THE HOUR GLASS

# THE HOUR GLASS LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 197901972D)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 43rd Annual General Meeting of the Company will be convened and held by way of electronic means on Friday, 29 July 2022 at 10.00 a.m. (Singapore time) to transact the following business:

**AS ORDINARY BUSINESS:**

1. To receive and adopt the Directors' Statement, Auditor's Report and Audited Financial Statements for the financial year ended 31 March 2022.

2. To approve the payment of a Final Dividend of 6.00 cents per ordinary share (one-tier) for the financial year ended 31 March 2022.

3. To re-elect the following Directors who retire by rotation under Article 94 of the Constitution of the Company:

   (a) Dr Henry Tay Yun Chwan

   (b) Dr Kenny Chan Swee Kheng

   (c) Mr Liew Choon Wei

   *(Dr Kenny Chan Swee Kheng, a member of the Company's Audit Committee, is a non-independent non-executive Director, and Mr Liew Choon Wei, the Chairman of the Company's Audit Committee, is an independent Director.)*

4. To approve the payment of Directors' fees for Non-Executive Directors of up to $446,000 for the financial year ending 31 March 2023. (2022: $330,000)

5. To re-appoint Ernst & Young LLP as Auditor and to authorise the Directors to fix its remuneration.

**AS SPECIAL BUSINESS:**

6. Approval of Share Issue Mandate

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "That pursuant to Section 161 of the Companies Act 1967 and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares, excluding treasury shares and subsidiary holdings, shall be based on the total number of issued shares, excluding treasury shares and subsidiary holdings, at the time that this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that were issued and are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

7. Renewal of Share Purchase Mandate

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not

exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; and

(ii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means that number of issued Shares representing 10% of the issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST));

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days on which Shares were transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Day period and the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**date of the making of the offer**" means the day on which the Company makes 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 Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

**BY ORDER OF THE BOARD**

**Christine Chan**
**Company Secretary**

**5 July 2022**
**Singapore**

Notes:

1. The Annual General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice will be sent to members by electronic means via publication on the Company's website at the URL https://www.thehourglass.com/investor-relations/agm2022/, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. In addition, printed copies will be sent by post to members.

2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions prior to or at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the Company's accompanying announcement dated 5 July 2022. This announcement may be accessed at the Company's website at the URL https://www.thehourglass.com/investor-relations/agm2022/, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. **The Company is not providing for physical attendance by members at the Annual General Meeting** as the COVID-19 situation in Singapore continues to evolve. **A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** The Proxy Form may be accessed at the Company's website at the URL https://www.thehourglass.com/investor-relations/agm2022/, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements and the pre-registration website for the Annual General Meeting at the URL https://thehourglass.com/agm2022. In addition, printed copies will be sent by post to members.

   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.

   CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by 5.00 p.m. on 19 July 2022 to submit their votes.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The Proxy Form appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at hourglass-agm@boardroomlimited.com,

   in either case, not less than 72 hours before the time appointed for the holding of the Annual General Meeting.

   Members are encouraged to use the printed copy of the Proxy Form (which was sent by post to all members), by completing and signing the Proxy Form before scanning and sending it by email to the email address provided above. Alternatively, if the member wishes to submit the Proxy Form which is accessed electronically from the Company's website, the SGX website or the pre-registration website for the Annual General Meeting, he/she/it 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. **Members are strongly encouraged to submit completed Proxy Forms electronically via email.**

6. The Annual Report 2022 and the Letter to Shareholders dated 5 July 2022 (in relation to the proposed renewal of the share purchase mandate) will be published on the Company's website and may be accessed as set out below. In addition, printed copies will be sent by post to members:

   (a) the Annual Report 2022 may be accessed at the URL https://www.thehourglass.com/investor-relations/agm2022/; and

   (b) the Letter to Shareholders dated 5 July 2022 may be accessed at the URL https://www.thehourglass.com/investor-relations/agm2022/.

   These documents may also be accessed on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

7. Any reference to a time of day is made by reference to Singapore time.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Additional information on items of ordinary and special business

Item 3 Key information on the Directors to be re-elected can be found in the "Board of Directors" and "Corporate Governance" sections of the Annual Report 2022.

Item 4 This item is to approve payment of the Directors' fees for Non-Executive Directors on a current year basis ("**FY2023**"). The aggregate fees are calculated based on a fee formulation substantially similar to that applied in the prior financial year (please refer to the "Corporate Governance" section of the Annual Report 2022 for more information), taking into account adjustments effective for/from FY2023 to the basic Board fee and Board committee fees made by reference to their responsibilities, the number of scheduled Board and committee meetings for FY2023, and assuming that all the Non-Executive Directors will hold office for the full period. The amount also includes a buffer to cater for contingencies such as, but are not limited to, *ad hoc* meetings, additional Board committees, etc. In the event the Directors' fees proposed for FY2023 are insufficient (for example, due to more meetings or enlarged Board size), approval will be sought at next year's Annual General Meeting for additional fees to meet the shortfall.

Item 6 This Ordinary Resolution is to empower the Directors, effective until the conclusion of the next Annual General Meeting, to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding in aggregate 50% of the issued shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares, excluding treasury shares and subsidiary holdings, will be calculated based on the total number of issued shares, excluding treasury shares and subsidiary holdings, at the time that this Resolution is passed, after adjusting for the conversion or exercise of any convertible securities and share options or vesting of share awards that have been issued or granted (provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST) and which are outstanding or subsisting at the time that this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares. As at 7 June 2022, the Company held 31,548,000 treasury shares and there were no subsidiary holdings.

Item 7 This Ordinary Resolution is to renew, effective until the date of the next Annual General Meeting, the Share Purchase Mandate for the Company to make purchases or acquisitions of its issued ordinary shares. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company, of 10% of its issued ordinary shares as at 7 June 2022, at a purchase price equivalent to the Maximum Price per share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2022, and certain other assumptions, are set out in the Company's letter to shareholders dated 5 July 2022 accompanying this Notice of Annual General Meeting.

# THE HOUR GLASS LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 197901972D)

Registered Office: 302 Orchard Road #11-01, Tong Building, Singapore 238862

To: The shareholders of The Hour Glass Limited
("**Shareholders**")

Dear Sir/Madam

## 1. INTRODUCTION

We refer to item 7 of the Notice of 43rd Annual General Meeting of the Company ("**43rd AGM**") which is an Ordinary Resolution ("**Resolution 7**") to be proposed at the 43rd AGM for the renewal of the Company's share purchase mandate (the "**Share Purchase Mandate**"). The purpose of this letter is to provide Shareholders with information relating to Resolution 7.

Allen & Gledhill LLP is the legal adviser to the Company in relation to the proposed renewal of the Share Purchase Mandate.

## 2. RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **Background.** At the 42nd Annual General Meeting of the Company held on 28 July 2021 ("**42nd AGM**"), Shareholders had (*inter alia*) approved the renewal of the Share Purchase Mandate. The authority and limitations on the Share Purchase Mandate were set out in the letter to Shareholders dated 6 July 2021 and the Ordinary Resolution relating to the Share Purchase Mandate was set out in the Notice of 42nd AGM. The Share Purchase Mandate was expressed to take effect from the passing of the Ordinary Resolution at the 42nd AGM and continue in force until the date of the next Annual General Meeting of the Company and, as such, will be expiring on 29 July 2022, being the date of the forthcoming 43rd AGM. It is proposed that such authority be renewed. Accordingly, Resolution 7 relating to the proposed renewal of the Share Purchase Mandate will be tabled as an Ordinary Resolution for Shareholders' approval at the 43rd AGM.

Any purchase or acquisition of its ordinary shares ("**Shares**") by the Company has to be made in accordance with, and in the manner prescribed by, the Companies Act 1967 (the "**Companies Act**"), the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and such other laws and regulations as may for the time being be applicable. During the validity period of the Share Purchase Mandate, the Directors of the Company (the "**Directors**") may exercise the authority conferred by the Share Purchase Mandate from time to time or at any time, in accordance with its terms, to purchase or otherwise acquire issued Shares.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interests of the Company. It should also be noted that purchases or acquisitions pursuant to the Share Purchase Mandate may not be carried out to the full extent mandated, or to such an extent that would, or in circumstances which might, result in a material adverse effect on the financial position of the Company, or the Company and its subsidiaries (the "**Group**"), or result in the Company being delisted from the SGX-ST.

2.2 **Rationale and benefit.** The renewal of the Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash over

and above its ordinary capital requirements, in an expedient and cost-efficient manner, and the opportunity to purchase or acquire Shares when such Shares are undervalued. Share purchases or acquisitions will also allow the Directors greater flexibility over the Company's share capital structure with a view to enhancing the earnings and/or net asset value per Share.

2.3 **Authority and limits.** The authority and limits placed on the Share Purchase Mandate for which renewal is sought are summarised below. In this regard, the authority and limits are substantially the same as that of the Share Purchase Mandate approved previously by Shareholders at the 42nd AGM.

*(a)* ***Maximum number of Shares***

Only issued Shares may be purchased or otherwise acquired by the Company pursuant to the authority conferred by the Share Purchase Mandate. The total number of issued Shares that may be purchased or acquired must not exceed that number representing 10% of the issued Shares as at the date on which the renewal of the Share Purchase Mandate is approved, being the date of the 43rd AGM (the "**Approval Date**"), excluding any Shares held by the Company as treasury shares and any Shares held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act ("**subsidiary holdings**"). Under the Companies Act and the Listing Manual of the SGX-ST ("**Listing Manual**"), treasury shares and subsidiary holdings are to be disregarded for purposes of computing the 10% limit. As at 7 June 2022 (the "**Latest Practicable Date**"), 31,548,000 Shares were held as treasury shares and no Shares were held as subsidiary holdings.

Purely for illustrative purposes, on the basis of 673,463,880 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming that on or prior to the 43rd AGM (i) no further Shares are issued, (ii) no further Shares are purchased and held as treasury shares, (iii) no Shares are held as subsidiary holdings, and (iv) no treasury shares are used, sold, transferred or cancelled, then not more than 67,346,388 Shares (representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the renewed Share Purchase Mandate.

*(b)* ***Duration of authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date (unless the authority contained in the Share Purchase Mandate is thereafter revoked or varied by the Company in general meeting) up to the earlier of:

(i) the date (being a date after the Approval Date) on which the next Annual General Meeting of the Company is held or required by law to be held; and

(ii) the date (being a date after the Approval Date) on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated.

*(c)* ***Manner of purchase or acquisition***

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

(i) market purchases ("**Market Purchases**"); and/or

(ii) off-market purchases in accordance with an equal access scheme ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing rules of the SGX-ST and the Companies Act 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, however, satisfy all the following conditions:

(I) 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;

(II) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(III) the terms of all the offers are the same, except that there shall be disregarded:

(aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and

(bb) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*, the following information:

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

(3) the reasons for the proposed Share purchases;

(4) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(5) whether the Share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;

(6) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

*(d)* ***Maximum purchase price***

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

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price,

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

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days on which Shares were transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Day period and the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**date of the making of the offer**" means the day on which the Company makes 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 Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities.

2.4 **Status of purchased or acquired Shares.** Under the Companies Act, the Shares purchased or acquired by the Company shall, unless held by the Company as treasury shares, be deemed cancelled immediately upon purchase or acquisition, and all rights and privileges attached to the Shares shall expire on cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

2.5 **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)* ***Maximum holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. For this purpose, any Shares that are held by subsidiaries in the circumstances referred to in Sections 21(4B) and 21(6C) of the Companies Act shall be included in computing the 10% limit.

*(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 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.

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 is also 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 purchased or acquired by the Company are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; 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, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares of the usage.

2.6 **Source of funds.** In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution of the Company and applicable laws in Singapore. Any payment made by the Company in consideration of the purchase or acquisition of Shares may be made out of the capital and/or profits of the Company, so long as the Company is solvent. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares.

2.7 **Financial effects.** The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the renewed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. The financial effects on the Group and the Company based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2022 are based on the assumptions set out below.

*(a)* ***Purchase or acquisition out of capital and/or profits***

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital 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 capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

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.

*(b)* ***Maximum Price paid for Shares purchased or acquired***

Based on 673,463,880 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date, would result in the purchase or acquisition of 67,346,388 Shares, representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In the case of Market Purchases by the Company, and assuming that the Company purchases or acquires, on the Latest Practicable Date, the 67,346,388 Shares at the Maximum Price of $2.49 for each Share (being the price equivalent to 5% above the Average Closing Price), the amount of funds required would be $167.69 million. In the case of an Off-Market Purchase by the Company, and assuming that the Company purchases or acquires, on the Latest Practicable Date, the 67,346,388 Shares at the Maximum Price of $2.61 for each Share (being the price equivalent to 10% above the Average Closing Price), the amount of funds required would be $175.77 million.

Purely for illustrative purposes, on the basis of the foregoing assumptions, and based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2022, and assuming that (i) purchases or acquisitions of Shares are made to the extent as aforesaid; (ii) such purchases or acquisitions were funded wholly by internal resources; (iii) no Shares are issued between 1 April 2021 and the Latest Practicable Date; (iv) the Share Purchase Mandate had been effective on 1 April 2021; and (v) the Company had purchased or acquired the 67,346,388 Shares (representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date) on 1 April 2021, the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group and the Company for the financial year ended 31 March 2022 are set out below.

**MARKET AND OFF-MARKET PURCHASES**

| | | GROUP | | |
|---|---|---|---|---|
| As at 31 March 2022 | | **Before Share Purchase** ***$'000*** | **After Market Purchase** *(1)* ***$'000*** | **After Off-Market Purchase** *(1)* ***$'000*** |
| Equity attributable to owners of the Company | | 751,599 | 583,907 | 575,826 |
| Net tangible assets (NTA) | | 740,926 | 573,234 | 565,153 |
| Current assets | | 597,955 | 430,263 | 422,182 |
| Current liabilities | | 242,137 | 242,137 | 242,137 |
| Total loans and borrowings | | 111,037 | 111,037 | 111,037 |
| Cash and bank balances | | 323,360 | 155,668 | 147,587 |
| Profit attributable to owners of the Company | | 154,696 | 154,696 | 154,696 |
| No. of Shares as at 7 June 2022 ('000) | | 673,464 | 606,118 | 606,118 |
| Financial ratios | | | | |
| NTA per Share ($) | *(2)* | 1.10 | 0.95 | 0.93 |
| Gearing (%) | *(3)* | 14.77 | 19.02 | 19.28 |
| Current ratio (times) | *(4)* | 2.47 | 1.78 | 1.74 |
| Earnings per Share (cents) | *(5)* | 22.97 | 25.52 | 25.52 |

| | | COMPANY | | |
|---|---|---|---|---|
| As at 31 March 2022 | | **Before Share Purchase** ***$'000*** | **After Market Purchase** *(1)* ***$'000*** | **After Off-Market Purchase** *(1)* ***$'000*** |
| Equity attributable to owners of the Company | | 425,278 | 257,586 | 249,505 |
| Net tangible assets (NTA) | | 424,906 | 257,214 | 249,133 |
| Current assets | | 341,174 | 178,339 | 178,339 |
| Current liabilities | | 75,791 | 80,648 | 88,729 |
| Total loans and borrowings | | – | – | – |
| Cash and bank balances | | 162,835 | – | – |
| Profit attributable to owners of the Company | | 93,698 | 93,698 | 93,698 |
| No. of Shares as at 7 June 2022 ('000) | | 673,464 | 606,118 | 606,118 |
| Financial ratios | | | | |
| NTA per Share ($) | *(2)* | 0.63 | 0.42 | 0.41 |
| Gearing (%) | *(3)* | – | – | – |
| Current ratio (times) | *(4)* | 4.50 | 2.21 | 2.01 |
| Earnings per Share (cents) | *(5)* | 13.91 | 15.46 | 15.46 |

Notes:

(1) The disclosed financial effects remain the same irrespective of whether (i) the purchase or acquisition of Shares is effected out of capital or profits, or (ii) the purchased or acquired Shares are held in treasury or cancelled.

(2) Equity attributable to owners of the Company excludes non-controlling interest. NTA per Share equals equity attributable to owners of the Company (excluding non-controlling interest) less intangible assets divided by number of issued Shares.

(3) Gearing equals total loans and borrowings divided by equity attributable to owners of the Company.

(4) Current ratio equals current assets divided by current liabilities.

(5) Earnings per Share equals profit attributable to owners of the Company divided by number of issued Shares.

As illustrated in the foregoing tables, a Market Purchase or an Off-Market Purchase of the 67,346,388 Shares will have the effect of reducing the working capital and the NTA of the Company and the Group by the dollar value of the Shares purchased. In the case of the Market Purchase, the consolidated NTA per Share as at 31 March 2022 would decrease from $1.10 to $0.95, and the consolidated basic earnings per Share of the Group for the financial year ended 31 March 2022 would increase from 22.97 cents to 25.52 cents per Share. In the case of the Off-Market Purchase, the consolidated NTA per Share as at 31 March 2022 would decrease from $1.10 to $0.93, and the consolidated basic earnings per Share of the Group for the financial year ended 31 March 2022 would increase from 22.97 cents to 25.52 cents per Share. The said disclosed financial effects remain the same irrespective of whether the purchase or acquisition of the Shares are effected out of capital or profits or whether the purchased or acquired Shares are held in treasury or are cancelled.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS, BASED ON THE RESPECTIVE AFOREMENTIONED ASSUMPTIONS, ARE FOR ILLUSTRATIVE PURPOSES ONLY. In particular, Shareholders should note that the foregoing illustration is based on historical financial year 2022 numbers and is not necessarily reflective of future financial performance. 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 Purchase Mandate on the NTA and earnings per Share as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. In addition, the Company may cancel or hold in treasury all or part of the Shares so purchased or acquired.

2.8 **Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 **Listing status of the Shares.** The Listing Manual provides that a listed company shall ensure that at least 10% of its equity securities (excluding treasury shares, preference shares and convertible equity securities) are held by public shareholders at all times. As there is a public float of approximately 22.68% in the issued Shares as at the Latest Practicable Date, the Company is of the view that there is, as of that date, a sufficient number of the Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without adversely affecting the listing status of the Shares on the SGX-ST. Additionally, the Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its issued Shares.

2.10 **Listing rules.** Any purchase or acquisition by the Company of its issued Shares pursuant to the Share Purchase Mandate will be reported by the Company in accordance with prevailing reporting requirements of the SGX-ST. Currently, 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 a market purchase, 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 purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which

must be in the form prescribed by the Listing Manual) must include details such as the date of the purchase, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares.

The Listing Manual currently restricts a listed company from purchasing shares by way of market purchases at a price per share which is more than 5% above the "average closing price", being the average of the closing market prices of the shares over the last 5 Market Days on which transactions in the shares were recorded, before the day on which the purchases are made, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the day on which the purchases are made. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 2.3 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 10% above the "average closing price" as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, 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 Purchase Mandate at any time after any matter or development of a price or trade sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board of Directors until such price or trade sensitive information has been publicly announced. In addition, the Company will not purchase or acquire Shares through Market Purchases during a period of one month immediately preceding the announcement of the Company's half-year and full-year financial results, as the case may be.

2.11 **Take-over implications.** 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 Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code ("**R14-Appendix**"). These take-over implications are summarised below.

*(a)* ***Obligation to make a take-over offer***

If, as a result of any purchase or acquisition by the Company of its issued Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. 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 a take-over offer under Rule 14 of the Take-over Code.

*(b)* ***Persons acting in concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, 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 (*inter alia*) will be presumed to be acting in concert: (i) 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); and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, ownership or control of at least 20% but not more than 50% of the equity share capital of a company will be regarded as the test of associated company status.

*(c)* ***Effect of Rule 14 and R14-Appendix***

Under R14-Appendix, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code 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 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

In relation to Directors and persons acting in concert with them, R14-Appendix provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase or acquisition of Shares by the Company the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

As at the Latest Practicable Date, Dr Henry Tay Yun Chwan ("**HT**"), the Executive Chairman of the Company, together with (i) companies in which he has a controlling interest, namely TYC Investment Pte Ltd ("**TYC**") and AMSTAY Pte Ltd ("**Amstay**"), and (ii) AMS Lifestyle Pte. Ltd. ("**AMS**") in which he has an interest, were collectively interested in 443,176,237 Shares (representing approximately 65.81% of the issued voting Shares). As at that date, HT was directly interested in an aggregate of 65,003,368 Shares, representing approximately 9.65% of the issued voting Shares. HT is also a director of TYC, Amstay and AMS.

As at the Latest Practicable Date, Mr Michael Tay Wee Jin ("**MT**") is the Group Managing Director of the Company while Dr Kenny Chan Swee Kheng ("**KC**") is a Non-Independent Non-Executive Director of the Company. As at that date, MT held 26,804,098 Shares representing approximately 3.98% of the issued voting Shares, and KC had a direct interest in 2,725,497 Shares and a deemed interest in 448,878 Shares, representing in aggregate approximately 0.47% of the issued voting Shares. KC is MT's uncle. MT is HT's son. As at the Latest Practicable Date, MT is also a director of TYC, Amstay and AMS.

Under the Take-over Code, unless the contrary is established, the Directors who are also directors of TYC, Amstay and/or AMS, the close relatives of such Directors and the related corporations of these companies, would be presumed to be persons acting in concert with them. Additionally, as TYC, Amstay and AMS and the Directors presumed to be acting in concert with them collectively already hold more than 50% of the issued voting share capital of the Company, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate will not result in the Directors (or any of them) and/or TYC, Amstay and AMS incurring an obligation to make a mandatory take-over offer under Rule 14 read with R14-Appendix of the Take-over Code.

Save as disclosed above, 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 issued voting shares of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

2.12 **Shares purchased in the past year.** As at the Latest Practicable Date, the Company had, pursuant to and in accordance with the terms of the Share Purchase Mandate approved at the 42nd AGM, purchased an aggregate of 23,965,300 Shares by way of Market Purchases effected on the SGX-ST. The highest and lowest price paid was $2.47068 and $1.40912 per Share respectively and the total consideration paid for all purchases was $47,108,965.06, excluding brokerage, goods and services tax, and related expenses.

## 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial shareholders of the Company in the issued share capital of the Company can be found on page 43 and page 116, respectively, of the Company's Annual Report 2022.

## 4. RECOMMENDATION

The Directors are of the opinion, for the reasons set out in Paragraph 2.2 above, that the renewal of the Share Purchase Mandate is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 7 relating to the renewal of the Share Purchase Mandate at the forthcoming 43rd AGM.

## 5. RESPONSIBILITY STATEMENT

5.1 **Directors' responsibility.** The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm after having made all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposal to renew the Share Purchase Mandate at the 43rd AGM, and the Company and its subsidiaries which are relevant to the proposed renewal of the Share Purchase Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter 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 letter in its proper form and context.

5.2 **Disclaimer.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

Yours faithfully
THE HOUR GLASS LIMITED

Dr Henry Tay Yun Chwan
Executive Chairman

Singapore, 5 July 2022