

APPENDIX DATED 5 APRIL 2024

This appendix (“**Appendix**”) is circulated to the shareholders (the “**Shareholders**”) of JEP Holdings Ltd. (the “**Company**”) together with the Company’s Annual Report (the “**Annual Report**”).

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for, the proposed renewal of the Share Buy-Back Mandate to be tabled at the forthcoming Annual General Meeting (“**AGM**”) of the Company to be held at 16 Seletar Aerospace Crescent Singapore 797567 on Wednesday, 24 April 2024 at 9.30 a.m.

The Notice of AGM and Proxy Form are enclosed with the Annual Report.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made, or reports contained in this Appendix.

The contact person for the Sponsor is Mr. Josh Tan, Registered Professional; Address: RHT Capital Pte. Ltd., 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com.



APPENDIX TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

DEFINITIONS

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

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	The Annual General Meeting of the Company
“Annual Report”	:	The Annual Report of the Company dated 8 March 2024
“Appendix”	:	This Appendix to Shareholders dated 5 April 2024 in relation to the Share Buy-Back Mandate
“Approval Date”	:	Has the meaning ascribed to it in paragraph 3.1 of this Appendix
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	JEP Holdings Ltd.
“Companies Act”	:	The Companies Act 1967 of Singapore, as may be amended or modified from time to time
“Constitution”	:	The Constitution of the Company, as amended, modified and supplemented from time to time
“Directors” or “Board”	:	The Board of Directors of the Company as at the date of this Appendix
“EPS”	:	Earnings per Share
“FY”	:	The financial year ended or ending 31 December
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	12 March 2024, being the latest practicable date before the printing of this Appendix
“Catalist Rules”	:	The Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended, modified or supplemented from time to time
“NTA”	:	Net tangible assets
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Purchases”	:	Has the meaning ascribed to it in paragraph 3.3(a) of this Appendix
“Maximum Number of Shares”	:	Has the meaning ascribed to it in paragraph 6(a) of this Appendix
“Maximum Price”	:	Has the meaning ascribed to it in paragraph 3.4 of this Appendix
“Off-Market Prices”	:	Has the meaning ascribed to it in paragraph 3.3(b) of this Appendix
“Relevant Parties”	:	Has the meaning ascribed to it in paragraph 9.4 of this Appendix

DEFINITIONS

“ Securities Account ”	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“ Securities and Futures Act ”	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended or modified from time to time
“ SGX-Catalist ” or “ Catalist ”	:	The sponsor-supervised listing platform of the SGX-ST
“ Shares ”	:	Ordinary shares in the share capital of the Company
“ Share Buy-Back Mandate ”	:	The general mandate to be approved by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix
“ Shareholders ”	:	Registered holders of Shares except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with the Shares
“ SIC ”	:	Securities Industry Council of Singapore
“ Substantial Shareholder ”	:	A person who has an interest of not less than 5.0% of the total issued voting shares of the Company
“ Take-over Code ”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“ S\$ ” and “ cents ”	:	Singapore dollars and cents respectively
“ % ” or “ per cent. ”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

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

The term “**subsidiary holdings**” shall have the meaning ascribed to it under the Catalist Rules.

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. References to persons shall include corporations.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, or the Catalist Rules or any modification thereof and not otherwise defined in this Appendix shall, where applicable, have the same meaning ascribed to it under the Companies Act, the Securities and Futures Act or the Catalist Rules or such modification thereof, as the case may be.

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

LETTER TO SHAREHOLDERS

JEP HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199401749E)

Directors

Mr. Andy Luong (Executive Chairman and Chief Executive Officer)
Mr. Zee Hoong Huay (Executive Director)
Mr. Wong Gang (Lead Independent Director)
Mr. Kong Chee Keong (Independent Director)
Ms. Lee Sook Wai, Irene (Independent Director)

Registered Office

16 Seletar Aerospace Crescent, Singapore 797567

5 April 2024

Dear Sir/Madam,

PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

The Directors of the Company propose to table the proposed renewal of the Share Buy-Back Mandate at the forthcoming AGM of the Company to be held at 16 Seletar Aerospace Crescent Singapore 797567 on Wednesday, 24 April 2024 at 9.30 a.m.

The purpose of this Appendix, which is circulated together with the Company's Annual Report, is to provide Shareholders with information relating to, and to seek their approval for, the proposed renewal of the Share Buy-Back Mandate.

The Share Buy-Back Mandate was originally approved by Shareholders at an extraordinary general meeting of the Company held on 28 April 2011. It was renewed at the Company's subsequent AGMs held on 18 April 2012, 22 April 2013, 22 April 2014, 22 April 2015, 26 April 2016, 27 April 2017, 25 April 2018, 23 April 2019, 22 June 2020, 22 April 2021, 26 April 2022 and 19 April 2023 and will expire on the date of the forthcoming AGM of the Company.

2. RATIONALE

The approval of the proposed renewal of the Share Buy-Back Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares up to the 10.0% limit described below at any time, subject to the terms set out herein, market conditions and funding arrangements, during the period when the proposed Share Buy-Back Mandate is in force.

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

- (a) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group, and Share purchase is one of the ways in which the return on equity of the Group may be enhanced;
- (b) provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the earnings and/or net asset value per Share; and
- (c) mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholders' confidence.

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If and when circumstances permit, the Directors will decide whether to effect the share buy-backs via market purchases or off-market purchases and whether the Shares purchased should be held as treasury shares or cancelled, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

The purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

The Directors also do not propose to carry out share buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group.

3. TERMS OF THE MANDATE

The authority and limitations placed on purchases or acquisition of Shares by the Company under the Share Buy-Back Mandate are summarised below.

3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than 10.0% of the total number of issued ordinary share capital of the Company (excluding treasury shares and any subsidiary holdings) as at the date of the AGM at which the Share Buy-Back Mandate is approved (the “**Approval Date**”) (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the relevant period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered) excluding any treasury shares and any subsidiary holdings that may be held by the Company from time to time.

Purely for illustrative purposes, on the basis of 413,024,021 Shares (excluding 920,700 treasury shares and any subsidiary holdings) in issue as at the Latest Practicable Date and assuming that no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the Approval Date, not more than 41,302,402 Shares (representing 10.0% of the Shares in issue as at that date excluding treasury shares and any subsidiary holdings) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (a) the date on which the next AGM of the Company is held or is required by law to be held;
- (b) the date on which the share buy-backs by the Company pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Company in general meeting.

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3.3 Manner of Purchase of Shares

Purchases of Shares may be made by the Company by way of:

- (a) on-market purchases (“**Market Purchases**”), transacted on the SGX-ST through the SGX-ST’s trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purchase; and/or
- (b) off-market purchases (“**Off-Market Purchases**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalyst Rules.

Under the Companies Act, an Off-Market Purchase must satisfy all of the following conditions:

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

In addition, the Catalyst Rules provides that in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed share buy-back;
- (d) the consequences, if any, of the proposed share buy-back that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the share buy-back, if made, could affect the listing of the Shares on the SGX-ST;
- (f) details of any share buy-back made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

3.4 Maximum Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

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However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105.0% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price (as defined hereinafter),

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

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which Shares are transacted on the SGX-Catalist, or, as the case may be, such securities exchange on which the Shares are listed and quoted, immediately preceding the day of the Market Purchase, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made; and

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

4. **STATUS OF THE PURCHASED OR ACQUIRED SHARES UNDER THE SHARE BUY-BACK MANDATE**

Under the Companies Act, any Share purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation), unless such Share is held by the Company in accordance with the Companies Act as a treasury share.

Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Some of the key provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10.0% of the total number of issued Shares.

(b) Voting and Other Rights

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

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

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(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

Under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

5. SOURCE OF FUNDS

In purchasing or acquiring the Shares, the Company may only apply funds legally available in accordance with its Constitution and the applicable laws in Singapore.

The Companies Act currently provides that any payment made by the Company in consideration for the purchase or acquisition of its own Shares may be made out of the Company's capital or profits and only if the Company is solvent.

The Company may use internal sources of funds, external borrowings, or a combination of both to finance the Company's purchase or acquisition of the Shares.

Where the purchase or acquisition of Shares is financed through internal resources, it will reduce the cash reserves of the Company, and thus the current assets and shareholders' funds of the Company. This will result in an increase in the gearing ratios of the Company and a decline in the current ratios of the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Company and a decline in the current ratios of the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group.

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6. FINANCIAL EFFECTS OF THE SHARE BUY-BACK MANDATE

The financial effects on the Company and the Group arising from the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are prepared on the following assumptions:

- (a) based on the issued and paid-up ordinary share capital of the Company (excluding treasury shares and any subsidiary holdings) of 413,024,021 Shares as at the Latest Practicable Date and assuming that no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the Approval Date, the purchase or acquisition by the Company of up to the maximum limit of 10.0% of its issued Shares (excluding treasury shares and any subsidiary holdings) will result in the purchase or acquisition of 41,302,402 Shares (“**Maximum Number of Shares**”);
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires the Maximum Number of Shares at the Maximum Price of S\$0.3360 per Share (being the price equivalent to 5.0% above the Average Closing Price of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the Maximum Number of Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) would amount to approximately S\$13.88 million; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the Maximum Number of Shares at the Maximum Price of S\$0.3840 per Share (being the price equivalent to 20.0% above the Average Closing Price of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the Maximum Number of Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) would amount to approximately S\$15.86 million.

Shareholders should note that the financial effects set out below are for illustrative purposes only. It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisition of Shares that may be made pursuant to the Share Buy-Back Mandate on its NTA or EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Although the Share Buy-Back Mandate would authorise the Company to purchase or acquire up to 10.0% of the total number of issued Shares (excluding treasury shares and any subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the total number of issued Shares (excluding treasury shares and any subsidiary holdings). In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares repurchased in treasury.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buy-Back Mandate or who may be subject to tax in a jurisdiction (whether in Singapore or otherwise) should consult their own professional advisers.

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For illustrative purposes only and on the basis of the assumptions set out above, the financial effects on the audited financial statements of the Company for FY2023 pursuant to the Share Buy-Back Mandate:

- (1) by way of purchases made entirely out of capital and held as treasury shares; and
- (2) by way of purchases made entirely out of capital and cancelled, are as follows:

(1) PURCHASES MADE OUT OF CAPITAL AND HELD AS TREASURY SHARES

Market Purchases

	The Group		The Company	
	Before Share Buy-back (S\$'000)	After Share Buy-back (S\$'000)	Before Share Buy-back (S\$'000)	After Share Buy-back (S\$'000)
<u>As at 31 December 2023</u>				
Share capital	49,226	49,226	49,226	49,226
Treasury shares	(203)	(14,081)	(203)	(14,081)
Reserves	27,450	27,450	22,569	22,569
Shareholders' funds	76,473	62,595	71,592	57,714
Net tangible assets ⁽¹⁾	65,181	51,303	71,592	57,714
Current assets	55,260	41,382	964	964
Current liabilities	15,395	15,395	1,182	15,060
Working capital	39,865	25,987	(218)	(14,096)
Total borrowings	24,518	24,518	–	13,878
Cash and cash equivalents	19,175	5,297	493	493
Profit after tax and non-controlling interest	1,675	1,675	2,221	2,221
Number of shares (excluding treasury shares)	413,024,021	371,721,619	413,024,021	371,721,619
Weighted average number of Shares (excluding treasury shares)	413,024,021	371,721,619	413,024,021	371,721,619
<u>Financial Ratios</u>				
EPS (cents)	0.41	0.45	0.54	0.60
NTA per Share (cents)	15.78	13.80	17.33	15.53
Gearing ratio ⁽²⁾	0.32	0.39	–	0.24
Current ratio ⁽³⁾ (times)	3.59	2.69	0.82	0.06

Notes:

- (1) NTA equals Shareholders' funds less intangible assets.
- (2) Gearing ratio equals total borrowings divided by Shareholders' funds.
- (3) Current ratio equals current assets divided by current liabilities.

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Off-Market Purchases

	The Group		The Company	
	Before Share Buy-back (S\$'000)	After Share Buy-back (S\$'000)	Before Share Buy-back (S\$'000)	After Share Buy-back (S\$'000)
<u>As at 31 December 2023</u>				
Share capital	49,226	49,226	49,226	49,226
Treasury shares	(203)	(16,063)	(203)	(16,063)
Reserves	27,450	27,450	22,569	22,569
Shareholders' funds	76,473	60,613	71,592	55,732
Net tangible assets ⁽¹⁾	65,181	49,321	71,592	55,732
Current assets	55,260	39,400	964	964
Current liabilities	15,395	15,395	1,182	17,042
Working capital	39,865	24,005	(218)	(16,078)
Total borrowings	24,518	24,518	–	15,860
Cash and cash equivalents	19,175	3,315	493	493
Profit after tax and non-controlling interest	1,675	1,675	2,221	2,221
Number of shares (excluding treasury shares)	413,024,021	371,721,619	413,024,021	371,721,619
Weighted average number of shares (excluding treasury shares)	413,024,021	371,721,619	413,024,021	371,721,619
<u>Financial Ratios</u>				
EPS (cents)	0.41	0.45	0.54	0.60
NTA per Share (cents)	15.78	13.27	17.33	14.99
Gearing ratio ⁽²⁾	0.32	0.40	–	0.28
Current ratio ⁽³⁾ (times)	3.59	2.56	0.82	0.06

Notes:

- (1) NTA equals Shareholders' funds less intangible assets.
- (2) Gearing ratio equals total borrowings divided by Shareholders' funds.
- (3) Current ratio equals current assets divided by current liabilities.

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(2) PURCHASES MADE OUT OF CAPITAL AND CANCELLED

Market Purchases

	The Group		The Company	
	Before Share Buy-back (S\$'000)	After Share Buy-back (S\$'000)	Before Share Buy-back (S\$'000)	After Share Buy-back (S\$'000)
<u>As at 31 December 2023</u>				
Share capital	49,226	35,348	49,226	35,348
Treasury shares	(203)	(203)	(203)	(203)
Reserves	27,450	27,450	22,569	22,569
Shareholders' funds	76,473	62,595	71,592	57,714
Net tangible assets ⁽¹⁾	65,181	51,303	71,592	57,714
Current assets	55,260	41,382	964	964
Current liabilities	15,395	15,395	1,182	15,060
Working capital	39,865	25,987	(218)	(14,096)
Total borrowings	24,518	24,518	–	13,878
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EPS (cents)	0.41	0.45	0.54	0.60
NTA per Share (cents)	15.78	13.80	17.33	15.53
Gearing ratio ⁽²⁾	0.32	0.39	–	0.24
Current ratio ⁽³⁾ (times)	3.59	2.69	0.82	0.06

Notes:

- (1) NTA equals Shareholders' funds less intangible assets.
- (2) Gearing ratio equals total borrowings divided by Shareholders' funds.
- (3) Current ratio equals current assets divided by current liabilities.

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Off-Market Purchases

	The Group		The Company	
	Before Share Buy-back (S\$'000)	After Share Buy-back (S\$'000)	Before Share Buy-back (S\$'000)	After Share Buy-back (S\$'000)
<u>As at 31 December 2023</u>				
Share capital	49,226	33,366	49,226	33,366
Treasury shares	(203)	(203)	(203)	(203)
Reserves	27,450	27,450	22,569	22,569
Shareholders' funds	76,473	60,613	71,592	55,732
Net tangible assets ⁽¹⁾	65,181	49,321	71,592	55,732
Current assets	55,260	39,400	964	964
Current liabilities	15,395	15,395	1,182	17,042
Working capital	39,865	24,005	(218)	(16,078)
Total borrowings	24,518	24,518	–	15,860
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<u>Financial Ratios</u>				
EPS (cents)	0.41	0.45	0.54	0.60
NTA per Share (cents)	15.78	13.27	17.33	14.99
Gearing ratio ⁽²⁾	0.32	0.40	–	0.28
Current ratio ⁽³⁾ (times)	3.59	2.56	0.82	0.06

Notes:

- (1) NTA equals Shareholders' funds less intangible assets.
- (2) Gearing ratio equals total borrowings divided by Shareholders' funds.
- (3) Current ratio equals current assets divided by current liabilities.

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7. LISTING RULES

7.1 Maximum Price

Under the Catalist Rules, if a Market Purchase is effected, a listed company may only purchase shares at a price which is not more than 5.0% above the Average Closing Price. The Maximum Price in relation to Market Purchases by the Company, as discussed in this Appendix, conforms to this restriction.

7.2 No purchases during price-sensitive developments

Although the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time or times, as the Company would be regarded as an “insider” in relation to any share buy-backs, the Company will not undertake any share buy-backs pursuant to the Share Buy-Back Mandate at any time after any matter of development of a price-sensitive nature has occurred or has been the subject of a consideration and/or decision of the Board until the price-sensitive information has been publicly announced.

In particular, in line with the best practices guide on securities dealings as set out in the Catalist Rules, the Company would not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s half-year or full-year financial results and ending on the date of announcement of the relevant results.

7.3 Listing status of the Shares

Under the Catalist Rules, a listed company shall ensure that at least 10.0% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) is at all times held by public Shareholders.

As at the Latest Practicable Date, an aggregate of 89,073,385 Shares, representing 21.57% of the total number of issued Shares of the Company are held in the hands of public Shareholders.

Based on the proportion of the issued Shares of the Company held by public Shareholders as at the Latest Practicable Date as stated above, assuming that the Company makes share buy-backs up to the full 10.0% limit pursuant to the Share Buy-Back Mandate, the number of Shares held by public Shareholders would be reduced to 47,770,983 Shares, representing approximately 12.85% of the issued Shares of the Company after such share buy-backs.

Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake the share buy-backs up to the full 10.0% limit pursuant to the Share Buy-Back Mandate, without adversely affecting the listing status of the Shares, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

7.4 Reporting Requirements

The Catalist Rules specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9:00 a.m.:

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

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Such announcement (which must be in the form of Appendix 8D of the Catalist Rules) must include, *inter alia*, the details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the Shares, the number of Shares purchased as at the date of announcement (on a cumulative basis), the number of issued Shares excluding treasury shares and subsidiary holdings and the number of treasury shares held and subsidiary holdings after the purchase. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

8. COMPANIES ACT

8.1 Reporting Requirements

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

Within thirty (30) days of a purchase of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

9. TAKE-OVER OBLIGATIONS

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

9.1 Obligations to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

Under Rule 14, a person will incur an obligation to make a mandatory take-over offer for the Company if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30.0% or more, or if they, together holding between 30.0% and 50.0% of the Company's voting rights, increase their voting rights in the Company by more than 1.0% in any period of six (6) months.

9.2 Persons Acting in Concert

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

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

- (a) A company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) A company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company;
- (c) A company with any of its pension funds and employee share schemes;
- (d) A person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) A financial or other professional adviser, including a stockbroker, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) Directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) Partners; and
- (h) An individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions and companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above persons for the purchase of voting rights.

The above list is not exhaustive and Shareholders are strongly advised to refer to the Take-over Code for further details.

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

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

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six (6) months.

Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30.0% or more, or, if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

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Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

9.4 Application of the Take-over Code

As at the Latest Practicable Date, the details of the shareholdings of the Directors and Substantial Shareholders of the Company are set out in paragraph 10 below.

As at the Latest Practicable Date, UMS Holdings Limited holds 316,460,636 Shares in the Company representing 76.62% of the total number of issued Shares (excluding treasury shares and any subsidiary holdings) of the Company. Mr. Andy Luong, the Executive Chairman and Chief Executive Officer of the Company, is the Chairman and Chief Executive Officer of UMS Holdings Limited. As such, Mr. Andy Luong is presumed to be acting in concert with UMS Holdings Limited pursuant to Appendix 2 of the Take-over Code.

Assuming that there is no change in the number of Shares held or deemed to be held by UMS Holdings Limited and Mr. Andy Luong (collectively the “**Relevant Parties**”), the purchase or acquisition by the Company of the maximum limit of 10.0% of the issued Shares of the Company excluding treasury shares and any subsidiary holdings will result in an increase in the aggregate shareholding interest of the Relevant Parties by more than 1.0% in any period of six (6) months.

Accordingly, under Rule 14 of the Take-over Code, the Relevant Parties would, unless exempted, become obliged to make a general offer under the Take-over Code for the Shares not owned by them, if as a result of the exercise of the Share Buy-Back Mandate, their aggregate shareholding interest in the voting rights of the Company increases by more than 1.0% in any period of six (6) months.

9.5 Conditions for exemption from having to make a general offer under Rule 14 of the Take-over Code

Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, the Relevant Parties will be exempted from the requirement to make a general offer under Rule 14 of the Take-over Code as a result of any share buy-back carried out by the Company pursuant to the Share Buy-Back Mandate, subject to the following conditions:

- (a) the circular to Shareholders seeking their approval for the Share Buy-Back Mandate will contain:
 - (i) advice to the effect that by voting in favour of the resolution to approve the Share Buy-Back Mandate, Shareholders are waiving their rights to a general offer at the required price from the Relevant Parties; and
 - (ii) the name and voting rights of the Relevant Parties as at the date of the resolution and after the Company exercises the power under the Share Buy-Back Mandate in full and purchases 10.0% of the issued Shares (excluding treasury shares and any subsidiary holdings);
- (b) the resolution to authorise the Share Buy-Back Mandate is approved by a majority of Shareholders who are present and voting at the AGM on a poll who could not become obliged to make an offer as a result of the share buy-back by the Company pursuant to the Share Buy-Back Mandate;
- (c) the Relevant Parties will abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to approve the Share Buy-Back Mandate;
- (d) within seven (7) days after the passing of the resolution to approve the Share Buy-Back Mandate, Mr. Andy Luong submits to the SIC a duly signed form as prescribed by the SIC; and

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- (e) the Relevant Parties have not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Buy-Back Mandate is imminent and the earlier of:
- (i) the date on which the authority of the Share Buy-Back Mandate expires; and
 - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,
- if any such acquisitions, taken together with the Shares purchased or acquired under the Share Buy-Back Mandate, would cause their aggregate voting rights to increase by more than 1.0% in the preceding six (6) months.

As such, if the aggregate voting rights held by the Relevant Parties increase by more than 1.0% solely as a result of the Company's buy-back of Shares under the Share Buy-Back Mandate, and none of them has acquired any Shares during the relevant six (6) months period, then the Relevant Parties would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy-back Shares pursuant to the Share Buy-Back Mandate and the increase in the aggregate voting rights held by the Relevant Parties as a result of the relevant buy-back of Shares at such time is less than 1.0% in any six (6) months period, the Relevant Parties acting in concert with it (if any) may acquire further voting rights in the Company. However, any increase in their percentage voting rights as a result of the buy-back of Shares pursuant to the Share Buy-Back Mandate will be taken into account together with any voting rights acquired by the Relevant Parties by whatever means in determining whether they have increased their aggregate voting rights by more than 1.0% in any six (6) months period.

9.6 Form 2 submission to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption as set out in paragraph 9.5 above from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its Share Buy-Back Mandate.

As at the Latest Practicable Date, Mr. Andy Luong has informed the Company that he will be submitting the Form 2 to the SIC within seven (7) days after the passing of the resolution relating to the renewal of the Share Buy-Back Mandate.

Advice to Shareholders

Shareholders should note that by voting for the Share Buy-Back Mandate, they are waiving their rights to a take-over offer at the required price from the Relevant Parties in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the required price.

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

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

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

	Number of Shares			
	Direct Interest		Deemed Interest	
	Shares	% ⁽¹⁾	Shares	% ⁽¹⁾
<u>Director</u>				
Andy Luong ⁽²⁾	7,300,000	1.77	316,460,636	76.62
Zee Hoong Huay	190,000	0.05	–	–
Wong Gang	–	–	–	–
Kong Chee Keong	–	–	–	–
Lee Sook Wai, Irene	–	–	–	–
<u>Substantial Shareholder (other than Directors)</u>				
UMS Holdings Limited ⁽²⁾	316,460,636	76.62	–	–

Notes:

- (1) Percentages are based on the total issued and paid-up share capital of the Company comprising 413,024,021 Shares (excluding 920,700 treasury shares and nil subsidiary holdings) as at the Latest Practicable Date.
- (2) Mr. Andy Luong holds 14.99% of the issued share capital of UMS Holdings Limited, which in turn holds 76.62% of the issued share capital of the Company. Mr. Andy Luong is therefore deemed to be interested in all the Shares held by UMS Holdings Limited in the Company.

11. SHARES PURCHASED BY THE COMPANY

The Company has not, in the last 12-month period preceding the Latest Practicable Date, made any share buy-backs.

12. DIRECTORS' RECOMMENDATION

After having considered, *inter alia*, the terms and rationale, the Directors are of the opinion that the proposed renewal of the Share Buy-Back Mandate is in the interest of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of the Share Buy-Back Mandate at the forthcoming AGM of the Company.

13. ABSTENTION FROM VOTING

The Relevant Parties shall abstain from voting on the Ordinary Resolution in relation to the proposed adoption of Share Buy-Back Mandate pursuant to the conditions for exemption under Appendix 2 of the Take-over Code (as set out in paragraph 9.5 above).

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The Relevant Parties will also decline to accept appointment as proxies to attend and vote at the AGM, unless Shareholder concerned have given specific instructions as to the manner in which their votes are to be cast in respect of the Ordinary Resolution.

14. DIRECTORS' RESPONSIBILITY STATEMENT

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

Yours faithfully
for and on behalf of the Board of Directors

Andy Luong
Executive Chairman and Chief Executive Officer