit~~ forfeited and shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such Dividend or moneys to the Company, the

Unclaimed Dividends or other moneys.

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relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.

(C) A payment by the Company to the Depository of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

139. No ~~dividend~~ Dividend or other monies payable on or in respect of a share shall bear interest as against the Company. No interest on Dividends.

140. (A) The Directors may retain any ~~dividend~~ Dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Retention of Dividends on shares subject to lien.

(B) The Directors may retain the ~~dividends~~ Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a ~~member~~ Member, or which any person is under those provisions entitled to transfer, until such person shall become a ~~member~~ Member in respect of such shares or shall transfer the same. Retention of Dividends pending transmission.

141. The waiver in whole or in part of any ~~dividend~~ Dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the ~~member~~ Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company. Waiver of Dividends.

142. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a ~~dividend~~ Dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may Payment of Dividend *in specie*.

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determine that cash payments shall be made to any ~~member~~
Member upon the footing of the value so fixed in order to adjust
the rights of all parties and may vest any such specific assets
in trustees as may seem expedient to the Directors.

143. (1) Subject to the rules, bye-laws or listing rules of the
Designated Stock Exchange, as may be amended from
time to time, whenever the Directors or the Company in
General Meeting have resolved or proposed that a
Dividend (including an interim, final, special or other
Dividend) be paid or declared on the ordinary share capital
of the Company, the Directors may further resolve that
Members entitled to such Dividend be entitled to elect to
receive an allotment of ordinary shares credited as fully
paid in lieu of cash in respect of the whole or such part of
the Dividend as the Directors may think fit. In such case,
the following provisions shall apply:

Scrip dividend
scheme.

(i) the basis of any such allotment shall be determined
by the Directors;

(ii) the Directors shall determine the manner in which
Members shall be entitled to elect to receive an
allotment of ordinary shares credited as fully paid in
lieu of cash in respect of the whole or such part of
any Dividend in respect of which the Directors shall
have passed such a resolution as aforesaid, and the
Directors may make such arrangements as to the
giving of notice to Members, providing for forms of
election for completion by Members (whether in
respect of a particular Dividend or Dividends or
generally), determining the procedure for making
such elections or revoking the same and the place
at which and the latest date and time by which any
forms of election or other documents by which
elections are made or revoked must be lodged, and
otherwise make all such arrangements and do all
such things, as the Directors consider necessary or
expedient in connection with the provisions of this
Regulation 143;

(iii) the right of election may be exercised in respect of
the whole of that portion of the Dividend in respect
of which the right of election has been accorded
provided that the Directors may determine, either
generally or in any specific case, that such right shall

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be exercisable in respect of the whole or any part of that portion; and

- (iv) the Dividend (or that part of the Dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “**elected ordinary shares**”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose, the Directors shall (a) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (2) (i) The ordinary shares allotted pursuant to the provisions of Regulation 143(1) shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the Dividend, which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Dividend, which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Regulation 143(1), with full power to make such provisions as they think fit in the case of fractional

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entitlements to shares (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members).

- (3) The Directors may, on any occasion when they resolve as provided in this Regulation 143, determine that rights of election under that paragraph shall not be made available to persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation 143 shall be read and construed subject to such determination.
- (4) The Directors may, on any occasion when they resolve as provided in this Regulation 143, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decided and in such event the only entitlements of the Members aforesaid shall be to receive in cash the relevant Dividend resolved or proposed to be paid or declared.
- (5) Notwithstanding the foregoing provisions of this Regulation 143, if at any time after the Directors' resolution to apply the provisions of Regulation 143(1) in relation to any Dividend to any Dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstances (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of Regulation 143.

144. A transfer of shares shall not pass the right to any dividend

Effect of transfer.

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declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be.

145. Any ~~dividend~~ Dividend or other moneys payable in cash on or
~~434.~~ in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the ~~member~~ Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such ~~member~~ Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
- Dividends payable by cheque or warrant.
146. If two or more persons are registered in the Register of
~~432.~~ Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any ~~dividend~~ Dividend or other moneys payable or property distributable on or in respect of the share.
- Payment of Dividends to joint holders.
147. Any resolution declaring a ~~dividend~~ Dividend on shares of any
~~433.~~ class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the ~~dividend~~ Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such ~~dividend~~ Dividend of transferors and transferees of any such shares.
- Resolution declaring Dividends.

**BONUS ISSUES AND CAPITALIZATION CAPITALISATION
OF PROFITS AND RESERVES**

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148. (A) ~~Subject to the approval of the Company in General Meeting~~
134. ~~(whether such approval is pursuant to The Directors may,~~
with the sanction of an Ordinary Resolution authorizing the
Directors to exercise the power of the Company to issue
shares generally pursuant to Article 5 or otherwise), the
Directors may (including any Ordinary Resolution passed
pursuant to Regulation 5(B)):

Power to issue free
bonus shares
and/or to capitalise
reserves.

(a) issue bonus shares for which no consideration is
payable to the Company or ~~to the persons registered as~~
holders of shares in the Register of Members or (as the
case may be) the Depository Register at the close of
business on:

(i) the date of the Ordinary Resolution (or such other
date as may be specified therein or determined as
therein provided); or

(ii) (in the case of an Ordinary Resolution passed
pursuant to Regulation 5(B)) such other date as may
be determined by the Directors.

in proportion to their then holdings of shares; and

(b) capitalise any sum standing to the credit of any of the
Company's reserve accounts ~~as representing profits~~
available for distribution under the provisions of the
Statutes, or other undistributable reserve or any sum
standing to the credit of the financial statements by
appropriating such sum to the persons registered as ~~the~~
holders of shares in the Register of Members or (as the
case may be) ~~in~~ the Depository Register at the close of
business on:

(i) the date of the ~~resolution~~ Ordinary Resolution (or
such other date as may be specified therein or
determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed
pursuant to Regulation 5(B)) such other date as may
be determined by the Directors, in proportion to their
then holdings of shares and applying such sum on
their behalf in paying up in full unissued shares (or,
(subject to any special rights previously conferred on
any shares or class of shares for the time being

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issued), unissued shares of any other class not being redeemable shares); for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(B) The Directors may do all acts and things considered necessary or expedient to give effect to any such ~~capitalization or bonus issue~~ or capitalisation under this Regulation 148, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the ~~members~~ Members concerned). The Directors may ~~authorize~~ authorise any person to enter on behalf of all the ~~members~~ Members interested into an agreement with the Company providing for any such bonus issue or capitalisation or bonus issue and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(C) In addition and without prejudice to the powers provided for by this Regulation 148, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue:

(a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or

(b) be held by or for the benefit of non-executive Directors as part of their remuneration under Regulation 81 and/or Regulation 82 approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered

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necessary to give effect to any of the foregoing.

ACCOUNTS FINANCIAL STATEMENTS

149. The Directors shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Act for Directors to keep proper accounting records and shall cause those records to be kept in such manner as to enable them to be conveniently and properly audited.
150. Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes, shall be kept at the Office or at such other place as the Directors think fit. No ~~member~~ Member of the Company or other person shall have any right of inspecting any account or book or document of the Company except as conferred by statute or ordered by a court of competent jurisdiction or ~~authorized~~ authorised by the Directors.
151. ~~In~~ The Directors shall from time to time, in accordance with the provisions of the ~~Statutes, the Directors shall~~ Act, cause to be prepared and to be laid before the Company in General Meeting such ~~profit and loss accounts, balance sheets, group accounts (if any) and~~ financial statements or any reports, statements and other documents as may be necessary. The ~~prescribed by the Act. Whenever so required, the~~ interval between the close of a ~~the Company's~~ financial year ~~of the Company and the issue of accounts relating thereto~~ and the date of its Annual General Meeting shall not exceed four (4) months (or such ~~other~~ period as may be permitted by the Act and/or prescribed by ~~the Act and listing rules of the Designated Stock Exchange~~ from time to time).
152. A copy of ~~every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company~~ the financial statements (including every document required by law to be comprised therein or attached or annexed thereto) which is duly audited and which is to be laid before the Company in General Meeting accompanied by a copy of the Auditor's report thereon, or a summary financial statement (where applicable), shall not less than fourteen days before the date of the meeting be sent to every ~~member~~ Member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of ~~meetings from the Company~~ General Meetings under the provisions of the Statutes or of ~~these presents, Provided that this Article~~ this
- Accounting
Records.
- Presentation of
financial
statements.
- Copies of financial
statements.

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Constitution, Provided Always that:

(a) these documents may, subject to the listing rules of the Designated Stock Exchange, be sent less than fourteen days before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and

(b) this Regulation 152 shall not require a copy of these documents to be sent to more than one of any joint holders or to any person of whose address the Company is not aware, but any ~~member or holder of debentures~~ Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

AUDITORS

153. For so long as the shares of the Company are listed on the Designated Stock Exchange and subject to the rules, bye-laws or listing rules of the Designated Stock Exchange, an effective internal audit function that is adequately resourced and independent of the activities it audits shall be established and maintained on an ongoing basis. Establishment of internal audit function.

154. Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified. Validity of acts of auditor.

155. An Auditor auditor shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting which any ~~member~~ Member is entitled to receive and to be heard at any General Meeting on any part of the business of the meeting which concerns him as Auditor auditor. Auditor entitled to attend General Meetings.

156. An auditor shall be appointed, and the appointment and duties of such auditor or auditors shall be in accordance with the provisions of the Act, or any other statute which may be in force in relation to such matters. Every auditor of the Company shall have a right to access at all times to the accounting and other records of the Company and shall make his report as required by the Act. Appointment of auditors.

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NOTICES

~~157.~~ ~~140.~~ (A) Any notice or document (including a share certificate) may be served on or delivered to any ~~member~~ Member by the Company either personally or by sending it through the post in a prepaid cover addressed to such ~~member~~ Member at his Singapore registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company, or (as the case may be) ~~GDP~~ the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where a any notice or other document is served or ~~sent~~ delivered by post, service or delivery shall be deemed to ~~be effected at the expiration of twenty-four hours after the time when the have been served at the time the envelope or cover~~ containing the same is posted, and in proving such service or delivery, it shall be sufficient to prove that such envelope or cover was properly addressed, stamped and posted.

Service of notices.

(B) Without prejudice to the provisions of Regulation 157(A), but subject otherwise to the Act and any regulations made thereunder and (where applicable) the listing rules of the Designated Stock Exchange relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements, circular or report) which is required or permitted to be given, sent or served under the Act or under this Constitution by the Company, or by the Directors, to a Member may be given, sent or served using electronic communications:

Electronic Communications.

(a) to the current address of that person (as provided for in the Act, which may be, but is not limited to, an email address); or

(b) by making it available on a website prescribed by the Company from time to time,

in accordance with the provisions of this Constitution, the Act and/or any other applicable regulations or procedures. Without prejudice to the generality of the foregoing, in the event that any notice or document is to be given, sent or served according to (b) above, the Directors may give such

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notification relating to the address of the website and how to access such notice or document in such manner as the Directors may determine at their discretion, subject to the Act and any regulations made under the Act relating to electronic communications and any listing rules of the Designated Stock Exchange or the rules and/or bye-laws governing the Designated Stock Exchange.

(C) Subject to the Act and any under the Act made thereunder relating to electronic communications and any listing rules of the Designated Stock Exchange or the rules and/or bye-laws governing the Designated Stock Exchange, a Member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under applicable laws.

Implied consent.

(D) Notwithstanding Regulation 157(C) above, the Directors may, at their discretion, or will, if so required by the Act, any regulations made under the Act relating to electronic communications or any listing rules of the Designated Stock Exchange or the rules and/or bye-laws governing the Designated Stock Exchange, any at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document, unless otherwise provided under applicable laws.

Deemed consent.

(E) Any election or deemed election by a Member pursuant to Regulation 157(D) above is a standing election but the Member may make a fresh election at any time, provided that until the Member makes a fresh election, the election or deemed election that is conveyed to the Company last in time prevails over all previous elections as that Member's valid and subsisting election in relation to all documents and notices to be sent pursuant to Regulation 157(D) above.

(F) Regulations 157(B), (C), (D) and (E) above shall not apply to such notices or documents which are excluded from

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being given, sent or served by electronic communications or means pursuant to the Act and any regulations made under the Act relating to electronic communications and any listing rules of the Designated Stock Exchange or the rules and/or bye-laws governing the Designated Stock Exchange.

(G) Where a notice or document is given, sent or served by electronic communications:

When notice given by electronic communications deemed served.

(a) to the current address of a person pursuant to Regulation 157(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or “returned mail” reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or any other applicable regulations or procedures; or

(b) by making it available on a website pursuant to Regulation 157(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under the Act and/or any other applicable regulations or procedures.

(H) Where a notice or document is given, sent or served to a Member by making it available on a website pursuant to Regulation 157(B)(b), the Company shall give separate notice to the Member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:

Notice to be given of service on website.

(a) by sending such separate notice to the Member personally or through the post pursuant to Regulation 157(A);

(b) by sending such separate notice to the Member using electronic communications to his current address pursuant to Regulation 157(B)(a);

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(c) by way of advertisement in the daily press; and/or

(d) by way of announcement on the website of the
Designated Stock Exchange.

158.
441.

Any notice given to that one of the joint holders of a share whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose, a joint holder having no registered address in Singapore and not having supplied an address within Singapore for the service of notices shall be disregarded.

Service of notices in
respect of joint
holders.

159.
442.

A person entitled to a share in consequence of the death or bankruptcy of a ~~member~~ Member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company or (as the case may be) ~~CDP~~ the Depository an address within Singapore for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the ~~member~~ Member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid, any notice or document delivered or sent by post to or left at the ~~address of any member in pursuance of these presents~~ registered address or given, sent or served by electronic communication to the current address (as the case may be) of any Member in pursuance of this Constitution shall, notwithstanding that such ~~member~~ Member be then dead or bankrupt or in liquidation, and whether or not the Company or (as the case may be) ~~CDP~~ the Depository have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such ~~member~~ Member in the Register of Members or, where such ~~member~~ Member is a Depositor, entered against his name in the Depository Register as sole or first-named joint holder.

Service of notices
after death,
bankruptcy, etc.

160.
443.

~~(A)~~ A ~~member~~ Member who (having no registered address within Singapore) has not supplied to the Company or (as the case may be) ~~CDP~~ the Depository an address within Singapore for the service of notices shall not be entitled to receive notices from the Company.

No notice to
Members with no
registered address
in Singapore.

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~~(B) Without prejudice to the provisions of these presents, any notice or document (including, without limitations, any accounts, balance sheet or report) which is required or permitted to be given, sent or served under the Act or under these presents by the Company, or by the Directors, to a member or an officer or Auditor of the Company may be given, sent or served using electronic communications to the current address (as defined in the Act) of that person in accordance with the provisions of, or as otherwise provided by the Act and/or any other applicable regulations or procedures. Such notice or document shall be deemed to have been duly given, sent or served upon transmission of the electronic communication to the current address of such person or as otherwise provided under the Act and/or other applicable regulations or procedures.~~

~~MEMBERS WHOSE WHEREABOUTS ARE UNKNOWN~~

~~144. If the Company is unable, for not less than ten (10) years and despite the exercise of reasonable diligence, to discover the whereabouts of a member, it may exercise its power under the Statutes to transfer the shares of the member to the Official Receiver of Singapore for sale by the Official Receiver and credit of the proceeds thereof into the Singapore Companies Liquidation Account, and thereafter any person claiming the shares otherwise than through the Official Receiver shall only be entitled to claim against the said Account or the Singapore Consolidated Fund as the case may be, in accordance with the provisions of the Statutes.~~

WINDING UP

~~161. The Directors shall have power in the name and on behalf of
145. the Company to present a petition to the court for the Company to be wound up.~~

Power to present winding up petition.

~~162. If the Company shall be wound up (whether the liquidation is
146. voluntary, under supervision, or by the court) the Liquidator liquidator may, with the authority of a Special Resolution, divide among the ~~members~~ Members *in specie* or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be~~

Distribution of assets in specie.

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carried out as between the ~~members~~ Members of different classes of ~~members~~ Members. The ~~Liquidator~~ liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of ~~members~~ Members as the ~~Liquidator~~ liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

163. On a voluntary winding up of the Company, no commission or fee shall be paid to a liquidator without the prior approval of the Members in General Meeting. The amount of such commission or fee shall be notified to all Members not less than seven days prior to the Meeting at which it is to be considered.

Commission or fee to liquidators.

INDEMNITY

164. Subject to the provisions of and so far as may be permitted by the Statutes, every Director, ~~Auditor~~, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto ~~including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court unless the same shall happen through his own negligence, default, breach of duty or breach of trust.~~ Without prejudice to the generality of the foregoing, no Director, ~~Manager~~, Secretary or other officer of the Company shall be liable for the acts, receipts, neglect or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects

Company to indemnify Directors, etc.

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shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

ALTERATION OF ARTICLES

148. ~~Where these presents have been approved by any stock exchange upon which the shares in the Company may be listed, no provisions of these presents shall be deleted, amended or added without the prior written approval of such stock exchange which had previously approved these presents.~~

SECRECY

165. No Member shall be entitled to require the Company to disclose any information relating to any trade, business, product or process which is secret in nature which may relate to the conduct of the business of the Company and which the Directors determine to be inexpedient and inadvisable to communicate in the best interest of the Members save as may be authorised by law or required by the listing rules of the Designated Stock Exchange.

Secrecy.

PERSONAL DATA

166. (A) A Member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that Member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:-
- (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
 - (b) internal analysis and/or market research by the Company (or its agents or service providers);
 - (c) investor relations communications by the Company (or its agents or service providers);
 - (d) administration by the Company (or its agents or service providers) of that Member's holding of shares in the Company;

Personal Data of Members.

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- (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its Members to receive notices of meetings, annual reports and other Member communications and/or for proxy appointment, whether by electronic means or otherwise;
 - (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);
 - (g) implementation and administration of, and compliance with, any Regulation of this Constitution;
 - (h) compliance with any applicable laws, listing rules of the Designated Stock Exchange, take-over rules, regulations and/or guidelines; and
 - (i) purposes which are reasonably related to any of the above purpose.
- (B) Any Member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such Member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that Member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in Regulations 166(A)(f) and 166(A)(h), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such Member's breach of warranty.

APPENDIX H – GOVERNMENT REGULATIONS

The following is for general information only and does not purport to be a comprehensive description or exhaustive statement of applicable Singapore laws and regulations. This description is based on laws, regulations and interpretations now in effect and available as at the Latest Practicable Date. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant authorities or the courts could later disagree with the explanations or conclusions set out below.

The following is a summary of the main laws and regulations of Singapore that are material to the Target Company's business as at the Latest Practicable Date:

Environmental Public Health Act (Chapter 95) of Singapore (the “EPHA”) and related subsidiary legislation

The EPHA consolidates the law relating to environmental public health and provides for matters connected therewith, such as the removal and disposal of refuse and waste, the disposal of industrial waste and toxic industrial waste, and the licensing of persons carrying on the business of collecting and transporting refuse and waste. The EPHA is administered by NEA.

Licensing of persons carrying on business of collecting, removing, etc., of refuse or waste

Pursuant to Section 31(1) of the EPHA, no person shall carry on the business of collecting, removing, transporting, storing or importing refuse or waste of any description without a waste collector licence granted by the Director-General of Public Health (the “**Director-General**”).

Pursuant to Section 31(6) of the EPHA, without prejudice to the generality of Section 99(1) of the EPHA (as described below), conditions attached to a licence granted under Section 31 of the EPHA may include (a) a condition requiring the licensee to comply with such standard of service and level of performance as the Director-General may specify; (b) a condition restricting, in a manner specified in the licence, the provision by the licensee of the service of collecting and removing refuse or waste to premises which are of a class or description so specified and to the area so specified; (c) the right of the Director-General in the public interest to make modifications to any condition of the licence or add new conditions during the period to which the licence relates; and (d) a condition regulating the charge to be levied by the licensee for the provision of the service of collecting and removing refuse or waste. Pursuant to Section 31(8) of the EPHA, any person who contravenes Section 31(1) of the EPHA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 12 months or to both.

General Waste Collector Licence

The Environmental Public Health (General Waste Collection) Regulations (“**EPH(GWC)R**”) regulates, *inter alia*, the collection, transportation and disposal of general waste. Under the EPH(GWC)R, any person who wishes to carry on the business of (a) collecting or transporting general waste for payment or other remuneration (whether monetary or otherwise); or (b) collecting or transporting from any food establishment (whether or not licensed under Section

APPENDIX H – GOVERNMENT REGULATIONS

32 of EPHA or Section 21 of the Sale of Food Act (Chapter 283) of Singapore) used cooking oil, may apply for a general waste collector's licence under regulation 4 of the EPH(GWC)R.

Pursuant to regulation 4 of the EPH(GWC)R, every application for a general waste collector's licence shall be made to the Director-General in such form as the Director-General may determine. Pursuant to regulation 6 of the EPH(GWC)R, the Director-General, in determining whether to grant or refuse to grant a general waste collector's licence, shall generally have regard to (a) the suitability of the types of collection vehicles in use or intended to be used for the collection and transportation of general waste from the collection point to the disposal facility; (b) the financial standing of the applicant and his ability to maintain an adequate, satisfactory, safe, hygienic and efficient collection service for general waste; and (c) the competency of the applicant's workers to operate the vehicles and equipment in a safe manner, including by using suitable personal protective equipment. The licensee shall pay an annual licence fee of \$195 except that where the licensee is a licensed toxic industrial waste collector under the Environmental Public Health (Toxic Industrial Waste) Regulations he shall be exempted from payment of the licence fee, pursuant to regulation 5 of the EPH(GWC)R.

There are 4 classes of general waste in the EPH(GWC)R:–

Class A	:	<ul style="list-style-type: none"> (1) Waste such as unwanted furniture, electrical appliances, construction and renovation debris, and cut tree trunks and branches. (2) Bulky waste. (3) Non-putrefiable waste. (4) Recyclable waste (excluding food waste).
Class B	:	<ul style="list-style-type: none"> (1) Domestic refuse, food waste (excluding used cooking oil) and market waste. (2) Waste with a high organic content and which is putrefiable.
Class B.1	:	Used cooking oil.
Class C	:	<ul style="list-style-type: none"> (1) Sludge and other waste from grease interceptors. (2) Sewage, sludge and other waste from water-seal latrines, sewage treatment plants, septic tanks or other types of sewerage systems. (3) Waste from sanitary conveniences not part of a sewerage system, including waste from sanitary conveniences which are mobile or in ships or aircraft.
Class D	:	<ul style="list-style-type: none"> (1) Dangerous substances that have been treated and rendered harmless and safe for disposal. (2) Toxic industrial waste that has been treated and rendered harmless and safe for disposal.

The Target Company has been granted a General Waste Collector Licence (Classes A and B) which enables it to collect and dispose of general waste that falls within either the above described Classes A or B subject to conditions set out in the licence.

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The General Waste Collector Licence is valid for one (1) year and must be renewed annually. Licensees will be notified through a reminder letter from Waste and Resource Management Department of NEA to renew the licences at least one (1) month before its expiry date. Licensees are required to submit annual returns during the renewal of licence through the LicenceOne portal.

In addition, the Code of Practice for Licensed General Waste Collectors issued by the Director-General provides guidelines on what is good practice in the waste collection business. Licensed general waste collectors are expected to adhere to these guidelines so as to improve the standards of their operations.

Licensed general waste collectors are also required to comply with the following regulations in the EPH(GWC)R, amongst others:

- (i) Ensure that general waste listed under Class A shall be transported by skip container trucks, open lorries with crane or tipper or such other vehicle as may be permitted by the Director-General (regulation 8);
- (ii) Ensure that general waste listed under Class B shall be transported by compaction vehicles, roll-off compactors or such other vehicles as may be permitted by the Director-General (regulation 9);
- (iii) Ensure that vehicles and equipment used for the collection of general waste are cleansed at the end of each work shift and maintained in good working condition (regulation 14);
- (iv) Ensure that the general waste or liquid from such waste is not dropped, scattered or spilled onto any public place (regulation 15(2));
- (v) Ensure that any general waste shall not be disposed of or caused or permitted to be disposed of in any place except at a disposal facility (regulation 16);
- (vi) Ensure that all incinerable waste are transported to either of the following for disposal (regulation 17(1)):
 - (a) a refuse incineration plant;
 - (b) a disposal facility specified by the Director-General;
- (vii) Ensure that all non-incinerable waste (except recyclable waste) are transported to a landfill for final disposal (regulation 17(2));
- (viii) Ensure that all recyclable waste are transported to a recycling facility (regulation 17(2A)); and
- (ix) Keep and maintain proper records on the collection service for general waste rendered by him, which shall be made available on demand for inspection by any authorised officer of NEA (regulation 18(1)).

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Violations of any of the conditions set out in the General Waste Collector Licence or provisions under the EPHA and the regulations thereunder, may result in the suspension or cancellation of the General Waste Collector Licence or prosecution of the licensee for contravention of certain conditions.

Toxic Industrial Waste Collector Licence

The Environmental Public Health (Toxic Industrial Waste) Regulations (“**EPH(TIW)R**”) regulates, *inter alia*, the collection, transportation and disposal of toxic industrial waste. Under the EPH(TIW)R, no person shall (a) carry on or advertise, notify or state that he carries on or is willing to carry on the business of a toxic industrial waste collector; (b) act as a toxic industrial waste collector; or (c) in any way hold himself out as ready to undertake for payment or other remuneration (whether monetary or otherwise) any of the functions of a toxic industrial waste collector, unless he is the holder of a toxic industrial waste collector’s licence.

A toxic industrial waste collector shall not receive or accept any toxic industrial waste unless he has obtained and verified all relevant information of the waste as will enable him to carry out the storage, treatment, reprocessing or disposal of the toxic industrial waste properly and safely, and he shall prepare and maintain a register in such form as the Director-General may require.

Pursuant to regulation 13 of the EPH(TIW)R, a toxic industrial waste collector shall receive, accept or deal only in the type of toxic industrial waste for which he is licensed. Further, every licence shall, unless previously revoked, remain in force for such period of time as the Director-General may specify in the licence. The fee for the grant or renewal of a licence shall be \$285 except that any person who is licensed as a general waste collector under the EPH(GWC)R shall be exempted from payment of the licence fee.

Pursuant to regulation 15 of the EPH(TIW)R, no person shall take delivery of any toxic industrial waste imported into Singapore except (a) at a customs station where the waste is imported by road; (b) at a railway station in Singapore where the waste is imported by rail; (c) at a wharf in Singapore where the waste is imported by sea; or (d) at an air cargo terminal in Singapore where the waste is imported by air. Further, pursuant to regulation 21 of the EPH(TIW)R, the total cumulated quantity of toxic industrial waste transported or collected per trip shall not exceed the quantities specified in the third column of the Schedule to the EPH(TIW)R unless the toxic industrial waste collector has obtained an approval in writing by the Director-General.

The driver of a vehicle used to transport any toxic industrial waste shall ensure that the vehicle, when not driven, is (a) parked in a safe place; or (b) supervised at all times by him or by some other competent person above the age of 18 years, unless any carrying tank of a road tanker, tank container or compartment thereof, which had contained a toxic industrial waste is nominally empty. Pursuant to regulation 32(3) of the EPH(TIW)R, “nominally empty” means that as much of the toxic industrial waste as is reasonably practicable has been discharged or unloaded from it and that such waste remaining within the carrying tank, tank container or compartment thereof is not sufficient to create a risk to the health and safety of any person.

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Pursuant to regulation 36 of the EPH(TIW)R, every toxic industrial waste collector and every agent or employee of such person shall, when storing, using or otherwise dealing with toxic industrial waste, do so in such a manner as not to threaten the health or safety of any person or to cause pollution to the environment. The toxic industrial waste collector shall (a) prepare and keep up to date the emergency action plan detailing how spillage, leakage or accidents which may arise from the transportation, storage, reprocessing or treatment of toxic industrial waste will be dealt with; and (b) ensure that his agents or employees have received adequate instruction and training to enable them to implement the emergency action plan in the event of any accident or emergency involving any toxic industrial waste stored, reprocessed, treated or transported.

The Target Company has been granted a Toxic Industrial Waste Collector Licence which enables it to receive or accept all waste materials containing polyvinyl chloride (PVC) and waste lead-acid batteries (whole or crushed), and store, reprocess, use, treat or dispose of such toxic industrial waste in the approved disposal facility specified therein.

Violations of any of the conditions set out in the Toxic Industrial Waste Collector Licence or provisions under the EPHA and the regulations thereunder, may result in the suspension or cancellation of the Toxic Industrial Waste Collector Licence or prosecution of the licensee for contravention of certain conditions.

General Waste Disposal Facility Licence

Pursuant to Section 23(1) of the EPHA, no person shall construct, establish, maintain or operate any disposal facility without a waste disposal licence granted by the Director-General. The Director-General may grant a licence authorising any person to construct, establish, maintain or operate any disposal facility.

Pursuant to Section 23(5) of the EPHA, without prejudice to the generality of Section 99(1) of the EPHA (as described below), conditions attached to a licence granted under Section 23 of the EPHA may include (a) a condition requiring the licensee to comply with such standard of service and level of performance as the Director-General may specify; (b) the right of the Director-General in the public interest to make modifications to any condition of the licence or add new conditions during the period to which the licence relates; (c) a condition regulating the charge to be levied by the licensee for the provision of the waste disposal facility; and (d) a condition requiring the licensee not to accept any waste which in the opinion of the Director-General is not suitable for disposal. Any person using, working or operating a disposal facility shall use, work or operate such facility in such manner as the Director-General may require. Further, pursuant to Section 23(8) of the EPHA, any person who contravenes Section 23(1) of the EPHA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a second or subsequent conviction, to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.

The Environmental Public Health (General Waste Disposal Facility) Regulations 2017 (“**EPH(GWDF)R**”) regulates, *inter alia*, the licensing of general waste disposal facility. Under the EPH(GWDF)R, an application for a licence in respect of a general waste disposal facility must

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be made to the Director-General in such form as the Director-General requires. A licensee (a) must ensure that the maintenance and operation of the licensee's licensed general waste disposal facility do not endanger public health and the environment; (b) must take effective measures to safeguard public health; and (c) must take effective measures to control public access to the licensee's licensed general waste disposal facility. Further, a licensee must install, operate and maintain pollution control equipment, or take effective measures, to minimise or mitigate (a) effluent, smell, noise or air pollution; (b) the propagation or harbouring of any vector; and (c) any other nuisance, arising from the maintenance and operation of the licensee's licensed general waste disposal facility. The fee for the grant or renewal of a licence shall be \$300.

Pursuant to regulation 7 of the EPH(GWDF)R, a licensee must ensure that the licensee's licensed general waste disposal facility only receives, stores, sorts, treats or processes the types of general waste specified by the Director-General in the licence. If the Director-General has any reason to believe that a licensee has failed to comply with regulation 7(1) of the EPH(GWDF)R, the Director-General may, by written notice, require the licensee to, at the licensee's own cost, submit samples of waste deposited in the licensee's licensed general waste disposal facility to an approved laboratory for analysis.

In addition, pursuant to regulation 8 of the EPH(GWDF)R, a licensee must ensure that the quantity of general waste stored within the licensee's licensed general waste disposal facility is within the approved storage limit specified by the Director-General in the licence. If, in the opinion of the Director-General, the quantity of general waste stored in the licensed general waste disposal facility exceeds the approved storage limit, the Director-General may, by written notice, require the licensee to, at the licensee's own cost, do all or any of the following: (a) dispose the excess general waste at such other disposal facility, and within such period, specified in the notice; (b) stop receiving general waste at the licensee's licensed general waste disposal facility until the excess general waste has been disposed of; (c) restrict, in the manner specified in the written notice, the quantity of general waste received at the licensee's licensed general waste disposal facility until the excess general waste has been disposed of.

Other obligations of a licensee under the EPH(GWDF)R includes *inter alia* (i) establishing contingency plans for the disposal of stored waste at any other approved general waste disposal facility during any disruption of the operation of the licensee's licensed general waste disposal facility; (ii) in respect of the licensee's licensed general waste disposal facility, establishing and maintaining a daily register that records the prescribed information for each day (including but not limited to, the source, type and quantity of all general waste received at the licensed general waste disposal facility on that day and the type and quantity of all general waste stored in the licensed general waste disposal facility on that day).

In this regard, pursuant to Section 24(1) of the EPHA, no person shall dispose of or cause or permit to be disposed of industrial waste in or at any place except in or at a public disposal facility or a disposal facility established pursuant to a licence granted by the Director-General. Further, pursuant to Section 29(1) of the EPHA, no person who owns or is in possession of any dangerous substance or toxic industrial waste or the residue from the treatment thereof shall bring or cause to be brought such substance or waste to any disposal facility for disposal without the written permission of the Director-General.

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The Target Company has been granted a licence to construct, establish, maintain and operate a general waste disposal facility at 27 Kian Teck Drive, #01-01, Singapore 628844 by NEA. The approved storage limit prescribed under the said licence is 50 tonnes, the approved waste type(s) prescribed under the said licence is industrial, commercial and electronic waste, and the design capacity of the disposal facility prescribed under the said licence is 50 tonnes per day. The general waste disposal facility licence is presently valid for two (2) years from 22 October 2020 to 21 October 2022, whereupon it will be subject to renewal.

In addition, the Target Company has also been granted a licence to construct, establish, maintain and operate a general waste disposal facility at 3A Tuas South Street 15, Singapore 636845 by NEA. The approved storage limit prescribed under the said licence is 500 tonnes, the approved waste type(s) prescribed under the said licence is industrial, commercial and electronic waste, and the design capacity of the disposal facility prescribed under the said licence is 220 tonnes per day. The general waste disposal facility licence is presently valid for two (2) years from 25 March 2021 to 24 March 2023, whereupon it will be subject to renewal.

Violations of any of the conditions set out in the general waste disposal facility licence or provisions under the EPHA and the regulations thereunder, may result in the suspension or cancellation of the general waste disposal facility licence or prosecution of the licensee for contravention of certain conditions.

General conditions

Pursuant to Section 99(1) of the EPHA, any licence under the EPHA may be (a) granted or renewed at the discretion of the Director-General; (b) granted, renewed or refused without any reason for the grant, renewal or refusal being assigned therefor; and (c) granted or renewed subject to such restrictions and conditions as the Director-General may think fit. The Director-General may, before granting or renewing any licence, require the applicant to give security, either in the form of a cash deposit or by entering into a bond (together with not more than 2 sureties), that the provisions of the EPHA and of the conditions of the licence will be duly observed. Any sum deposited or bond entered into under Section 99 of the EPHA shall be liable to forfeiture in whole or in part at the discretion of the Director-General on cancellation of the licence. Any person who wilfully furnishes any false information in any application for a licence shall be guilty of an offence and any licence granted shall be void and of no effect. Further, pursuant to Section 99(8) of the EPHA, subject to the provisions of the EPHA, any licence may be for such period as the Director-General thinks fit. No person shall in any manner transfer any licence or permit any licence to be used by any other person without the approval in writing of the Director-General.

Pursuant to Section 99(13) of the EPHA, where a licensee (a) is in breach of any restriction or condition subject to which the licence was granted; or (b) has contravened any provision of the EPHA, the Director-General may (i) suspend or cancel the licence; and (ii) in the case of paragraph (a), in lieu of or in addition to sub-paragraph (i), impose a financial penalty of such amount, not exceeding \$5,000, unless the breach in paragraph (a) is an offence under the EPHA.

Arms and Explosives Act (Chapter 13) of Singapore (the “AEA”)

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The AEA regulates the manufacture, use, sale, storage, transport, importation, exportation and possession of arms, explosives and explosive precursors, to give effect to the Convention on the Marking of Plastic Explosives for the Purpose of Detection concluded in Montreal on 1st March 1991 and for purposes connected therewith.

Pursuant to Section 13(1) of the AEA, no person shall, unless authorised thereto by licence, and in accordance with the conditions of the licence and such other conditions as may be prescribed (a) have in his possession or under his control any gun, arms, explosives, poisonous or noxious gas or noxious substance; (b) import any gun, arms, explosives, poisonous or noxious gas or noxious substance; (c) export any gun, arms, explosives, naval or military stores, poisonous or noxious gas or noxious substance; or (d) manufacture or deal in guns, arms, explosives, poisonous or noxious gas or noxious substance. For the purposes of the AEA, “explosive” means gunpowder, nitro-glycerine, dynamite, gun-cotton, blasting powder, fulminate of mercury or of other metals, coloured fires and every other substance, whether similar to those abovementioned or not, used or manufactured with a view to producing a practical effect by explosion or a pyrotechnic effect, and includes fog signals, fireworks, fuses, rockets, percussion-caps, detonators, cartridges and ammunition of all descriptions, and every adaptation or preparation of an explosive as above defined, as well as sand crackers, and any substance declared to be deemed an explosive. Pursuant to Section 13(4) of the AEA, any person who, in contravention of Section 13 of the AEA, has in his possession or under his control any arms, explosives, poisonous or noxious gas or noxious substance shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 and to imprisonment for a term which may extend to 3 years.

The Target Company has been granted a licence to deal in explosives by the Police Licensing & Regulatory Department, thereby permitting the Target Company to collect pyrotechnics for safe disposal. The licence to deal in explosives is presently valid for two (2) years from 6 October 2019 to 5 October 2021, whereupon it shall be subject to renewal.

Fire Safety Act (Chapter 109A) of Singapore (“FSA”)

Every building in Part 2 of the Schedule of the Fire Safety (Fire Certificate — Designated Buildings) Notification 2020 is designated to be subject to Section 20 of the FSA, which provides that a person must not (a) occupy or use a building; or (b) permit a building owned or managed by the person to be occupied or used, unless there is a fire certificate authorising the occupation or use. An application for a fire certificate for a building must be made in accordance with the regulations made under the FSA. Pursuant to Section 20(4) and 20(6) of the FSA, any person who contravenes the aforementioned provision shall be guilty of an offence, which is a strict liability offence.

Pursuant to Part 2 of the Schedule of the Fire Safety (Fire Certificate — Designated Buildings) Notification 2020, buildings that are subject to Section 20 of the FSA include, amongst others, an industrial building that (a) has an occupant load of 1,000 persons or more; (b) has a floor area or site area of 5,000 square metres or more; or (c) has a habitable height of more than 24 metres.

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Pursuant to Section 29 of the FSA, any person for whom any fire safety works had been carried out and completed shall apply to the Commissioner of Civil Defence (the “**CCD**”) and obtain a fire safety certificate in respect of the completed fire safety works. An application for a fire safety certificate shall be made to the CCD in the form and manner prescribed in any regulations made under the FSA. The CCD may, on application by such person in the prescribed manner, in relation to any building or relevant pipeline, or part thereof, (i) issue the fire safety certificate, subject to such conditions as he thinks fit; or (ii) issue a temporary fire permit and may in writing direct the applicant to comply, within such period as may be specified in the direction, with such requirements as the CCD may specify for the purpose of ensuring compliance with the provisions of the FSA. Pursuant to Section 29(12) of the FSA, any person who fails to comply with Section 29 of the FSA or with any condition imposed by the CCD in its issuance of a fire safety certificate shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$10,000 and, in the case of a continuing offence, to a further fine not exceeding \$1,000 for every day or part thereof during which the offence continues after conviction.

The Target Company has obtained a fire safety certificate issued by the Singapore Civil Defence Force on 1 December 2020, which is a certification that the fire safety works for the proposed erection of a part single part 2-storey single-user general industrial factory development with ancillary office on Lot MK07-05051C at Tuas South Street 15 have been satisfactorily completed in accordance with the requirements of the FSA. In addition, the Target Company has also obtained a fire safety certificate issued by the Singapore Civil Defence Force on 9 June 2021, which is a certification that the fire safety works for the proposed repartitioning works at 1st and 2nd storey ancillary office to the existing 2-storey single-user general industry factory development with ancillary office on Lot 05051C MK 07 at 3A Tuas South Street 15 have been satisfactorily completed in accordance with the requirements of the FSA.

Workplace Safety and Health Act (Chapter 354A) of Singapore (“WSHA**”) and related subsidiary legislation**

Under the WSHA, every employer has the duty to take, so far as reasonably practicable, measures necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining a safe working environment for the employees, without risk to health, adequate facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while the employees are at work and ensuring that the employee at work has adequate instruction, information, training and supervision as is necessary for that employee to perform his work.

More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations (“**WSHR**”). Some of these duties include ensuring that every electrical installation and electrical equipment in the workplace (a) is of good construction, sound material and free from defects; and (b) is used and maintained in such manner so that it is safe to use. Employers shall also ensure that all reasonably practicable

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measures are taken to protect any person against the risks of electric shock arising from or in connection with the use at work of any electrical installation or equipment in the workplace.

In addition to the above, under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (“**CWSH**”) may, among others, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace relevant for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. A remedial order directs the person served with the order to take such measures, to the satisfaction of the CWSH, to, among others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst a stop-work order directs the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

During the Period Under Review and up to the Latest Practicable Date, there were no remedial orders or stop-work orders issued to the Target Company under the WSHA.

Work Injury Compensation Act 2019 of Singapore (the “WICA”) and the related subsidiary legislation

Work injury compensation is governed by the WICA, and is regulated by the MOM. The WICA repeals and re-enacts with amendments the Work Injury Compensation Act (Chapter 354 of the 2009 Revised Edition) to provide for the payment of compensation to employees for injury suffered arising out of and in the course of their employment and to regulate providers of insurance for liability under the WICA, and to make consequential and related amendments to certain other legislations.

The purpose of the WICA is to ensure that employees receive compensation for work injuries in a fair and expeditious manner, by providing for (a) the efficient operation of work injury compensation processes and related insurance arrangements; and (b) the timely and effective resolution of disputes concerning such compensation. The WICA provides that where personal injury is caused to an employee by an accident arising out of and in the course of the employee’s

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employment with an employer, that employer is liable to pay compensation under the WICA. The amount of compensation in respect of any work injury is to be computed in accordance with the First Schedule of the WICA.

Further, the WICA provides that where any person (referred to as the principal) contracts, in the course of or for the purpose of his trade or business, with any other person (referred to as the contractor) for the execution by the contractor of the whole or any part of any work, or for the supply of labour to carry out any work, undertaken by the principal, the Commissioner for Labour may direct the principal to fulfil the obligations of the employer under WICA in relation to any employee of the contractor employed in the execution of the work, subject to any modification that may be prescribed for the application of any provision of the WICA to the principal.

Pursuant to Section 24(1) of the WICA, every employer must insure and maintain insurance under one or more approved policies with one or more designated insurers against all liabilities that the employer may incur under the WICA in respect of every employee of the employer. An approved policy (a) must contain all the compulsory terms prescribed for the class of liabilities insured against (referred to as the compulsory terms); and (b) must not contain any term or condition or endorsement that derogates or purports to derogate from any obligation imposed on the insurer by the compulsory terms of the approved policy.

In particular, every employer is required to maintain work injury compensation insurance (i) all employees doing manual work, regardless of salary level and/or (ii) all employees doing non-manual work, earning a salary of \$2,600 or less a month, excluding any overtime payment, bonus payment, annual wage supplement, productivity incentive payment and any allowance, and this includes both local and foreign employees. Failure to provide adequate insurance is an offence carrying a fine of up to \$10,000 or jail of up to 12 months, or both.

Under the Work Injury Compensation (Insurance) Regulations 2020 (“**WICIR**”), the compulsory terms of an approved policy for the purposes of the WICA (a) are those prescribed in Part 1 of the First Schedule of the WICIR; and (b) include the Schedule to the approved policy set out in Part 2 of the First Schedule of the WICIR, duly completed in respect of each employer insured under the approved policy. The compulsory terms may be included in the approved policy with slight variations that do not affect their substance or coverage.

Where a designated insurer insures an employer under an approved policy, the designated insurer must, within 7 days after the date on which the approved policy commences or is renewed, issue to the employer a certificate of insurance containing certain prescribed particulars. The WICIR further provides the employer must display a copy of the certificate of insurance in accordance with the WICIR throughout the period of validity of the insurance policy to which the certificate relates (a) at the employer’s place of business; or (b) where the employer has more than one place of business, at each place of business at which the employer employs any employee whose claims may be the subject of an indemnity under the insurance policy to which that certificate relates.

As at the Latest Practicable Date, the Target Company has maintained work injury compensation insurance in compliance with the WICA.

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Factory Notification and Registration

Under the Workplace Safety and Health (Registration of Factories) Regulations 2008 (“**WSHFR**”), all factories must either register or notify their activities with the MOM before commencing operations. Factories that fall within classes of factories described in the First Schedule to the WSHFR are regarded as engaging in high-risk activities and are subject to registration requirements, while other factories not falling within the First Schedule to the WSHFR are regarded as engaging in low-risk activities and are subject to notification requirements. The definition of “factory” under the WSHA means any premises: (i) within which persons are employed in, amongst others, (a) the handling, sorting, packing, storing, altering, repairing, construction, processing or manufacturing of any goods or product; or (b) the handling, sorting, packing, storing, processing, manufacturing or use of any hazardous substances; and (b) which is specified in the Fourth Schedule to the WSHA. Workplaces specified as factories pursuant to the Fourth Schedule to the WSHA include, amongst others, any premises where mechanical power is used in connection with the sorting, packing, handling or storing of articles.

If there are any changes to the particulars of the factory which have been notified to or registered with the MOM, the occupier of the factory must furnish particulars of the changes to the MOM not later than 14 days of the change taking place. The occupier must also notify the MOM at least 14 days in advance if he intends to cease his occupation or use of the factory. Where any change is to be made to the type of work carried out in the factory as notified to or registered with the MOM, the occupier must inform the MOM at least one (1) month in advance of the proposed change in writing and provide the MOM with the relevant documents pertaining to the change and such other information as the MOM may require. Failure to notify the MOM of any of the foregoing changes in relation to a notified or registered factory is an offence.

Each of the Target Company’s premises located at 27 Kian Teck Drive, #01-01, Singapore 628844 and 3A Tuas South Street 15, Singapore 636845 is notified as a factory to the MOM.

Employment Act (Chapter 91) of Singapore (the “**Employment Act**”)

The Employment Act is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees. In particular, Part IV of the Employment Act sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen or persons employed in a managerial or executive position) who receive salaries not exceeding S\$2,600 a month (the “**Part IV Employees**”).

Section 38(8) of the Employment Act provides that no Part IV Employee shall under any circumstances work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security, where urgent work is to be done to machinery or plant, or where an interruption of work which was impossible to foresee. In addition, pursuant to Section 38(5) of the Employment Act, a Part IV Employee shall not be permitted to work overtime for more than 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour (the “**CL**”) for exemption if they require a Part IV Employee or class of Part IV Employees to work for more

APPENDIX H – GOVERNMENT REGULATIONS

than 12 hours a day or more than 72 overtime hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the Part IV Employee or class of Part IV Employees, by order in writing, exempt such Part IV Employee or such class of Part IV Employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such Part IV Employees are employed.

An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 and/or to imprisonment for a term not exceeding 12 months.

Employment of Foreign Manpower Act (Chapter 91A) of Singapore (the “EFMA”)

The employment of foreign workers in Singapore is governed by the EFMA, and regulated by the MOM. Under Section 5(1) of the EFMA, no person shall employ a foreign employee unless the foreign employee has a valid work pass.

An employer of foreign workers is also subject to, among others, the Employment Act and the Immigration Act (Chapter 133) of Singapore (the “**Immigration Act**”).

The availability of foreign workers to the services industry is regulated by the MOM through the following requirements:

(i) Approved source countries

The approved source countries for foreign workers for the service industry are Malaysia, the People’s Republic of China and North Asian sources, comprising Hong Kong Special Administrative Region, Macau Special Administrative Region, South Korea and Taiwan.

(ii) Age requirements

Work permit applicants, at the time of application, must be at least 18 years old. Non-Malaysian applicants must be below 50 years old, while Malaysian applicants must be below 58 years old.

(iii) Dependency ceiling based on the ratio of local to foreign workers and foreign worker levies

The dependency ratio ceiling for the service industry is currently 35%. The levy rate and tiers for the services sector are as follows:

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Quota	Basic skilled – monthly	Basic skilled – daily	Higher skilled – monthly	Higher skilled – daily
Basic Tier / Tier 1: Up to 10% of the total workforce	\$450	\$14.80	\$300	\$9.87
Tier 2: Above 10% to 25% of the total workforce	\$600	\$19.73	\$400	\$13.16
Tier 3: Above 25% to 35% of the total workforce	\$800	\$26.31	\$600	\$19.73

The maximum number of foreign workers (S Pass and work permit holders) that an employee in the services sector is able to employ is determined as follows:

$$\text{Maximum number of foreign workers (S pass and work permit holders)} = A \times \frac{B\%}{(100\% - B\%)}$$

where:

A = The number of local employees based on the average of three months' CPF contributions

B% = The quota for the services sector, which, as at the Latest Practicable Date, is 35%

*Note: Figure is to be rounded down to the nearest whole number.

Specifically, the S Pass quota for the services sector is 10%. This means that 10% of an employer's total workforce can be S Pass holders if such employer is in the services sector. Further, the work permit quota for workers from the PRC for an employer in the services sector is 8%.

(iv) Security bonds

All employers are required to purchase, for each non-Malaysian work permit holder, a S\$5,000 security bond in favour of the MOM, in the form of a banker's or insurance guarantee. The security bond must be furnished prior to the foreign worker's arrival in Singapore, failing which entry into Singapore will not be allowed. The security bond will be returned only if (i) the work permit has been cancelled, (ii) the foreign worker has

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returned to his home country, and (iii) there were no breaches of the conditions of the work permit, the conditions of the security bond or any relevant law. The security bond may be forfeited if the conditions of the work permit or the conditions of the security bond were violated, the employer did not pay the foreign worker's salary on time, the employer failed to send the foreign worker back when his work permit expired, was revoked or was cancelled, or the foreign worker has gone missing.

As at the Latest Practicable Date, the Target Company is in compliance with the laws and regulations governing the work permit requirements for foreign workers in the services sector under the MOM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE OF EXTRAORDINARY GENERAL MEETING

CPH LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199804583E)

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** (“EGM”) of **CPH LTD.** (“Company”) will be held on 4 August 2021 at 2.00 p.m., by way of electronic means, for the purpose of considering, and if thought fit, passing with or without modifications, the following Ordinary and Special Resolutions.

Unless otherwise defined, all capitalised terms used in this notice of EGM which are not defined herein shall have the meanings ascribed to them in the circular dated 29 June 2021 to shareholders of the Company (“Circular”).

Shareholders should note that:

- (a) **Ordinary Resolutions 1, 2, 3, 4, 5, 6 and 7 as well as Special Resolution 19 (“Key Resolutions”)** are inter-conditional upon each other; and
- (b) **Ordinary Resolutions 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18 as well as Special Resolution 20** are conditional upon the passing of the Key Resolutions (“Conditional Resolutions”).

This means that if any of the Key Resolutions is not passed, the other Key Resolutions would not be passed, and if any of the Key Resolutions is not passed, the Conditional Resolutions would not be passed.

Please read the section entitled “Inter-conditionality of Resolutions” of the Circular for more information.

In addition to the above, Shareholders should also note that:

- (i) **Ordinary Resolutions 10 and 11 are inter-conditional, and Ordinary Resolution 14 is conditional upon the passing of both Ordinary Resolutions 10 and 11; and**
- (ii) **Ordinary Resolutions 12 and 13 are inter-conditional, and Ordinary Resolution 15 is conditional upon the passing of both Ordinary Resolutions 12 and 13.**

This means that if any of Ordinary Resolutions 10 and 11 is not passed, Ordinary Resolutions 10, 11 and 14 would not be passed. Similarly, if any of Ordinary Resolutions 12 and 13 is not passed, Ordinary Resolutions 12, 13 and 15 would not be passed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Ordinary Resolution 1: Proposed Acquisition of the entire issued share capital of Shanaya Environmental Services Pte. Ltd. for the Purchase Consideration of S\$22,000,000

That subject to and contingent upon the passing of the Key Resolutions:

- (a) approval be and is hereby given to the Company for the acquisition by the Company of the entire issued share capital of Shanaya Environmental Services Pte. Ltd. for the Purchase Consideration of S\$22,000,000 and on the terms of and subject to the conditions set out in the SPA; and
- (b) the directors of the Company (“**Directors**”) and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 1.

Ordinary Resolution 2: Proposed issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Vendors in partial satisfaction of the Purchase Consideration for the Proposed Acquisition

That subject to and contingent upon the passing of the Key Resolutions and pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (“**Companies Act**”):

- (a) approval be and is hereby given to the Company for the proposed issuance and allotment by the Company of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Vendors in the manner as set out in the SPA in satisfaction of the Purchase Consideration for the Proposed Acquisition;
- (b) after the passing and completion of Ordinary Resolution 5 in relation to the Proposed Share Consolidation, the Directors be and are hereby authorised to allot and issue 79,166,665 Consolidated Shares (on a post-consolidation basis) to the Vendors; and
- (c) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 2.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Ordinary Resolution 3: Proposed issuance and allotment of 50,000,000 Introducer Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Introducer in settlement of the Introducer Fee

That subject to and contingent upon the passing of the Key Resolutions and pursuant to Section 161 of the Companies Act:

- (a) approval be and is hereby given to the Company for the proposed issuance and allotment of 50,000,000 Introducer Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Introducer in settlement of the Introducer Fee;
- (b) after the passing and completion of Ordinary Resolution 5 in relation to the Proposed Share Consolidation, the Directors be and are hereby authorised to allot and issue 1,250,000 Consolidated Shares (on a post-consolidation basis) to the Introducer; and
- (c) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 3.

Ordinary Resolution 4: Proposed issuance and allotment of 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to PPCF in partial settlement of its professional fees

That subject to and contingent upon the passing of the Key Resolutions and pursuant to Section 161 of the Companies Act:

- (a) approval be and is hereby given to the Company for the proposed issuance and allotment of 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to PPCF in partial settlement of its professional fees; and
- (b) after the passing and completion of Ordinary Resolution 5 in relation to the Proposed Share Consolidation, the Directors be and are hereby authorised to allot and issue 1,666,666 Consolidated Shares (on a post-consolidation basis) to PPCF; and
- (c) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 4.

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Ordinary Resolution 5: Proposed Share Consolidation of every 40 existing shares into one (1) consolidated share, fractional entitlements to be disregarded

That subject to and contingent upon the passing of the Key Resolutions:

- (a) approval be and is hereby given for the Proposed Share Consolidation of every 40 existing shares into one (1) Consolidated Share, fractional entitlements to be disregarded; and
- (b) following the consolidation as described in paragraph (a) above, the Directors be and are hereby authorised to do all such acts and things as they may consider necessary or expedient in connection with the Proposed Share Consolidation, including but not limited to disregarding fractional entitlements, issuing new share certificates in respect of the Consolidated Shares in issue and making arrangements for the settlement and disposal of fractional entitlements, if any, arising from or in connection therewith and in particular (but without prejudice to the generality of the foregoing), by aggregating any fractional entitlements arising as a result thereof and selling the same for the benefit of the Company in such manner and on such terms as the Directors may think fit and/or purchasing any fractional entitlements in such manner and on such terms as the Directors may think fit for the benefit of the Company.

Ordinary Resolution 6: Proposed Whitewash Resolution for the waiver by Independent Shareholders of their right to receive a mandatory general offer from the Vendors and their concert parties for all the Shares in issue not already owned, controlled or agreed to be acquired by the Vendors and their concert parties on the completion of the Proposed Acquisition

That subject to and contingent upon the passing of the Key Resolutions, the Independent Shareholders (other than the Vendors and their concert parties) hereby resolve, on a poll, unconditionally and irrevocably to waive their rights to receive a mandatory general offer in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers from the Vendors and their concert parties for all the shares in the capital of the Company in issue not already owned, controlled or agreed to be acquired by the Vendors and their concert parties as a result of the issuance and allotment of the Consideration Shares to the Vendors.

Ordinary Resolution 7: Proposed appointment of Mohamed Gani Mohamed Ansari as a new director upon Completion

That subject to and contingent upon the passing of the Key Resolutions and Completion:

- (a) the appointment of Mohamed Gani Mohamed Ansari as a Director and Chief Executive Officer with effect from Completion be and is hereby approved; and
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or

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modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 7.

(See Explanatory Note 1)

Ordinary Resolution 8: Proposed appointment of Sukhvinder Singh Chopra as a new director upon Completion

That subject to and contingent upon the passing of the Key Resolutions and Completion:

- (a) the appointment of Sukhvinder Singh Chopra as a Director with effect from Completion be and is hereby approved; and
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 8.

(See Explanatory Note 2)

Ordinary Resolution 9: Proposed re-election of Ong Kian Soon as a director upon Completion

That subject to and contingent upon the passing of the Key Resolutions and Completion:

- (a) the re-election of Ong Kian Soon as a Director with effect from Completion be and is hereby approved; and
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 9.

(See Explanatory Note 3)

Ordinary Resolution 10: Lee Teong Sang's independence subject to approval of shareholders in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules

That subject to and contingent upon the passing of the Key Resolutions and Completion, and

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in accordance with Rule 406(3)(d)(iii) of the Section B: Rules of Catalist of the Listing Manual of the SGX-ST (“**Catalist Rules**”) which will take effect on 1 January 2022, shareholders to approve Lee Teong Sang’s continued appointment as independent Director, this Resolution to remain in force until the earlier of Lee Teong Sang’s retirement or resignation as a Director or the conclusion of the third Annual General Meeting (“**AGM**”) following the passing of this Resolution and Resolution 11 below.

(See Explanatory Note 4)

Ordinary Resolution 11: Lee Teong Sang’s independence subject to approval of shareholders (excluding the directors and CEO of the Company, and their associates) in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules

That subject to and contingent upon the passing of the Key Resolutions and Completion, and contingent upon the passing of Ordinary Resolution 10 above, and in accordance with Rule 406(3)(d)(iii) of the Catalist Rules which will take effect on 1 January 2022, shareholders (excluding the Directors and Chief Executive Officer of the Company (“**CEO**”), and associates of such Directors and CEO) to approve Lee Teong Sang’s continued appointment as independent Director, this Resolution to remain in force until the earlier of Lee Teong Sang’s retirement or resignation as a Director or the conclusion of the third AGM following the passing of this Resolution and Resolution 10 above.

(See Explanatory Note 4)

Ordinary Resolution 12: Tito Shane Isaac’s independence subject to approval of shareholders in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules

That subject to and contingent upon the passing of the Key Resolutions and Completion, and in accordance with Rule 406(3)(d)(iii) of the Catalist Rules which will take effect on 1 January 2022, shareholders to approve Tito Shane Isaac’s continued appointment as independent Director, this Resolution to remain in force until the earlier of Tito Shane Isaac’s retirement or resignation as a Director or the conclusion of the third AGM following the passing of this Resolution and Resolution 13 below.

(See Explanatory Note 5)

Ordinary Resolution 13: Tito Shane Isaac’s independence subject to approval of shareholders (excluding the directors and CEO of the Company, and their associates) in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules

That subject to and contingent upon the passing of the Key Resolutions and Completion, and contingent upon the passing of Ordinary Resolution 12 above, and in accordance with Rule 406(3)(d)(iii) of the Catalist Rules which will take effect on 1 January 2022, shareholders (excluding the Directors and CEO, and associates of such Directors and CEO) to approve

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Tito Shane Isaac's continued appointment as independent Director, this Resolution to remain in force until the earlier of Tito Shane Isaac's retirement or resignation as a Director or the conclusion of the third AGM following the passing of this Resolution and Resolution 12 above.

(See Explanatory Note 5)

Ordinary Resolution 14: Proposed re-election of Lee Teong Sang as a director upon Completion

That subject to and contingent upon the passing of the Key Resolutions and Completion, and contingent upon the passing of Ordinary Resolutions 10 and 11 above:

- (a) the re-election of Lee Teong Sang as a Director with effect from Completion be and is hereby approved; and
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 14.

(See Explanatory Notes 4 and 6)

Ordinary Resolution 15: Proposed re-election of Tito Shane Isaac as a director upon Completion

That subject to and contingent upon the passing of the Key Resolutions and Completion, and contingent upon the passing of Ordinary Resolutions 12 and 13 above:

- (a) the re-election of Tito Shane Isaac as a Director with effect from Completion be and is hereby approved; and
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 15.

(See Explanatory Notes 5 and 7)

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Ordinary Resolution 16: Proposed adoption of the Shanaya Employee Share Option Scheme

That subject to and contingent upon the passing of the Key Resolutions and Completion:

- (a) the employee share option scheme to be known as the “Shanaya Employee Share Option Scheme” (“**ESOS**”), particulars of which are set out in the Circular dated 29 June 2021, under which options (“**Options**”) may be granted to selected employees and directors of the Company and/or its subsidiaries who have attained the age of 21 years, to subscribe for ordinary shares (the “**Shares**”) in the capital of the Company, be and is hereby approved with effect from Completion; and
- (b) the Directors of the Company be and is hereby authorised:–
 - (i) to establish and administer the ESOS;
 - (ii) to modify and/or amend the ESOS from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the ESOS and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the ESOS;
 - (iii) to offer and grant Options in accordance with the provisions of the ESOS and pursuant to Section 161 of the Companies Act to allot and issue and/or deliver from time to time such number of fully paid-up Shares as may be required to be issued or delivered pursuant to the exercise of Options provided that the aggregate number of new Shares available pursuant to the ESOS, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding Treasury Shares and Subsidiary Holdings) from time to time; and
 - (iv) to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 16.

Ordinary Resolution 17: Proposed adoption of the Shanaya Performance Share Plan

That subject to and contingent upon the passing of the Key Resolutions and Completion:

- (a) the performance share plan to be known as the “Shanaya Performance Share Plan” (“**PSP**”), particulars of which are set out in the Circular dated 29 June 2021, under which awards (“**Awards**”) of Shares may be granted to selected employees and directors of the Company and/or its subsidiaries who have attained the age of 21 years, be and is

NOTICE OF EXTRAORDINARY GENERAL MEETING

hereby approved with effect from Completion; and

- (b) the Directors of the Company be and is hereby authorised:–
- (i) to establish and administer the PSP;
 - (ii) to modify and/or amend the PSP from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the PSP and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the PSP;
 - (iii) to grant Awards in accordance with the provisions of the PSP and pursuant to Section 161 of the Companies Act to allot and issue, transfer and/or deliver from time to time such number of fully paid-up Shares required pursuant to the vesting of the Awards under the PSP, or pay the aggregate Market Price of the Shares in cash in lieu of the allotment or transfer of Shares, as may be required;
 - (iv) to allot and issue new Shares pursuant to the vesting of Awards provided that the aggregate number of new Shares available pursuant to the PSP, and any other share-based schemes of the Company, shall not exceed fifteen per cent. (15%) of the total issued Shares of the Company (excluding Treasury Shares and Subsidiary Holdings) on the day immediately preceding that date; and
 - (v) to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Ordinary Resolution 17.

Ordinary Resolution 18: Proposed New General Share Issue Mandate

That subject to and contingent upon the passing of the Key Resolutions:

- (a) that pursuant to Section 161 of the Companies Act, the Company's Constitution and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:
- (i) (A) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
 - (B) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into Shares,

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

- (ii) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue (A) additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Ordinary Resolution was in force; and (B) Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Ordinary Resolution was in force of such additional Instruments in (ii)(A) above,

Provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Ordinary Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) shall not exceed 100% of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of the passing of this Ordinary Resolution, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) shall not exceed 50% of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date of the passing of this Ordinary Resolution;
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings, if any) shall be calculated based on the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings, if any) in the capital of the Company immediately after Completion, after adjusting for:
 - (A) new Shares arising from the conversion or exercise of any convertible securities;
 - (B) new Shares arising from the exercise of share options or vesting of share awards, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (C) any subsequent bonus issue, consolidation or subdivision of Shares;

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Adjustments for (A) and (B) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the date of the passing of this Ordinary Resolution;

- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Company's Constitution for the time being of the Company; and
- (4) the authority conferred by this Ordinary Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier or in the case of Shares to be issued in pursuance of the instruments, made or granted pursuant to this Ordinary Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

Special Resolution 19: Proposed Change of Company's Name to "Shanaya Limited"

That subject to and contingent upon the passing of the Key Resolutions and subject to the approval of the Accounting and Corporate Regulatory Authority:

- (a) the Proposed Change of Name of the Company from "CPH Ltd." to "Shanaya Limited" be and is hereby approved; and
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Special Resolution 19.

Special Resolution 20: Proposed adoption of the New Constitution

That subject to and contingent upon the passing of the Key Resolutions:

- (a) the Proposed Adoption of the New Constitution be and is hereby approved and adopted as the constitution of the Company in substitution for, and to the exclusion of, the existing constitution; and
- (b) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such

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documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they may consider necessary, desirable or expedient to give effect to the matters contemplated by this Special Resolution 20.

BY ORDER OF THE BOARD

Ong Kian Soon

Non-Executive and Non-Independent Director

CPH Ltd.

29 June 2021

Explanatory Note 1: Mr Mohamed Gani Mohamed Ansari will, upon appointment as a Director of the Company, become the Executive Director and Chief Executive Officer of the Company, as well as a member of the Proposed New Nominating Committee.

Information on Mr Mohamed Gani Mohamed Ansari as required under Appendix 7F pursuant to Rule 720(5) of the Catalist Rules is set out in section 25 entitled “Proposed Directors and Executive Officers of the Enlarged Group” and section 17.5 entitled “Potential Conflicts of Interest” of the Circular.

Explanatory Note 2: Mr Sukhvinder Singh Chopra will, upon appointment as a Director of the Company, become the Independent and Non-Executive Chairman of the Company, as well as the Chairman of the Proposed New Remuneration Committee and a member of the Proposed New Nominating Committee and the Proposed New Audit Committee. He is considered to be independent pursuant to Rule 704(7) of the Catalist Rules.

Information on Mr Sukhvinder Singh Chopra as required under Appendix 7F pursuant to Rule 720(5) of the Catalist Rules is set out in section 25 entitled “Proposed Directors and Executive Officers of the Enlarged Group” of the Circular.

Explanatory Note 3: Mr Ong Kian Soon will, upon re-election as a Director of the Company, become the Non-Executive and Non-Independent Director of the Company.

Information on Mr Ong Kian Soon as required under Appendix 7F pursuant to Rule 720(5) of the Catalist Rules is set out in section 25 entitled “Proposed Directors and Executive Officers of the Enlarged Group” of the Circular.

Explanatory Note 4: Pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, under Transitional Practice Note 2 of the Catalist Rules, which will come into effect on 1 January 2022, the continuation of an Independent Director, who has been appointed for more than 9 years from the date of his first appointment, to act as an Independent Director will require a majority of shareholders’ approval through a two-tiered voting process, whereby voting will be carried out in the following manner:

- (a) voting by all shareholders (Tier 1); and
- (b) voting by all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the Company, and associates of such directors and chief executive officer (Tier 2),

collectively, the “**Two-Tiered Voting Process**”.

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Mr Lee Teong Sang has been a director for an aggregate period of more than 9 years from the date of his first appointment as director. Accordingly, Mr Lee Teong Sang can continue to act as Independent Director with effect from Completion if Resolutions 10, 11 and 14 are passed.

If:

- (i) Mr Lee Teong Sang did not obtain a majority of shareholders' approval through a Two-Tiered Voting Process even though a majority of shareholders' approval for his re-election as a Director (i.e. Ordinary Resolution 14) is obtained; or
- (ii) Mr Lee Teong Sang obtains a majority of shareholders' approval through a Two-Tiered Voting Process but a majority of shareholders' approval for his re-election as a Director (i.e. Ordinary Resolution 14) is not obtained,

Mr Lee Teong Sang will not be re-elected as a Director upon Completion, and he shall resign from the Company with effect from Completion.

Catalist Rule 406(3)(c) states that the listing applicant's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the listing applicant.

In the event that Mr Lee Teong Sang is not re-elected as an Independent Director at the EGM, Catalist Rule 406(3)(c) is met with Mr Sukhvinder Singh Chopra appointed as an Independent Director on the Proposed New Board and Mr Tito Shane Isaac being re-elected as an Independent Director respectively. This is also the case if Mr Tito Shane Isaac is not re-elected but Mr Lee Teong Sang is re-elected as an Independent Director at the EGM.

However, if both Mr Lee Teong Sang and Mr Tito Shane Isaac are not re-elected as Independent Directors at the EGM and assuming Mr Sukhvinder Singh Chopra is appointed as a director on the Proposed New Board, the Proposed New Board shall have only 1 non-executive director who is independent and free of any material business or financial connection with the Company. Under such circumstances, assuming all other conditions precedent have been met, the Proposed Acquisition will not be completed until a new independent director is appointed by the Proposed New Board in any event before the long-stop date of the SPA.

Please refer to section 18.2 entitled "Lee Teong Sang and Tito Shane Isaac as Proposed Independent Directors" of the Circular for further details on the above.

Explanatory Note 5: Mr Tito Shane Isaac has been a director for an aggregate period of more than 9 years from the date of his first appointment as director. Accordingly, Mr Tito Shane Isaac can continue to act as Independent Director with effect from Completion if Resolutions 12, 13 and 15 are passed.

If:

- (iii) Mr Tito Shane Isaac did not obtain a majority of shareholders' approval through a Two-Tiered Voting Process even though a majority of shareholders' approval for his re-election as a Director (i.e. Ordinary Resolution 15) is obtained; or
- (iv) Mr Tito Shane Isaac obtains a majority of shareholders' approval through a Two-Tiered Voting Process but a majority of shareholders' approval for his re-election as a Director (i.e. Ordinary Resolution 15) is not obtained,

Mr Tito Shane Isaac will not be re-elected as a Director upon Completion, and he shall resign from the Company with effect from Completion.

Catalist Rule 406(3)(c) states that the listing applicant's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the listing applicant.

In the event that Mr Tito Shane Isaac is not re-elected as an Independent Director at the EGM, Catalist Rule 406(3)(c) is met with Mr Sukhvinder Singh Chopra appointed as an Independent Director on the Proposed New

NOTICE OF EXTRAORDINARY GENERAL MEETING

Board and Mr Lee Teong Sang being re-elected as an Independent Director respectively. This is also the case if Mr Lee Teong Sang is not re-elected but Mr Tito Shane Isaac is re-elected as an Independent Director at the EGM.

However, if both Mr Lee Teong Sang and Mr Tito Shane Isaac are not re-elected as Independent Directors at the EGM and assuming Mr Sukhvinder Singh Chopra is appointed as a director on the Proposed New Board, the Proposed New Board shall have only 1 non-executive director who is independent and free of any material business or financial connection with the Company. Under such circumstances, assuming all other conditions precedent have been met, the Proposed Acquisition will not be completed until a new independent director is appointed by the Proposed New Board in any event before the long-stop date of the SPA.

Please refer to section 18.2 entitled "Lee Teong Sang and Tito Shane Isaac as Proposed Independent Directors" of the Circular for further details on the above.

Explanatory Note 6: Mr Lee Teong Sang will, upon re-election as a Director of the Company, become an Independent and Non-Executive Director of the Company, as well as the Chairman of the Proposed New Audit Committee and a member of the Proposed New Nominating Committee and the Proposed New Remuneration Committee. He is considered to be independent pursuant to Rule 704(7) of the Catalist Rules.

Information on Mr Lee Teong Sang as required under Appendix 7F pursuant to Rule 720(5) of the Catalist Rules is set out in section 25 entitled "Proposed Directors and Executive Officers of the Enlarged Group" of the Circular.

Explanatory Note 7: Mr Tito Shane Isaac will, upon re-election as a Director of the Company, become an Independent and Non-Executive Director of the Company, as well as the Chairman of the Proposed New Nominating Committee and a member of the Proposed New Remuneration Committee and the Proposed New Audit Committee. He is considered to be independent pursuant to Rule 704(7) of the Catalist Rules.

Information on Mr Tito Shane Isaac as required under Appendix 7F pursuant to Rule 720(5) of the Catalist Rules is set out in section 25 entitled "Proposed Directors and Executive Officers of the Enlarged Group" of the Circular.

IMPORTANT Please read notes below:

Notes:

1. Registration of Live Webcast

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 "**COVID-19 Order**").

The EGM of the Company will be conducted via electronic means only and Shareholders will not be able to attend the EGM in person. Shareholders may watch or listen to the proceedings via a live webcast or audio-only stream on their mobile phones, tablets or computers.

Shareholders as well as investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (the "**Relevant Intermediaries**") (including investors who hold shares under the Central Provident Fund Investment Scheme ("**CPF**") (the "**CPF Investors**") or the Supplementary Retirement Scheme ("**SRS**") (as the case may be) (the "**SRS Investors**") may wish to watch or listen to the proceedings of the EGM via live webcast or audio-only stream. To do so, the Shareholders or the relevant intermediaries must pre-register on the EGM website at https://live.motionmediaworks.com/cph-egm_reg no later than 2.00 p.m. on 1 August 2021 (the "**Registration Deadline**") to enable the Company to verify their status as Shareholders.

Following the verification, authenticated Shareholders will receive an email no later than 6.00 p.m. on 2 August 2021 (the "**Confirmation Email**") containing instructions on how to access the live webcast or live audio stream of the EGM proceedings.

Shareholders who do not receive the Confirmation Email by 6.00 p.m. on 2 August 2021, but who have registered by the Registration Deadline, should contact Motion Media Works for assistance at tel. no. (+65)

NOTICE OF EXTRAORDINARY GENERAL MEETING

96958365 or email to us at CPH_IR@circuitsplus.com.sg.

Shareholders are reminded that the EGM proceedings are private. Instructions on access to the live webcast or the live audio stream of the EGM proceedings should therefore not be shared with anyone who is not a Shareholder of the Company or otherwise not authorized to attend the EGM. This is also to avoid any technical disruptions or overload to the live webcast meeting. Recording of the live webcast in whatever form is also strictly prohibited.

2. Notice of EGM and Circular

In line with the provisions under the COVID-19 Order, no printed copies of the Notice of EGM, the Circular and/or the Proxy Form will be despatched to Shareholders. The electronic copies of the Notice of EGM, the Proxy Form and the Circular will be made available on the Company's website at URL <http://www.circuitsplus.com.sg/investor-relations> and SGX website at URL <http://www.sgx.com/securities/company-announcements>.

3. Submission of Questions in Advance

Shareholders will not be able to ask questions at the EGM during the live webcast. Shareholders can submit their questions to the Company by the Registration Deadline to the EGM website at https://live.motionmediaworks.com/cph-egm_reg or by post to the Company's registered address at 8 First Lok Yang Road, Singapore 629731. All substantial and relevant questions received will be responded to prior to, or at, the EGM.

When sending in the questions via the EGM website or by post to the Company's registered address, Shareholders are also required to provide the following details, failing which the submission will be treated as invalid:

- (i) Full name;
- (ii) Address;
- (iii) NRIC or Passport Number;
- (iv) Number of shares held; and
- (v) The manner in which the shares in the Company are held (e.g. via scrip, CDP, CPF or SRS).

Shareholders who hold their shares through the Relevant Intermediaries and who wish to submit questions should approach their respective Relevant Intermediaries early, so that the Relevant Intermediaries may in turn submit their questions for the EGM to the Company via the EGM Website or by post before the Registration Deadline (i.e. no later than 2.00 p.m. on 1 August 2021).

4. Voting

A Shareholder will not be able to vote online on the resolution to be tabled for approval at the EGM. Shareholders who wish to exercise his/her/its voting rights at the EGM must each submit a proxy form to appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

In appointing the Chairman of the Meeting as proxy, a Shareholder of the Company must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

The Chairman of the Meeting, as proxy, need not be a Shareholder of the Company. The proxy form must be submitted through any one of the following means:

- (i) Physical mail to the Company's registered address at 8 First Lok Yang Road, Singapore 629731; or
- (ii) Electronic mail to CPH_IR@circuitsplus.com.sg

by no later than 2.00 p.m. on 2 August 2021 (the "Cut-off time"), being forty-eight (48) hours before the time appointed for holding the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Shareholders who wish 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 sending it by email to the email address provided above.

IN VIEW OF THE CURRENT COVID-19 SITUATION AND THE RELATED SAFE DISTANCING MEASURES WHICH MAY MAKE IT DIFFICULT FOR SHAREHOLDERS TO SUBMIT COMPLETED PROXY FORMS BY POST, SHAREHOLDERS ARE STRONGLY ENCOURAGED TO SUBMIT PROXY FORMS ELECTRONICALLY VIA EMAIL.

A CPF Investor and/or SRS Investor (as may be applicable) who wishes to vote 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 2.00 p.m. on 26 July 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 the Cut-off time. The proxy form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Shareholders should note that the manner of conduct of the EGM may be subject to further changes based on the evolving COVID-19 situation, any legislative amendments and any directives or guidelines from government agencies or regulatory authorities. Any changes to the manner of conduct of the EGM will be announced by the Company on SGXNET. Shareholders are advised to check SGXNET and the Company's website regularly for further updates.

PERSONAL DATA PRIVACY:

By submitting (a) a proxy form appointing the Chairman of the Meeting as the proxy to attend, speak and vote at the EGM and/or any adjournment thereof, or (b) Shareholder's particulars for pre-registration to participate in the EGM via live webcast, or (c) submitting any questions prior to the EGM in accordance with this Notice of EGM, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents, advisers or service providers, as the case may be) for the following purposes:

- (a) Processing and administration by the Company (or its agents, advisers or service providers, as the case may be) of proxy form appointing the Chairman of the Meeting as the proxy for the EGM (including any adjournment thereof);
- (b) Preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);
- (c) Processing of pre-registration for participation at the EGM for purpose of granting access to Shareholders to the live webcast and providing them with any technical assistance when necessary;
- (d) Addressing relevant and substantial questions related to the resolutions to be tabled for approval at the EGM from Shareholders received before the EGM and if necessary, following up with the relevant Shareholders in relation to such questions; and
- (e) Enabling the Company (or its agents, advisers or service providers, as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes of the EGM. Accordingly, the personal data of a Shareholder (such as name, presence at the EGM and any questions raised or motions proposed/seconded) may be recorded by the Company for such purposes.

PROXY FORM

PROXY FORM

CPH LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199804583E)

PROXY FORM

IMPORTANT:

1. Due to the current COVID-19 situation in Singapore, members will not be able to attend the EGM in person. Members (whether individuals or corporates) must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the EGM if such members wish to exercise their voting rights at the EGM.
2. This Proxy Form is not valid for use by investors who hold shares in the Company (“Shares”) through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the EGM to specify voting instructions.
3. Please read the notes to this Proxy Form on instructions, *inter alia*, the appointment of the Chairman of the Meeting as proxy to vote on his/her/its behalf at the EGM.

I/We*, _____ [Name], _____
[NRIC/Passport/Company Registration No.] of

_____ [Address] being a member/members of CPH LTD. (the “Company”), hereby appoint the Chairman of the Meeting as my/our proxy*, to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting (“EGM”) of the Company to be held by electronic means on 4 August 2021 at 2.00 p.m. and at any adjournment thereof.

I/We* direct the Chairman of the Meeting to vote for, against, or to abstain from voting on the resolution proposed at the EGM as indicated hereunder. **If no specific direction as to voting is given in respect of a resolution, the appointment of the Chairman of the Meeting as my/our proxy for that resolution will be treated as invalid.**

All capitalised terms used in this Proxy Form which are not defined herein shall have the meanings ascribed to them in the circular dated 29 June 2021 to shareholders of the Company (“Circular”).

Shareholders should note that: (a) Ordinary Resolutions 1, 2, 3, 4, 5, 6 and 7 as well as Special Resolution 19 (“Key Resolutions”) are inter-conditional upon each other; and (b) Ordinary Resolutions 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18 as well as Special Resolution 20 are conditional upon the passing of the Key Resolutions (“Conditional Resolutions”). This means that if any of the Key Resolutions is not passed, the other Key Resolutions would not be passed, and if any of the Key Resolutions is not passed, the Conditional Resolutions would not be passed.

In addition to the above, Shareholders should also note that: (i) Ordinary Resolutions 10 and 11 are inter-conditional, and Ordinary Resolution 14 is conditional upon the passing of both Ordinary Resolutions 10 and 11; and (ii) Ordinary Resolutions 12 and 13 are inter-conditional,

PROXY FORM

and Ordinary Resolution 15 is conditional upon the passing of both Ordinary Resolutions 12 and 13. This means that if any of Ordinary Resolutions 10 and 11 is not passed, Ordinary Resolutions 10, 11 and 14 would not be passed. Similarly, if any of Ordinary Resolutions 12 and 13 is not passed, Ordinary Resolutions 12, 13 and 15 would not be passed.

No.	Resolutions	For	Against	Abstain
1.	Ordinary Resolution: Proposed Acquisition of the entire issued share capital of Shanaya Environmental Services Pte. Ltd. for the Purchase Consideration of S\$22,000,000 (Resolution 1)			
2.	Ordinary Resolution: Proposed issuance and allotment of 3,166,666,667 Consideration Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Vendors in partial satisfaction of the Purchase Consideration for the Proposed Acquisition (Resolution 2)			
3.	Ordinary Resolution: Proposed issuance and allotment of 50,000,000 Introducer Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to the Introducer in settlement of the Introducer Fee (Resolution 3)			
4.	Ordinary Resolution: Proposed issuance and allotment of 66,666,667 PPCF Shares (on a pre-consolidation basis) at the Issue Price of S\$0.006 to PPCF in partial settlement of its professional fees (Resolution 4)			
5.	Ordinary Resolution: Proposed Share Consolidation of every 40 existing shares into one (1) consolidated share, fractional entitlements to be disregarded (Resolution 5)			
6.	Ordinary Resolution: Proposed Whitewash Resolution for the waiver by Independent Shareholders of their right to receive a mandatory general offer from the Vendors and their concert parties for all the Shares in issue not already owned, controlled or agreed to be acquired by the Vendors and their concert parties on the completion of the Proposed Acquisition (Resolution 6)			
7.	Ordinary Resolution: Proposed appointment of Mohamed Gani Mohamed Ansari as a new director upon Completion (Resolution 7)			
8.	Ordinary Resolution: Proposed appointment of			

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	Sukhvinder Singh Chopra as a new director upon Completion (Resolution 8)			
9.	Ordinary Resolution: Proposed re-election of Ong Kian Soon as a director upon Completion (Resolution 9)			
10.	Ordinary Resolution: Lee Teong Sang's independence subject to approval of shareholders in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules (Resolution 10)			
11.	Ordinary Resolution: Lee Teong Sang's independence subject to approval of shareholders (excluding the directors and CEO of the Company, and their associates) in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules (Resolution 11)			
12.	Ordinary Resolution: Tito Shane Isaac's independence subject to approval of shareholders in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules (Resolution 12)			
13.	Ordinary Resolution: Tito Shane Isaac's independence subject to approval of shareholders (excluding the directors and CEO of the Company, and their associates) in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules (Resolution 13)			
14.	Ordinary Resolution: Proposed re-election of Lee Teong Sang as a director upon Completion (Resolution 14)			
15.	Ordinary Resolution: Proposed re-election of Tito Shane Isaac as a director upon Completion (Resolution 15)			
16.	Ordinary Resolution: Proposed adoption of the Shanaya Employee Share Option Scheme (Resolution 16)			
17.	Ordinary Resolution: Proposed adoption of the Shanaya Performance Share Plan (Resolution 17)			
18.	Ordinary Resolution: Proposed New General Share Issue Mandate (Resolution 18)			
19.	Special Resolution: Proposed Change of Company's Name to "Shanaya Limited" (Resolution 19)			
20.	Special Resolution: Proposed adoption of the New Constitution (Resolution 20)			

PROXY FORM

Note: If you wish to exercise all your votes “For”, “Against” or to “Abstain” from voting, please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____ 2021

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

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES BELOW



PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, 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. 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. Due to the current COVID-19 restriction orders in Singapore, members 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 attend and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM.**
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. Pursuant to Section 181 of the Companies Act (Chapter 50) of Singapore, any member of the Company who is a Relevant Intermediary is entitled to appoint the Chairman of the Meeting as proxy to attend and vote in his/her/its stead, but the Chairman of the Meeting must be appointed to exercise the rights attached to a different share or shares held by such member.

"Relevant Intermediary" means:

- a. a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - c. the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. 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 form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
 6. CPF Investors 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 time appointed for the holding of the EGM, that is, by 2.00 p.m. on 26 July 2021.
 7. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - a. if submitted by post, be lodged at the Company's registered address at 8 First Lok Yang Road, Singapore 629731; or
 - b. if submitted electronically, be submitted via email to CPH_IR@circuitsplus.com.sg

in either case, by no later than 2.00 p.m. on 2 August 2021, being forty-eight (48) hours before the time appointed for holding the EGM. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

8. Where an instrument appointing Chairman of the Meeting as proxy is signed on behalf of the appointer by an attorney, the letter or the 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 of proxy may be treated as invalid.

PROXY FORM

9. The instrument appointing Chairman of the Meeting as proxy must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. The dispensation of the use of common seal pursuant to the Companies Act, Chapter 50 of Singapore is applicable at this EGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing Chairman of the Meeting as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing Chairman of the Meeting as proxy lodged if the members, being the appointer, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

10. By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 29 June 2021.