

CIRCULAR DATED 8 MAY 2023

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

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

If you have sold or transferred all your ordinary shares in the capital of Reclaims Global Limited (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**") you need not forward this Circular, the Notice of AGM and the accompanying Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular, Notice of AGM and the accompanying Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of AGM and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

*This Circular has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Ms Audrey Mok (Tel no.: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*



RECLAIMS GLOBAL LIMITED

(Incorporated in the Republic of Singapore on 11 October 2018)
(Company Registration No.: 201834755M)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(1) THE PROPOSED BUSINESS DIVERSIFICATION

(2) THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for registration for an account to participate in the AGM by way of live webcast, post questions and lodgement of Proxy Form : 23 May 2023 at 10.00 a.m.

Date and time of Annual General Meeting : 26 May 2023 at 10.00 a.m.

Place of Annual General Meeting : The Annual General Meeting will be held by way of electronic means

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- "2019 Circular"** : Has the meaning set out in paragraph 3.1 of this Circular
- "2019 EGM"** : The extraordinary general meeting of the Company held on 30 May 2019
- "2022 AGM"** : The annual general meeting of the Company held by electronic means on 27 May 2022 at 1.00 p.m.
- "2023 AGM"** : The annual general meeting of the Company to be held by electronic means on 26 May 2023 at 10.00 a.m.
- "AGM"** : Annual General Meeting
- "Aggregated Transactions"** : Has the meaning set out in paragraph 2.3 of the Circular
- "Annual Report"** : The annual report of the Company for the relevant financial year, and **"Annual Reports"** shall be construed accordingly
- "Annex"** : The annex to this Circular
- "Approved Exchange"** : A stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules
- "Associate"** : (a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

"Associates" shall be construed accordingly

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| "Associated Company" | : | A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group |
| "Audit Committee" | : | The audit committee of the Company for the time being. As at the date of this Circular, the Audit Committee comprises Mr Jong Voon Hoo, Mr Chang Chi Hsung, and Ms Lim Hui Chee |
| "Board" | : | The board of directors of the Company for the time being |
| "Building Materials IPTs" | : | Has the meaning set out in paragraph 4.1 of the Annex |
| "Catalist Rules" | : | Listing Manual Section B: Rules of Catalist of the SGX-ST as amended, modified or supplemented from time to time |
| "CDP" | : | The Central Depository (Pte) Limited |
| "CEO" | : | The chief executive officer of the Company. As at the date of this Circular, the CEO is Mr Tan Kok Huat |
| "Circular" | : | This Circular appended to the Notice of AGM dated 8 May 2023 |
| "COO" | : | The chief operating officer of the Company. As at the date of this Circular, the COO is Ms Chan Bih Tzy |
| "Companies Act" | : | Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time |
| "Company" | : | Reclaims Global Limited |
| "Constitution" | : | Constitution of the Company, as amended, modified or supplemented from time to time |
| "Control" | : | The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company |
| "Controlling Shareholder" | : | A person who: (a) holds directly or indirectly 15% or more of the voting rights in the Company; or (b) in fact exercises Control over the Company |
| "Directors" | : | The directors of the Company for the time being |
| "Entity at Risk" | : | (a) The Company; (b) A subsidiary of the Company that is not listed on the SGX-ST or an Approved Exchange; or |

DEFINITIONS

- (c) An Associated Company of the Company that is not listed on the SGX-ST or an Approved Exchange, provided that the Group, or the Group and its Interested Person(s), has control over the Associated Company.

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| "EPS" | : | Earnings per Share |
| "Excavator Leasing List" | : | Has the meaning set out in paragraph 6.1.2 of the Annex |
| "Excavators IPTs" | : | Has the meaning set out in paragraph 4.1 of the Annex |
| "Existing Business" | : | Has the meaning set out in paragraph 2.1 of the Circular |
| "Financial Controller" | : | The financial controller of the Company. As at the date of this Circular, the Financial Controller is Mr Toh Yang Wee |
| "First Major Transaction" | : | The Group's first major transaction as defined under Rule 1014 of the Catalist Rules involving the Proposed Business Diversification |
| "FY2023" | : | Financial year of the Company ended 31 January 2023 |
| "FY2024" | : | Financial year of the Company ending 31 January 2024 |
| "Group" | : | The Company and its subsidiaries |
| "Group Finance Team" | : | The Financial Controller, who has no interest, direct or indirect, in the transaction, assisted by the finance department of the Group |
| "Interested Director" | : | The Company's Executive Chairman, Mr Chan Chew Leh |
| "Interested Person(s)" | : | Each of the Company's Directors, CEO, Controlling Shareholders and their respective Associates |
| "Interested Person Transaction" | : | A transaction between an Entity at Risk and an Interested Person, where a "transaction" includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of goods or services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business and whether or not entered into directly or indirectly |
| "IPT Mandate" | : | The general mandate for Interested Person Transactions permitting the Group to enter into the Mandated Transactions with the Mandated Interested Persons, which was previously adopted by Shareholders on 15 May 2019 and for which renewal is now being sought at the 2023 AGM |
| "Latest Practicable Date" | : | 21 April 2023, being the latest practicable date prior to the printing of this Circular |

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| "Leasing IPTs" | : | Has the meaning set out in paragraph 4.1 of the Annex |
| "Mandated Interested Persons" | : | Collectively NDC and NDCPL |
| "Mandated Transactions" | : | Has the meaning set out in paragraph 4.1 of the Annex |
| "NDC" | : | New Development Construction |
| "NDCPL" | : | New Development Contractors Pte. Ltd. |
| "New Business" | : | Has the meaning set out in paragraph 2.1 of the Circular |
| "Non-Interested Directors" | : | The Directors who are considered independent for the purposes of making a recommendation on the proposed renewal of the IPT Mandate, namely, Mr Tan Kok Huat, Ms Chan Bih Tzy, Mr Jong Voon Hoo, Mr Chang Chi Hsung, Mr Tan Heok Ping Joshua and Ms Lim Hui Chee |
| "Notice of AGM" | : | The notice of the 2023 AGM which is enclosed with the Annual Report |
| "NTA" | : | Net Tangible Assets |
| "Proxy Form" | : | The proxy form in respect of the 2023 AGM which is enclosed with the Annual Report |
| "Proposed Business Diversification" | : | The proposed diversification of the Group's Existing Business into the New Business |
| "Proposed IPT Mandate Renewal" | : | The proposed renewal of the IPT Mandate |
| "Property Related Assets" | : | Property assets such as residential, hospitality, commercial (retail and office), industrial, mixed development properties, vacant land parcels and any other types of property assets |
| "Securities Account" | : | The securities account maintained by a Depositor with CDP (but does not include a securities sub-account) |
| "SFA" | : | The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time |
| "SGX-ST" | : | Singapore Exchange Securities Trading Limited |
| "Share(s)" | : | Ordinary share(s) in the share capital of the Company |
| "Shareholders" | : | The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context |

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so admits, mean the Depositors whose Securities Accounts are credited with such Shares

- "Sponsor"** : SAC Capital Private Limited
- "Standard IPTs"** : Has the meaning set out in paragraph 6.1.1 of the Annex
- "Standard Price List"** : Has the meaning set out in paragraph 6.1.1 of the Annex
- "Standard Prices"** : Has the meaning set out in paragraph 6.1.1 of the Annex
- "Substantial Shareholder"** : A person (including a corporation) who holds, directly or indirectly, 5% or more of the total voting Shares in the Company
- "Transportation IPTs"** : Has the meaning set out in paragraph 4.1 of the Annex

Currencies, Units and Others

- "S\$ or cents"** : Singapore dollars and cents, respectively
- "%"** : Per centum or percentage

The terms "**Depositor**" and "**Depository Register**" shall have the same meanings ascribed to them respectively in section 81SF of the SFA.

The term "**subsidiaries**" shall have the meaning ascribed to it in section 5 of the Companies Act.

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

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time, unless otherwise stated. Any discrepancies in this Circular between the amounts listed and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

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

LETTER TO SHAREHOLDERS

RECLAIMS GLOBAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 201834755M)

Directors:

Mr Chan Chew Leh (Executive Chairman)
Mr Tan Kok Huat (Executive Director and CEO)
Ms Chan Bih Tzy (Executive Director and COO)
Mr Jong Voon Hoo (Lead Independent Director)
Mr Chang Chi Hsung (Independent Director)
Mr Tan Heok Ping Joshua (Independent Director)
Ms Lim Hui Chee (Independent Director)

Registered Office:

10 Tuas South Street 7
Singapore 637114

8 May 2023

To: The Shareholders of Reclaims Global Limited

Dear Sir / Madam

(1) THE PROPOSED BUSINESS DIVERSIFICATION

(2) THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

1. INTRODUCTION

1.1 The purpose of this Circular is to provide Shareholders with information relating to the following matters:

- (a) the Proposed Business Diversification (Ordinary Resolution 7); and
- (b) the Proposed IPT Mandate Renewal (Ordinary Resolution 8).

1.2 Shareholders shall note that Ordinary Resolution 7 and Ordinary Resolution 8 are not inter-conditional. This means that if any one of the Proposed Resolutions is not approved, this does not necessarily prevent the other resolution from being passed.

1.3 The SGX-ST takes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Circular.

1.4 TSMP Law Corporation is the legal adviser to the Company in relation to the Proposed Business Diversification and the Proposed IPT Mandate Renewal.

2. THE PROPOSED BUSINESS DIVERSIFICATION

2.1 Existing Business and the New Business

As at the date of this Circular, the principal activities of the Group are (i) the reclaiming of natural and urban resources and recycling them for sale as economic resources to our customers; (ii) the provision of excavation services including earth moving, mass excavation, deep basement

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excavation, foundation and pile cap excavation; and (iii) the provision of material transportation and disposal services using our fleet of tipper trucks (the "**Existing Business**").

The Group intends to diversify its Existing Business to include the business of property development, property investment and property management as described below, as and when appropriate opportunities arise:

- (a) property development activities including the acquisition, development and/or disposal of various types of property assets such as residential, hospitality, commercial (retail and office), industrial, mixed development properties, vacant land parcels and any other types of property assets ("**Property Related Assets**"), including but not limited to redeveloping existing buildings and undertaking asset enhancement works to add value to the properties acquired for the purposes of increasing capital value and realising such increased capital value with the objective of achieving the sale of the properties;
- (b) invest in or purchase or otherwise acquire or dispose of:-
 - (i) any Property Related Assets; and/or
 - (ii) investments, shares and/or other interests in any entity that holds Property Related Assets and/or is in the business of property development, property investment and property management, including but not limited to holding of Property Related Assets as long-term investments for the collection of rent, capital growth potential and/or the provision of property related services and facilities; and
- (c) management of Property Related Assets, including the holding of Property Related Assets as long-term investments for the collection of rent, capital growth potential and/or the provision of property related services and facilities.

(the "**New Business**")

The Group may also, as part of the New Business, invest in or dispose of shares or interests in any entity that is in the New Business. The Group does not plan to restrict the New Business to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits.

The Group may also explore joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the New Business as and when the opportunity arises.

The decision on whether an investment should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of the respective business, amount of investment required and risks associated with such an investment, nature of expertise required and economic conditions, taking into account the opportunities available.

Subject to Shareholders' approval for the Proposed Business Diversification at the AGM, should the Company pursue any of such business opportunities under the New Business, such business activities shall constitute part of the ordinary course of business of the Company (where it does

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not change the risk profile of the Company), and the Company will make the requisite announcements to update Shareholders in accordance with the requirements of the Catalist Rules.

As at the Latest Practicable Date, the Company is exploring but has not committed to any specific business opportunity or investment under the New Business.

For avoidance of doubt, the Group remains committed to the continuance of its Existing Business for so long as its Existing Business remains viable and its continuity is in the best interest of the Group.

2.2 Rationale for the Proposed Business Diversification

The Board proposes to diversify the Group's business to include the New Business for the following reasons:

(a) **Enhance Shareholders' value**

The Proposed Business Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long-term growth. The Directors believe that the Proposed Business Diversification will reduce the Group's reliance on its existing business, offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

(b) **Reduce reliance on its Existing Business and create more revenue streams**

The Proposed Business Diversification may provide the Group with a more diversified business and income base for future growth and reduce the Group's reliance on the Existing Business for its revenue streams. As the Group explores into other growth areas, this will facilitate the Group's quest for sustained performance in future.

(c) **The Proposed Business Diversification will give the Group flexibility to enter into transactions relating to the New Business in the ordinary course of business**

Upon Shareholders' approval of the Proposed Business Diversification and subject to paragraph 2.3, any acquisition or disposal which is in, or in connection with, the New Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. This will allow the Group greater flexibility to pursue business opportunities relating to the New Business which may be time-sensitive in nature.

2.3 Requirements of the Catalist Rules

As the New Business is substantially different from the Group's Existing Business, it is envisaged that the Proposed Business Diversification may change the risk profile of the Group. Accordingly, the Company is seeking Shareholders' approval for the Proposed Business Diversification at the AGM to be convened.

Upon the Shareholders' approval of the Proposed Business Diversification, any investment or acquisition which is in, or in connection with, the New Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of

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business, enter into transactions relating to the New Business and which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential opportunities arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Notwithstanding that Shareholders' approval of the Proposed Business Diversification has been obtained:

- (a) when the Group enters into its first major transaction as defined under Rule 1014 of the Catalist Rules (the "**First Major Transaction**") involving the Proposed Business Diversification, or where any of the Catalist Rule 1006 figures in respect of several transactions in respect of the New Business aggregated (the "**Aggregated Transactions**") over the course of 12 months exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon approval of the Shareholders at general meeting;
- (b) Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company's ordinary course of business and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company. Such acquisitions must therefore be, amongst others, made conditional upon approval of Shareholders at a general meeting;
- (c) Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such acquisitions or disposals must therefore be, amongst others, made conditional upon approval of Shareholders at a general meeting; and
- (d) Chapter 9 of the Catalist Rules will apply to a transaction which constitutes an "interested person transaction" as defined under the Catalist Rules and the Company will comply with the provisions of Chapter 9 of the Catalist Rules.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls under category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

2.4 Management of the New Business

The Group recognises that the New Business is ultimately different from its Existing Business. However, the Group notes that the relevant experience and expertise required can be acquired and developed by the Group over time as it progresses in the New Business. The Group will monitor developments and progress in the New Business and will continually evaluate the manpower and expertise required for the New Business. As and when required, the Group will seek the advice of or hire suitably qualified personnel, external consultants, external industry experts and professionals for the New Business, to manage the New Business and take it forward. Shareholders will be updated accordingly from time to time.

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The Group may enter into joint ventures and/or foster partnerships with third parties in the relevant industries to undertake the New Business more effectively. Such partnerships may either be on a case-by-case basis or on a longer-term basis. In selecting prospective partners, the Group will consider the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party and/or parties concerned. The Group may also look for potential targets which will allow the Group to undertake acquisitions of existing property businesses. This will enable the Group to have an immediate foothold in the New Business.

2.5 Licenses

There are also numerous regulations pertaining to the operation of property businesses in Singapore, including but not limited to, the Estate Agents Act 2010 to regulate real estate agents and their salespersons. Housing Developers (Control & Licensing) Act 1965 relates to licensing and control of developers whilst the Building Control Act 1989 aims to ensure that building works comply with standards for safety, accessibility, environmental sustainability and buildability. Additionally, the Securities and Futures Act 2001 may be applicable to the sale of real estate and/or real estate projects as far as property investment and development is concerned, to the extent that such sale may give rise to a collective investment scheme.

The Group will apply for all the requisite licences and/or permits as are necessary, desirable or required for any activities carried out in Singapore for property businesses.

2.6 Funding for the New Business

The proposed diversification into the New Business will be funded primarily through internal funds and/or borrowings from financial institutions. As and when necessary and deemed appropriate, the Company may explore secondary fund-raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments. The Directors will determine the optimal mix of internal funding and external borrowings, taking into account the Group's cash flow and prevailing bank financing costs, amongst other factors.

The Company will remain prudent and take into account the financial condition of the Company in deciding the types of projects and related investments it undertakes, and the amounts thereof.

2.7 Risk Factors

To the best of the Directors' knowledge and belief, the risk factors which are material in making an informed decision in relation to the Proposed Business Diversification have been set out below.

If any of the factors and/or uncertainties described below develops into actual events affecting the New Business, this may have a material and adverse impact on the New Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly affected.

The risks declared below are not intended to be exhaustive. New risk factors may emerge from time to time and it is not possible for the Board to predict all risk factors, nor can the Group assess the impact of all factors on the New Business or the extent to which any factor or combination of factors may affect the New Business.

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There may be also other risks associated with the entry into the New Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below.

Shareholders should carefully consider and evaluate the following risk factors and all other information contained in this Circular before deciding on whether to vote in favour of the Proposed Business Diversification. Shareholders should seek professional advice from your accountant, stockbrokers, bank managers, solicitors or other professional advisers if you have any doubt about the actions you should take.

(a) *The Group may face difficulties in implementing and integrating the New Business*

There can be no assurance that the Group will be successful in implementing and integrating the New Business. Delays in implementation and/or integration of the New Business into the Company may divert the attention and resources of the Group's management, delay the commencement of or prevent revenue growth in the Group's Existing Business, which may materially and adversely affect the results of operations or financial position of the Group.

In addition to the existing management team, the Group may recruit appropriate management resources for the New Business to strengthen its existing management team. There can be no assurance that the existing management team will be able to integrate with the management resources recruited by the Group, and the Group may experience initial operational difficulties and/or management disputes which may adversely affect the results of operations or financial position of the Group.

(b) *The Group may be unable to identify and secure new projects and leases of new sites to grow or develop the New Business*

The performance and success of the New Business depends on the Group's ability to identify profitable projects and following such identification, to successfully implement and complete such projects. This ability may be negatively affected by various factors, including, amongst others, competition for new sites from other competitors, and changes to the general economic conditions in countries where the Group intends to operate its New Business. There is thus no guarantee that the Group will always be successful in identifying suitable projects or completing such projects profitably. The Group's inability to identify and secure leases of new sites at commercially acceptable prices could impair its ability to compete with other competitors and materially and adversely affect the Group's plans and growth prospects.

(c) *The Group's performance may be adversely affected by poor consumer demand or a loss or downturn of tenants*

The Group's performance may be largely dependent on its ability to secure tenants for its available properties for lease – especially key and regular tenants. There is no assurance that all or any of the Group's tenants, especially its key and regular tenants, will renew or continue to renew their lease agreements with the Group, or that the new or renewed lease terms will be as favourable to the Group as the existing lease.

Any bankruptcy, insolvency, or downturn in the business of the Group's tenants, including their decision not to renew any lease or to terminate any lease before it expires, will

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therefore adversely affect the New Business. The renewal of the Group's lease agreement with its tenants will also depend on its ability to negotiate lease terms acceptable to all parties involved.

The Group may grant to tenants and customers credit terms, which would then expose it to payment delays and/or defaults by its tenants and customers. Notwithstanding any such payment delays and/or defaults, the Group may continue to incur costs relating to the maintenance and upkeep of the properties leased by them.

In the event that any tenant does not renew its lease, the Group will need to find a replacement tenant or tenants, which could subject the Group to periods of vacancy and/or refitting for which the Group would not receive rental income, which in turn could adversely affect its rental income. In addition, there is no assurance that any substitute leases would be on terms that are as favourable as the existing leases.

The Group may also face competition for tenants for its properties. The competitors may be able to offer potential tenants other properties in similar or better locations and/or aggressively reduce their rental prices to compete for tenants. This may result in the Group having to reduce its rental prices, incur additional capital expenditure to increase attractiveness of its properties or engage in competitive strategies that may lower profit margins.

Revenue for the New Business may be derived from property management fees collected from the residents in any developments where the Group provides property management services. The Group's possible range of property management services could include the provision of security, building and equipment maintenance and repairs, cleaning services, facilities management, landscape maintenance and car park management. The Group may hire manpower and purchase the materials and/or equipment required to carry out such services. Should the prices of such manpower and the materials increase and if the Group is unable to pass on such increase in fees to the customers, the results of the Group's operations and financial condition could be materially and adversely affected. The Group cannot make any assurance that it will secure and retain enough customers such that the Group will enjoy significant economies of scale required for any property management business to be economically viable.

- (d) *The Group is exposed to risks associated with property valuations and decline in property values in relation to its future investment properties*

The net asset value and profitability of the Group may be affected by the valuations of its future investment properties. In the event that the Group applies the fair value model when accounting for all its investment properties, the value of its future investment properties may fluctuate from time to time due to market and other conditions, including changes in the supply and demand of properties as well as rental and occupancy levels. Such adjustments to the fair value of its investment properties could have an adverse effect on its net asset value and profitability.

In the event that the Group relies on valuations of the Group's future properties conducted by professional valuers, such valuations will be based on certain assumptions and are not intended to be a prediction of, and may not accurately reflect, the actual values of any of the Group's future property assets. The inspections of the properties and other works undertaken in connection with a valuation exercise may not identify all material defects,

LETTER TO SHAREHOLDERS

breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. Any factor which affects the value of any of the Group's future investment properties may adversely affect the Group's overall financial condition and results of operations.

- (e) *The Group may not be able to provide the capital investments needed to undertake the New Business, and may be required to devote significant time and resources to the New Business*

The New Business may require strong financial holding power to maintain investment properties until a suitable price can be attained, which will likely require substantial capital investments or cash outlay. There is no assurance that financing, either on a short term or a long-term basis, will be made available or, if available, that such financing can be obtained on commercially reasonable terms, in which event the Group's future plans and growth prospects will be adversely affected.

Additional debt funding is also subject to interest payments and interest rate fluctuations, and may also be subject to conditions that restrict or require consent for corporate restructuring, additional financing or fund raising, requirements on the maintenance of certain financial ratios. These conditions may reduce the availability of the Group's cash flow for capital expenditures, working capital and other general corporate purposes. In addition, these conditions may limit the flexibility of the Group in planning for, or reacting to, changes in the business or industry and increase the Group's vulnerability to general adverse economic and industry conditions, and may limit the Company's ability to pay dividends.

Additional equity financing may result in a dilution to Shareholders' equity interests and may, in the case of a rights issue, require additional investments by Shareholders. If such additional equity fundraising activities do not generate a commensurate increase in earnings, the Company's EPS may be diluted, and may result in a decline in Share price. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors. Dilution in Shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price.

Any inability to secure adequate equity or debt financing may adversely affect the Company's business, financial condition, results of operations and prospects.

Further, the Group may be required to devote significant time and resources to the New Business, including but not limited to overseeing any property development, investment or management project or the operations, financial position, compliance with laws, management, and other issues of a subsidiary or associated company involved in the New Business, and/or providing financial support for any property development, investment or management projects, or for liquidity requirements or financial obligations of a subsidiary or associated company involved in the New Business. This may consequentially stretch or reduce the resources available for, and the Group's management's time and focus on, the Existing Business, which may have a negative impact on the Existing Business.

- (f) *The Group's performance will be subject to macro-economic risks faced by the New Business*

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The New Business may be affected by many factors beyond the Group's control. The fluctuating, volatile, and uncertain nature of any of the following factors (several of which are further elaborated below) that affect the economy or property market, whether globally or in any country in which the Group operates in, may adversely affect the business and test the Group's resilience to confront them:-

- (i) economic, political, and social conditions;
- (ii) natural disasters, terrorism, and war;
- (iii) disease outbreaks and pandemics (e.g. COVID-19);
- (iv) legal and regulatory changes;
- (v) liquidity and risk aversion;
- (vi) equity, debt, property, commodity, and other financial markets;
- (vii) interest rates and foreign currency exchange rates;
- (viii) inflation and consumer demand; and
- (ix) investor confidence levels.

The New Business is susceptible to the vagaries of the global financial markets. In the event of a global financial slowdown, crisis or global pandemic, apart from potential lower sales, the customers of the New Business may also not be able to obtain adequate access to credit, which could affect their ability to make timely payments, which causes the Group's accounts receivable and bad debts to potentially increase. In addition, the business, results of operations and financial condition of the New Business may be materially and adversely affected if key suppliers which the New Business relies on are unable to provide the materials needed on a timely basis or on terms that the Group finds acceptable. A global economic downturn could adversely affect the Group's ability to obtain short-term and long-term financing. It could also result in an increase in the cost of the Group's bank borrowings and affect the Group's ability to borrow. The inability to access capital efficiently, on time, or at all, as a result of possible economic difficulties may materially and adversely affect the business, results of operations and financial condition of the New Business.

In the instance of the recent COVID-19 outbreak, there may be significant disruptions in the New Business. The Group may be unable to proceed with any redevelopment or enhancement of acquired properties due to the control orders imposed by the government in view of any outbreak of any contagious disease. In addition, consumer sentiments may be adversely affected and the willingness of tenants to rent the Group's properties will be reduced.

The New Business will face risks in relation to interest rate movements in particular as a result of the debts intended to be undertaken to finance the New Business. Changes in interest rates will affect the Group's interest income and interest expense from short term

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deposits and other interest-bearing financial assets and liabilities. This could in turn have a material and adverse effect on the Group's net profits.

(g) *The Group is subject to various government regulations in the New Business*

The New Business is exposed to the risks posed by current and potential future regulations and legislation that apply to the country or industry in which the Group or its joint venture partners operate. The New Business may require certain statutory and regulatory licences, permits, consents and approvals to operate. These licences, permits, consents and approvals may be granted for fixed periods of time and may need to be renewed after expiry from time to time. The Group may not be able to apply for and obtain the relevant licences, permits, consents and approvals required for its projects or otherwise within the statutory time limits, and there can be no assurance that the relevant authorities will issue any such licences, permits, consents or approvals in time or at all. Failure by the Group to renew, maintain or obtain the required licences, permits, consents or approvals, or cancellation, suspension or revocation of any of its licences, permits, consents or approvals may result in the Group being unable to undertake the relevant segment of the New Business and/or in the interruption of its operations and may have a material adverse effect on its business.

The Group must also comply with the applicable laws and regulations in the New Business, failing which the Group may be subject to penalties, have its licences or approvals revoked, or lose its right to own or manage its properties which may have a material and adverse impact on the Group's business, financial condition, results of operations and prospects. Further, any changes in applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group and the financial performance of the Group.

(h) *The Group is subject to risks associated with the operation of businesses outside of Singapore*

The Group does not plan to restrict the Proposed Business Diversification to any specific geographical market. As such, there are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Group's overseas operations and consequently, its business, financial performance, financial condition and operating cash flow.

Further, the revenue from the New Business may be generated from overseas markets and in foreign currencies. To the extent that the Group's revenue, purchases and operating costs are not matched in the same currency and to the extent there are timing differences between invoicing and collection of payment, as the case may be, the Group may be exposed to any unfavourable fluctuations of such currencies of the jurisdictions in which the Group will be engaging in to conduct the New Business, and the Group's operating results may be materially or adversely affected.

(i) *The Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances*

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Depending on available opportunities, feasibility and market conditions, the Group's expansion into the New Business may involve acquisitions, joint ventures or strategic alliances with third parties.

Participation in joint ventures, strategic alliances, acquisitions, or other investment opportunities involves numerous risks, including the possible diversion of attention of management from the Existing Business and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisition or opportunities. In such events, the Group's financial performance may be adversely affected.

(j) *The Group may face intense competition from existing competitors in the New Business*

The New Business is highly competitive, with strong competition from established industry participants. The established industry participants may have larger financial resources, command greater market share and/or have deeper experience in property and land development and management. Competition between property developers is intense and may result in, amongst other things, increased costs of the acquisition of land for development, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, increased construction costs and difficulty in obtaining high-quality third-party contractors and qualified employees. Moreover, intense competition may result in an oversupply of development properties which may lead to unhealthy price competition. Failure to secure buyers or significant reductions in property prices due to price competition will have an adverse effect on the Group's revenue and profitability.

(k) *The Group may not be able to generate adequate returns on its properties held for long-term investment purposes*

Property investment is subject to varying degrees of risks. The investment returns available from real estate investments depend primarily on the amount of capital appreciation generated and income earned from the rental of the relevant properties and expenses incurred. The revenue derived from the disposal of such investment properties will depend on market conditions and levels of liquidity, which may be subject to significant fluctuations and therefore test the holding power of the Group.

The revenue derived from the rental of the relevant properties may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to secure renewal of tenancies from tenants, the inability to collect rent due to bankruptcy or insolvency of tenants and the cost from ongoing maintenance, repair and re-letting. In the event that the Group acquires properties for investment and if the Group is unable to generate adequate returns for such investment properties that it acquires, its financial condition and results of operations may be adversely affected.

Further, invested properties are relatively illiquid, and the Group may be unable to convert real estate asset portfolio into cash on short notice. To facilitate a sale of illiquid property assets on short notice, the Group may have to lower the selling price substantially. Illiquidity of property assets also limits the Group's ability to vary its portfolio in response to changes in economic or other conditions in a timely manner. In the event of any adverse change in market conditions or in the event of a need to lower the prices of properties to effect the sale of properties, the Group may not be able to sell its property projects or

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property investments at above its costs, resulting in the Group suffering losses on the project or property and adversely affecting the Group's financial position.

- (l) *The Group is subject to risks inherent in investing in entities which it does not control and the manner in which it holds its investments and property interests*

The Group may hold property investments through or make investments in entities that are not the Group's subsidiary, and over which the Group does not have majority control. The performance of these entities and the Group's share of their results are subject to the same or similar risks relating to the New Business described herein that affect the Group. There is no assurance that the Group will be able to influence management, operation, and performance of these entities through its voting rights in a manner which would be favourable to the Group, or at all. If all or any of these entities were to perform poorly, the Group's overall business, financial condition, results of operations and prospects may be adversely affected.

- (m) *The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance*

While the Group will, where appropriate, obtain insurance policies to cover losses with respect to its properties, the insurance obtained may not be sufficient to cover all potential losses. Examples of such potential losses include losses arising out of extraordinary events such as natural disasters like earthquakes or floods. Losses arising out of damage to the Group's properties not covered by insurance policies in excess of the amount it is insured would affect the Group's profitability. The Group may also have to commit additional resources, other than to meet the uninsured losses, to complete a project, which would also adversely affect the financial performance of the Group.

- (n) *The Group may face potential liability and claims from property development projects (if any) and may be involved in legal and other proceedings arising from its operations from time to time*

The time required to complete a property development project depends on various factors, including the size of the project, prevailing market conditions and availability of resources. Delays may arise due to various factors, including adverse weather conditions, natural calamities, power failure, machinery and equipment breakdown, shortage of construction materials, shortage of labour, accidents, cessation of business of the Group's contractors, disputes with contractors, quality and execution issues, and unexpected delays, such as delays in obtaining required approvals. Such delays may result in cost overruns and increased financing costs and accordingly affect the Group's profitability or lead to claims for liquidated damages from purchasers of the properties.

Accidents during the course of construction may give rise to personal injuries and third party liability. If accidents occur but are not covered by the Group's insurance policies, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will be required to pay compensation and its financial performance may be adversely affected. Such accidents could also have an adverse impact on the Group's operations if the Group is required by regulatory manpower authorities to suspend its operations for a period of time. This may result in fines or delays in project completion and possibly, cost overruns or liquidated

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damages, which will in turn affect the Group's profitability. Such accidents could damage the Group's reputation and may, as a result, lead to a loss of business.

In addition, the Group may be involved from time to time in disputes with various parties involved in the property development, investment or management projects that the Group undertakes. These parties include contractors, sub-contractors, suppliers, construction companies, purchasers, tenants and other partners.

Claims may also be made against the Group by the owners or occupiers of neighbouring properties in respect of the use and enjoyment of such properties. These disputes may lead to legal and other proceedings. The Group may also have disagreements with regulatory bodies in the jurisdictions in which the Group operates and these may subject the Group to administrative proceedings. In the event that unfavourable decrees are determined by the courts or the regulatory bodies, the Group may suffer not only financial losses but also a delay in the construction or completion of its projects. In such an event, the Group may be liable for damages and incur legal costs, which will have an adverse effect on the Group's financial performance, business reputation and financial condition.

If any of the above risks materialise, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

2.8 Risk Management Procedures

- 2.8.1 The Board does not have a separate Board risk committee as the Board is currently assisted by the Audit Committee, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies. To address the risks presented by the Proposed Business Diversification, the Company has and will continue to rely on the existing risk management system which the Company believes is relevant to the New Business. Where necessary, to better manage the Group's external and internal risks from the Proposed Business Diversification, the Group will implement a set of policies and procedures to govern the New Business. The members of the Audit Committee will be tasked with the responsibility of overseeing the risk management activities of the Company in relation to the New Business following the Proposed Business Diversification. The Audit Committee will be required to approve appropriate risk management procedures and measurement methodologies and be involved in identifying and managing the various business risks for the New Business.
- 2.8.2 The Company will endeavour to ensure that the risk management systems implemented are commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the New Business and the Company will review such risk management systems periodically to assess adequacy and effectiveness.
- 2.8.3 When the Company identifies a potential opportunity in respect of the New Business, each of the Directors and key management personnel will be obliged to disclose to the Board where he and/or his Associates have an interest (and the full extent thereof) in the transaction ("**Conflicted Individual**"). A Conflicted Individual shall not (i) vote in respect of matters in relation to the New Business; (ii) will not, directly or indirectly, make any executive decisions in respect of the New Business; and (iii) will not, directly or indirectly influence or participate in the operations and management of the New Business.
- 2.8.4 The risk management and internal control systems, no matter how sophisticated in design, still contain inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance

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that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Company and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

2.9 Financial Effects

2.9.1 As at the Latest Practicable Date, the Company has no affirmative and binding plans in relation to the New Business that is expected to materially impact the net profit, EPS or NTA of the Group.

2.9.2 Should there be any material impact on the Group's NTA per Share and EPS for FY2024 as a result of any developments relating to the New Business, the Company will make the necessary announcements at the appropriate time.

2.10 Financial reporting

The Proposed Business Diversification will be accounted for as a new business segment in the Group's financial statements in line with the Singapore Financial Reporting Standards (International) and accordingly, the Group will disclose the financial results of the Proposed Business Diversification as part of the Group's financial statements. The financial results of the Proposed Business Diversification together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Catalist Rules. In these periodic results announcements, the Group may provide segmented financial results relating to the Proposed Business Diversification where appropriate or if required under any applicable accounting standards and the Catalist Rules.

3. THE PROPOSED IPT MANDATE RENEWAL

3.1 Background

At the 2019 EGM, Shareholders had approved the Company's adoption of the IPT Mandate to enable Entities at Risk to enter into Mandated Transactions with Mandated Interested Persons as described in the Company's circular to Shareholders dated 15 May 2019 (the "**2019 Circular**"), provided that such transactions are made in accordance with the guidelines and review procedures set out in the 2019 Circular.

The IPT Mandate is subject to annual renewal. The IPT Mandate was last renewed at the 2022 AGM and was in force from the date of the 2022 AGM, and shall continue in force until the 2023 AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier, subject to satisfactory review by the Audit Committee of its continued relevance and application and sufficiency of the guidelines and review procedures under the IPT Mandate to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Directors propose that the IPT Mandate be renewed at the 2023 AGM to take effect until the next AGM of the Company is held or required by law to be held, whichever is earlier. There is no change to the terms of the IPT Mandate which is proposed to be renewed, that is, there are no changes to the Mandated Interested Persons, the Mandated Transactions, and the guidelines and review procedures for Mandated Transactions subject to the IPT Mandate.

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3.2 **Details of the IPT Mandate**

Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the guidelines and review procedures for determining transaction prices with the Mandated Interested Persons and other general information relating to Chapter 9 of the Catalist Rules, are set out in the Annex to this Circular.

3.3 **Abstention of voting**

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, the Interested Director and his Associates shall abstain from voting in respect of each of their shareholdings on the ordinary resolution approving the proposed renewal of the IPT Mandate as set out in the Notice of AGM. Furthermore, the Interested Director and his Associates shall decline appointment to act as proxies to vote at the 2023 AGM in respect of the ordinary resolution relating to the proposed renewal of the IPT Mandate for other Shareholders unless the Shareholders concerned have given specific voting instructions as to the manner in which his/her votes are to be cast at the 2023 AGM.

3.4 **Audit Committee Statement**

Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2019 EGM; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

3.5 **Validity Period of the IPT Mandate**

If approved by the Shareholders at the 2023 AGM, the IPT Mandate will take effect from the date of passing of the ordinary resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company is held or required by law to be held, whichever is earlier. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued relevance and application to Mandated Transactions and sufficiency of the guidelines and review procedures under the IPT Mandate to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.6 **Disclosure in Annual Report**

3.6.1 In accordance with the requirements of Chapter 9 of the Catalist Rules, disclosure will be made in the Annual Report of the aggregate value of all Mandated Transactions during the current financial year, and in the Annual Reports for subsequent financial years that the IPT Mandate continues in force. The Company will also announce the aggregate value of all Mandated Transactions for each financial period on which the Company is required to report on pursuant to the Catalist Rules within the time required for the announcement of such reports.

3.6.2 The name of the Interested Persons, the nature of relationship and the corresponding aggregate value of Interested Person Transactions entered into with the same interested person will be

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presented in the following format (or in such other form as the Catalist Rules may require from time to time):

| Name of Interested Person | Nature of relationship | Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the IPT Mandate pursuant to Rule 920 of the Catalist Rules) | Aggregate value of all Interested Person Transactions conducted under the IPT Mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000) |
|---------------------------|------------------------|--|--|
| | | | |

4. DIRECTORS' RECOMMENDATION

4.1 The Proposed Business Diversification

The Directors, having considered, *inter alia*, the rationale for the Proposed Business Diversification, as set out above in this Circular, are of the opinion that the Proposed Business Diversification is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the AGM.

4.2 The Proposed IPT Mandate Renewal

The Non-Interested Directors, having considered, among other things, the terms of, rationale for and benefits of the IPT Mandate, the guidelines and review procedures of the Company for determining the transaction prices of the Mandated Transactions, the role of the Audit Committee in enforcing the IPT Mandate and the statement of the Audit Committee, are of the opinion that the review procedures set out in the IPT Mandate remain sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders. Furthermore, as the entry by the Group into the Mandated Transactions with the Mandated Interested Persons is in the ordinary course of business, the renewal of the IPT Mandate will enhance the efficiency of the Group and is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2023 AGM.

As different Shareholders would have different investment objectives, the Non-Interested Directors recommend that any individual Shareholder who may require specific advice in relation to the proposed renewal of the IPT Mandate should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

5.1 The interests of the Directors and Substantial Shareholders in the Shares, as at the Latest Practicable Date, are as follows:

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| Directors | Direct interest | | Deemed interest | | Total interest | |
|-------------------------|-----------------|------------------|-----------------|------------------|----------------|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ |
| Mr Chan Chew Leh | 51,253,997 | 39.13 | - | - | 51,253,997 | 39.13 |
| Mr Tan Kok Huat | 50,616,003 | 38.64 | - | - | 50,616,003 | 38.64 |
| Ms Chan Bih Tzy | 1,039,900 | 0.79 | - | - | 1,039,900 | 0.79 |
| Mr Jong Voon Hoo | - | - | - | - | - | - |
| Mr Chang Chi Hsung | - | - | - | - | - | - |
| Mr Tan Heok Ping Joshua | - | - | - | - | - | - |
| Ms Lim Hui Chee | - | - | - | - | - | - |

Notes:

(1) Based on the issued share capital of the Company of 131,000,000 Shares as at the Latest Practicable Date.

None of the Directors and Substantial Shareholders have any interest, direct or indirect, in the Proposed Business Diversification, other than through their respective shareholdings in the Company as disclosed above.

Other than the Interested Director, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect (other than through their shareholding in the Company), in the Proposed IPT Mandate Renewal.

6. ANNUAL GENERAL MEETING

The 2023 AGM will be held on 26 May 2023 at 10.00 a.m. by electronic means for the purpose of considering and, if thought fit, passing with or without modifications, *inter alia*, the ordinary resolutions relating to the Proposed Business Diversification and proposed renewal of the IPT Mandate, as set out in the Notice of AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

- 7.1 The 2023 AGM 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.
- 7.2 Shareholders should refer to the Company's announcement dated 8 May 2023, which has been despatched together with the Notice of AGM, this Circular and the accompanying Proxy Form and uploaded on SGXNet, for further information, including the steps to be taken by Shareholders to participate at the 2023 AGM. Such announcement may also be accessed at the URL <https://www.reclaims-enterprise.com>.
- 7.3 A Depositor shall not be regarded as a Shareholder entitled to attend and vote at the 2023 AGM unless he is shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the 2023 AGM, as certified by CDP to the Company.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best

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of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Business Diversification and the proposed renewal of the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts or the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 the Circular in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 10 Tuas South Street 7, Singapore 637114, during normal business hours from the date of this Circular up to and including the date of the 2023 AGM:

- (a) the Constitution;
- (b) the Annual Report for FY2023; and
- (c) this Circular.

Yours faithfully

For and on behalf of the Board
RECLAIMS GLOBAL LIMITED

Tan Kok Huat
Executive Director and CEO

ANNEX

THE IPT MANDATE

1. Chapter 9 of the Catalist Rules

- 1.1 Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**Entity at Risk**") enters into or proposes to enter into with a party who is an interested person. The purpose is to guard against the risk that interested persons could influence the Entities at Risk to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.
- 1.2 An immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.
- 1.3 In particular, an immediate announcement is required where:
- (a) the value of the proposed transaction is equal to or more than 3% of the latest audited NTA of the listed group; or
 - (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year is equal to or more than 3% of the latest audited NTA of the listed group.
- 1.4 In addition to an immediate announcement, shareholders' approval is required where:
- (a) the value of the proposed transaction is equal to or more than 5% of the latest audited NTA of the listed group; or
 - (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year, is equal to or more than 5% of the latest audited NTA of the listed group. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.
- 1.5 The above requirements for immediate announcement and/or for shareholders' approval do not normally apply to any transaction below S\$100,000 and certain transactions listed under Rules 915 and 916 of the Catalist Rules. However, the SGX-ST may, in certain situations, aggregate any transactions below S\$100,000 entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Catalist Rules.
- 1.6 **For illustrative purposes only**, based on the latest audited consolidated financial statements of the Group for FY2023, the NTA of the Group was S\$29,560,000. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Catalist Rules, in the current financial year, being FY2023, and until such time as the audited consolidated financial statements of the Group for the current financial year are published, Shareholders' approval is required where:
- (a) the transaction is of a value equal to, or more than, approximately S\$1,478,000, being 5% of the Group's latest audited NTA as at 31 January 2023; or
 - (b) the transaction, when aggregated with other transactions entered into with the same

ANNEX

Interested Person during the same financial year, is of a value equal to, or more than, S\$1,478,000. The aggregation will exclude any transaction that has been approved by Shareholders previously or is the subject of aggregation with another transaction that has been approved by Shareholders.

- 1.7 Chapter 9 of the Catalist Rules, however, permits a listed company to seek a general mandate from its shareholders for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations such as the purchase or sale of supplies and materials, which may be carried out with interested persons of the listed company. It should be noted that no such mandate can be sought for the purchase or sale of assets, undertakings or businesses. In addition, a general mandate is subject to annual renewal.

2. Background

- 2.1 The principal activities of the Group are (i) the reclaiming of natural and urban resources and recycling them for sale as economic resources to our customers; (ii) the provision of excavation services including earth moving, mass excavation, deep basement excavation, foundation and pile cap excavation; and (iii) the provision of material transportation and disposal services using our fleet of tipper trucks.
- 2.2 It is anticipated that the Group will, in the ordinary course of business, enter into transactions including, but not limited to, Mandated Transactions with the Mandated Interested Persons (as described in paragraphs 3 and 4 of this Annex). It is likely that Mandated Transactions with the Mandated Interested Persons will be frequent and could arise at any time.
- 2.3 The IPT Mandate and any subsequent renewal on an annual basis will eliminate the need for the Company to convene general meetings from time to time to seek Shareholders' approval as and when potential Mandated Transactions with the Mandated Interested Persons arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

3. Mandated Interested Persons

The IPT Mandate will apply to Mandated Transactions (as described in paragraph 4 of this Annex) which are carried out between any Entity at Risk and the following Mandated Interested Persons:

(a) **NDCPL**

NDCPL is a company incorporated in Singapore whose principal business is building and construction, involving mostly provision of excavation services to the extent permitted under the terms of the non-compete undertaking given by Mr Chan Chew Leh to the Group. Its sole director and shareholder is Mdm Tan Lay Khim, who is the wife of our Executive Chairman, Mr Chan Chew Leh. As such, NDCPL is an Associate of our Executive Chairman, Mr Chan Chew Leh and is also an Interested Person; and

(b) **NDC**

NDC is a sole proprietorship registered in Singapore whose principal business is building and construction, involving mostly provision of excavation services to the

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extent permitted under the terms of the non-compete undertaking given by Mr Chan Chew Leh to the Group. NDC is owned by NDCPL. As such, NDC is an Associate of Mr Chan Chew Leh and is also an Interested Person.

4. Scope of Transactions under the IPT Mandate

4.1 The types of Interested Person Transactions covered under the IPT Mandate relates to the following transactions that are carried out in the ordinary course of business between the Entities at Risk and the Mandated Interested Persons (the "**Mandated Transactions**"):

- (a) the sale of recycled building materials and building materials to the Mandated Interested Persons (the "**Building Materials IPTs**");
- (b) the provision of transportation and logistics services to the Mandated Interested Persons (the "**Transportation IPTs**");
- (c) the leasing of plant and equipment to the Mandated Interested Persons (the "**Leasing IPTs**"); and
- (d) the leasing of excavators from the Mandated Interested Persons (the "**Excavators IPTs**").

4.2 For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT Mandate. Transactions with Interested Persons (including the Mandated Interested Persons) which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules.

5. Rationale for and Benefits of the IPT Mandate

The Group envisages that in the ordinary course of its business, the Group will enter into Building Materials IPTs, Transportations IPTs, Leasing IPTs and Excavators IPTs with the Mandated Interested Persons from time to time. In view of the time-sensitive and recurrent nature of these commercial transactions, and the need for smooth and efficient conduct of business, it would be advantageous for the Group to obtain the IPT Mandate for the Group as it will eliminate, among others, the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when Mandated Transactions arise, provided that such transactions are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. This will substantially reduce the time and expenses associated with convening general meetings, improve administrative efficacy, and allow resources and time to be focused towards other corporate and business opportunities.

6. Guidelines and Review Procedures under the IPT Mandate

To ensure that all Mandated Transactions are conducted on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Group will adopt the specific guidelines and procedures as set out below.

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6.1 Review procedures

Prior to entering into any Mandated Transaction, the Company will implement the following review procedures:

6.1.1 *Building Materials IPTs, Transportation IPTs and Leasing IPTs*

(a) The Building Materials IPTs, Transportation IPTs and Leasing IPTs (the "**Standard IPTs**") may occur on a day-to-day basis. The prices/rates for the Standard IPTs shall be determined with reference to a price list maintained by the Financial Controller (the "**Standard Price List**"). The Standard Price List consists of at least two (2) recent comparable quotations extended to unrelated third party(ies), for each category of Standard IPTs (the "**Standard Prices**"). Prices/rates extended by the Group to the Mandated Interested Persons for the Standard IPTs shall be at the prevailing market rates, and on terms no more favourable to the Mandated Interested Persons than the Standard Prices, taking into account other relevant factors such as:

- quantity of purchase;
- quality or specifications of products;
- delivery costs;
- storage costs;
- potential gross profit margins;
- payment and credit terms;
- track record;
- historical sales price charged by the Group for such products or services; and
- preferential rates and discounts accorded to long-term customers, customers with exclusive business relationships with the Group, or for bulk purchases by the customers.

(b) In the event that it is not practicable or appropriate to compare against the terms of other transactions or quotations made to unrelated third parties or to obtain the price and terms of at least two (2) other recent comparative transactions (as stipulated above) or in situations where the products or services may be purchased only by an Interested Person, an executive Director (who has no interest, direct or indirect, in the transaction) shall (i) review the pricing and terms of the Standard IPTs for consistency with the Group's normal business practices and determine if they are on normal commercial terms; and (ii) evaluate and weigh the benefits of and rationale for transacting with the Mandated Interested Persons, taking into account all pertinent factors, including but not limited to:

- quantity of purchase;
- quality or specifications of products;
- delivery costs;
- storage costs;
- potential gross profit margins;
- payment and credit terms;
- track record;

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- historical sales price charged by the Group for such products or services; and
- preferential rates and discounts accorded to long-term customers, customers with exclusive business relationships with the Group, or for bulk purchases by the customers.

6.1.2 *Excavators IPTs*

From time to time, the Group may enter into Excavators IPTs for its excavation and earthworks operations. The Mandated Interested Person will provide the Financial Controller with an excavator leasing price list (the "**Excavator Leasing List**") that will be updated at the start of every financial year (or at any subsequent point deemed necessary due to price fluctuations) and be valid for the period, covering the different classes of excavators, duration of rental, charges for diesel (if applicable), and the inclusion of excavator operators. The Financial Controller shall, upon receiving the updated Excavator Leasing List, compare the Excavator Leasing List with at least two (2) recent comparable quotations extended by third party(ies) for the leasing of excavators. In order to ensure that the transactions are carried out on normal commercial terms and will not be prejudicial to the Group and its minority Shareholders, the Group shall enter into the Excavators IPTs with the Mandated Interested Persons on terms no less favourable to the Group than the rates charged by unrelated third parties to the Group.

The Financial Controller or such other executive officer (who has no interest, direct or indirect, in the transaction) of the Company as appointed by the Audit Committee shall, on a regular basis, review the Standard Price List and Excavator Leasing List together with the volume and quantum of the Mandated Transactions as well as the rates/prices for similar products and services provided to unrelated third parties. The review will be performed on a monthly basis for the Building Materials IPTs, Transportation IPTs and Leasing IPTs, and on a quarterly basis for the Excavators IPTs, or such other period as may be approved by the Audit Committee. In the event there are material variations or updates, the Financial Controller or such other independent executive officer of the Company as appointed by the Audit Committee shall escalate and, where applicable, propose any changes as may be deemed necessary to the Audit Committee. The Audit Committee will consider the revision of the said Standard Price List and Excavator Leasing List and/or the review as and when necessary and appropriate.

The Audit Committee shall review and approve the Standard Price List and Excavator Leasing List together with the volume and quantum of the Mandated Transactions as well as the selling prices for similar products and services provided to unrelated third parties on a regular basis (at least on a quarterly basis or such other period as may be approved by the Audit Committee).

6.2 **Threshold limits**

6.2.1 The Group will monitor and categorise all Mandated Transactions as follows:

- (a) a "Category 1" Mandated Transaction is one where the value thereof is equal to or more than S\$500,000; and
- (b) a "Category 2" Mandated Transaction is one where the value thereof is below S\$500,000.

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"Category 1" Mandated Transaction must be reviewed and approved by the Audit Committee prior to entry.

"Category 2" Mandated Transaction need not be approved by the Audit Committee prior to entry but must be approved by the Financial Controller or such other person(s) designated by the Audit Committee from time to time, who shall not be interested in any of the Mandated Transactions.

6.2.2 The approval thresholds set out above have been adopted by the Group after taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the Mandated Transactions, as well as the Group's day-to-day operations, administration and business. The threshold limits are arrived at with the view to strike a balance between (i) maximising the operation efficiency of the day-to-day operations of the Group, and (ii) maintaining adequate internal controls and governance in relation to the Mandated Transactions.

6.3 Additional controls

6.3.1 *Register of Interested Persons and their Associates*

The Group Finance Team will maintain a list of the Interested Persons and their Associates (which is to be updated immediately if there are any changes) to enable identification of the Interested Persons. The list of Interested Persons shall be reviewed on a semi-annual basis by the Financial Controller and subject to such verifications or declarations as required by the Audit Committee for such period as determined by them. This list of the Interested Persons shall be disseminated to all staff of the Group that the Group Finance Team considers relevant for the purposes of entering into Interested Person Transactions.

6.3.2 *Register of Interested Person Transactions*

The Group Finance Team will maintain a register of all Interested Person Transactions carried out with Interested Persons (including the Mandated Transactions), which will record and document the identities of the Interested Persons, the basis, including the quotations and other evidence obtained to support such basis on which they were entered into, as well as the approving authority. Any discrepancies or significant variances (as determined by the Audit Committee) from the Group's usual business practices and pricing policies will be highlighted to the Audit Committee. The register of Interested Persons Transactions will also record any transaction with Interested Persons (including the Mandated Transactions) that are below S\$100,000 in value.

6.3.3 *Periodic review of the register of Interested Person Transactions*

The Audit Committee shall periodically, at least on a quarterly basis, review the register of Interested Persons Transactions to ensure that all Interested Person Transactions (including the Mandated Transactions) are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the IPT Mandate. Such review includes the examination of the transaction(s) and its supporting documents (including the assessment of the creditworthiness of the Interested Persons) or such other documents deemed necessary by the Audit Committee. The Audit Committee shall, when it deems fit, have the right to require the appointment of independent

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advisers and/or valuers to provide additional information or review of controls and its implementation pertaining to the Interested Person Transactions under review. The Group's internal and external auditors shall assist the Audit Committee in such review and carry out such tests as they deem necessary.

6.3.4 *Periodic review by internal auditors*

The Company shall incorporate into its internal audit plan a semi-annual review of all Interested Person Transactions (including the Mandated Transactions), and compliance with the guidelines and established review procedures for the monitoring of such Interested Person Transactions (including the Mandated Transactions). This is to ensure that the relevant approvals have been obtained, and the guidelines and established review procedures have been adhered to. The internal auditors will forward their review reports to the Audit Committee.

6.3.5 *Review of the adequacy of guidelines and review procedures by the Audit Committee*

In addition, the Audit Committee shall also review from time to time the guidelines and review procedures to determine if they are adequate and/or commercially practicable in ensuring that all Interested Person Transactions (including the Mandated Transactions) are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

In the event the Audit Committee is of the view that such guidelines and review procedures are have become inappropriate or insufficient in view of the changes to the nature of, or the manner in which, the business activities of the Group are conducted, it will, in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Interested Person Transactions (including the Mandated Transactions) will be conducted on normal commercial terms and, hence, will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will seek a fresh mandate from the Shareholders based on the new review procedures and guidelines for the Interested Person Transactions (including the Mandated Transactions). All new Mandated Transactions will be reviewed and approved by the Audit Committee prior to entry while a fresh mandate is being sought from the Shareholders.

6.3.6 *Interested members of the Audit Committee to abstain*

In the event that any member of the Audit Committee (where applicable) is interested (directly or indirectly) in any transaction, he will abstain from participating in the review and approval process in relation to that particular transaction to ensure that the transaction will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.