

APPENDIX DATED 15 APRIL 2024

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

This Appendix is issued by Sin Heng Heavy Machinery Limited (the “Company”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Appendix to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should at once hand this Appendix, the Notice of AGM (as defined herein) and the Proxy Form (as defined herein) to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

For investors who have used their Central Provident Fund (“CPF”) monies to buy shares in the capital of the Company, this Appendix is forwarded to them at the request of their CPF-approved nominees and is sent solely for information only.

This Appendix has been appended to the Notice of the Annual General Meeting, which has been made available on SGXNet and the Company’s website. A printed copy of this Appendix will be despatched to Shareholders.

This Appendix has been prepared by the Company with assistance from RHTLaw Asia LLP. RHTLaw Asia LLP has not independently verified the contents of this Appendix.

The Singapore Exchange Securities Trading Limited (“SGX-ST”) assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.



SIN HENG HEAVY MACHINERY LIMITED

(Incorporated in the Republic of Singapore on 30 March 1981)

(Company Registration No. 198101305R)

**APPENDIX TO
THE NOTICE OF ANNUAL GENERAL MEETING
DATED 15 APRIL 2024**

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

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DEFINITIONS

For the purposes of this Appendix, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

“Appendix”	:	This appendix in relation to the proposed renewal of the Share Buy-Back Mandate dated 15 April 2024
“Act”	:	The Companies Act 1967 of Singapore, as amended or modified from time to time. Please note that in previous share buy-back mandates, it was defined as the Companies Act, Chapter 50
“AGM”	:	The annual general meeting of the Company or any adjournment thereof
“Articles”	:	The articles of association of the Company, as amended or modified from time to time
“Associate”	:	(a) In relation to any Director, chief executive officer, a Substantial Shareholder or a Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Average Closing Price”	:	As defined in Paragraph 2.3.4 of this Appendix
“Board”	:	The board of directors of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Sin Heng Heavy Machinery Limited

“Constitution”	:	The constitution (formerly known as the memorandum and articles of association) of the Company, as amended or modified from time to time
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the total number of issued Shares in the Company (excluding treasury shares and subsidiary holdings), unless otherwise determined by the SGX-ST; or (b) in fact exercises control over the Company
“Directors”	:	The directors of the Company as at the date of this Appendix
“Executive Director”	:	A Director who is an executive of the Company and is responsible for the day-to-day operations of the Company
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	19 March 2024, being the latest practicable date prior to the date of this Appendix
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for securities trading
“Maximum Price”	:	As defined in Paragraph 2.3.4 of this Appendix
“Notice of AGM”	:	The notice of the AGM dated 15 April 2024
“NTA”	:	Net tangible assets
“Off-Market Share Buy-Back”	:	As defined in Paragraph 2.3.3 of this Appendix
“On-Market Share Buy-Back”	:	As defined in Paragraph 2.3.3 of this Appendix
“Proxy Form”	:	The proxy form enclosed to the Notice of AGM
“Purchase Price”	:	As defined in Paragraph 2.6 of this Appendix
“Relevant Period”	:	In relation to the Share Buy-Back Mandate, the period in which the Share Buy-Back Mandate is valid and as defined in Paragraph 2.3.2 of this Appendix
“Resolution 8”	:	The ordinary resolution relating to the renewal of the Share Buy-Back Mandate

“Rule 14”	:	Rule 14 of the Take-over Code
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders	:	Registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective securities accounts
“Shares”	:	Ordinary shares in the issued share capital of the Company
“Share Buy-Back”	:	The purchase or acquisition by the Company of its own Shares pursuant to the Share Buy-Back Mandate
“Share Buy-Back Mandate”	:	A general mandate given by Shareholders at the annual general meeting on 30 April 2021 to authorise the Directors to purchase Shares on behalf of the Company in accordance with the terms set out in the Appendix as well as the rules and regulations set forth in the Act and the Listing Manual
“SIC”	:	The Securities Industry Council
“Substantial Shareholder”	:	A person who holds directly or indirectly 5% or more of the total issued share capital of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers
“TAL”	:	TAL Holdings Pte. Ltd.
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore
“%” or “per cent”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 130A of the Act.

The term “**treasury shares**” shall have the meaning ascribed to it in Section 76H of the Act. Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act.

The term “**subsidiary holdings**” shall have the meaning ascribed to it in the Listing Manual.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Appendix, shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be. Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

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

LETTER TO SHAREHOLDERS

SIN HENG HEAVY MACHINERY LIMITED

(Incorporated in the Republic of Singapore on 30 March 1981)
(Company Registration No. 198101305R)

Directors:

Leong Wing Kong (Independent Chairman)
Tan Ah Lye (Executive Director & Chief Executive Officer)
Tan Cheng Kwong (Executive Director and Deputy Chief Executive Officer)
Tan Cheng Guan (Executive Director)
Lim Keng Hoe (Independent Director)
Rai Satish (Independent Director)

Registered Office:

26 Gul Road
Singapore 629346

To: The Shareholders of Sin Heng Heavy Machinery Limited

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

The Company has, on even date, issued a Notice of AGM for the upcoming AGM to be held on 30 April 2024.

Item 8 appearing under the heading “Special Business” in the Notice of AGM dated 15 April 2024 is an ordinary resolution (“**Resolution 8**”) for the renewal of the general mandate for the purchase or acquisition by the Company of its issued Shares that was adopted at the AGM of the Company convened on 30 April 2021 and subsequently renewed on 29 April 2022 and 28 April 2023.

The purpose of this Appendix is to provide Shareholders with relevant information pertaining to and to seek their approval for Resolution 8 at the upcoming AGM. This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

2. THE RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

We refer to (a) the Notice of the AGM of the Shareholders of the Company dated 15 April 2024 convening the AGM to be held on 30 April 2024; and (b) Ordinary Resolution No. 8 under the heading “Special Business” set out in the Notice of AGM.

At the AGM held on 30 April 2021, Shareholders had approved the adoption of the Share Buy-Back Mandate to enable the Company to purchase or otherwise acquire issued Shares. The rationale for, the authority and limitations on, and the financial effects of, the Share Buy-Back Mandate were set out in the Company’s appendix dated 8 April 2021.

The Share Buy-Back Mandate was subsequently renewed at the AGM of the Company held on 29 April 2022 and 28 April 2023. The Share Buy-Back Mandate will expire on the date of the forthcoming AGM, being 30 April 2024. The Directors propose that the Share Buy-Back Mandate be renewed at the forthcoming AGM.

The Share Buy-Back Mandate is a general mandate given by Shareholders that allows the Company to purchase or acquire Shares at any time during the duration and on the terms of the Share Buy-Back Mandate.

Any purchase or acquisition of Shares by the Company has to be made in accordance with, and in the manner prescribed by the Act and the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

It is also a requirement under the Act that before a company purchases or acquires its own shares, its constitution must expressly permit to do so. Regulation 17 of the Constitution permits the Company to purchase or otherwise acquire Shares.

A company that wishes to purchase or otherwise acquire its own shares should obtain approval from its shareholders to do so at a general meeting of its shareholders. Accordingly, approval is being sought from Shareholders at the AGM for the renewal of the Share Buy-Back Mandate.

If the renewal of the Share Buy-Back Mandate is approved by Shareholders, the Share Buy-Back Mandate will take effect from the date of the AGM and continue in force until the date of the next AGM is held or such date as the next AGM is required by law to be held, whichever is the earlier, unless prior thereto, purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate is revoked or varied by the Company in a general meeting. Further renewal of the Share Buy-Back Mandate may be put to Shareholders for approval at each subsequent AGM.

2.2 Rationale for the Share Buy-Back Mandate

The rationale for the Share Buy-Back Mandate is summarised below:

- (a) share purchases may be considered as part of the Company's continuous drive and one of the ways through which Shareholder value may be increased by enhancing the earnings and/or NTA per Share;
- (b) buying back Shares provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner;
- (c) share purchases help to mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholder confidence; and
- (d) the Share Buy-Back Mandate allows for greater control and flexibility over the Company's share capital structure, dividend payout and cash reserves.

The Share Buy-Back Mandate will give the Directors flexibility to purchase or acquire Shares if and when circumstances permit, via either On-Market Share Buy-Backs or Off-Market Share Buy-Backs, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. Whilst the Share Buy-Back Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in

Paragraph 2.3.1 below, the Directors do not propose to carry out Share Buy-Backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity, orderly trading of the Shares and/or financial position of the Company or the Group or result in the Company being delisted from the SGX-ST.

2.3 Authority and Limits of the Share Buy-Back Mandate

The authority and limitations placed on the Share Buy-Backs by the Company under the Share Buy-Back Mandate are summarised below:

2.3.1 Maximum number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate shall not exceed 10% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date on which the resolution authorising the renewal of the Share Buy-Back Mandate is passed, being the date of the upcoming AGM. As at the Latest Practicable Date, the Company has 5,165,480 treasury shares.

Purely for illustrative purposes, based on the existing issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, comprising 109,723,500 Shares and assuming that no further Shares are issued or repurchased and held as treasury shares on or prior to the upcoming AGM, not more than 10,972,350 Shares (representing 10%) of the issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings) may be purchased or acquired by the Company pursuant to the proposed Share Buy-Back Mandate within the duration referred to in Paragraph 2.3.2 below.

2.3.2 Duration of Authority

The authority conferred on the Directors pursuant to the Share Buy-Back Mandate, unless varied or revoked by the Company in a general meeting, may be exercised by the Directors at any time and from time to time during the “**Relevant Period**”, which is the period commencing from the date of the passing of Resolution 8 and expiring on the earliest of:

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

2.3.3 Manner of Share Buy-Backs

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

- (a) an on-market purchase, transacted on the SGX-ST through the ready market on the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose (“**On-Market Share Buy-Back**”); and/or
- (b) an off-market purchase effected pursuant to an equal access scheme in accordance with Section 76C of the Act (“**Off-Market Share Buy-Back**”).

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual and the Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Off-Market Share Buy-Backs must, however, satisfy all the following conditions:

- (i) offers for the Share Buy-Backs shall be made to every person who holds Shares to purchase or acquire the same percentage of his Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Share Buy-Back, the Company shall, as required by the Listing Manual, issue an offer document to all Shareholders. The offer document shall contain, inter alia, the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share Buy-Back;
- (D) the consequences, if any, of the Share Buy-Back by the Company that will arise under the Take-over Code or other applicable take-over rules;

- (E) whether the Share Buy-Back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (F) details of any Share Buy-Backs made by the Company in the previous 12 months whether through On-Market Share Buy-Backs or Off-Market Share Buy-Backs, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Buy-Backs, where relevant, and the total consideration paid for such Share Buy-Backs; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Purchase Price

The purchase price (excluding related brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid by the Company for the Shares will be determined by the Directors and must not exceed:

- (a) in the case of an On-Market Share Buy-Back, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (b) in the case of an Off-Market Share Buy-Back, 120% of the Average Closing Price of the Shares,

in either case, excluding related expenses of such Share Buy-Back (the “**Maximum Price**”).

For the purposes of this Paragraph 2.3.4:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last consecutive five (5) Market Days, on which transactions in the Shares were recorded on the SGX-ST, immediately before the date of the On-Market Share Buy-Back or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Buy-Back, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five (5) day period and the date of the making of the offer pursuant to the Off-Market Share Buy-Back; and

“**date of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back.

2.4 Status of Purchased Shares

2.4.1 Cancellation of Purchased Shares

Shares when purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to such Shares will expire on such cancellation. All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Act) will be automatically delisted by the SGX-ST and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.5 Treasury Shares

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

(a) Maximum holdings

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

(b) Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller or larger amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (i) sell the treasury shares (or any of them) for cash;
- (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

- (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares (or any of them); or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares held by it stating the following:

- (A) date of such sale, transfer, cancellation and/or use;
- (B) purpose of such sale, transfer, cancellation and/or use;
- (C) number of treasury shares sold, transferred, cancelled and/or used;
- (D) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (E) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (F) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds

In buying back Shares, the Company may only apply funds legally available for such purchase in accordance with its Constitution and the applicable laws of Singapore. The Company may not buy Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buy-back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for such Shares (excluding brokerage, commission, applicable goods and services tax and other related expenses) (the "**Purchase Price**");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price; or
- (c) if the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

The Company intends to use internal resources of funds and/or external borrowings to finance its Share Buy-Backs.

The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that would materially affect the working capital requirements or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

2.7 Financial Effects

The financial effects on the audited consolidated accounts of the Group arising from a purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate on the Company and the Group will depend on, inter alia, the number of Shares purchased or acquired, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the consideration paid for such Shares, whether the Shares purchased or acquired are held in treasury or cancelled and whether the purchase or acquisition is an On-Market Share Buy-Back or an Off-Market Share Buy-Back.

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate are based on the assumptions set out below.

Number of Shares Acquired or Purchased

Based on 109,723,500 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the purchase by the Company of up to the maximum limit of 10% of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition of 10,972,350 Shares.

Based on Maximum Price Paid for Shares Acquired or Purchased

For illustrative purposes only, on the basis of the assumption of the Maximum Price paid:

- (a) in the case of an On-Market Share Buy-Back by the Company and assuming that the Company purchases or acquires the 10,972,350 Shares at the Maximum Price of S\$0.5355 for one (1) Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 10,972,350 Shares is approximately S\$5,876,000 (excluding brokerage, commission, applicable goods and services tax and other related expenses).
- (b) in the case of an Off-Market Share Buy-Back by the Company and assuming that the Company purchases or acquires the 10,972,350 Shares at the Maximum Price of S\$0.6120 for one (1) Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 10,972,350 Shares is approximately S\$6,715,000 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

Illustrative Financial Effects

For illustrative purposes only, based on the above assumptions and the assumption that the purchase of Shares was financed by the internal resources within the Group and/or external borrowings, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited accounts of the Company and the Group as at 31 December 2023, as if the Share Buy-Back Mandate had been effective on 1 January 2023 are presented below:

Scenario 1:

On-Market Share Buy-Back of up to the maximum of 10% out of profits and/or capital and the Shares so purchased are cancelled:

As at 31 December 2023	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	41,846	35,970	41,846	35,970
Retained Earnings and other Reserves	66,695	66,695	33,470	33,470
Treasury Shares	(2,338)	(2,338)	(2,338)	(2,338)
Shareholders' Equity	106,203	100,327	72,978	67,102
Net Tangible Assets (NTA)	106,203	100,327	72,978	67,102
Current Assets	61,601	55,725	39,750	33,874
Current Liabilities	9,957	9,957	19,845	19,845
Total Borrowings	8,720	8,720	8,720	8,720
Cash and Cash Equivalents	44,638	38,762	22,310	16,434
Profit Attributable to Shareholders	7,995	7,995	2,737	2,737
Number of Shares ('000)	114,889	103,917	114,889	103,917
Treasury Shares ('000)	5,166	5,166	5,166	5,166
Number of Shares (excluding treasury shares and subsidiary holdings) ('000)	109,723	98,751	109,723	98,751
Financial Ratios				
NTA per Share (cents) ⁽¹⁾	96.79	101.60	66.51	67.95
Gearing Ratio (times) ⁽²⁾	0.08	0.09	0.12	0.13
Current Ratio (times) ⁽³⁾	6.19	5.60	2.00	1.71
Earnings per Share (cents) ⁽⁴⁾	7.12	7.90	2.44	2.70

Notes:-

- (1) NTA per Share equals to NTA divided by the number of Shares (excluding treasury shares and subsidiary holdings).
- (2) Gearing Ratio equals to total borrowings divided by total equity.
- (3) Current Ratio equals to current assets divided by current liabilities.
- (4) Earnings per Share equals to profit attributable to Shareholders divided by the weighted average number of Shares.

Scenario 2:

Off-Market Share Buy-Back of up to the maximum of 10% out of profits and/or capital and the Shares so purchased are cancelled:

As at 31 December 2023	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	41,846	35,131	41,846	35,131
Retained Earnings and other Reserves	66,695	66,695	33,470	33,470
Treasury Shares	(2,338)	(2,338)	(2,338)	(2,338)
Shareholders' Equity	106,203	99,488	72,978	66,263
Net Tangible Assets (NTA)	106,203	99,488	72,978	66,263
Current Assets	61,601	54,886	39,750	33,035
Current Liabilities	9,957	9,957	19,845	19,845
Total Borrowings	8,720	8,720	8,720	8,720
Cash and Cash Equivalents	44,638	37,923	22,310	15,595
Profit Attributable to Shareholders	7,995	7,995	2,737	2,737
Number of Shares ('000)	114,889	103,917	114,889	103,917
Treasury Shares ('000)	5,166	5,166	5,166	5,166
Number of Shares (excluding treasury shares and subsidiary holdings) ('000)	109,723	98,751	109,723	98,751
Financial Ratios				
NTA per Share (cents) ⁽¹⁾	96.79	100.75	66.51	67.10
Gearing Ratio (times) ⁽²⁾	0.08	0.09	0.12	0.13
Current Ratio (times) ⁽³⁾	6.19	5.51	2.00	1.66
Earnings per Share (cents) ⁽⁴⁾	7.12	7.90	2.44	2.70

Notes:-

- (1) NTA per Share equals to NTA divided by the number of Shares (excluding treasury shares and subsidiary holdings).
- (2) Gearing Ratio equals to total borrowings divided by total equity.
- (3) Current Ratio equals to current assets divided by current liabilities.
- (4) Earnings per Share equals to profit attributable to Shareholders divided by the weighted average number of Shares

Scenario 3:

On-Market Share Buy-Back of up to the maximum of 10% out of profits and/or capital and the Shares so purchased are held as treasury shares:

As at 31 December 2023	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	41,846	41,846	41,846	41,846
Retained Earnings and other Reserves	66,695	66,695	33,470	33,470
Treasury Shares	(2,338)	(8,214)	(2,338)	(8,214)
Shareholders' Equity	106,203	100,327	72,978	67,102
Net Tangible Assets (NTA)	106,203	100,327	72,978	67,102
Current Assets	61,601	55,725	39,750	33,874
Current Liabilities	9,957	9,957	19,845	19,845
Total Borrowings	8,720	8,720	8,720	8,720
Cash and Cash Equivalents	44,638	38,762	22,310	16,434
Profit Attributable to Shareholders	7,995	7,995	2,737	2,737
Number of Shares ('000)	114,889	114,889	114,889	114,889
Treasury Shares ('000)	5,166	16,138	5,166	16,138
Number of Shares (excluding treasury shares and subsidiary holdings) ('000)	109,723	98,751	109,723	98,751
Financial Ratios				
NTA per Share (cents) ⁽¹⁾	96.79	101.60	66.51	67.95
Gearing Ratio (times) ⁽²⁾	0.08	0.09	0.12	0.13
Current Ratio (times) ⁽³⁾	6.19	5.60	2.00	1.71
Earnings per Share (cents) ⁽⁴⁾	7.12	7.90	2.44	2.70

Notes:-

- (1) NTA per Share equals to NTA divided by the number of Shares (excluding treasury shares and subsidiary holdings).
- (2) Gearing Ratio equals to total borrowings divided by total equity.
- (3) Current Ratio equals to current assets divided by current liabilities.
- (4) Earnings per Share equals to profit attributable to Shareholders divided by the weighted average number of Shares.

Scenario 4:

Off-Market Share Buy-Back of up to the maximum of 10% out of profits and/or capital and the Shares so purchased are held as treasury shares:

As at 31 December 2023	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	41,846	41,846	41,846	41,846
Retained Earnings and other Reserves	66,695	66,695	33,470	33,470
Treasury Shares	(2,338)	(9,053)	(2,338)	(9,053)
Shareholders' Equity	106,203	99,488	72,978	66,263
Net Tangible Assets (NTA)	106,203	99,488	72,978	66,263
Current Assets	61,601	54,886	39,750	33,035
Current Liabilities	9,957	9,957	19,845	19,845
Total Borrowings	8,720	8,720	8,720	8,720
Cash and Cash Equivalents	44,638	37,923	22,310	15,595
Profit Attributable to Shareholders	7,995	7,995	2,737	2,737
Number of Shares ('000)	114,889	114,889	114,889	114,889
Treasury Shares ('000)	5,166	16,138	5,166	16,138
Number of Shares (excluding treasury shares and subsidiary holdings) ('000)	109,723	98,751	109,723	98,751
Financial Ratios				
NTA per Share (cents) ⁽¹⁾	96.79	100.75	66.51	67.10
Gearing Ratio (times) ⁽²⁾	0.08	0.09	0.12	0.13
Current Ratio (times) ⁽³⁾	6.19	5.51	2.00	1.66
Earnings per Share (cents) ⁽⁴⁾	7.12	7.90	2.44	2.70

Notes:-

- (1) NTA per Share equals to NTA divided by the number of Shares (excluding treasury shares and subsidiary holdings).
- (2) Gearing Ratio equals to total borrowings divided by total equity.
- (3) Current Ratio equals to current assets divided by current liabilities.
- (4) Earnings per Share equals to profit attributable to Shareholders divided by the weighted average number of Shares

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Buy-Back Mandate on the NTA per Share and earnings per Share as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 31 December 2023, and is not necessarily representative of future financial performance.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Buy-Back Mandate would only be made in circumstances where it is considered to be in the best interests of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would emphasize that they do not propose to carry out Share Buy-Backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity, orderly trading of the Shares and/or financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

2.8 Listing Rules

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

- (a) in the case of an On-Market Share Buy-Back, on the Market Day following the day of purchase or acquisition of any of its Shares; and
- (b) in the case of an Off-Market Share Buy-Back under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in compliance with Appendix 8.3.1 of the Listing Manual) must include, inter alia, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

While the Listing Manual does not expressly prohibit a listed company from purchasing its own shares during any particular time because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through an On-Market Share Buy-Back or an Off-Market Share Buy-Back during the period commencing one (1) month immediately preceding the announcement of the Company’s half year and annual (full-year) results.

A listed company must ensure that at least 10% of any class of its listed securities must be held by public shareholders. As at the Latest Practicable Date, 46,184,700, representing approximately 42.09% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) is held in the hands of the public. Assuming that the Company repurchased the maximum of 10% of its issued share capital (excluding treasury shares and subsidiary holdings) (i.e. 10,972,350 Shares) as at the Latest Practicable Date from public Shareholders by way of an On-Market Share Buy-Back, the public Shareholders will hold 35,212,350 Shares, representing approximately 35.66% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings). Accordingly, the Company is of the view that there is a sufficient number of Shares held by public Shareholders that would permit the Company to undertake purchases or acquisitions of its Shares through On-Market Share Buy-Backs up to the maximum 10% limit pursuant to the Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the resulting number of Shares remaining in the hands of the public Shareholders will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.9 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of a Share Buy-Back by the Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

2.10 Reporting Requirements

Within 30 days of the passing of a Shareholders’ resolution to adopt the Share Buy-Back Mandate, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority (“**ACRA**”). The Company shall also lodge a notice with ACRA within 30 days of a Share Buy-Back. Such notification shall include details of the Share Buy-Back, including the date of the purchase, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company’s issued share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchases, whether the Shares are purchased out of profits and/or the capital of the Company and such other particulars that might be prescribed by the Act.

2.11 Details of Share Buy-Backs in the Last 12 Months

As at the Latest Practicable Date, the Company had, pursuant to the Share Buy-Back Mandate approved by the Shareholders at the AGM held on 28 April 2023, purchased or acquired an aggregate of 3,689,500 Shares by way of On-Market Share Buy-Back. The highest and lowest price paid was S\$0.490 and S\$0.400 per Share respectively.

As at the Latest Practicable Date, the Company had not purchased or acquired any Shares by way of Off-Market Share Buy-Back pursuant to the Share Buy-Back Mandate approved by the Shareholders at the AGM held on 28 April 2023.

2.12 Take-over Code Obligations Arising from the Share Buy-Backs

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

2.12.1 Obligation to Make a Take-Over Offer

If, as a result of any Share Buy-Backs by the Company, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14.

If such increase results in a change of control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14.

Under Rule 14, a Shareholder and persons acting in concert with such Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increases their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increasing their voting rights in the Company by more than 1% in any period of six (6) months.

2.12.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise of individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert with each other:

- (a) the following companies:–
 - (i) a company;
 - (ii) the parent company of (i);

- (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv). For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the total voting rights of the first-mentioned company;
 - (vi) companies whose associated companies include any of (i), (ii), (iii), or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
 - (c) a company with any of its pension funds and employee share schemes;
 - (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
 - (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
 - (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
 - (g) partners; and
 - (h) the following persons and entities:–
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i); and
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and

- (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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

2.12.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

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

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

However, Shareholders will be subject to the provisions of Rule 14 if they acquire Shares after the Company's Share Buy-Backs. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Buy-Backs will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of six (6) months.

Shareholders (including Directors) and their concert parties who hold more than 50% of the Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares pursuant to the Share Buy-Back Mandate.

If the Company decides to cease the Share Buy-Backs before the expiration of the Relevant Period and before it has purchased in full such number of Shares authorised by the Shareholders pursuant to the Share Buy-Back Mandate, the Company will promptly inform the Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OBLIGATIONS TO MAKE TAKE-OVER OFFER

3.1 Directors' and Substantial Shareholders' Interests

As at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders in the Company before and after the purchase of Shares (in the event the Company undertakes Share Buy-Backs under the Share Buy-Back Mandate up to the maximum 10% and assuming that the purchased Shares are cancelled and not held as treasury shares) pursuant to the Share Buy-back Mandate, based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, are as follows:

	Before Share Buy-Back (No. of Shares)			Before Share Buy-Back ⁽¹⁾ %	After Share Buy-Back ⁽²⁾ %
	Direct Interest	Deemed Interest	Total Interest		
Directors					
Tan Ah Lye	304,000	32,273,200 ⁽³⁾	32,577,200	29.69	32.99
Tan Cheng Guan	–	–	–	–	–
Tan Cheng Kwong	–	–	–	–	–
Leong Wing Kong	–	–	–	–	–
Lim Keng Hoe	–	–	–	–	–
Rai Satish	10,000	–	10,000	0.01	0.01
Substantial Shareholders					
TAL Holdings Pte. Ltd.	32,273,200	–	32,273,200	29.41	32.68
Tan Ah Lye	304,000	32,273,200 ⁽³⁾	32,577,200	29.69	32.99
United Hope Pte. Ltd.	30,950,000	–	30,950,000	28.21	31.34
Teo Yi-Dar	1,600	30,950,000 ⁽⁴⁾	30,951,600	28.81	31.34

Notes:

- (1) The above percentages are calculated based on the Company's share capital comprising 114,888,980 Shares less 5,165,480 Shares held as treasury shares.
- (2) As a percentage of the issued share capital of the Company comprising 98,751,150 Shares (excluding treasury shares and subsidiary holdings) (assuming that the Company purchases the maximum number of 10,972,350 Shares under the Share Buy-Back Mandate).
- (3) Mr. Tan Ah Lye owns more than 20% of the issued and fully paid-up capital of TAL. Pursuant to Section 7 of the Act, Mr. Tan Ah Lye is deemed to have an interest in the Shares held by TAL.
- (4) Mr. Teo Yi-Dar owns 100% of the issued and fully paid-up capital of United Hope Pte. Ltd.. Pursuant to Section 7 of the Act, Mr. Teo Yi-Dar is deemed to have an interest in the Shares held by United Hope Pte. Ltd..

Shareholders should note that the figures in the above table are set out for illustrative purposes only and calculated on the assumptions that (i) the maximum amount of 10% of the Shares of the Company (excluding treasury shares and subsidiary holdings) purchased under the Share Buy-Back Mandate will be cancelled and not held as treasury shares and (ii) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders from the Latest Practicable Date to the date of the upcoming AGM.

3.2 Application of the Take-over Code – Exemption from the requirement to make a general offer

As at the Latest Practicable Date, TAL holds 32,273,200 Shares in the Company representing 29.41% of the issued share capital of the Company.

Mr. Tan Ah Lye is the Executive Director & CEO of the Company as well as a director of TAL. As at the Latest Practicable Date, he holds more than 20% of the issued and fully paid-up share capital of TAL. Accordingly, he is deemed to have an interest in the Shares held by TAL pursuant to Section 7 of the Act.

Each of Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong is an Executive Director of the Company as well as a director of TAL. Mr. Tan Cheng Soon Don is a director of TAL. Each of Mr. Tan Cheng Soon Don, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong holds 16.92% of the issued and fully paid-up share capital of TAL. Accordingly, under Section 7 of the Act, they are not deemed to have an interest in the Shares held by TAL. Mr. Tan Cheng Soon Don, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong are the sons of Mr. Tan Ah Lye.

Save for Mr. Tan Ah Lye, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong, none of the Directors is related to one another.

The other shareholders of TAL comprise of Mdm. Tan Hwee Keow and Mdm. Tan Bee Choo who are respectively, the wife and daughter of Mr. Tan Ah Lye, and Mr. Tan Ah Huat, Mr. Tan Seng Chong and Mr. Tan Seng Kiat who are the relatives of Mr. Tan Ah Lye.

A summary of the shareholders of TAL as well as the shareholding details of the aforesaid parties in the Company as at the Latest Practicable Date are set out below.

Name	Age (Yrs)	Relationship to Mr. Tan Ah Lye	TAL Holdings Pte. Ltd. Company			
			No. of Shares held	Percentage Shareholding (%)	Direct Interest (%)	Deemed Interest (%)
Tan Ah Lye	84	–	4,160,672	28.94	0.28	29.41
Tan Cheng Soon Don	56	Son	2,432,432	16.92	–	–
Tan Cheng Guan	53	Son	2,432,432	16.92	–	–
Tan Cheng Kwong	50	Son	2,432,432	16.92	–	–
Tan Hwee Keow	80	Wife	1,167,568	8.12	–	–
Tan Bee Choo	54	Daughter	875,676	6.09	–	–
Tan Ah Huat	70	Nephew	291,892	2.03	–	–
Tan Seng Chong	59	Nephew	291,892	2.03	–	–
Tan Seng Kiat	56	Nephew	291,892	2.03	–	–

In the event that the proposed Share Buy-Back Mandate is exercised to its maximum 10%, the interest of TAL in the Company (and the deemed interest of Mr. Tan Ah Lye) will increase from 29.41% to 32.68% as shown below:-

Before Buy-Back of 10,972,350 Shares

$$\frac{\text{Shares held by TAL Holdings}}{\text{Total issued Shares (excluding treasury shares and subsidiary holdings)}} = \frac{32,273,200}{109,723,500} = 29.41\%$$

x 100%

After Buy-Back of 10,972,350 Shares

$$\frac{\text{Shares held by TAL Holdings}}{\text{Total issued Shares (excluding treasury shares and subsidiary holdings)}} = \frac{32,273,200}{98,751,150} = 32.68\%$$

x 100%

It may well be the case that the Share Buy-Back Mandate will be exercised on more than one occasion by the Company as the Company may effect the Share Buy-Backs on different dates. Staggered Share Buy-Backs may also result in Mr. Tan Ah Lye's direct and deemed interest in the Company increasing to more than 30% of the total share capital of the Company.

Accordingly, Mr. Tan Ah Lye, who has a direct and deemed interest in the Shares held by TAL, will be required to make a general offer under Rule 14.

The persons who will be presumed to be persons acting in concert with Mr. Tan Ah Lye pursuant to the concert-party presumption in the Take-over Code and who will be required to make a general offer under Rule 14 include:

- (i) TAL, as it is controlled by Mr. Tan Ah Lye and his Associates;
- (ii) Mdm. Tan Hwee Keow, as the wife of Mr. Tan Ah Lye;
- (iii) Mr. Tan Cheng Soon Don, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong, as the sons of Mr. Tan Ah Lye and the directors of TAL;
- (iv) Mdm. Tan Bee Choo, as the daughter of Mr. Tan Ah Lye; and
- (v) Mr. Tan Ah Huat, Mr. Tan Seng Chong and Mr. Tan Seng Kiat, as the relatives of Mr. Tan Ah Lye.

Mr. Tan Ah Lye and parties acting in concert with him will be exempted from the requirement to make a general offer under Rule 14 if the aggregate shareholding of Mr. Tan Ah Lye and parties acting in concert with him increases to more than 30% of the total share capital of the Company, subject to the following conditions:

- (i) the appendix to Shareholders seeking their approval for the renewal of the Share Buy-Back Mandate will contain:
 - (a) advice to the effect that by voting in favour of the resolution to approve the renewal of the Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the Required Price (as defined below) from Mr. Tan Ah Lye and parties acting in concert with him; and

- (b) the names and voting rights of Mr. Tan Ah Lye and parties acting in concert with him as at the date of the said resolution and after a Share Buy-Back;
- (ii) the resolution to authorise the renewal of the Share Buy-Back Mandate is approved by a majority of those Shareholders present and voting at the AGM on a poll who could not become obliged to make an offer as a result of the Share Buy-Back under the Share Buy-Back Mandate;
- (iii) Mr. Tan Ah Lye and parties acting in concert with him abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Share Buy-Back Mandate;
- (iv) within seven (7) days after the passing of the resolution to authorise the Share Buy-Back Mandate, each of Mr. Tan Ah Lye, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong submits to the SIC a duly signed form as prescribed by the SIC;
- (v) Mr. Tan Ah Lye and/or parties acting in concert with him not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buy-Back Mandate is imminent and the earlier of:
 - (a) the date on which the authority of the Share Buy-Back Mandate expires; and
 - (b) the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Share Buy-Back, would cause their aggregate voting rights to increase to 30% or more.

Shareholders should note that by voting for the Share Buy-Back Mandate, they are waiving their rights to a take-over offer by Mr. Tan Ah Lye and persons acting in concert with him in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the Required Price.

“**Required Price**” means in relation to the offer required to be made under the provisions of Rule 14, the highest of the price paid by the offerors and/or person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six (6) months of the offer and during the offer period, or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six (6) months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-over Code.

Save as disclosed, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buy-Back Mandate.

Appendix 2 of the Take-over Code requires that the resolution to authorise the Share Buy-Back Mandate be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer under the Take-over Code as a result of the Share Buy-Back. Accordingly, Resolution 8 is proposed to be taken on a poll.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Buy-Back Mandate is in force.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Tan Ah Lye	304,000	0.28	32,273,200 ⁽²⁾	29.41
Tan Cheng Guan	–	–	–	–
Tan Cheng Kwong	–	–	–	–
Leong Wing Kong	–	–	–	–
Lim Keng Hoe	–	–	–	–
Rai Satish	10,000	0.01	–	–
Substantial Shareholders				
TAL Holdings Pte. Ltd.	32,273,200	29.41	–	–
Tan Ah Lye	304,000	0.28	32,273,200 ⁽²⁾	29.41
United Hope Pte. Ltd.	30,950,000	28.21	–	–
Teo Yi-Dar	1,600	0.01	30,950,000 ⁽³⁾	28.21

Notes:

- (1) The above percentages are calculated based on the Company's share capital comprising 114,888,980 Shares less 5,165,480 Shares held as treasury shares.
- (2) Mr. Tan Ah Lye owns more than 20% of the issued and fully paid-up capital of TAL. Pursuant to Section 7 of the Act, Mr. Tan Ah Lye is deemed to have an interest in the Shares held by TAL.
- (3) Mr. Teo Yi-Dar owns 100% of the issued and fully paid-up capital of United Hope Pte. Ltd.. Pursuant to Section 7 of the Act, Mr. Teo Yi-Dar is deemed to have an interest in the Shares held by United Hope Pte. Ltd..

For further details on the effect of the Share Buy-Back Mandate on the shareholdings of the Directors and Substantial Shareholders, please refer to Paragraphs 2 and 3 of this Appendix.

5. ABSTENTION FROM VOTING

Share Buy-Back Mandate

In compliance with the conditions of the exemption granted to the relevant parties and persons acting in concert with them (as set out in Paragraph 3.2 of this Appendix) and in accordance with the Take-over Code, TAL and its Associates will abstain from voting at the upcoming AGM in relation to Resolution 8 relating to the renewal of the Share Buy-Back Mandate.

In this regard, Mr. Tan Ah Lye, Mr. Tan Cheng Guan and Mr. Tan Cheng Kwong shall decline to accept appointment as proxies to vote and attend at the upcoming AGM in respect of Resolution 8 for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast at the AGM.

6. DIRECTORS' RECOMMENDATION

Share Buy-Back Mandate

The Directors, save for Mr. Tan Ah Lye, Mr. Tan Cheng Guan, and Mr. Tan Cheng Kwong who are abstaining from making any recommendation to Shareholders pursuant to the conditions under Appendix 2 of the Take-over Code, having carefully considered, inter alia, the terms and rationale of the Share Buy-Back Mandate, are of the view that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of Resolution 8.

7. ANNUAL GENERAL MEETING

The upcoming AGM, notice of which is circulated together with this Appendix, will be held physically on 30 April 2024 at 10.00 a.m. at Raffles Marina, No. 10 Tuas West Drive, Singapore 638404 for the purpose of, inter alia, considering and, if thought fit, passing, with or without any modification, the resolutions set out in the Notice of AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

9. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form in the Annual Report 2023 of the Company in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar at Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 by mail or email to agm2024@sinheng.com.sg, in any case, no later than 10:00 a.m. on 28 April 2024. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 26 Gul Road Singapore 629346, during normal business hours from the date of this Appendix up to and including the date of the AGM:

- (a) The Constitution of the Company; and
- (b) the annual report of the Company for the financial year ended 31 December 2023.

Yours faithfully

Tan Ah Lye
Executive Director & CEO
For and on behalf of the Board of Directors of
Sin Heng Heavy Machinery Limited

