

EVER GLORY UNITED HOLDINGS LIMITED
(Company Registration Number 202144351H)
(Incorporated in the Republic of Singapore)

**RESPONSE TO SGX QUERIES IN RELATION TO PROPOSED ACQUISITION OF THE ENTIRE
ISSUED SHARE CAPITAL OF FIRE-GUARD ENGINEERING PTE. LTD.**

The board of directors (the “**Board**” or the “**Directors**”) of Ever Glory United Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcement on 18 January 2024 in relation to the proposed acquisition of the entire issued share capital of Fire-Guard Engineering Pte. Ltd. (the “**Announcement**”), and wishes to address the following queries raised by the Singapore Exchange Securities Trading Limited on 18 January 2024.

Unless otherwise defined, all terms and references used herein shall bear the same meanings as ascribed to them in the Announcement.

QUERY 1

We note that:

- (a) the Issue Price is subject to an adjustment on 3 May 2024 in the event that the Issue Price is more than 10% discount to the volume weighted average price per Share for the full market day immediately preceding 3 May 2024. In such an event, the Parties agree that the Revised Issue Price shall be a price which is a 10% discount to the volume weighted average price per Share for the full market day on which trades are carried out, immediately preceding 3 May 2024 and the number of consideration Shares to be allotted and issued shall be adjusted accordingly; and
- (b) the Company has agreed that if the Company’s share price falls below the Issue Price as at 2 January 2025, the Company shall compensate the Vendors in relation to the consideration Shares issued under Tranche B Consideration by issuing Additional Consideration Shares in favour of the Vendors to address the shortfall in value of the consideration Shares issued pursuant to the Tranche B Consideration.
- (i) In view of the above, how did the Company compute the aggregate value of the consideration given, as required under Catalist Rule 1006(c)?

COMPANY’S RESPONSE

The maximum aggregate value of the consideration stated in the Announcement, being S\$5,569,119, was calculated using the Issue Price of S\$0.40, and assuming the Tranche C Cash Consideration and the Tranche C Shares Consideration are paid, allotted and issued in full, and the maximum number of Additional Consideration Shares are allotted and issued.

For the avoidance of doubt, the Company would like to clarify that in any case, the absolute maximum aggregate consideration will not exceed S\$5,850,000, on the bases that (1) the value of the Base Consideration is up to S\$4,200,000 and (2) the value of the Additional Consideration Shares, which, if issued to address any shortfall in the value of the Tranche B Consideration, would be capped at S\$1,650,000, as the value of the Tranche B Consideration is fixed at S\$1,650,000. On the foregoing basis, the relative figure under Catalist Rule 1006(c) will be 9.35% based on the absolute maximum aggregate consideration, and the Proposed Acquisition will remain a “discloseable transaction” pursuant to Chapter 10 of the Catalist Rules.

- (ii) What is the rationale for the Issue Price Adjustment and Additional Consideration Shares, and how is this in the best interest of the Company and its shareholders?

COMPANY'S RESPONSE

As described in paragraph 3.1.5 of the Announcement, the Company intends to allot and issue the consideration shares pursuant to the share issue mandate to be obtained at the FY2023 AGM. The Company is of the view that it would be in the interests of the Company and its shareholders to fix the issue price nearer the date of issue and allotment of the consideration shares, to ensure that the issue price is better aligned to the prevailing market price, so that the consideration shares are not issued at a deep discount to the then prevailing market price of the Company. It should be noted that in the event the Issue Price is a premium to the market price of the Company's shares on 3 May 2024, no adjustment will be made.

As the Company had procured the Vendors' agreement not to deal in the consideration shares until 2 January 2025, the terms relating to the Additional Consideration Shares were also considered in the entirety of the transaction and the Company had also given thought to how it would be in the interests of the Company and its shareholders to secure the Proposed Acquisition while aligning the interests of the Vendors with the Company's. The value of the maximum consideration payable in connection with the Proposed Acquisition was arrived at on a willing buyer and willing seller basis, having taken into consideration the Target's net asset value, order book, track record and BCA grading.

- (iii) Please explain why the Issue Price is subject to an adjustment on 3 May 2024, and the significance of this date.

COMPANY'S RESPONSE

As mentioned in the Company's response above, the Company intends to allot and issue the consideration shares pursuant to the share issue mandate to be obtained at the FY2023 AGM. As the Company plans to hold its FY2023 AGM in late April 2024, 3 May 2024 is a date subsequent to the planned date of the FY2023 AGM which was mutually agreed to between the Parties.

QUERY 2

Please disclose the basis upon which the Issue Price of S\$0.40 per consideration Share was determined.

COMPANY'S RESPONSE

The Issue Price of S\$0.40 was mutual agreement between the Parties and determined based on, among others, the Company's performance and the current trading price of the Company's shares.

QUERY 3

Please set out the shareholdings of the directors and substantial shareholders of the Company and the Vendors before and after the Proposed Acquisition.

COMPANY'S RESPONSE

The shareholding information of the Directors and substantial shareholders of the Company and Vendors before and after the Proposed Acquisition is set as below:

Shareholder/ Director/ Vendor	Before Proposed Acquisition		After allotment and issue of Maximum Consideration Shares	
	Number of Shares	Shareholding percentage ¹ (%)	Number of Shares	Shareholding percentage ² (%)
Sun Renwang	65,600,000	38.78	65,600,000	33.72

Shareholder/ Director/ Vendor	Before Proposed Acquisition		After allotment and issue of Maximum Consideration Shares	
	Number of Shares	Shareholding percentage ¹ (%)	Number of Shares	Shareholding percentage ² (%)
(Non-Executive and Non-Independent Chairman)				
Xu Ruibing (Executive Director and Chief Executive Officer)	65,600,000	38.78	65,600,000	33.72
Ms. Low ³ (Vendor)	-	-	5,071,354	2.61
Mr. Chee ³ (Vendor)	-	-	7,607,031	3.91
Mr. Lim (Vendor)	-	-	5,451,705	2.80
Mr. Wong (Vendor)	-	-	1,014,271	0.52
Ms. Chee (Vendor)	-	-	6,212,408	3.19

Notes:

1. Computed based on the number of total issued Shares (excluding treasury shares) as at the date of this announcement of 169,157,900.
2. Computed based on the assumption that the Maximum Consideration Shares of 25,356,769 are issued. Nonetheless, the total number of consideration shares issued may be less as the Tranche C Shares Consideration will be issued only upon fulfilment of the conditions set out in paragraph 3.1.1(c) of the Announcement, and the Additional Consideration Shares will be issued only in the event there is a shortfall in the value of the Tranche B Consideration, as described in paragraph 3.1.3 of the Announcement.
3. Mr. Chee and Ms. Low are spouses.

For the avoidance of doubt, the Company's Independent Directors, namely Mr Chua Siong Kiat, Mr Kong Chee Keong and Mr Goh Siong Pheck Francis, do not hold any Shares in the Company.

By Order of the Board
EVER GLORY UNITED HOLDINGS LIMITED

Xu Ruibing
Executive Director and Chief Executive Officer
22 January 2024

Ever Glory United Holdings Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 18 May 2023. The initial public offering of the Company was sponsored by Novus Corporate Finance Pte. Ltd. (the "Sponsor").

This announcement has been prepared by the Company and reviewed by the Sponsor, in compliance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist.

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

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