RECLAIMS GLOBAL LIMITED
(Company Registration No: 201834755M)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (the "**Board**" or “**Directors**”) of Reclaims Global Limited (the "**Company**" and together with its subsidiaries, the “**Group**”) refers to questions raised by the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Company’s annual report for the financial year ended 31 January 2021 (“**FY2021**”). The questions raised by SIAS and the Company’s corresponding responses are set out below:

Q1. The financial highlights can be found on page 11 of the annual report and an excerpt is reproduced below.

FINANCIAL HIGHLIGHTS

	FY2021 S$'000	FY2020 S$'000	FY2019* S$'000	FY2019 S$'000
FOR THE REPORTING YEAR				
Revenue by segment:				
Recycling	4,440	4,511	5,504	5,504
Excavation services	11,176	19,668	14,422	14,422
Logistics and leasing	8,970	9,717	11,466	11,466
Others	136	317	198	198
Total revenue	24,722	34,213	31,590	31,590

* Added back listing-related expenses amounting to S$2.6 million in profit or loss and reversing listing expenses (excluding share-based payment) amounting to S$0.8 million on statement of financial position, for illustration purpose only.

(Adapted from the Company’s annual report for FY2021)

(i) **Recycling: Revenue from recycling has decreased from $11.5 million in FY2018 to $4.5 million in FY2020 (pre-pandemic) and to $4.4 million in FY2021. What are the reasons for the reduced level of revenue from recycling? What is the operational capacity for the Group’s recycling segment (recycled concrete aggregates)?**

Answer:
The Group strategised to focus more on public sector projects, in particular the excavation projects. The excavation projects are able to maintain a more constant revenue stream through the year as the projects tend to be larger in scale and longer in duration, despite traditionally, lower margins for such projects. Thus, we saw a higher number of excavation projects secured with existing customers in the past few years (pre-pandemic). Less revenue was generated from the recycling segment as the Group re-allocated some of its resources to focus on the excavation projects as mentioned above and undertook fewer reinstatement and demolition works, resulting in less construction and demolition waste being recycled and sold.

Apart from the above, the Group also wishes to highlight that the recycling business segment depends on the fluctuating market demand and the marketplace. Replacement of old buildings does not follow a consistent trend throughout the years as greenfield developments and brownfield developments vary from year to year. In 2021, our Government has initiated the Singapore Green Plan 2030, a national sustainability movement which seeks to rally bold and collective action to tackle climate change. The

Management will continue to look out for more initiatives from the Government specifically to encourage and promote our green product range.

The Management will continue to review its business strategies from time to time to seize different opportunities to enhance shareholders' value and to adapt to the ever changing business environment, especially amidst the COVID-19 pandemic.

The operational capacity of our recycling is between 60 and 150 metric tonnes per hour, depends on output size requirement.

(ii) **Excavation services: Can Management disclose the order book for the excavation segment? How is the Group addressing the manpower shortages and the anticipated increase in costs?**

Answer:
The duration of the excavation projects ranges between 3 months to 3 years, and it depends on the project size, nature, scope and site demand. At times, the duration of the contract is longer, however, the portion of our work may be delivered significantly in a shorter duration. In other project circumstances, we may deliver our works at different time periods during the tenure of the contract. Accordingly, the Group of the view that the disclosure of the order book may not be helpful as it may not provide a constructive long-term view of the Group. In addition, the Group wishes to highlight that there is uncertainty in the project periods amidst the COVID-19 pandemic as our excavation projects may be affected by various social distancing and movement control measures undertaken by the Singapore Government from time to time.

As mentioned in the annual report, overall, the pace of the construction sector has slowed down during FY2021 because of the enhanced COVID-19 safety measures implemented by the Singapore Government and shortage of manpower in the construction industry. The Group has also incurred more costs implementing the various COVID-19 safe measures. The Group expects this trend to continue in the current financial year as the ongoing COVID-19 pandemic continues to bring uncertainty to the operating environment. The Management has taken a more dynamic approach in manpower allocation to ensure our limited manpower is deployed more effectively. We also have a number of outsource service providers to support the business when required.

(iii) **Logistics and leasing: What is the age profile (including the average age) of the Group's fleet of tipper trucks and other machinery and equipment such as excavators, articulated dump trucks, mobile jaw crushers and mobile screener?**

Answer:
The Group maintains its fleet of the tipper trucks, other machinery, and equipment up to their respective useful life, and it usually will not exceed 10 years. The effective useful life of the assets is when we can maximise productivity and incur low maintenance costs. Beyond its effective useful life, we will usually sell and replace with new trucks and machineries. As at 31 January 2021, 54% of tipper trucks and 32% of excavators are less than 5 years. We have recently replaced the 2 existing jaw crushers with a new jaw crusher. Our mobile screeners are average at 5 years old.

(iv) **Concentration risk: The Group's top 3 customers contributed $9.5 million in FY2020 and $9.2 million in FY2021, up from $2.1 million in FY2019. As a percentage of the Group's total revenue, the contribution from the top 3 customers increased from 6.6% in FY2019 to 27.8% (FY2020) and to 37.2% (FY2021). Can Management provide more colour on the profile and the scope of business activities of the top 3 customers? How does Management intend to retain these major customers and/or grow and diversify its customer base?**

Answer:
Two of the top customers in FY2021 are from the excavation segment and one is from the recycling segment. Some of our top three customers are not the same customers

throughout the last three financial years but all of them have had long-term relationship with us. Our top customers may vary and has varied at certain periods of time, and it is also dependent on the size of the projects and the tenure of the projects. We have built strong relationships through executing and delivering our works effectively and on a timely basis. Our operational capacity and flexibility give us a competitive edge. We have also cultivated good business relations with our customers. As our relationship grew throughout the years, naturally, we were able to capture more and/or larger projects from our customers.

We always strive to diversify our customer base to reduce concentration risk, such as seeking new projects with both public and private sector customers. However, the Group, for commercial reasons, has chosen to, as mentioned in our response to Q1(i), focus more on public sector projects, thereby reducing our credit risk due to the creditworthiness of the Singapore Government.

Q2. The Group has an ongoing collaboration with Malaysian Palm Oil Board ("MPOB") to explore, experiment and develop a technology process to transform empty fruit bunch (EFB) fibre into strandboard as a direct replacement for plywood, which the Group has named "OPLY".

The pilot plant was fully commissioned in end November 2020. The trademarks have been registered in Singapore and are anticipated to be registered in Malaysia by June 2021. The Group has also filed and registered the intellectual property of the technology process and patent of the product in May 2020.

(i) **What is the total amount invested to develop OPLY so far? How much has been earmarked to support the development and commercialisation of OPLY?**

Answer:
We refer to the Company's announcement dated 3 March 2020 in relation to the execution of Memorandum of Agreement ("**MOA**") with MPOB (the "**Announcement**"). We have disclosed the estimated costs of the project in section 5 of the Announcement. The project is divided into 2 phases with total estimated costs of approximately RM2.82 million (or equivalent to approximately S$0.94 million) for Phase 1. To recap, the costs of Phase 1 of S$0.94 million shall be funded by proceeds from the Company's initial public offering of S$0.50 million which was set aside for expansion of recycled product range and the remaining S$0.44 million shall be funded by internal resources. As at the annual report date, the Group has utilised S$0.36 million out of the proceeds and S$0.40 million from internal resources to fund the costs of Phase 1. We will make an updated announcement before the commencement of Phase 2 that includes the detail plans, updated project costs and source of funding.

(ii) **What are the major milestones before OPLY reaches the commercialisation stage?**

Answer:
We invested our resources, jointly developed and co-owned the intellectual property rights with MPOB. Subsequently, the intellectual property of the technology process and patent of the product have been filed and registered in Malaysia. The pilot plant was installed and commissioned in end November 2020. These are the key milestones in a new "green" technological invention. Currently, we are optimising the pilot plant with a target of producing small quantities of commercial size boards with varying densities for advance marketing purposes and before we conclude the Phase 1 of the project. As mentioned in the annual report, we were targeting to achieve optimisation by end of second quarter of 2021. However, due to the resurgence of COVID-19 cases, this target timeline may be further delayed.

(iii) **What is the Group's contribution to the initiative other than capital?**

Answer:
The Group has fully supported the initiative with MPOB that includes conducted feasibility research together with the MPOB and human resources investment since 2019.

Subsequently, the MOA with MPOB was signed on 28 February 2020 and the main obligations of each party under the MOA have been disclosed in section 4.7 of the Announcement. These contributions are far more crucial in the success of this new "green" technological invention compared to capital contribution.

(iv) **In the MOA with MPOB, does Reimagine Me Sdn. Bhd. ("RIM") have the exclusive use or the ownership of the intellectual property?**

Answer:
As disclosed in the Announcement, the Group has 40% of the ownership of all intellectual property(s), results or inventions generated or arising from the Project and the patent(s) of the finished product under the MOA. It was further stated in the Announcement that the intellectual property is jointly-owned, with all future licensing and or franchising arrangements will require the consent of the joint owners of the intellectual property. Furthermore, pursuant to the MOA, MPOB extends the exclusive licensing to RIM to implement the commercial production of the finished product at the commercial plant at RIM's premise.

Q3. The Board comprises eight Directors, of whom four are Independent Directors and four are Executive Directors.

The profiles of the Directors can be seen on pages 6 to 9 of the annual report.

With the appointment of Ms Chan Bih Tzy on 23 April 2021 as an Executive Director, the Company has deviated from Provisions 2.2 and 2.3 of the Code of Corporate Governance 2018 ("CG Code") which requires independent directors to make up a majority of the board where the chairman is not independent and non-executive directors to make up a majority of the board.

(i) **What were the deliberations by the nominating committee ("NC") on the Board composition and on the Provisions of the CG Code when it recommended the appointment of Ms Chan Bih Tzy as an Executive Director?**

Answer:
When assessing the appointment of Ms Chan Bih Tzy, the NC took into consideration her past performance in the Group, relevant working experience, qualifications and capabilities in operations. Please refer to her profile in page 7 of the annual report for further details. In addition, her appointment is aligned with our Group's succession planning for our executive management.

In considering her appointment, the NC has also evaluated the new Board composition and concluded that notwithstanding the deviation from Provisions 2.2 and 2.3 of the CG Code, there is a sufficiently strong and independent element in the Board to have constructive debates and discussions as half the Board comprises Independent Directors and there is a Lead Independent Director. The NC and the Board deem that there are appropriate checks and balances within the Board to protect shareholder's interest. In addition, the NC and the Board have also examined the Board's size and are of the view that it is an appropriate size for effective decision-making, considering the nature and scope of the Group's operations.

The Board have an appropriate balance and mix of skills, knowledge, experience and genders which allow appropriate level of diversity of thoughts and background to avoid groupthink. The Executive Directors possess acute industry knowledge to take the Group forward while the Independent Directors, who are mostly professionals and experts in their own fields, are able to contribute their valuable experiences and provide independent inputs and judgements during Board deliberations.

The Independent Directors, who make up 50% of the Board, maintain appropriate level of checks and balances and oversight. The Independent Directors have always taken on an active role in questioning, assessing, and clarifying decisions on business strategies and our Group's policies that are presented to them. The Management has no undue influence over the Board's decision-making process and the Board is able to exercise independent judgment on corporate affairs. Previous Board meetings have demonstrated that Directors debated rigorously on subject matters tabled at the Board meetings, regardless of whether they are independent or not. Where there needs to be further deliberation, follow-up meetings will be arranged. There are usually more than the mandatory number of Board meetings held annually and there are ad-hoc meetings during the year involving Board members. All decisions of the Board are based on collective decision-making without any individual or small group of individuals influencing or dominating the decision-making process. In instances where a perceived conflict may arise, such as if there is any transaction that would involve an individual or his immediate family members or associated entities, he would also recuse himself and deliberation of such transaction would be led by the Lead Independent Director.

The NC and the Board will continue to review and evaluate the Board composition taking into consideration of Provisions 2.2 and 2.3.

As disclosed in the annual report, Ms Chan Bih Tzy is the niece of the Executive Chairman, Mr Chan Chew Leh, and the spouse of the Executive Director, Mr Tan Kok Huat.

(ii) **Does the current Board composition improve the independence element, raise the diversity of thoughts, foster more complete discussion and encourage more robust debate on the Board?**

Answer:
Please refer to our response to Q3(i).

(iii) **In addition, three of the four Independent Directors have formal training in accounting/accountancy while the fourth is a lawyer. Can the NC help shareholders understand if the Non-Executive Directors have the appropriate balance and mix of skills, knowledge, experience, especially in the construction sector to engage in effective and constructive debate with the Executive Directors?**

Answer:
While three of the Independent Directors are formally trained in accounting/accountancy, the NC and the Board are of the view that all of them are specialists in different commercial fields, bringing a diversity of thoughts, experiences and exposure which contribute to the Group's different perspective and future direction. This in fact enhances the Group's corporate governance.

Mr Jong Voon Hoo is currently the CEO and executive director of Global Invest & Advisory Pte Ltd, which provides investment consultancy and advisory services to corporates across different industries. Mr Chan Chi Hsung is the managing director of OA group of companies, a professional service firm providing audit, accounting, corporate secretarial, valuation, tax and business advisory services on a regional scale and across different industries. Ms Lim Hui Chee has vast experience in accounting as she oversees various finance and accounting functions that involves various corporate transactions, strategic planning, restructuring and fundraising activities to different corporates and across different industries.

In the past 3 financial years, the Independent Directors have demonstrated a strong level of independence and judgement in discharging their duties and responsibilities. They have expressed their respective individual and independent viewpoints and debated issues based on their experience and knowledge, and objectively scrutinised and challenged the

Management on various matters, including business strategies and various Group's policies, presented to them.

By Order of the Board

Andrew Dekguang Jhou Chew
Executive Director and CEO

27 May 2021

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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