

CIRCULAR DATED 19 AUGUST 2022

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

This circular is issued by ABR Holdings Limited ("Company"). If you are in any doubt as to the contents herein or as to the course of 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 of your shares in the capital of Company, you should immediately inform the purchaser or transferee or bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of Extraordinary General Meeting ("EGM") and accompanying Proxy Form and Questions Form) may be accessed on SGXNET or the Company's website at <https://abr.com.sg/>. The Singapore Exchange Securities Trading Limited assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

This Circular has been made available on SGXNet and the Company's website and may be accessed at the URL: <https://abr.com.sg/>. **A printed copy of this Circular, the Notice of EGM, the Proxy Form, the Questions Form and other documents related to this Circular will NOT be despatched to Shareholders.**

IN VIEW OF THE ONGOING COVID-19 SITUATION, ALL PARTICIPANTS AT THE EGM WILL BE REQUIRED TO ADHERE TO SAFE MANAGEMENT MEASURES TO REDUCE THE RISK OF TRANSMISSION. ALL PARTICIPANTS MUST HAVE THEIR FACE MASKS ON AT ALL TIMES DURING THE PROCEEDINGS OF THE EGM. NO FOOD WILL BE SERVED AT THE EGM AND ONLY BOTTLED WATER WILL BE PROVIDED. THE COMPANY HAS THE DISCRETION TO REVIEW AND CALIBRATE THESE MEASURES AS IT DEEMS NECESSARY IN ITS DISCRETION IN LINE WITH THE EVOLVING COVID-19 SITUATION.



ABR HOLDINGS LIMITED

(Company Registration No. 197803023H)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) PROPOSED ACQUISITION OF PROPERTIES LOCATED AT 1, 3, 5, 7 AND 9 CLUB STREET FROM CITYSTATE PROPERTIES PTE LTD AND LING AI EE FOR AN AGGREGATE CONSIDERATION OF S\$25,877,000**
- (2) PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE**

IMPORTANT DATES AND TIMES

Last date and time to submit questions for the EGM	:	29 August 2022 at 10.30 a.m.
Last date and time for lodgement of Proxy Form	:	7 September 2022 at 10.30 a.m.
Date and time of EGM	:	9 September 2022 at 10.30 a.m.
Place of EGM	:	41 Tampines Street 92 #03-00 ABR Building Singapore 528881

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"1H 2022"	:	Six months financial period ended 30 June 2022
"ABR Land"	:	ABR Land (S) Pte. Ltd.
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The annual general meeting of the Company
"associate"	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(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 a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of 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
"Average Closing Price"	:	Has the meaning ascribed to it in Section 3.3.4 of this Circular
"Board"	:	The Board of Directors
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 19 August 2022
"Companies Act"	:	The Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
"Company"	:	ABR Holdings Limited
"Consideration"	:	Has the meaning ascribed to it in Section 1 of this Circular, being the aggregate consideration of S\$25,877,000
"Constitution"	:	The constitution of the Company, as amended, modified or supplemented from time to time
"Controlling Shareholder"	:	A person who: <ul style="list-style-type: none">(a) holds directly or indirectly 15% or more of the total

DEFINITIONS

	voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or
	(b) in fact exercises control over the Company
"CPF"	: Central Provident Fund
"CPFIS"	: CPF Investment Scheme
"CPFIS Investors"	: Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"Deposit 1"	: S\$850,000, comprising the sum of: (a) Option Fee 1, being S\$170,000, which was paid by the Company to Vendor 1 on 13 May 2022 upon the grant of OTP 1; and (b) S\$680,000, being four per cent. (4.0%) of the Properties 1 Consideration, which was paid by the Company to Vendor 1 upon exercise of OTP 1 on 10 June 2022
"Deposit 2"	: S\$443,850, comprising the sum of: (a) Option Fee 2, being S\$88,770, which has been paid by the Company to Vendor 2 on 13 May 2022 upon the grant of OTP 2; and (b) S\$355,080, being four per cent. (4.0%) of the Properties 2 Consideration, which was paid by the Company to Vendor 2 upon exercise of OTP 2 on 10 June 2022
"Director(s)"	: Director(s) of the Company
"EGM"	: The extraordinary general meeting of the Company to be convened to seek Shareholders' approval for the Proposed Acquisition, notice of which is set out on pages N-1 to N-5 of this Circular
"EPS"	: Earnings per Share
"FY"	: The financial year ended 31 December
"Goods and Services Tax"	: Goods and services tax in Singapore (based on the prevailing rate as at the date of the OTPs)
"Group"	: The Company and its subsidiaries
"Independent Third Parties"	: Third parties independent from the Company and its connected persons, as well as the Company's Directors, chief executive officer (or equivalent), substantial shareholders and their respective associates (as defined under the Listing Manual), and " Independent Third Party " shall be construed accordingly
"Investors"	: Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act)

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"Latest Practicable Date"	: 12 August 2022, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	: The Listing Manual of the SGX-ST as may be amended, modified or supplemented from time to time
"Market Day"	: A day on which the SGX-ST is open for trading in securities
"Market Purchase"	: On-market purchase(s) transacted through the SGX-ST's trading system through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose
"Materially Damaged"	: Damage to Properties 1 or Properties 2 (as the case may be) such that the cost of repair or reinstatement as determined by a valuer (jointly appointed by the Company and the relevant Vendor) shall exceed 10% of the Properties 1 Consideration or Properties 2 Consideration (as the case may be)
"Maximum Price"	: (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares
"Notice of EGM"	: The notice of EGM as set out on pages N-1 to N-5 of this Circular
"NTA"	: Net tangible asset
"Off-Market Purchase"	: Off-market purchase(s) effected pursuant to an equal access scheme(s) as defined in Section 76C of the Companies Act
"Option Expiry Date"	: 4.00 p.m. on 10 June 2022
"Option Fees"	: Option Fee 1 and Option Fee 2
"Option Fee 1"	: S\$170,000, which was paid by the Company to Vendor 1 on 13 May 2022 upon the grant of OTP 1
"Option Fee 2"	: S\$88,770, which was paid by the Company to Vendor 2 on 13 May 2022 upon the grant of OTP 2
"OTP 1"	: The option to purchase Properties 1 granted by Vendor 1 to the Company in consideration of the payment by the Company of Option Fee 1 to Vendor 1
"OTP 2"	: The option to purchase Properties 2 granted by Vendor 2 to the Company in consideration of the payment by the Company of Option Fee 2 to Vendor 2
"OTPs"	: OTP 1 and OTP 2
"Properties"	: Properties 1 and Properties 2
"Properties 1"	: The properties located at 1 Club Street Singapore 069400, 3 Club Street Singapore 069401 and 5 Club Street Singapore 069402

DEFINITIONS

"Properties 1 Completion"	: Completion of the sale and purchase of Properties 1
"Properties 1 Completion Date"	: The date falling sixteen (16) weeks from the date of the exercise of OTP 1 (ie 30 September 2022)
"Properties 1 Consideration"	: An aggregate consideration of S\$17,000,000
"Properties 2"	: The adjoining properties at 7 Club Street Singapore 069403 and 9 Club Street Singapore 069404
"Properties 2 Completion"	: Completion of the sale and purchase of Properties 2
"Properties 2 Completion Date"	: The date falling sixteen (16) weeks from the date of the exercise of OTP 2 (ie 30 September 2022)
"Properties 2 Consideration"	: An aggregate consideration of S\$8,877,000
"Property Business"	: The property business comprising residential, commercial, industrial and hospitality property development, redevelopment, sale, lease, management and/or investment and other ancillary or complementary property-related activities
"Proposed Acquisition"	: The proposed acquisition of Properties 1 and Properties 2 from Vendor 1 and Vendor 2 respectively, for an aggregate consideration of S\$25,877,000 (excluding Goods and Services Tax)
"Proxy Form"	: The proxy form in respect of the EGM as set out in this Circular
"Relevant Period"	: The period commencing from the date on which the forthcoming EGM is held and Ordinary Resolution 2 relating to the proposed adoption of the Share Buyback Mandate is passed and expiring on the date the next AGM is held or required by law to be held, whichever is the earlier
"SFA"	: The Securities and Futures Act 2001 of Singapore, as may be amended, modified or supplemented from time to time
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"Shareholders"	: Shareholders of the Company
"Shares"	: Ordinary shares in the capital of the Company
"Share Buyback"	: The buyback or acquisition of Shares by the Company pursuant to the terms of the Share Buyback Mandate
"Share Buyback Mandate"	: A general and unconditional mandate given by Shareholders (including the subsequent renewal thereof if approved by Shareholders) that authorises the Directors to purchase or acquire Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and Listing Manual
"SRS"	: Supplementary Retirement Scheme, a voluntary savings scheme that is complementary to the CPF in Singapore
"SRS Investor"	: An investor who holds Shares under the SRS

DEFINITIONS

"Substantial Shareholder"	: A person who has an interest directly or indirectly in five per cent. (5%) or more of the total number of voting Shares of the Company
"Take-over Code"	: The Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time
"Tenancy Agreement 1"	: The tenancy agreement entered between Vendor 1 and The Bamboo Group Management II Pte. Ltd. dated 12 February 2018, as amended, varied and supplemented by a supplemental agreement dated 5 July 2021
"Tenancy Agreement 2"	: The tenancy agreement entered between Vendor 2 and The Bamboo Group Management II Pte. Ltd. dated 12 February 2018, as amended, varied and supplemented by a supplemental agreement dated 5 July 2021
"Vendor 1"	: Citystate Properties Pte Ltd
"Vendor 2"	: Ling Ai Ee
"Vendors"	: Vendor 1 and Vendor 2
"%" or "per cent."	: Per centum or percentage
"S\$" and "cents"	: Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA or any statutory modification thereof, as the case may be.

The terms "**treasury shares**" and "**subsidiary**" shall have the meaning ascribed to them in Section 4 and Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the one gender shall, where applicable, include all other and neuter genders. References to natural persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, Listing Manual, The Take-over Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, Listing Manual, The Take-over Code or any 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 figures included in this Circular between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Rajah & Tann Singapore LLP has been appointed as the Singapore legal adviser to the Company to advise it from a Singapore corporate law and regulatory compliance perspective in relation to the Proposed Acquisition and the proposed adoption of the Share Buyback Mandate. Lee & Lee has been appointed as the Singapore legal adviser to the Company to advise it from a Singapore real estate law perspective in relation to the Proposed Acquisition.

LETTER TO SHAREHOLDERS

ABR HOLDINGS LIMITED

(Company Registration No. 197803023H)
(Incorporated in the Republic of Singapore)

Directors:

Chua Tiang Choon, Keith (Executive Chairman)
Ang Yee Lim (Managing Director)
Ang Lian Seng (Executive Director)
Allan Chua Tiang Kwang (Non-Executive Director)
Quek Mong Hua (Independent and Non-Executive Director)
Lim Jen Howe (Independent and Non-Executive Director)
Ang Jun Hung (Alternate Director to Ang Yee Lim)

Registered Office:

41 Tampines Street 92
#03-00 ABR Building
Singapore 528881

19 August 2022

To: The Shareholders of the Company

Dear Shareholder,

(1) **PROPOSED ACQUISITION OF PROPERTIES LOCATED AT 1, 3, 5, 7 AND 9 CLUB STREET FROM CITYSTATE PROPERTIES PTE LTD AND LING AI EE FOR AN AGGREGATE CONSIDERATION OF S\$25,877,000**

(2) **PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE**

1. INTRODUCTION

1.1 Background

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval at the EGM for:

- (a) the proposed acquisition of the properties located at 1 Club Street Singapore 069400, 3 Club Street Singapore 069401 and 5 Club Street Singapore 069402 ("**Properties 1**") and the adjoining properties at 7 Club Street Singapore 069403 and 9 Club Street Singapore 069404 ("**Properties 2**") from Citystate Properties Pte Ltd ("**Vendor 1**") and Ling Ai Ee ("**Vendor 2**") respectively, for an aggregate consideration of S\$25,877,000 (excluding Goods and Services Tax) ("**Consideration**") ("**Proposed Acquisition**"); and
- (b) the proposed adoption of the Share Buyback Mandate,

as further explained respectively in Section 2 and Section 3 of this Circular.

Shareholders are advised that the SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

1.2 EGM

The Directors are convening an EGM on 9 September 2022 at 10.30 a.m., the notice of which is set out at pages N-1 to N-5 of this Circular, to seek Shareholders' approval for the Proposed Acquisition and the proposed adoption of the Share Buyback Mandate.

2. THE PROPOSED ACQUISITION

2.1 Background

Reference is made to the announcement of the Company on 13 May 2022 in relation to the acquisition of Properties 1 and Properties 2 (the "**Properties**").

On 13 May 2022, the Company announced that:

- (a) Vendor 1 had granted the Company (and/or its nominee) an option to purchase Properties 1, being the properties located at 1, 3 and 5 Club Street ("**OTP 1**"), in consideration of the payment by the Company of a sum of S\$170,000, (excluding Goods and Services Tax) ("**Option Fee 1**") to Vendor 1; and
- (b) Vendor 2 had granted the Company (and/or its nominee) an option to purchase Properties 2, being the properties located at 7 and 9 Club Street ("**OTP 2**"), in consideration of the payment by the Company of a sum of S\$88,770 (excluding Goods and Services Tax) ("**Option Fee 2**", together with Option Fee 1, "**Option Fees**") to Vendor 2.

Completion of the sale and purchase of Properties 1 and completion of the sale and purchase of Properties 2 are inter-conditional under the terms and conditions of the respective OTPs, as it is the commercial intention of the Vendors to sell the Properties as one portfolio in a single transaction. The Proposed Acquisition is executed under two separate OTPs as Properties 1 are owned by Vendor 1 and Properties 2 are owned by Vendor 2. Vendor 2 is a director and shareholder of Vendor 1.

On 10 June 2022, the Company announced that it had nominated its wholly-owned subsidiary, ABR Land, to exercise the OTPs for the purchase of the Properties. ABR Land has on 10 June 2022 exercised the OTPs together prior to the Option Expiry Date, and has paid an amount of S\$680,000 (being four per cent. (4.0%) of the Properties 1 Consideration payable upon exercise of the OTP 1) to Vendor 1 under the terms and conditions of OTP 1 and an amount of S\$355,080 (being four per cent. (4.0%) of the Properties 2 Consideration payable upon exercise of the OTP 2) to Vendor 2 under the terms and conditions of OTP 2, both of which amounts will be held, together with the Option Fees, by the Vendors' solicitors as stakeholders pending Properties 1 Completion and Properties 2 Completion respectively.

2.2 Information about the Properties

The Properties are five (5) adjoining shophouses comprising of three (3) shophouses which are three (3) storeys high with an attic, and two (2) shophouses which are two (2) storeys high. The Properties have a combined land area of approximately 3,557 square feet and total built-up area of approximately 7,225 square feet. The leasehold of both Properties 1 and Properties 2 commenced on 15 January 1996, and the remaining lease term of the Properties is 73 years.

The Properties are sold on an "as is where is" basis, and Properties 1 and Properties 2 are also respectively sold subject to existing tenancies, pursuant to a tenancy agreement entered between Vendor 1 and The Bamboo Group Management II Pte. Ltd. on 12 February 2018, in respect of Properties 1, and a tenancy agreement entered between Vendor 2 and The Bamboo Group Management II Pte. Ltd. on 12 February 2018, in respect of Properties 2, of which both tenancy agreements were amended, varied and supplemented by a supplemental agreement entered into on 5 July 2021.

The rental rates from 16 July 2022 to 15 July 2023 for (i) the existing tenancy in relation to Properties 1 is S\$28,795.07 per month, and (ii) the existing tenancy in relation to Properties 2 is S\$17,941.07 per month. As at the Latest Practicable Date, to the best of their knowledge, the Directors do not foresee any potential issues with the collectability of rent from the tenant

LETTER TO SHAREHOLDERS

of the Properties.

To the best of the knowledge of the Directors, the Properties are a mix of office and retail space, with the entire ground floor leased to popular food and beverage operators, whilst the upper floors are offices occupied by corporate tenants.

Apart from depreciation and interest costs, the direct expenses arising from the Properties would include property tax, insurance and professional fees, which is estimated to be about S\$60,000 per year. Based on the current annual rental income of S\$560,832 from the Properties, less the aforementioned direct expenses of S\$60,000, the current rental yield of the Properties is approximately 1.9%.

2.3 Information about the Vendors

Vendor 1 is a company that was incorporated in Singapore on 13 September 1990 and is an investment holding company.

Vendor 2 is an individual who is a Singapore citizen, and is a director and shareholder of Vendor 1.

Vendor 1 and Vendor 2 are Independent Third Parties to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries.

There were no introducers or persons performing such function, and there was no commission payable by the Company to any person in connection with the Proposed Acquisition.

2.4 OTP 1

The salient terms of OTP 1 are set out below:

Date of OTP 1 : 13 May 2022

Parties : 1. the Company (and/or its nominee), as the purchaser. On 10 June 2022, the Company nominated its wholly-owned subsidiary, ABR Land, to exercise OTP 1.

2. Vendor 1, who is an Independent Third Party, as vendor of Properties 1, being the properties located at:

- (a) 1 Club Street Singapore 069400;
- (b) 3 Club Street Singapore 069401; and
- (c) 5 Club Street Singapore 069402

For further information on Vendor 1, please refer to Section 2.3 of this Circular.

LETTER TO SHAREHOLDERS

Consideration : The aggregate consideration payable for the purchase of Properties 1 ("**Properties 1 Consideration**") is an aggregate of S\$17,000,000.

The Properties 1 Consideration was determined based on arm's length negotiations between the Company and Vendor 1 and was arrived at on a willing-buyer willing-seller basis after an open tender process in which the Company participated, and taking into account, *inter alia*, the various commercial factors such as the location of Properties 1, the property market in the vicinity and prevailing market conditions, factors and indicatives. In view of the foregoing, no formal valuation has been conducted or commissioned for the purpose of the Proposed Acquisition.

Despite the absence of a formal valuation, the Board adopted a holistic assessment, taking into consideration (i) information from the marketing agent, including past bids, (ii) recent transactions in the vicinity of comparable properties, (iii) prevailing market conditions and (iv) the outlook of the market. To the best of the Directors' knowledge, the Properties 1 Consideration was not significantly higher than the market price of the other bids.

The three properties comprising Properties 1 are on a single title deed. Therefore in determining the value of Properties 1, the three properties were evaluated as a whole and not individually.

Payment and payment schedule : The Properties 1 Consideration is or will be satisfied (as the case may be) by the payment of monies to Vendor 1 as follows:

- (a) S\$170,000 (being one per cent. (1.0%) of the Properties 1 Consideration) upon the grant of OTP 1, which has been paid on 13 May 2022;
- (b) S\$680,000 (being four per cent. (4.0%) of the Properties 1 Consideration) (together with Option Fee 1, "**Deposit 1**"), which has been paid upon exercise of OTP 1 on 10 June 2022; and
- (c) S\$16,150,000 (being the balance 95.0% of the Properties 1 Consideration) upon completion of the sale and purchase of Properties 1 ("**Properties 1 Completion**").

The Group intends to satisfy the Properties 1 Consideration through a combination of internal resources and/or bank borrowings.

Deposit : Deposit 1 shall be held by Vendor 1's solicitors as stakeholders pending Properties 1 Completion.

In the event the sale and purchase of Properties 1 is rescinded or null and void, Vendor 1 shall forthwith refund to the Company all monies paid, including the Deposit 1, without interest.

LETTER TO SHAREHOLDERS

However, notwithstanding the foregoing, in the event the Company does not obtain Shareholders' approval for the Proposed Acquisition by the Properties 1 Completion Date, being the date falling 16 weeks from the date of exercise of OTP 1 by the Company (ie 30 September 2022), the sale and purchase of Properties 1 shall be null and void, and Vendor 1 shall be entitled to forfeit Deposit 1 and all other monies paid to it under OTP 1.

Possession : Properties 1 are sold on an "as is where is" basis, and are further sold subject to an existing tenancy pursuant to a tenancy agreement entered between Vendor 1 and The Bamboo Group Management II Pte. Ltd. dated 12 February 2018, as amended, varied and supplemented by a supplemental agreement dated 5 July 2021 ("**Tenancy Agreement 1**").

Based on publicly available records, the Bamboo Group Management II Pte. Ltd. was incorporated in Singapore on 28 March 2013, its principal activities are residential (other than town councils), commercial and industrial real estate management, and it is held by Gattie Benjamin Kumar, a British citizen, and Karupiah Sarathambal Nantha Kumaree, a Singapore citizen, in equal shareholding proportions. Gattie Benjamin Kumar and Karupiah Sarathambal Nantha Kumaree are also the directors of The Bamboo Group Management II Pte. Ltd. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Directors are not aware of any relationship between the Vendors on the one hand and The Bamboo Group Management II Pte. Ltd., Gattie Benjamin Kumar and/or Karupiah Sarathambal Nantha Kumaree on the other hand.

The salient terms of Tenancy Agreement 1 are set out below:

Term of Tenancy: 16 July 2021 to 15 July 2024

Renewal Terms: Vendor 1 and The Bamboo Group Management II Pte. Ltd. may mutually agree to a renewal of the tenancy for a further term from 16 July 2024 to 31 May 2027, on similar conditions, covenants and stipulations, except that rental is to be mutually agreed, subject to a limit of fifteen per cent (15%) increase or decrease in the rental amount.

Rental Sum: The Bamboo Group Management II Pte. Ltd. shall pay the following rental amounts:

Year	Start	End	Rent per month (S\$)
Year 1	16 July 2021	15 July 2022	20,447.97
Year 2	16 July 2022	15 July 2023	28,795.07
Year 3	16 July 2023	15 July 2024	28,795.07

Deposit: The security deposit for Properties 1 shall be the initial deposit of S\$92,004.00.

LETTER TO SHAREHOLDERS

Pre-termination: Tenancy Agreement 1 is for a fixed term. In the event any party decides to terminate Tenancy Agreement 1 before its expiry for any reason other than as provided for in Tenancy Agreement 1, then the other party shall be entitled to enforce the terms of the Tenancy Agreement 1 for specific performance, damages (to recover any losses suffered) or otherwise, as the case may be.

Notwithstanding the above, Vendor 1 shall have the right to sell Properties 1 (or any portion(s) thereof) and assign the tenancy for Properties 1 and the security deposit for Properties 1 to the purchaser upon prior written notice to The Bamboo Group Management II Pte. Ltd. of not less than one (1) month.

Conditions precedent

: The sale and purchase of Properties 1 will be conditional upon, *inter alia*, the following:

- (a) the Company obtaining the approval from its Shareholders to purchase Properties 1 on the terms of OTP 1;
- (b) the Company's solicitors receiving satisfactory replies to their legal requisitions to the various government departments and the Land Transport Authority; and
- (c) the sale and purchase of Properties 1 and the sale and purchase of Properties 2 completing simultaneously.

In the event approval from the Shareholders for the sale and purchase of Properties 1 is not obtained by the Properties 1 Completion Date, being the date falling 16 weeks from the date of exercise of OTP 1 by the Company (ie 30 September 2022), the sale and purchase of Properties 1 shall be null and void and Vendor 1 shall be entitled to forfeit Deposit 1 and all other monies paid to it under OTP 1 (being approximately S\$850,000).

Completion

: Subject to satisfaction of the conditions precedent in OTP 1, Properties 1 Completion is expected to take place on the Properties 1 Completion Date, being the date falling 16 weeks from the date of exercise of OTP 1 by the Company (ie 30 September 2022).

Upon payment of the balance of the Properties 1 Consideration, Vendor 1 shall execute and deliver to the Company a proper and registrable assurance of Properties 1, such assurance to be prepared by and at the expense of the Company.

For the avoidance of doubt, the sale and purchase of Properties 1 is to be completed simultaneously with the sale and purchase of Properties 2 as it is the commercial intention of the Vendors to sell the Properties as one portfolio in a single transaction.

LETTER TO SHAREHOLDERS

Termination : OTP 1 may be rescinded by the Company by notice in writing to Vendor 1's solicitors, and the sale and purchase of Properties 1 shall become null and void where:

- (a) any replies to the Company's solicitor's legal requisitions is not satisfactory, provided that any reply in respect of which no rescission notice has been served on Vendor 1's solicitors by the date falling two (2) weeks prior to the Properties 1 Completion Date shall be deemed satisfactory;
- (b) a notice of acquisition or intended acquisition is served by the relevant authority affecting five per cent. (5%) or more of the aggregate land area of Properties 1 before the actual date of Properties 1 Completion;
- (c) there is an encroachment affecting five per cent. (5%) or more of the aggregate land area of Properties 1, save that all state land encroachments are excluded; or
- (d) at any time prior to Properties 1 Completion, Properties 1 are Materially Damaged, save where Properties 1 are Materially Damaged due to the act or default or omission on the part of the Company, its agents, contractors or employees.

OTP 1 may be rescinded by Vendor 1 at its option by giving notice to the Company, and the sale and purchase of Properties 1 shall become null and void where any cheque issued in payment or purported payment of Option Fee 1 or Deposit 1 or any part thereof is dishonoured.

In the event OTP 1 is rescinded or null and void, then:

- (i) Vendor 1 shall forthwith refund to the Company all monies paid by the Company free of interest;
- (ii) the Company shall forthwith return or procure the return of all title deeds and documents in respect of Properties 1 which had been delivered to the Company or its solicitors by Vendor 1 or Vendor 1's solicitors without any claim or lien whatsoever;
- (iii) the Company shall at the Company's cost and expense withdraw or procure the withdrawal of all caveats and cancel all entries relating to Properties 1 in the Singapore Land Authority lodged by the Company or any person claiming under the Company;
- (iv) Vendor 1 and the Company shall bear their own solicitors' costs in the matter; and
- (v) neither the Company nor Vendor 1 shall have any claim, demand, lien, or right whatsoever against the other in respect of OTP 1 or Properties 1.

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2.5 OTP 2

The salient terms of OTP 2 are set out below:

- Date of OTP 2** : 13 May 2022
- Parties** : 1. the Company (and/or its nominee), as the purchaser. On 10 June 2022, the Company nominated its wholly-owned subsidiary, ABR Land, to exercise OTP 2.
2. the Vendor 2, who is an Independent Third Party, as vendor of Properties 2, being the adjoining properties at:
- (a) 7 Club Street Singapore 069403; and
- (b) 9 Club Street Singapore 069404

For further information on Vendor 2, please refer to Section 2.3 of this Circular.

- Consideration** : The aggregate consideration payable for the purchase of Properties 2 ("**Properties 2 Consideration**") is an aggregate of S\$8,877,000.

The Properties 2 Consideration was determined based on arm's length negotiations between the Company and Vendor 2 and was arrived at on a willing-buyer willing-seller basis after an open tender process in which the Company participated, and taking into account, *inter alia*, the various commercial factors such as the location of Properties 2, the property market in the vicinity and prevailing market conditions, factors and indicatives. In view of the foregoing, no formal valuation has been conducted or commissioned for the purpose of the Proposed Acquisition.

Despite the absence of a formal valuation, the Board adopted a holistic assessment, taking into consideration (i) information from the marketing agent, including past bids, (ii) recent transactions in the vicinity of comparable properties, (iii) prevailing market conditions and (iv) the outlook of the market. To the best of the Directors' knowledge, the Properties 2 Consideration was not significantly higher than the market price of the other bids.

The two properties comprising Properties 2 are on a single title deed. Therefore in determining the value of Properties 2, the two properties were evaluated as a whole and not individually.

- Payment and payment schedule** : The Properties 2 Consideration is or will be satisfied (as the case may be) by the payment of monies to Vendor 2 as follows:
- (a) S\$88,770 (being one per cent. (1.0%) of the Properties 2 Consideration) upon the grant of OTP 2, which has been paid on 13 May 2022;
- (b) S\$355,080 (being four per cent. (4.0%) of the Properties 2 Consideration) (together with Option Fee 2, "**Deposit 2**") which has been paid upon exercise of OTP 2 on 10 June 2022; and

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- (c) S\$8,433,150 (being the balance 95.0% of the Properties 2 Consideration upon completion of the sale and purchase of Properties 2 ("**Properties 2 Completion**").

The Group intends to satisfy the Properties 2 Consideration through a combination of internal resources and/or bank borrowings.

Deposit : Deposit 2 shall be held by Vendor 2's solicitors as stakeholders pending Properties 2 Completion.

In the event the sale and purchase of Properties 2 is rescinded or null and void, Vendor 2 shall forthwith refund to the Company all monies paid, including the Deposit 2, without interest.

However, notwithstanding the foregoing, in the event the Company does not obtain Shareholders' approval for the Proposed Acquisition by the Properties 2 Completion Date, being the date falling 16 weeks from the date of exercise of OTP 2 by the Company (ie 30 September 2022), the sale and purchase of Properties 2 shall be null and void, and Vendor 2 shall be entitled to forfeit Deposit 2 and all other monies paid to it under OTP 2.

Possession : Properties 2 are sold on an "as is where is" basis, and are further sold subject to an existing tenancy, pursuant to a tenancy agreement entered between Vendor 2 and The Bamboo Group Management II Pte. Ltd. dated 12 February 2018, as amended, varied and supplemented by a supplemental agreement dated 5 July 2021 ("**Tenancy Agreement 2**").

Please refer to Section 2.4 of this Circular, under the sub-section "Possession" for more information on The Bamboo Group Management II Pte. Ltd.

The salient terms of Tenancy Agreement 2 are set out below:

Term of Tenancy: 16 July 2021 to 15 July 2024

Renewal Terms: Vendor 2 and The Bamboo Group Management II Pte. Ltd. may mutually agree to a renewal of the tenancy for a further term from 16 July 2024 to 31 May 2027, on similar conditions, covenants and stipulations, except that rental is to be mutually agreed, subject to a limit of fifteen per cent (15%) increase or decrease in the rental amount.

Rental Sum: The Bamboo Group Management II Pte. Ltd. shall pay the following rental amounts:

Year	Start	End	Rent per month
Year 1	16 July 2021	15 July 2022	12,740.33
Year 2	16 July 2022	15 July 2023	17,941.07
Year 3	16 July 2023	15 July 2024	17,941.07

Deposit: The security deposit for Properties 2 shall be the initial deposit of S\$59,046.00.

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Pre-termination: Tenancy Agreement 2 is for a fixed term. In the event any party decides to terminate Tenancy Agreement 2 before its expiry for any reason other than as provided for in Tenancy Agreement 2, then the other party shall be entitled to enforce the terms of Tenancy Agreement 2 for specific performance, damages (to recover any losses suffered) or otherwise, as the case may be.

Notwithstanding the above, Vendor 2 shall have the right to sell Properties 2 (or any portion(s) thereof) and assign the tenancy of Properties 2 and the security deposit for Properties 2 to the purchaser upon prior written notice to The Bamboo Group Management II Pte. Ltd. of not less than one (1) month.

Conditions precedent

: The sale and purchase of Properties 2 will be conditional upon, *inter alia*, the following:

- (a) the Company obtaining the approval from its Shareholders to purchase Properties 2 on the terms of OTP 2;
- (b) the Company's solicitors receiving satisfactory replies to their legal requisitions to the various government departments and the Land Transport Authority; and
- (c) the sale and purchase of Properties 1 and the sale and purchase of Properties 2 completing simultaneously.

In the event approval from the Shareholders for the sale and purchase of Properties 2 is not obtained by the Properties 2 Completion Date, being the date falling 16 weeks from the date of exercise of OTP 2 by the Company (ie 30 September 2022), the sale and purchase of Properties 2 shall be null and void and Vendor 2 shall be entitled to forfeit Deposit 2 and all other monies paid to it under OTP 2 (being approximately S\$443,850).

Completion

: Subject to satisfaction of the conditions precedent in OTP 2, Properties 2 Completion is expected to take place on the Properties 2 Completion Date, being the date falling 16 weeks from the date of exercise of OTP 2 by the Company (ie 30 September 2022).

Upon payment of the balance of Properties 2 Consideration, the Vendor 2 shall execute and deliver to the Company a proper and registrable assurances of Properties 2, such assurance to be prepared by and at the expense of the Company.

For the avoidance of doubt, the sale and purchase of Properties 2 is to be completed simultaneously with the sale and purchase of Properties 1 as it is the commercial intention of the Vendors to sell the Properties as one portfolio in a single transaction.

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- Termination** : OTP 2 may be rescinded by the Company by notice in writing to Vendor 2's solicitors, and the sale and purchase of Properties 2 shall become null and void where:
- (a) any replies to the Company's solicitor's legal requisitions is not satisfactory, provided that any reply in respect of which no rescission notice has been served on Vendor 2's solicitors by the date falling two (2) weeks prior to the Properties 2 Completion Date shall be deemed satisfactory;
 - (b) a notice of acquisition or intended acquisition is served by the relevant authority affecting five per cent. (5%) or more of the aggregate land area of Properties 2 before the actual date of Properties 2 Completion;
 - (c) there is an encroachment affecting five per cent. (5%) or more of the aggregate land area of Properties 2, save that all state land encroachments are excluded; or
 - (d) at any time prior to Properties 2 Completion, Properties 2 are Materially Damaged, save where Properties 2 are Materially Damaged due to the act or default or omission on the part of the Company, its agents, contractors or employees.

OTP 2 may be rescinded by Vendor 2 at its option by giving notice to the Company, and the sale and purchase of Properties 2 shall become null and void where any cheque issued in payment or purported payment of Option Fee 2 or Deposit 2 or any part thereof is dishonoured.

In the event OTP 2 is rescinded or null and void, then:

- (i) Vendor 2 shall forthwith refund to the Company all monies paid by the Company (free of interest);
- (ii) the Company shall forthwith return or procure the return of all title deeds and documents in respect of Properties 2 which had been delivered to the Company or its solicitors by Vendor 2 or Vendor 2's solicitors without any claim or lien whatsoever;
- (iii) the Company shall at the Company's cost and expense withdraw or procure the withdrawal of all caveats and cancel all entries relating to Properties 2 in the Singapore Land Authority lodged by the Company or any person claiming under the Company;
- (iv) Vendor 2 and the Company shall bear their own solicitors' costs in the matter; and
- (v) neither the Company nor Vendor 2 shall have any claim, demand, lien, or right whatsoever against the other in respect of OTP 2 or Properties 2.

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2.6 Reasons for and Benefits of the Proposed Acquisition

The Board is of the view that the Proposed Acquisition is in the best interests of the Group and the Shareholders. It is in line with the diversification of the Group's business to include the Property Business and is part of the corporate strategy of the Group.

Despite the Properties being loss-making, on balance, the benefits of the Proposed Acquisition include the potential for capital appreciation to the Group, an increase in brand value with a flagship property in a prized location, and prime spaces made available for the Group's lifestyle brands and concepts.

The Proposed Acquisition will allow the Group to strengthen both of its core business pillars, being (a) real estate and (b) food and beverage ("F&B"), by creating opportunities for the Group to launch, develop and house new, lifestyle, F&B and retail concepts. The prime location of the Properties presents the Group with a valuable opportunity to have a flagship property to represent the Group's vision and showcase its brands and concepts.

The Company is not in possession of any historical financial performance of the Properties. To the best of knowledge of the Directors, the Properties have been fully tenanted for at least the past five (5) years. The Board of Directors is also of the view that there is a strong demand for retail and commercial spaces, which demand is unlikely to decline.

For reasons above, the Board considers that the acquisitions of Properties 1 and Properties 2, and the respective transactions contemplated under OTP 1 (including the Properties 1 Consideration) and OTP 2 (including Properties 2 Consideration) are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

2.7 Relative Figures under Rule 1006 of the Listing Manual

The relative figures for the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Listing Manual and based on the Group's latest announced unaudited consolidated financial statements for the six months ended 30 June 2022 ("1H 2022") are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, as compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits	(333.6%) ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	28.6% ⁽²⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽³⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable

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Notes:

- (1) Computed based on (i) estimated net loss before tax (for six months) attributable to the Properties acquired of S\$193,500; and (ii) the Group's profit before tax of S\$58,000 based on the Group's unaudited consolidated financial statements for 1H 2022. As the Group recorded a marginal profit for 1H2022, the resultant relative figure of (333.6%) is not meaningful. If the relative figure under Rule 1006(b) was computed based on the Group's audited consolidated financial statements for the year ended 31 December 2021 (as set out in the announcement of the Company of 13 May 2022), this would have been (34.1%).

Net loss attributable to the Properties acquired is calculated based on prevailing rental income from the master tenant, taking into consideration estimated operating expenses arising from the Properties (including annual depreciation charge of S\$534,000) and estimated interest on the acquisition loan. Depreciation of the Properties is calculated on a straight-line method over their expected useful life of 50 years and interest is calculated assuming 80% loan financing over a tenure of 25 years.

The remaining lease term of the Properties is 73 years which is significantly longer than the expected useful life of the Properties. The consequent effect of this mismatch of useful life, alongside the assumptions on rental income and loan financing, skew the expected result of this Proposed Acquisition.

Despite the remaining lease term of the Properties being 73 years, depreciation is computed over 50 years. This is consistent with the other investment property held by the Group with remaining lease term exceeding 50 years and the same is also applied to freehold investment properties held by the Group.

If depreciation is instead computed on a straight-line method over the remaining lease term of 73 years and interest is instead calculated based on the actual loan tenure of 15 years, the annual net loss attributable to the Properties would be reduced from S\$412,000 to S\$244,000.

- (2) Based on the Consideration of S\$25,877,000 and the market capitalisation of the Company of approximately S\$90.59 million, which was determined by multiplying the issued share capital of the Company of 200,995,734 shares by the volume-weighted average price of such shares transacted on 12 May 2022 (being the last Market Day on which the shares were traded prior to the date of the OTP) of S\$0.4507 per share.
- (3) No equity securities are being issued by the Company as consideration for the Proposed Acquisition.

As the relative figures computed under Rules 1006(b) and 1006(c) of the Listing Manual exceed 20%, the Proposed Acquisition would constitute a major transaction under Chapter 10 of the Listing Manual. The Proposed Acquisition is therefore subject to the approval of the Shareholders at an EGM to be convened.

Pursuant to the Company's circular to Shareholders dated 14 April 2014, the Company set out, *inter alia*, that it would: (a) in respect of its first transaction in the Property Business that is equal to or more than 20% of the prescribed thresholds under Rule 1006 of the Listing Manual; or (b) where transactions related to the Property Business over a 12-month period, when aggregated, are equal to or more than 20% of the prescribed thresholds under Rule 1006 of the Listing Manual, in respect of the transaction that triggers the 20% threshold, seek Shareholders' approval for such transaction, provided that this shall not apply where the transaction pertains to a public or private tender for property in which the Group is bidding and the conditions of tender set by the property owner do not permit a potential bidder to subject its bid to its Shareholders' approval or in the case where the transaction pertains to other than a tender for property, the counterparty has expressly provided in the terms of the transaction that it will not accept the Group's participation in the transaction if such participation is subject to its Shareholders' approval (even though the Group has used its best endeavours to persuade the counterparty otherwise).

In accordance with the above, the Company will seek the approval of its Shareholders for the Proposed Acquisition at the EGM.

2.8 Financial Effects of the Proposed Acquisition

The Properties will be held as investment properties in the Group after completion of the Proposed Acquisition. The investment properties of the Group are expected to increase by approximately S\$26.7 million which consists of the Properties 1 Consideration and the Properties 2 Consideration, stamp duty and legal fee. The net asset value of the Group is expected to remain unchanged as the increase in investment properties mentioned above will be offset by the increase in bank borrowings and decrease in cash of the Group.

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Based on the assessment of the Directors on the outlook of the property market in Singapore, in particular in relation to the shophouse market in the Chinatown conservation area, including the rejuvenation of the Club Street vicinity, on balance, the Directors do not anticipate that the future value of the Properties may have to be written down after completion of the Proposed Acquisition, and accordingly, the likelihood of a material impact on the financials of the Company is low.

The *proforma* financial effects set out below in this Section are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after completion of the Proposed Acquisition.

The *proforma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2021 subject to the following assumptions:-

- (a) the financial effect on the consolidated NTA per share of the Company is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2021; and
- (b) the financial effect on the EPS of the Company is computed based on the assumption that the Proposed Acquisition was completed on 1 January 2021.

NTA

As at 31 December 2021	Before the Proposed Acquisition	After completion of the Proposed Acquisition
NTA (S\$'000)	80,213	80,213
Number of issued shares ('000)	200,996	200,966
NTA per share (cents)	39.9	39.9

EPS

FY2021	Before the Proposed Acquisition	After completion of the Proposed Acquisition
Profit attributable to the owners of the Company (S\$'000)	2,487	2,075
Weighted average number of issued shares ('000)	200,996	200,966
EPS (cents)	1.24	1.03

Note:

The difference between the profit attributable to the owners of the Company before the Proposed Acquisition and after the Proposed Acquisition of S\$412,000 was due to the net loss (after tax) attributable to the Properties acquired.

2.9 Undertaking from Controlling Shareholder

Mr Ang Yee Lim, who is the Managing Director of the Company, and who legally and beneficially owns or has interests in 104,231,501 shares in the capital of the Company, representing approximately 51.86% of the total number of issued shares in the capital of the Company as at the Latest Practicable Date, has undertaken to the Vendors to vote in favour of the resolutions which are proposed at the EGM to approve the Proposed Acquisition.

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2.10 Directors' Service Contracts

No person is intended to be appointed as a director of the Company in connection with the Proposed Acquisition and no service contract is intended to be entered into between the Company and any such person.

3. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

3.1 Background

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the rules of the Listing Manual, the Company's Constitution and such other laws and regulations as may for the time being be applicable. It is also a requirement that if the Company wishes to purchase or otherwise acquire its own shares, it should obtain the prior approval from its Shareholders to do so at a general meeting.

Accordingly, approval is being sought from Shareholders at the EGM for the proposed adoption of the Share Buyback Mandate. An ordinary resolution will be proposed, pursuant to which the proposed Share Buyback Mandate will be given to the Directors to exercise all powers on behalf of the Company to purchase or otherwise acquire its Shares in accordance with the terms of the proposed Share Buyback Mandate as well as the rules and regulations set forth in the Companies Act and the Listing Manual.

If approved by Shareholders at the EGM, the authority conferred by the Share Buyback Mandate will continue in force until the conclusion of the next AGM of the Company or the date by which such AGM is required by law to be held or the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated or when the authority conferred is revoked or varied in any general meeting of the Company, whichever is the earliest. The Share Buyback Mandate may be renewed by the Shareholders in any general meeting.

3.2 Rationale for the Share Buyback Mandate

The rationale for the adoption of the Share Buyback Mandate to allow the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) the Share Buyback Mandate will provide the Company with the flexibility to undertake Share Buybacks at any time, subject to market conditions and compliance with the Listing Manual, during the period when the Share Buyback Mandate is in force;
- (b) the Share Buyback Mandate will provide the Company with greater flexibility in managing its capital to achieve a more efficient capital structure and maximising returns to Shareholders. Undertaking the Share Buyback at the appropriate level is one of the ways through which return of equity (and depending on market conditions, the EPS and the NTA per Share) of the Company may be enhanced;
- (c) the Share Buyback Mandate will facilitate the return of excess cash and surplus funds (if any) to Shareholders in an expedient, effective and cost-efficient manner;
- (d) short-term speculation may at times cause the market price of the Company's Shares to be depressed below the true value of the Company and the Group. The Share Buyback Mandate will provide Directors with the means to help mitigate short-term market volatility, offset the effects of short-term speculation, protect existing Shareholders' investments and bolster Shareholder confidence in a depressed share-price situation through judicious purchases of Shares to enhance the EPS. Shares purchased or acquired by the Company will also enhance the net asset value per Share if the Share purchases and acquisitions are made at a price below the net asset value per Share; and

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- (e) the Share Buyback Mandate will accord greater flexibility to the Company in providing Shares to eligible employees under its future share-based incentive schemes, if any. Subject to prevailing legislation, the Constitution, the Listing Manual and the rules of the relevant share-based incentive schemes, the Company has the discretion to either issue new Shares, deemed fully paid upon issuance and allotment, to eligible employees, or transfer existing Shares to such eligible employees (whether held as treasury shares or otherwise). Shares purchased or acquired under the Share Buyback Mandate can be held by the Company as treasury shares to satisfy the Company's obligation to furnish Shares to eligible employees under such share-based incentive schemes, thus giving the Company greater flexibility to select the method of providing Shares to eligible employees in a manner most beneficial to the Company and its Shareholders.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the ten per cent. (10%) limit referred to in Section 3.3.1 of this Circular during the period referred to in Section 3.3.2 of this Circular, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full ten per cent. (10%) limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback 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 condition of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

3.3 Terms of the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buyback Mandate are summarised below:-

3.3.1 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 which may be purchased or acquired pursuant to the Share Buyback Mandate during the Relevant Period is limited to that number of Shares representing not more than ten per cent. (10%) of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of the forthcoming EGM at which the Share Buyback Mandate is approved, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions under 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 subsidiary holdings that may be held by the Company from time to time. As at the Latest Practicable Date, the Company does not have any treasury shares or any subsidiary holdings.

For illustrative purposes only, on the basis of 200,995,734 Shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the EGM, not more than 20,099,573 Shares (representing 10% of the total number of issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate during the Relevant Period.

3.3.2 Duration of authority

Purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the forthcoming EGM, at which the adoption of the Share Buyback Mandate is approved, up to the earliest of:-

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- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting.

The Share Buyback Mandate may be renewed at each AGM or other general meeting of the Company. When seeking the approval of Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

3.3.3 Manner of purchases or acquisitions of Shares

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

- (a) on-market purchase(s) ("**Market Purchase**"), transacted through the SGX-ST's trading system through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme(s) as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are consistent with the Share Buyback Mandate, the Listing Manual, the Companies Act and the Constitution, as they consider appropriate in the interests of the Company in connection with or in relation to any equal access scheme(s). Under the Companies Act, an equal access scheme must, however, satisfy all 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 the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers shall be 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 offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to Rule 885 of the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders containing at least the following information:-

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;

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- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the purchase or acquisition of Shares, if made, could affect the listing of the Shares on the SGX-ST;
- (f) details of any purchases or acquisitions of Shares 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 of Shares, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or held as treasury shares.

3.3.4 Maximum Purchase 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 or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares,

(the "**Maximum Price**") in either case, excluding related expenses of the Share Buyback.

For the above purposes:-

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the day on which the Market Purchase or, as the case may be, the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme, and deemed to be adjusted in accordance with the rules of the Listing Manual for any corporate action which occurs during the relevant five (5) Market Day period and the day on which the purchases are made; and

"day on which the Company makes an announcement of an offer" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from the Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 **Status of Purchased Shares**

A Share purchased or acquired by the Company shall be deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire upon cancellation), unless such Share is held by the Company 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.

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All such cancelled Shares will be automatically delisted by the SGX-ST, and (where applicable) certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interest of the Company at that time.

3.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:-

3.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

3.5.2 Voting and Other Rights

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

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

3.5.3 Disposal and Cancellation

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

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Pursuant to Rules 704(28) of the Listing Manual, the Company will immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;

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- (iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.6 Source of Funds

The Company may only apply funds for the purchase or acquisition of Shares in accordance with the Constitution of the Company and the applicable laws and regulations in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company is permitted under the Companies Act to purchase or acquire its own Shares out of capital, as well as from its distributable profits, provided that:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up or if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use its internal sources of funds to finance purchases or acquisitions of its Shares. The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would materially affect the financial position, working capital requirements or investment ability of the Group.

3.7 Financial Effects

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases or Shares that may be made pursuant to the Share Buyback Mandate as the resultant effect would depend on, amongst others, the aggregate number of Shares purchased, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled.

Under the Companies Act, purchases of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

For illustration purposes only, and based on the assumptions set out below, the financial effects of the:

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- (a) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and held as treasury shares; and
- (b) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and cancelled,

on the audited financial statements of the Group and the Company for FY2021 are set out in the sections below.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Buyback Mandate by way of purchases made out of capital are set out in this Circular.

For illustrative purposes only, in a Market Purchase, assuming that:-

- (a) the Maximum Price is S\$0.476, which is five per cent (5%) above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date; and
- (b) the Company has 200,995,734 Shares as at the date of the EGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares on or prior to the date of the EGM and excluding treasury shares and subsidiary holdings), such that not more than 20,099,573 Shares may be purchased or acquired by the Company pursuant to the Share Buyback Mandate,

the maximum amount of funds required for the purchase of up to 20,099,573 Shares under and during the duration of the Share Buyback Mandate, is approximately S\$9.6 million.

For illustrative purposes only, in an Off-Market Purchase, assuming that:-

- (a) the Maximum Price is S\$0.544, which is twenty per cent (20%) above the average of the closing market prices of a Share over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date; and
- (b) the Company has 200,995,734 Shares as at the date of the EGM (being the number of Shares at the Latest Practicable Date, assuming no change in the number of Shares prior to the date of the EGM and excluding treasury shares and subsidiary holdings), such that not more than 20,099,573 Shares may be purchased or acquired by the Company pursuant to the Share Buyback Mandate,

the maximum amount of funds required for the purchase of up to 20,099,573 Shares under and during the duration of the Share Buyback Mandate, is approximately S\$10.9 million.

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Scenario A: Purchases made entirely out of capital and held as treasury shares

Based on the above assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate based on the Company's and the Group's audited financial statement for FY2021 is as follows:

As at 31 December 2021	Group			Company		
	Before Share Purchase	After Market Purchase	After Off-Market Purchase	Before Share Purchase	After Market Purchase	After Off-Market Purchase
Equity Attributable to Owners of the Company (S\$'000)	95,729	86,162	84,795	92,095	82,528	81,161
Non-controlling Interests (S\$'000)	2,271	2,271	2,271	-	-	-
Total Equity (S\$'000)	98,000	88,433	87,066	92,095	82,528	81,161
NTA (S\$'000)	80,213	70,646	69,729	92,095	82,528	81,161
Treasury Shares (S\$'000)	-	9,567	10,934	-	9,567	10,934
Current Assets (S\$'000)	52,236	42,669	41,302	29,150	19,583	18,216
Current Liabilities (S\$'000)	31,479	31,479	31,479	22,638	22,638	22,638
Working Capital (S\$'000) ⁽¹⁾	20,757	11,190	9,823	6,512	(3,055)	(4,422)
Borrowings (S\$'000) ⁽²⁾	5,076	5,076	5,076	5,000	5,000	5,000
Cash and Cash Equivalents	42,059	32,492	31,125	22,507	12,940	11,573
Profit Attributable to Owners of the Company (S\$'000)	2,487	2,487	2,487	11,735	11,735	11,735
Number of Shares (excluding treasury shares)	200,995,734	180,896,161	180,896,161	200,995,734	180,896,161	180,896,161
Treasury Shares	-	20,099,573	20,099,573	-	20,099,573	20,099,573
Total Shares	200,995,734	200,995,734	200,995,734	200,995,734	200,995,734	200,995,734
<u>Financial Ratios</u>						
NTA per Share (cents) ⁽³⁾	39.91	39.05	38.30	45.82	45.62	44.87
EPS (cents) ⁽⁴⁾	1.24	1.37	1.37	5.84	6.49	6.49
Current Ratio (times) ⁽⁵⁾	1.66	1.36	1.31	1.29	0.87	0.80
Gearing Ratio (times) ⁽⁶⁾	0.05	0.06	0.06	0.05	0.06	0.06

Notes:

- (1) Working capital refers to current assets less current liabilities.
- (2) Borrowings represent bank loan and banker's acceptance, excluding lease liabilities.
- (3) NTA per share refers to NTA divided by the number of Shares (excluding treasury shares).
- (4) EPS refers to profit attributable to owners of the Company divided by the number of Shares (excluding treasury shares).
- (5) Current ratio refers to current assets divided by current liabilities.
- (6) Gearing ratio refers to borrowings divided by total equity.

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Scenario B: Purchases made entirely out of capital and cancelled

Based on the above assumptions, the impact of the Share Buyback by the Company undertaken in accordance with the Share Buyback Mandate based on the Company's and the Group's audited financial statement for FY2021 is as follows:

As at 31 December 2021	Group			Company		
	Before Share Purchase	After Market Purchase	After Off-Market Purchase	Before Share Purchase	After Market Purchase	After Off-Market Purchase
Equity Attributable to Owners of the Company (S\$'000)	95,729	86,162	84,795	92,095	82,528	81,161
Non-controlling Interests (S\$'000)	2,271	2,271	2,271	-	-	-
Total Equity (S\$'000)	98,000	88,433	87,066	92,095	82,528	81,161
NTA (S\$'000)	80,213	70,646	69,279	92,095	82,528	81,161
Treasury Shares (S\$'000)	-	-	-	-	-	-
Current Assets (S\$'000)	52,236	42,669	41,302	29,150	19,583	18,216
Current Liabilities (S\$'000)	31,479	31,479	31,479	22,638	22,638	22,638
Working Capital (S\$'000) ⁽¹⁾	20,757	11,190	9,823	6,512	(3,055)	(4,422)
Borrowings (S\$'000) ⁽²⁾	5,076	5,076	5,076	5,000	5,000	5,000
Cash and Cash Equivalents	42,059	32,492	31,125	22,507	12,940	11,573
Profit Attributable to Owners of the Company (S\$'000)	2,487	2,487	2,487	11,735	11,735	11,735
Number of Shares (excluding treasury shares)	200,995,734	180,896,161	180,896,161	200,995,734	180,896,161	180,896,161
Treasury Shares	-	-	-	-	-	-
Total Shares	200,995,734	180,896,161	180,896,161	200,995,734	180,896,161	180,896,161
Financial Ratios						
NTA per Share (cents) ⁽³⁾	39.91	39.05	38.30	45.82	45.62	44.87
EPS (cents) ⁽⁴⁾	1.24	1.37	1.37	5.84	6.49	6.49
Current Ratio (times) ⁽⁵⁾	1.66	1.36	1.31	1.29	0.87	0.80
Gearing Ratio (times) ⁽⁶⁾	0.05	0.06	0.06	0.05	0.06	0.06

Notes:

- (1) Working capital refers to current assets less current liabilities.
- (2) Borrowings represent bank loan and banker's acceptance, excluding lease liabilities.
- (3) NTA per share refers to NTA divided by the number of Shares (excluding treasury shares).
- (4) EPS refers to profit attributable to owners of the Company divided by the number of Shares (excluding treasury shares).
- (5) Current ratio refers to current assets divided by current liabilities.
- (6) Gearing ratio refers to borrowings divided by total equity.

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for FY2021 and is not necessarily representative of future financial performance.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

3.8 Tax Implications

Where the Company uses its profits or contributed capital for the Share purchase, proceeds received by Shareholders who sell their Shares to the Company will be treated for income tax purposes like any other disposal of shares. Generally, whether or not such proceeds are taxable in the hands of Shareholders will depend on whether or not such proceeds are receipts of an income or capital nature in the hands of the respective Shareholders.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

3.9 Reporting Requirements

3.9.1 SGX-ST

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. 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.

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

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3.9.2 ACRA

Within 30 days of the passing of a Shareholders' resolution to approve the purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

Within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase or acquisition in the prescribed form, such notification including, amongst others, the details of the purchase or acquisition, the total number of Shares purchased or acquired 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 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.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form as required by ACRA.

3.10 **Take-over Implications**

Appendix 2 to 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.

3.10.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

3.10.2 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 the company.

Unless the contrary is established, the following persons will, amongst others, be presumed to be acting in concert:-

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);and

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(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

A company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

- (b) 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);
- (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 whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of (i) the adviser and persons controlling, controlled by or under the same control as the adviser, and (ii) all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors 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 the instructions of that individual, 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 for the purchase of voting rights.

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

3.10.3 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 under Rule 14 if, as a result of the Company purchasing or acquiring the Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights by such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is 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 buying back its own Shares, the voting rights of such Shareholder will increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

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3.10.4 Application of the Take-over Code

- (a) As at the Latest Practicable Date (i) Mr Chua Tiang Choon Keith, who is the Executive Chairman of the Company (ii) Mr Allan Chua Tiang Kwang, who is a Non-Executive Director of the Company (iii) Mr Chua Tiang Chuan (iv) Kechapi Pte Ltd and (v) Alby (Private) Limited (collectively, "**Relevant Group**"), each of whom is a substantial shareholder of the Company, are deemed parties acting in concert with each other, and together hold in aggregate 57,525,858 Shares, representing 28.62% of the issued and paid-up share capital of the Company.
- (b) Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date and on the assumption that:
- (i) no further Shares are issued on or prior to the date of the EGM;
 - (ii) the Company purchases or acquires the maximum amount of 10% of its total number of issued Shares, comprising 20,099,573 Shares; and
 - (iii) there is no change in the number of Shares held by each member of the Relevant Group,

the shareholdings of each member of the Relevant Group before and after such purchase or acquisition of Shares by the Company will be as follows:

Names of the members of the Relevant Group	Percentage of Shares and voting rights as at the Latest Practicable Date			Percentage of Shares and voting rights after the maximum Share purchases permitted under the Share Buyback Mandate		
	Direct Interest	Deemed Interest	Total Interest	Direct Interest	Deemed Interest	Total Interest
	No. of Shares	Number of Shares	% ⁽¹⁾	No. of Shares	No. of Shares	% ⁽²⁾
Chua Tiang Choon Keith	300,000	56,925,858	28.47	300,000	56,925,858	31.63
Allan Chua Tiang Kwang	300,000	56,925,858	28.47	300,000	56,925,858	31.63
Chua Tiang Chuan	-	56,925,858	28.32	-	56,925,858	31.47
Kechapi Pte Ltd	56,925,858	-	28.32	56,925,858	-	31.47
Alby (Private) Limited	-	56,925,858	28.32	-	56,925,858	31.47

Notes:

- (1) Based on 200,995,734 Shares in issue (excluding treasury shares) as at the Latest Practicable Date.
- (2) Based on the total number of 180,896,161 issued Shares, assuming the Company purchases the maximum of 20,099,573 Shares under the Share Buyback Mandate.

Assuming the Company purchases the maximum of 20,099,573 Shares under the Share Buyback Mandate, the aggregate shareholding of the members of the Relevant Group would increase from 28.62% to 31.80% of the voting rights in the Company. Thus, under the Take-over Code, each of the members of the Relevant Group will become obliged under the Takeover Code to make an offer under Rule 14 of the Take-over Code, unless exempted under paragraph 3(a) of Appendix 2 of the Take-over Code.

- (c) Pursuant to Appendix 2 of the Take-over Code, members from the Relevant Group will

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be exempted from the requirement to make a general offer for the Company pursuant to Rule 14 of the Take-over Code in the event that the aggregate voting rights of the members of the Relevant Group increase to 30% or more as a result of the Company purchasing or acquiring its Shares pursuant to the Share Buyback Mandate, subject to the following conditions:

- (i) the circular to Shareholders on the resolution to authorise the Share Buyback Mandate contains advice to the effect that by voting for the Share Buyback Mandate, shareholders are waiving their rights to a general offer at the required price from members of the Relevant Group who, as a result of the Company buying back its shares, would increase their voting rights to 30% or more; the names of members of the Relevant Group and their voting rights at the time of the resolution and after the proposed share buyback to be disclosed in the same circular;
- (ii) the resolution to authorise the Share Buyback 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 as a result of the Share Buyback Mandate;
- (iii) members of the Relevant Group to abstain from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Share Buyback Mandate;
- (iv) within seven (7) days after the passing of the resolution to authorise the Share Buyback Mandate, each member of the Relevant Group who is a Director to submit to the SIC a duly signed form as prescribed by the SIC;
- (v) members of the Relevant Group not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the Share Buyback Mandate is imminent and the earlier of:
 - (A) the date on which the authority of the Share Buyback Mandate expires; and
 - (B) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to cease buying back its Shares,

as the case may be, if such acquisitions, taken together with those purchased by the Company under the Share Buyback Mandate, would cause their aggregate voting rights to increase to 30% or more.

If the Company has ceased to buy back its Shares and the aggregate voting rights held by members of the Relevant Group at such time is less than 30%, members of the Relevant Group will incur an obligation to make a general offer for the Company pursuant to Rule 14 of the Take-over Code if they acquire additional voting rights (other than as a result of the Company purchase of Shares under the Share Buyback Mandate) that cause them to hold 30% or more of the voting rights of the Company.

It should be noted that approving the Share Buyback Mandate will constitute a waiver by the Shareholders in respect of their rights to a general offer by the Relevant Group, at the required price, if a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate results in an increase in their aggregate voting rights to 30% or more.

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

the SIC at the earliest opportunity.

3.10.5 Submission of Form 2 to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2 of the Take-over Code) 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 (please refer to condition set out at Section 3.10.4(c)(iv) of this Circular) from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the Share Buyback Mandate. As at the Latest Practicable Date, each member of the Relevant Group who is a Director has informed the Company that he/she will be submitting Form 2 to the SIC within seven days after the passing of the resolution approving the Share Buyback Mandate.

3.11 Listing Manual

3.11.1 Restrictions on Share Buybacks

While the Listing Manual does not expressly prohibit the purchase of shares by a listed company during any particular time or times, the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its Shares. In this regard, the Company will not purchase any Shares pursuant to the Share Buyback Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases and/or Off-Market Purchases during the following periods and at all times in compliance with Rule 1207(19) of the Listing Manual:-

- (a) where the Company announces its quarterly financial statements (whether required by the SGX-ST or otherwise), the Company will not purchase or acquire any shares during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year, and one (1) month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant financial statements; and
- (b) where the Company does not announce its quarterly financial statements, the Company will not purchase or acquire any Shares during the period commencing one (1) month before the announcement of the Company's half year and full year financial statements, and ending on the date of the announcement of the relevant financial statements.

3.11.2 Free float

The Company is required under Rule 723 of the Listing Manual to ensure that at least ten per cent. (10%) of its issued Shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of a company and its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 36,298,375 Shares, representing 18.06% of the total number of issued Shares, are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases from the public up to the full ten per cent (10%) limit pursuant to the Share Buyback Mandate, the number of Shares in the hands of the public would be reduced to 16,198,802 Shares, representing 8.95% of the reduced total number of issued Shares of the Company, which is lower than the abovementioned threshold of ten per cent (10%) which is required under Rule 723 of the Listing Manual.

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In view of the foregoing, the Company is unable to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST as this would result in an insufficient number of Shares held by public shareholders. Accordingly, the Company shall ensure that the number of Shares it purchases or acquires subsequently pursuant to the Share Buyback Mandate will not result in the number of Shares remaining in the hands of the public to fall below 10% of the total number of issued Shares of the Company (excluding treasury shares, preference shares and convertible equity securities) or to such a level as to cause trading illiquidity or to affect orderly trading.

3.12 Previous Share Buybacks

The Company has not purchased any Shares during the 12-month period preceding the Latest Practicable Date.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest ⁽¹⁾		Total Interest	
	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Directors						
Chua Tiang Choon, Keith ⁽³⁾	300,000	0.15	56,925,858	28.32	57,225,858	28.47
Allan Chua Tiang Kwang ⁽³⁾	300,000	0.15	56,925,858	28.32	57,225,858	28.47
Ang Yee Lim ⁽⁴⁾	104,231,501	51.86	-	-	104,231,501	51.86
Ang Lian Seng	2,300,000	1.14	-	-	2,300,000	1.14
Lim Jen Howe	300,000	0.15	-	-	300,000	0.15
Quek Mong Hua ⁽⁵⁾	300,000	0.15	40,000	0.02	340,000	0.17
Substantial Shareholders (other than Directors)						
Kechapi Pte Ltd ⁽⁶⁾	56,925,858	28.32	-	-	56,925,858	28.32
Alby (Private) Limited ⁽³⁾	-	-	56,925,858	28.32	56,925,858	28.32
Chua Tiang Chuan ⁽³⁾	-	-	56,925,858	28.32	56,925,858	28.32

Notes:

- (1) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
- (2) Based on 200,995,734 Shares in issue (excluding treasury shares) as at the Latest Practicable Date.
- (3) Deemed to have interest by virtue of their shareholdings in Alby (Private) Limited, which in turns holds shares in Kechapi Pte Ltd. Kechapi Pte Ltd holds 56,925,858 Shares.
- (4) 60,027,000 Shares are held through nominees.
- (5) Deemed to have interest in 40,000 Shares held by his spouse.
- (6) 30,000,000 Shares are held through nominees.

None of the Directors, or as far as the Company is aware, the Substantial Shareholders, have any interest, direct or indirect, in the Proposed Acquisition and/or the proposed adoption of the Share Buyback Mandate other than through their respective directorships and shareholdings in the Company.

5. DIRECTORS' RECOMMENDATIONS

5.1 The Proposed Acquisition

Having considered, *inter alia*, the rationale and benefits of the Proposed Acquisition as set out under Section 2.6 of this Circular, the Board considers that the Proposed Acquisition, and OTP 1 and OTP 2, and the transactions contemplated under OTP 1 and OTP 2 are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the Proposed Acquisition at the EGM as set out in the Notice of EGM.

5.2 The Proposed Adoption of the Share Buyback Mandate

Save for Mr Chua Tiang Choon Keith and Mr Allan Chua Tiang Kwang, who are members of the Relevant Group and who are required to abstain from recommending Shareholders to vote in favour of the proposed adoption of the Share Buyback Mandate (in compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code and as reflected in the condition set out in Section 3.10.4(c)(iii) of this Circular), the remaining Directors (i.e. Mr Ang Yee Lim, Mr Ang Lian Seng, Mr Quek Mong Hua and Mr Lim Jen Howe, collectively "**Relevant Directors**") having considered, *inter alia*, the rationale for the Share Buyback Mandate, are of the opinion that the adoption of the Share Buyback Mandate is in the best interests of the Company.

Accordingly, the Relevant Directors recommend that Shareholders vote in favour of Ordinary Resolution 2 relating to the proposed adoption of the Share Buyback Mandate at the EGM as set out in the Notice of EGM.

5.3 Ordinary Resolutions Not Inter-conditional

For the avoidance of doubt, Ordinary Resolution 1 relating to the Proposed Acquisition and Ordinary Resolution 2 relating to the proposed adoption of the Share Buyback Mandate are not inter-conditional.

6. ABSTENTION FROM VOTING ON ORDINARY RESOLUTION 2

Mr Chua Tiang Choon Keith and Mr Allan Chua Tiang Kwang have informed the Company that save for the members of the Relevant Group, there are no other parties acting in concert (as defined under the Take-over Code) with them for the purpose of Ordinary Resolution 2 relating to the proposed adoption of the Share Buyback Mandate.

In compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code (as reflected in the condition set out in Section 3.10.4(c)(iii) of this Circular), Mr Chua Tiang Choon Keith, Mr Allan Chua Tiang Kwang and Kechapi Pte Ltd will abstain, and will procure that their concert parties (being the other members of the Relevant Group) shall abstain from voting, whether by representative or proxy, on Ordinary Resolution 2 relating to the proposed adoption of the Share Buyback Mandate. In addition, Mr Chua Tiang Choon Keith and Mr Allan Chua Tiang Kwang will not accept, and will procure that members of the Relevant Group do not accept, nominations as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 2 in relation to the Share Buyback Mandate, unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish for their votes to be cast for Ordinary Resolution 2 relating to the proposed adoption of the Share Buyback Mandate.

7. EXTRAORDINARY GENERAL MEETING

The EGM will be held at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881 on 9 September 2022 at 10.30 a.m. for the purpose of considering, and, if thought fit, passing, with or without any modifications, Ordinary Resolution 1 in respect of the Proposed Acquisition and Ordinary Resolution 2 in respect of the proposed adoption of the Share Buyback Mandate, as set out in the Notice of EGM on pages N-1 to N-5 of this Circular.

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8. ACTION TO BE TAKEN BY SHAREHOLDERS

8.1 Submission of questions in advance of the EGM

Shareholders and Investors may submit substantial and relevant questions related to the resolutions to be tabled for approval for the EGM by submitting the completed Questions Form in advance of the EGM.

How to submit questions in advance of EGM:

- (a) All Questions Forms must be submitted in the following manner:
 - (i) if submitted electronically, be submitted via email at egm2022@abr.com.sg; or
 - (ii) if submitted by post, be lodged at the registered office of the Company at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881,in either case, **by 10.30 a.m. on 29 August 2022** for the purposes of the EGM.
- (b) The Questions Form may be accessed and downloaded from the Company's website at the URL <https://abr.com.sg/> and on SGXNet.
- (c) The Company will endeavour to address all substantial and relevant questions:
 - (i) (if received by the deadline set out in Section 8.1(a) of this Circular) before the EGM, and in any case by 10.30 a.m. on 5 September 2022, on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at URL <https://abr.com.sg/>; or
 - (ii) (if received after the deadline set out in Section 8.1(a) of this Circular) during the EGM.
- (d) The Company will also, within one (1) month after the date of the EGM, publish the minutes of the EGM on SGXNet and the Company's website, and the minutes will include the responses to the questions referred to above.

Due to the current COVID-19 situation in Singapore and the related safe distancing measures which may make it difficult for shareholders to submit completed Questions Forms by post, Shareholders and Investors are strongly encouraged to submit their completed Questions Forms electronically via email.

8.2 Submission of Proxy Form

- (a) Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf, should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event:
 - (i) if submitted electronically, via email to the Company at egm2022@abr.com.sg ; or
 - (ii) if submitted by post, to reach the registered office of the Company at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881,in either case, **by 10.30 a.m. on 7 September 2022** (being 48 hours before the time appointed for holding the EGM).

The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he subsequently wishes to do so. In such an

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event, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked, and the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

- (b) The Proxy Form may be accessed and downloaded from the Company's website at the URL <https://abr.com.sg/> and on SGXNet.
- (c) Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (“Investors”) (other than CPFIS Investors and SRS Investors) who wish to vote should approach his/her relevant intermediary by **10.30 a.m. on 31 August 2022, being at least seven (7) working days before the date of the EGM**, to specify his/her voting instructions.

Due to the current COVID-19 situation in Singapore and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

8.3 Depositor not Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the time fixed for the EGM.

9. 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 of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Share Buyback 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 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 this Circular in its proper form and context.

10. INSPECTION OF DOCUMENTS

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, the following documents are available for inspection at the registered office of the Company at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual report and audited financial statements of the Company for FY2021;
- (c) the unaudited financial statements of the Company for 1H2022; and
- (d) the OTPs.

By order of the Board

ABR Holdings Limited
Chua Tiang Choon, Keith
Executive Chairman