

CIRCULAR DATED 5 JANUARY 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents of this Circular or as to any action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.

If you have sold or transferred all your ordinary shares in the capital of Heatec Jietong Holdings Ltd. (the "Company"), you should immediately inform the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular, the Notice of EGM and the attached Proxy Form may be accessed via the SGX website and at the Company's website at the URL <http://www.heatecholdings.com>.

This Circular has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18- 03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

This Circular, together with the Notice of EGM and the attached Proxy Form, has been made available on the SGX website and may also be accessed at the Company's website at the URL <http://www.heatecholdings.com/>. **Printed copies of this Circular, the Notice of EGM and the attached Proxy Form will NOT be despatched to Shareholders.**

The EGM will be held by way of physical means at 10 Tuas South Street 15 Singapore 637076. Accordingly, Shareholders and their duly appointed proxy (or proxies) will not be able to attend the EGM by way of electronic means. Please refer to Section 18 of this Circular and the Notice of EGM for further information, including the steps to be taken by Shareholders (and their duly appointed proxy (or proxies)) to participate at the EGM.



HEATEC JIETONG HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200717808Z)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- (1) THE PROPOSED EXPANSION AND DIVERSIFICATION
- (2) THE PROPOSED ACQUISITION AS A MAJOR TRANSACTION
- (3) THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION
- (4) THE PROPOSED ALLOTMENT AND ISSUE OF 81,818,181 SHARES AS SATISFACTION FOR THE CONSIDERATION FOR THE PROPOSED ACQUISITION
- (5) THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY ARISING FROM THE ISSUANCE OF THE CONSIDERATION SHARES
- (6) THE WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF INDEPENDENT SHAREHOLDERS TO RECEIVE A MANDATORY OFFER FROM THE VENDOR AS A RESULT OF THE ISSUANCE OF THE CONSIDERATION SHARES
- (7) THE PROPOSED JOINT VENTURE AS AN INTERESTED PERSON TRANSACTION

Independent Financial Adviser to the Recommending Directors in connection with the Proposed Acquisition and Proposed Joint Venture as interested person transactions and the Whitewash Resolution



W CAPITAL MARKETS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)

IMPORTANT DATES AND TIMES

Last date and time to submit questions for the EGM	:	12 January 2023 at 10.00 a.m.
Last date and time for lodgement of Proxy Form	:	17 January 2023 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	20 January 2023 at 10.00 a.m.
Place of Extraordinary General Meeting	:	10 Tuas South Street 15 Singapore 637076

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or is otherwise stated.

General

“Announcement”	:	The announcement of the Company’s entry into the SPA dated 4 October 2022, as defined in <u>Section 2.1</u> of this Circular
“Catalist Rules”	:	The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended or modified from time to time
“Circular”	:	This circular to Shareholders dated 5 January 2023
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“Completion”	:	Completion of the Proposed Acquisition
“Concert Parties”	:	Has the meaning ascribed to it in <u>Section 3.5.7(c)</u> of this Circular
“Consideration”	:	The consideration for the Proposed Acquisition, as further described and defined in <u>Section 3.5.2</u> of this Circular
“Consideration Share”	:	The Shares issued as satisfaction for the Consideration, as further described and defined in <u>Section 3.5.3</u> of this Circular
“Controlling Interest”	:	The interest of Controlling Shareholder(s)
“EGM”	:	The extraordinary general meeting of the Company to be held by way of physical means at 10 Tuas South Street 15 Singapore 637076 on 20 January 2023 at 10.00 a.m., notice of which is set out on pages N-1 to N-6 of this Circular
“Existing Business”	:	Has the meaning ascribed to it in <u>Section 2.1</u> of this Circular
“FY2021”	:	Financial year ended 31 December 2021
“HY2022”	:	The six-month period ended 30 June 2022
“Issue Price”	:	The issue price for each Consideration Share as further detailed in <u>Section 3.5.4</u> of this Circular
“Latest Practicable Date”	:	30 December 2022, being the latest practicable date prior to the date of this Circular
“LPS”	:	Loss per Share
“LQN”	:	Listing and quotation notice
“NAV”	:	Net asset value
“New Business”	:	Has the meaning ascribed to it in <u>Section 2.2</u> of this Circular

DEFINITIONS

"Notice of EGM"	:	The notice of the EGM as set out on pages N-1 to N-6 of this Circular
"NPAT"	:	Net profit after tax
"NTA"	:	Net tangible assets
"Parties"	:	The Vendor and the Company collectively
"Practice Note 10A"	:	Practice Note 10A (Acquisitions and Realisations) of the Catalist Rules
"Proposed Acquisition"	:	The proposed acquisition by the Company from the Vendor of the Vendor's interests in the shares representing 60% of the entire issued share capital of the Target Company, for an aggregate consideration of S\$2,700,000 on and subject to the terms and conditions of the SPA
"Proposed Consideration Shares Issue"	:	The proposed allotment and issuance of 81,818,181 Consideration Shares as satisfaction for the Consideration
"Proposed Expansion and Diversification"	:	The proposed expansion and diversification of the Group's business, as further detailed in <u>Section 2.2</u> of this Circular
"Proposed Joint Venture"	:	The entry by the Company into the Shareholders' Agreement with the Vendor, being an interested person, in respect of the Target Company following Completion, as further detailed in <u>Section 4.3</u> of this Circular
"Proposed Transfer of Controlling Interest"	:	The proposed transfer of Controlling Interest in the Company arising from the issuance of the Consideration Shares pursuant to completion of the Proposed Acquisition, as further detailed in <u>Section 5.4</u> of this Circular
"Proxy Form"	:	The proxy form accompanying this Circular as set out on pages P-1 to P-3 of this Circular
"Register of Members"	:	The register of members of the Company to be kept pursuant to the Companies Act
"Resolutions"	:	The ordinary resolutions as set out in the Notice of EGM, and "Resolution" shall mean any of them
"Sale Shares"	:	300,000 ordinary shares in the Target Company representing 60% of the entire issued share capital of the Target Company, and as further detailed in <u>Section 3.4</u> of this Circular
"Securities Account"	:	The securities account(s) maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
"Service Agreement"	:	The service agreement to be entered into by Mr Nicholas Mo and the Target Company on Completion, as further described and defined in <u>Section 3.9</u> of this Circular
"Shareholders' Agreement"	:	The shareholders' agreement to be entered into by and between the Company, the Vendor and the Target Company on Completion, as further described and defined in <u>Section 4.3</u> of this Circular

DEFINITIONS

“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“Shares”	:	Ordinary shares in the share capital of the Company
“SPA”	:	The definitive sale and purchase agreement dated 4 October 2022 for the Sale Shares entered into by and between the Company and the Vendor
“SRS”	:	Supplementary Retirement Scheme
“Statutes”	:	The Companies Act, the SFA and every other written law for the time being in force concerning companies and affecting the Company and any reference to any provision of any Statute is to that provision as so modified, amended or re-enacted or contained in any such subsequent act or acts
“Valuation Report”	:	The summary valuation report dated 16 December 2022 on the Target Company prepared by the Valuer
“VWAP”	:	Volume weighted average price
“Whitewash Resolution”	:	Has the meaning ascribed to it in <u>Section 6.4(a)</u> of this Circular

Companies, Persons, Organisation and Agencies

“ARMC”	:	The audit and risks management committee of the Company as at the Latest Practicable Date
“Board”	:	The board of Directors of the Company as at the Latest Practicable Date
“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	Central Provident Fund
“Company”	:	Heatec Jietong Holdings Ltd.
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% 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) in fact exercises control of the Company
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Group”	:	The Company together with its subsidiaries, and “Group Company” shall mean any of them
“IFA”	:	W Capital Markets Pte. Ltd., the independent financial adviser appointed by the Company to advise the Recommending Directors for the purposes of making a recommendation to the Shareholders in connection with the Proposed Acquisition and Proposed Joint Venture as interested person transactions and the Whitewash Resolution

DEFINITIONS

“Independent Shareholders”	:	In respect of the Whitewash Resolution, the Shareholders who are deemed to be independent for the purpose of voting on the Whitewash Resolution (i.e. Resolution 6) or, as the case may be, in respect of the Proposed Acquisition and Proposed Joint Venture which are both interested person transactions, the Shareholders who must not vote on Resolutions 2, 3, 4, 5 and 7 (relating to the Proposed Acquisition (as a major transaction and as an interested person transaction), Proposed Consideration Shares Issue, Proposed Transfer of Controlling Interest and Proposed Joint Venture (as an interested person transaction)), nor accept appointments as proxies in respect thereof unless specific instructions as to voting are given. Details on abstention from voting is further described in <u>Section 12</u> of this Circular
“SGX-ST” or the “Exchange”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
“SIC”	:	Securities Industry Council
“Mr Jeffrey Soon”	:	Mr Soon Jeffrey, being the Executive Director and Chief Executive Officer of the Company
“Mr Johnny Soon”	:	Mr Soon Yeow Kwee Johnny, being the Executive Chairman of the Company and a Controlling Shareholder
“Mr Nicholas Mo”	:	Mr Mo Jingxiong, Nicholas, the sole director of the Target Company and also a shareholder holding 30% of the shares in the Vendor
“Recommending Directors”	:	The Directors who are considered to be independent for the purposes of the Whitewash Resolution, and the Proposed Acquisition and Proposed Joint Venture as interested person transactions, being all the Directors except for Mr Johnny Soon and Mr Jeffrey Soon
“Target Company”	:	Setya Energy Pte. Ltd. (Company Registration No. 201708352H), a company incorporated in Singapore with its registered address at 20 Opal Crescent, #01-20, Singapore 328415
“Valuer”	:	Chay Corporate Advisory Pte. Ltd.
“Vendor”	:	Megane Marine Pte. Ltd. (Company Registration No. 201930011N), a company incorporated in Singapore with its registered address at 20 Opal Crescent, Singapore 328415
“Sponsor”	:	Novus Corporate Finance Pte. Ltd.

Currencies, Units and Others

“S\$” and “cents”	:	Singapore Dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“%”	:	Per centum or percentage

DEFINITIONS

The terms “**Depositor**”, “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Section 5 of the Companies Act.

The term “**associate**” shall have the meaning ascribed to it in the Catalist Rules.

The expression “**acting in concert**” and the term “**concert parties**” shall have the meanings as ascribed to them respectively in the Code.

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*.

References to persons shall include corporations.

References to “**Section**” are to the sections of this Circular, unless otherwise stated.

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

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

Any reference in this Circular 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, the Catalist Rules, or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, the Catalist Rules, or any relevant laws of the Republic of Singapore or any statutory modification thereof, as the case may be.

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

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

LETTER TO SHAREHOLDERS

HEATEC JIETONG HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200717808Z)

Directors:

Mr Johnny Soon (*Executive Chairman*)
Mr Jeffrey Soon (*Executive Director and Chief Executive Officer*)
Mr Lim Soon Hock (*Non-Executive and Non-Independent Director*)
Mr Chong Eng Wee (*Non-Executive and Lead Independent Director*)
Ms Lie Ly @ Liely Lee (*Non-Executive and Independent Director*)
Mr Anthony Ang Meng Huat (*Non-Executive and Independent Director*)
Mr Chua Siong Kiat (*Non-Executive and Independent Director*)
Mr Loke Weng Seng (*Alternate Director to Mr Lim Soon Hock*)

Registered Office:

10 Tuas South Street 15,
Singapore 637076

5 January 2023

To: Shareholders of Heatec Jietong Holdings Ltd.

Dear Shareholders,

- (1) **PROPOSED EXPANSION AND DIVERSIFICATION**
- (2) **PROPOSED ACQUISITION AS A MAJOR TRANSACTION**
- (3) **PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION**
- (4) **PROPOSED CONSIDERATION SHARES ISSUE**
- (5) **PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY ARISING FROM THE PROPOSED CONSIDERATION SHARES ISSUE**
- (6) **WHITEWASH RESOLUTION**
- (7) **PROPOSED JOINT VENTURE AS AN INTERESTED PERSON TRANSACTION**

1. INTRODUCTION

1.1 EGM

The Board is proposing to convene the EGM to seek Shareholders' approval for the resolutions set out below.

Resolution	Description
Resolution 1	The Proposed Expansion and Diversification
Resolution 2	The Proposed Acquisition as a major transaction
Resolution 3	The Proposed Acquisition as an interested person transaction
Resolution 4	The Proposed Consideration Shares Issue
Resolution 5	The Proposed Transfer of Controlling interest
Resolution 6	The Whitewash Resolution
Resolution 7	The Proposed Joint Venture as an interested person transaction

1.2 Purpose of Circular

The purpose of this Circular is to provide Shareholders with the relevant information relating to the Resolutions, and to seek Shareholders' approval in respect of the same at the EGM. The Notice of EGM is set out on pages N-1 to N-6 of this Circular.

1.3 Conditionality of Resolutions

Resolution 1 (in respect of the Proposed Expansion and Diversification) is independent, and the passing of Resolution 1 (in respect of the Proposed Expansion and Diversification) shall not be conditional on the passing of any other Resolution to be proposed at the EGM.

Shareholders should, however, note that the passing of Resolution 2 (in respect of the Proposed Acquisition as a major transaction), Resolution 3 (in respect of the Proposed Acquisition as an interested person transaction), Resolution 4 (in respect of the Proposed Consideration Shares Issue), Resolution 5 (in respect of the Proposed Transfer of Controlling Interest), Resolution 6 (in respect of the Whitewash Resolution) and Resolution 7 (in respect of the Proposed Joint Venture as an interested person transaction) are conditional on the passing of Resolution 1 (in respect of the Proposed Expansion and Diversification). This means that if Resolution 1 is not approved by Shareholders, Resolutions 2, 3, 4, 5, 6 and 7 will not be passed.

Shareholders should also note that the passing of Resolution 2 (in respect of the Proposed Acquisition as a major transaction), Resolution 3 (in respect of the Proposed Acquisition as an interested person transaction), Resolution 4 (in respect of the Proposed Consideration Shares Issue), Resolution 5 (in respect of the Proposed Transfer of Controlling Interest in the Company), Resolution 6 (in respect of the Whitewash Resolution) and Resolution 7 (in respect of the Proposed Joint Venture as an interested person transaction) are conditional on each other. This means that if any one of Resolutions 2, 3, 4, 5, 6 or 7 is not approved, none of these Resolutions 2, 3, 4, 5, 6 and 7 will be passed.

1.4 Legal Adviser

RHTLaw Asia LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the Proposed Acquisition and the Proposed Joint Venture and for purposes of this Circular.

1.5 SGX-ST

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

2. THE PROPOSED EXPANSION AND DIVERSIFICATION

2.1 Introduction

The Group currently operates in three (3) principal business segments: (1) provision of heat exchanger services, which includes designing, selling and fabricating heat exchangers and providing related services to major players in the offshore marine, oil and gas and shipping industries; (2) provision of chemical cleaning services which include chemical cleaning and tank cleaning services; and (3) provision of piping services where such piping works are used in, among others, offshore structures such as floating, production, storage and offloading conversions, oil rigs and other types of ship conversions and ship lengthening (collectively, the “**Existing Business**”).

As announced by the Company on 4 October 2022, the Company intends to undertake the acquisition of 60% of the entire issued share capital of the Target Company (the “**Announcement**”). The Target Company is an independent trader of marine petroleum products with operations within the Southeast Asian (“**SEA**”) region and is mainly engaged in the trading of marine gas oil (DMA), marine fuel oil 180CST and marine fuel oil 380CST (RMG). While the foregoing business of the Target Company is related to the marine and oil and gas and shipping industries, such business segment does not fall within the scope of the Group’s Existing Business or constitute an existing principal business of the Group, which is expected to give rise to a change in the risk profile of the Group. Accordingly, the Company is seeking Shareholders’ approval for the expansion of and diversification of the Group’s business at the EGM to be convened.

Shareholders should refer to [Section 3](#) of this Circular for further details on the Proposed Acquisition and the Target Company, and [Sections 2.4 and 2.5](#) of this Circular for more information on the risks associated with the new businesses to be undertaken by the Group following Completion.

LETTER TO SHAREHOLDERS

2.2 Information on the New Business

The Group is expected, or otherwise intends, to engage in the following new business segments (collectively, the “**New Business**”) following Completion (the “**Proposed Expansion and Diversification**”):

Business	Description
Trading	<p>Business description: Buying and selling of marine petroleum products including but not limited to marine gas oil and marine fuel oil (“Trading Business”)</p> <p>Other information:</p> <ul style="list-style-type: none"> • The Trading Business is currently the principal business of the Target Company. • Under the Trading Business, the Target Company procures, on behalf of customers, supplies of marine petroleum products from relevant suppliers. The Target Company acts as a “middleman” and arranges for the delivery and supply of marine petroleum products from suppliers to customers. The Target Company is not involved in any physical delivery and storage of the marine petroleum products which are handled by the suppliers.
Bunkering	<p>Business description: Provision/ supply of bunkers (i.e. petroleum/ fuel products for a ship’s consumption) to ships (“Bunkering Business”)</p> <p>Other information:</p> <ul style="list-style-type: none"> • The Bunkering Business is not an existing business of the Target Company. • Subject to the relevant licences and local regulatory approvals being obtained in the future and the Group’s business expansion plans, the Group intends to undertake such business. • Depending on, among others, the Group’s business expansion plans and volume of demand from customers and subject to the relevant regulatory requirements, the Group may or may not in the future also consider acquiring its own bunker tankers or interests in entities that own such bunker tankers so as to exercise greater control over its bunkering activities and reduce reliance on third-party contractors.
General Port Services	<ul style="list-style-type: none"> • Business description: Provision/ supply of tank cleaning services including de-slopping, gas freeing, de-mucking and sludge and other related waste disposal (“General Port Service Business”) <p>Other information:</p> <ul style="list-style-type: none"> • The General Port Service Business is not an existing business of the Target Company. However, the Group currently provides chemical cleaning services, which include chemical cleaning of boilers, coolers and pipelines and tank cleaning and the Proposed Acquisition is expected to expand such business segment of the Group. • Subject to the relevant licences and local regulatory approvals being obtained in the future and the Group’s business expansion plans, the Group intends to undertake such business.

As the Group currently provides chemical cleaning services (including tank cleaning services) as part of its Existing Business, the Group is expected to be able to capitalise and leverage on the network of customers in the marine industry available to the Target Company and also offer services which are presently provided under the Group’s Existing Business to such customers (and *vice versa* in respect of the Target Company). This is expected to expand the Group’s existing customer base as well as the scale of the Group’s Existing Business operations in providing such related services. Please refer to [Section 7.2](#) below for the rationale for the Proposed Expansion and Diversification.

Following Completion, as at the Latest Practicable Date and subject to future business plans and growth strategy of the enlarged Group, the New Business is expected to be undertaken primarily through the

Target Company. To manage the New Business, it is envisaged that Mr Nicholas Mo, the current sole director of the Target Company, will remain as director of the Target Company and oversee and manage the New Business with the existing management team of the Group and such other persons (as nominated by the Company) as appointed to the board of the Target Company pursuant to the Shareholders' Agreement.

The Group will monitor developments and progress in the New Business and take the necessary steps to identify suitable candidates both within the Group as well as externally to support and manage the New Business as and when required. Where necessary, the management will consider hiring additional staff or in-house or external consultants and professional advisers as and when required in connection with the New Business.

Please see Sections 2.4 and 2.5 below for more information on the risks associated with the Trading Business, Bunkering Business and General Port Service Business.

2.3 Shareholders' Approval

A separate resolution (Resolution 1) has been included in this Circular to seek Shareholders' approval on the Proposed Expansion and Diversification. Shareholders should note that once Shareholders' approval for Resolution 1 in respect of the Proposed Expansion and Diversification is obtained, the Group may, in the ordinary course of business, enter into transactions relating to the New Business without having to seek Shareholders' approval. This will reduce substantially the administrative time and expenses in convening general meetings to obtain Shareholders' approval, allowing the Group greater flexibility to pursue business and investment opportunities which may be time-sensitive in nature.

For the avoidance of doubt, even if Shareholders' approval is obtained for the Proposed Expansion and Diversification:

- (a) (in respect of an acquisition of assets, whether or not such acquisition is deemed in the Company's ordinary course of business) for transactions where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more or is one which will result in a change in control of the Company, Rule 1015 of the Catalist Rules will still apply and such transaction must be, among others, made conditional upon approval by Shareholders in a general meeting;
- (b) for transactions which constitute "interested person transactions" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply, and the Company must comply with the provisions of Chapter 9 of the Catalist Rules (including where required obtaining Shareholders' approval in a general meeting to be convened in respect of such transaction); and
- (c) in assessing if an acquisition is to be regarded to be in, or in connection with, the ordinary course of business of the Group, the Company will be required to have regard to Practice Note 10A.

In addition, notwithstanding the classification of a transaction, the Exchange may, in appropriate circumstances, exercise its powers to impose additional requirements on the transaction, including to require that the transaction be made conditional upon the approval of Shareholders or the Exchange.

Shareholders should further note that Resolution 1 for the Proposed Expansion and Diversification is independent and not conditional on the passing of any other Resolution to be tabled at the EGM. Accordingly, once Shareholders' approval is obtained for the Proposed Expansion and Diversification, the Group will likely continue to undertake activities relating to the New Business (including subsequently acquiring different targets in the New Business) even if the Proposed Acquisition is not completed for any reason whatsoever.

2.4 Risk Factors in relation to the Target Company and the New Business

To the best of the Directors' knowledge and belief, as at the Latest Practicable Date, the risk factors that are material for Shareholders to make an informed decision on the Proposed Expansion and Diversification are set out in this Section 2.4 and Section 2.5. Shareholders should carefully consider and evaluate the risk factors set out herein and all other information contained in this Circular in light of their own investment objectives and financial circumstances and should seek professional advice from their

LETTER TO SHAREHOLDERS

accountant, stockbroker, bank manager, solicitor or other professional advisers if they have any doubt about the actions they should take.

Any of the risks described below could materially and adversely affect the Group's ability to comply with its obligations, including those under the Catalist Rules, and may have a material adverse effect on the Company's or the Group's business, financial condition, operations and prospects. In that event, the market price of the Shares may decline, and the Shareholders may lose all or part of their investments in the Shares.

The risks and uncertainties described below are not intended to be exhaustive and are not the only risks and uncertainties that the Group may face. The Group could be affected by a number of risks which relate to the industries and countries in which the Group intends to operate as well as those which may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. Additional risks and uncertainties not presently known to the Company or the Group or that the Company or the Group currently deem immaterial may also impair the Company's or the Group's business, financial condition, operations and prospects.

The risks discussed below may include forward-looking statements, and the Company's and the Group's actual results may differ substantially from those discussed in these forward-looking statements (if any). Shareholders should not place undue reliance on such forward-looking statements. Further, the Company disclaims any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency. Sub-headings are for convenience only.

The following are potential risks associated with the Trading Business, Bunkering Business and the General Port Service Business, whether individually in respect of each business segment or generally in respect of the New Business as a whole.

2.4.1 The New Business is exposed to risks associated with the Group's third-party providers

In respect of the Trading Business, the Target Company currently purchases marine petroleum products from various suppliers and subsequently resells and coordinates delivery of such products to its customers. The Group expects such arrangement to persist following Completion. In respect of the Bunkering Business and General Port Service Business, it is envisaged that the Group will outsource to or depend on third-party providers (whether for the provisions of services or products) for various aspects of such businesses.

In such circumstances, the Group faces the risk that the third-party providers that it deals with in relation to the New Business (referred to in this section as the "**contracting parties**") may fail to honor their contractual obligations to the Group. For example, the marine petroleum products which the Group resells may fail to meet the specifications that have been agreed to with the relevant customers or the services to be delivered by the contracting parties may not meet the deadlines imposed by the customers. This could adversely affect our relationship with our customers and may expose the Group to claims and other liabilities that could have a material adverse effect on our business, financial condition and results of operations. While the Group may to a certain extent mitigate the foregoing risk by obtaining contractual indemnities from the contracting parties in the event of default by the contracting parties, there is no certainty that such recourse would be able to sufficiently cover any losses suffered by the Group as a consequence of a default by such contracting parties, or if any contractual indemnities would be accepted by such contracting parties in the first place. There is also no assurance that the existing insurance policies maintained by the Group are sufficient to cover losses arising from the New Business, including the aforesaid losses arising from any default by the contracting parties, as further detailed in Section 2.4.9 below.

2.4.2 The Group may extend trade credit to some of its customers and our financial position and results of operations may diminish if we are unable to collect accounts receivables

The Group may sell certain marine petroleum products (in respect of the Trading Business) and provide the relevant services (in respect of the Bunkering Business and General Port Service Business) on credit to established or long-term customers, where the Group deems it commercially advantageous to do so.

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In such circumstances, there is a risk that customers may default on such credit granted to them. Credit default may arise due to the failure of the Group's internal credit exposure monitoring system or mechanism, improper judgment or incomplete information on the trading risks of such customers of the Group. Any credit losses, if significant, would diminish the Group's financial position and results of operations in respect of the New Business.

2.4.3 The New Business is vulnerable to any volatility and changes in the market price of marine petroleum products, and generally the market prices of oil

The prices of marine petroleum products (and generally oil and gas prices) can be extremely volatile and may be affected by numerous factors, including but not limited to the following:

- (a) worldwide economic activities;
- (b) difference in expected and actual changes in supply and demand for oil generally;
- (c) the costs of exploring for, producing and delivering oil and gas;
- (d) advances in exploration, development and production technology;
- (e) political conditions and other conflict or instability in oil and gas producing regions;
- (f) laws and regulations related to environmental matters, including those mandating or incentivising alternative energy sources or otherwise addressing global climate change;
- (g) changes in pricing or production controls by the Organization of the Petroleum Exporting Countries;
- (h) technological advances affecting energy consumption and supply;
- (i) energy conservation efforts;
- (j) price and availability of alternative fuels; and
- (k) weather.

The above are factors which are largely beyond the control of the Group. As a result, the timing, nature and degree of changes in industry conditions are unpredictable.

Increases in marine petroleum products prices, and generally the market prices of oil and gas, may result in our customers not being able to purchase as much marine petroleum products or other services from the Group, reducing demand for the Group's products and services offered under the New Business. Such increase in prices could also make it more difficult and expensive for them to operate, thereby adversely impacting our customers' businesses. This in turn could cause our customers to be unable to make payments owing to the Group (to the extent that we permit them to purchase on credit). In such circumstances, any credit losses, if significant, would diminish the Group's financial position and results of operations in respect of the New Business.

On the supply-side, increases in marine petroleum products prices, and generally the market prices of fuel, could affect any credit limits extended to the Group from its third-party providers and in turn affect the Group's ability to secure the relevant products and services to meet our customers' demands, or could require us to use so much cash for such purchases so as to impair our liquidity. Any increase in advances or deposit requirements imposed by such third-party providers may also require the Group to set aside cash that could have been utilised for other business purposes and affect the Group's working capital requirements, potentially affecting the Group's liquidity and profitability.

2.4.4 The Group is expected to be reliant on its major suppliers and key customers, and the inability to secure any long-term arrangements with such major suppliers and key customers may have an impact on the performance of the New Business

In respect of its Trading Business, the Target Company currently buys marine petroleum products from major oil and gas suppliers on an "as and when required" basis and resells them to customers. There is no certainty that the Target Company or the Group will be able to consistently secure long-term

arrangements with these major suppliers in the future, and even if such arrangements are entered into, there is no assurance that we will be able to maintain the long-term arrangements with these major suppliers.

In the event the Group is unable to maintain such long-term arrangements, or secure any source of supplies, with these major suppliers on favorable terms for such products or should they terminate the supply of any of their products to us, and we are not able to seek alternative sources in a timely manner and/or at reasonable prices, we may not be able to meet our customers' demand for such products. This may have an adverse effect on our business and financial performance.

In addition, the Trading Business of the Target Company is reliant on certain key customers, and there is no assurance that such key customers will continue to purchase marine petroleum products from the Target Company. Accordingly, the performance of the Target Company is dependent on its ability to retain these key customers. If these key customers cease or significantly reduce their purchase of marine petroleum products and the Target Company is unable to attract other customers to make up for such losses, the Group's business and financial performance will be adversely affected. While the Target Company has been working towards diversifying its customer base to include new customers and reduce its reliance on the existing key customers, there can be no assurance that the Target Company will succeed in diversifying its customer base and/or maintaining a diversified customer base.

2.4.5 Material disruptions in the availability or supply of marine petroleum products and fuel in general would adversely affect the Trading Business

The success of the Trading Business depends on the Group's ability to purchase, sell and coordinate delivery of marine petroleum products to our customers in accordance with contractual terms. To mitigate, to some extent, any difficulties in securing supplies of marine petroleum products, the Group may diversify its sources of supply and strengthen our relationships with existing suppliers.

However, any political instability, natural disasters, terrorist activity, military action or other environmental conditions which could disrupt the availability or supply of marine petroleum products on a wide scale, would still be expected to materially adversely affect the Group's ability to procure supplies of products to meet contractual obligations with its customers. Even if the Group may rely on a single or limited number of suppliers for the provision of marine petroleum products, such suppliers may have significant negotiation leverage over us, so should they be unable or unwilling to supply us on commercially reasonable terms, the Trading Business would be adversely affected.

Such supply shortages in marine petroleum products, and supplies of fuel generally, are also likely to drive prices of marine petroleum products and the Trading Business (and generally the New Business) is susceptible to such volatility and fluctuations in prices. Shareholders should refer to the risk factor "*The New Business is vulnerable to any volatility and changes in the market price of marine petroleum products, and generally the market prices of oil*" in Section 2.4.3 above for the Group's exposure and vulnerability to volatility and changes in the market price of marine petroleum products.

2.4.6 Adverse conditions in the marine transportation industries may have an adverse effect on the New Business

The New Business (comprising the Trading Business, Bunkering Business and General Port Service Business) is focused on the marketing and provision of fuel and fuel-related services to the marine transportation industries. Any adverse economic conditions in this industry may therefore have an adverse effect on the New Business. The marine industry may witness a slowdown in shipping as a result of the deterioration of the global economy. In addition, any political instability, natural disaster, terrorist activity or military action that may disrupt shipping will adversely affect our customers and may reduce the demand for our products and services. The Group's New Business could also be adversely affected by increased merger activity in the marine transportation industries, which may reduce the number of customers that purchase our products and services, as well as the prices we are able to charge for such products and services.

In addition, the marine transportation industries are subject to laws and regulations related to environmental matters, including those mandating or incentivising alternative energy sources or otherwise

addressing global climate change, which may reduce the demand for our products and services. Such laws may also be further enhanced in the future. The implementation of such laws may result in our customers reducing the amount of fuel they consume in their operations, or purchasing allowances or offsets to emit regulated pollutants, or paying taxes on emissions of regulated pollutants, whether to comply with new environmental regulations or to obtain incentives associated therewith. Such environmental laws and regulations could have a material impact on the businesses of our customers, and consequently affect our business, financial condition and results of operations. In addition, where our customers reduce their fuel consumption, there is no assurance that the volume of orders from our customers would increase again or that we would be able to replace lost volumes with new customers.

2.4.7 The Group's ability to undertake the Bunkering Business and the General Port Service Business is dependent on the relevant licences and approvals having been obtained

The Group's ability to undertake the Bunkering Business and the General Port Service Business will be subject to relevant licenses and approvals having been obtained from relevant authorities including the Maritime Port Authority of Singapore in connection with the activities contemplated in respect of such businesses. In addition, while the Group intends to eventually expand its business to include Bunkering Business and General Port Service Business following Completion, such business expansion will depend on, among others, the financial condition of the Group and market conditions.

Where the Group is unable to obtain the relevant licenses and approvals, or where the financial condition of the Group does not permit such business expansion plans to be executed, the Group's ability to service its customers in the Trading Business may be limited to procuring supplies of marine petroleum products which may not be sustainable in the long run if the Group is unable to keep prices competitive or offer other services to their customers. The Group may also face tough competition from other competitors that may be able to offer a comprehensive suite of services to customers. The foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

2.4.8 The Group may be exposed to the inherent risks in the global maritime businesses in the event that the Group extends the offering of its product and services under the New Business to other jurisdictions

At this juncture, the Group envisages that the New Business will be undertaken in Singapore (except where such services are to be provided to vessels bunkering outside port limits). Where the Group's New Business extends beyond the shores of Singapore, the Group will inevitably be exposed to risks inherent in the global oil and gas and maritime businesses. These risks include labor unrest, political uncertainty, piracy, war, seizure of property and equipment, frustration of contracts, economic or financial crisis, international sanctions, import and export regulations and imposition of taxes. The global maritime industry is highly cyclical and volatile in terms of charter rates and vessel market values, resulting from periodically recurring fluctuations in the global supply of and demand for vessel capacity. The occurrence of any of these risks may adversely affect the operation and financial performance of our Group.

2.4.9 Our insurance coverage may not cover all types of possible losses and may be insufficient to cover certain losses

The Group's operations, particularly in the Bunkering Business and General Port Service Business, are subject to hazards and risks inherent in transporting and storing marine petroleum products, such as fires, explosions, storage tank leaks, spills and other environmental risks and natural disasters. In addition, many of these hazards and risks may cause personal injury and loss of life, severe damage to or destruction of our properties and the properties of others, environmental pollution and may result in suspension of operations and the imposition of civil and/or criminal penalties. In particular, where services are rendered to ships anchoring "Outside Port Limits", the foregoing risks are heightened or enhanced (as compared to when ships anchor within designated anchorages "Inside Port Limits"), which may arise due to compromised maritime security arising from heightened risks of piracy and robbery, adverse weather conditions and collisions amongst vessels in crowded waters.

Where the Group maintains the relevant insurance required to engage in such operations, losses arising from such incidents may not be fully covered by insurance. Where such losses are covered by insurance, there can be no assurance that any insurance proceeds we receive would be sufficient to cover expenses relating to insured losses or liabilities. Moreover, depending on the severity of the damage, we may not

be able to rebuild any damaged property in a timely manner or at all. We are also subject to the risks of increased premiums or deductibles, reduced coverage, and additional or expanded exclusions in connection with insurance policies obtained by the Group (if any).

As such, to the extent that the Group suffers material losses from uninsurable or uninsured risks or insufficient insurance coverage, the Group's business, results of operations, financial condition and prospects may be materially and adversely affected.

2.4.10 The Target Company may be subject to fines and/or other penalties for past non-compliance with laws and regulations

The Target Company is subject to the relevant laws and regulations in Singapore. Based on the legal due diligence conducted on the Target Company, the Group notes that there have been certain non-compliances by the Target Company with the Companies Act which includes, among others, the failure to obtain consents to act from its past directors and secretaries and late statutory filings. While the Group understands that save for the applicable late filing penalties, no enforcement actions have been taken against the Target Company and/or its officers as at the Latest Practicable Date, there is no assurance that they will not be liable for such past non-compliances with the Companies Act. Notwithstanding the foregoing, the potential composition fines and penalties which may be imposed by the relevant authorities are not expected to have a material adverse impact on the Target Company's business operations, financial performance or position. In addition, the Vendor has provided specific indemnities in the SPA, which include indemnifying the Target Company and the Company against any losses which the Target Company and the Company may incur, or be liable for, in connection with or arising from any breach by the Target Company of any applicable laws arising from any act or omission to act, matter or circumstance prior to Completion.

2.5 Risk Factors relating to Entry into New Business Segments

2.5.1 The Group has a limited prior track record and operating history in the New Business

Except for the Group's provision of chemical cleaning services, which include chemical cleaning of boilers, coolers and pipelines and tank cleaning (such service forming a portion of the Group's current overall business), the Group has a limited track record in carrying out the New Business in recent times. As such, there is no assurance that the New Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital as well as operating costs arising from the New Business. The New Business may require substantial capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses. The New Business also involves business risks, including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the New Business effectively, the overall financial position and profitability of the Group may be adversely affected.

The Group will also be exposed to the risks associated with a different competitive landscape and a different operating environment. In particular, the Group will be affected by factors affecting the trends and developments affecting the oil and gas and marine transportation industries in general. These industries are in turn affected by general economic conditions, market sentiment and consumer confidence.

The Group's future plans with regard to the New Business may not be profitable, may not achieve the targeted sales levels and profitability that justify the investments made and may take a long period of time before the Group could realise any return. The activities of the New Business may entail financial and operational risks, including diversion of the management's attention in recruiting suitable personnel.

2.5.2 The Group may face intense competition from existing competitors and new market entrants in the New Business and may not be able to maintain its competitiveness

The Group may face competition from a large and diverse group of distributors and/or suppliers in the markets where it has or may potentially have a presence. The Group's competitors may be well-established in the markets in which the Group operates/ will operate and may have substantially greater

financial, marketing and other resources than the Group. In the event that the Group is unable to maintain its competitiveness, the financial performance of the Group may be negatively affected.

2.5.3 The Group may not have the ability or sufficient expertise to execute further expansion of the New Business

The Group's ability to successfully expand and diversify into the New Business is dependent upon its ability to adapt its existing knowledge and expertise and leverage on such knowledge and expertise to navigate the New Business.

While the Target Company will, on Completion, enter into the Service Agreement with Mr Nicholas Mo, the current sole director of the Target Company, for an initial term of 2 years from the date of Completion, there is no assurance that the Group's existing experience and expertise (and the expected services to be provided by Mr Nicholas Mo following Completion) will be sufficient for the New Business now and in the future as it incrementally expands, or that the Group will be able to hire employees with the relevant experience and knowledge. In addition, there is no certainty that the Group will be able to continue to retain the services of such key and skilled personnel or that it will be able to attract and retain skilled personnel in the future. If the Group is not able to retain or attract or train key or skilled personnel, the Group may not be able to successfully implement and/or expand the New Business and this may, in turn, adversely affect the Group's business, financial performance, financial condition, results of operations and prospects.

While the Group has planned its expansion and diversification into the New Business based on the Group's understanding of the current market outlook and general economic situation, there is no assurance that such plans will be commercially successful or that the actual outcome of the expansion into the New Business will match the Group's expectations.

2.6 Internal Controls and Risk Management of the New Business

The Group recognises the importance of internal controls and risk management for the smooth running of the New Business. Following Completion, the external and internal risks presented by the New Business to the Group are expected to be managed under the existing system of internal controls and risk management of the Group, which will determine the nature and extent of risks that the Board may take in achieving the strategic objectives of the Group post-Completion. Where necessary to better manage the Group's external and internal risks resulting from the Proposed Expansion and Diversification (including the Proposed Acquisition), the Group will work towards implementing a set of operations and compliance procedures. Where necessary, the ARMC and the Board will endeavour to:

- (a) review with the management and external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the New Business; and
- (b) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Group's operating results and/or financial position.

Notwithstanding the above, due to human error or judgment, there is no assurance that these frameworks and systems are strictly complied with at all times. In addition, the Group relies on the self-assessment, review and reporting processes of the respective subsidiaries to ensure that the transactions are carried out in compliance with the accounting standards and Group accounting policies and that the internal controls are adequate. The Group also has an outsourced internal audit function. Accordingly, there may be inherent limitations in the system which may not prevent or detect all misstatements or instances of fraud in a timely manner, and any changes in conditions or operations of the New Business may cause the system's effectiveness to vary from time to time.

2.7 Conflict of Interests

When the Company identifies a potential opportunity in respect of any of the New Business, each of the Directors and key management personnel will be obliged to disclose to the Board where he and/or his associates have an interest (and the full extent thereof) in the transaction and shall not vote in respect of matters in relation to the New Business.

On Completion, the Vendor will provide certain non-compete undertakings in favor of the Company to not engage in any of the New Business other than through the Group for as long as the Vendor holds shares in the Target Company and for a period of 2 years from the sale of all its shares in the Target Company. Such undertakings will be provided in the Shareholders' Agreement. The entry into the Shareholders' Agreement is a condition precedent to Completion. Further details on the Shareholders' Agreement (the entry of which will also constitute an interested person transaction) are set out in Section 4.3 of this Circular.

In addition to the foregoing undertakings from the Vendor, Mr Nicholas Mo, the current sole director of the Target Company, and a key personnel of the New Business, will also provide certain non-compete undertakings in the Service Agreement. Further details on the Service Agreement are set out in Section 3.9 of this Circular.

While the Target Company will become a subsidiary of the Company following Completion, it will also constitute an interested person by virtue of Rule 904(4)(b) of the Catalist Rules. Accordingly, any transaction entered into by any other company within the Group with the Target Company after Completion will constitute an interested person transaction for the purposes of Chapter 9 of the Catalist Rules. In this regard, the Group is expected to establish procedures to ensure that transactions, if any, with the Target Company (as an interested person) are undertaken on normal commercial terms and will not be prejudicial to the interests of the enlarged Group and minority Shareholders.

Subject to business and operational requirements of the New Business, where it is envisaged that recurrent transactions of a revenue or trading nature or those necessary for day-to-day operations will be entered into with the Target Company (as an interested person), the Company may as and when required, seek a general mandate from Shareholders in respect thereof.

3. THE PROPOSED ACQUISITION

3.1 Introduction

On 4 October 2022, the Company announced that it had entered into the SPA with the Vendor for the Proposed Acquisition. Pursuant to the terms and subject to the conditions of the SPA, the Company shall purchase from the Vendor and the Vendor shall sell to the Company the Sale Shares.

Upon Completion, the Company will hold 60% of the entire issued and paid-up share capital of the Target Company, and the Target Company will become a direct subsidiary of the Company.

3.2 Information on the Vendor

3.2.1 The Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of the Target Company. The Vendor is a company incorporated under the laws of the Republic of Singapore in the business of, among others, port, shipping and maritime-related consultancy services. As at the Latest Practicable Date, the persons stated below are the legal and beneficial owners of the entire issued and paid-up share capital of the Vendor, and their respective shareholdings in the Vendor are set out below:

Name	Proportion of shareholding in the Vendor (%)
Mr Nicholas Mo	30.0
Mr Jeffrey Soon	70.0

3.2.2 Mr Nicholas Mo is the founder of the Target Company and has more than 16 years of experience in the marine industry.

3.2.3 Mr Jeffrey Soon is the Executive Director and Chief Executive Officer of the Company. Mr Johnny Soon, the Executive Chairman of the Company, is the father of Mr Jeffrey Soon. Mr Johnny Soon is also a

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Controlling Shareholder of the Company, holding both direct and deemed interests in the Shares of the Company (such deemed interests being in the Shares held by his spouse).

3.2.4 As Mr Jeffrey Soon (being an immediate family of Mr Johnny Soon) has an interest of more than 30% in the Vendor, the Vendor constitutes an associate of:

(a) Mr Jeffrey Soon, being a Director of the Company; and

(b) Mr Johnny Soon, being a Director and Controlling Shareholder of the Company,

and is thus an interested person of the Company under Rule 904(4)(b) of the Catalist Rules.

3.2.5 Save as disclosed above, the Vendor does not have any connection (including business relationship or dealings) with the Company, its Directors and (as far as the Company is aware) its substantial Shareholders. As at the Latest Practicable Date, the Vendor does not have any interest, direct or indirect, in the Shares of the Company.

3.3 Information on the Target Company

3.3.1 The Target Company is a private company limited by shares incorporated in Singapore on 25 March 2017. The Target Company has an existing issued and paid-up capital of S\$500,000 represented by 500,000 ordinary shares, which are entirely held by the Vendor. As at the Latest Practicable Date, the Target Company has one director, being Mr Nicholas Mo who is also a shareholder of the Vendor.

3.3.2 The Target Company is an independent trader of marine petroleum products with operations within the SEA region. As at the Latest Practicable Date, the Target Company does not have any subsidiaries or associated companies.

3.3.3 The Target Company is in partnership with various licensed bunker suppliers in Singapore to provide marine petroleum products services within the inner port limits and outer port limits. Further details on the trading business of the Target Company, as well as potential new businesses that may be undertaken by the Target Company post-Completion, are set out in Section 2.2 of this Circular.

3.4 Information on Sale Shares

3.4.1 Number of Sale Shares

The Sale Shares comprise 300,000 ordinary shares in the Target Company and represent 60% of the entire issued and paid-up share capital of the Target Company. The Sale Shares are entirely held by the Vendor.

3.4.2 Net Profit

Based on the audited financial statements of the Target Company for the financial year ended 31 December 2021, the Target Company has a net profit before tax of approximately S\$509,465 and the net profit before tax attributable to the Sale Shares was approximately S\$305,679.

3.4.3 Asset Value

Based on the audited financial statements of the Target Company for the financial year ended 31 December 2021, the book value and net tangible asset value of the Target Company are approximately S\$942,347 and S\$942,347, respectively. Based on the foregoing, the book value and net tangible asset value attributable to the Sale Shares for that financial year were approximately S\$565,408 and S\$565,408, respectively.

3.4.4 Valuation

There is no open market value for the Sale Shares as they are not publicly traded. The Company has, however, commissioned the Valuer to assess and determine the value of the Sale Shares. Based on the Valuation Report, the range of implied equity values for 100% of the Target Company as at 30 September 2022 is between S\$6,600,000 and S\$7,700,000, with a base value of S\$6,900,000. The Valuer has adopted the discounted cash flow as the primary valuation methodology and the comparable companies analysis as a reference cross-check in deriving the aforesaid valuation. A copy of the Valuation Report is set out in **Appendix A (Valuation Report)** to this Circular.

3.5 Principal terms of the Proposed Acquisition

3.5.1 Proposed Acquisition

Subject to the terms and conditions of the SPA, the Company shall purchase from the Vendor and the Vendor agrees to sell to the Company the Sale Shares, which represent 60% of the Target Company's entire issued share capital.

3.5.2 Consideration

The consideration for the Proposed Acquisition (the "**Consideration**") is S\$2,700,000.

3.5.3 Consideration to be satisfied in Shares

The Consideration shall be satisfied entirely by way of issuance and allotment of such number of new Shares in the issued share capital of the Company in favour of the Vendor. Shares to be issued in satisfaction of the Consideration (being the sum of S\$2,700,000) (each a "**Consideration Share**") will be issued as soon as practicable following Completion.

All Consideration Shares to be issued and allotted as satisfaction for the Consideration will, when issued, be credited as fully paid and rank *pari passu* with the then existing Shares of the Company, save for any dividends, rights, allotments or other distribution (if any) the record date of which falls on or before the date of issue of such Consideration Shares.

3.5.4 Issue Price

The issue price of each Consideration Share is S\$0.033 (the "**Issue Price**"). The Issue Price of S\$0.033 represents a premium of approximately 8.6% to the VWAP of S\$0.03 per Share for trades done on the SGX-ST for the 120-day period prior to and including the date of the SPA.

A 120-day VWAP value is being used as a reference as there has been few trades in the Shares. In particular, there have been two transactions where the Shares were traded at an unusually high price, as compared with the previous trades carried out in the Shares. As such, the Company believes that using a 120-day VWAP as a reference would be more reflective for Shareholders' information.

3.5.5 Number of Consideration Shares

Based on the Issue Price of S\$0.033 per Consideration Share and the Consideration amount of S\$2,700,000, an aggregate of 81,818,181 Consideration Shares will be issued as satisfaction of the Consideration.

3.5.6 Basis for Consideration

The Consideration was arrived at after arm's length negotiations between the Company and the Vendor and on a "willing-buyer willing-seller" basis after taking into consideration the following factors:

- (a) the book value of the Target Company as at 31 December 2021 of approximately S\$942,347;
- (b) the net profit after tax of the Target Company for the financial year ended 31 December 2021 of approximately S\$440,381;
- (c) the rationale for and benefits to the Group arising from undertaking the Proposed Acquisition as set out in Section 7.1 below; and
- (d) the valuation conducted by the Valuer on the Sale Shares as set out in Section 3.4.4 above.

3.5.7 Conditions Precedent

Completion is conditional upon, among others, the following conditions having been fulfilled (each a "**Condition Precedent**"):

- (a) the Company having received the relevant approvals from Shareholders at the EGM to be convened in respect of the following:
 - (i) such approval(s) pursuant to Chapter 9 of the Catalist Rules;

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- (ii) specific Shareholders' approval for the issuance and allotment of the Consideration Shares to the Vendor pursuant to Chapter 8 of the Catalist Rules;
- (iii) the approval of the Whitewash Resolution from Independent Shareholders; and
- (iv) such other approval(s) required under the Catalist Rules and any other applicable laws in connection with the Proposed Acquisition and such other transactions contemplated in the SPA as may be necessary, and where any such approval is subject to any conditions, such condition(s) being complied with;

and such approvals having been obtained (each on terms and conditions acceptable to the Parties, each acting reasonably), remaining in full force and effect and not being revoked or amended;

- (b) the Company's receipt from the SGX-ST of the LQN for the listing and quotation of the Consideration Shares, such LQN remaining in full force and effect and not having been revoked or amended, and where such LQN is subject to any condition(s), such condition(s) being acceptable to the Parties (acting reasonably);
- (c) the Vendor (and any other persons acting in concert with the Vendor under the Code (the "**Concert Parties**")) having obtained a waiver from the SIC in respect of the obligation by the Vendor and their Concert Parties to make a mandatory general offer under Rule 14 of the Code for all the Company's Shares in issue not already owned, controlled or agreed to be acquired by the Vendor and their Concert Parties as a result of the allotment and issuance of the Consideration Shares to the Vendor, such waiver having been obtained on terms and conditions acceptable to the Company and the Vendor, each acting reasonably, and not being revoked or amended. In this regard, further details on the Vendor's Concert Parties are set out in Section 6.2 of this Circular;
- (d) all third party approvals, consents and notices as may be required for or in connection with the Proposed Acquisition and the transactions contemplated in the SPA have been obtained from all relevant parties and governmental bodies and are not withdrawn/revoked, and where any such approval and consent are obtained subject to any condition(s), such condition(s) being acceptable to the Company and, if such condition(s) is/are required to be fulfilled before Completion, such conditions being fulfilled before Completion;
- (e) each of the representations and warranties of the Company and the Vendor made pursuant to the SPA remaining true, complete, accurate and not misleading at all times from the date of the SPA;
- (f) the Proposed Acquisition and any transaction contemplated under the SPA not being prohibited by any applicable laws promulgated or issued after the date of the SPA, which is applicable to any Party;
- (g) the Company being satisfied in its discretion that there has been no material adverse change in, and there are no events, change, acts or omissions that has happened or is likely to happen which would have or could reasonably be expected to have, a material adverse effect on, the Target Company's business, assets, prospects, performance, financial position, results of operations and/or conditions (financial or otherwise), or the ability of the Vendor to perform the Vendor's obligations under the SPA and any other agreement entered into pursuant to or in connection with the SPA which the Vendor is a Party to;
- (h) the Company and its advisers having completed business and operational, financial and legal due diligence on the Target Company and the results of such due diligence investigations being satisfactory to the Company and its advisers in their sole and absolute discretion;
- (i) the Vendor having rectified, or having procured that the Target Company rectifies, to the Company's satisfaction, all issues, irregularities and any other matter uncovered by the Company and its advisers during the business and operational, financial and legal due diligence on the Target Company;

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- (j) the Company having received confirmations from the relevant parties in respect of the form of (i) the Service Agreement to be entered into by the Target Company with Mr Nicholas Mo, the current sole director of the Target Company, and (ii) the Shareholders' Agreement to be entered into by, among others, the Company and the Vendor in respect of their shareholdings in the Target Company, each of such agreement to be effective upon Completion. Further details on these agreements are set out in Section 3.9 below;
- (k) full repayment of all amounts due from the Vendor and Mr Nicholas Mo to the Target Company; and
- (l) consent from the principal bank for the change of shareholding in the Target Company.

3.6 Completion of the Proposed Acquisition

Completion shall take place on the date falling within 14 days after the fulfilment or waiver of the last Condition Precedent as detailed in Section 3.5.7, or such other date as the Parties may mutually agree in writing.

3.7 Long Stop Date

The Parties have agreed that the long stop date for the completion of the Proposed Acquisition shall be 12 months from the date of the SPA or such other date as the Parties may mutually agree in writing.

3.8 Source of Funds

The Consideration for the Proposed Acquisition shall be funded entirely by the allotment and issuance of the Consideration Shares.

3.9 Service Agreement and Shareholders' Agreement

The current sole director of the Target Company, Mr Nicholas Mo and the Target Company shall on Completion enter into a service agreement in respect of his appointment as a director of the Target Company and the services to be provided by him to the Target Company in respect thereof (the "**Service Agreement**"). The Service Agreement will provide for, among others, (a) Mr Nicholas Mo's obligations and duties in respect of his appointment, (b) the term of his appointment which shall be for 2 years from the date of Completion, and (c) non-compete undertakings of Mr Nicholas Mo.

In addition, the Company, the Vendor and the Target Company shall on Completion enter into a Shareholders' Agreement to govern their respective rights and obligations relating to the Target Company.

4. THE PROPOSED ACQUISITION AND PROPOSED JOINT VENTURE AS INTERESTED PERSON TRANSACTIONS

4.1 Chapter 9 of the Catalist Rules

Chapter 9 of the Catalist Rules governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be entities at risk, with the listed company's interested persons. Under Chapter 9 of the Catalist Rules, where a listed company or any of its subsidiaries or any of its associated companies which is an entity at risk proposes to enter into transactions with the listed company's interested persons, the listed company is required to seek shareholders' approval if the value of the transaction (either in itself or aggregated with the value of other transactions with the same interested person) is equal to or exceeds 5% of the group's latest audited NTA. For the avoidance of doubt, the requirement for shareholders' approval does not apply to any transaction below S\$100,000.

For the purposes of Chapter 9 of the Catalist Rules:

- (a) "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules.

- (b) **“entity at risk”** means:
 - (i) the issuer;
 - (ii) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.
- (c) **“interested person”** means:
 - (i) a director, chief executive officer, or controlling shareholder of the issuer; or
 - (ii) an associate of any such director, chief executive officer, or controlling shareholder.
- (d) **“interested person transaction”** means a transaction between an entity at risk and an interested person.
- (e) a **“transaction”** includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of goods or services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

4.2 The Proposed Acquisition as an Interested Person Transaction

Mr Jeffrey Soon is the Executive Director and Chief Executive Officer of the Company. Mr Johnny Soon, the Executive Chairman of the Company, is the father of Mr Jeffrey Soon. Mr Johnny Soon is also a Controlling Shareholder, holding both direct and deemed interests in an aggregate of 27,089,677 Shares, representing 22.0% of the issued share capital of the Company as at the Latest Practicable Date. Such deemed interests arise from the Shares held by his spouse.

As Mr Jeffrey Soon (being an immediate family of Mr Johnny Soon) has an interest of 70% in the Vendor, the Vendor constitutes an associate of:

- (a) Mr Jeffrey Soon, being a Director of the Company; and
- (b) Mr Johnny Soon, being a Director and Controlling Shareholder of the Company,

and is thus an interested person of the Company within the meaning of Chapter 9 of the Catalist Rules vis-à-vis the Company, which is regarded as an “entity at risk” pursuant to Chapter 9 of the Catalist Rules.

Accordingly, the Proposed Acquisition constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

4.3 The Proposed Joint Venture as an Interested Person Transaction

4.3.1 Joint Venture in respect of the Target Company

On Completion, the Company and the Vendor will respectively hold 60% and 40% of the entire issued share capital of the Target Company. On Completion, the Company will also enter into the Shareholders’ Agreement with the Vendor to, among others, regulate and govern their relationship as shareholders of the Target Company (which will become a subsidiary of the Company) post-Completion.

As detailed in Section 4.2 above, the Vendor is an associate of the Directors, Mr Jeffrey Soon and Mr Johnny Soon, and is thus an interested person of the Company within the meaning of Chapter 9 of the Catalist Rules vis-à-vis the Company, which is regarded as an “entity at risk” pursuant to Chapter 9 of the Catalist Rules. As the Shareholders’ Agreement is entered into by the Company with the Vendor, the entry into the Shareholders’ Agreement on Completion (and the joint venture between the Company and the Vendor arising thereunder in respect of the Target Company) will constitute an interested person transaction under Chapter 9 of the Catalist Rules.

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Following issuance of the Consideration Shares to the Vendor, the Vendor will also become a Controlling Shareholder.

4.3.2 Shareholders' Approval

Pursuant to Rule 916(2) of the Catalist Rules, approval of Shareholders is not required for an investment in a joint venture with an interested person if:

- (a) the risks and rewards are in proportion to the equity of each joint venture partner;
- (b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
- (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

As the Vendor has an existing equity interest in the entire share capital of the Target Company prior to Completion, the exception in Rule 916(2) does not apply to the Proposed Joint Venture. Accordingly, the Company is seeking the approval of the Shareholders for the Proposed Joint Venture at the EGM.

4.3.3 Key Terms of the Shareholders' Agreement

The Shareholders' Agreement sets out, among others, the rights and obligations of the Company and the Vendor as shareholders in the Target Company post Completion. The key terms of the Shareholders' Agreement are set out below.

Constitution of the Board	The board of directors of the Target Company shall consist of a maximum of 3 directors. The Company shall have the right to appoint 2 directors and the Vendor shall have the right to appoint 1 director. The chairperson of the board of directors of the Target Company shall be a director appointed by the Company.
Reserved Matters	The express written consent of both the Company and the Vendor shall be obtained prior to the passing of any resolutions to approve the following matters at any general meeting of the Target Company or any meeting of the board of directors of the Target Company (as the case may be): <ul style="list-style-type: none"> • Any dissolution, liquidation, or winding-up of the Target Company; • Any amalgamation or reconstruction of the Target Company, or any merger of the Company with any corporation, firm or other body; and • Any amendment to the constitution of the Target Company.
Funding obligations	Any additional funding to be obtained by the Target Company shall be financed in the following order of preference: (a) firstly, by way of external borrowings, including loans from banks and/or other financial institutions, (b) secondly, by way of shareholder loans to be provided by the Company and the Vendor pursuant to mutual discussion between the parties, and (c) lastly, by way of the issuance of new shares in the Target Company, subject to the relevant pre-emptive provisions set out below.
Pre-emptive provisions	Any issuance of new shares in the Target Company shall, before issue, be offered for subscription in the first instance to each of the Company and the Vendor (as shareholders of the Target Company) <i>pro rata</i> to their respective shareholding proportion in the Target Company.

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Share transfers	The Vendor may not transfer any of its shares in the Target Company without the prior written consent of the Company (being the other shareholder).
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4.4 NTA of the Group

Based on the Group's latest audited consolidated financial statements for FY2021, as at 31 December 2021, the latest audited consolidated NTA of the Group was approximately S\$11,218,615 and 5% of the latest audited consolidated NTA of the Group was approximately S\$560,931.

4.5 Value of interested person transactions

The value at risk for each of the Proposed Acquisition and Proposed Joint Venture is S\$2,700,000, being the Consideration for the Proposed Acquisition. The Consideration represents approximately 24.1% of the latest audited consolidated NTA of the Group. Accordingly, as the value of the Consideration represents more than 5% of the latest audited consolidated NTA of the Group, approval of the Shareholders will be required for each of the Proposed Acquisition and the Proposed Joint Venture, in accordance with Chapter 9 of the Catalist Rules.

Pursuant to Rule 919 of the Catalist Rules, the Vendor and any associates of the Vendor must not vote on the resolutions in respect of the Proposed Acquisition and Proposed Joint Venture as interested person transactions nor accept appointments as proxies unless specific instructions as to voting are given.

4.6 Total Value of Interested Person Transactions

The SPA for the Proposed Acquisition was entered into during the immediately preceding financial year ended 31 December 2022. As detailed in [Section 4.3](#) above, the Shareholders' Agreement (and accordingly the Proposed Joint Venture) will, subject to Shareholders' approval being obtained at this EGM and all other Condition Precedents detailed in [Section 3.5.7](#) being fulfilled or waived (as the case may be), be entered into on Completion.

For the immediately preceding financial year ended 31 December 2022, save for the Proposed Acquisition, there are no interested person transactions over \$100,000 entered into by the Group with the Vendor (as an interested person).

The aggregate value of all interested person transactions entered into by the Group for the immediately preceding financial year ended 31 December 2022 (excluding transactions which are less than S\$100,000 and the Proposed Acquisition) is zero.

On the basis that Completion takes place in the current financial year ending 31 December 2023, since the current financial year beginning 1 January 2023, (a) save for the Proposed Joint Venture, there are no interested person transactions over \$100,000 entered into by the Group with the Vendor (as an interested person), and (b) the aggregate value of all interested person transactions entered into by the Group for the current financial year beginning 1 January 2023 (excluding transactions which are less than S\$100,000 and the Proposed Joint Venture) is zero.

4.7 Appointment of Independent Financial Adviser

Rule 921(4)(a) of the Catalist Rules requires that the Company appoints an independent financial adviser to advise the Recommending Directors as to whether the Proposed Acquisition and the Proposed Joint Venture:

- (a) are on normal commercial terms; and
- (b) are prejudicial to the interests of the Company and its minority Shareholders.

W Capital Markets Pte. Ltd. has been appointed as the Company's independent financial adviser to opine on whether the Proposed Acquisition and the Proposed Joint Venture are on normal commercial terms and are prejudicial to the interests of the Company and its minority Shareholders.

A copy of the IFA letter dated 5 January 2023 (the "IFA Letter"), containing the IFA's opinion in full, is set out in **Appendix B** to this Circular. Shareholders are advised to read the IFA Letter carefully and in its

entirety. The advice of the IFA to the Recommending Directors has been extracted from the IFA Letter and is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

4.8 Opinion of the IFA

The following is an extract from paragraph 8 of the IFA Letter to the Recommending Directors and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

“In arriving at our opinion in relation to the Proposed Transactions, we have considered and evaluated factors which we deem to have significant relevance to our assessment, particularly the key factors which are described in more details in Paragraph 7 of this IFA Letter (which should be read in conjunction with, and in the full context of, the Circular and this IFA Letter), including, inter alia, the following:

- (i) The rationale for the Proposed Acquisition, details of which are set out in Paragraph 7.1 of this IFA Letter;*
- (ii) The historical financial performance and financial condition of the Target Company, details of which are set out in Paragraph 7.2 of this IFA Letter;*
- (iii) Assessment on the Consideration, details of which are set out in Paragraph 7.3 of this IFA Letter;*
- (iv) Assessment on the Issue Price for the Consideration Shares, details of which are set out in Paragraph 7.4 of this IFA Letter; and*
- (v) Other relevant considerations in relation to the Proposed Transactions, details of which are set out in Paragraph 7.5 of this IFA Letter.*

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the opinion that:

- (i) the Proposed Acquisition, being an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders;*
- (ii) on balance, the terms of the Proposed Acquisition are fair and reasonable, and the Whitewash Resolution, when considered in the context of the Proposed Acquisition, is not prejudicial to the interests of the Independent Shareholders; and*
- (iii) the Proposed Joint Venture, being an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.*

Accordingly, we advise the Recommending Directors to recommend to the Independent Shareholders to vote in favour of the Whitewash Resolution.”

Shareholders are advised to read and consider the IFA Letter for the Proposed Acquisition and Proposed Joint Venture as interested person transactions in its entirety as reproduced in Appendix B of this Circular and consider carefully the recommendations of the Recommending Directors for the Proposed Acquisition and Proposed Joint Venture set out in Section 13.2 of this Circular.

4.9 Statement of the ARMC

The ARMC has considered the terms of the Proposed Acquisition and the Proposed Joint Venture and the opinion of the IFA set out in the IFA Letter and are of the view that the terms of the Proposed Acquisition and Proposed Joint Venture as interested person transactions are (a) on normal commercial terms and (b) not prejudicial to the interests of the Company and its Independent Shareholders.

5. THE PROPOSED CONSIDERATION SHARES ISSUE

5.1 Consideration Shares

As satisfaction for the Consideration for the Proposed Acquisition, 81,818,181 Consideration Shares will be issued to the Vendor, representing approximately 66.54% of the existing share capital of the Company comprising 122,959,345 Shares as at the Latest Practicable Date. After Completion, the Consideration Shares will represent approximately 39.95% of the enlarged share capital of the Company comprising 204,777,526 Shares.

5.2 Specific Shareholders' Approval

Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules provide, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer at a general meeting as provided in Rule 806.

The Company will not be relying on the general mandate previously obtained from Shareholders at the latest annual general meeting of the Company held on 29 April 2022 for the allotment and issuance of the Consideration Shares. The allotment and issuance of the Consideration Shares will be made pursuant to a specific mandate. As such, the Company will be seeking Independent Shareholders' approval at the EGM for the allotment and issuance of the Consideration Shares in accordance with Rules 803 and 805(1) of the Catalist Rules.

5.3 Additional Listing Application

The Company will submit an application to the SGX-ST via its Sponsor for the listing and quotation of the 81,818,181 Consideration Shares on the Catalist board of the SGX-ST. The Company will make the relevant announcement(s) to notify Shareholders when the LQN from the SGX-ST is obtained in respect of the abovementioned Consideration Shares.

The listing approval (if granted) from the SGX-ST is not to be taken as an indication of the merits of the Consideration Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

5.4 Transfer of Controlling Interest

Pursuant to Rule 803 of the Catalist Rules, an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in a general meeting. Under the Catalist Rules, a Controlling Shareholder is a person who (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting Shares in the Company, or (b) in fact exercises control over the Company.

Based on the Issue Price, the number of Consideration Shares to be issued to the Vendor on Completion is 81,818,181 Shares in the Company, representing approximately 66.54% of the existing issued and paid-up share capital of the Company of 122,959,345 Shares and will represent 39.95% of the enlarged issued and paid-up share capital of the Company of 204,777,526 Shares following Completion. Assuming Completion takes place and that the Company does not issue any other new Shares from the Latest Practicable Date up to Completion, the issuance of the Consideration Shares will result in the Vendor holding such number of Shares representing more than 15% of the issued and paid-up share capital of the Company on an enlarged basis.

Please refer to the table in [Section 6.3](#) for further details on the dilutive effect of the Proposed Consideration Share Issue on the shareholding structure of the Company. Accordingly, the Company will be seeking approval from Independent Shareholders for the issuance of the Consideration Shares at the EGM to be convened pursuant to Rule 803 of the Catalist Rules.

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6. THE WHITEWASH RESOLUTION

6.1 General Offer Requirement under Rule 14 of the Code

Under Rule 14 of the Code, except with the SIC's consent, 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 in 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 months additional shares carrying more than 1.0% of the voting rights,

such person must extend a general offer for all the remaining shares in the company which he does not already own or control, 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. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

6.2 Interests of the Concert Party Group

- 6.2.1 The shareholders of the Vendor are Mr Nicholas Mo and Mr Jeffrey Soon, holding 30% and 70% of the entire issued share capital of the Vendor, respectively. Mr Nicholas Mo is also the sole director of the Target Company. As a result, the following persons are presumed to be parties acting in concert with the Vendor (each group collectively being a "**Concert Party Group**").

Group 1 (the " Megane Marine Controllers Concert Party Group ")	The Vendor, Mr Jeffrey Soon and Mr Nicholas Mo	
Group 2 (the " Soon Family Concert Party Group ")	The Vendor, Mr Jeffrey Soon and the following persons being close relatives (as defined under the Code) of Mr Jeffrey Soon	
	Name	Relation to Mr Jeffrey Soon
	Mr Johnny Soon	Father
	Jasmine Ow Ah Foong	Mother
	Soon Janice	Sister
	Soon Jenson	Brother
	Soon Jeremy	Brother
	Soon Ji Ling Jacqueline	Sister

The Vendor and the Target Company (being a subsidiary of the Vendor prior to Completion) will also be presumed to be parties acting in concert with each other by virtue of the definitions under the Code. As at the Latest Practicable Date, the Target Company does not hold any Shares in the Company. On Completion, the Target Company will become a subsidiary of the Company and will not hold any Shares in the Company.

- 6.2.2 The interests of each Concert Party Group in the Company as at the Latest Practicable Date and on Completion are as follows:

	As at Latest Practicable Date		After Completion	
	No. of Shares ⁽¹⁾	% ^{(2) (4)}	No. of Shares ⁽¹⁾	% ^{(3) (4)}
Megane Marine Controllers Concert Party Group				
Vendor	-	-	81,818,181	39.95
Mr Jeffrey Soon ⁽⁵⁾	1,400,000	1.14	1,400,000	0.68

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	As at Latest Practicable Date		After Completion	
	No. of Shares ⁽¹⁾	% ^{(2) (4)}	No. of Shares ⁽¹⁾	% ^{(3) (4)}
Mr Nicholas Mo	-	-	-	-
Total (Megane Marine Controllers Concert Party Group)	1,400,000	1.14	83,218,181	40.64
Soon Family Concert Party Group				
Vendor	-	-	81,818,181	39.95
Mr Jeffrey Soon ⁽⁵⁾	1,400,000	1.14	1,400,000	0.68
Mr Johnny Soon ⁽⁶⁾	22,273,599	18.11	22,273,599	10.88
Jasmine Ow Ah Foong	4,816,078	3.92	4,816,078	2.35
Soon Janice	1,000,000	0.81	1,000,000	0.49
Soon Jenson	1,000,000	0.81	1,000,000	0.49
Soon Jeremy	1,000,000	0.81	1,000,000	0.49
Soon Ji Ling Jacqueline	1,000,000	0.81	1,000,000	0.49
Total (Soon Family Concert Party Group)	32,489,677	26.42	114,307,858	55.82

Notes:

- (1) Save in respect of the interests held by Mr Johnny Soon which is detailed in note (6) below, interests in Shares include Shares which are directly held by such person, and Shares in respect of which such person is treated as having an interest in, in accordance with Section 4 of the SFA.
- (2) Based on the issued share capital of the Company comprising 122,959,345 Shares as at the Latest Practicable Date. The Company does not have any treasury shares.
- (3) Based on the enlarged share capital of the Company comprising 204,777,526 Shares after the issuance and allotment of 81,818,181 Consideration Shares pursuant to Completion, and assuming no other Shares are issued for the period from the Latest Practicable Date until Completion.
- (4) Any discrepancies in the table above between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in the table above may not be an arithmetic aggregation of the figures that precede them.
- (5) Mr Jeffrey Soon also holds 3,000,000 share options in the Company, which were granted pursuant to the Company's employee share option scheme.
- (6) The 22,273,599 Shares which Mr Johnny Soon is interested in comprise Shares in which he holds a direct interest. By virtue of Section 4 of the SFA, Mr Johnny Soon is also treated as having a deemed interest in the 4,816,078 Shares which are held by his spouse, Madam Jasmine Ow Ah Foong.

6.3 Potential Dilution Effect

- 6.3.1 The Consideration Shares represent approximately 66.54% of the Company's issued share capital (excluding treasury shares) as at the Latest Practicable Date and will represent, following Completion and issuance of such Consideration Shares, 39.95% of the enlarged issued share capital of the Company (excluding treasury shares). The dilution effect to the shareholdings of existing Shareholders after the issue of the Consideration Shares is set out below:

	As at Latest Practicable Date		After Completion	
	No. of Shares ⁽¹⁾	% ⁽²⁾	No. of Shares ⁽¹⁾	% ⁽³⁾
Megane Marine Controllers Concert Party Group ⁽⁴⁾	1,400,000	1.14	83,218,181	40.64
Soon Family Concert Party Group ⁽⁵⁾	32,489,677	26.42	114,307,858	55.82

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	As at Latest Practicable Date		After Completion	
	No. of Shares ⁽¹⁾	% ⁽²⁾	No. of Shares ⁽¹⁾	% ⁽³⁾
Independent Shareholders ⁽⁶⁾	90,469,668	73.58	90,469,668	44.18

Notes:

- (1) Interests in Shares include Shares which are directly held by such person, and Shares in respect of which such person is treated as having an interest in, in accordance with Section 4 of the SFA.
- (2) Based on the issued share capital of the Company comprising 122,959,345 Shares as at the Latest Practicable Date. The Company does not have any treasury shares.
- (3) Based on the enlarged share capital of the Company comprising 204,777,526 Shares after the issuance and allotment of 81,818,181 Consideration Shares pursuant to Completion, and assuming no other Shares are issued for the period from the Latest Practicable Date until Completion.
- (4) The Megane Marine Controllers Concert Party Group comprises such persons as identified in [Section 6.2.1](#). Please refer to the table in [Section 6.2.2](#) for shareholdings of each of such persons (including Shares in respect of which such person is treated as having an interest in under Section 4 of the SFA).
- (5) The Soon Family Concert Party Group comprises such persons as identified in [Section 6.2.1](#). Please refer to the table in [Section 6.2.2](#) for shareholdings of each of such persons (including Shares in respect of which such person is treated as having an interest in under Section 4 of the SFA).
- (6) Shareholdings of the Independent Shareholders include shareholdings of the Recommending Directors (being all the Directors except for Mr Johnny Soon and Mr Jeffrey Soon).

6.3.2 As illustrated above, the issuance of the Consideration Shares will result in:

- (a) the aggregate shareholding of the Megane Marine Controllers Concert Party Group increasing from 1.14% of the Company's issued share capital as at the Latest Practicable Date to 40.64% of the enlarged share capital of the Company; and
- (b) the aggregate shareholding of the Soon Family Concert Party Group increasing from 26.42% of the Company's issued share capital as at the Latest Practicable Date to 55.82% of the enlarged share capital of the Company.

6.3.3 As the issuance of the Consideration Shares will result in the Vendor acquiring Shares which carry 30% or more of the voting rights in the Company, the Vendor is to make a mandatory general offer for all the remaining shares of the Company not held by the Vendor and its Concert Parties pursuant to Rule 14 of the Code unless the Vendor's obligation to extend such offer is waived by the SIC. Accordingly, an application was made to the SIC for a waiver of the obligation of the Vendor to make a mandatory general offer for all the remaining Shares of the Company not held by the Vendor and its Concert Parties pursuant to Rule 14 of the Code as a result of the issuance of the Consideration Shares.

6.4 Whitewash Waiver

On 12 December 2022, the SIC confirmed that the Vendor is exempted from the requirement under Rule 14 of the Code to make a general offer for all the remaining Shares not held by the Vendor and its Concert Parties as a result of it increasing its shareholding in the Company to 30.0% or more upon issuance of the Consideration Shares (the "**Whitewash Waiver**"), subject to the following conditions (collectively, the "**SIC Conditions**") being satisfied:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Consideration Shares to the Vendor, a resolution (the "**Whitewash Resolution**") by way of a poll to waive their rights to receive a general offer from the Vendor;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Vendor and its Concert Parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Vendor and its Concert Parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares in the Company (other than subscriptions for,

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rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular to Shareholders):

- (iv) during the period between the date of the announcement of the Company's entry into the SPA and the date Shareholders' approval is obtained for the Whitewash Resolution; and
 - (v) in the six months prior to the date of the announcement of the Company's entry into the SPA but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to such issue;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in this Circular to Shareholders:
- (i) details of the Proposed Acquisition;
 - (ii) the dilution effect to existing holders of voting rights in the Company of the issuance of the Consideration Shares;
 - (iii) 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 Vendor and its Concert Parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights in the Company to be acquired by the Vendor and its Concert Parties as a result of the Proposed Acquisition;
 - (v) as the issuance of the Consideration Shares will result in the Vendor and its Concert Parties carrying over 49% of the voting rights of the Company, specific and prominent reference to this and the fact that the Vendor will be free to acquire further Shares without incurring any obligation under Rule 14 to make a general offer; and
 - (vi) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to receive a general offer from the Vendor at the highest price paid by the Vendor and its Concert Parties for Shares in the Company in the past six months preceding the commencement of the offer;
- (g) this Circular to Shareholders states that the waiver granted by the SIC to the Vendor from the requirement to make a general offer under Rule 14 is subject to the conditions stated at paragraphs (a) to (f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the approval for the Whitewash Resolution must be completed within three months from 12 December 2022 and the issuance of the Consideration Shares must be completed within three months of the approval of the Whitewash Resolution.

As at the date of this Circular, save for the conditions set out in paragraphs (a), (c), (d) and (i) above, all the other SIC Conditions set out above have been satisfied.

6.5 Advice to Independent Shareholders

The Independent Shareholders are requested to vote by way of poll on the Whitewash Resolution at the EGM. Independent Shareholders should note that the Completion is conditional upon, *inter alia*, the passing of the Whitewash Resolution by the Independent Shareholders as the Whitewash Resolution is a Condition Precedent in the SPA. In view of this, in the event that the Whitewash Resolution is not approved by the Independent Shareholders, the Proposed Acquisition will not proceed. Please refer to Section 1.3 above for more details on the conditionality of the Resolutions to be passed at the EGM.

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Independent Shareholders should note that:

- (a) by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a mandatory general offer for all the Shares which the Vendor would otherwise be obliged to make at the highest price paid by the Vendor and its Concert Parties for Shares in the Company in the past six months preceding the commencement of the offer; and
- (b) completion of the issuance of the Consideration Shares will result in the Vendor and its Concert Parties holding Shares carrying over 49% of the voting rights of the Company based on the enlarged issued share capital of the Company and in such scenario, the Vendor will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer for the Company.

6.6 Advice from the IFA

W Capital Markets Pte. Ltd. has been appointed as the IFA to advise the Recommending Directors in respect of the Whitewash Resolution. A copy of the IFA Letter, setting out its advice to the Recommending Directors, is reproduced in full in **Appendix B** of this Circular.

The following is an extract from paragraph 8 of the IFA Letter to the Recommending Directors and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

“In arriving at our opinion in relation to the Proposed Transactions, we have considered and evaluated factors which we deem to have significant relevance to our assessment, particularly the key factors which are described in more details in Paragraph 7 of this IFA Letter (which should be read in conjunction with, and in the full context of, the Circular and this IFA Letter), including, inter alia, the following:

- (i) *The rationale for the Proposed Acquisition, details of which are set out in Paragraph 7.1 of this IFA Letter;*
- (ii) *The historical financial performance and financial condition of the Target Company, details of which are set out in Paragraph 7.2 of this IFA Letter;*
- (iii) *Assessment on the Consideration, details of which are set out in Paragraph 7.3 of this IFA Letter;*
- (iv) *Assessment on the Issue Price for the Consideration Shares, details of which are set out in Paragraph 7.4 of this IFA Letter; and*
- (v) *Other relevant considerations in relation to the Proposed Transactions, details of which are set out in Paragraph 7.5 of this IFA Letter.*

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the opinion that:

- (i) *the Proposed Acquisition, being an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders;*
- (ii) *on balance, the terms of the Proposed Acquisition are fair and reasonable, and the Whitewash Resolution, when considered in the context of the Proposed Acquisition, is not prejudicial to the interests of the Independent Shareholders; and*
- (iii) *the Proposed Joint Venture, being an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.*

Accordingly, we advise the Recommending Directors to recommend to the Independent Shareholders to vote in favour of the Whitewash Resolution.”

Shareholders are advised to read and consider the IFA Letter for the Whitewash Resolution in its entirety as reproduced in Appendix B of this Circular and consider carefully the recommendations

of the Recommending Directors for the Whitewash Resolution set out in Section 13.3 of this Circular.

7. RATIONALE

7.1 Proposed Acquisition

The Company is currently loss-making and is constantly looking for expansion opportunities to boost growth and enhance its Shareholders' value. The Proposed Acquisition represents a good opportunity for the Group to broaden the range of services currently offered by diversifying its existing businesses to include the Trading Business (i.e. the buying and selling of marine petroleum products). As Singapore is one of the world's premier hub ports, following Completion, the Company is expected to be able to leverage on the Target Company's expertise and experience to tap into numerous opportunities to provide maritime services to vessels within the SEA region.

The business of the Target Company also potentially provides various synergies with the Group's Existing Business (as detailed in Section 2.1 of this Circular), which include cross-selling between the customers and suppliers of the Group and the Target Company, and the potential expansion of the Group's services offerings to include, not only the Trading Business, but also tank cleaning, de-slopping, gas freeing and de-mucking and sludge disposal services (all of which are part of the expansion plans of the Target Company). The business operations of the Target Company are expected to provide the enlarged Group with regular revenue streams, which in turn are expected to contribute positively to the earnings of the enlarged Group.

In connection with the foregoing, the Target Company will be able to tap on the Group's existing network to diversify and expand its customer base to improve its prospects. The Target Company will also benefit from the Company's listing status by gaining a better profile to facilitate the application(s) for the relevant licence(s) in respect of the New Business.

The Group's revenue is expected to increase after the Proposed Acquisition is completed. The Board is of the view that the Proposed Acquisition has the potential to enhance the long-term value of the Company for its Shareholders and contribute positively to the growth, financial position and long-term prospects of the Group.

The satisfaction of the Consideration by way of the allotment and issuance of the Consideration Shares will also reduce the cash outlay to be incurred by the Company in relation to the Proposed Acquisition.

7.2 Proposed Expansion and Diversification

The Proposed Expansion and Diversification is not being undertaken solely for the purposes of the Proposed Acquisition. Accordingly, in the event that relevant Shareholders' approval is obtained for the Proposed Expansion and Diversification but the Proposed Acquisition is subsequently not completed for any reason whatsoever, the Group nevertheless intends to undertake activities relating to the New Business including identifying and acquiring other suitable targets which engage in any segment of the New Business.

The Board believes that the Proposed Expansion and Diversification is beneficial to the Group as it is expected to provide the Group with opportunities in other business segments (albeit connected to and not entirely separate from the industry that the Group currently operates in). Such opportunities are expected to allow the Group to diversify its potential revenue streams and income base to support the future growth of the Group and reduce reliance on the Group's Existing Business, with the objective of enhancing the Group's profitability and improving Shareholders' value over time.

The Group understands that some of its major customers are going through strategic transition towards the maritime industry. In this regard, the Board will continue to observe any new development and changes in the marine and engineering industry and provide timely updates to the Group. The Board believes that the Proposed Expansion and Diversification will allow the Group to seize opportunities for business growth and expansion in a timely manner as and when such opportunities arise. Through the Group's strategic plan for accelerating growth, the Group will gradually scale up to provide new products and solutions to its customers.

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Singapore is one of the world's most important shipping hub in the Asia-Pacific Region and leading oil trading and refining hub. Singapore's strategic location, long trading history and strong connections to Asia and Asian markets make her the preferred place for maritime companies and businesses to expand and grow. It is a regional trading center for oil products which has strong supply chain linkages with transportation and storage, various global traders and end users. The Board believes that there are enormous opportunities to progressively capture market share in the New Business, as Asia is expected to lead in energy consumption in the years ahead.

In addition, once Shareholders' approval is obtained for the Proposed Expansion and Diversification, any acquisition or disposal of assets, including an option to acquire or dispose of assets, which is in, or is in connection with, the New Business may be deemed a transaction which is in, or is in connection with, the ordinary course of business of the Group. In such circumstances, the acquisition or disposal of such assets may not fall under the definition of "transaction" under Chapter 10 of the Catalist Rules, enabling the Company to enter into such transactions relating to the New Business without having to convene separate general meetings from time to time to seek Shareholders' approval. This will reduce substantially the administrative time and expenses in convening general meetings to obtain Shareholders' approval, allowing the Group greater flexibility to pursue business and investment opportunities which may be time-sensitive in nature. Shareholders may also wish to refer to [Section 2.3](#) of this Circular for further details on Resolution 1 on the Proposed Expansion and Diversification (including circumstances where Shareholders' approval may still be required for certain transactions notwithstanding any Shareholders' approval obtained for the Proposed Expansion and Diversification at the EGM).

8. RELATIVE FIGURES UNDER CHAPTER 10 OF CATALIST RULES

8.1 Relative Figures

Based on the unaudited consolidated interim financial statements of the Group for HY2022 (being the latest announced consolidated accounts of the Group as at the date of the SPA) and the unaudited management accounts of the Target Company for HY2022, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(a) to (e) of the Catalist Rules are set out in the table below.

Rule	Base	Relative Figure (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
1006(b)	The net profits or net loss attributable to the assets acquired, compared with Group's net profits or net loss ⁽¹⁾	-35.1% ⁽²⁾
1006(c)	The aggregate value of the consideration given or received ⁽³⁾ , compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	74.5% ⁽⁴⁾
1006(d)	The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	66.5% ⁽⁵⁾
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) For the purpose of computation of these figures, "net profits" or "net loss" means profit or loss (as the case may be) including discontinued operations that have not been disposed and before income tax and non-controlling interests.

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- (2) The relative figure computed on the basis in Rule 1006(b) in respect of the Proposed Acquisition is derived by computing (a) the net profit of approximately S\$189,596 attributable to the Sale Shares based on 60% of the Target Company's net profit of S\$315,993 based on its unaudited management accounts for HY2022, and (b) the Group's net loss of S\$539,683 for HY2022.
- (3) Pursuant to Rule 1003(3), where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares (being the VWAP of such shares transacted on the market day preceding the date of the sale and purchase agreement) or the NAV represented by such shares, whichever is higher. For purpose of Rule 1003(3):
- (a) the 81,818,181 Consideration Shares has a market value of approximately S\$6,545,454 based on the VWAP per Share of S\$0.08 on 30 June 2022, being the last full market day preceding the date of the SPA on which Shares were traded; and
- (b) the NAV attributable to the 81,818,181 Consideration Shares is approximately S\$7,330,139 as at 30 June 2022.
- In accordance with Rule 1003(3), the aggregate value of the Consideration Shares is therefore approximately S\$7,330,139 (being the NAV attributable to the Consideration Shares which is higher than the market value of such Consideration Shares).
- (4) The relative figure computed on the basis in Rule 1006(c) in respect of the Proposed Acquisition is derived by computing (a) the value of the consideration for the Proposed Acquisition of S\$7,330,139, and (b) the Company's market capitalisation of approximately S\$9,836,748 derived by multiplying the issued share capital of the Company as at the date of the Announcement of 122,959,345 Shares by the VWAP of S\$0.08 per Share on 30 June 2022, being the last full market day preceding the date of the SPA on which Shares were traded. The Company does not have any treasury shares.
- (5) The relative figure computed on the basis in Rule 1006(d) in respect of the Proposed Acquisition is derived by computing (a) the number of Consideration Shares, being 81,818,181 Shares, and (b) the number of Shares in the issued share capital of the Company, being 122,959,345 Shares as at the Latest Practicable Date.

8.2 Proposed Acquisition as a discloseable transaction

Having regard to the above, as the relative figures computed based on Rule 1006(b) to (d) of the Catalist Rules exceed 5%, but does not exceed 75%, the Proposed Acquisition is deemed to be a discloseable transaction under Rule 1010 of the Catalist Rules. However, the relative figure in Rule 1006(b) above is negative. Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A.

Under paragraph 4.4(b) of Practice Note 10A, an issuer must, in relation to the transaction, immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 in relation to the acquisition of a profitable asset by a loss-making issuer, where:

- (a) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 75%; and
- (b) the net profit attributable to the asset to be acquired exceeds 5% of the consolidated net loss of the issuer (taking into account only the absolute value).

If the transaction does not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10A, Rule 1014 of the Catalist Rules shall apply to the transaction.

Given that:

- (a) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 75%; and
- (b) the absolute value of the relative figure in Rule 1006(b) is more than 5%,

in accordance with paragraph 4.4(b) of Practice Note 10A, the Company announced the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 in respect of the Proposed Acquisition on 4 October 2022.

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Notwithstanding the aforesaid, as the relative figure computed on the basis of Rule 1006(c) is close to 75%, the Company proposes to seek Independent Shareholders' approval at the EGM for the Proposed Acquisition given that the Proposed Acquisition will be the Company's first major transaction involving the New Business under the Proposed Expansion and Diversification.

In addition, as the Proposed Acquisition constitutes an "interested person transaction" under Chapter 9 of the Catalist Rules which value exceeds the relevant thresholds under Chapter 9 of the Catalist Rules, the Proposed Acquisition will be subject to the specific approval of Independent Shareholders.

9. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

9.1 Bases and Assumptions

9.1.1 The financial effects of the Proposed Acquisition on the share capital, LPS and NTA per share of the Group have been prepared based on (a) the audited consolidated financial statements of the Group for FY2021 (being the latest audited financial year of the Group) and (b) the audited accounts of the Target Company for FY2021. The *pro forma* financial effects of the Proposed Acquisition are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following Completion.

9.1.2 For illustration purposes only, the financial effects of the Proposed Acquisition have been computed based on the following assumptions:

- (a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the Proposed Acquisition was completed on 31 December 2021, being the end of the latest audited financial year;
- (b) the financial effects on the Group's loss attributable to the Shareholders and LPS have been computed assuming that Proposed Acquisition was completed on 1 January 2021, being the beginning of the latest audited financial year;
- (c) any costs and expenses in connection with the Proposed Acquisition have been disregarded; and
- (d) the Company's acquisition of shares in Chem Grow Engineering Pte. Ltd. and Chem-Grow Pte. Ltd. which was completed on 18 May 2022, resulting in the foregoing entities being wholly owned subsidiaries of the Company, has no material financial effect on the LPS and NTA of the Group.

9.2 Share Capital

	Before Completion	After Completion ⁽¹⁾
Number of Shares	122,959,345	204,777,526
Issued and paid-up share capital (S\$)	11,554,627	14,254,627

Note:

- (1) Based on the Issue Price of S\$0.033 per Consideration Share, an aggregate of 81,818,181 Consideration Shares will be issued as satisfaction of the Consideration following Completion.

9.3 NTA per Share

The financial effects of the Proposed Acquisition on the consolidated NTA per Share for FY2021, assuming Completion (and the issuance of the 81,818,181 Consideration Shares) had taken place on 31 December 2021 (being the end of FY2021) are set out below.

	Before Completion	After Completion
Consolidated NTA attributable to	11,218,615	11,784,023

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	Before Completion	After Completion
Shareholders (S\$)		
Number of Shares	122,959,345	204,777,526
Consolidated NTA per Share attributable to Shareholders (Singapore cents)	9.12	5.75

9.4 LPS

The financial effects of the Proposed Acquisition on the consolidated LPS for FY2021, assuming Completion (and the issuance of the 81,818,181 Consideration Shares) had taken place on 1 January 2021 (being the beginning of FY2021) are set out below.

	Before Completion	After Completion
Consolidated net loss attributable to shareholders (S\$)	(2,690,239)	(2,426,010)
Weighted average number of issued Shares (excluding treasury shares)	122,959,345	204,777,526
Consolidated LPS (Singapore cents)	(2.19)	(1.18)

10. DIRECTOR'S SERVICE CONTRACT

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract will be entered into between the Company and any such person.

However, the current sole director of the Target Company, Mr Nicholas Mo, will remain as a director of the Target Company following Completion and will also be entering into the Service Agreement with the Target Company in respect of his appointment as a director of the Target Company. Further information on the Service Agreement is set out in Section 3.9 of this Circular.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Vendor constitutes an associate of Mr Jeffrey Soon, the Executive Director and Chief Executive Officer of the Company, and Mr Johnny Soon, the Executive Chairman and a Controlling Shareholder of the Company.

Save for their respective directorships and/or shareholding interests in the Company and/or its subsidiaries (as the case may be) and save as disclosed in this Circular, none of the Directors or their associates or, as far as the Company is aware, substantial Shareholders or their associates, has any interest, direct or indirect, in the Proposed Expansion and Diversification, the Proposed Acquisition, the Proposed Consideration Shares Issue, the Proposed Joint Venture, the Proposed Transfer of Controlling Interest and the Whitewash Resolution.

The interests of the Directors and substantial Shareholders in the Shares of the Company, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders kept by the Company, respectively, as at the Latest Practicable Date and the dilution effect of the issuance of the Consideration Shares pursuant to Completion to the foregoing shareholdings is set out in **Appendix C**.

12. ABSTENTION FROM VOTING

12.1 Proposed Acquisition (as a major transaction and as an interested person transaction), Proposed Consideration Shares Issue, Proposed Transfer of Controlling Interest and Proposed Joint Venture (as an interested person transaction)

Rule 919 of the Catalist Rules states that interested persons shall abstain and undertake that their associates shall abstain from voting on the resolution approving interested person transactions involving them and the Group. Such interested persons and their associates also shall not act as proxies in relation to such resolutions unless specific voting instructions have been given by the relevant Shareholder.

Accordingly, Mr Jeffrey Soon and Mr Johnny Soon will abstain, and will undertake to ensure that their associates will abstain, from voting on the Proposed Acquisition (as a major transaction and as an interested person transaction), Proposed Consideration Shares Issue, Proposed Transfer of Controlling Interest and Proposed Joint Venture (as an interested person transaction). In addition, Mr Jeffrey Soon, Mr Johnny Soon and their respective associates will also decline to accept appointment as proxies for any Shareholder to vote in respect of the Proposed Acquisition (as a major transaction and as an interested person transaction), Proposed Consideration Shares Issue, Proposed Transfer of Controlling Interest and Proposed Joint Venture (as an interested person transaction), unless the Shareholder concerned shall have given specific instructions in such Shareholder's Proxy Form as to the manner in which such Shareholder's votes are to be cast.

The Company will disregard any votes cast on resolutions by persons required to abstain from voting under the relevant Catalist Rules.

12.2 Whitewash Resolution

Pursuant to the SIC Conditions, the Vendor and its Concert Parties as well as parties not independent of them will abstain from voting in respect of their Shares on the Whitewash Resolution.

The Company will disregard any votes cast on resolutions by such persons.

13. DIRECTORS' RECOMMENDATION

13.1 Proposed Expansion and Diversification

Having considered, *inter alia*, the rationale and benefits of the Proposed Expansion and Diversification and such other relevant information set out in this Circular, the Directors are of the view that the Proposed Expansion and Diversification is in the best interests of the Company.

Shareholders should note that the Proposed Expansion and Diversification is not being undertaken solely for the purposes of the Proposed Acquisition (which is an interested person transaction). Accordingly, Mr Johnny Soon and Mr Jeffrey Soon have not abstained from making any recommendations on the Proposed Expansion and Diversification. Shareholders may also wish to refer to [Section 7.2](#) of this Circular for further details.

Accordingly, the Directors unanimously recommend that Shareholders vote in favor of Resolution 1 relating to the Proposed Expansion and Diversification to be tabled at the EGM.

13.2 Proposed Acquisition (as a major transaction and as an interested person transaction), Proposed Consideration Shares Issue, Proposed Transfer of Controlling Interest and Proposed Joint Venture (as an interested person transaction)

Mr Johnny Soon and Mr Jeffrey Soon are associates of the Vendor which is the interested person in respect of the Proposed Acquisition. Accordingly, Mr Johnny Soon and Mr Jeffrey Soon have abstained from the Board's review and determination and making recommendations to Shareholders in relation to Resolutions 2, 3, 4, 5 and 7 relating to the Proposed Acquisition (as a major transaction and as an interested person transaction), Proposed Consideration Shares Issue, Proposed Transfer of Controlling Interest and Proposed Joint Venture (as an interested person transaction), respectively.

For avoidance of doubt, as the Proposed Consideration Shares Issue, Proposed Transfer of Controlling Interest and Proposed Joint Venture are transactions involving the Vendor (being the interested person in

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respect of the Proposed Acquisition) and arising from the Proposed Acquisition, Mr Johnny Soon and Mr Jeffrey Soon have also abstained from the Board's review and determination and making recommendations to Shareholders in relation to the foregoing.

In respect of the Proposed Acquisition and the Proposed Consideration Shares Issue, Mr Lim Soon Hock, a Non-Executive and Non-Independent Director of the Company, nominated by a Shareholder, Tru-Marine Pte Ltd, has abstained from making recommendations to Shareholders in relation to the foregoing. He has raised concerns that the Issue Price for the Consideration Shares would dilute the shareholdings of the Independent Shareholders, including the minority Shareholders, whose interests he considered as his duty to protect as a Board member, unfairly and unreasonably given that (a) the NTA per Share prior to Completion is approximately 9.12 Singapore cents at the time the Issue Price was proposed and approved, and (b) the price of the Shares is not an accurate reflection of the true value of the Shares given the current relative illiquidity of the Shares in the market.

Notwithstanding the foregoing concerns raised, having considered, *inter alia*, the rationale and benefits of the Proposed Acquisition and such other relevant information set out in this Circular (which includes the advice of the IFA as set out in the IFA Letter in Appendix B of this Circular), the Recommending Directors (excluding Mr Lim Soon Hock) recommend the Independent Shareholders to vote in favour of the Proposed Acquisition, Proposed Consideration Shares Issue, Proposed Transfer of Controlling Interest and Proposed Joint Venture.

13.3 Whitewash Resolution

Mr Johnny Soon and Mr Jeffrey Soon are persons comprising part of the Soon Family Concert Party Group and are therefore considered to be non-independent for the purposes of the Whitewash Resolution. Accordingly, Mr Johnny Soon and Mr Jeffrey Soon have abstained from the Board's review and determination and making recommendations to Shareholders in relation to Resolution 6 relating to the Whitewash Resolution.

The Recommending Directors, having considered, *inter alia*, the rationale for the Proposed Acquisition as set out in Section 7.1 of this Circular and the advice of the IFA as set out in the IFA Letter in **Appendix B** of this Circular, are of the opinion that the terms of the Proposed Acquisition, Proposed Joint Venture and Proposed Consideration Share Issue taken as a whole are fair and reasonable, and the Whitewash Resolution, when considered in the context of the Proposed Acquisition, Proposed Joint Venture and the Proposed Consideration Share Issue, is in the best interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, the Recommending Directors recommend that the Independent Shareholders vote in favor of the Whitewash Resolution to be tabled at the EGM.

14. NOTE TO SHAREHOLDERS

Shareholders, in deciding whether to vote in favor of the Resolutions, should read carefully the terms and conditions, the opinion of the IFA, the rationale and financial effects of the proposed transactions. In giving the above recommendations, the Directors have had no regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about (a) the Proposed Expansion and Diversification, (b) the Proposed Acquisition (as a major transaction and as an interested person transaction), (c) the Proposed Consideration Shares Issue, (d) the Proposed Transfer of Controlling Interest, (e) the Whitewash Resolution and (f) the Proposed Joint Venture (as an interested person transaction), the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular

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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.

16. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-6 of this Circular, will be held on 20 January 2023 at 10.00 a.m., by way of physical means at 10 Tuas South Street 15, Singapore 637076, for the purpose of considering and, if thought fit, passing with or without modifications, the Resolutions set out in the Notice of EGM.

17. IRREVOCABLE UNDERTAKING TO VOTE

Mr Yong Yeow Sin has provided irrevocable undertakings to the Company to vote in favour of the Resolutions. As at the Latest Practicable Date, Mr Yong Yeow Sin has a direct interest in 27,214,599 Shares, which represent approximately 22.13% of the total number of issued Shares of the Company.

18. ACTION TO BE TAKEN BY SHAREHOLDERS

18.1 Circular, Notice of EGM and Proxy Form

Printed copies of this Circular, the Notice of EGM and the enclosed Proxy Form will not be sent to Shareholders. This Circular together with the Notice of EGM and the enclosed Proxy Form may be accessed at the Company's website at the URL <http://www.heatechholdings.com/> and are also available on the SGX website accessible at the URL <https://www.sgx.com/securities/company-announcements>.

18.2 Submission of Questions

18.2.1 Submission of Questions in advance of the EGM

Shareholders may submit questions related to the Resolutions in advance of the EGM:

- (a) if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or
- (b) if submitted by way of electronic means, to be submitted via email to the Company, at finance@heatec.com.sg,

by 10.00 a.m. (Singapore Time) on 12 January 2023. The Company will address all substantial and relevant questions (determined by the Company in its sole discretion) received from Shareholders prior to the EGM by publishing its responses to such questions on the Company's website at the URL <http://www.heatechholdings.com/> and on SGXNET by 10.00 a.m. on 15 January 2023.

18.2.2 Submission of Questions at the EGM

Shareholders may also ask the Chairman of the EGM questions related to the resolutions to be tabled for approval at the EGM. The Company will address all substantial and relevant questions (determined by the Company in its sole discretion) received from Shareholders at the EGM. The Company will publish the minutes of the EGM (including its responses to substantial and relevant questions received from Shareholders which were addressed during the EGM) on the Company's website at the URL <http://www.heatechholdings.com/> and on SGXNET within one (1) month after the date of the EGM by 20 February 2023.

18.3 Voting

Shareholders (whether individual or corporate) who wish to vote on the resolutions to be tabled for approval at the EGM may:

- (a) (where such Shareholders are individuals) attend and vote at the EGM; or
- (b) (where such Shareholders are individuals or corporates) appoint a proxy/ proxies to vote on their behalf at the EGM in accordance with the instructions as set out in the relevant Proxy Forms.

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18.3.1 Submission of Proxy Forms

The Proxy Form, duly executed and completed, must be submitted to the Company in either one of the following manners:

- (a) if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or
- (b) if submitted by way of electronic means, to be submitted via email in Portable Document Format (PDF) to the Company, at finance@heatec.com.sg,

in either case, not less than seventy-two (72) hours before the time appointed for the holding of the EGM and/or any adjournment thereof. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.

In appointing the Chairman of the EGM as proxy, a Shareholder must give specific instructions as to voting, or abstentions from voting, in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy will be treated as invalid.

18.3.2 CPF/SRS Investors

CPF/SRS Investors:

- (a) may attend and vote at the EGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the EGM as proxy, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes at least seven (7) working days before the date of the EGM.

18.4 **Depositor**

A Depositor shall not be regarded as a Shareholder entitled to appoint proxies (other than the Chairman of the EGM) or the Chairman of the EGM to vote on such Depositor's behalf at the EGM unless such Depositor is shown to have Shares entered against such Depositor's name in the Depository Register, as certified by CDP, seventy-two (72) hours before the time appointed for holding the EGM.

19. **CONSENTS**

The Valuer, Chay Corporate Advisory Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Valuation Report 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.

The IFA, W Capital Markets Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter 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.

20. **DOCUMENTS FOR INSPECTION**

Subject to the prevailing laws and guidelines relating to safe distancing measures and prior appointment being made, copies of the following documents are available for inspection at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076, during normal business hours for a period of three (3) months from the date of this Circular:

- (a) the SPA;
- (b) the Valuation Report;
- (c) the Valuer's letter of consent;

LETTER TO SHAREHOLDERS

- (d) the IFA Letter;
- (e) the IFA's letter of consent; and
- (f) the irrevocable undertaking to vote from Mr Yong Yeow Sin as further detailed in Section 17 of this Circular.

Any Shareholder who wishes to inspect any of the foregoing documents should contact the Company at the email address finance@heatec.com.sg at least three working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the document. Shareholders will need to identify themselves by stating his/her/its full name as it appears on his/her/its CDP/CPF/SRS share records, contact number and NRIC/Passport/UEN number and state the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

Yours faithfully

For and on behalf of the Board of Directors of
HEATEC JIETONG HOLDINGS LTD.

CHONG ENG WEE
NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR

APPENDIX A – VALUATION REPORT

Valuation Summary Letter

16 December 2022

The Board of Directors
Heatec Jietong Holdings Ltd.
10 Tuas South Street 15
Singapore 637076

Indicative Corporate Valuation of Setya Energy Pte. Ltd.

Dear Sirs,

1. Introduction

Chay Corporate Advisory Pte Ltd (“CCA”) has been appointed by Heatec Jietong Holdings Ltd. (“Heatec”) to perform an indicative corporate valuation of the market value of Setya Energy Pte. Ltd. (“Setya” or the “Company”) as at 30 September 2022 (“Valuation Date”) for the purposes of Heatec’s proposed acquisition of Setya (“Proposed Acquisition”).

The letter is a summary containing information from our valuation report dated 16 December 2022 (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 market value of the Company as at 30 September 2022 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 Company (“Management”).

- iii) Our estimation of the indicative valuation of the 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 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 Company. The assessment of the commercial and investment merits of this transaction is solely the responsibility of both Heatec and 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 Company nor any work in relation to the feasibility or tax efficiency of the 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 Company, or any views on the future trading process of the shares or the financial condition of the 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 Company has obtained specialist advice, 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 Valuation Summary Letter

Our work will be carried out solely for the use of Heatec. 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 Heatec), 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 Heatec shall remain the responsibility of such Directors.

4. Reliance on available information and representation from the 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 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 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 market value. Market value is defined as the amount at which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. Market value, as defined above, is a concept of value which may or may not equal the “purchase / sale price” that could be obtained if the shares were sold to a special purchaser in an actual transaction in the open market.

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 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, Company, 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 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 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 Company.

Under this approach and methodology, we have discounted the projected free cash flows of 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 Company has been projected starting from the three month financial period from 30 October to 31 December 2022, to financial year (“FY”) 2024. 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 the 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 the 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 Company’s forecast starting from the three month financial period from 30 October to 31 December 2022, to FY 2024 as prepared by the Management and the trend of the industry as disclosed in the circular have been considered.
- ii) The Company will continue as a going concern without any changes in its Management subsequent to the Proposed Acquisition;
- iii) The future operations of the 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 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 Company for the respective financial years/period;
- vi) The 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 Company which is based on Singapore’s corporate tax rate of 17%.

- ix) 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;
- x) There are no subsequent events after the date of the report which will have material effect on the unaudited management accounts of the Company for the nine months financial period from 1 January to 30 September 2022;
- xi) The revenue forecast is derived from the expected revenue to be earned from the trading in multiple types of marine petroleum products, namely marine gas oil and marine fuel oil in Singapore, within and outside Singapore's port limits;
- xii) Projected revenue for FY 2022 is expected to recover and grow by 42% as compared to FY 2021 with the pick up in the marine sector, thereby reversing the industry downturn caused by the COVID-19 pandemic in FY 2020 and FY 2021. This is further evidenced based on the historical nine month revenue generated from 1 January to 30 September 2022;
- xiii) Projected revenue growth for FY 2023 and FY 2024 is expected to taper down to 11% and 10% respectively, thereby disregarding the revenue bumper year of FY 2022;
- xiv) Projected gross profit margin of between 15.24% and 15.86% from FY 2022 and FY 2024 is in line with the actual gross profit margin of between 15.20% and 17.22% for FY 2020 and FY 2021 and the nine month financial period from 1 January to 30 September 2022;
- xv) Operating expenses consist mainly of staff cost, director's fees, rental of premises, selling and distribution expenses (including commissions and crew expenses), professional fees and other operating related expenses;
- xvi) Projected EBITDA margin of between 9.15% and 10.99% from FY 2022 and FY 2024 is in line with the actual profit margin of between 10.05% and 11.92% for FY 2020 and FY 2021 and the nine month financial period from 1 January to 30 September 2022; and
- xvii) No depreciation nor capital expenditure was projected from FY 2022 to FY 2024 as the Company does not own any plant and equipment as at the Valuation Date as such would normally be included under the rental of premises.

Notwithstanding that no independent assessment of the 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.

6. Conclusion

In summary and as detailed in the Valuation Report, the range of market value corresponding to the implied equity values for the Company of between SGD 6.6 million and SGD 7.7 million, with a base value of SGD 6.9 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,

A handwritten signature in blue ink that reads "Chay Corporate Advisory Pte Ltd". The signature is written in a cursive, flowing style.

Chay Corporate Advisory Pte. Ltd.

APPENDIX B – IFA LETTER

**APPENDIX B – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS
IN RELATION TO THE PROPOSED TRANSACTIONS**



W CAPITAL MARKETS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street
#43-01 OCBC Centre
Singapore 049513

5 January 2023

The Directors of Heatec Jietong Holdings Ltd. who are deemed independent in relation to the Proposed Transactions

Mr Lim Soon Hock	Non-Executive and Non-Independent Director
Mr Chong Eng Wee	Non-Executive and Lead Independent Director
Ms Lie Ly @ Liely Lee	Non-Executive and Independent Director
Mr Anthony Ang Meng Huat	Non-Executive and Independent Director
Mr Chua Siong Kiat	Non-Executive and Independent Director
Mr Loke Weng Seng	Alternate Director to Mr Lim Soon Hock

Dear Sir,

- (I) **THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION;**
- (II) **THE PROPOSED JOINT VENTURE AS AN INTERESTED PERSON TRANSACTION; AND**
- (III) **THE WHITEWASH RESOLUTION**

Unless otherwise defined or the context otherwise requires, all capitalised terms defined in the circular dated 5 January 2023 (“Circular”) issued by Heatec Jietong Holdings Ltd. (the “Company”, and together with its subsidiaries, the “Group”) shall have the same meanings herein.

1. INTRODUCTION

On 17 May 2022, the Board of Directors (the “**Board**” or “**Directors**”) of Heatec Jietong Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”), announced that it had entered into a non-binding term sheet (the “**Term Sheet**”) with Megane Marine Pte. Ltd. (the “**Vendor**”, and the Vendor and the Company collectively, the “**Parties**” and each or any of them a “**Party**”), being the sole shareholder of Setya Energy Pte. Ltd. (the “**Target Company**”) for the acquisition of 100% of the shareholding interests in the Target Company (the “**Initial Announcement**”). The Term Sheet was an expression of intent by the Parties relating to the transaction and was subject to the Parties entering into a definitive agreement in relation thereto.

On 4 October 2022 (the “**SPA Announcement Date**”), the Company announced, *inter alia*, that it had entered into a definitive sale and purchase agreement (the “**SPA**”) with the Vendor for the acquisition of 60% (as opposed to 100%) of the shareholding interests in the Target Company (the “**Sale Shares**”) (the “**Proposed Acquisition**”). Following completion of the Proposed Acquisition (“**Completion**”), the Company will hold 60% of the shareholding interests in the Target Company, and the Target Company will become a direct subsidiary of the Company (the “**SPA Announcement**”). The Company will also enter into the Shareholders’ Agreement with the Vendor

to, among others, regulate and govern their relationship as shareholders of the Target Company post-Completion (the “**Proposed Joint Venture**”).

The Proposed Acquisition and the Proposed Joint Venture are “interested person transactions” under Chapter 9 of the Catalist Rules and of which the value represents more than 5% of the Group’s latest audited net tangible assets (“**NTA**”). Accordingly, the approval of the Shareholders will be required for each of the Proposed Acquisition and the Proposed Joint Venture, in accordance with Chapter 9 of the Catalist Rules.

In addition, as a result of the Proposed Acquisition, the Vendor will acquire more than 30% of the voting shares in the Company and would be obliged to make a mandatory offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) for all the Shares in issue. Accordingly, an application was made to the Securities Industry Council (the “**SIC**”) for, *inter alia*, a waiver of the obligation of the Vendor to make a mandatory general offer for all the remaining Shares of the Company not held by the Vendor and its Concert Parties pursuant to Rule 14 of the Code as a result of the issuance of the Consideration Shares in relation to the Proposed Acquisition (the “**Whitewash Waiver**”). On 12 December 2022, the Vendor obtained the Whitewash Waiver from the SIC, subject to certain conditions (the “**SIC Conditions**”). Details on the Whitewash Waiver and the SIC Conditions are set out in Section 6 of the Circular.

Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company has appointed W Capital Markets Pte Ltd (“**W Capital**”) as the independent financial adviser (“**IFA**”) to: (i) express an opinion on whether the Proposed Acquisition and the Proposed Joint Venture, as interested person transactions (“**IPTs**”), are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders (the “**Independent Shareholders**”); (ii) advise the Independent Shareholders on the Whitewash Resolution; and (iii) advise the directors of the Company who are considered independent for the purposes of making recommendations to the Shareholders in respect of the Proposed Acquisition, the Proposed Joint Venture and the Proposed Whitewash Resolution (collectively, the “**Proposed Transactions**”) (“**Recommending Directors**”). This letter (“**IFA Letter**”) sets out, *inter alia*, our opinion on the Proposed Transactions and form part of the Circular issued by the Company to its Shareholders in connection with the Proposed Transactions.

2. TERMS OF REFERENCE

W Capital has been appointed as the IFA to the Company in respect of the Proposed Transactions. We were not involved in or responsible for, in any aspect, the discussions in relation to the Proposed Transactions, nor were we involved in the deliberation leading up to the decision on the part of the directors of the Company (“**Directors**”) to enter into the Proposed Transactions. Further, we do not warrant the merits of the Proposed Transactions, other than to express an opinion on whether (i) the Proposed Acquisition and the Proposed Joint Venture as IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders and (ii) the terms of the Proposed Acquisition, being the subject of the Whitewash Resolution, are fair and reasonable.

In the course of our evaluation, we have held discussions with the management of the Company (“**Management**”) and have examined and relied to a considerable extent on publicly available information collated by us, as well as information provided and representations made to us, both written and verbal, by the Directors and/or the Management, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. In this regard, we noted that the Directors have collectively and individually accepted full responsibility for the accuracy of the information given in the Circular as set out in the “Directors’ Responsibility Statement” in Section 15 of the Circular.

For the purpose of assessing the terms of the Proposed Acquisition and Proposed Joint Venture as IPTs, we have not relied upon any financial projections in respect of the Company and/or the Group and we have not conducted a comprehensive review of the business, operations and financial condition of the Group. We have not made any independent appraisal of the assets, liabilities and/or profitability of the Target Company or the Group and we do not express a view on the financial position, future growth prospects and earning potential of the Company after the completion of the Proposed Acquisition in accordance with the terms of the SPA. As such, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Target Company or the Group (as the case may be). In this respect, we have been furnished with, *inter alia*, a valuation report dated 16 December 2022 (the “**Valuation Report**”) prepared by Chay Corporate Advisory Pte. Ltd. (the “**Independent Valuer**”) in relation to the independent valuation of the market value of 100% equity interest in the Target Company as at a valuation date of 30 September 2022. As we are not experts in the evaluation or appraisal of the assets as set out in the Valuation Report, we have placed sole reliance on the appraisal in relation to the market value of the Target Company as assessed by the Independent Valuer and as set out in the Valuation Report.

Our opinion as set out in this IFA Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of 30 December 2022 (the “**Latest Practicable Date**” or “**LPD**”) and the information and representations provided to us as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to the Proposed Acquisition, which may be released by the Company after the Latest Practicable Date.

In rendering our opinion and advice in relation to the Proposed Transactions, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. Accordingly, any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this IFA Letter).

We have prepared this IFA Letter pursuant to the requirements under Rule 921(4)(a) of the Catalist Rules as well as for the use of the Recommending Directors in connection with their consideration of the Proposed Transactions and their advice to the Shareholders arising thereof. The recommendations made to Shareholders in relation to the Proposed Transactions remains the responsibility of the Recommending Directors.

Our opinion in relation to the Proposed Transactions should be considered in the context of the entirety of this IFA Letter and the Circular.

3. INFORMATION ON THE VENDOR AND THE TARGET COMPANY

3.1 The Vendor

The following paragraphs have been extracted from Section 3.2 of the Circular and are set out in italics. All terms and expressions used in the extract below shall have the same meanings as those defined in the Circular, unless otherwise stated. Shareholders are advised to read the entire Circular including the following sections, as extracted below, carefully.

“3.2 Information on the Vendor

3.2.1 *The Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of the Target Company. The Vendor is a company incorporated under the laws of the Republic of Singapore in the business of, among others, port, shipping and maritime-related consultancy services. As at the Latest Practicable Date, the persons stated below are the legal and beneficial owners of the entire issued and paid-up share capital of the Vendor, and their respective shareholdings in the Vendor are set out below:*

Name	Proportion of shareholding in the Vendor (%)
<i>Mr Nicholas Mo</i>	<i>30.0</i>
<i>Mr Jeffrey Soon</i>	<i>70.0</i>

3.2.2 *Mr Nicholas Mo is the founder of the Target Company and has more than 16 years of experience in the marine industry.*

3.2.3 *Mr Jeffrey Soon is the Executive Director and Chief Executive Officer of the Company. Mr Johnny Soon, the Executive Chairman of the Company, is the father of Mr Jeffrey Soon. Mr Johnny Soon is also a Controlling Shareholder of the Company, holding both direct and deemed interests in the Shares of the Company (such deemed interests being in the Shares held by his spouse).*

3.2.4 *As Mr Jeffrey Soon (being an immediate family of Mr Johnny Soon) has an interest of more than 30% in the Vendor, the Vendor constitutes an associate of:*

(a) *Mr Jeffrey Soon, being a Director of the Company; and*

(b) *Mr Johnny Soon, being a Director and Controlling Shareholder of the Company,*

and is thus an interested person of the Company under Rule 904(4)(b) of the Catalist Rules.

3.2.5 *Save as disclosed above, the Vendor does not have any connection (including business relationship or dealings) with the Company, its Directors and (as far as the Company is aware) its substantial Shareholders. As at the Latest Practicable Date, the Vendor does not have any interest, direct or indirect, in the Shares of the Company.”*

3.2 The Target Company

The following paragraphs have been extracted from Section 3.3 of the Circular and are set out in italics. All terms and expressions used in the extract below shall have the same meanings as those defined in the Circular, unless otherwise stated. Shareholders are advised to read the entire Circular including the following sections, as extracted below, carefully.

“3.3.1 The Target Company is a private company limited by shares incorporated in Singapore on 25 March 2017. The Target Company has an existing issued and paid-up capital of S\$500,000 represented by 500,000 ordinary shares, which are entirely held by the Vendor. As at the Latest Practicable Date, the Target Company has one director, being Mr Nicholas Mo who is also a shareholder of the Vendor.

3.3.2 *The Target Company is an independent trader of marine petroleum products with operations within the SEA region. As at the Latest Practicable Date, the Target Company does not have any subsidiaries or associated companies.*

3.3.3 *The Target Company is in partnership with various licensed bunker suppliers in Singapore to provide marine petroleum products services within the inner port limits and outer port limits. Further details on the trading business of the Target Company, as well as potential new businesses that may be undertaken by the Target Company post-Completion, are set out in Section 2.2 of this Circular.”*

4. SALIENT TERMS OF THE PROPOSED ACQUISITION

The summary of principal terms of the Proposed Acquisition can be found in Section 3.5 of the Circular and we recommend that Shareholders read those pages of the Circular carefully. We set out below the principal terms of the Proposed Acquisition that we wish to highlight.

4.1 Consideration

The consideration for the Proposed Acquisition (the “**Consideration**”) is S\$2,700,000 and shall be satisfied entirely by way of issuance and allotment of such number of new Shares in the issued share capital of the Company (each a “**Consideration Share**”) in favour of the Vendor.

All Consideration Shares to be issued and allotted as satisfaction for the Consideration will, when issued, credited as fully paid and rank *pari passu* with the then existing Shares of the Company, save for any dividends, rights, allotments, or other distribution (if any) the record date of which falls on or before the date of issue of such Consideration Shares.

4.2 Issue Price and Number of Consideration Shares

The Consideration Shares shall be issued at a price of S\$0.033 per Share (the “**Issue Price**”). The Issue Price of S\$0.033 represents a premium of approximately 8.6% to the volume weighted average price (“**VWAP**”) of S\$0.03 per Share for trades done on the SGX-ST for the 120-day period prior to and up to the date of the SPA. Based on the Issue Price of S\$0.033 per Consideration Share, an aggregate of 81,818,181 Consideration Shares will be issued as satisfaction of the Consideration as soon as practicable following completion of the Proposed Acquisition.

4.3 Conditions Precedent

Completion of the Proposed Acquisition is conditional upon, among others, the conditions set out under Section 3.5.7 of the Circular, which includes the following:-

- (a) the Company having received the relevant approvals from Shareholders at extraordinary general meeting (“**EGM**”) to be convened in respect of the following:
 - (i) such approval(s) pursuant to Chapter 9 of the Catalist Rules;
 - (ii) specific Shareholders’ approval for the issuance and allotment of the Consideration Shares to the Vendor pursuant to Chapter 8 of the Catalist Rules;
 - (iii) the approval of the Whitewash Resolution from Independent Shareholders; and
 - (iv) such other approval(s) required under the Catalist Rules and any other applicable laws in connection with the Proposed Acquisition and such other transactions contemplated in the SPA as may be necessary, and where any such approval is subject to any conditions, such condition(s) being complied with;

and such approvals having been obtained (each on terms and conditions acceptable to the Parties, each acting reasonably), remaining in full force and effect and not being revoked or amended;

- (b) the Company’s receipt from the SGX-ST of the listing and quotation notice (“**LQN**”) for the listing and quotation of the Consideration Shares, such LQN remaining in full force and effect and not having been revoked or amended, and where such LQN is subject to any condition(s), such condition(s) being acceptable to the Parties (acting reasonably);
- (c) the Vendor (and any other persons acting in concert with the Vendor under the Code (the “**Concert Parties**”)) having obtained a waiver from the SIC in respect of the obligation by the Vendor and their Concert Parties to make a mandatory general offer under Rule 14 of the Takeover Code for all the Company’s Shares in issue not already owned, controlled or agreed to be acquired by the Vendor and their Concert Parties as a result of the allotment and issuance of the Consideration Shares to the Vendor, such waiver having been obtained on terms and conditions acceptable to the Company and the Vendor, each acting

reasonably, and not being revoked or amended. In this regard, further details on the Vendor's Concert Parties are set out in Section 6.2 of the Circular;

- (d) all third party approvals, consents and notices as may be required for or in connection with the Proposed Acquisition and the transactions contemplated in the SPA have been obtained from all relevant parties and governmental bodies and are not withdrawn/revoked, and where any such approval and consent are obtained subject to any condition(s), such condition(s) being acceptable to the Company and, if such condition(s) is/are required to be fulfilled before Completion, such conditions being fulfilled before Completion;
- (e) each of the representations and warranties of the Company and the Vendor made pursuant to the SPA remaining true, complete, accurate and not misleading at all times from the date of the SPA;
- (f) the Proposed Acquisition and any transaction contemplated under the SPA not being prohibited by any applicable laws promulgated or issued after the date of the SPA, which is applicable to any Party;
- (g) the Company being satisfied in its discretion that there has been no material adverse change in, and there are no events, change, acts or omissions that has happened or is likely to happen which would have or could reasonably be expected to have, a material adverse effect on, the Target Company's business, assets, prospects, performance, financial position, results of operations and/or conditions (financial or otherwise), or the ability of the Vendor to perform the Vendor's obligations under the SPA and any other agreement entered into pursuant to or in connection with the SPA which the Vendor is a Party to;
- (h) the Company and its advisers having completed business and operational, financial and legal due diligence on the Target Company and the results of such due diligence investigations being satisfactory to the Company and its advisers in their sole and absolute discretion;
- (i) the Vendor having rectified, or having procured that the Target Company rectifies, to the Company's satisfaction, all issues, irregularities and any other matter uncovered by the Company and its advisers during the business and operational, financial and legal due diligence on the Target Company;
- (j) the Company having received confirmations from the relevant parties in respect of the form of (i) the Service Agreement (as defined below) to be entered into by the Target Company with Mr Nicholas Mo, the current sole director of the Target Company, and (ii) the Shareholders' Agreement to be entered into by, among others, the Company and the Vendor in respect of their shareholdings in the Target Company, each of such agreements to be effective upon Completion. Further details on these agreements are set out in Section 3.9 of the Circular;
- (k) full repayment of all amounts as may be due and owing by the Vendor and Mr Nicholas Mo to the Target Company; and
- (l) consent from the principal bank for the change of shareholding in the Target Company.

4.4 Completion of the Proposed Acquisition

Completion shall take place on the date falling within 14 days after the fulfilment or waiver of the last Condition Precedent as detailed in Section 3.5.7 of the Circular, or such other date as the Parties may mutually agree in writing.

4.5 Long Stop Date

The Parties have agreed that the long stop date for the Completion of the Proposed Acquisition shall be 12 months from the date of the SPA or such other date as the Parties may mutually agree in writing.

4.6 Service Agreement and Shareholders' Agreement

The current sole director of the Target Company, Mr Nicholas Mo, and the Target Company shall on Completion enter into a service agreement in respect of his appointment as a director of the Target Company and the services to be provided by him to the Target Company in respect thereof (the "**Service Agreement**"). The Service Agreement will provide for, among others, (a) Mr Nicholas Mo's obligations and duties in respect of his appointment, (b) the term of his appointment which shall be for 2 years from the date of Completion, and (c) non-compete undertakings by Mr Nicholas Mo.

In addition, the Company, the Vendor and the Target Company shall on Completion enter into a shareholders' agreement to govern their respective rights and obligations relating to the Target Company (the "**Shareholders' Agreement**").

5. THE PROPOSED WHITEWASH RESOLUTION

5.1 Interests of the Concert Party Group

Details on the interests of the Concert Party Group can be found in Section 6.2 of the Circular and we recommend that Shareholders read those pages of the Circular carefully. We have extracted and set out below the interests of the following persons who are presumed as parties acting in concert with the Vendor (each group collectively being a "**Concert Party Group**") as at the Latest Practicable Date and on Completion as follows:

	As at Latest Practicable Date		After Completion	
	No. of Shares ⁽¹⁾	% ^{(2) (4)}	No. of Shares ⁽¹⁾	% ^{(3) (4)}
Megane Marine Controllers Concert Party Group				
Vendor	-	-	81,818,181	39.95
Mr Jeffrey Soon ⁽⁵⁾	1,400,000	1.14	1,400,000	0.68
Mr Nicholas Mo	-	-	-	-
Total (Megane Marine Controllers Concert Party Group)	1,400,000	1.14	83,218,181	40.64
Soon Family Concert Party Group				
Vendor	-	-	81,818,181	39.95
Mr Jeffrey Soon ⁽⁵⁾	1,400,000	1.14	1,400,000	0.68
Mr Johnny Soon ⁽⁶⁾	22,273,599	18.11	22,273,599	10.88
Jasmine Ow Ah Foong	4,816,078	3.92	4,816,078	2.35
Soon Janice	1,000,000	0.81	1,000,000	0.49
Soon Jenson	1,000,000	0.81	1,000,000	0.49
Soon Jeremy	1,000,000	0.81	1,000,000	0.49
Soon Ji Ling Jacqueline	1,000,000	0.81	1,000,000	0.49
Total (Soon Family Concert Party Group)	32,489,677	26.42	114,307,858	55.82

Notes:

- (1) Save in respect of the interests held by Mr Johnny Soon which is detailed in note (6) below, interests in Shares include Shares which are directly held by such person, and Shares in respect of which such person is treated as having an interest in, in accordance with Section 4 of the SFA.
- (2) Based on issued share capital of the Company comprising 122,959,345 Shares as at the Latest Practicable Date. The Company does not have any treasury shares.

- (3) *Based on the enlarged share capital of the Company comprising 204,777,526 Shares after the issuance and allotment of 81,818,181 Consideration Shares pursuant to Completion, and assuming no other Shares are issued for the period from the Latest Practicable Date until Completion.*
- (4) *Any discrepancies in the table above between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in the table above may not be an arithmetic aggregation of the figures that precede them.*
- (5) *Mr Jeffrey Soon also holds 3,000,000 share options in the Company, which were granted pursuant to the Company's employee share option scheme.*
- (6) *The 22,273,599 Shares which Mr Johnny Soon is interested in comprise Shares in which he holds a direct interest. By virtue of Section 4 of the SFA, Mr Johnny Soon is also treated as having a deemed interest in the 4,816,078 Shares which are held by his spouse, Madam Jasmine Ow Ah Foong.*

5.2 The Whitewash Waiver and the SIC Conditions

Pursuant to the Whitewash Waiver dated 12 December 2022, we have set out the SIC Conditions as extracted from Section 6.4 of the Circular below:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Consideration Shares to the Vendor, a resolution (the "**Whitewash Resolution**") by way of a poll to waive their rights to receive a general offer from the Vendor;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Vendor and its Concert Parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Vendor and its Concert Parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares in the Company (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 to Shareholders):
 - (i) during the period between the date of the announcement of the Company's entry into the SPA and the date Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six months prior to the date of the announcement of the Company's entry into the SPA but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to such issue;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in the Circular to Shareholders:
 - (i) details of the Proposed Acquisition;
 - (ii) the dilution effect to existing holders of voting rights in the Company of the issuance of the Consideration Shares;
 - (iii) 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 Vendor and its Concert Parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights in the Company to be acquired by the Vendor and its Concert Parties as a result of the Proposed Acquisition;
 - (v) as the issuance of the Consideration Shares will result in the Vendor and its Concert Parties carrying over 49% of the voting rights of the Company, specific and prominent reference to this and the fact that the Vendor will be free to acquire further Shares without incurring any obligation under Rule 14 to make a general offer; and

- (vi) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to receive a general offer from the Vendor at the highest price paid by the Vendor and its Concert Parties for Shares in the Company in the past six months preceding the commencement of the offer.
- (g) the Circular to Shareholders states that waiver granted by the SIC to the Vendor from the requirement to make a general offer under Rule 14 is subject to the conditions stated at paragraphs (a) to (f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the approval for the Whitewash Resolution must be completed within three months from 12 December 2022 and the issuance of the Consideration Shares must be completed within three months of the approval of the Whitewash Resolution.

As at the date of the Circular, save for the conditions set out in paragraphs (a), (c), (d) and (i) above, all the other SIC Conditions set out above have been satisfied.

Shareholders should note that the Proposed Acquisition is conditional, among other things, upon passing of the Whitewash Resolution by the Independent Shareholders. In view of this, in the event that the Whitewash Resolution is not approved by the Independent Shareholders, the Proposed Acquisition will not proceed.

6. THE PROPOSED JOINT VENTURE AND THE SHAREHOLDERS' AGREEMENT

On Completion, the Company and the Vendor will also enter into the Shareholders' Agreement with the Vendor to among others regulate and govern their relationship as shareholders of the Target Company (which will become a subsidiary of the Company) post-Completion.

The summary of key terms of the Shareholders' Agreement can be found in Section 4.3.3 of the Circular and we recommend that Shareholders read those pages of the Circular carefully. We have set out the key terms of the Shareholders' Agreement below for reference:

Constitution of the Board	The board of directors of the Target Company shall consist of a maximum of 3 directors. The Company shall have the right to appoint 2 directors and the Vendor shall have the right to appoint 1 director. The chairperson of the board of directors of the Target Company shall be a director appointed by the Company.
Reserved Matters	The express written consent of both the Company and the Vendor shall be obtained prior to the passing of any resolutions to approve the following matters at any general meeting of the Target Company or any meeting of the board of directors of the Target Company (as the case may be): <ul style="list-style-type: none"> • Any dissolution, liquidation, or winding-up of the Target Company; • Any amalgamation or reconstruction of the Target Company, or any merger of the Company with any corporation, firm or other body; and • Any amendment to the constitution of the Target Company.
Funding obligations	Any additional funding to be obtained by the Target Company shall be financed in the following order of preference: (a) firstly, by way of external borrowings, including loans from banks and/or other financial institutions, (b) secondly, by way of shareholder loans to be provided by the Company and the Vendor pursuant to mutual discussion between the parties, and (c) lastly, by way of the issuance of new shares in the Target Company, subject to the relevant pre-emptive provisions set out below.

Pre-emptive provisions	Any issuance of new shares in the Target Company shall, before issue, be offered for subscription in the first instance to each of the Company and the Vendor (as shareholders of the Target Company) <i>pro rata</i> to their respective shareholding proportion in the Target Company.
Share transfers	The Vendor may not transfer any of their shares in the Target Company without the prior written consent of the Company (being the other shareholder).

7. EVALUATION OF THE PROPOSED TRANSACTIONS

In arriving at our opinion on whether (i) the Proposed Acquisition and the Proposed Joint Venture are on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders; and (ii) the terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, are fair and reasonable, we have given due consideration to, *inter alia*, the following:

- (i) Rationale for the Proposed Acquisition;
- (ii) Historical financial performance and financial condition of the Target Company;
- (iii) Assessment on the Consideration;
- (iv) Assessment on the Issue Price for the Consideration Shares; and
- (v) Other relevant considerations in relation to the Proposed Transactions.

7.1 Rationale for the Proposed Acquisition

We have considered the rationale by the Company for the Proposed Acquisition which can be found in Section 7.1 of the Circular and have been extracted and set out in italics below:

“Proposed Acquisition

The Company is currently loss-making and is constantly looking for expansion opportunities to boost growth and enhance its Shareholders’ value. The Proposed Acquisition represents a good opportunity for the Group to broaden the range of services currently offered by diversifying its existing businesses to include the Trading Business (i.e. the buying and selling of marine petroleum products). As Singapore is one of the world’s premier hub ports, following Completion, the Company is expected to be able to leverage on the Target Company’s expertise and experience to tap into numerous opportunities to provide maritime services to vessels within the SEA region.

The business of the Target Company also potentially provides various synergies with the Group’s Existing Business (as detailed in Section 2.1 of this Circular), which include cross-selling between the customers and suppliers of the Group and the Target Company, and the potential expansion of the Group’s services offerings to include, not only the Trading Business, but also tank cleaning, de-slopping, gas freeing and de-mucking and sludge disposal services (all of which are part of the expansion plans of the Target Company). The business operations of the Target Company are expected to provide the enlarged Group with regular revenue streams, which in turn are expected to contribute positively to the earnings of the enlarged Group.

In connection with the foregoing, the Target Company will be able to tap on the Group’s existing network to diversify and expand its customer base to improve its prospects. The Target Company will also benefit from the Company’s listing status by gaining a better profile to facilitate the application(s) for the relevant licence(s) in respect of the New Business.

The Group's revenue is expected to increase after the Proposed Acquisition is completed. The Board is of the view that the Proposed Acquisition has the potential to enhance the long-term value of the Company for its Shareholders and contribute positively to the growth, financial position and long-term prospects of the Group.

The satisfaction of the Consideration by way of the allotment and issuance of the Consideration Shares will also reduce the cash outlay to be incurred by the Company in relation to the Proposed Acquisition."

7.2 Historical financial performance and financial condition of the Target Company

We have made reference to the audited financial information of the Target Company for the last three financial years ended 31 December ("FY") 2019, 2020 and 2021 and the unaudited financial information of the Target Company for the trailing twelve-month period ended 30 September 2022 ("TTM 9M2022"). The summary of the financial information of the Target Company for the last FY 2019, 2020 and 2021 and the TTM 9M2022 are set out below.

Summary of financial results of the Target Company

S\$	FY2019	FY2020	FY2021	TTM 9M2022
	Audited	Audited	Audited	Unaudited
Revenue	3,730,252	4,110,037	4,390,181	5,939,509
Cost of sales	(3,383,478)	(3,426,986)	(3,634,147)	(5,022,668)
Gross profit	346,774	683,051	756,034	916,841
Other income	-	644	7,800	3,000
Administrative expenses	(110,000)	(130,000)	(130,000)	(128,500)
Finance cost		(10,443)	(13,924)	(8,601)
Other operating expenses	(121,175)	(93,705)	(110,445)	(167,507)
Profit/(Loss) before tax	115,599	449,547	509,465	615,233
Income tax expense	(4,182)	(58,998)	(69,084)	(76,904)
Profit/(Loss) for the year/period	111,417	390,549	440,381	538,329
Earning before interest, depreciation and amortisation ("EBITDA")	115,599	459,990	523,389	623,834

Source: The Company

In FY2020, the Target Company recorded a revenue of approximately S\$4.1 million, which is 10.2% higher compared to FY2019. Gross profit margin for FY2020 was also higher at 16.6% (versus 9.0% in FY2019), resulting in the gross profit almost doubling in FY2020 to S\$0.68 million (from S\$0.35 million in FY2019). Consequently, the Target Company recorded higher profit after tax of S\$0.39 million in FY2020 as compared to S\$0.11 million in FY2019, mainly due to the higher gross profit, which is partially offset by higher administrative expenses of S\$130,000 and higher income tax expense of S\$58,998 recorded in FY2020. For FY2020, the Target Company achieved an EBITDA margin of 11.2% (versus 3.1% for FY2019).

In FY2021, the Target Company recorded a revenue of approximately S\$4.4 million, which is 6.8% higher compared to FY2020. Gross profit margin for FY2021 was also higher at 17.2% (versus 16.6% in FY2020), resulting in the marginal increase in gross profit of S\$0.76 million. Consequently, the Target Company recorded higher profit after tax of S\$0.44 million in FY2021 as compared to S\$0.39 million in FY2020, mainly due to the higher gross profit, which is partially offset

by an increase in other expenses to S\$110,445 and higher income tax expense of S\$69,084 recorded in FY2021. For FY2021, the Target Company achieved an EBITDA margin of 11.9% (versus 11.2% for FY2020).

For TTM 9M2022, the Target Company recorded a revenue of approximately S\$5.9 million with a gross profit of S\$0.92 million (representing a gross profit margin of 15.4%). After offsetting the administrative expenses of S\$128,500, other operating expenses of S\$167,507 and finance costs of S\$8,601 incurred during TTM 9M2022, the Target Company recorded a net profit after tax of S\$0.54 million for this twelve-months period. For TTM 9M2022, the Target Company achieved an EBITDA margin of 10.5%.

Balance sheet of the Target Company

	As at 30 September 2022
	S\$
Current Assets	
Cash and cash equivalent	833,555
Trade and other receivables	325,150
Amount due from shareholders	114,010
Prepayments and deposits	502,400
Total Current Assets	1,775,115
Total Assets	1,775,115
Current Liabilities	
Term loans	463,493
Income tax payable	69,084
Total Current Liabilities	532,577
Total Liabilities	532,577
Share capital	500,000
Retained earnings brought forward	442,348
Comprehensive income	400,190
Dividends declared	(100,000)
Total Equity	1,242,538

Source: The Company

Based on the above, we note that as at 30 September 2022:

- (a) the total assets of the Target Company of approximately S\$1.78 million comprising cash and cash equivalents of S\$0.83 million, trade and other receivables of S\$0.33 million, prepayments and deposits of S\$0.50 million and an amount due from shareholders of S\$0.11 million. In respect of the amount due from shareholders, we understand from the Company that the outstanding amount from shareholders will be fully repaid and settled prior to the completion of the Proposed Acquisition;
- (b) the total liabilities of the Target Company of approximately S\$0.53 million comprising term loans of S\$0.46 million, and income tax payable of S\$0.07 million;
- (c) the Target Company has positive net working capital with its current assets exceeding its current liabilities by approximately S\$1.24 million; and

- (d) the net asset value (“NAV”) of the Target Company was S\$1.24 million, representing an increase of 31.9% from its NAV as at 31 December 2021 of S\$942,347.

In respect of the above, we note the following:

- (a) Based on the Target Company’s FY2021 profit for the year of approximately S\$0.44 million, the price-earnings (P/E) ratio as implied by the Consideration is approximately 10.2 times. Based on the Target Company’s TTM 9M2022 profit of approximately S\$0.54 million, the price-earnings (P/E) ratio as implied by the Consideration is approximately 8.4 times;
- (b) Based on the Target Company’s FY2021 EBITDA of approximately S\$0.52 million and the balance sheet of the Target Company as at 31 December 2021, the enterprise value-to-EBITDA (EV/EBITDA) ratio as implied by the Consideration is approximately 8.1 times. Based on the Target Company’s TTM 9M2022 EBITDA of approximately S\$0.62 million and the balance sheet of the Target Company as at 30 September 2022, the EV/EBITDA (TTM) ratio as implied by the Consideration is approximately 6.6 times; and
- (c) The P/NAV ratio as implied by the Consideration is approximately 3.6 times, based on the NAV of the Target Company as at 30 September 2022.

7.3 Assessment on the Consideration

7.3.1 Comparison with the fair market value of 100% equity interest in the Target Company

In connection with the Proposed Acquisition, the Independent Valuer was commissioned by the Company to assess and determine the market value of the 100% equity interest of the Target Company as at 30 September 2022.

As set out in the Valuation Report, the Independent Valuer has conducted its valuation on the basis of “Market Value” which is defined as:

“The amount for which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell.”

The Independent Valuer has considered and adopted two conventional valuation approaches, namely, Income Approach – Discounted Cash Flow (“DCF”) Analysis and Market Approach – Comparable Companies Analysis.

The Independent Valuer has adopted the Income Approach – DCF Analysis as its primary valuation methodology, which is premised on the principle that the value of a group, company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow (“FCF”). The projected FCF is derived from a variety of assumptions and judgments about its expected financial performance, including sales growth rates, profit margins, capital expenditures, and net working capital requirements, which will be discounted to the present value at the Company’s weighted average cost of capital (“WACC”). The present value of the FCF and terminal value are summed to determine an enterprise value, which serves as the basis for the DCF valuation. In this regard, the Independent Valuer has been provided with projections of the Target Company for the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024 which form the basis of its discounted cash flow analysis.

As set out in the Valuation Report, we note that in arriving at the market value of the Target Company based on DCF, the Independent Valuer has ascribed a risk-free rate of 3.48% in its WACC computation based on the Singapore 10-year government bond yield as at 30 September 2022. In this regard, the current Singapore 10-year government bond yield as at the Latest Practicable Date is slightly lower at 3.09%. The Independent Valuer has performed a sensitivity analysis using WACC discount rate ranging from 10.22% to 11.22% (with a base case WACC of 10.72%) and perpetual growth rate ranging from 1.51% to 2.51% (with a base case growth rate of 2.01%) in its discounted cash flow analysis and has accordingly derived an implied equity value range of S\$6.3 million to S\$7.7 million for 100% equity interest in the Target Company.

We further note that the Independent Valuer has adopted the Market Approach – Comparable Companies Analysis as its secondary valuation methodology as a reference cross-check to ensure the reasonableness of the derived valuation results from the DCF analysis. The indication of value under the Market Approach involves determining the value of the Target Company’s business by referencing to available market information, such as trading multiples of comparable publicly listed companies which were then adjusted with: (i) a range of 20% and 33% discount for the lack of marketability as the Target Company is privately owned and is smaller in size and less liquid as compared to the comparable listed companies; and (ii) a control premium of 30% in view that the transaction involves the acquisition of a controlling interest. Based on the aforementioned, the Independent Valuer arrived at an implied equity values of the Target Company using the Market Approach – Comparable Companies Analysis of between S\$6.6 million to S\$8.0 million (i.e. corresponding value attributable to the Sale Shares of between S\$4.0 million to S\$4.8 million).

Based on the investigation and analysis performed, the Independent Valuer is of the opinion that the market value corresponding to the implied equity value of the Target Company as at 30 September 2022 is in the range of S\$6.6 million to S\$7.7 million, with a base value of S\$6.9 million. **Accordingly, the proportionate market value attributable to the Sale Shares would be in the range of S\$4.0 million to S\$4.6 million, with a corresponding base value of S\$4.1 million**, in respect of the 60% equity interest in the Target Company. In this regard, we note that that the Consideration of S\$2.7 million: (i) is below the range of the above market value attributable to the Sale Shares, and (ii) is at a discount of approximately 34.6% (or approximately S\$1.4 million in absolute terms) to the base market value attributable to the Sale Shares.

It should be noted that the independent valuation of the Target Company is based on various assumptions and limitations as set out in the Valuation Report, and Shareholders are advised to read the above in conjunction with the Valuation Summary Letter in its entirety as set out in Appendix A to the Circular.

7.4 Assessment on the Issue Price for the Consideration Shares

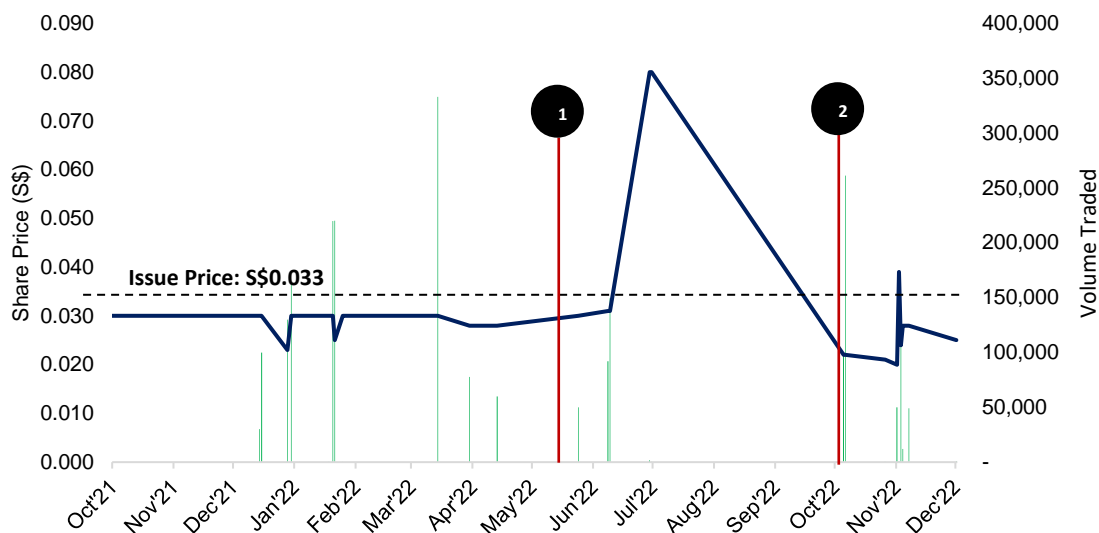
In assessing the reasonableness of the Issue Price, we have considered the following:

- (a) Historical trading performance of the Shares;
- (b) The net asset value per Share; and
- (c) Comparison with the valuation statistics of selected comparable listed companies.

7.4.1 Historical trading performance of the Shares

We have compared the Issue Price to the historical share price of the Shares for the 12-month period prior to the SPA Announcement Date of 4 October 2022 (“**Last Trading Day**”) and for the period from the SPA Announcement Date up to the Latest Practicable Date.

We set below a chart showing the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 4 October 2021 and up to the Latest Practicable Date (“**Period Under Review**”):



Announcements made by the Company in relation to the Proposed Acquisition:

- (1) The Initial Announcement - the Company announced that it had entered into the Term Sheet with the Vendor on 17 May 2022.
- (2) The SPA Announcement - the Company announced that it had entered into the SPA with the Vendor on 4 October 2022.

In addition to the above share price / trading volume chart, we have tabulated below selected statistics on the share price and trading liquidity of the Shares for the Period Under Review and the period after the SPA Announcement Date up to the Latest Practicable Date:

Reference Period	VWAP (S\$) ⁽¹⁾	Premium/ (discount) of Issue Price to VWAP (%) ⁽²⁾	Highest closing price (S\$) ^{(1) (5)}	Lowest closing price (S\$) ^{(1) (5)}	Average daily trading volume (2) (3)	Average daily trading volume as a percentage of free float (%) ^{(1) (4)}
<u>Period up to and including the Last Trading Day prior to the SPA Announcement Date</u>						
12-month	0.030	11.3%	0.080	0.023	6,425.3	0.024%
6-month	0.030	8.6%	0.080	0.028	2,801.6	0.011%
3-month ⁽⁶⁾	-	-	-	-	-	-
1-month ⁽⁶⁾	-	-	-	-	-	-
30 June 2022, being the last market day on which the Shares were traded prior to the SPA Announcement	0.080 ⁽⁵⁾	(58.8%)	0.080	0.080	200.0	0.001%
<u>Period after the SPA Announcement Date</u>						
From 5 October 2022 to the Latest Practicable Date	0.023	44.1%	0.039	0.020	9,585.3	0.036%
1 December 2022, being the last market day on which the Shares were traded as at the LPD	0.024 ⁽⁵⁾	40.4%	0.024	0.024	1,000.0	0.004%

Notes:

- (1) *Rounded to the nearest three (3) decimal places.*
- (2) *Rounded to the nearest one (1) decimal place.*
- (3) *The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period.*
- (4) *Based on the Company's annual report for FY2021, the number of Shares held in the hands of the public was approximately 26.44 million Shares being approximately 21.5% of the issued shares of the Company.*
- (5) *Refers to the closing price of the Shares on the respective days.*
- (6) *There were no trades on the Shares done in the 1-month and 3-month periods prior to the SPA Announcement Date respectively.*

Based on the above, we note the following:

- (a) The Issue Price of S\$0.033 is at a premium of approximately 11.3% and 8.6% to the VWAP of the Shares for the 12-month and 6-month periods prior to the SPA Announcement Date respectively. There were no trades on the Shares done in the 3-month and 1-month periods prior the SPA Announcement Date respectively;
- (b) The Issue Price is at a discount of approximately 58.8% to the closing price and VWAP of the Shares on 30 June 2022, being the last market day on which the Shares were traded prior to the SPA Announcement Date. In this regard, it should be noted however that there were only 200 Shares traded on that day;
- (c) The Issue Price is within the range of the closing prices of the Shares for the 12-month and 6-month periods up to and including the Last Trading Day and above all the highest closing prices of the Shares for the period commencing from 4 October 2021 and up to the Initial Announcement Date;
- (d) The Issue Price is at a premium of approximately 44.1% to the VWAP of the Shares for the period after the SPA Announcement Date to the Latest Practicable Date; and
- (e) The Issue Price is at a premium of approximately 40.4% to the closing price of the Shares on 1 December 2022, being the last market day on which the Shares were traded as at the LPD.

We note the following with regard to the trading liquidity of the Shares:

- (a) Trading liquidity of the Shares during the 12-month period up to and including the Last Trading Day has been very low with a daily trading volume of between 100 Shares and 333,000 Shares and an average daily trading volume of approximately 6,425 Shares representing 0.024% of the free float of the Company; and
- (b) For the period after the SPA Announcement Date to the Latest Practicable Date, trading liquidity of the Shares remained low but had increased to an average daily trading volume of approximately 9,585 Shares, representing approximately 0.036% of the Company's free float.

Shareholders should note that there is no assurance that the market price and trading volume of the Shares will be maintained at the level prevailing as at the Latest Practicable Date after the completion of the Proposed Acquisition. **Shareholders are advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.**

7.4.2 Net asset value per Share

In our assessment of the Issue Price, we have also considered the value of the Shares using the NAV-based valuation approach. The earnings approach, which is commonly used for the valuation of a profitable company is not meaningful as the Company has reported a net loss for FY2021 and for the trailing twelve months ended 30 June 2022.

The NAV based valuation provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

As at 30 June 2022, the Group's latest unaudited NAV per Share was S\$0.0896. Based on the latest NAV per Share, the P/NAV ratio as implied by the Issue Price is 0.37 times, that is, the Issue Price is at a discount of approximately 63.2% to the NAV per Share.

7.4.3 Comparison with the valuation statistics of selected comparable listed companies

Based on the annual report of the Company for FY2021 and our discussion with Management, we note that the Group is primarily engaged in provision of piping services and heat exchanger servicing and fabrications to the offshore marine, oil and gas and shipping industries.

For the purpose of our evaluation of the financial terms of the Proposed Acquisition, we have undertaken a comparison of the commonly used valuation ratios, being EV/EBITDA ratio, P/E ratio and P/NAV ratio, of the Group Comparable Companies (as defined below).

In our selection of the comparable companies, we have made reference to selected companies listed on the SGX-ST which we consider to be broadly comparable to the principal business of the Group ("**Group Comparable Companies**").

We wish to highlight that the Group Comparable Companies are not exhaustive and we recognise that there may not be any listed company or group which may be considered identical to the Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation. In addition, we wish to highlight that the list of Group Comparable Companies is by no means exhaustive. 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 Group as at the Latest Practicable Date.

The Recommending 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 the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

Company	Stock Exchange	Business Description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (S\$ million)
Dyna-Mac Holdings Ltd	Singapore	Dyna-Mac Holdings Ltd. offers engineering, procurement and construction services to the offshore oil and natural gas, marine construction and other industries. The Company builds topside modules for floating production storage and offloading, semi-submersibles, manifolds, buoys, process piping, and tanks for petrochemical and pharmaceutical plants.	193.7
Baker Technology Ltd	Singapore	Baker Technology Limited manufactures industrial equipment. The Company produces offshore pedestal cranes, anchor winches, skidding systems, jacking systems, and raw water tower structures equipment, as well as provides project management, quality assurance, construction supervision, and engineering services. Baker Technology serves customers worldwide.	131.9

Company	Stock Exchange	Business Description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (S\$ million)
CosmoSteel Holdings Ltd	Singapore	CosmoSteel Holdings Ltd. sources and distributes piping system components. The Company distributes piping system components including pipes, fittings and flanges. CosmoSteel also provides machining services.	34.0
Mun Siong Engineering Ltd	Singapore	Mun Siong Engineering Ltd. is an integrated mechanical engineering and electrical and instrumentation service provider for the Process Industries. The Company's services include pre-fabrication and installation of piping works, valves, erection of steel structures, installation of fixed equipment and platforms, and installation of transformers, switchgears, lightings.	27.3
AMOS Group Ltd	Singapore	AMOS Group Limited is a Singapore-based multi-disciplinary specialist provider and manufacturer of rigging and lifting solutions to the global offshore oil and gas industry. The Company also provides engineering services that include the design, fabrication, testing, inspection, maintenance, and certification of rigging, mooring, and lifting equipment.	23.2
Beng Kuang Marine Ltd	Singapore	Beng Kuang Marine Limited provides corrosion prevention and infrastructure engineering services. The Group offers hydro-jet cleaning and tank cleaning services. Beng Kuang Marine trades copper slag and waste management in Asia.	11.0
ES Group Holdings Ltd	Singapore	ES Group Holdings Ltd. is a marine and offshore group involved in newbuilding, conversion and repair of oceangoing vessels. The Company builds, converts, and repairs a wide range of vessels, such as tugs, barges, rigs, offshore support vessels, oil tankers, and cargo ships.	7.5
Advanced Holdings Ltd	Singapore	Advanced Holdings Ltd. designs, manufactures, and distributes engineered solutions. The Company offers solutions for process controls and environmental protection in the oil and gas, power generation, chemical and petrochemical, iron and steel, and micro-electronics industries. Advanced Holdings serves customers in Singapore.	7.1

Source: Bloomberg L.P.

The valuation ratios of the Group Comparable Companies as at the Latest Practicable Date are set out below:

Companies	EV/TTM EBITDA⁽¹⁾ (times)	TTM P/E⁽¹⁾ (times)	P/NAV^{(1) (2)} (times)
Dyna-Mac Holdings Ltd	5.6	14.4	6.4*
Baker Technology Ltd	4.9	12.2	0.57
CosmoSteel Holdings Ltd	6.9	14.9	0.44
Mun Siong Engineering Ltd	n.m. ⁽³⁾	n.m. ⁽⁴⁾	0.50
AMOS Group Ltd	n.m. ⁽³⁾	n.m. ⁽⁴⁾	0.24
Beng Kuang Marine Ltd	n.m. ⁽³⁾	n.m. ⁽⁴⁾	0.58
ES Group Holdings Ltd	n.m. ⁽³⁾	n.m. ⁽⁴⁾	0.30
Advanced Holdings Ltd	n.m. ⁽³⁾	n.m. ⁽⁴⁾	0.16
High	6.9	14.9	0.58
Low	4.9	12.2	0.16
Mean	5.8	13.8	0.40
Median	5.6	14.4	0.44

Companies	EV/TTM EBITDA ⁽¹⁾ (times)	TTM P/E ⁽¹⁾ (times)	P/NAV ^{(1) (2)} (times)
Company as implied by Consideration Shares	n.m. ⁽³⁾⁽⁵⁾	n.m. ⁽⁴⁾⁽⁵⁾	0.37 ⁽⁵⁾

Source: Bloomberg L.P.

Notes:

* Multiples marked is deemed as outlier

(1) Market capitalisation, Enterprise valuation, EV/TTM EBITDA, TTM P/E and P/NAV of the Group Comparable Companies were based on their respective last closing prices as at the Latest Practicable Date.

(2) Based on the NAV as set out in the latest available published financial statements of the Group Comparable Companies as at the Latest Practicable Date.

(3) Not meaningful (n.m.) as the respective companies recorded negative EV or EBITDA.

(4) Not meaningful (n.m.) as the respective companies recorded negative net profit.

(5) The EV/TTM EBITDA, TTM P/E and P/NAV multiple of the Company as implied by the Consideration Shares were computed based on its financial results for the period ended 30 June 2022.

Based on the above, we note that:

- (a) Comparisons using the earnings-based valuation multiples will not be meaningful as the Group had negative EBITDA and earnings for the latest trailing twelve months period ended 30 June 2022;
- (b) The P/NAV of the Group (as implied by the Issue Price) of 0.37 times is within the range of P/NAV of the Group Comparable Companies (excluding outliers) of between 0.16 times and 0.58 times, but slightly below the median and mean P/NAV of 0.44 times and 0.40 times respectively; and
- (c) The P/NAV of the Group (as implied by the Issue Price) of 0.37 times is slightly above the median and mean P/NAV of the subset of the Group Comparable Companies that are also loss-making in the latest trailing twelve-month period of 0.30 times and 0.36 times respectively.

7.5 Other relevant considerations

7.5.1 Assessment on key terms of the Shareholders' Agreement

The summary of key terms of the Shareholders' Agreement can be found in Section 4.3.3 of the Circular. We have reviewed the key terms of the Shareholders' Agreement and note that the Company and the Vendor have been assigned shareholder's rights and obligations pursuant to the Shareholders' Agreement that corresponds to their respective proportionate shareholding interests in the Target Company as summarised in the table below.

Board Composition	The board of directors of the Target Company shall consist of a maximum of 3 directors. The Company shall have the right to appoint 2 directors and the Vendor shall have the right to appoint 1 director. The chairperson of the board of directors of the Target Company shall be a director appointed by the Company.
Proportionate Liability	The Company and the Vendor agree that the aggregate amount of any liability arising from all undertakings given to any bank or other third party by the Target Company during the term of the Shareholders' Agreement for purposes of securing the indebtedness and obligations of the Target Company shall be borne by the Company and the Vendor in proportion to their respective shareholding interests in the Target Company.

Pre-emption Rights	In the event if there are any issuance of new shares in the Target Company, the Company and the Vendor, shall be offered for subscription (as shareholders of the Target Company) that is, as nearly as possible, proportionate to their respective shareholding interests in the Target Company.
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7.5.2 Financial effects of the Proposed Acquisition on the Group

The financial effects of the Proposed Acquisition on the Group's NTA per Share and loss per Share ("LPS") of the Group are set out in Section 9 of the Circular and have been prepared based on the Group's latest audited financial statements for the financial year ended 31 December 2021 ("FY2021"). The financial effects are for illustrative purposes only and are not intended to reflect the actual future financial performance of position of the Group after the completion of the Proposed Acquisition.

In summary, we note the following financial effects of the Proposed Acquisition:

- (i) the Group's NTA per Share as at 31 December 2021 would decrease from 9.12 Singapore cents before the Proposed Acquisition to 5.75 Singapore cents after the Proposed Acquisition, as the Consideration will be satisfied in full via the issuance of the Consideration Shares at an Issue Price which is at a discount to the NAV/NTA per Share; and
- (ii) the Proposed Acquisition would reduce the Group's LPS from 2.19 Singapore cents to 1.18 Singapore cents, as the Target Company is profitable whereas the Group is presently loss-making and also due to the increase in the number of Shares outstanding from the issuance of the Consideration Shares.

7.5.3 Conditionality of Resolutions

Shareholders should note, *inter alia*, that passing of Resolution 2 (in respect of the Proposed Acquisition as a major transaction), Resolution 3 (in respect of the Proposed Acquisition as an Interested Person Transaction), Resolution 4 (in respect of the Proposed Consideration Shares Issue), Resolution 5 (in respect of the Proposed Transfer of Controlling Interest), Resolution 6 (in respect of the Whitewash Resolution) and Resolution 7 (in respect of the Proposed Joint Venture as an Interested Person Transaction) are conditional on each other.

7.5.4 Potential dilution impact arising from the Proposed Acquisition and the implications of the Whitewash Resolution

The Proposed Acquisition will result in the issuance of 81,818,181 Consideration Shares representing 66.54% of the existing number of the issued Shares and 39.95% of the enlarged number of Shares immediately after the Proposed Acquisition.

Accordingly, the dilution impact on the shareholdings of the existing Shareholders and the Independent Shareholders in the Company is illustrated in the table below:

Name of shareholders	Existing shareholding as at the Latest Practicable Date		After the Proposed Acquisition	
	No. of Shares	%	No. of Shares	%
Megane Marine Controllers Concert Party Group ⁽¹⁾	1,400,000	1.14	83,218,181	40.64
Soon Family Concert Party Group ⁽²⁾	32,489,677	26.42	114,307,858	55.82
Independent Shareholders ⁽³⁾	90,469,668	73.58	90,469,668	44.18

Notes:

- (1) *The Megane Marine Controllers Concert Party Group comprises such persons as identified in Section 6.2.1 of the Circular and details of their shareholdings are set out in Section 6.2.2 of the Circular.*
- (2) *The Soon Family Concert Party Group comprises such persons as identified in Section 6.2.1 of the Circular and details of their shareholdings are set out in Section 6.2.2 of the Circular.*
- (3) *Shareholdings of the Independent Shareholders include shareholdings of the Recommending Directors (being all the Directors except for Mr Johnny Soon and Mr Jeffrey Soon).*

As set out in the table above, the shareholding interest of Independent Shareholders will be diluted from 73.58% to 44.18% after the completion of the Proposed Acquisition.

Independent Shareholders should note that:

- (a) by voting in favor of the Whitewash Resolution, they will be waiving their rights to receive a mandatory general offer for all the Shares which the Vendor would otherwise be obliged to make at the highest price paid by the Vendor and its Concert Parties for Shares in the Company in the past six months preceding the commencement of the offer; and
- (b) completion of the issuance of the Consideration Shares will result in the Vendor and its Concert Parties holding Shares carrying over 49% of the voting rights of the Company based on the enlarged issued share capital of the Company and in such scenario, the Vendor will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer for the Company.

7.5.5 Risk factors relating to the Proposed Acquisition

As set out in Section 2.2 of the Circular, the Group is expected, or otherwise intends, to engage in trading, bunkering and general port services businesses (collectively, the “**New Business**”) following completion of the Proposed Acquisition, which is expected to give rise to a change in the risk profile of the Group. The Company has identified a list of the key risk factors relating to the New Business which can be found in Sections 2.4 and 2.5 of the Circular and Shareholders are advised to read those sections of the Circular carefully.

8. OUR OPINION

In arriving at our opinion in relation to the Proposed Transactions, we have considered and evaluated factors which we deem to have significant relevance to our assessment, particularly the key factors which are described in more details in Paragraph 7 of this IFA Letter (which should be read in conjunction with, and in the full context of, the Circular and this IFA Letter), including, *inter alia*, the following:

- (i) The rationale for the Proposed Acquisition, details of which are set out in Paragraph 7.1 of this IFA Letter;
- (ii) The historical financial performance and financial condition of the Target Company, details of which are set out in Paragraph 7.2 of this IFA Letter;
- (iii) Assessment on the Consideration, details of which are set out in Paragraph 7.3 of this IFA Letter;
- (iv) Assessment on the Issue Price for the Consideration Shares, details of which are set out in Paragraph 7.4 of this IFA Letter; and
- (v) Other relevant considerations in relation to the Proposed Transactions, details of which are set out in Paragraph 7.5 of this IFA Letter.

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the opinion that:

- (i) the Proposed Acquisition, being an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders;
- (ii) on balance, the terms of the Proposed Acquisition are fair and reasonable, and the Whitewash Resolution, when considered in the context of the Proposed Acquisition, is not prejudicial to the interests of the Independent Shareholders; and
- (iii) the Proposed Joint Venture, being an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

Accordingly, we advise the Recommending Directors to recommend to the Independent Shareholders to vote in favour of the Whitewash Resolution.

Our opinion is prepared as required under Rule 906 and Rule 921(4)(a) of the Catalist Rules as well as addressed to the Recommending Directors for their benefit and for the purpose of their consideration of the Proposed Transactions. The recommendation to be made by the Recommending Directors to the Independent Shareholders shall remain the responsibility of the Recommending Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of any matter relating to the Proposed Transactions.

This IFA Letter is governed by and construed in accordance with the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of
W Capital Markets Pte. Ltd.

Foo Say Nam
Partner
Head of Advisory

Alicia Chang
Vice President
Corporate Finance

APPENDIX C – CHANGES IN SHAREHOLDING INTERESTS ARISING FROM THE PROPOSED ACQUISITION

For illustrative purposes only, the shareholding structure of the Company as at the Latest Practicable Date and following completion of the issuance of the Consideration Shares pursuant to the Proposed Acquisition is set out below.

	Latest Practicable Date				After Completion			
	Direct		Deemed		Direct		Deemed	
	No. of Shares ⁽¹⁾	% ⁽¹⁾	No. of Shares ⁽¹⁾	% ⁽¹⁾	No. of Shares ⁽¹⁾	% ^{(1) (2)}	No. of Shares ⁽¹⁾	% ^{(1) (2)}
Substantial Shareholders								
Tru-Marine Pte. Ltd.	32,030,678	26.05	-	-	32,030,678	15.64	-	-
Loke Weng Seng ⁽³⁾	-	-	32,030,678	26.05	-	-	32,030,678	15.64
Loke Yuen Kong ⁽³⁾	-	-	32,030,678	26.05	-	-	32,030,678	15.64
Chan Hon Sing ⁽³⁾	-	-	32,030,678	26.05	-	-	32,030,678	15.64
Yong Yeow Sin	27,214,599	22.13	-	-	27,214,599	13.29	-	-
Directors								
Johnny Soon ⁽⁴⁾	22,273,599	18.11	4,816,078	3.92	22,273,599	10.88	4,816,078	2.35
Jeffrey Soon ^{(5) (6)}	1,400,000	1.14	-	-	1,400,000	0.68	81,818,181	39.95
Loke Weng Seng ⁽³⁾	-	-	32,030,678	26.05	-	-	32,030,678	15.64
Lim Soon Hock	-	-	-	-	-	-	-	-
Chong Eng Wee	-	-	-	-	-	-	-	-
Anthony Ang Meng Huat	-	-	-	-	-	-	-	-
Lie Ly @ Liely Lee	-	-	-	-	-	-	-	-
Chua Siong Kiat	1,600	0.001	-	-	1,600	0.0008	-	-
Vendor								
Megane Marine Pte. Ltd.	-	-	-	-	81,818,181	39.95	-	-

Notes:

(1) Based on the issued share capital of the Company comprising 122,959,345 Shares as at the Latest Practicable Date. The Company does not have any treasury shares.

APPENDIX C – CHANGES IN SHAREHOLDING INTERESTS ARISING FROM THE PROPOSED ACQUISITION

- (2) Based on the enlarged share capital of the Company of 204,777,526 Shares after the issuance and allotment of 81,818,181 Consideration Shares pursuant to Completion, and assuming no other Shares are issued for the period from the Latest Practicable Date until Completion.
- (3) As each of Mr Loke Weng Seng, Mr Loke Yuen Kong and Mr Chan Hon Sing is a 33.33% shareholder of Tru-Marine Pte. Ltd. Each of them is treated as having a deemed interest in the 32,030,678 Shares held by Tru-Marine Pte. Ltd. by virtue of Section 4 of the SFA.
- (4) Mr Johnny Soon is treated as having an interest in the 4,816,078 Shares which are held by his spouse, Madam Jasmine Ow Ah Foong.
- (5) Mr Jeffrey Soon also holds 3,000,000 share options in the Company which were granted pursuant to the Company's employee share option scheme.
- (6) Mr Jeffrey Soon is a 70% shareholder of Megane Marine Pte. Ltd. and is deemed to be interested in the Shares held by Megane Marine Pte. Ltd. after Completion by virtue of Section 4 of the SFA.

NOTICE OF EXTRAORDINARY GENERAL MEETING

HEATEC JIETONG HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200717808Z)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “EGM”) of Heatec Jietong Holdings Ltd. (the “Company”) will be held at 10 Tuas South Street 15 Singapore 637076 on 20 January 2023, 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions as set out below. All capitalised terms in the ordinary resolutions below shall, unless otherwise defined herein, have the respective meanings ascribed to them in the Company’s Circular dated 5 January 2023 to the Shareholders of the Company.

Note on inter-conditional of resolutions: Shareholders should note that, Resolution 2 (in respect of the Proposed Acquisition as a major transaction), Resolution 3 (in respect of the Proposed Acquisition as an interested person transaction), Resolution 4 (in respect of the Proposed Consideration Shares Issue), Resolution 5 (in respect of the Proposed Transfer of Controlling Interest), Resolution 6 (in respect of the Whitewash Resolution) and Resolution 7 (in respect of the Proposed Joint Venture as an interested person transaction) are conditional on each other. This means that if any of Resolution 2, Resolution 3, Resolution 4, Resolution 5, Resolution 6 or Resolution 7 is not approved, none of the foregoing Resolutions 2, 3, 4, 5, 6 and 7 will be passed.

ORDINARY RESOLUTION 1 – THE PROPOSED EXPANSION AND DIVERSIFICATION

RESOLVED THAT:

- (a) Approval be and is hereby given for the Company to expand the Group’s existing business and for the diversification by the Group of its Existing Business to include the New Business (as described in Section 2.2 of the Circular).
- (b) The Company (whether directly or via any other Group Company) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time, any assets, businesses, investments shares and/or interests in any entity that is related to the New Business, and to enter into any other contracts, agreements and undertakings as the Directors may in their absolute discretion consider necessary, desirable or expedient to undertake in relation to the New Business.
- (c) The Directors and each and any of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation finalising, approving and executing all such documents as may be required) as they and/or he may in their absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to the Proposed Expansion and Diversification and all matters and transactions as contemplated in this resolution.

Note to Resolution 1: The passing of Resolution 1 (in respect of the Proposed Expansion and Diversification) is independent, and the passing of Resolution 1 (in respect of the Proposed Expansion and Diversification) shall not be conditional on the passing of any other Resolution to be proposed at the EGM.

ORDINARY RESOLUTION 2 – THE PROPOSED ACQUISITION AS A MAJOR TRANSACTION

RESOLVED THAT, subject to and contingent upon the passing of Resolutions 1, 3, 4, 5, 6 and 7:

- (a) For the purposes of Chapter 10 of the Catalist Rules, approval be and is hereby given for the acquisition by the Company, as purchaser, of 60% of the shares in the capital of the Target Company from the Vendor subject to and otherwise in accordance with the terms and conditions of the SPA.
- (b) The Directors and each and any of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation finalising, approving and executing all such documents as may be required) as they and/or he may in their absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

Note to Resolution 2: As the Vendor is an associate of Mr Jeffrey Soon and Mr Johnny Soon, the Executive Chairman and Chief Executive Officer of the Company, and the Executive Chairman of the Company, respectively, the Proposed Acquisition constitutes an interested person transaction for the purposes of Chapter 9 of the Catalist Rules. In accordance with Rule 919 of the Catalist Rules, Mr Jeffrey Soon and Mr Johnny Soon shall, and shall procure that their associates shall (a) abstain from voting

NOTICE OF EXTRAORDINARY GENERAL MEETING

on this Resolution 2 in respect of their respective shareholdings in the Company (if any), and (b) not accept appointments as proxies unless specific instructions as to voting have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he / she / they wish(es) his / her / their vote(s) to be cast.

ORDINARY RESOLUTION 3 – THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

RESOLVED THAT, subject to and contingent upon the passing of Resolutions 1, 2, 4, 5, 6 and 7:

- (a) For the purposes of Chapter 9 of the Catalist Rules, approval be and is hereby given for the acquisition by the Company, as purchaser, of 60% of the shareholding interests in the Target Company from the Vendor subject to and otherwise in accordance with the terms and conditions of the SPA.
- (b) The Directors and each and any of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation finalising, approving and executing all such documents as may be required) as they and/or he may in their absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

Notes to Resolution 3:

- (1) Interested Person Transaction: As the Vendor is an associate of Mr Jeffrey Soon and Mr Johnny Soon, the Executive Chairman and Chief Executive Officer of the Company, and the Executive Chairman of the Company, respectively, the Proposed Acquisition constitutes an interested person transaction for the purposes of Chapter 9 of the Catalist Rules.
- (2) Abstention from Voting: In accordance with Rule 919 of the Catalist Rules, Mr Jeffrey Soon and Mr Johnny Soon shall, and shall procure that their associates shall (a) abstain from voting on this Resolution 3 in respect of their respective shareholdings in the Company (if any), and (b) not accept appointments as proxies unless specific instructions as to voting have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he / she / they wish(es) his / her / their vote(s) to be cast.

ORDINARY RESOLUTION 4 – THE PROPOSED CONSIDERATION SHARES ISSUE

RESOLVED THAT, subject to and contingent upon the passing of Resolutions 1, 2, 3, 5, 6 and 7:

- (a) Pursuant to Section 161 of the Companies Act 1967 of Singapore and Rule 804 of the Catalist Rules, approval be and is hereby given for the proposed allotment and issue of 81,818,181 new Shares at an issue price of S\$0.033 for each Share to the Vendor subject to and otherwise in accordance with the terms and conditions of the SPA.
- (b) The Directors and each and any of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation finalising, approving and executing all such documents as may be required) as they and/or he may in their absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

Notes to Resolution 4:

- (1) Vendor: Subject to completion of the Proposed Acquisition, 81,818,181 new Consideration Shares will be issued to the Vendor (an associate of Mr Jeffrey Soon and Mr Johnny Soon, the Executive Chairman and Chief Executive Officer of the Company, and the Executive Chairman of the Company, respectively) at the issue price of S\$0.033 per Consideration Share.
- (2) Abstention from Voting: In accordance with Rule 804(3) and Rule 919 of the Catalist Rules, Mr Jeffrey Soon and Mr Johnny Soon shall, and shall procure that their respective associates shall (a) abstain from voting on this Resolution 4 in respect of their respective shareholdings in the Company (if any), and (b) not accept appointments as proxies unless specific instructions as to voting have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he / she / they wish(es) his / her / their vote(s) to be cast.

ORDINARY RESOLUTION 5 – THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY

RESOLVED THAT, subject to and contingent upon the passing of Resolutions 1, 2, 3, 4, 6 and 7:

- (a) Pursuant to Rule 803 of the Catalist Rules, approval be and is hereby given for the transfer of controlling interest in the Company to the Vendor arising from the Proposed Consideration Shares Issue.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) The Directors and each and any of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation finalising, approving and executing all such documents as may be required) as they and/or he may in their absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

Note to Resolution 5: *The Proposed Transfer of Controlling Interest arises from the issuance of Shares as satisfaction of the consideration for the Proposed Acquisition (which is an interested person transaction). In accordance with Rule 919 of the Catalist Rules, Mr Jeffrey Soon and Mr Johnny Soon shall, and shall procure that their associates shall (a) abstain from voting on this Resolution 5 in respect of their respective shareholdings in the Company (if any), and (b) not accept appointments as proxies unless specific instructions as to voting have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he / she / they wish(es) his / her / their vote(s) to be cast.*

ORDINARY RESOLUTION 6 – THE WHITEWASH RESOLUTION

RESOLVED THAT, subject to and contingent upon the passing of Resolutions 1, 2, 3, 4, 5 and 7 and satisfaction of all SIC Conditions (as detailed in Section 6.4 of the Circular), the Independent Shareholders do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Vendor, in accordance with Rule 14 of the Code, for all the Shares not already owned or controlled by the Vendor and its Concert Parties as a result of the allotment and issuance of the Consideration Shares.

Notes to Ordinary Resolution 6:

- (1) *Independent Shareholders: Independent Shareholders are Shareholders who are deemed to be independent for the purpose of this Whitewash Resolution, being the Shareholders other than the persons comprising the Vendor and its Concert Parties as well as parties not independent of them.*
- (2) *Abstention from Voting: Pursuant to the SIC Conditions, the Vendor and its Concert Parties as well as parties not independent of them are required to abstain from voting rights on this Resolution 6. For details on the parties acting in concert with the Vendor, please refer to Section 6.2 of the Circular.*

ORDINARY RESOLUTION 7 – THE PROPOSED JOINT VENTURE AS AN INTERESTED PERSON TRANSACTION

RESOLVED THAT, subject to and contingent upon the passing of Resolutions 1, 2, 3, 4, 5 and 6:

- (a) For the purposes of Chapter 9 of the Catalist Rules, approval be and is hereby given for the Proposed Joint Venture subject to and otherwise in accordance with the terms and conditions of the Shareholders' Agreement.
- (b) The Directors and each and any of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation finalising, approving and executing all such documents as may be required) as they and/or he may in their absolute discretion consider necessary, desirable or expedient in order to implement, complete or give effect to all matters and transactions as contemplated in this resolution.

Notes to Resolution 7:

- (1) *Interested Person Transaction: As the Vendor is an associate of Mr Jeffrey Soon and Mr Johnny Soon, the Executive Chairman and Chief Executive Officer of the Company, and the Executive Chairman of the Company, respectively, the Proposed Joint Venture constitutes an interested person transaction for the purposes of Chapter 9 of the Catalist Rules.*
- (2) *Abstention from Voting: In accordance with Rule 919 of the Catalist Rules, Mr Jeffrey Soon and Mr Johnny Soon shall, and shall procure that their associates shall (a) abstain from voting on this Resolution 7 in respect of their respective shareholdings in the Company (if any), and (b) not accept appointments as proxies unless specific instructions as to voting have been given in the Shareholder Proxy Form(s) by the Shareholder(s) appointing them on how he / she / they wish(es) his / her / their vote(s) to be cast.*

BY ORDER OF THE BOARD

CHONG ENG WEE
NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR
5 January 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT NOTICE

No Virtual Attendance

1. The EGM will be held by way of physical means at 10 Tuas South Street 15 Singapore 637076. **Shareholders and their duly appointed proxy (or proxies) will not be able to attend the EGM by way of electronic means.**

Voting at the EGM and voting by proxy

2. Shareholders may cast their votes for each resolution at the EGM or appoint proxy or proxies (other than the Chairman of the EGM) to vote on their behalf at the EGM.
3. As an alternative to voting at the EGM in the foregoing manner, Shareholders who wish to vote on any or all of the resolutions at the EGM may appoint the Chairman of the EGM to act as their proxy to vote on their behalf at the EGM.
4. If a Shareholder wishes to appoint a proxy or proxies (other than the Chairman of the EGM) to vote on their behalf at the EGM or to appoint the Chairman as proxy to vote on their behalf at the EGM, duly executed Proxy Forms, must be submitted in hard copy form or electronically via email:
 - (a) if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or
 - (b) if submitted by way of electronic means, to be submitted via email in Portable Document Format (PDF) to the Company, at finance@heatec.com.sg.

in either case, not less than seventy-two (72) hours before the time appointed for the holding of the EGM and/or any adjournment thereof. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.

5. In appointing the Chairman of the EGM as proxy, Shareholders should specifically indicate in the Proxy Form how they wish to vote for or vote against (or abstain from voting on) the resolution set out in the Notice of EGM, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. Proxy or proxies (other than the Chairman of the EGM) appointed to vote on their behalf at the EGM and the Chairman of the EGM as proxy, need not be a member or members of the Company. The accompanying proxy form to the Notice of EGM may be downloaded from the Company's announcement on the SGX website accessible at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website accessible at the URL <http://www.heatecholdings.com/>.
6. **Shareholders are strongly encouraged to submit the completed and signed Proxy Forms by way of electronic means via email. Any incomplete proxy form will be rejected by the Company.**
7. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a Proxy Form is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with its Constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

Shareholders' Questions and Answers

9. Shareholders and duly appointed proxy or proxies will be able to ask questions relating to the resolutions to be tabled for approval at the EGM. The Company will endeavor to respond to and address substantial and relevant questions as far as reasonably practicable during the EGM. Where there are substantially similar questions, the Company will consolidate such questions and consequently not all questions may be individually addressed.
10. Alternatively, Shareholders can submit their questions in advance relating to the resolutions to be tabled for approval at the EGM:
 - (a) if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or
 - (b) if submitted by way of electronic means, to be submitted via email to the Company, at finance@heatec.com.sg.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Please refer to the section below entitled “*Key dates / deadlines*” for the deadline for submission of questions prior to the EGM. Shareholders who submit questions in advance of the EGM should identify themselves by stating his/her/its full name as it appears on his/her/its CDP/CPF/SRS share records, contact number and NRIC/Passport/UEN number and state the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS) for verification purposes.

11. Shareholders are encouraged to submit their questions via one of the foregoing means as soon as possible so that they may have the benefit of the answers to their questions (where substantial and relevant to the agenda of the EGM) prior to submitting their proxy forms. Please note that substantial and relevant questions (as may be determined by the Company at its sole discretion) from Shareholders submitted in advance and received by the Company would be addressed by the Company and published on the SGX website no later than 48 hours before the deadline for submission of the proxy forms. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the EGM in respect of substantial and relevant matters.

CPF and SRS Investors

12. Persons who hold shares through Relevant Intermediaries (as defined below), including CPF and SRS investors, and who wish to participate in the EGM by: (a) submitting questions in advance of the EGM in the manner provided above; and/or (b) voting at the EGM if they are appointed as proxies by their respective CPF Agent Banks and SRS Operators or appointing the Chairman of the EGM as proxy to attend speak and vote on their behalf at the EGM, should contact the Relevant Intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the EGM.
13. CPF and SRS Investors may attend and vote at the EGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies. CPF and SRS investors who wish to appoint the Chairman of the EGM as their proxy, should approach their respective CPF Agent Banks and SRS Operators to submit their votes at least **seven (7) working days** before the EGM.
14. A “**Relevant Intermediary**” is:
- (a) a banking corporation licensed under the Banking Act 1970 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; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

EGM Documents

15. The Circular, this Notice of EGM and the Proxy Form have been published on the SGX website accessible at the URL <https://www.sgx.com/securities/company-announcements> and on the Company's website accessible at the URL <http://www.heatechholdings.com/>. Printed copies of the foregoing documents will NOT be sent to members. Members are advised to check the SGX website and/or the Company's website regularly for updates.

KEY DATES/ DEADLINES

Key Dates/ Deadlines	Event/ Action to be taken
10.00 a.m. on Wednesday, 10 January 2023	Deadline for CPF and SRS investors. CPF investors and SRS investors who wish to vote must approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the EGM.
10.00 a.m. on Thursday, 12 January 2023	Deadline for Shareholders to submit questions. Shareholders who wish to submit questions related to the resolution to be tabled for approval at the EGM in advance of the EGM should submit their questions to the Company by the stated date and time (being seven (7) calendar days from publication of the Notice of EGM) via any one of the means specified in paragraph 10 under the section entitled “ <i>Important Notice</i> ” of this Notice of EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Key Dates/ Deadlines	Event/ Action to be taken
10.00 a.m. on Sunday, 15 January 2023	Addressing questions received in advance of EGM. The Company will address all substantial and relevant questions received from Shareholders relating to the Resolutions set out in the Notice of EGM by the stated date (being not less than forty-eight (48) hours prior to the closing date and time for the lodgment of the Proxy Forms) which will be published on the SGX website accessible at the URL https://www.sgx.com/securities/company-announcements and on the Company's website accessible at the URL http://www.heatecholdings.com/ .
10.00 a.m. on Tuesday, 17 January 2023	Deadline for submission of Proxy Forms. Shareholders who wish to appoint the Chairman of the EGM (or a person other than the Chairman) to act as their proxy to vote on their behalf at the EGM must submit their completed and signed proxy forms by the stated date and time (being not less than seventy-two (72) hours before the time appointed for holding the EGM) via either of the means specified in paragraph 4 under the section entitled " <i>Important Notice</i> " of this Notice of EGM. Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.
10.00 a.m. on Friday, 20 January 2023	EGM.

PERSONAL DATA PRIVACY

"**Personal data**" in this Notice has the meaning ascribed to it pursuant to the Personal Data Protection Act 2012 of Singapore, which includes your name, address and NRIC/Passport number. By submitting (a) details for the registration to observe or participate in the proceeding of the EGM, or (b) an instrument appointing the Chairman of the EGM (or any person other than the Chairman) as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, (c) any questions prior to the EGM in accordance with this Notice of EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy for the EGM (or any person other than the Chairman), processing the registration for purpose of granting access to members (or their appointed proxies) to observe and participate in the proceedings of the EGM, addressing relevant and substantial questions from members received before the EGM and if necessary, following-up with the relevant members in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and / or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings at the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the EGM and any questions he may raise or motions he propose/ second) may be recorded by the Company for such purpose.

PROXY FORM

HEATEC JIETONG HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200707818Z)

EXTRAORDINARY GENERAL MEETING

PROXY FORM

IMPORTANT

- The Extraordinary General Meeting ("EGM" or "Meeting") is being convened, and will be held, by physical means at 10 Tuas South Street 15 Singapore 637076. Shareholders and their duly appointed proxy (or proxies) will not be able to attend the EGM by way of electronic means.
- Shareholders and proxies will be able to attend the EGM in person and may cast their votes in real time for each resolution to be tabled at the EGM. Alternatively, Shareholders may appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a Shareholder must give specific instructions as to voting, or abstentions from voting, in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy will be treated as invalid.
- CPF and SRS Investors may attend and vote at the EGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies. For CPF and SRS investors, who wish to appoint the Chairman of the EGM as their proxy, they should approach their respective CPF Agent Banks and SRS Operators to submit their votes at least seven (7) working days before the EGM.
- By submitting this proxy form, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 5 January 2023.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting (or any person other than the Chairman) as a shareholder's proxy to vote on his/her/its behalf at the EGM.

I/We* _____ (Name) _____ (NRIC/Passport No./Company Registration No.) of _____ (Address) being a

member/members of **Heatec Jietong Holdings Ltd.** (the "Company") hereby appoint:

Name	Email Address	NRIC/Passport No.	Proportion of Shareholding (%)

and/or*

Name	Email Address	NRIC/Passport No.	Proportion of Shareholding (%)

or failing whom, the **Chairman of the EGM** as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the Meeting of to be held at 10 Tuas South Street 15 Singapore 637076 on Friday, 20 January 2023 at 10.00 a.m., and at any adjournment thereof.

I/We* direct my/our proxy/proxies * to vote for, against or to abstain from voting in respect of the Ordinary Resolutions to be tabled at the EGM as indicated hereunder. If no specific direction as to voting or abstention is given or in the event of any other matter arising at the EGM and at any adjournment thereof, my/our proxy/proxies * may vote or abstain from voting at his or her discretion. Where the Chairman of the EGM is appointed as proxy and in the absence of specific directions as to voting, the appointment of the Chairman as my/our proxy * for that resolution will be treated as invalid.

Please indicate your vote "For", "Against" or "Abstain" with an "X" within the boxes provided below. 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.

	For	Against	Abstain
Ordinary Resolution 1 The Proposed Expansion and Diversification			
Ordinary Resolution 2 The Proposed Acquisition as a major transaction			
Ordinary Resolution 3 The Proposed Acquisition as an interested person transaction			
Ordinary Resolution 4 The Proposed Consideration Shares Issue			
Ordinary Resolution 5 The Proposed Transfer of Controlling Interest			
Ordinary Resolution 6 The Whitewash Resolution			
Ordinary Resolution 7 The Proposed Joint Venture as an interested person transaction			

* Delete whichever not applicable.

Dated this _____ day of _____ 2023

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

Signature(s) of Member(s) or Common Seal of Corporate Member

All capitalised terms used in this Proxy Form which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Circular to Shareholders of the Company dated 5 January 2023 in respect of the Proposed Expansion and Diversification, the Proposed Acquisition (as a major transaction and as an interested person transaction), the Proposed Consideration Shares Issue, the Proposed Transfer of Controlling Interest in the Company, the Whitewash Resolution and the Proposed Joint Venture as an interested person transaction.

PROXY FORM

IMPORTANT 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 2001 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 the Chairman of the Meeting (or any person other than the Chairman) as proxy shall be deemed to relate to all the Shares held by you.
2. A Shareholder who is not a Relevant Intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such Shareholder's Proxy Form appoints more than one (1) proxy, the proportion of his/her/its shareholding concerned to be represented by each proxy shall be specified in the Proxy Form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this Proxy Form as invalid. A Shareholder who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder's Proxy Form appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
3. If a Shareholder wishes to appoint a proxy or proxies (other than the Chairman of the EGM) to vote on their behalf at the EGM or to appoint the Chairman as proxy to vote on their behalf at the EGM, duly executed Proxy Forms, must be submitted in hard copy form or electronically via email:
 - (a) if submitted by post, to be deposited at the registered office of the Company at 10 Tuas South Street 15, Singapore 637076; or
 - (b) if submitted by way of electronic means, to be submitted via email in Portable Document Format (PDF) to the Company, at finance@heatec.com.sg,in either case, not less than seventy-two (72) hours before the time appointed for the holding of the EGM and/or any adjournment thereof. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.
4. In appointing the Chairman of the EGM as proxy, Shareholders should specifically indicate in the Proxy Form how they wish to vote for or vote against (or abstain from voting on) the resolution set out in the Notice of EGM, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. Proxy or proxies (other than the Chairman of the EGM) appointed to vote on their behalf at the EGM and the Chairman of the EGM as proxy, need not be a member or members of the Company. The accompanying proxy form to the Notice of EGM may be downloaded from the Company's announcement on the SGX website accessible at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website accessible at the URL <http://www.heatecholdings.com/>.

Shareholders are strongly encouraged to submit the completed and signed Proxy Forms by way of electronic means via email. Any incomplete proxy form will be rejected by the Company.

5. Persons who hold shares through Relevant Intermediaries (as defined below), including CPF and SRS investors, and who wish to participate in the EGM ("Relevant Intermediary Participants") by appointing the Chairman of the EGM as proxy to attend speak and vote on their behalf at the EGM, should contact the Relevant Intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the EGM. CPF and SRS investors who wish to appoint the Chairman of the EGM as their proxy should approach their respective CPF Agent and SRS Operators to submit their votes at least **seven (7) working days** before the EGM.
6. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a Proxy Form is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution and Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

A "Relevant Intermediary" is:

- (a) a banking corporation licensed under the Banking Act 1970 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; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

"Personal data" in this Notice has the meaning ascribed to it pursuant to the Personal Data Protection Act 2012 of Singapore, which includes your name, address and NRIC/Passport number. By submitting (a) details for the registration to observe or participate in the proceeding of the EGM, (b) an instrument appointing the Chairman of the Meeting (or any person other than the Chairman) as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof or (c) any questions prior to the EGM in accordance with this Notice of EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy (or any person other than the Chairman) for the EGM, processing the registration for purpose of granting access to members (or their appointed proxies) to observe and participate in the proceedings of the EGM, addressing relevant and substantial questions from members received before the EGM and if necessary, following-up with the relevant members in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM, and in order for the

PROXY FORM

Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and / or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings at the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the EGM and any questions he may raise or motions he propose/ second) may be recorded by the Company for such purpose.

GENERAL

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting (or any person other than the Chairman) as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting (or any person other than the Chairman) as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Meeting (or any person other than the Chairman) as proxy). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting (or any person other than the Chairman) as proxy lodged if the shareholder being the appointor, 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 CDP to the Company.