

9R LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 199307300M

UPDATE ON CESSATION OF DIRECTOR

The Directors of 9R Limited (“**the Company**”), specifically Datuk Low Kim Leng (“**Datuk Low**”), Mr Mark Leong Kei Wei (“**Mr Leong**”) and Mr Ong Swee Sin (“**Mr Ong**”) and excluding Mr Wee Hock Kee (“**Mr Wee**”) (collectively, the “**Relevant Directors**”) refer to the announcement on 11 April 2024 in relation to Mr Wee’s cessation as a Director of the Company and the requisite announcement in the form of Appendix 7G of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of 23 April 2024 (“**App 7G Announcement**”).

The Relevant Directors wish to address and provide clarifications on certain comments made and matters raised by Mr Wee as set out in the App 7G Announcement, which are extracted and reproduced below:

1. Reason for Cessation

Comments by Mr Wee

“Requested by the controlling shareholders to step down. Message was conveyed by the Executive Director/CEO on 22 February 2024 without board deliberation and approval. No reason related to my performance was given and I am unable to comprehend this request when looking back at the results of the board effectiveness evaluation exercise conducted for the financial year 2023. Please look into the individual director performance assessment report for each director pertaining to financial year 2023. This was a peer review.”

Comments / Clarifications by the Relevant Directors

- The Relevant Directors wish to highlight that under the Companies Act 1967, shareholders are only able to remove a Director by way of requisition for a shareholders meeting to be convened to consider and vote on such a resolution. Shareholders are also entitled to vote for resolutions relating to appointments/re-appointments of directors at annual general meetings. The Relevant Directors are of a view that Mr Wee ought to be cognisant of this point.
- The Relevant Directors understand that around mid-February 2024, one of the controlling shareholders of the Company conveyed to the Executive Director and CEO of the Company, Mr Ong, that should Mr Wee be put up for re-election at the Company’s forthcoming annual general meeting to be convened in April 2024 for FY2023 (“**FY2023 AGM**”), this controlling shareholder intends to vote against Mr Wee’s re-election. The said shareholder was not inclined to provide reasons for this voting intention although the Relevant Directors understand that the controlling shareholder had met Mr Wee in person previously. No results of any board or director performance evaluations had also been shared externally with any shareholder.
- Given that Mr Wee is due for re-election at the FY2023 AGM, Mr Ong conveyed this voting intention to Mr Wee for him to consider if he would like to seek re-election. Subsequently, Mr Wee conveyed to the Board that he did not intend to seek re-election at the FY2023 AGM.
- As such, the Relevant Directors disagree with Mr Wee’s comments that his cessation is due to a request from a controlling shareholder but rather due to his own volition not to seek re-election after being made known of the voting intention of a controlling shareholder. Consequently, Mr Wee’s comments that there is no board deliberation and approval on this matter and the results of any performance evaluation is moot and not relevant.
- The Relevant Directors wish to clarify that they have no interests in the shares held by this controlling shareholder.

2. Provision for Accounts Receivables

Comments by Mr Wee

“In relation to the accounts receivables provisioning for FY ended 31/12/23 amounting to S\$2.44m, an amount of S\$1.353M is due from Eostre Berhad. The board has initiated a full review of this customer to ensure there is no conflict of interest and the unsecured credit as well as price-related terms were extended on an arm’s length basis. KYC (know your customer) risk assessment and debt recovery will have to be closely monitored by the Audit and Risk Committee (ARC) for these accounts receivables.”

Comments / Clarifications by the Relevant Directors

- Eostre Berhad (“**Eostre**”) is a customer in the Company’s supply chain business and is a wholly owned subsidiary of Toga Limited (“**Toga**”), a public company. The Relevant Directors understand that there are some common shareholders between the Company and Toga, but no controlling shareholder of the Company holds more than 5% interest in Toga. Mr Ong holds less than 0.1% interest in Toga.
- The Board and management had reviewed the Group’s transactions with Eostre and had obtained advice from its professional advisors that such transactions are neither Interested Person Transactions as defined in Chapter 9 of the Catalist Rules nor Related Party Transactions pursuant to Singapore Financial Reporting Standard 24. Nonetheless, such transactions were conducted on an arm’s length basis and on standard commercial terms at market rates.
- As highlighted in the Company’s response to SGX’s queries in an announcement made on 8 March 2024, management will continue to pursue repayment vigorously and update the Board regularly. The Board had also instructed management to review its credit policy further to mitigate future credit risks.
- The Relevant Directors are satisfied with the current risk assessment review and extent of debt recovery actions and will continue to monitor this matter closely.

3. Succession Planning

Comments by Mr Wee

“Board succession planning policy and framework to be established. This is to ensure independent directors who have discharged their fiduciary duties are duly recognized and retained. The fear of being removed through rotation and retirement should be allayed.”

Comments / Clarifications by the Relevant Directors

- The terms of reference of the Company’s Nominating Committee provide for Board succession planning. The Relevant Directors are of the view that the Company’s current Board of Directors is relatively new as it was constituted in 2022.
- None of the directors are nominee directors of any controlling shareholders. Furthermore, save for Mr Ong who has a deemed interest of approximately 1.89% in the Company, none of the directors have any interests in the shares of the Company.
- Mr Ong wishes to emphasise that save for his own shareholdings, he is not acting as a nominee nor taking instructions from any shareholder. Datuk Low and Mr Leong wish to emphasise that since their appointment as Independent Directors, no shareholders have directly or indirectly influenced their deliberations and decision-making process as directors of the Company. Any queries and comments raised by the Independent Directors had been adequately addressed by management.
- The Relevant Directors are of the view that they have been diligently discharging their fiduciary duties throughout their tenures without fear or favour and do not share Mr Wee’s view that there is a “fear of being removed through rotation and retirement”.

4. CEO Performance Review

Comments by Mr Wee

“Recently the board had undertaken a performance review on the CEO for the FY 2023 and there were concerns raised on his ability to lead and manage the business of the Group. This was discussed in the Nomination Committee (NC) and an action plan had been laid out to address these gaps. His performance review will be managed by the Board Chairman.”

Comments / Clarifications by the Relevant Directors

- While there is always room for improvement, Datuk Low and Mr Leong do not agree with Mr Wee’s statement on the CEO’s ability to lead and manage the business of the Group. The Relevant Directors wish to emphasise that the key strategic decisions are deliberated and approved by the Board.
- The Relevant Directors recognise that the Group’s financial performance will need to improve as its business diversification plans mature and will work together to support management in its efforts to deliver better results to shareholders.

The Relevant Directors are in the midst of searching for a suitable candidate as Mr Wee’s replacement and would also like to express their appreciation to Mr Wee for his past service and contribution to the Group.

For and on behalf of
The Relevant Directors

Lai Kuan Loong, Victor
Company Secretary

23 April 2024

This announcement has been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “Sponsor”).

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.