

**APPENDIX DATED 5 NOVEMBER 2020**

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

**If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

This Appendix is circulated to the shareholders (“**Shareholders**”) of Sysma Holdings Limited (the “**Company**”) together with the Annual Report 2020. The purpose of this Appendix is to provide Shareholders with information relating to, and seek Shareholders’ approval for, the proposed renewal of the Share Buyback Mandate at the Annual General Meeting of the Company will be convened and held by way of electronic means on Friday, 27 November 2020 at 10.00 a.m.

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report 2020.

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

*The contact person for the Sponsor is Ms. Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.*



**SYSMA HOLDINGS LIMITED**

Company Registration No: 201207614H

(Incorporated in the Republic of Singapore on 28 March 2012)

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

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## DEFINITIONS

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In this Appendix, the following definitions apply throughout unless otherwise stated:-

<b>“2013 EGM”</b>	:	The extraordinary general meeting held on 22 November 2013 at which the Shareholders approved the Share Buyback Mandate
<b>“2019 AGM”</b>	:	The last annual general meeting held on 28 November 2019 at which the Shareholders renewed the Share Buyback Mandate
<b>“2020 AGM”</b>	:	The annual general meeting of the Company, notice of which is set out on pages 102 to 110 of the Annual Report 2020, to be held on 27 November 2020, and any adjournment thereof
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“AGM”</b>	:	The annual general meeting of the Company
<b>“Appendix”</b>	:	This appendix to the Notice of 2020 AGM
<b>“Annual Report 2020”</b>	:	The Annual Report of the Company for FY2020
<b>“Constitution”</b>	:	The Constitution of the Company for the time being in force as originally framed, or as amended or modified from time to time
<b>“Associate”</b>	:	Shall have the meaning ascribed to the term as defined in the Catalist Rules, as amended from time to time
<b>“Board”</b>	:	The board of Directors of the Company
<b>“Catalist”</b>	:	The sponsor-supervised listing platform of the SGX-ST
<b>“Catalist Rules” or “Listing Manual”</b>	:	The SGX-ST Listing Manual Section B: Rules of Catalist
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Committee”</b>	:	A committee comprising Directors duly authorised and appointed by the Board to administer the Plan
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>“Company”</b>	:	Sysma Holdings Limited
<b>“Controlling Shareholder”</b>	:	A person who:  (a) holds directly or indirectly 15% or more of the total votes attached to all voting Shares in the Company; or  (b) in fact exercises control over the Company
<b>“Directors” or “Board of Directors”</b>	:	The directors of the Company as at the date of this Appendix
<b>“EPS”</b>	:	Earnings per Share
<b>“Group”</b>	:	The Company and its subsidiaries

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## DEFINITIONS

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<b>“FY”</b>		Financial year of the Company ended or ending 31 July (as the case may be)
<b>“Sysma Performance Share Plan” or “Plan”</b>		The performance share plan of the Company known as “Sysma Performance Share Plan”, which was approved on 5 July 2012, as may be amended or modified from time to time
<b>“Latest Practicable Date”</b>		22 October 2020, being the latest practicable date prior to the printing of this Appendix
<b>“Market Day”</b>		A day on which the SGXST is open for trading in securities
<b>“Notice of 2020 AGM”</b>		The notice of the AGM set out on pages 102 to 110 of the Annual Report 2020, for the purposes of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions and Special Resolution as set out therein
<b>“NTA”</b>	:	Net tangible assets
<b>“Proxy Form”</b>		The proxy form in respect of the 2020 AGM as attached to the Annual Report 2020
<b>“Relevant Period”</b>		The period commencing from the date of which the Ordinary Resolution relating to the proposed renewal of the Share Buyback Mandate is passed and expiring on the date the next annual general meeting is or is required by law to be held, or the date the said mandate is revoked or varied by the Company in a general meeting, whichever is the earlier
<b>“Securities Account”</b>		A securities account maintained by a Depositor with CDP but does not include a securities sub-account
<b>“SGXST”</b>		Singapore Exchange Securities Trading Limited
<b>“Share Buyback Mandate”</b>		The general and unconditional mandate given by the Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
<b>“Shareholders”</b>		Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“SIC”</b>	:	Securities Industry Council of Singapore
<b>“Sponsor”</b>	:	PrimePartners Corporate Finance Pte. Ltd.
<b>“Subsidiary Holdings”</b>	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act

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## DEFINITIONS

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- “Substantial Shareholder”** : A person who has an interest (directly or indirectly) in 5% or more of the voting votes attached to all voting Shares of the Company
- “Take-over Code”** : The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
- “Treasury Shares”** : Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
- “\$” and “cents”** : Singapore dollars and cents respectively
- “%” or “percent”** : Percentage or per centum

The terms **“Depositor”**, **“Depository”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be.

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

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 Companies Act, the Catalist Rules, the Take-over Code or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act, the Catalist Rules, the Take-over Code or any statutory modification thereof, as the case may be, unless otherwise provided.

Words importing the singular shall, where applicable, include the plural where the context admits and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender where the context admits and vice versa. References to persons shall, where applicable, include corporations.

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

Any reference to a time of a day or date in this Appendix shall be a reference to Singapore time and date 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.

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## LETTER TO SHAREHOLDERS

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### SYSMA HOLDINGS LIMITED

Company Registration No: 201207614H  
(Incorporated in the Republic of Singapore on 28 March 2012)

**Directors:**

Sin Soon Teng (Executive Chairman and Group Chief Executive Officer)  
Sin Ee Wuen (Executive Director and Deputy Chief Executive Officer)  
Chen Timothy Teck-Leng @ Chen Teck Leng (Lead Independent Director)  
Richard Tan Kheng Swee (Independent Director)  
Teo Boon Tieng (Independent Director)

**Registered Office:**

2 Balestier Road  
#03-669  
Balestier Hill Shopping Centre  
Singapore 320002

5 November 2020

To: The Shareholders of Sysma Holdings Limited

Dear Sir/Madam

#### 1. INTRODUCTION

- 1.1 The purpose of this Appendix is to provide Shareholders with information relating to, and to seek the approval of the Shareholders at the 2020 AGM, for the proposed renewal of the Share Buyback Mandate.
- 1.2 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.
- 1.3 The SGX-ST assumes no responsibility for the contents of this Appendix including the correctness of any of the statements made or opinions expressed or reports contained in this Appendix. The Sponsor has reviewed the Appendix in accordance with Rules 226(2)(b) and 753(2) of the Catalist Rules.

#### 2. THE PROPOSED RENEWAL OF SHARE BUYBACK MANDATE

##### 2.1 Background

The Company's existing Share Buyback Mandate was first approved at the extraordinary general meeting of the Company held on 22 November 2013 (the "**2013 EGM**") and renewed at the last annual general meeting held on 28 November 2019 ("**2019 AGM**"). The rationale for, the authority and limitations on, and the financial effects of the Share Buyback Mandate approved at the 2019 AGM were set out in the Appendix to the Notice of 2019 AGM of the Company dated 6 November 2019 ("**2019 Mandate**").

The 2019 Mandate approved at the 2019 AGM will be expiring on 27 November 2020, being the date of the forthcoming AGM. Accordingly, the Company intends to seek the approval of Shareholders for the proposed renewal of the Share Buyback Mandate at the 2020 AGM.

##### 2.2 Introduction

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. It is also a requirement under the Catalist Rules that an issuer which wishes to purchase its own shares should obtain prior approval of its shareholders at a general meeting. In this regard, approval is now being sought from Shareholders at the forthcoming AGM for the proposed renewal of the Share Buyback Mandate.

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## LETTER TO SHAREHOLDERS

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An ordinary resolution will be proposed, pursuant to which the Share Buyback Mandate will give the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Buyback Mandate.

If approved by Shareholders at the 2020 AGM, the authority conferred by the Share Buyback Mandate will continue to be in force until the conclusion of the next AGM of the Company or the date by which such an AGM is required to be held (whereupon it will lapse, unless renewed at such meeting) or the date on which Share purchases or acquisitions have been carried out to the full extent mandated or until it is varied or revoked by the Company in a general meeting (if so varied or revoked prior to the next AGM), whichever is the earliest.

### 2.3 Rationale

The approval of the proposed renewal of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the 10.0% limit described in Section 2.4.1 below at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, Share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Company has at present a share-based incentive plan, namely the Sysma Performance Share Plan, for its employees. Share buybacks by the Company will enable the Directors to utilise the Shares which are purchased or acquired and held as treasury shares to satisfy the Company's obligation to furnish Shares to participants under the Plan, thus giving the Company greater flexibility to select the method of providing Shares to its employees which would be most beneficial to the Company and its Shareholders.
- (c) The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire the Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure with a view to enhancing its earnings and/or net asset value per Share.
- (d) The purchase or acquisition of Shares under the Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and offset the effects of short-term share price speculation.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10.0% limit during the Relevant Period referred to in Section 2.4.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10.0% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or the Shareholders and in circumstances which they believe will not result in any material adverse effect on the liquidity, the orderly trading of the Shares, the working capital requirements of the Company and/or the Group or the gearing positions which are, in the opinion of the Directors, appropriate from time to time, or result in the Company being delisted from the Catalist. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the free float of the Shares held in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the Catalist.

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## LETTER TO SHAREHOLDERS

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### 2.4 Authority and limits of the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

#### 2.4.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10.0% of the total number of issued Shares of the Company as at the date of the 2020 AGM at which the proposed renewal of the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10.0% limit.

**Purely for illustrative purposes only**, on the basis of 252,348,600 Shares in issue (excluding 8,651,400 Treasury Shares and nil Subsidiary Holdings held) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 25,234,860 (representing 10.0% of the total number of issued Shares, excluding Treasury Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

As at the Latest Practicable Date, 8,651,400 Shares are held by the Company as Treasury Shares and there are no Subsidiary Holdings.

(a) Where Shares purchased or acquired are held as Treasury Shares

On the basis of the aforesaid limit and that the Company holds 8,651,400 Treasury Shares as at the Latest Practicable Date, the maximum number of Shares which can be purchased or acquired by the Company and be held as Treasury Shares is 16,583,460 Shares, representing 6.6% of the total number of Shares in issue (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.

(b) Where Shares purchased or acquired are cancelled

The maximum number of Shares which can be purchased or acquired by the Company and cancelled is 25,234,860 Shares, representing 10.0% of the total number of Shares in issue (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.

#### 2.4.2 Duration of authority

Purchases or acquisitions of Shares may be made during the Relevant Period which is at any time and from time to time, on and from the date of the 2020 AGM at which the Share Buyback Mandate is approved, up to:

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



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## LETTER TO SHAREHOLDERS

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whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of such AGM. When seeking the approval of the Shareholders for the proposed renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

### 2.4.3 Manner of purchase or acquisition of Shares

Purchases or acquisitions of Shares can be effected by the Company by way of:

- (a) on-market purchases transacted on the SGX-ST through the SGX-ST's trading system, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback ("**Market Purchase**"); and/or
- (b) off-market purchases ("**Off-Market Purchase**") effected pursuant to an equal access scheme as defined in Section 76C of the Companies Act.

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Catalist Rules, the Companies Act and the Constitution, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

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

In addition, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by Rule 870 of the Catalist Rules, issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;

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## LETTER TO SHAREHOLDERS

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- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the Catalist;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases), setting out the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of shares, where relevant, and the total consideration paid for the purchases or acquisitions; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

### 2.4.4 Maximum price to be paid for the Shares

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate.

However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price (as defined below); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent (120%) of the Average Closing Price (as defined below),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes of determining the Maximum Price:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Days period and on which the purchases are made; and

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

### 2.5 **Sources of funds**

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the Constitution, Catalist Rules and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act allows a Company to purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

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## LETTER TO SHAREHOLDERS

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For this purpose, pursuant to Section 76F(4) of the Companies Act, a company is solvent if the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if:
  - (i) It is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after such purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations of assets or estimates of liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood at the contingency occurring as well as any counter-claims by the Company.

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. The amount of funding required for the Company to purchase or acquire Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired, the considerations paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group and the costs of such financing.

The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

### 2.6 Status of purchased or acquired Shares

Under Section 76B of the Companies Act, any Shares purchased or acquired by the Company through a Share buyback shall be deemed to be cancelled immediately on purchase or acquisition unless such Shares are held by the Company as treasury shares in accordance with Section 76H of the Companies Act. Upon such cancellation, all rights and privileges attached to that Share will expire. 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.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

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## LETTER TO SHAREHOLDERS

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### 2.7 Treasury Shares

Under the Companies Act, the 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 Companies Act are summarised below:

- (a) The number of Shares held as Treasury Shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares.
- (b) 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 Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.
- (c) 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. Also, a subdivision or consolidation of any treasury share is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be.
- (d) 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 and/or plan;
  - (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 by order be prescribed by the Minister for Finance of Singapore.

The Directors will also consider and decide whether to purchase or acquire Shares to satisfy the Shares awarded under the Plan.

The Shares purchased or acquired under the Share Buyback Mandate will be held as Treasury Shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

### 2.8 Reporting requirements

The Company shall notify ACRA in the prescribed form within thirty (30) days of a purchase or acquisition of Shares on the Catalist or otherwise. Such notification shall include, inter alia, details of the purchases or acquisitions, the total 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 ordinary share capital before and after the purchase or acquisition of Shares, and the amount of consideration paid by the Company for the purchases or acquisitions, whether the Shares were purchased or acquired out of profits or the capital at the Company and such other particulars as may be required by ACRA.

Within thirty (30) days of the passing of a Shareholders' resolution to approve or renew the Share Buyback Mandate, the Company shall lodge a copy of such resolution with ACRA.

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## LETTER TO SHAREHOLDERS

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Pursuant to the Catalist Rules, the Company must announce all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The Company, upon undertaking any sale, transfer, cancellation and/or use of Treasury Shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (a) the date of the sale, transfer, cancellation and/or use;
- (b) the purpose of such sale, transfer, cancellation and/or use;
- (c) the number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) the number of Shares before and after such sale, transfer, cancellation and/or use;
- (e) the 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) the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

### 2.9 Financial effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NTA and EPS of the Company and the Group as the resultant effect would depend on, inter alia, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as Treasury Shares.

The repurchased Shares may be cancelled or held as Treasury Shares. Any Share buyback will:

- (a) reduce the amount of the Company's share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid (including brokerage, stamp duties, applicable goods and services tax and other related expenses) by the Company for the Shares cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

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## LETTER TO SHAREHOLDERS

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The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhancing the EPS and/or the NTA value per Share of the Group.

**Purely for illustrative purposes only**, the financial effects of the Share Buyback Mandate on the Group and the Company, based on the audited financial statements of the Group and the Company for the financial year ended 31 July 2020 and the assumptions set out below:

- (a) that the Share Buyback Mandate was effective as at 1 August 2019;
- (b) such purchase or acquisition of Shares is financed solely by internal sources of funds as at 31 July 2020;
- (c) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 16,583,460 Shares (if the Shares were to be held as Treasury Shares) or 25,234,860 Shares (if the Shares were to be cancelled) at the Maximum Price of S\$0.1415 (being the price equivalent to 105% of the Average Closing Price for the 5 consecutive Market Days on which the Shares were traded on the Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 16,583,460 Shares or 25,234,860 Shares is approximately S\$2.35 million or S\$3.57 million respectively; and
- (d) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 16,583,460 Shares (if the Shares were to be held as Treasury Shares) or 25,234,860 Shares (if the Shares were to be cancelled) at the Maximum Price of S\$0.1618 (being the price equivalent to 120% of the Average Closing Price for the 5 consecutive Market Days on which the Shares were traded on the Catalist immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 16,583,460 Shares or 25,234,860 Shares is approximately S\$2.68 million or S\$4.08 million respectively; and
- (e) transaction costs incurred for the purchase or acquisition of Shares are insignificant and have been ignored for the purposes of computing the financial effects.

Based on the assumptions set out above, the financial effects of:

- (1) the purchase or acquisition of 16,583,460 Shares or 6.6% of the issued Shares (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date by the Company by way of a Market Purchase or Off-Market Purchase made entirely out of capital and held as Treasury Shares ("**Scenario A**"); and
- (2) the purchase or acquisition of 25,234,860 Shares or 10.0% of the issued Shares (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date by the Company by way of a Market Purchase or Off-Market Purchase made entirely out of capital and cancelled ("**Scenario B**"),

on the audited financial statements of the Group and the Company for the financial year ended 31 July 2020 pursuant to the Share Buyback Mandate are as follows:



## LETTER TO SHAREHOLDERS

### 2.9.1 Purchases made entirely out of capital and held as Treasury Shares (Scenario A)

	Group			Company		
	Before Share Purchase (S\$'000)	After Share Buyback assuming Market Purchase (S\$'000)	After Share Buyback assuming Off-Market Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Buyback assuming Market Purchase (S\$'000)	After Share Buyback assuming Off-Market Purchase (S\$'000)
<b>As at 31 July 2020</b>						
Share capital	45,538	45,538	45,538	45,538	45,538	45,538
Merger reserve	(3,517)	(3,517)	(3,517)	-	-	-
Equity reserve	(844)	(844)	(844)	-	-	-
Accumulated profits	15,718	15,718	15,718	868	868	868
Treasury Shares	(1,120)	(3,467)	(3,803)	(1,120)	(3,467)	(3,803)
Equity attributable to the owners of the parent	55,775	53,428	53,092	45,286	42,939	42,603
NTA <sup>(1)</sup>	52,159	49,812	49,476	45,286	42,939	42,603
Cash and cash equivalents	39,563	37,216	36,880	2,159	(188)	(524)
Current assets	52,284	49,937	49,601	6,552	4,205	3,869
Current liabilities	27,678	27,678	27,678	7,906	7,906	7,906
Working capital	24,606	22,259	21,923	(1,354)	(3,701)	(4,037)
Total borrowings <sup>(2)</sup>	6,561	6,561	6,561	-	-	-
Profit/(loss) for the financial year attributable to the owners of the parent	1,184	1,184	1,184	565	565	565
Number of issued Shares ('000)	261,000	261,000	261,000	261,000	261,000	261,000
Treasury shares ('000)	8,651	25,235	25,235	8,651	25,235	25,235
Number of issued Shares (net of treasury shares) ('000)	252,349	235,765	235,765	252,349	235,765	235,765
<b>Financial Ratios</b>						
NTA per Share (cents) <sup>(3)</sup>	20.67	21.13	20.99	17.95	18.21	18.07
EPS (cents) <sup>(4)</sup>	0.47	0.50	0.50	0.22	0.24	0.24
Current ratio (times) <sup>(5)</sup>	1.89	1.80	1.79	0.83	0.53	0.49
Gearing ratio (times) <sup>(6)</sup>	0.12	0.12	0.12	-	-	-
Return on equity (%) <sup>(7)</sup>	2.12	2.22	2.23	1.25	1.32	1.33

**Notes:**

- (1) NTA refers to total net assets less intangible assets.
- (2) Total borrowings refer to the total of short term, long term bank borrowings, and finance lease obligations.
- (3) NTA per Share is calculated based on NTA and 252,348,600 Shares in issue (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.
- (4) For illustrative purposes, EPS is calculated based on 252,348,600 Shares in issue (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.
- (5) Current ratio equals current assets divided by current liabilities.
- (6) Gearing ratio equals total borrowings divided by equity attributable to the owners of the parent.
- (7) Return on equity equals profit/(loss) for the financial year divided by equity attributable to the owners of the parent.

## LETTER TO SHAREHOLDERS

### 2.9.2 Purchases made entirely out of capital and cancelled (Scenario B)

	Group			Company		
	Before Share Purchase (S\$'000)	After Share Buyback assuming Market Purchase (S\$'000)	After Share Buyback assuming Off-Market Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Buyback assuming Market Purchase (S\$'000)	After Share Buyback assuming Off-Market Purchase (S\$'000)
<b>As at 31 July 2020</b>						
Share capital	45,538	45,538	45,538	45,538	45,538	45,538
Merger reserve	(3,517)	(3,517)	(3,517)	-	-	-
Equity reserve	(844)	(844)	(844)	-	-	-
Accumulated profits	15,718	15,718	15,718	868	868	868
Reserve	-	(3,571)	(4,083)	-	(3,571)	(4,083)
Treasury Shares	(1,120)	(1,120)	(1,120)	(1,120)	(1,120)	(1,120)
Equity attributable to the owners of the parent	55,775	52,204	51,692	45,286	41,715	41,203
NTA <sup>(1)</sup>	52,159	48,588	48,076	45,286	41,715	41,203
Cash and cash equivalents	39,563	35,992	35,480	2,159	(1,412)	(1,924)
Current assets	52,284	48,713	48,201	6,552	2,981	2,469
Current liabilities	27,678	27,678	27,678	7,906	7,906	7,906
Working capital	24,606	21,035	20,523	(1,354)	(4,925)	(5,437)
Total borrowings <sup>(2)</sup>	6,561	6,561	6,561	-	-	-
Profit/(loss) for the financial year attributable to the owners of the parent	1,184	1,184	1,184	565	565	565
Number of issued Shares (net of treasury shares) ('000)	252,349	227,114	227,114	252,349	227,114	227,114
<b>Financial Ratios</b>						
NTA per Share (cents) <sup>(3)</sup>	20.67	21.39	21.17	17.95	18.36	18.14
EPS (cents) <sup>(4)</sup>	0.47	0.52	0.52	0.22	0.25	0.25
Current ratio (times) <sup>(5)</sup>	1.89	1.76	1.74	0.83	0.38	0.31
Gearing ratio (times) <sup>(6)</sup>	0.12	0.13	0.13	-	-	-
Return/(loss) on equity (%) <sup>(7)</sup>	2.12	2.27	2.29	1.25	1.35	1.37

**Notes:**

- (1) NTA refers to total net assets less intangible assets.
- (2) Total borrowings refer to the total of short term, long term bank borrowings, and finance lease obligations.
- (3) NTA per Share is calculated based on NTA and 252,348,600 Shares in issue (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.
- (4) For illustrative purposes, EPS is calculated based on 252,348,600 Shares in issue (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.
- (5) Current ratio equals current assets divided by current liabilities.
- (6) Gearing ratio equals total borrowings divided by equity attributable to the owners of the parent.
- (7) Return on equity equals profit for the financial year divided by equity attributable to the owners of the parent.



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## LETTER TO SHAREHOLDERS

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Shareholders should note that the financial effects illustrated above are based on the respective aforesaid assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for the financial year ended 31 July 2020, and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings), the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares as mandated. In addition, the Company may cancel all or part of the Shares repurchased, or hold all or part of the Shares repurchased as Treasury Shares.

Shareholders who are in doubt as to their tax positions or any tax implications arising from the Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

### 2.10 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

### 2.11 Catalyst Rules

The Company will not purchase any Shares pursuant to the Share Buyback Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board until such time such information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases one (1) month immediately preceding the announcement of the Company's half year and full year financial results and ending on the date of the announcement of the relevant results.

The Company is required under Rule 723 of the Catalyst Rules to ensure that at least 10% of its Shares are in the hands of the public. The "public", as defined under the Catalyst Rules, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the company and its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, 60,545,100 Shares, representing 23.99% of the issued Shares (excluding Treasury Shares), are in the hands of the public. Assuming the Company will purchase or acquire the entire 10.0% of the total number of its issued Shares, there will be 35,310,240 Shares, representing 15.55% of the issued Shares (excluding Treasury Shares), being held in the hands of the public. In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient float in the hands of the public will be maintained so that such purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the Catalist, cause market illiquidity or adversely affect the orderly trading of the Shares.

### 2.12 Take-over Code implications

Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

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## LETTER TO SHAREHOLDERS

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### 2.12.1 Obligations to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, 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 of the Take-over Code (“**Rule 14**”). Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14.

### 2.12.2 Persons acting in concert

Under the Take-over Code, persons acting in concert (“**concert parties**”) comprise 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 the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any 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 the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

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 of the Takeover Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

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## LETTER TO SHAREHOLDERS

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### 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 their concert parties will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if 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 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 Buyback Mandate.

**The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company are advised to consult the SIC and/or their professional advisers at the earliest opportunity.**

### 2.13 Application of the Take-over Code

As at the Latest Practicable Date, the details of the shareholdings of the Substantial Shareholders and Directors of the Company are as set out in Section 3 below.

As at the Latest Practicable Date, based on the number of Shares held by the Directors and Substantial Shareholders of the Company, the purchase by the Company of the maximum limit of ten per cent (10%) of its issued share capital would not cause:-

- (a) The voting rights of any of the Substantial Shareholders or Directors of the Company to increase to thirty per cent (30%) or more; and
- (b) in respect of a Director or Substantial Shareholder who holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder to increase by more than 1% in any period of six (6) months.

Accordingly, to the best of the Directors' knowledge and as at Latest Practicable Date, there are no shareholders who may incur an obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the proposed renewal of the Share Buyback Mandate.

### 2.14 Share buybacks in the previous 12 months

The Company did not purchase or acquire any Shares during the 12-month period immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, an aggregate of 8,651,400 Shares are being held by the Company as Treasury Shares.

## LETTER TO SHAREHOLDERS

### 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The effective shareholding interests (comprising direct and indirect interest) of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Before the Share Buy-Back		After the Share Buy-Back	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>
<b>Directors</b>				
Sin Soon Teng <sup>(3)</sup>	166,600,000	66.02	166,600,000	73.36
Sin Ee Wuen	8,703,500	3.45	8,703,500	3.83
Chen Timothy Teck-Leng @ Chen Teck Leng	–	–	–	–
Richard Tan Kheng Swee	–	–	–	–
Teo Boon Tieng	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>				
Xiang Investment Ltd. <sup>(3)</sup>	166,600,000	66.02	166,600,000	73.36
Ang Seng Heng	15,400,000	6.10	15,400,000	6.78

**Notes:**

- (1) The percentage is calculated based on the issued number of Shares of the Company of 252,348,600 Shares (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.
- (2) Assuming the Company purchases or acquires the maximum 10.0% of Shares pursuant to the Share Buyback Mandate, the percentage after the Share Buy-Back is calculated based on 227,113,740 Shares (excluding Treasury Shares and Subsidiary Holdings).
- (3) Xiang Investment Ltd. is an investment holding company incorporated in the British Virgin Islands on 2 March 2012. As at the Latest Practicable Date, the shareholders of Xiang Investment Ltd. are Sin Soon Teng (89%) and Ng Lay Khim (11%). Sin Soon Teng is deemed to have a deemed interest in the Shares held by Xiang Investment Ltd. in the Company.

### 4. DIRECTORS' RECOMMENDATION

The proposed renewal of the Share Buyback Mandate

After having considered, *inter alia*, the rationale set out in section 2.3 of this Appendix and the information relating to the proposed renewal of the Share Buyback Mandate, the Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution 8 in respect of the proposed renewal of the Share Buyback Mandate as set out in the Notice of the 2020 AGM.

### 5. ANNUAL GENERAL MEETING

The 2020 AGM, notice of which is set out in the Annual Report 2020 will be convened and held by way of electronic means on Friday, 27 November 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the Ordinary Resolution 8 on the proposed renewal of the Share Buyback Mandate as set out in the Notice of 2020 AGM.

### 6. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID- 19, members will not be able to attend the AGM in person. A member (whether individual or corporate) must submit his/her/its Proxy Form appointing the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying Proxy Form for the AGM will be sent out physically as well as announced together with this Notice and may be accessed at the Company's website at the URL [www.sysma.com.sg](http://www.sysma.com.sg), and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

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## LETTER TO SHAREHOLDERS

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Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

**Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID- 19, members will not be able to attend the AGM in person. A member (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying proxy form for the AGM will be sent out physically as well as announced together with this Notice and may be accessed at the Company's website at the URL [www.sysma.com.sg](http://www.sysma.com.sg), and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM.

The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

- a) via the following URL <https://agm.conveneagm.com/sysmaagm2020> (the "Sysma AGM Website") in the electronic format accessible on the Sysma AGM Website; or
- b) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898; or
- c) if submitted electronically, be submitted via email to the Company's Share Registrar at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),

in either case not less than 48 hours before the time appointed for the AGM, latest by 25 November 2020 at 10.00 a.m.

A member who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

### 7. 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 Buyback Mandate, the Company and its subsidiaries, 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 these sources and/or reproduced in this Appendix in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 2 Balestier Road, #03-669 Balestier Hill Shopping Centre, Singapore 320002, during normal business hours from the date of this Appendix up to and including the date of the 2020

AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 July 2020.

Yours faithfully  
For and on behalf of the Board of Directors  
**SY SMA HOLDINGS LIMITED**

SIN SOON TENG  
Executive Chairman and Group Chief Executive Officer

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