

RECLAIMS GLOBAL LIMITED
(Company Registration No: 201834755M)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (the “**Board**”) of Reclaims Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to questions from the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Company’s annual report for the financial year ended 31 January 2023 and would like to set out in this announcement its responses to the questions.

The questions are extracted and presented below, followed by the Company’s responses.

SIAS’ questions:

Q1. Revenue for FY2023 was \$26.8 million, a 26.7% decrease from the prior year ended 31 January 2022 (“FY2022”). Management has attributed it to the pent-up demand after the easing of the COVID-19 lockdowns and stoppages in FY2022. Nevertheless, it is noted that, pre-COVID, the group recognised revenue for the financial years ended 31 January 2019 and 2020 ranged from \$32 million to \$34 million, averaging \$32.9 million.

(i) Recycling segment: The segment revenue experienced an increase from \$8.0 million in FY2022 to \$8.9 million in FY2023. **Is there heightened awareness or demand for the reclamation and recycling of construction and demolition (C&D) waste, driven by growing environmental concerns? Does management monitor the group’s market share in this sector? If so, what is the current market share held by the group?**

Company’s Response:

The growing environmental concerns does not have a significant impact on the Group’s recycling segment as the use of green construction materials has evolved to become the norm in the construction industry in which the Company operates in. The overall demand for reclamation and recycling of C&D waste will still largely depend on overall demand of the construction sector.

The management does not monitor the market share in the sector. To the best of our knowledge, there are no known published statistics or official sources of information relating to industry statistics that can be used to accurately measure the market share of our business in the markets that we have business presence in. Furthermore, the market share information does not add value to the Group’s business. Instead, the management monitors the quality of earnings and uses it to track the performance of the business.

(ii) Excavation services: The segment revenue for excavation services experienced a 19% decline to \$10.75 million in FY2023, marking the lowest point since the group’s listing in FY2019. As illustrated in Note 4B (Profit or loss from operations and reconciliations), the recurring EBITDA (earnings before depreciation, amortisation, interest, and income taxes) amounted to \$(228,000). **Can management provide further insight into the factors contributing to the revenue decrease? Has the group maintained/improved its competitiveness within this segment (i.e. Excavation Services)? Additionally, what is the group’s current market share in Singapore, and what are the management priorities in FY2024 to restore its profitability?**

Company’s Response:

The decrease in revenue is contributed by both a softening demand and the increasing intensity of competition in the sector. The management is closely monitoring the development within this segment (i.e. Excavation Services) and is more selective in the projects to undertake with quality of earnings as a key consideration factor, against the backdrop of rising operating costs. The management has and

will continue to be prudent when tendering for each project in order to maintain our competitiveness and profitability in the long run.

As explained in Q1(i), the management does not monitor market share.

(iii) Fleet: In the 2021 annual report, the group last reported a fleet size consisting of 48 tipper trucks and 81 units of various construction and recycling equipment, including articulated dump trucks, excavators, mobile screeners, and mobile jaw crushers. Prior to the IPO, as at 31 January 2019, the group had 46 tipper trucks and 47 units of other construction and recycling equipment. **What is the current fleet size, and what were the utilisation rates in FY2023? Does management plan to provide shareholders with regular updates on fleet size in the annual report and/or half-yearly financial results? Additionally, what factors contributed to the 70% increase in other construction and recycling equipment from 47 to 81 units in 2021, while the number of tipper trucks only increased from 46 to 48?**

Company's Response:

The size and utilisation of the fleet are not meaningful indicators of the segment's performance. The size of the fleet and utilisation rate fluctuates as we continually renew our fleet, with the acquisition and sale of vehicles and equipment as and when suitable opportunities arise. Thus, the Company had halted the disclosure of fleet size information in the annual report since FY2022.

The majority of the increase in other construction and recycling equipment from 47 to 81 units occurred in the financial year ended 31 January 2020. The increase is in line with the planned usage of the IPO proceeds as stated in the Company's Offer Document dated 1 March 2019. We have expanded our operational capability and this is evident from the 8.3% increase in overall revenue and a 36.4% increase in revenue from excavation services in the same year.

The size and composition of the Group's fleet would depend on the portfolio of projects undertaken.

(iv) Green technologies/initiatives: In March 2022, the group terminated its collaboration with the Malaysian Palm Oil Board to develop technology for producing strandboards from palm biomass waste, specifically empty fruit bunch fiber. The AR2021 report indicated that the company had successfully developed a technology process that transforms palm biomass waste into a panel/board, serving as a direct replacement for conventional plywood. **What were the reasons behind the termination of this collaboration (i.e. with Malaysian Palm Oil Board) ("MPOB"), and what insights has management gained from this experience? How does this impact the group's growth strategy and new product development approach?**

Company's Response:

Please refer to the announcement made on 10 March 2022 – *Ending of Collaboration with Malaysian Palm Oil Board* for details.

The management will act decisively when circumstances change that will lead to changes in the initial assessment. This is especially critical in these times of uncertainties.

The Group's initial growth strategy was to focus on public sector projects, expanding operational capacity, and expanding through acquisitions and partnerships. Given the current market uncertainties, the Group has realigned its growth strategy to focus on our core competencies and expertise in Singapore, while building resilience and harnessing diversity in our core businesses. Our approach to any new projects is always with prudence and enhancing shareholder's value in mind.

Q2. At the annual general meeting scheduled to be held on 26 May 2023, the company is seeking shareholders' approval to diversify its businesses to include the business of property development, property investment and property management. The circular can be found here: <https://links.sgx.com/FileOpen/Reclaims%20Global%20%20Circular%20to%20Shareholders.ashx?App=Announcement&FileID=758294>

(i) Can management help shareholders better understand its experience and track record, if any, in the areas of property development, investment and management?

Company's Response:

While the management does not have track records as a property developer or manager, the founding owners and executive directors of the Group, Mr Chan Chew Leh and Mr Tan Kok Huat have more than 30 years of experience in the construction industry and have developed strong relationships with key industry players and other professionals in their course of work. Relevant experience and expertise can be acquired and developed by the Company over time. The Company will assess the specific requirements for each potential project under the proposed new businesses. As and when required, the Company will seek the advice of or hire suitably qualified personnel, external consultants, external industry experts and professionals to manage the proposed new business and take it forward.

(ii) What is board/management's view of the local property market and what is the group's competitive advantage, if any?

Company's Response:

The management does not want to be construed as giving forecasts or prospect statements on the local property markets. Due diligence will be done prior to entry into any projects under the proposed new business.

The Group has built a vast network of business partners and has supported various construction and property development projects over the years of operations. In the course of its operations, the Group has also built up a reputable brand in the industry. These factors will help give the Group a competitive advantage when it embarks on any projects under the proposed new businesses.

(iii) What is the group's market entry strategy? Furthermore, what level of due diligence has been conducted by the board/management, and in which segment does the company perceive the most attractive opportunities, such as residential, commercial, industrial, hospitality, etc.?

Company's Response:

Through the course of its business, the Group has been supporting the construction and property development industries and garnered relevant knowledge of these industries. The Company is exploring but has not committed to any specific business opportunity or investment under the proposed new business. The management will assess the opportunities as they arise to determine the most efficient allocation of resources to maximise value for the shareholders. As stated in Q2(ii), due diligence will be performed prior to entry into any projects under the proposed new business.

The Group may enter into joint ventures with partners in the relevant industries to undertake the projects in the proposed new businesses more effectively. Such partnerships may either be on a project basis or on a longer-term basis. In selecting prospective partners, the Group will consider the specific expertise and competencies necessary for the projects in question, and the experience, track record, and financial standing of the parties involved. The Group may also look for potential targets which will allow the Group to undertake acquisitions of existing property businesses. This will enable the Group to have an immediate foothold in the proposed new businesses.

(iv) As at 31 January 2023, the group is in a net cash position of \$8.2 million and total equity amounts to \$29.6 million. **Can management provide more details on how they plan to finance any property development or investment projects? Are there plans for a rights issue?**

Company's Response:

The financing plans will depend on the scale of the projects and could be potentially funded by internal funds, bank borrowings, or a rights issue. As this point in time, the Company does not have any specific projects in the pipeline. The Company will evaluate its funding options as and when opportunities arise.

3. The attendance of directors at board and board committee meetings is shown on page 40 of the annual report and reproduced below.

The attendance record of each Director at meetings of the Board and Board Committees during FY2023 is disclosed below:

Name of the Director	Board of Directors	AC	NC	RC	Annual General Meeting ("AGM")
Mr Chan Chew Leh	2	#2	#1	#1	1
Mr Tan Kok Huat	2	#2	#1	#1	1
Ms Chan Bih Tzy	2	#2	#1	#1	1
Mr Jong Voon Hoo	2	2	1	1	1
Mr Chang Chi Hsung	1	1	1	1	1
Mr Tan Heok Ping Joshua	2	#2	#1	1	1
Ms Lim Hui Chee	2	2	1	#1	1
Number of meetings held in FY2023	2	2	1	1	1

By invitation

(Source: company annual report)

(i) Can the board help shareholders understand if its is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?

Company's Response:

Yes, the non-board committee members are invited to attend board committee meetings to facilitate the understanding of committee members, who are independent non-executive directors, and provide insights to the subject matter being discussed by the board committee. The non-board committee members do not participate in any decision-making of the committee members.

(ii) Such board committee meetings would have included agenda items on interested party transactions, performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group. What is the dynamic of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?

Company's Response:

The board committee meetings are carried out in a professional manner with the Sponsor and Company Secretaries in attendance for all meetings. The various committees carry out its duties as delegated by the BOD independently and without any concerns of reprisal.

When reviewing and discussing matters that are related to or affecting the executive directors, the presence of the executive directors serves to provide better clarity relating to the subject matter on hand. When the need arises, the committee members will discuss in private among themselves, without the presence of the executive directors, to enhance the objectivity and independence of any decisions or recommendations to be made to the Board. As stated in the Corporate Governance Report in the FY2023 Annual Report, the independent directors also meet at least once a year, led by Lead

Independent Director or other independent director as appropriate, with the internal and external auditors without the presence of the management. The Independent Directors also communicate with each other from time to time without the presence of the Management to discuss the performance of the Management. Aligning with good corporate governance principles, the affected executive directors will also abstain from discussions and voting during board meetings.

Any decisions made or recommendations to the Board are made by the independent non-executive directors forming the respective committees only. The executive directors do not participate in any decision-making during the board committee meetings. No single or group of directors dominate any discussions in any of the board or board committee meetings.

3(iii) Specifically, would the board committee meetings be turned into “standard” board meetings and thus negating the purpose of having independent board committees?

Company’s Response:

No, please refer to the Company’s responses in Q3(i) and Q3(ii).

3(iv) Are the committees able to make decisions objectively and independently?

Company’s Response:

Yes, please refer to the Company’s responses in Q3(i) and Q3(ii).

By Order of the Board

Tan Kok Huat
Executive Director and CEO
19 May 2023

This announcement has been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Audrey Mok (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.