

PROPOSED REVERSE TAKEOVER OF SKYLINK APAC PTE. LTD. BY SINCAP GROUP LIMITED



SKYLINK APAC PTE. LTD.
(Incorporated in the Republic of Singapore)
Company registration 202509469G

SINCAP GROUP LIMITED
(Incorporated in the Republic of Singapore)
Company registration 201005161G

CIRCULAR DATED 20 AUGUST 2025

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

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

BEFORE MAKING ANY INVESTMENT IN THE SHARES (AS DEFINED BELOW), YOU SHOULD CONSIDER THE INFORMATION PROVIDED IN THIS DOCUMENT CAREFULLY, AND CONSIDER WHETHER YOU UNDERSTAND WHAT IS DESCRIBED IN THIS DOCUMENT. YOU SHOULD ALSO CONSIDER WHETHER AN INVESTMENT IN THE SHARES BEING OFFERED IS SUITABLE FOR YOU, TAKING INTO ACCOUNT YOUR INVESTMENT OBJECTIVES AND RISK APPETITE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY. YOU ARE RESPONSIBLE FOR YOUR OWN INVESTMENT CHOICES.

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

A copy of this Circular has been lodged with the Singapore Exchange Securities Trading Limited ("SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore ("Authority" or "MAS") on 20 August 2025. Neither the Authority nor the SGX-ST has examined or approved the contents of this Circular. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Circular, including the correctness or accuracy of any of the statements made, reports contained, or opinions expressed in this Circular. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that the Enlarged Group is suitable to be listed on the Catalist of the SGX-ST and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares, the Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares or the Conversion Shares. The lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority, does not imply that the Securities and Futures Act 2001 of Singapore, or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with.

An application has been made to the SGX-ST for permission for the listing of and quotation for the Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares on the Catalist of the SGX-ST. The listing and quotation notice for the Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares, if issued by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Target Group, the Enlarged Group, the Shares, the Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

The Company is a sponsored company listed on Catalist and may carry higher investment risk when compared with larger or more established companies listed on the Mainboard of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor"). It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Mr Tan Kian Tiong, Telephone: +65 6232 3210, 1 Robinson Road, #21-01 AIA Tower, Singapore 048542.

YOUR ATTENTION IS DRAWN TO SECTION 18 TITLED "RISK FACTORS" OF THIS CIRCULAR WHICH HIGHLIGHTS CERTAIN MATERIAL RISKS RELATING TO THE TARGET GROUP, ITS BUSINESS AND INDUSTRY AND OWNERSHIP OF THE SHARES FOLLOWING SPA COMPLETION. SHAREHOLDERS ARE ADVISED TO TAKE THESE FACTORS INTO CONSIDERATION WHEN DECIDING ON THE PROPOSED TRANSACTIONS.

IF ANY OF THE RISKS SET OUT IN SECTION 18 DEVELOPS INTO AN ACTUAL EVENT, THE ENLARGED GROUP'S BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS COULD BE MATERIALLY AND ADVERSELY AFFECTED. IN SUCH CASES, THE TRADING PRICE OF THE SHARES COULD DECLINE AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENT.

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- (1) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SKYLINK APAC PTE. LTD., BEING A REVERSE TAKEOVER;
- (2) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 177,777,777 CONSIDERATION SHARES TO THE VENDOR FOR THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.225 FOR EACH CONSIDERATION SHARE;
- (3) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE VENDOR AND PARTIES ACTING IN CONCERT WITH IT;
- (4) THE PROPOSED ALLOTMENT AND ISSUE OF 4,059,908 MR CHU'S SETTLEMENT SHARES AT THE ISSUE PRICE OF S\$0.225 FOR EACH MR CHU'S SETTLEMENT SHARE;
- (5) THE PROPOSED ALLOTMENT AND ISSUE OF 606,755 OTHER SETTLEMENT SHARES AT THE ISSUE PRICE OF S\$0.225 FOR EACH OTHER SETTLEMENT SHARE;
- (6) THE PROPOSED ALLOTMENT AND ISSUE OF 444,444 SAC CAPITAL SHARES AT THE ISSUE PRICE OF S\$0.225 FOR EACH SAC CAPITAL SHARE;
- (7) THE PROPOSED COMPLIANCE PLACEMENT WHICH COMPRISES THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 15,000,000 NEW PLACEMENT SHARES AND THE SALE BY THE VENDOR OF UP TO 6,000,000 VENDOR SHARES AT THE PLACEMENT PRICE OF S\$0.20 FOR EACH PLACEMENT SHARE;
- (8) THE PROPOSED ISSUE OF UNLISTED CONVERTIBLE BONDS OF AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$5,000,000 CONVERTIBLE INTO CONVERSION SHARES AT AN INITIAL CONVERSION PRICE OF S\$0.225 FOR EACH CONVERSION SHARE;
- (9) THE PROPOSED CHANGE OF CORE BUSINESS;
- (10) THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "SINCAP GROUP LIMITED" TO "SKYLINK HOLDINGS LIMITED";
- (11) THE PROPOSED APPOINTMENT OF PROPOSED NEW DIRECTORS;
- (12) THE PROPOSED ADOPTION OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS;
- (13) THE PROPOSED NEW SHARE ISSUE MANDATE; AND
- (14) THE PROPOSED CHANGE OF INDEPENDENT AUDITOR FROM FOO KON TAN LLP TO FORVIS MAZARS LLP.

Sponsor and Financial Adviser to the Company



SAC CAPITAL PRIVATE LIMITED
(Company Registration Number: 200401542N)
(Incorporated in the Republic of Singapore)

ABOUT SKYLINK APAC PTE. LTD. (THE “TARGET GROUP”)

Founded in 2017, Skylink APAC is a one-stop customer-centric commercial vehicle specialist that has grown into one of the largest commercial vehicle leasing companies in Singapore¹.

The Target Group comprises 3 business segments:



COMMERCIAL VEHICLE LEASING BUSINESS

Leasing of a wide range of commercial vehicles for mobility, transportation and logistics needs

KEY STATISTICS²



1,239
commercial vehicle fleet



CREDIT BUSINESS

Offers vehicle financing solutions for customers who wish to purchase or refinance their own vehicles



S\$65.41 million
principal loan book



ENGINEERING BUSINESS

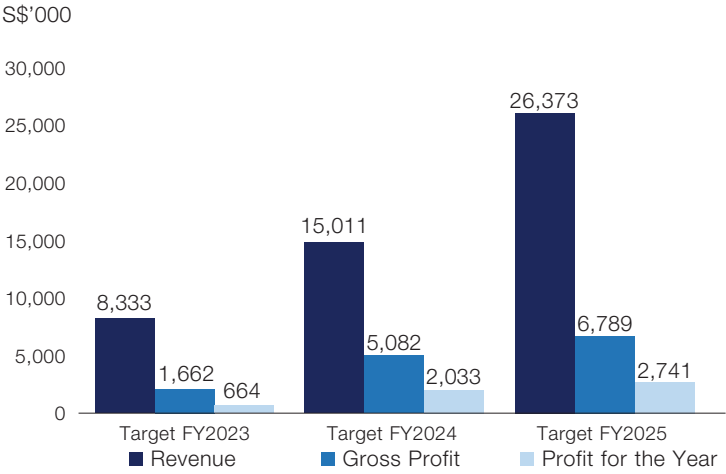
Wide range of Maintenance, Repair & Overhaul (MRO) services and engineering solutions to suit specific business needs



7 workshop units

FINANCIAL HIGHLIGHTS

KEY FINANCIALS



Metric	Target FY2023	Target FY2024	Target FY2025
Revenue	8,333	15,011	26,373
Gross Profit	1,662	5,082	6,789
Profit for the Year	664	2,033	2,741

PROPOSED DIVIDEND RECOMMENDATION

TARGET

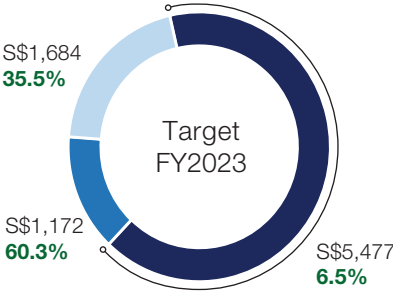
FY2026

30%

of NPAT

* Shareholders and prospective investors should note that all of the foregoing statements, including the Proposed Dividend, are statements of the intention of the Proposed New Board and shall not constitute legally binding statements in respect of future dividends which may be subject to the sole and absolute discretion of the Proposed New Board. Please refer to Section 17 titled “Dividend Policy of the Enlarged Group” of this Circular for further details.

REVENUE BREAKDOWN BY SEGMENT (\$'000) & GROSS MARGINS

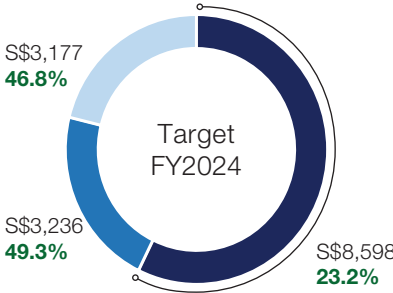


Target FY2023

Segment	Revenue (\$'000)	Percentage
Leasing	S\$5,477	65.5%
Credit	S\$1,172	60.3%
Engineering	S\$1,684	35.5%

Gross Margins

Segment	Gross Margin (\$'000)	Percentage
Leasing	S\$8,598	23.2%
Credit	S\$3,236	49.3%
Engineering	S\$3,177	46.8%

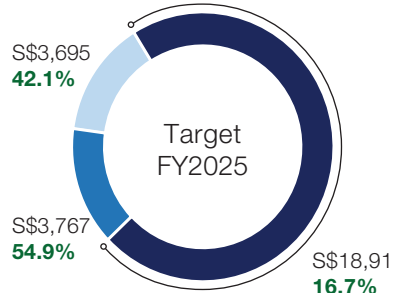


Target FY2024

Segment	Revenue (\$'000)	Percentage
Leasing	S\$8,598	23.2%
Credit	S\$3,236	49.3%
Engineering	S\$3,177	46.8%

Gross Margins

Segment	Gross Margin (\$'000)	Percentage
Leasing	S\$8,598	23.2%
Credit	S\$3,236	49.3%
Engineering	S\$3,177	46.8%



Target FY2025

Segment	Revenue (\$'000)	Percentage
Leasing	S\$8,598	23.2%
Credit	S\$3,236	49.3%
Engineering	S\$3,177	46.8%

Gross Margins

Segment	Gross Margin (\$'000)	Percentage
Leasing	S\$8,598	23.2%
Credit	S\$3,236	49.3%
Engineering	S\$3,177	46.8%

1 According to the Independent Market Report.
2 As at the Latest Practicable Date.

INVESTMENT MERITS



A market leader⁽¹⁾ who is well-positioned for growth amid M&A opportunities

- The Target Group is one of the largest commercial vehicle leasing companies in Singapore⁽¹⁾, with over **1,239** commercial vehicles as at the Latest Practicable Date
- According to the Independent Market Report, the Commercial Vehicle Leasing industry is a highly fragmented market with a mix of large, established and small operators. More vehicle leasing companies are undertaking M&A activities or forming strategic partnerships amid highly competitive market
- According to the Independent Market Report, forecasted growth of the commercial leasing industry is expected to reach between **S\$1.17 billion to S\$1.44 billion** by end of 2028, with a CAGR of **9.14% to 11.10%**



High growth company to become one of the largest commercial vehicle leasing companies⁽¹⁾ in Singapore within 7 years

- The Target Group has demonstrated high growth to become one of the largest commercial vehicle leasing companies in Singapore⁽¹⁾ within 7 years
- The Target Group delivered a CAGR of **77.9%** and **103.2%** in revenue and net profits after tax, respectively, and high growth with minimal capital base, achieving ROE of **23.9%** to **52.0%** from Target FY2023 to Target FY2025, demonstrating the strength of its business fundamentals and scalability
- The Target Group increased its fleet size from **215** commercial vehicles as at the end of Target FY2023 to **1,239** as at the Latest Practicable Date, and increased its loan book size significantly from an aggregate principal amount of around **S\$24.16 million** as at the end of Target FY2023 to **S\$65.41 million** as at the Latest Practicable Date
- Predictable revenue with about **S\$15.2 million** in minimum lease receivables over the next 12 months as at 31 March 2025 and approximately **85.8%** of leasing contracts exceed one year



Scalable business model powered by an Integrated Ecosystem Offering End-to-End Commercial Mobility Solutions

- The Target Group benefits from a synergistic ecosystem that provides customers with comprehensive, one-stop commercial mobility solutions. Each business segment contributes to the collective growth of the Target Group, allowing the Target Group to obtain more leveraged banking facilities and generates higher returns in a self-compounding business cycle
- In particular, leveraging asset-backed block discounting facilities to generate higher profit margins from its Credit Business, achieving between **49.3% to 60.3%** gross profit margins over Target FY2023 and Target FY2025



Strong leadership team with proven execution capabilities

- Since its inception, the Target Group has demonstrated a strong ability to execute its strategic vision with agility and precision, and grown into one of the largest commercial vehicle leasing companies in Singapore (according to the Independent Market Report), which underscores the effectiveness of its business model, leadership team, and operational execution
- This rapid ascent has been made possible by the management team, who collectively bring extensive industry experience and with keen business acumen to capitalise on emerging trends

⁽¹⁾ According to the Independent Market Report.

OVERVIEW OF THE PROPOSED TRANSACTIONS

Total Consideration of up to S\$42.3 million comprising and to be satisfied by:

Base Consideration of S\$28.3 million
• S\$27.5 million shall be satisfied by the allotment and issue of 122,222,222 Base Consideration Shares to the Vendor (or its nominee(s)) at the Issue Price of S\$0.225 per share • S\$800,000 shall be paid in cash to the Vendor
Deferred Consideration of up to S\$14.0 million ⁽²⁾
• Up to S\$12.5 million shall be satisfied by the allotment and issue of up to 55,555,555 Deferred Consideration Shares to the Vendor (or its nominee(s)) at the Issue Price of S\$0.225 per share to the Vendor • Up to S\$1.5 million shall be paid in cash to the Vendor

⁽²⁾ For more information on the Deferred Consideration, please refer to Section 2.5.2(d) titled “Deferred Consideration” of this Circular.

BUSINESS STRATEGIES AND FUTURE PLANS



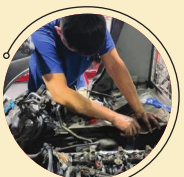
Expand the Credit Business by securing additional block discounting facilities and/or increasing size of its loan book

- The Target Group believes that the expansion of its Credit Business offers significant opportunities for growth, with its higher profit margins and low operating risk, due to the asset-backed nature of hire purchase financing.
- The Target Group plans to secure additional block discounting facilities to further develop its Credit Business, allowing it to provide more financing solutions to its customers while enhancing its ability to grow its loan book.



Expand fleet of commercial vehicles for leasing to increase market share

- The Target Group will continue to expand its current fleet of commercial vehicles for leasing via direct purchase of commercial vehicles and/or M&A of fleets and/or leasing companies.
- To capture additional market share and increase its recurring revenue streams through leasing contracts, broaden its portfolio and offer a more diverse range of commercial vehicles available for lease.



Expand the capacity and expertise of the Engineering Business

- To expand the capacity of the Engineering Business to support the anticipated expansion of the Target Group's leasing fleet, enhance the range and complexity of its engineering services and to serve more external customers, which will help build customer loyalty and open new opportunities for cross-selling across the business segments.
- The growth in its engineering capabilities will enable the Target Group to offer more customisable and complex services to meet the evolving needs of its customers.

USE OF PROCEEDS

S\$4.2 million
Placement Shares
New Shares:
S\$3.0 million
Vendor Shares:
S\$1.2 million
S\$0.20 per share



S\$' million

4.00	Expansion of Credit Business through securing additional block discounting facilities and/or increasing loan book
1.29	Expansion of Commercial Vehicle Leasing Business and Engineering Business and other working capital purposes
0.90	Expansion through mergers and acquisitions, joint ventures and/or strategic alliances
6.19	Total Net Proceeds

S\$5.0 million
Redeemable
Convertible Bonds
3 years, 8% interest
per annum



IMPORTANT DATES AND TIMES

Last date and time for submission of questions to be asked during the EGM	: 29 August 2025 at 6:00 pm
Last date and time for lodgement of Proxy Form	: 8 September 2025 at 10:00 a.m.
Date and time of EGM	: 11 September 2025 at 10:00 a.m.
Place of EGM	: 10 Anson Road, #31-06 International Plaza, Singapore 079903

For more information, please visit: <https://www.skylink.com.sg/>
Useful contacts: ir@skylink.com.sg



CONTENTS

	PAGE
CORPORATE INFORMATION	5
DEFINITIONS.....	8
GLOSSARY OF TECHNICAL TERMS.....	27
EXCHANGE CONTROLS AND TAXATION	30
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	34
TAKEOVER LIMITS	36
INDICATIVE TIMETABLE.....	37
LETTER TO SHAREHOLDERS	38
1. INTRODUCTION	39
2. PROPOSED ACQUISITION AND PROPOSED ISSUE OF CONSIDERATION SHARES.....	41
3. THE PROPOSED WHITEWASH RESOLUTION.....	58
4. THE PROPOSED ISSUE OF MR CHU'S SETTLEMENT SHARES.....	61
5. THE PROPOSED ISSUE OF OTHER SETTLEMENT SHARES	65
6. THE PROPOSED ISSUE OF SAC CAPITAL SHARES	68
7. THE PROPOSED COMPLIANCE PLACEMENT AND THE PROPOSED CONVERTIBLE BOND ISSUE	69
8. THE PROPOSED CHANGE OF CORE BUSINESS.....	83
9. THE PROPOSED CHANGE OF NAME	83
10. THE APPOINTMENT OF THE PROPOSED NEW BOARD	84
11. THE PROPOSED IPT GENERAL MANDATE.....	84
12. THE PROPOSED CHANGE OF INDEPENDENT AUDITOR	85
13. THE PROPOSED NEW SHARE ISSUE MANDATE.....	88
14. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS	90
15. APPLICATIONS TO THE SGX-ST	95
16. THE ENLARGED GROUP FOLLOWING THE PROPOSED ACQUISITION.....	97

CONTENTS

17. DIVIDEND POLICY OF THE ENLARGED GROUP	105
18. RISK FACTORS	107
19. MATERIAL CONTRACTS	133
20. INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST	133
21. MATERIAL LITIGATION RELATING TO THE GROUP	133
22. VOTING UNDERTAKINGS	134
23. INTERESTS OF THE SPONSOR AND FINANCIAL ADVISER, INDEPENDENT BUSINESS VALUER AND INDEPENDENT FINANCIAL ADVISER	134
24. INTERESTS OF EXPERTS	135
25. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	135
26. DIRECTORS' RECOMMENDATION	135
27. ABSTENTION FROM VOTING	136
28. EXTRAORDINARY GENERAL MEETING	136
29. RESPONSIBILITY STATEMENTS	137
30. CONSENTS	138
31. DOCUMENTS FOR INSPECTION	139
32. ACTION TO BE TAKEN BY SHAREHOLDERS	140
33. ADDITIONAL INFORMATION	140
APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS	A-1
1. INTRODUCTION	A-1
2. OVERVIEW OF THE TARGET GROUP	A-1
3. RESTRUCTURING EXERCISE AND GROUP STRUCTURE	A-2
4. HISTORY	A-7
5. BUSINESS OVERVIEW	A-12
6. COMPETITION AND COMPETITIVE STRENGTHS	A-31
7. MAJOR CUSTOMERS AND SUPPLIERS	A-34

CONTENTS

8. CREDIT POLICY	A-38
9. PROPERTIES AND FIXED ASSETS	A-41
10. RESEARCH AND DEVELOPMENT	A-43
11. INVENTORY MANAGEMENT.....	A-43
12. ORDER BOOK.....	A-44
13. INTELLECTUAL PROPERTY RIGHTS.....	A-44
14. LICENCES, PERMITS, REGISTRATIONS AND APPROVALS.....	A-47
15. CERTIFICATIONS, ACCREDITATIONS AND AWARDS	A-47
16. INSURANCE.....	A-48
17. CORPORATE SOCIAL RESPONSIBILITY	A-49
18. SEASONALITY.....	A-49
19. SELECTED FINANCIAL INFORMATION OF THE TARGET GROUP.....	A-49
20. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION	A-52
21. CAPITALISATION AND INDEBTEDNESS	A-74
22. DIVIDENDS	A-93
23. PROSPECTS, STRATEGIES AND FUTURE PLANS.....	A-93
24. PROPOSED NEW BOARD AND PROPOSED NEW EXECUTIVE OFFICERS	A-106
25. EMPLOYEES	A-122
26. CORPORATE GOVERNANCE	A-123
27. INTERESTED PERSON TRANSACTIONS.....	A-137
28. POTENTIAL CONFLICTS OF INTEREST	A-196
29. GENERAL AND STATUTORY INFORMATION.....	A-206
APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025	B-1
APPENDIX C – SUMMARY VALUATION LETTER	C-1
APPENDIX D – IFA LETTER.....	D-1

CONTENTS

APPENDIX E – INDEPENDENT MARKET REPORT.....	E-1
APPENDIX F – CHANGES IN SHAREHOLDING STRUCTURE.....	F-1
APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS	G-1
APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION	H-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	N-1
PROXY FORM	

CORPORATE INFORMATION

EXISTING BOARD OF DIRECTORS	:	Mr Teh Wing Kwan <i>(Non-Independent Non-Executive Chairman)</i> Mr Lee Fang Wen <i>(Independent Director)</i>
PROPOSED NEW BOARD UPON SPA COMPLETION	:	Mr Teh Wing Kwan <i>(Non-Independent Non-Executive Chairman)</i> Mr Shen Wende <i>(Executive Director and Chief Executive Officer)</i> Mr Tang Yeng Yuen <i>(Lead Independent Director)</i> Mr Tay Eng Kiat Jackson <i>(Independent Director)</i> Ms Ng Li-May, Vanessa <i>(Independent Director)</i>
COMPANY SECRETARY	:	Mr Lai Kuan Loong, Victor Fellow Chartered Accountant (Institute of Singapore Chartered Accountants) Public Accountant (ACRA) Ms Lee Puay Lin Sharon Chartered Secretary and Associate Member of the Chartered Secretaries Institute of Singapore
REGISTERED OFFICE OF THE COMPANY	:	20 Collyer Quay #11-07 Singapore 049319
REGISTERED OFFICE OF THE TARGET COMPANY	:	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632
FINANCIAL ADVISER TO THE COMPANY FOR THE PROPOSED ACQUISITION AND SPONSOR TO THE COMPANY	:	SAC Capital Private Limited 1 Robinson Road #21-01 AIA Tower Singapore 048542

CORPORATE INFORMATION

INDEPENDENT AUDITOR TO THE COMPANY	:	Foo Kon Tan LLP 1 Raffles Place #04-61 One Raffles Place Tower 2 Singapore 048616 Partner-in-charge: Mr Chin Bo Wui (Member of the Institute of Singapore Chartered Accountants)
INDEPENDENT AUDITOR TO THE TARGET GROUP AND REPORTING ACCOUNTANT TO THE ENLARGED GROUP	:	Forvis Mazars LLP 135 Cecil Street #10-01 Singapore 069536 Partner-in-charge: Mr Ooi Chee Keong (Member of the Institute of Singapore Chartered Accountants)
LEGAL ADVISER TO THE COMPANY ON THE PROPOSED TRANSACTIONS AS TO SINGAPORE LAW	:	Lee & Lee 25 North Bridge Road Level 7 Singapore 179104
LEGAL ADVISER TO THE FINANCIAL ADVISER AND SPONSOR AS TO SINGAPORE LAW	:	Venture Law LLC 4 Shenton Way, SGX Centre 2 #14-02 Singapore 068807
INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION AND PROPOSED IPT GENERAL MANDATE	:	Xandar Capital Pte. Ltd. 3 Shenton Way #24-02 Shenton House Singapore 068805
INDEPENDENT BUSINESS VALUER	:	RSM SG Corporate Advisory Pte. Ltd. 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095
INDUSTRY CONSULTANT	:	Converging Knowledge Private Limited 19 Keppel Road #07-04, Jit Poh Building Singapore 089058

CORPORATE INFORMATION

**PRINCIPAL BANKERS OF THE
TARGET GROUP**

: **Singapura Finance Ltd**
150 Cecil Street
#01-00
Singapore 069543

DBS Bank Ltd.
12 Marina Boulevard, Level 43
DBS Asia Central @ Marina Bay Financial
Centre Tower 3
Singapore 018982

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

DEFINITIONS

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

Enlarged Group Companies

<i>“Company”</i>	:	Sincap Group Limited
<i>“EAR Group”</i>	:	Has the meaning given to it in Section 27.6.3 titled <i>“EAR Group”</i> of the Target Company’s Letter to Shareholders
<i>“Enlarged Group”</i>	:	The enlarged group of companies comprising the Company and the Target Group upon SPA Completion
<i>“Group”</i>	:	The Company and its subsidiaries from time to time and, prior to Orion Energy being struck off with effect from 19 June 2025, the Company and its sole subsidiary, Orion Energy
<i>“Orion Energy”</i>	:	Orion Energy Resources Pte. Ltd., which was struck off with effect from 19 June 2025
<i>“SKCR”</i>	:	Skylink Credit Pte. Ltd.
<i>“SKER”</i>	:	Skylink Engineering Pte. Ltd.
<i>“SKVR”</i>	:	Skylink Vehicle Rental Pte. Ltd.
<i>“Target Company”</i>	:	Skylink APAC Pte. Ltd.
<i>“Target Group”</i>	:	The Target Company and the Target Subsidiaries collectively, and <i>“Target Group Company”</i> means any of them
<i>“Target Subsidiaries”</i>	:	SKVR, SKER and SKCR collectively, and <i>“Target Subsidiary”</i> means any of them

Proposed New Directors, Proposed New Executive Officers and New Controlling Shareholder

<i>“Ms Grace Xue”</i>	:	Xue Wanqiu
<i>“Mr Jackson Tay”</i>	:	Tay Eng Kiat Jackson
<i>“Mr Johnson Shen”</i>	:	Shen Yongzhong
<i>“Mr Leonard Teh”</i>	:	Teh Cheng Hooi
<i>“Ms Vanessa Ng”</i>	:	Ng Li-May, Vanessa
<i>“Mr Wesley Shen”</i>	:	Shen Wende

DEFINITIONS

Other Organisations, Persons and Entities

<i>“Abwin”</i>	:	Abwin Pte Ltd
<i>“ACRA”</i>	:	Accounting and Corporate Regulatory Authority of Singapore
<i>“Audit and Risk Committee”</i>	:	The audit and risk committee of the Company for the time being
<i>“Authority” or “MAS”</i>	:	The Monetary Authority of Singapore
<i>“Board”</i>	:	The board of Directors for the time being
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“CPF”</i>	:	The Central Provident Fund
<i>“DBS”</i>	:	DBS Bank Ltd.
<i>“DLL”</i>	:	De Lage Landen Pte. Limited
<i>“Directors”</i>	:	Directors of the Company from time to time
<i>“Excluded Entities”</i>	:	SKGH, SKAU, SKAU (Jasmine), Skycyber, SKCA and SKIA
<i>“Existing Directors”</i>	:	The Directors as at the Latest Practicable Date, being Mr Teh Wing Kwan and Mr Lee Fang Wen
<i>“Forvis Mazars”</i>	:	Forvis Mazars LLP
<i>“HLF”</i>	:	Hong Leong Finance Limited
<i>“HPFLAS”</i>	:	Hire Purchase, Finance and Leasing Association of Singapore
<i>“HSBC”</i>	:	Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
<i>“Independent Business Valuer”</i>	:	RSM SG Corporate Advisory Pte. Ltd.
<i>“Independent Directors”</i>	:	The independent Directors from time to time
<i>“Independent Financial Adviser” or “IFA”</i>	:	The independent financial adviser to the Recommending Directors in respect of the Proposed Whitewash Resolution and the Proposed IPT General Mandate, being Xandar Capital Pte. Ltd.

DEFINITIONS

<i>“Independent Shareholders”</i>	:	Shareholders who are considered independent under the Code for the purpose of the Proposed Whitewash Resolution
<i>“Index Credit”</i>	:	Index Credit Pte Ltd
<i>“Industry Consultant”</i>	:	Converging Knowledge Private Limited
<i>“IPOS”</i>	:	Intellectual Property Office of Singapore
<i>“IRAS”</i>	:	The Inland Revenue Authority of Singapore
<i>“LTA”</i>	:	Land Transport Authority of Singapore
<i>“Mandated Interested Persons”</i>	:	Has the meaning given to it in Section 27.6.4 titled <i>“Mandated Interested Persons”</i> of the Target Company's Letter to Shareholders
<i>“MCPL”</i>	:	Magnigrow Capital Pte. Ltd.
<i>“Motor Credit”</i>	:	Motor Credit Pte. Ltd.
<i>“Motorflex Leasing”</i>	:	Motorflex Leasing Pte. Ltd.
<i>“New Audit and Risk Committee”</i>	:	The new Audit and Risk Committee upon SPA Completion
<i>“New Lion Leasing” or “SKAG”</i>	:	New Lion Leasing Pte. Ltd. (previously known as Skylink Auto Garage Pte. Ltd.)
<i>“New Nominating Committee”</i>	:	The new Nominating Committee upon SPA Completion
<i>“New Remuneration Committee”</i>	:	The new Remuneration Committee upon SPA Completion
<i>“Nominating Committee”</i>	:	The nominating committee of the Company for the time being
<i>“OCBC”</i>	:	Oversea-Chinese Banking Corporation Limited
<i>“Orix Leasing”</i>	:	Orix Leasing Singapore Limited
<i>“Placement Agent”</i>	:	The placement agent to be appointed by the Company for the Proposed Compliance Placement and the Proposed Convertible Bond Issue, being SAC Capital

DEFINITIONS

<i>“Proposed New Board”</i>	:	The proposed new Board comprising the Proposed New Directors upon SPA Completion, being Mr Teh Wing Kwan, Mr Wesley Shen, Mr Tang Yeng Yuen, Mr Jackson Tay and Ms Vanessa Ng
<i>“Proposed New Directors”</i>	:	The proposed new Directors upon SPA Completion
<i>“Proposed New Executive Officers”</i>	:	The proposed new executive officers of the Company upon SPA Completion, being Mr Leonard Teh and Mr Johnson Shen
<i>“Recommending Directors”</i>	:	The Directors who are considered independent for the purposes of making the recommendation to Independent Shareholders, being all of the Existing Directors, in relation to the Proposed Whitewash Resolution
<i>“Remuneration Committee”</i>	:	The remuneration committee of the Company for the time being
<i>“RHB”</i>	:	RHB Bank Berhad
<i>“SAC Capital”, “Financial Adviser”, or “Sponsor”</i>	:	SAC Capital Private Limited
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<i>“SIC”</i>	:	Securities Industry Council
<i>“Singapura Finance”</i>	:	Singapura Finance Ltd
<i>“SKAU”</i>	:	Skylink Auto Pte. Ltd.
<i>“SKAU (Jasmine)”</i>	:	Skylink Auto (Jasmine) Pte. Ltd.
<i>“SKCA”</i>	:	Skylink Car Rental Pte. Ltd.
<i>“SKGH”</i>	:	Skylink Group Holdings Pte. Ltd.
<i>“SKIA”</i>	:	Skylink Insurance Agency Pte. Ltd.
<i>“Skycyber”</i>	:	Skycyber Pte. Ltd.
<i>“Toyota Financial Services”</i>	:	Toyota Financial Services Singapore Pte. Ltd.
<i>“UOB”</i>	:	United Overseas Bank Limited
<i>“Vendor”</i>	:	PM Capital Pte. Ltd.

DEFINITIONS

“Warrantors” : Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh

“Year of Assessment” : Year of assessment as determined by IRAS

GENERAL

“AGM” : Annual general meeting of the Company

“Base Cash Consideration” : The fixed sum of S\$800,000 out of the Base Consideration that is payable by the Company to the Vendor in cash upon SPA Completion

“Base Consideration” : The fixed sum of S\$28,300,000, comprising the Base Cash Consideration and the Base Consideration Shares

“Base Consideration Shares” : 122,222,222 new Shares to be allotted and issued at the Issue Price by the Company to the Vendor (or its nominee(s)) as part satisfaction of the Base Consideration upon SPA Completion

“Business Day” : A day on which banks are open for business in Singapore (other than Saturdays, Sundays and days which are gazetted as public holidays)

“Call Option” : Has the meaning given to it in Section 28.2.5(d)(i) of the Target Company’s Letter to Shareholders

“Call Option and ROFR Period” : Has the meaning given to it in Section 28.2.5(d)(i)(3) of the Target Company’s Letter to Shareholders

“Catalist” : The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST

“Catalist Rules” : The SGX-ST’s Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time

“Code” : The Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time

“Code of Corporate Governance” : The Singapore Code of Corporate Governance 2018, as may be amended, modified or supplemented from time to time

“Commercial Vehicle Leasing Business” : The segment of the Target Group’s business that involves the provision of commercial vehicle leasing solutions to customers

DEFINITIONS

<i>“Companies Act”</i>	:	The Companies Act 1967 of Singapore, as may be amended, modified or supplemented from time to time
<i>“Conditional Resolutions”</i>	:	Has the meaning given to it in Section 1.3.1(b) of this Circular
<i>“Consideration Shares”</i>	:	The Base Consideration Shares and the Deferred Consideration Shares collectively
<i>“Consultant Outstanding Fees”</i>	:	The amount of S\$56,520, being part of the fees owing by the Company to Ms Ng Siew Thung for the provision of accounting and financial reporting consultancy services to the Company, that is proposed to be settled by way of allotment and issue of the Consultant Settlement Shares
<i>“Consultant Settlement Letter”</i>	:	Has the meaning given to it in Section 5.1.2 of this Circular
<i>“Consultant Settlement Shares”</i>	:	The aggregate of 251,200 new Shares to be allotted and issued to Ms Ng Siew Thung in payment of the Consultant Outstanding Fees, as described in Section 5.1.2 of this Circular
<i>“Conversion Period”</i>	:	Has the meaning given to it in Section 7.3.3(e) of this Circular
<i>“Conversion Price”</i>	:	S\$0.225 for each Conversion Share, subject to adjustments in accordance with the terms of the Convertible Bonds
<i>“Conversion Shares”</i>	:	Up to 22,222,222 new Shares to be allotted and issued by the Company pursuant to conversion of the Convertible Bonds (based on the initial Conversion Price of S\$0.225) and, where the context admits, such new Shares arising from the conversion of any Convertible Bonds pursuant to adjustments under the terms of the Convertible Bonds
<i>“Convertible Bondholder”</i>	:	Registered holders of the Convertible Bonds
<i>“Convertible Bonds”</i>	:	Redeemable convertible bonds in aggregate principal amount of S\$5,000,000, which are convertible into Conversion Shares at the Conversion Price, to be issued by the Company pursuant to the Proposed Convertible Bond Issue
<i>“COROFR Deed”</i>	:	Has the meaning given to it in Section 28.2.5(d)(i) of the Target Company’s Letter to Shareholders

DEFINITIONS

<i>“Credit Business”</i>	:	The segment of the Target Group’s business that involves offering vehicle financing solutions to customers for all types of vehicles
<i>“Deed”</i>	:	Has the meaning given to it in Section 4.2.1(b)(iii) of this Circular
<i>“Deferred Cash Consideration”</i>	:	The sum of up to S\$1,500,000 out of the Deferred Consideration to be paid by the Company to the Vendor in cash, which shall be determined in accordance with the SPA
<i>“Deferred Consideration”</i>	:	The sum of up to S\$14,000,000, which shall be determined in accordance with the SPA, comprising the Deferred Cash Consideration and the Deferred Consideration Shares
<i>“Deferred Consideration Shares”</i>	:	Up to 55,555,555 new Shares, which shall be determined in accordance with the SPA, to be allotted and issued at the Issue Price by the Company to the Vendor (or its nominee(s)) as part satisfaction of the Deferred Consideration
<i>“Discount”</i>	:	Has the meaning given to it in Section 2.5.2(h) of this Circular
<i>“EGM”</i>	:	The extraordinary general meeting of the Company to be held at 10 Anson Road, #31-06 International Plaza, Singapore 079903 on 11 September 2025 at 10:00 a.m.
<i>“Engineering Business”</i>	:	The segment of the Target Group’s business that involves the provision of a wide range of MRO services and engineering solutions for all types of vehicles
<i>“Enlarged Share Capital”</i>	:	An aggregate of up to 176,353,289 Shares, being the enlarged issued and paid-up share capital of the Company immediately after SPA Completion, being after the allotment and issue of the Base Consideration Shares, Mr Chu’s Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, and the New Placement Shares (but before the allotment and issue of the Deferred Consideration Shares, if any, and the Conversion Shares pursuant to the conversion of the Convertible Bonds, if any)
<i>“EPS”</i>	:	Earnings per share
<i>“Existing Constitution”</i>	:	The existing constitution of the Company

DEFINITIONS

<i>“Further Enlarged Share Capital”</i>	:	An aggregate of up to 231,908,844 Shares, being the Enlarged Share Capital as further increased by the allotment and issue of the Deferred Consideration Shares (assuming the allotment and issue of the maximum number of 55,555,555 Deferred Consideration Shares) but before the allotment and issue of the Conversion Shares pursuant to the conversion of the Convertible Bonds, if any
<i>“FY”</i>	:	In relation to the Company, the financial year ended or ending 31 December. The Company intends to change its financial year end to 31 March following SPA Completion to align with the financial year of the Target Group, details of which will be separately announced
<i>“GST”</i>	:	Goods and services tax
<i>“Grantors”</i>	:	Has the meaning given to it in Section 28.2.5(d)(i) of the Target Company’s Letter to Shareholders
<i>“HOA”</i>	:	Binding heads of agreement dated 12 August 2022 between the Company and Mr Teh Wing Kwan (as amended by the HOA Amendment Letter)
<i>“HOA Amendment Letter”</i>	:	Amendment letter dated 18 March 2025 between the Company and Mr Teh Wing Kwan to amend the HOA
<i>“HPA”</i>	:	Hire Purchase Act 1969 of Singapore, as may be amended, modified or supplemented from time to time
<i>“HPR”</i>	:	Hire Purchase (Motor Vehicles) Regulations 2013 of Singapore, as may be amended, modified or supplemented from time to time
<i>“IDs Outstanding Fees”</i>	:	The aggregate amount of S\$80,000, being part of the Directors’ fees of owing by the Company to Mr Lee Fang Wen (the Company’s existing Independent Director) and Mr Tay Boon Zhuan (who was an Independent Director of the Company until he stepped down on 20 June 2025), which are proposed to be settled by way of allotment and issue of the IDs Settlement Shares
<i>“IDs Settlement Letters”</i>	:	Has the meaning given to it in Section 5.1.1 of this Circular
<i>“IDs Settlement Shares”</i>	:	The aggregate of 355,555 new Shares to be allotted and issued to Mr Lee Fang Wen and Mr Tay Boon Zhuan in payment of the IDs Outstanding Fees, as described in Section 5.1.1 titled <i>“Other Amounts Owing”</i> of this Circular

DEFINITIONS

<i>“IFA Letter”</i>	:	The letter dated 20 August 2025 issued by the IFA to the Recommending Directors in respect of the Proposed Whitewash Resolution and the Proposed IPT General Mandate, which is set out in Appendix D to this Circular
<i>“Independent Business Valuation Report”</i>	:	The independent business valuation report dated 20 August 2025 prepared by the Independent Business Valuer, a summary of which is set out in the Summary Valuation Letter at Appendix C to this Circular
<i>“Independent Market Report”</i>	:	The Independent Market Report dated 20 August 2025 prepared by the Industry Consultant, a copy of which is set out in Appendix E to this Circular
<i>“Insurance Agency Business”</i>	:	Has the meaning given to it in Section 28.2.1(d) of the Target Company’s Letter to Shareholders, being one of the business segments carried on by the Excluded Entities
<i>“Interest Payment Date”</i>	:	Has the meaning given to it in Section 7.3.3(f) of this Circular
<i>“Investor Guarantees”</i>	:	Has the meaning given to it in Section 2.2.3(c) of this Circular
<i>“Investor Loans”</i>	:	Has the meaning given to it in Section 2.2.3(b) of this Circular
<i>“Investor Mandatory Offer”</i>	:	The mandatory unconditional cash offer by Mr Teh Wing Kwan for all the Shares other than those already owned, controlled or agreed to be acquired by him and his concert parties in accordance with section 139 of the SFA and Rule 14 of the Code pursuant to completion of the Investor Subscription, which had closed on 11 June 2025
<i>“Investor Subscription”</i>	:	Has the meaning given to it in Section 2.2.3(a) of this Circular
<i>“Investor Subscription Agreement”</i>	:	Subscription agreement dated 18 March 2025 between the Company and Mr Teh Wing Kwan, for the subscription by Mr Teh Wing Kwan of an aggregate of 25,515,000 Shares at the subscription price of S\$0.0294 for each subscription share on a post-Share Consolidation basis
<i>“Investor Temporary Loan Agreements”</i>	:	The loan agreements dated 7 February 2024 and 24 January 2025 between Mr Teh Wing Kwan and the Company, pursuant to which Mr Teh Wing Kwan agreed to make available to the Company temporary loan facilities of up to an aggregate principal amount of S\$550,000

DEFINITIONS

<i>“Investor Temporary Loans”</i>	:	The temporary working capital loans of an aggregate principal amount of S\$550,000 from Mr Teh Wing Kwan to the Company pursuant to the Investor Temporary Loan Agreements
<i>“Issue Price”</i>	:	S\$0.225, being the issue price of each of the Consideration Shares, Mr Chu’s Settlement Shares, the Other Settlement Shares and the SAC Capital Shares
<i>“Key Resolutions”</i>	:	Has the meaning given to it in Section 1.3.1(a) of this Circular
<i>“Last Trading Day”</i>	:	28 April 2021, being the last trading day prior to the suspension of trading in the Shares on 4 May 2021
<i>“Latest Practicable Date”</i>	:	6 August 2025, being the latest practicable date before the lodgement of this Circular with the SGX-ST
<i>“Leasing Business Accounting Treatments”</i>	:	Has the meaning given to it in Section 18.1.3 titled <i>“The Target Group had recorded and may continue to record negative working capital under the Leasing Business Accounting Treatments”</i> of this Circular
<i>“LPS”</i>	:	Loss per share
<i>“Mandated Transactions”</i>	:	The transactions between the EAR Group and the Mandated Interested Persons as set out in Section 27.6.5 titled <i>“Categories of Mandated Transactions”</i> of the Target Company’s Letter to Shareholders
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Material Adverse Event”</i>	:	Has the meaning given to it in Section 2.5.3(q) of this Circular
<i>“Maturity Date”</i>	:	Has the meaning given to it in Section 7.3.3(d) of this Circular
<i>“MCPL Bond”</i>	:	Has the meaning given to it in Section 4.2.1(b)(i) of this Circular
<i>“Minimum Public Float Requirement”</i>	:	Has the meaning given to it in Section 7.1.1 titled <i>“Minimum Public Float Requirement”</i> of this Circular
<i>“Mr Chu’s Assumed Amount”</i>	:	Has the meaning given to it in Section 4.2.2 titled <i>“Mr Chu’s Assumed Amount”</i> of this Circular
<i>“Mr Chu’s Loan”</i>	:	Has the meaning given to it in Section 4.2.1(a) of this Circular

DEFINITIONS

<i>“Mr Chu’s Settlement Letter”</i>	:	Has the meaning given to it in Section 4.3.1 titled <i>“Settlement of Mr Chu’s Loan and Mr Chu’s Assumed Amount”</i> of this Circular
<i>“Mr Chu’s Settlement Shares”</i>	:	An aggregate of 4,059,908 new Shares to be allotted and issued by the Company to Mr Chu Ming Kin at the Issue Price, as described in Section 4 titled <i>“The Proposed Issue of Mr Chu’s Settlement Shares”</i> of this Circular
<i>“Mr Chu’s Lock-up Shares”</i>	:	Has the meaning given to it in Section 16.5.6 titled <i>“Voluntary moratorium by Mr Chu Ming Kin”</i> of this Circular
<i>“Mr Teh’s Lock-up Shares”</i>	:	Has the meaning given to it in Section 16.5.2 titled <i>“Moratorium – Mr Teh Wing Kwan”</i> of this Circular
<i>“NAV”</i>	:	Net asset value
<i>“New Placement Shares”</i>	:	Up to 15,000,000 new Shares to be allotted and issued by the Company pursuant to the Proposed Compliance Placement
<i>“Notice of EGM”</i>	:	The notice of the EGM which is set out on pages N-1 to N-10 of this Circular
<i>“NPAT”</i>	:	Net profit after tax
<i>“NTA”</i>	:	Net tangible assets
<i>“NTL”</i>	:	Net tangible liabilities
<i>“Option Price”</i>	:	Has the meaning given to it in Section 28.2.5(d)(iii)(1) of the Target Company’s Letter to Shareholders
<i>“Orion Energy Acquisition”</i>	:	Has the meaning given to it in Section 4.2.1(b)(i) of this Circular
<i>“Other Amounts Owing”</i>	:	The aggregate amount of S\$136,520, comprising the IDs Outstanding Fees and Consultant Outstanding Fees, that are proposed to be settled by way of the allotment and issue of the Other Settlement Shares, as described in Section 5 titled <i>“The Proposed Issue of Other Settlement Shares”</i> of this Circular
<i>“Other Settlement Shares”</i>	:	The aggregate of 606,755 new Shares, comprising the IDs Settlement Shares and the Consultant Settlement Shares, proposed to be allotted and issued in full and final settlement of the Other Amounts Owing, as described in Section 5 titled <i>“The Proposed Issue of Other Settlement Shares”</i> of this Circular

DEFINITIONS

<i>“Other Settlement Lock-up Shares”</i>	:	Has the meaning given to it in Section 16.5.7 titled <i>“Voluntary moratorium by Mr Lee Fang Wen, Mr Tay Boon Zhuan and Ms Ng Siew Thung”</i> of this Circular
<i>“Passenger Car Leasing Business”</i>	:	Has the meaning given to it in Section 28.2.1(c) of the Target Company’s Letter to Shareholders, being one of the business segments carried on by the Excluded Entities
<i>“PDPA”</i>	:	Personal Data Protection Act 2012, as may be amended, modified or supplemented from time to time
<i>“Period Under Review”</i>	:	In respect of the Target Group, the financial period comprising Target FY2023, Target FY2024 and Target FY2025
<i>“Placement Price”</i>	:	S\$0.20, being the issue price for each New Placement Share or the purchase price for each Vendor Share (as the case may be) pursuant to the Proposed Compliance Placement
<i>“Placement Shares”</i>	:	Up to 21,000,000 Shares, comprising the New Placement Shares and the Vendor Shares
<i>“Proposed Acquisition”</i>	:	The proposed acquisition by the Company of the Sale Shares from the Vendor under the SPA
<i>“Proposed Appointment of Proposed New Directors”</i>	:	The proposed appointment of the Proposed New Directors to the Proposed New Board as described in Section 10 titled <i>“The Appointment of the Proposed New Board”</i> of this Circular
<i>“Proposed Change of Core Business”</i>	:	Has the meaning given to it in Section 8 titled <i>“The Proposed Change of Core Business”</i> of this Circular
<i>“Proposed Change of Independent Auditor”</i>	:	The proposed change of the Company’s independent auditor from Foo Kon Tan LLP to Forvis Mazars as described in Section 12 titled <i>“The Proposed Change of Independent Auditor”</i> of this Circular
<i>“Proposed Change of Name”</i>	:	The proposed change of name of the Company from “Sincap Group Limited” to “Skylink Holdings Limited” as described in Section 9 titled <i>“The Proposed Change of Name”</i> of this Circular
<i>“Proposed Compliance Placement”</i>	:	The proposed compliance placement for the purpose of meeting the Minimum Public Float Requirement as described in Section 7.2 titled <i>“The Proposed Compliance Placement”</i> of this Circular

DEFINITIONS

<i>“Proposed Convertible Bond Issue”</i>	:	The proposed issue of the Convertible Bonds as described in Section 7.3 titled <i>“The Proposed Convertible Bond Issue”</i> of this Circular
<i>“Proposed Disposal”</i>	:	Has the meaning given to it in Section 28.2.5(d)(iii)(2) of the Target Company’s Letter to Shareholders
<i>“Proposed Investments”</i>	:	The proposed investments of up to S\$2,000,000 in the Company by Mr Teh Wing Kwan subject to and in accordance with the HOA
<i>“Proposed IPT General Mandate”</i>	:	The general mandate to be obtained for the purpose of Interested Person Transactions which are necessary for the Enlarged Group’s day-to-day operations after SPA Completion, as detailed in Section 27.6 titled <i>“Proposed IPT General Mandate”</i> of the Target Company’s Letter to Shareholders
<i>“Proposed Issue of Consideration Shares”</i>	:	The proposed allotment and issue of the Consideration Shares to the Vendor (or its nominee(s)) at the Issue Price in accordance with the SPA
<i>“Proposed Issue of Mr Chu’s Settlement Shares”</i>	:	The proposed allotment and issue of Mr Chu’s Settlement Shares to Mr Chu Ming Kin at the Issue Price as described in Section 4 titled <i>“The Proposed Issue of Mr Chu’s Settlement Shares”</i> of this Circular
<i>“Proposed Issue of New Placement Shares”</i>	:	The proposed allotment and issue of the New Placement Shares at the Placement Price pursuant to the Proposed Compliance Placement as described in Section 7.2 titled <i>“The Proposed Compliance Placement”</i> of this Circular
<i>“Proposed Issue of Other Settlement Shares”</i>	:	The proposed allotment and issue of the Other Settlement Shares at the Issue Price as described in Section 5 titled <i>“The Proposed Issue of Other Settlement Shares”</i> of this Circular
<i>“Proposed Issue of SAC Capital Shares”</i>	:	The proposed allotment and issue of the SAC Capital Shares to SAC Capital at the Issue Price as described in Section 6 titled <i>“The Proposed Issue of SAC Capital Shares”</i> of this Circular
<i>“Proposed New Share Issue Mandate”</i>	:	The proposed grant of a general mandate and authority to the Directors pursuant to section 161 of the Companies Act to allot and issue new Shares as described in Section 13 titled <i>“The Proposed New Share Issue Mandate”</i> of this Circular
<i>“Proposed Offer”</i>	:	Has the meaning given to it in Section 28.2.5(d)(iii)(2) of the Target Company’s Letter to Shareholders

DEFINITIONS

<i>“Proposed Transactions”</i>	:	The Proposed Acquisition, the Proposed Issue of Consideration Shares, the Proposed Whitewash Resolution, the Proposed Issue of Mr Chu’s Settlement Shares, the Proposed Issue of Other Settlement Shares, the Proposed Issue of SAC Capital Shares, the Proposed Issue of New Placement Shares, the Proposed Convertible Bond Issue, the Proposed Change of Core Business, the Proposed Change of Name, the Proposed Appointment of Proposed New Directors, the Proposed IPT General Mandate, the Proposed New Share Issue Mandate and the Proposed Change of Independent Auditor
<i>“Proposed Whitewash Resolution”</i>	:	The resolution proposed as Ordinary Resolution 3 in the Notice of EGM which, if approved by a majority of the Independent Shareholders in accordance with the requirements set out in Appendix 1 of the Code, would result in a waiver of their rights to receive a general offer from the Vendor who would incur an obligation to make a general offer under Rule 14 of the Code for all of the Shares not already owned, controlled or agreed to be acquired by the Vendor and parties acting in concert with it as a result of the allotment and issue of the Base Consideration Shares under the Proposed Acquisition, provided that the Vendor and any persons who are not Independent Shareholders abstain from voting on such resolution
<i>“Register of Members”</i>	:	The register of members of the Company
<i>“Relevant Authorised Person”</i>	:	Has the meaning given to it in Note 1 to Section 27.6.8(a) of the Target Company’s Letter to Shareholders
<i>“Relevant Business”</i>	:	Has the meaning given to it in Section 28.2.5(d)(i) of the Target Company’s Letter to Shareholders
<i>“Relevant Entities”</i>	:	Has the meaning given to it in Section 28.2.5(d)(iii)(1) of the Target Company’s Letter to Shareholders
<i>“Relevant Period”</i>	:	The Period Under Review and the period from 1 April 2025 to the Latest Practicable Date
<i>“Relevant Shares”</i>	:	Has the meaning given to it in Section 28.2.5(d)(i) of the Target Company’s Letter to Shareholders
<i>“Restructuring”</i>	:	The restructuring involving the purchase by the Target Company of 100% of the issued shares in the capital of each of the Target Subsidiaries pursuant to the Restructuring Agreement, as described in Section 3.1 titled <i>“Restructuring Exercise”</i> of the Target Company’s Letter to Shareholders

DEFINITIONS

<i>“Restructuring Agreement”</i>	:	The restructuring agreement dated 14 August 2025 between the Vendor, SKGH and the Target Company in relation to the Restructuring
<i>“Road Traffic Act” or “RTA”</i>	:	Road Traffic Act 1961 of Singapore, as may be amended, modified or supplemented from time to time
<i>“ROFR”</i>	:	Has the meaning given to it in Section 28.2.5(d)(i) of the Target Company’s Letter to Shareholders
<i>“ROFR Notice”</i>	:	Has the meaning given to it in Section 28.2.5(d)(iii)(2) of the Target Company’s Letter to Shareholders
<i>“RTO Announcement”</i>	:	The SGXNet announcement made by the Company on 18 March 2025 in relation to the Proposed Acquisition
<i>“SAC Capital Lock-up Shares”</i>	:	Has the meaning given to it in Section 16.5.5 titled <i>“Voluntary moratorium by SAC Capital”</i> of this Circular
<i>“SAC Capital Shares”</i>	:	The aggregate of 444,444 new Shares to be allotted and issued at the Issue Price by the Company to SAC Capital as part payment of SAC Capital’s professional fees as the Financial Adviser to the Company in respect of the Proposed Acquisition
<i>“Sale Shares”</i>	:	An aggregate of 6,663,000 shares in the capital of the Target Company, representing 100% of the total issued shares in the capital of the Target Company as at SPA Completion
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Service Agreement”</i>	:	The service agreement dated 14 August 2025 entered into between the Company and Mr Wesley Shen
<i>“SFA”</i>	:	The Securities and Futures Act 2001 of Singapore, as may be amended, modified or supplemented from time to time
<i>“SFR”</i>	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as may be amended, modified or supplemented from time to time
<i>“SFRS(I)”</i>	:	Singapore Financial Reporting Standards (International)

DEFINITIONS

<i>“SGXNet”</i>	:	Singapore Exchange Network, a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<i>“Share Consolidation”</i>	:	The share consolidation exercise by the Company based on the consolidation ratio of 200:1 (fractional entitlements having been disregarded) that was completed on 29 April 2025, pursuant to which an aggregate of 1,701,000,410 ordinary shares in the capital of the Company were consolidated into an aggregate of 8,504,960 Shares
<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, in which case the term <i>“Shareholders”</i> shall, in relation to such Shares, mean the Depositors whose Securities Accounts maintained with CDP are credited with such Shares
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company, and all references to <i>“Shares”</i> in this Circular is a reference to ordinary shares in the capital of the Company after completion of the Share Consolidation, unless the context otherwise requires
<i>“Skylink Trademarks”</i>	:	The “Skylink” and “世凯联” trademarks that are registered with IPOS, as described in Section 13 titled <i>“Intellectual Property Rights”</i> of the Target Company’s Letter to Shareholders
<i>“SPA”</i>	:	The sale and purchase agreement dated 18 March 2025 between the Company, the Vendor and the Warrantors in relation to the Proposed Acquisition, as amended, modified or supplemented from time to time
<i>“SPA Completion”</i>	:	Completion of the Proposed Acquisition in accordance with the SPA
<i>“SPA Completion Date”</i>	:	Has the meaning given to it in Section 2.5.4 titled <i>“SPA Completion”</i> of this Circular
<i>“SPA Conditions”</i>	:	The conditions precedent to the sale and purchase of the Sale Shares under the SPA, as set out in Section 2.5.3 titled <i>“SPA Conditions”</i> of this Circular
<i>“Summary Valuation Letter”</i>	:	The summary valuation letter dated 20 August 2025 issued by the Independent Business Valuer, which contains a summary of the information contained in the Independent Business Valuation Report, a copy of which is set out in Appendix C to this Circular

DEFINITIONS

<i>“Target 9M2025”</i>	:	In relation to the Target Group, the 9-month financial period ended 31 December 2024
<i>“Target 24M2026 Aggregate Adjusted NPAT”</i>	:	Has the meaning given to it in Section 2.5.2(c)(i) of this Circular
<i>“Target Adjusted NPAT”</i>	:	For the purpose of computing the Deferred Consideration in accordance with the SPA, the audited consolidated net profit after tax attributable to equity holders of the Target Group, adjusted to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items (for example, gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group)
<i>“Target Company Shares”</i>	:	Ordinary shares in the capital of the Target Company
<i>“Target Company’s Letter to Shareholders”</i>	:	Appendix A to this Circular titled <i>“Target Company’s Letter to Shareholders”</i>
<i>“Target FY”</i>	:	Financial year of the Target Group ended or ending 31 March
<i>“Technology Business”</i>	:	Has the meaning given to it in Section 28.2.1(b) of the Target Company’s Letter to Shareholders, being one of the business segments carried on by the Excluded Entities
<i>“Total Consideration”</i>	:	The sum of up to an aggregate of S\$42,300,000, comprising the Base Consideration and the Deferred Consideration
<i>“Trademark Deed of Assignment”</i>	:	The trademark deed of assignment dated 14 August 2025 between the Vendor and the Target Company, pursuant to which the Vendor agreed to assign all of its rights, title and interest in and to the Skylink Trademarks and the “Skylink” trade name to the Target Company
<i>“Trademark Licence Agreement”</i>	:	The trademark licence agreement dated 14 August 2025 between the Target Company, the Vendor and SKIA, pursuant to which the Target Company agreed to grant a licence of the Skylink Trademarks and the “Skylink” trade name to the Vendor and SKIA
<i>“Trading Business”</i>	:	Has the meaning given to it in Section 28.2.1(b) of the Target Company’s Letter to Shareholders, being one of the business segments carried on by the Excluded Entities

DEFINITIONS

<i>“Vendor Lock-up Shares”</i>	:	Has the meaning given to it in Section 16.5.3 titled <i>“Vendor”</i> of this Circular
<i>“Vendor Shares”</i>	:	Up to 6,000,000 Shares for which the Vendor is offering for sale pursuant to the Proposed Compliance Placement
<i>“Vendor’s Warranties”</i>	:	The representations and warranties given by the Vendor and the Warrantors to the Company under the SPA
<i>“Whitewash Waiver”</i>	:	Has the meaning given to it in Section 2.5.3(g) of this Circular

CURRENCIES, UNITS AND OTHERS

<i>“RMB”</i>	:	Renminbi, the lawful currency of the People’s Republic of China
<i>“SGD”, “S\$” and “cents”</i>	:	Singapore dollars and cents, respectively
<i>“%” or “per cent.”</i>	:	Per centum or percentage
<i>“psf”</i>	:	Per square foot
<i>“p.a.”</i>	:	Per annum
<i>“sq ft”</i>	:	Square feet
<i>“sq m”</i>	:	Square metre

Unless the context otherwise requires:

- (a) the terms **“depositor”**, **“depository register”** and **“depository agent”** shall have the meanings given to them respectively in section 81SF of the SFA;
- (b) the terms **“subsidiary”**, **“related company”** and **“substantial shareholder”** shall have the meanings given to them in sections 5, 6 and 81 respectively of the Companies Act;
- (c) the terms **“acting in concert”** and **“whitewash resolution”** shall have the meanings given to them in the Code;
- (d) the terms **“associate”**, **“associated company”** and **“controlling shareholder”** shall have the meanings given to them in the section titled “Definitions and Interpretation” of the Catalist Rules, where relevant;
- (e) the terms **“entity-at-risk”** and **“interested person”** shall be persons falling within the scope of the definitions of these terms set out in Section 1 of the Fourth Schedule of the SFR or the Catalist Rules, where relevant;

DEFINITIONS

- (f) words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Unless the context otherwise requires, any references to persons shall include individuals, corporate bodies (wherever incorporated), unincorporated associations and partnerships;
- (g) 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 defined under the Companies Act, the SFA, the SFR, the Catalist Rules or the Code or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning given to it under the Companies Act, the SFA, the SFR, the Catalist Rules or the Code or such modification thereof, as the case may be, unless the context otherwise requires;
- (h) any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated;
- (i) any reference in this Circular to Shares and/or new Shares being allotted and/or allocated to a person includes allotment and/or allocation to CDP for the account of that person;
- (j) any discrepancies between the figures listed 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; and
- (k) the headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the Target Group's business, the following glossary contains an explanation and description of certain terms used in this Circular. The terms and their assigned meanings should not be treated as being definitive of their meanings, and may not correspond to standard industry or common meanings or usage, as the case may be, or usage of these terms.

"ARF"	:	Additional registration fee, a tax imposed upon registration of a motor vehicle, calculated based on a percentage of the OMV of the motor vehicle
"bhp"	:	Brake horse power
"bizSAFE"	:	A five-step programme organised under the WSH Council to assist companies to build up their workplace safety and health capabilities
"block discounting facility"	:	A revolving credit facility which allows motor vehicle credit companies to discount blocks of hire purchase receivables for present cash
"CAGR"	:	Compound annual growth rate
"Category C"	:	Class of goods vehicles and buses
"cc"	:	Cubic centimetres
"COE"	:	Certificate of Entitlement issued by the LTA which represents the rights to ownership of a motor vehicle and use of road space in Singapore
"commercial vehicles"	:	Commercial vehicle category including vans, trucks, buses/minibuses, etc.
"corporate customers"	:	Customers of the Target Group which are corporate entities
"CVES"	:	Commercial Vehicle Emissions Scheme administered by the LTA, which encourages the adoption of cleaner commercial vehicles
"CVES – Band A"	:	Band A of vehicles under the CVES (EVs)
"CVES – Band B"	:	Band B of vehicles under the CVES (mainly petrol vehicles)
"CVES – Band C"	:	Band C of vehicles under the CVES (mainly diesel vehicles)
"EHVCG"	:	Electric Heavy Vehicle Charger Grant
"ERP"	:	Electronic Road Pricing System used to manage traffic congestion in Singapore

GLOSSARY OF TECHNICAL TERMS

<i>“ETS”</i>	:	Early Turnover Scheme administered by the LTA which incentivises eligible motor vehicle owners to replace their Category C diesel motor vehicles with cleaner models
<i>“EV”</i>	:	Electric vehicle
<i>“HVZES”</i>	:	Heavy Vehicle Zero Emissions Scheme administered by the LTA, which encourages the electrification of heavy vehicles
<i>“ICE”</i>	:	Internal combustion engine
<i>“ISO 9001”</i>	:	The internationally recognised standard for quality management systems, which is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
<i>“ISO 9001:2015”</i>	:	The 2015 version of the ISO 9001 standard
<i>“kg”</i>	:	Kilograms
<i>“kW”</i>	:	Kilowatt
<i>“LCVs”</i>	:	Light commercial vehicles, including light goods vehicles, goods-cum-passenger vehicles, and small buses, with maximum laden weight not exceeding 3,500 kg
<i>“LTV”</i>	:	Loan-to-value ratio
<i>“M&A”</i>	:	Mergers and acquisitions
<i>“MRO”</i>	:	Maintenance, repair and overhaul
<i>“OMV”</i>	:	Open market value of the motor vehicle as assessed by the Singapore Customs, taking into account the purchase price, freight, insurance, handling and all other charges incidental to the sale and delivery of the motor vehicle from the country of manufacture to Singapore
<i>“PARF”</i>	:	Preferential additional registration fee, a rebate computed based on the age of the motor vehicle at deregistration
<i>“PQP”</i>	:	Prevailing quota premium
<i>“Sgcarmart”</i>	:	A third party online trading platform for, among other things, both new and pre-owned cars in Singapore, which may be accessed at http://www.sgcarmart.com

GLOSSARY OF TECHNICAL TERMS

“VQS” : Vehicle Quota System administered by the LTA which regulates the rate of growth of motor vehicles on the roads in Singapore

“WSH Council” : Workplace Safety and Health Council

EXCHANGE CONTROLS AND TAXATION

1. Exchange Controls

As at the Latest Practicable Date, there are no exchange control restrictions in effect in Singapore.

2. Taxation

The following is a summary of certain tax matters under Singapore law relating to the purchase, holding or disposal of the Shares. This summary is based on current tax laws in Singapore and regulations and decisions in effect as at the Latest Practicable Date, all of which are subject to change (possibly with retroactive effect). This summary is not intended to be or to be regarded as advice on the tax position of any investor or of any person purchasing, holding or otherwise dealing with the Shares. The statements made herein do not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, hold or dispose of the Shares and do not purport to deal with the tax consequences applicable to all categories of investors.

Prospective investors should consult their own professional tax advisors regarding Singapore and foreign income tax, stamp duty, estate duty and other tax consequences of purchasing, holding or disposing of the Shares. It is emphasised that neither the Company, the Group, the Target Group, the Existing Directors, the Proposed New Directors, nor any other persons involved in this Circular accept responsibility for any tax effects or liabilities resulting from the purchase, holding or disposal of the Shares.

Corporate Income Tax

A corporate taxpayer is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore.

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- (a) income accruing in or derived from Singapore; and
- (b) foreign-sourced income received or deemed received in Singapore, unless otherwise exempted.

Tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign-sourced dividends, foreign branch profits and foreign-sourced service income received or deemed to be received in Singapore provided that the following qualifying conditions are met:

- (a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%; and
- (c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the corporate taxpayer.

EXCHANGE CONTROLS AND TAXATION

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign sourced income received or deemed received in Singapore.

With effect from the Year of Assessment 2020, the first S\$200,000 of a company's normal chargeable income is partially exempt from tax as follows:

- (a) 75.0% of up to the first S\$10,000 of chargeable income; and
- (b) 50.0% of up to the next S\$190,000 of chargeable income.

The remaining chargeable income (after deducting the above partial tax exemption) will be taxed at the prevailing corporate tax rate, currently 17.0%.

With effect from the Year of Assessment 2025, a corporate income tax rebate of 50.0% tax payable, capped at S\$40,000 will be granted.

Individual Income Tax

An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

An individual taxpayer (both tax resident and non-tax resident of Singapore) is subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received in Singapore by an individual taxpayer, regardless of whether he/she is a tax resident or non-tax resident of Singapore, is generally exempt from income tax in Singapore, except for such income received through a partnership in Singapore by resident individuals.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 24.0%, effective from the Year of Assessment 2024 onwards. Income derived by a non-Singapore tax resident individual is, subject to certain exceptions and conditions, normally taxed at the rate of 24.0%. Singapore employment income derived by a non-Singapore tax resident individual is taxed at a flat rate of 15.0% or at progressive resident rates, whichever yields a higher tax.

With effect from the Year of Assessment 2025, a one-time 60% personal income tax rebate, capped at S\$200, will be granted to all tax resident individuals for the Year of Assessment 2025.

Dividend Distributions

Singapore currently adopts the one-tier system of corporate taxation. Under the one-tier system, the tax paid by a Singapore resident company is a final tax and the distributable profits of the company resident in Singapore can be paid to the shareholders as tax exempt (one-tier) dividends. Such dividends are tax exempt in the hands of the shareholders regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

EXCHANGE CONTROLS AND TAXATION

Shareholders/investors who are not Singapore tax residents are advised to consult their own tax advisors in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have.

Gains on Disposal of Shares

Singapore currently does not impose tax on capital gains. However, gains may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which are regarded as the carrying on of a trade or business in Singapore.

Any gains or profits derived from the disposal of the Shares, if regarded as capital gains, are not taxable in Singapore. However, if the seller is regarded as having derived such gains as trading gains in Singapore, such gains or profits will ordinarily be taxed as income.

To provide upfront certainty, effective 1 January 2026, gains derived by a qualifying divesting company from its disposal of ordinary shares or preference shares in an investee company are not taxable if immediately prior to the date of share disposal, the divesting company had held at least 20.0% of the share capital in the investee company for a continuous period of at least 24 months.

As the precise tax status of one Shareholder will vary from another, Shareholders are advised to consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

In addition, Shareholders who adopt the tax treatment to be aligned with the SFRS(I) 9 may be taxed on gains (not being gains in the nature of capital) even though no sale or disposal of the Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Shares.

Stamp Duty

There is no stamp duty payable on the subscription for, allotment or holding of the Shares.

Where the Shares evidenced in certificated form are acquired in Singapore and where the Company maintains a share registry in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of 0.2% of the consideration paid or market value of the Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable upon transfer of the Shares if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or the instrument of transfer is executed outside Singapore and not brought into Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of the Shares through the scripless trading system operated by CDP.

EXCHANGE CONTROLS AND TAXATION

GST

The sale of the Shares by a GST-registered investor belonging in Singapore through an SGX-ST member to another person belonging in Singapore is an exempt supply that is not subject to GST. Any input GST (such as GST on brokerage) incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Singapore Comptroller of GST unless the investor satisfies certain conditions prescribed under the GST legislation or certain GST concessions.

Where the Shares are sold by a GST-registered investor to a person belonging outside Singapore and that person is outside Singapore at the time the sale is executed, the sale is generally a taxable supply that is subject to GST at 0%. Any GST incurred by a GST-registered investor for the making of this taxable supply in the course or furtherance of a business carried on by him, may be recoverable from the Singapore Comptroller of GST, subject to the provisions of the Goods and Services Tax Act 1993 of Singapore.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and/or sale of the Shares.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of the Shares will be subject to GST at the prevailing GST rate (currently at 9.0% with effect from 1 January 2024). Similar services rendered to an investor belonging outside Singapore for GST purposes should be subject to GST at 0%, provided that the investor is outside Singapore when the services are performed and the services provided do not directly benefit any non-GST registered persons in Singapore.

Estate Duty

Singapore estate duty has been abolished with effect from 15 February 2008.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Circular, statements made in press releases and oral statements that may be made by the Company, the Target Group, the Proposed New Board and each of the Existing Directors, executive officers, employees or other persons acting on behalf of the Company and/or the Target Group, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that are biased or by forward-looking terms such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company’s, the Target Group’s and the Enlarged Group’s expected financial position, business strategies, plans and prospects and the future prospects of the Enlarged Group’s industry are forward-looking statements. These forward-looking statements, including without limitation, statements as to:

- (a) revenue and profitability;
- (b) expected growth or decline in demand and business volume;
- (c) expected industry trends and development;
- (d) anticipated expansion and development plans and other future plans; and
- (e) other matters discussed in this Circular regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s, the Target Group’s and the Enlarged Group’s actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors are discussed in more detail in this Circular, in particular, but not limited to, discussions in Section 18 titled “*Risk Factors*” of this Circular and Sections 20 and 23 titled “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” and “*Prospects, Strategies and Future Plans*” respectively of the Target Company’s Letter to Shareholders. All forward-looking statements by or attributable to the Company, the Target Group and the Enlarged Group, or persons acting on the Company’s, the Target Group’s or the Enlarged Group’s behalf, contained in this Circular are expressly qualified in their entirety by such facts.

Given the risks, uncertainties and other factors that may cause the Company’s, the Target Group’s and the Enlarged Group’s actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Circular, undue reliance must not be placed on those statements. None of the Company, the Vendor, the Target Group, the Enlarged Group, their respective directors and executive officers, the Proposed New Board, the Sponsor and Financial Adviser or any other person represents or warrants to you that the Company’s, the Target Group’s and the Enlarged Group’s actual future results, performance or achievements will be as discussed in those statements.

The Company’s, the Target Group’s and the Enlarged Group’s actual future results may differ materially from those anticipated in these forward-looking statements including as a result of the risks faced by the Company, the Target Group and the Enlarged Group. Further, the Company, the Vendor, the Target Group, the Enlarged Group and the Sponsor and Financial Adviser disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements to reflect any change in the Company’s, the Target Group’s and the Enlarged Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

change in events, conditions or circumstances on which any such statements were based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

Upon SPA Completion, the Enlarged Group will be subject to the provisions of the Catalist Rules regarding corporate disclosure.

Section 23.1 titled “*Industry Overview and Prospects*” of the Target Company’s Letter to Shareholders, as well as other parts of this Circular, contain data, information, financial analysis, forecasts, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward-looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information.

Neither the Company, the Vendor, the Target Group, the Enlarged Group, the Sponsor or Financial Adviser nor person(s) acting on their behalf has conducted an independent review or verified the accuracy or veracity of such data, information, financial analysis, forecast, figures and statements, assumptions and projections (“**Third Party Data**”). No representation is made by the Company, the Vendor, the Target Group, the Enlarged Group, the Sponsor or the Financial Adviser or any person(s) acting on their behalf in respect of any of the Third Party Data or any information in this Circular that has been extracted from published or otherwise publicly available sources or obtained from a named source. The sole responsibility of the Company, the Vendor, the Target Group, the Enlarged Group, the Sponsor, the Financial Adviser and any person(s) acting on their behalf has been to ensure that such Third Party Data or information has been accurately and correctly extracted from these sources and/or reproduced in this Circular in its proper form and context. No representation is made by the Company, the Vendor, the Target Group, the Enlarged Group, the Sponsor or the Financial Adviser or any person(s) acting on their behalf, and neither the Company, the Vendor, the Target Group, the Enlarged Group, the Sponsor or the Financial Adviser or any person(s) acting on their behalf take any responsibility for any of such Third Party Data or information.

TAKEOVER LIMITS

The Code regulates the acquisition of ordinary shares of, amongst others, corporations with a listing on the SGX-ST, including the Company. Except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by parties acting in concert with him) carry 30.0% or more of the voting rights of the company; or
- (b) any person who, together with parties acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any party acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights,

such person must extend a mandatory general offer immediately to the shareholders for the remaining shares in the company in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In general, the acquisition of instruments convertible into securities which carry voting rights does not give rise to an obligation to make a mandatory general offer under the Code but the exercise of any conversion rights will be considered an acquisition of voting rights for the purposes of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory general offer under the Code as a result of the Proposed Transactions should consult the SIC and/or their professional advisers.

INDICATIVE TIMETABLE

The following indicative timetable assumes that approval for all resolutions proposed at the EGM is obtained.

Indicative date/time	Event
29 August 2025, 6:00 p.m.	Last date and time for submission of questions to be asked in relation to the EGM
8 September 2025, 10.00 a.m.	Last date and time for lodgement of Proxy Form
11 September 2025, 10.00 a.m.	Date and time of EGM
15 September 2025	Expected allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares, completion of the sale of the Vendor Shares and issue of the Convertible Bonds
17 September 2025, 9.00 a.m.	Expected date and time of the resumption of trading of the Shares

Save for the date of the EGM, the dates set out in the above timetable are indicative and may be subject to change. Where any of the events cannot take place on the dates specified, an appropriate announcement stipulating an alternative date will be made by the Company prior thereto through SGXNet.

Please refer to future announcement(s) by the Company on the SGXNet for the exact dates and times of these events to be posted on the SGX-ST's website at <http://www.sgx.com>.

LETTER TO SHAREHOLDERS

SINCAP GROUP LIMITED

(Company Registration Number: 201005161G)
(Incorporated in the Republic of Singapore)

Directors

Mr Teh Wing Kwan (*Non-Independent Non-Executive Chairman*)
Mr Lee Fang Wen (*Independent Director*)

Registered Office

20 Collyer Quay
#11-07
Singapore 049319

20 August 2025

To: The Shareholders

Dear Sir/Madam,

- (1) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SKYLINK APAC PTE. LTD., BEING A REVERSE TAKEOVER;
- (2) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 177,777,777 CONSIDERATION SHARES TO THE VENDOR FOR THE PROPOSED ACQUISITION AT THE ISSUE PRICE OF S\$0.225 FOR EACH CONSIDERATION SHARE;
- (3) THE PROPOSED WHITWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE VENDOR AND PARTIES ACTING IN CONCERT WITH IT;
- (4) THE PROPOSED ALLOTMENT AND ISSUE OF 4,059,908 MR CHU'S SETTLEMENT SHARES AT THE ISSUE PRICE OF S\$0.225 FOR EACH MR CHU'S SETTLEMENT SHARE;
- (5) THE PROPOSED ALLOTMENT AND ISSUE OF 606,755 OTHER SETTLEMENT SHARES AT THE ISSUE PRICE OF S\$0.225 FOR EACH OTHER SETTLEMENT SHARE;
- (6) THE PROPOSED ALLOTMENT AND ISSUE OF 444,444 SAC CAPITAL SHARES AT THE ISSUE PRICE OF S\$0.225 FOR EACH SAC CAPITAL SHARE;
- (7) THE PROPOSED COMPLIANCE PLACEMENT WHICH COMPRISES THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 15,000,000 NEW PLACEMENT SHARES AND THE SALE BY THE VENDOR OF UP TO 6,000,000 VENDOR SHARES AT THE PLACEMENT PRICE OF S\$0.20 FOR EACH PLACEMENT SHARE;
- (8) THE PROPOSED ISSUE OF CONVERTIBLE BONDS OF AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$5,000,000 CONVERTIBLE INTO CONVERSION SHARES AT AN INITIAL CONVERSION PRICE OF S\$0.225 FOR EACH CONVERSION SHARE;
- (9) THE PROPOSED CHANGE OF CORE BUSINESS;
- (10) THE PROPOSED CHANGE OF NAME OF THE COMPANY FROM "SINCAP GROUP LIMITED" TO "SKYLINK HOLDINGS LIMITED";
- (11) THE PROPOSED APPOINTMENT OF PROPOSED NEW DIRECTORS;
- (12) THE PROPOSED ADOPTION OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS;
- (13) THE PROPOSED NEW SHARE ISSUE MANDATE; AND
- (14) THE PROPOSED CHANGE OF INDEPENDENT AUDITOR FROM FOO KON TAN LLP TO FORVIS MAZARS LLP.

LETTER TO SHAREHOLDERS

1. INTRODUCTION

1.1 Overview

1.1.1 SPA. On 18 March 2025, the Company announced that it has entered into the SPA with the Vendor and the Warrantors, pursuant to which the Company agreed to purchase the Sale Shares from the Vendor for the Total Consideration of up to S\$42,300,000 upon and subject to the terms and conditions of the SPA.

1.1.2 Total Consideration. The Total Consideration comprises the Base Consideration of a fixed sum of S\$28,300,000 and a Deferred Consideration of up to S\$14,000,000 as determined in accordance with the SPA. The Total Consideration will be satisfied by (a) the payment of up to S\$2,300,000 in cash; and (b) the allotment and issue of up to 177,777,777 Consideration Shares at the Issue Price of S\$0.225 per Consideration Share.

1.1.3 Reverse takeover. Based on the foregoing, the Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the Catalist Rules as the applicable relative figures under Rules 1006(b), 1006(c) and 1006(d) of the Catalist Rules exceed 100% and the Proposed Acquisition will result in a change in control of the Company at SPA Completion. In accordance with Chapter 10 of the Catalist Rules, the Company will be seeking the approval of Shareholders for, among other things, the Proposed Acquisition and the Proposed Issue of Consideration Shares at the EGM.

1.1.4 Whitewash Waiver. Upon the allotment and issue of the Base Consideration Shares, the Vendor will incur an obligation to make a mandatory general offer for the Shares under Rule 14 of the Code unless such obligation is waived by the SIC. The Whitewash Waiver has been granted by the SIC on 24 June 2025 and is subject to, among other things, the Proposed Whitewash Resolution being approved by Independent Shareholders at the EGM. Accordingly, the Company is also seeking the approval of Independent Shareholders for the Proposed Whitewash Resolution at the EGM.

1.1.5 Financial Adviser. The Company has appointed SAC Capital as its financial adviser in relation to the Proposed Acquisition. SAC Capital, which is the Company's Sponsor as at the date hereof, will remain as the Company's Sponsor after SPA Completion.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information on, to explain the rationale for, and to seek Shareholders' approval for, the Proposed Transactions. The Notice of EGM is set out in the section titled "*Notice of Extraordinary General Meeting*" at pages N-1 to N-10 of this Circular.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained, or opinions expressed in this Circular.

LETTER TO SHAREHOLDERS

1.3 Inter-conditional of the Resolutions

1.3.1 Key Resolutions and Conditional Resolutions. Shareholders should note as follows:

- (a) The following resolutions are inter-conditional:
- (i) Ordinary Resolution 1 (Proposed Acquisition);
 - (ii) Ordinary Resolution 2 (Proposed Issue of Consideration Shares);
 - (iii) Ordinary Resolution 3 (Proposed Whitewash Resolution);
 - (iv) Ordinary Resolution 4 (Proposed Issue of Mr Chu's Settlement Shares);
 - (v) Ordinary Resolutions 5, 6 and 7 (Proposed Issue of Other Settlement Shares);
 - (vi) Ordinary Resolution 9 (Proposed Issue of New Placement Shares);
 - (vii) Ordinary Resolution 11 (Proposed Change of Core Business);
 - (viii) Ordinary Resolution 12 (Appointment of Mr Wesley Shen as a Proposed New Director);
 - (ix) Ordinary Resolution 16 (Proposed IPT General Mandate); and
 - (x) the Special Resolution (The Proposed Change of Name)
- (collectively "**Key Resolutions**"). This means that if any of the Key Resolutions is not approved, none of the other Key Resolutions will be duly passed; and
- (b) The following resolutions are conditional upon the passing of the Key Resolutions.
- (i) Ordinary Resolution 8 (Proposed Issue of SAC Capital Shares);
 - (ii) Ordinary Resolution 10 (Proposed Convertible Bond Issue);
 - (iii) Ordinary Resolution 13 (Appointment of Mr Tang Yeng Yuen as a Proposed New Director);
 - (iv) Ordinary Resolution 14 (Appointment of Mr Jackson Tay as a Proposed New Director);
 - (v) Ordinary Resolution 15 (Appointment of Ms Vanessa Ng as a Proposed New Director);
 - (vi) Ordinary Resolution 17 (Proposed New Share Issue Mandate); and
 - (vii) Ordinary Resolution 18 (Proposed Change of Independent Auditor from Foo Kon Tan LLP to Forvis Mazars LLP)
- (collectively "**Conditional Resolutions**").

Each of the Conditional Resolutions are subject to the passing of all Key Resolutions and are not inter-conditional.

LETTER TO SHAREHOLDERS

- 1.3.2 Rationale. The Key Resolutions are inter-conditional as the subject matter of the Key Resolutions are substantially related and in connection with the Proposed Acquisition, and will facilitate the conduct of the business of the Enlarged Group upon SPA Completion.

In particular, Ordinary Resolution 12 in relation to the appointment of Mr Wesley Shen as a Proposed New Director upon SPA Completion is a Key Resolution as Mr Wesley Shen is a founder and is involved in all key aspects of the business and operations of the Target Group and is critical to the business of the Enlarged Group upon SPA Completion. Please refer to Section 24.2.2 titled “*Experience and Expertise of the Proposed New Board*” of the Target Company’s Letter to Shareholders for the profile of Mr Wesley Shen.

2. PROPOSED ACQUISITION AND PROPOSED ISSUE OF CONSIDERATION SHARES

2.1 Background

The Company has entered into the SPA on 18 March 2025 in relation to the Proposed Acquisition. The Total Consideration for the Proposed Acquisition shall be satisfied by: (a) the payment of up to S\$2,300,000 in cash; and (b) the allotment and issue of up to 177,777,777 Consideration Shares at the Issue Price of S\$0.225 per Consideration Share.

The Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the Catalist Rules as the applicable relative figures under Rules 1006(b), 1006(c) and 1006(d) of the Catalist Rules exceed 100% and the Proposed Acquisition will result in a change in control of the Company on SPA Completion. In accordance with Chapter 10 of the Catalist Rules, the Company will be seeking the approval of Shareholders for, among other things, the Proposed Acquisition and the Proposed Issue of Consideration Shares at the EGM.

2.2 Rationale for the Proposed Acquisition

- 2.2.1 Voluntary Trading Suspension. Since the onset of the COVID-19 pandemic in February 2020, the Company’s coal trading business had faced significant headwinds caused by sporadic lock-downs by different countries and cities, and subsequently due to high freight costs and supply chain disruption. The downturn in the Company’s business, coupled with certain non-performing receivables, had resulted in the Company facing severe cash-flow issues leading to it not being able to pay its corporate operating expenses and creditors, particularly its professional service providers. On 4 May 2021, the Company released an announcement in which it announced that there was no certainty that it would be able to obtain the required financial support from certain Shareholders who had previously provided letters of financial support, and thus the Company would not be able to meet its obligations as and when they fell due. The Company therefore requested for a voluntary trading suspension of the Shares. Trading in the Shares has been suspended since 4 May 2021.

- 2.2.2 Cash Company. On 22 May 2022, the Company announced that it did not have any recurring revenue-generating business since the trading suspension of the Shares on 4 May 2021, and that it is therefore a “cash company” for the purpose of Rule 1017 of the Catalist Rules. Due to the “cash company” status of the Company, any acquisition transaction initiated by the Company will be subject to the requirements of a reverse takeover pursuant to Rule 1015 of the Catalist Rules. Since then, the Company has been providing regular updates to the Shareholders and the SGX-ST via monthly

LETTER TO SHAREHOLDERS

announcements on its valuation of assets and utilisation of cash, as well as quarterly updates on milestones in obtaining a new business. The Company announced the Proposed Acquisition on 18 March 2025, which is the key milestone for the Company to be on track in applying for resumption of trading of Shares upon completion of the Proposed Acquisition. The Company has, through its Sponsor, sought an extension of time till 31 October 2025 to meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules and to submit a resumption of trading proposal pursuant to Rule 1304 of the Catalist Rules. The SGX-ST had, on 20 August 2025, granted the Company's application for an extension of time subject to the following waiver conditions:

- (a) the Company announcing the waivers granted, the reasons for seeking the waivers, the conditions as required under Catalist Rule 106 and if the waivers conditions have been satisfied. If the waivers conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;
- (b) disclosure of the key milestones of the Proposed Acquisition and regular updates via SGXNet on its progress in meeting these milestones;
- (c) the Company's confirmation that it is not aware of any other information (including but not limited to financial information) with respect to the Target Group that may have a material bearing on investors' decisions which were not formally disclosed to the investors; and
- (d) submission of a written confirmation from the Company that the waivers will not be in contravention of any laws and regulations governing the Company and its constituent documents.

2.2.3 HOA. On 12 August 2022, the Company announced that it had entered into the HOA, pursuant to which Mr Teh Wing Kwan agreed to make the Proposed Investments, which comprise:

- (a) the proposed investment of S\$750,000 by way of subscription for new Shares such that Mr Teh Wing Kwan will own no less than 75.0% of the enlarged share capital of the Company ("**Investor Subscription**"), subject to the satisfaction of certain conditions;
- (b) the proposed working capital loans of up to S\$750,000 in aggregate ("**Investor Loans**"); and
- (c) the proposed guarantees from Mr Teh Wing Kwan of up to S\$500,000 in aggregate to be provided, at his sole discretion, to professional service providers of the Company ("**Investor Guarantees**").

The Company further disclosed that the Proposed Investments represented an opportunity to work together with Mr Teh Wing Kwan in evaluating and implementing feasible corporate plans for the Company, with a view to enable the resumption of trading and continued listing of the Shares, having considered the corporate profiles and business networks of Mr Teh Wing Kwan. Mr Teh Wing Kwan is a sophisticated investor with significant experience in corporate finance, corporate restructuring and mergers and acquisitions. More information on Mr Teh Wing Kwan, who is also a Proposed New

LETTER TO SHAREHOLDERS

Director, is set out in Section 24.2.2 titled “*Experience and Expertise of the Proposed New Board*” of the Target Company’s Letter to Shareholders.

2.2.4 Investor Temporary Loans and Investor Guarantees. Notwithstanding that certain key conditions precedent under the HOA have not been fulfilled by the Company, at the request of the Company:

(a) Mr Teh Wing Kwan and the Company entered into the Investor Temporary Loan Agreements pursuant to which Mr Teh Wing Kwan agreed to provide the Investor Temporary Loans of an aggregate principal amount of S\$550,000, which formed part of the Investor Loans under the HOA.

(b) Mr Teh Wing Kwan has also provided the Investor Guarantees of S\$500,000.

The Investor Temporary Loans and the Investor Guarantees allowed the Company to: (i) address and resolve the Company’s previous non-compliance issues relating to the Catalist Rules; and (ii) facilitate ongoing evaluation of viable targets for the Company to meet the SGX-ST’s requirements for a new listing (as explained in Sections 2.2.5 and 2.2.6 titled “*Legacy issues*” and “*Assessment of potential targets*” of this Circular).

The full amount of the Investor Temporary Loans had been disbursed, and the principal amount thereof had been fully settled by way of set-off against part of the subscription price for the Investor Subscription as described in Section 2.2.8(d) of this Circular.

2.2.5 Legacy issues. Since the entry into the HOA, the Company had, with the guidance and support of Mr Teh Wing Kwan, made significant progress in addressing certain legacy issues, including but not limited to the following matters:

(a) In December 2022, the Company completed the debt restructuring exercise pursuant to which all amounts outstanding under the MCPL Bond were fully settled by Mr Chu Ming Kin paying to MPCL an amount of S\$600,000 on behalf of the Company. The background of this debt restructuring exercise is described in Section 4.2.1(b) of this Circular on the Proposed Issue of Mr Chu’s Settlement Shares.

(b) The Company had previously been unable to meet certain requirements under the Catalist Rules, including the failure to release its unaudited financial statements as well as its annual report and to hold its AGM in respect of FY2020, FY2021 and FY2022 within the timeline prescribed under the Catalist Rules. The Company has since released its unaudited financial statements and annual reports and also held its AGM in respect of FY2020, FY2021 and FY2022. In respect of FY2023 and FY2024, the Company had released its unaudited financial statements and annual report, and held its AGM, within the timeline prescribed under the Catalist Rules.

2.2.6 Assessment of potential targets. Since the entry into the HOA and in order to acquire a business which meets the SGX-ST’s requirements for a new listing under Rule 1017 of the Catalist Rules, the Company had been working closely with Mr Teh Wing Kwan in assessing a number of potential targets for a reverse takeover. On 1 November 2024, the Company disclosed that a specific target for a potential reverse takeover had been identified and preliminary assessment of its latest financials had been conducted. On 12 February 2025, the Company announced that an initial draft of the definitive agreement for the potential reverse takeover had been circulated for discussions, and

LETTER TO SHAREHOLDERS

SAC Capital (as financial adviser) and other professionals have been appointed for the potential reverse takeover. Pursuant to further discussions, the Company, the Vendor and the Warrantors have since entered into the SPA in connection with the Proposed Acquisition.

2.2.7 Board's considerations. Taking into account, among other things, the business, the financial performance, financial condition and prospects of the Target Group and the proposed payment terms of the Proposed Acquisition (including the Deferred Consideration being deferred and determined on an earn-out basis in accordance with the formula in the SPA), the Board believes that:

- (a) the Target Group would be a suitable new business that will satisfy the requirements for a new listing pursuant to Rule 1017 of the Catalist Rules; and
- (b) the Proposed Acquisition, if completed, will mean a successful corporate turnaround plan for the Company, thereby enabling the Company to apply for a resumption in the trading of the Shares, leading to an improvement in leverage position for future fund-raising exercises which would in turn enhance Shareholders' value.

The Proposed Acquisition is therefore beneficial for and in the best interest of the Company and its Shareholders.

2.2.8 Further developments.

- (a) *Voting undertaking:* With a view to achieving deal certainty, alignment of interests and commitment of Mr Teh Wing Kwan towards the successful completion of the Proposed Acquisition and to eliminate any commercial risks for the parties, Mr Teh Wing Kwan provided an undertaking to the Vendor and the Warrantors pursuant to which he undertook to vote in favour of the Proposed Acquisition and other resolutions to be presented at the EGM.
- (b) *HOA Amendment Letter and Investor Subscription Agreement:* In view of the foregoing, on 18 March 2025, the Company and Mr Teh Wing Kwan entered into:
 - (i) the HOA Amendment Letter pursuant to which Mr Teh Wing Kwan agreed (among other things) to waive certain conditions under the HOA and to proceed with the Investor Subscription.

As a further demonstration of his commitment, Mr Teh Wing Kwan also agreed not to withdraw the Investor Guarantees amounting to S\$500,000 which have already been provided by Mr Teh Wing Kwan, and to provide additional working capital loans of up to S\$300,000 ("**Additional Funding**") as and when the Company may require, based on the terms and conditions to be agreed upon and at the discretion of Mr Teh Wing Kwan. Any such Additional Funding and Investor Guarantees from Mr Teh Wing Kwan that is disbursed or assumed before SPA Completion is expected to continue to subsist; and

- (ii) the Investor Subscription Agreement for the subscription by Mr Teh Wing Kwan of an aggregate of 25,515,000 Shares at the subscription price of S\$0.0294 for each subscription share (on a post-Share Consolidation basis).

LETTER TO SHAREHOLDERS

- (c) *Share Consolidation:* On 29 April 2025, the Company completed the Share Consolidation, which was undertaken as a condition precedent to the completion of the Investor Subscription to ensure that the subscription price of S\$0.0294 for each new Share on a post-Share Consolidation basis would be above the minimum bid size of S\$0.001 prescribed by the SGX-ST. Please refer to paragraph 2.2.1 of the circular dated 2 April 2025 issued by the Company to seek the approval of Shareholders for (among other things) the Share Consolidation and the Investor Subscription on the rationale and basis of the subscription price of S\$0.0294. The Share Consolidation would also facilitate the completion of the Proposed Acquisition (including the Proposed Compliance Placement) by ensuring that the Issue Price will meet the minimum price per share of S\$0.20 prescribed by Rule 1015(3)(c) of the Catalyst Rules.
- (d) *Completion of Investor Subscription:* On 29 April 2025, upon completion of the Investor Subscription, the Company allotted and issued to Mr Teh Wing Kwan an aggregate of 25,515,000 new Shares, which constituted approximately 75.0% of the enlarged share capital of the Company immediately after completion. The aggregate consideration for the Investor Subscription of S\$750,000 was settled by way of set-off against the principal amount of S\$550,000 of the Investor Temporary Loans and payment in cash of the balance S\$200,000.
- (e) *Investor Mandatory Offer:* Prior to the Investor Subscription, Mr Teh Wing Kwan did not hold any Shares. Completion of the Investor Subscription would trigger an obligation on the part of Mr Teh Wing Kwan to make the Investor Mandatory Offer. Taking into account that trading in the Shares has been suspended since 4 May 2021 and that there is no certainty that the Proposed Acquisition will be completed, Mr Teh Wing Kwan had made the Investor Mandatory Offer following completion of the Investor Subscription so as to ensure fair treatment of all Shareholders and to provide Shareholders an option to either (i) exit their investment in the Company by accepting the Investor Mandatory Offer; or (ii) hold on to their Shares in anticipation of the potential prospect of the Proposed Acquisition being completed by not accepting the Investor Mandatory Offer.

As at the close of the Investor Mandatory Offer on 11 June 2025, valid acceptances of the Investor Mandatory Offer were received in respect of 1,155,536 Shares, representing approximately 3.4% of the total number of issued Shares, and resulted in Mr Teh Wing Kwan holding an aggregate of 26,670,536 Shares, representing approximately 78.4% of the total number of issued Shares.

2.3 Information relating to the Vendor

- 2.3.1 Vendor. The Vendor is a private company limited by shares incorporated in Singapore on 16 June 2015. The Vendor is an investment holding company that, as at the Latest Practicable Date, holds (among other things) all of the issued shares in the capital of the Target Company and SKGH. SKGH in turn holds all of the issued shares in each of the Target Subsidiaries. Please refer to Section 28.2 titled “*Excluded Entities*” of the Target Company’s Letter to Shareholders on the shareholding structure of the Excluded Entities and the Target Group.
- 2.3.2 Shareholdings of the Vendor. As at the Latest Practicable Date, the Vendor has an issued and paid-up share capital of S\$2,000,000 comprising 2,000,000 issued shares, which are held by Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh as to

LETTER TO SHAREHOLDERS

56.5%, 30.0%, 10.0% and 3.5% respectively. The directors of the Vendor are Mr Wesley Shen and Ms Grace Xue. Ms Grace Xue is the wife of Mr Wesley Shen. Mr Johnson Shen is the brother of Mr Wesley Shen.

As at the Latest Practicable Date, neither the Vendor nor Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen or Mr Leonard Teh is related to any of the Existing Directors (including Mr Teh Wing Kwan who is the sole existing controlling shareholder of the Company), and/or their respective associates. As at the Latest Practicable Date, none of the Vendor, or Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen or Mr Leonard Teh, holds any Shares.

2.4 Information on the Target Group

2.4.1 Target Company. The Target Company is a private company limited by shares incorporated in Singapore on 4 March 2025. As at the Latest Practicable Date, the Target Company has an issued and paid-up share capital of S\$10,000 comprising 10,000 Target Company Shares, all of which are held by the Vendor. The directors of the Target Company are Mr Wesley Shen and Mr Leonard Teh. The Target Company is an investment holding company that has been incorporated by the Vendor for the purpose of acquiring the issued shares in, and holding, the Target Subsidiaries pursuant to the Restructuring. The Restructuring is described in Section 3.1 titled “*Restructuring Exercise*” of the Target Company’s Letter to Shareholders.

2.4.2 Target Subsidiaries. The Target Subsidiaries comprise:

- (a) SKVR, a company incorporated in Singapore which is in the Commercial Vehicle Leasing Business;
- (b) SKCR, a company incorporated in Singapore which is in the Credit Business; and
- (c) SKER, a company incorporated in Singapore which is in the Engineering Business.

Please refer to Section 5 titled “*Business Overview*” of the Target Company’s Letter to Shareholders for further information on the business and operations of the Target Group.

2.5 Principal Terms of the SPA

2.5.1 Sale and Purchase of Sale Shares. Under the SPA, the Company agreed to purchase from the Vendor the Sale Shares free from all encumbrances and together with all rights, benefits, dividends and entitlements attaching thereto as at SPA Completion.

2.5.2 Consideration.

- (a) *Total Consideration:* The Total Consideration for the sale and purchase of the Sale Shares is up to an aggregate of S\$42,300,000, and comprises the Base Consideration and the Deferred Consideration.

LETTER TO SHAREHOLDERS

- (b) *Base Consideration:* The Base Consideration is a fixed sum of S\$28,300,000 and will be satisfied by the Company in the following manner:
- (i) The sum of S\$27,500,000 out of the Base Consideration will be satisfied by the allotment and issue by the Company of 122,222,222 Base Consideration Shares to the Vendor (or its nominee(s)) at the Issue Price upon SPA Completion.
 - (ii) The balance Base Cash Consideration of S\$800,000 will be paid by the Company in cash on a date within 18 months from the SPA Completion Date agreed between the parties to the SPA in writing or, failing agreement, on the date falling 18 months from the SPA Completion Date (unless otherwise agreed in writing).
- (c) *Deferred Consideration:* The Deferred Consideration, which is the sum of up to a maximum of S\$14,000,000, will be determined as follows:
- (i) If the aggregate Target Adjusted NPAT of the Target Group for Target FY2025 and Target FY2026 (“**Target 24M2026 Aggregate Adjusted NPAT**”) is equal to or exceeds S\$7,300,000, the Deferred Consideration will be S\$14,000,000. There is no upward adjustment of the Deferred Consideration if the Target 24M2026 Aggregate Adjusted NPAT exceeds S\$7,300,000.
 - (ii) If the Target 24M2026 Aggregate Adjusted NPAT is less than S\$7,300,000, the Deferred Consideration will be reduced proportionately and computed based on the following formula:

$$\frac{\text{Target 24M2026 Aggregate Adjusted NPAT}}{7,300,000} \times 14,000,000$$

If the Target 24M2026 Aggregate Adjusted NPAT is zero or a negative number, the Deferred Consideration will be zero, and no Deferred Consideration will be payable.

- (iii) Notwithstanding the foregoing, if the Target 24M2026 Aggregate Adjusted NPAT is less than S\$7,300,000 but the variance is less than 5% (i.e. the variance is less than S\$365,000), the Deferred Consideration will be S\$14,000,000 and no adjustment will be made.

The determination of the Target 24M2026 Aggregate Adjusted NPAT, the amount of the Deferred Consideration, as well as the number of the Deferred Consideration Shares and the amount of the Deferred Cash Consideration referred to in Sections 2.5.2(d) and (e) below, will be subject to the oversight of the New Audit and Risk Committee and the approval of the Proposed New Board. Mr Wesley Shen, who will be an Executive Director and Chief Executive Officer and a controlling shareholder of the Company upon SPA Completion, will not participate in the deliberation of, and will abstain from voting on, these matters.

- (d) *Deferred Consideration Shares:* The sum of up to S\$12,500,000 of the Deferred Consideration will be satisfied by the allotment and issue by the Company of up to 55,555,555 Deferred Consideration Shares to be computed in the manner set out below at the Issue Price:

LETTER TO SHAREHOLDERS

- (i) If the Deferred Consideration is the maximum sum of S\$14,000,000, the sum of S\$12,500,000 will be satisfied by the allotment and issue of 55,555,555 Deferred Consideration Shares at the Issue Price.
- (ii) If the Deferred Consideration is less than S\$14,000,000, the Company will allot and issue such number of Deferred Consideration Shares to the Vendor (or to its nominee(s)) at the Issue Price as computed based on the following formula (rounded down to the nearest whole number):

$$\frac{12,500,000}{14,000,000} \times \text{Deferred Consideration}$$

Issue Price

- (iii) The allotment and issue of the Deferred Consideration Shares will be completed within three (3) months from the date of issue of the audited financial statements of the Target Group for Target FY2026.
- (e) *Deferred Cash Consideration:* The Deferred Cash Consideration of up to S\$1,500,000 will be determined in the manner set out below and satisfied in cash:
- (i) If the Deferred Consideration is the maximum sum of S\$14,000,000, the Deferred Cash Consideration will be the sum of S\$1,500,000.
 - (ii) If the Deferred Consideration is less than S\$14,000,000, the Deferred Cash Consideration shall be computed based on the following formula (rounded to the nearest cent):

$$\frac{1,500,000}{14,000,000} \times \text{Deferred Consideration}$$

- (iii) The Deferred Cash Consideration will be paid by the Company to the Vendor in cash on a date within 18 months from the date of issue of the Deferred Consideration Shares agreed between the parties in writing or, failing agreement, on the date falling 18 months from such date (unless otherwise agreed in writing).
- (f) *Independent Valuation:* Under the SPA, if the independent valuation of the Target Group conducted pursuant to Rule 1015(3)(a) of the Catalist Rules materially deviates either way from the maximum amount of the Total Consideration, the Vendor and the Company have agreed to negotiate in good faith on reasonable adjustments (if any) to be made to the Total Consideration. The Company has obtained the Independent Business Valuation Report, and no adjustments have been made to the Total Consideration. Please refer to Section 2.6 titled “*Independent Business Valuation*” of this Circular for further details.
- (g) *Ranking:* The Base Consideration Shares and Deferred Consideration Shares (if any) will, when allotted and issued, be credited as fully paid-up and rank *pari passu* with the then existing Shares save for any rights and entitlements the record date for which is prior to the respective dates of allotment and issue of the Base Consideration Shares and Deferred Consideration Shares.

LETTER TO SHAREHOLDERS

- (h) *Basis of Total Consideration and Issue Price:* The Total Consideration, including the use of the commercially agreed performance target of S\$7,300,000 in respect of the Target 24M2026 Aggregate Adjusted NPAT to determine the Deferred Consideration, was arrived at after arm's length negotiations on a willing-buyer and willing-seller basis, after taking into account, among other things: (i) the financial performance of the Target Group for Target FY2022, Target FY2023, Target FY2024 and Target 9M2025; (ii) the business prospects of the Target Group; (iii) the existing customer base and total fleet size of the Target Group; and (iv) the proposed payment terms and structure of the Total Consideration (including the formula for determining the Deferred Consideration).

The rationale for structuring the Total Consideration to include the Deferred Consideration (and the formula for computing the Deferred Consideration) includes the following:

- (A) the Company believes the inclusion of the Deferred Consideration (and the formula for computing the Deferred Consideration) is prudent to ensure that the Target Group is able to sustain its business operations, and that the Deferred Consideration is tied to the Target 24M2026 Aggregate Adjusted NPAT, which includes the future performance of the Target Group in Target FY2026;
- (B) the Deferred Consideration seeks to balance the interest of the Company in deferring payment of part of the Total Consideration pending the determination of the Target 24M2026 Aggregate Adjusted NPAT and the interest of the Vendor in receiving the Total Consideration of S\$42,300,000 if the performance targets are met. This will also incentivise the management of the Target Group, which will become management of the Enlarged Group upon SPA Completion, to work towards the commercially agreed performance target (i.e. the Target 24M2026 Aggregate Adjusted NPAT of S\$7,300,000); and
- (C) there is no upward adjustment to the amount of the Deferred Consideration in the event that the Target 24M2026 Aggregate Adjusted NPAT is equal to or exceeds the agreed amount of S\$7,300,000 as the maximum Deferred Consideration is capped at S\$14,000,000 whereas the downward adjustment to the amount of the Deferred Consideration in the event that the Target 24M2026 Aggregate Adjusted NPAT falls below the agreed amount of S\$7,300,000 (as described in Section 2.5.2(c)) provides value protection to the Company for the Proposed Acquisition if the Target Group does not perform as expected.

LETTER TO SHAREHOLDERS

The Issue Price of S\$0.225 represents a discount of approximately 77.5% to the illustrative volume weighted average price of the Shares on a post-Share Consolidation basis of S\$1.00 for each Share on the Last Trading Day (“**Discount**”). The Placement Price of S\$0.20 represents a discount of approximately 80.0% to the illustrative volume weighted average price of the Shares on a post-Share Consolidation basis of S\$1.00 for each Share on the Last Trading Day, and a discount of 11.1% to the Issue Price. The Discount and the Placement Price were negotiated and mutually agreed between the Company and the Vendor after taking into account, among other things:

- (1) the minimum issue price requirement pursuant to Rule 1015(3)(c) of the Catalist Rules, where in relation to a reverse takeover, the issue price of each share after adjusting for any share consolidation must not be lower than S\$0.20;
- (2) the volume weighted average price of the Shares on a post-Share Consolidation basis of S\$1.00 for each Share is not meaningful given that it was the volume weighted average share price on the Last Trading Day, which was more than four (4) years ago, prior to suspension in trading of the Shares;
- (3) such price of S\$1.00 per Share on a post-Share Consolidation basis is not reflective of the current financial position of the Company, which has no revenue-generating business since the Last Trading Day, is in a net loss and net tangible liability position, and has been dependent on the financial and other support from Mr Teh Wing Kwan;
- (4) trading in the Shares has since the Last Trading Day been suspended and there is no market for price discovery;
- (5) the premium of the Issue Price of S\$0.225 per Consideration Share over the NTL per Share of 4.64 cents (based on the NTL of the Group as at 31 December 2024 of RMB12.49 million at the exchange rate of S\$1 : RMB5.36 and after having accounted for the completion of the Investor Subscription on a post-Share Consolidation basis); and
- (6) as explained in Section 2.2.7 titled “*Board’s considerations*” of this Circular, the Proposed Acquisition would, if completed, enable the Company to apply for a resumption in the trading of the Shares.

2.5.3 SPA Conditions. Under the SPA, SPA Completion is conditional upon, among other things, the following SPA Conditions being satisfied or waived:

- (a) In respect of the Company’s due diligence on the Target Group:
 - (i) the completion of the Company’s due diligence on the Target Group (including legal, financial, accounting, business and commercial due diligence), and the results thereof being reasonably satisfactory to the Company; and
 - (ii) the rectification to the reasonable satisfaction of the Company of all issues and deficiencies identified pursuant to such due diligence and notified by the Company to the Vendor in writing.

LETTER TO SHAREHOLDERS

- (b) The completion of the legal and financial due diligence of the Company and its subsidiaries by the Vendor and the Warrantors, and the results thereof being reasonably satisfactory to the Vendor and the Warrantors.
- (c) The existing Shares not being delisted from the Catalist, and no notice of delisting having been issued by the SGX-ST.
- (d) The approval of the SGX-ST for the Proposed Acquisition (on the terms and conditions of the SPA) as a reverse takeover of the Company pursuant to Chapter 10 of the Catalist Rules and such approval not having been revoked or amended, and where such approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the parties.
- (e) The receipt by the Company of the listing and quotation notice from the SGX-ST in relation to the listing and quotation of the Base Consideration Shares, the Deferred Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares and the SAC Capital Shares on the Catalist and such notice not having been revoked or amended, and where such notice is obtained subject to any conditions, such conditions being reasonably acceptable to the parties.
- (f) Without prejudice to the conditions in paragraphs (d) and (e) above, the approval of the SGX-ST for all other matters contemplated under the SPA (where required), including: (i) the receipt of a notification from the SGX-ST confirming that it has no further comments to this Circular; and (ii) the matters referred to in paragraph (k) (where required), and such approval not having been revoked or amended, and where such approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the parties.
- (g) The grant by the SIC to the Vendor of a waiver of the obligation by the Vendor to make a mandatory general offer under Rule 14 of Code for all the Shares not already owned, controlled or agreed to be acquired by the Vendor and its concert parties, and from having to comply with the requirements of Rule 14 of the Code, upon the allotment and issue of the Base Consideration Shares to the Vendor (or its nominee(s)), and such waiver not having been withdrawn or revoked, and where such waiver is subject to conditions (other than the conditions set out in Appendix 1 to the Code), such conditions being reasonably acceptable to the Vendor and the Company ("**Whitewash Waiver**").
- (h) The receipt by the Company of the Independent Business Valuation Report.
- (i) An opinion from an independent financial adviser appointed by the Company expressing an opinion containing a recommendation to the Recommending Directors to recommend Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.
- (j) All consents (including any consents from any relevant authorities) required by the Target Group and/or the Vendor and/or any of the Warrantors for or in respect of the execution, delivery and performance of the SPA and the transactions contemplated under the SPA having been obtained, in such form and on such terms as may be reasonably satisfactory to the Company, and such consents not having been revoked or amended.

LETTER TO SHAREHOLDERS

- (k) The approval of the Shareholders at the EGM for the following matters:
 - (i) the Proposed Acquisition;
 - (ii) the Proposed Issue of Consideration Shares;
 - (iii) the Proposed Whitewash Resolution;
 - (iv) the Proposed Issue of Mr Chu's Settlement Shares;
 - (v) the Proposed Issue of Other Settlement Shares;
 - (vi) the Proposed Issue of SAC Capital Shares;
 - (vii) if required, the Proposed Compliance Placement;
 - (viii) the proposed disposal of all of the issued shares in the capital of Orion Energy, if an application to strike off Orion Energy has not been approved by ACRA within three (3) months after the EGM;
 - (ix) the Proposed Change of Core Business;
 - (x) the Proposed Change of Name;
 - (xi) the Proposed Appointment of Proposed New Directors;
 - (xii) if required, the proposed adoption of a new constitution by the Company;
 - (xiii) the Proposed New Share Issue Mandate;
 - (xiv) the Proposed IPT General Mandate;
 - (xv) if required, the Proposed Change of Independent Auditor; and
 - (xvi) such other corporate action(s) in connection with the Proposed Acquisition as may be necessary and agreed between the Vendor and the Company.
- (l) The completion of the Restructuring.
- (m) The execution of the Service Agreement and service agreements with other key management.
- (n) The Proposed Acquisition, the transactions contemplated under the SPA and the conduct of the business by the Target Group after SPA Completion not being prohibited or restricted by any applicable law, or by any restraining order, injunction or other order, decision, determination or notice (whether preliminary or permanent or otherwise) of any court or relevant authority having been made, proposed or announced or being anticipated.
- (o) The Vendor's Warranties remaining true and accurate and not misleading at SPA Completion as if repeated at SPA Completion and at all times between the date of the SPA and SPA Completion by reference to the facts then existing.
- (p) The Vendor and the Warrantors having fully complied with, observed and performed all of the provisions, and all of their undertakings, indemnities, covenants,

LETTER TO SHAREHOLDERS

agreements, liabilities and obligations, under the SPA required to be complied with, observed or performed prior to SPA Completion.

- (q) No matter, event or circumstance having occurred that, individually or in the aggregate (combined together with all other matters, events or circumstances), would or would reasonably be expected to have a material adverse effect on:
- (i) the business and operations of the Target Group;
 - (ii) the assets, liabilities, results of operations, financial performance, financial condition or prospects of the Target Group; and/or
 - (iii) the ability of the Vendor and/or the Warrantors to comply with, observe and perform its obligations (including proceeding to SPA Completion) under the SPA

(“**Material Adverse Event**”).

If any of the SPA Conditions is not satisfied (or waived) by 31 December 2025 (or such other date as the Parties may agree in writing), then unless otherwise agreed in writing, the SPA shall terminate automatically and none of the parties shall have any claim against any other party in respect of such termination, except that such termination shall be without prejudice to any accrued rights and/or remedies as at the time of termination.

As at the date of this Circular, the Conditions under Sections 2.5.3(a), (b), (c), (d), (e), (f), (g), (h), (i), (m), (n) and (q) are satisfied, but the Conditions under Sections 2.5.3(j), (k), (l), (o) and (p) remained outstanding. In relation to the Condition under Section 2.5.3(g), the Whitewash Waiver was granted by the SIC on 24 June 2025. In relation to the Condition under Section 2.5.3(k)(viii), Orion Energy was struck off on 19 June 2025. In relation to the Condition under Section 2.5.3(k)(xii), the parties have assessed that the Existing Constitution is in compliance with the requirements under, among others, Appendix 4C of the Catalist Rules and therefore mutually agreed that the adoption of a new constitution is not necessary at this juncture.

The Company will make immediate announcement(s) on SGXNet of: (i) any SPA Conditions waived pursuant to the SPA (including the basis for such waiver); (ii) the satisfaction of the SPA Conditions; and/or (iii) the termination of the SPA.

2.5.4 SPA Completion. Subject to the SPA Conditions being satisfied or waived (as the case may be), SPA Completion will take place on the date falling 14 calendar days from the date on which Shareholders’ approval is obtained at the EGM for (among other things) the Proposed Acquisition (or such other date as the parties may agree in writing) (“**SPA Completion Date**”).

2.5.5 Certain other obligations.

- (a) Under the SPA, the Vendor and the Warrantors have given to the Company certain undertakings in relation to the conduct of the Target Group and its business during the period between the date of the SPA and SPA Completion. These undertakings include procuring that the business of the Target Group is conducted in the ordinary and proper course in substantially the same manner as previously conducted and in accordance with sound financial and business standards and practices.

LETTER TO SHAREHOLDERS

- (b) Under the SPA, the Vendor and the Warrantors have provided the Vendor's Warranties to the Company, and represented and warranted that the Vendor's Warranties were true and accurate and not misleading as at the date of the SPA, and would remain true and accurate and not misleading at all times between the date of the SPA and SPA Completion, as if repeated on each day after the date of the SPA with reference to the facts existing on each such day.
- (c) Under the SPA, any claim by the Company against the Vendor and/or the Warrantors under or in connection with the SPA (including the indemnity under paragraph (d) below) is subject to the following limitations:
 - (i) the maximum aggregate liability of the Vendor and the Warrantors under or in connection with the SPA is limited to the maximum amount of the Total Consideration;
 - (ii) no claims against the Vendor and/or the Warrantors shall be made unless the amount of each claim (or a series of related claims) exceeds S\$50,000, or the amount of all claims in the aggregate exceeds S\$200,000; and
 - (iii) no claim shall be made by the Company unless notice in writing of such claim is given to the Vendors and the Warrantors within 36 months from SPA Completion or, for any claim relating to tax, the applicable periods prescribed by the relevant statute of limitations during which the relevant authority may raise an assessment or additional assessment on any Target Group Company.
- (d) The Vendor and the Warrantors have agreed to indemnify the Company in full against (among other things) any claims, liabilities or losses which the Company may suffer or incur in connection with or arising from a breach of any of the Vendor's Warranties or any claim by any third party against any Target Group Company as a result of any breach of or non-compliance with any applicable laws and/or the conditions of any consents obtained by any Target Group Company occurring prior to SPA Completion.

2.5.6 Right of termination.

- (a) Under the SPA, the Company may by written notice to the Vendor and the Warrantors at any time prior to SPA Completion, terminate the SPA if:
 - (i) any of the Vendor's Warranties is or becomes untrue, inaccurate or misleading in a material respect;
 - (ii) the Vendor and/or any Warrantor is in material breach of any of the provisions of the SPA; or
 - (iii) a Material Adverse Event occurs.
- (b) Under the SPA, the Vendor and the Warrantors may by written notice to the Company at any time prior to SPA Completion, terminate the SPA if:
 - (i) any of the representations and warranties of the Company under the SPA is or becomes untrue, inaccurate or misleading in a material respect; or

LETTER TO SHAREHOLDERS

- (ii) the Company is in material breach of any of the provisions of the SPA.

2.6 Independent Business Valuation

RSM SG Corporate Advisory Pte. Ltd. was appointed by the Company as the Independent Business Valuer to perform an independent valuation to determine the Market Value (as defined below) of 100% equity interest in the Target Group as at 31 March 2025 for the purpose of the Proposed Acquisition and to comply with Rule 1015 of the Catalist Rules.

The Independent Business Valuer has carried out the valuation in accordance with International Valuation Standards published by the International Valuation Standards Council. “**Market Value**” is defined under the International Valuation Standards as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

To arrive at the Market Value of 100% equity interest in the Target Group, the Independent Business Valuer applied sum-of-the-parts approach to sum up the respective values of each of SKVR, SKCR, SKER as well as the Target Company.

As a secondary cross-check of each of the respective values of SKVR, SKCR and SKER derived under the income approach, the market approach was performed where the implied price-to-earnings multiple range derived via the income approach falls within the price-to-earnings multiples range of the selected listed comparable companies for SKVR, SKCR and SKER respectively. The income approach provides an indication of value by converting projected cash flows to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. The indicative valuation of a business is thus arrived at from the value of the future free cash flows expected to be generated from the business during its life, and discounted with a risk-adjusted discount rate commensurate with the risk of the business (i.e. a discounted cash flow model). The central tasks in this approach are the projection of the future free cash flows and the determination of an appropriate discount rate. In line with industry norms, the income approach had been applied by the Independent Business Valuer in valuing the Target Group as it is of the view that the value of the Target Group lies in its future earnings.

The Independent Business Valuer also performed a cross-check via market approach on a combined basis for the Target Group where the implied price-to-earnings multiple range derived from the income approach falls within the weighted price-to-earnings multiple range of selected comparable listed companies.

Based on the Independent Business Valuation Report, the Market Value of the 100% equity interest in the Target Group as at 31 March 2025 is approximately between S\$40.10 million to S\$45.38 million, with an average of S\$42.74 million. Please refer to Appendix C titled “*Summary Valuation Letter*” to this Circular, which sets out a summary of the information contained in the Independent Business Valuation Report. The full text of the Independent Business Valuation Report, as well as the Summary Valuation Letter, will be made available for inspection at the registered office of the Company during normal business hours for a period of six (6) months from the date of this Circular.

LETTER TO SHAREHOLDERS

The Existing Directors are of the view that: (a) taking into account the track record and experience of the Independent Business Valuer set out below, the independent valuation of the Target Group described above has been conducted by qualified and competent valuation professionals with the relevant experience; and (b) the key assumptions and estimates used in the valuation exercise are reasonable and that the valuation conclusion and limitations as disclosed in the Summary Valuation Letter and the Independent Business Valuation Report are acceptable.

Track Record and Experience of the Independent Business Valuer

The information on the Independent Business Valuer was provided by the Independent Business Valuer. The Existing Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

The Independent Business Valuer is part of RSM Singapore. RSM Singapore is the largest professional services firm outside of the “Big Four” accounting firms in Singapore.

RSM Singapore is a member of RSM International, a network of independent accounting and consulting firms operating out of 120 countries with approximately 64,000 professionals across 820 offices globally. RSM is the sixth largest professional services network globally.

The Independent Business Valuer provides the following services:

- (a) valuation advisory services;
- (b) mergers and acquisition services;
- (c) transaction support; and
- (d) business grooming.

Within the valuation advisory practice, the professional valuers provide valuation services for transaction purposes, financial reporting purposes (fair value measurement, purchase price allocation, impairment testing, etc.), tax planning purposes, and litigation support.

The Independent Business Valuer, together with the lead engagement partner Mr Terence Ang (Partner, Head of Advisory) and engagement director Mr Daniel Low (Director), have prior experience in the valuation work for public and private companies within the logistics and transportation sector, including:

- (i) Valuation of a bus financing business of a Singapore-based company where the revenue includes interest income, rental income, commissions and sales of buses.
- (ii) Valuation of a company that is principally engaged in the sale, leasing and financing of motor vehicles, leasing of equipment, commercial loans and provision of motor vehicles repair services.

Each of Mr Terence Ang and Mr Daniel Low is a Chartered Valuer and Appraiser registered with the Institute of Valuers and Appraisers of Singapore.

LETTER TO SHAREHOLDERS

2.7 Relative Figures under Rule 1006 of the Catalist Rules

Pursuant to Rule 1015 of the Catalist Rules, the approval of shareholders is required to be obtained for a “very substantial acquisition” or “reverse takeover” as defined in Chapter 10 of the Catalist Rules. Rule 1006 of the Catalist Rules sets out the computations for relative figures, and where any of the relative figures is 100% or more, or if the transaction is one which will result in the change in control of a listed company, such a transaction is a “very substantial acquisition” or “reverse takeover”.

The relative figures of the Proposed Acquisition computed on the relevant bases set out in Rule 1006 of the Catalist Rules, based on the latest audited consolidated financial statements of the Group for FY2024, are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the asset to be disposed of Net asset value of the Group Relative figure	Not applicable to acquisition of assets
(b)	Net profits ⁽¹⁾ attributable to the Target Group (S\$'000) Net losses ⁽¹⁾ attributable to the Group (S\$'000) Relative figure	2,860 (405) ⁽²⁾ (706.2)%
(c)	Aggregate value of the Total Consideration given (S\$'000) Market capitalisation of the Company (S\$'000) <i>(prior to completion of the Investor Subscription)</i> Relative figure	42,300 ⁽³⁾ 8,505 ⁽⁴⁾ 497.4%
(d)	Number of Shares to be issued by the Company as consideration for the Proposed Acquisition Number of Shares in issue <i>(prior to completion of the Investor Subscription)</i> Relative figure	177,777,777 ⁽⁵⁾ 8,504,960 ⁽⁶⁾ 2,090.3%
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of Aggregate volume or amount of the Group's proven and probable reserves Relative figure	Not applicable ⁽⁷⁾

Notes:

- (1) Under Rule 1002(3)(b) of the Catalist Rules, “net profits” is defined as profit (or loss) before income tax and non-controlling interests.
- (2) Computed based on the average exchange rate for FY2024 of S\$1 : RMB5.38.
- (3) The value of the Total Consideration is based on the maximum sum of S\$42,300,000 and assumes that no adjustment will be made to the Deferred Consideration or the Total Consideration. Rule 1003(3) of the Catalist Rules requires that, where the consideration is in the form of shares, the value of the consideration is the higher of market value or NAV represented by such shares. If the computation pursuant to

LETTER TO SHAREHOLDERS

Rule 1003(3) of the Catalist Rules had been used, the imputed aggregate value of the consideration would be S\$180.08 million (“**Imputed Consideration**”), and is derived by (a) multiplying the maximum number of Consideration Shares (adjusted to 35.56 billion Shares on a pre-Share Consolidation basis) that may be issued in satisfaction of the Total Consideration by the volume weighted average price of the Shares of S\$0.005 (on a pre-Share Consolidation basis), being the volume weighted average price quoted on 28 April 2021, being the Last Trading Day; and (b) adding the full cash consideration payable of S\$2.30 million. The NAV represented by such Shares is not applicable as the Group was in a net liability position as at 31 December 2024. Accordingly, if the basis under Rule 1003(3) of the Catalist Rules is used, the relative figure under Rule 1006(c) of the Catalist Rules would have been 2,117.3%, determined by dividing the Imputed Consideration by the market capitalisation of the Company of S\$8.51 million (prior to the completion of the Investor Subscription).

- (4) The market capitalisation of the Company is derived by multiplying the number of Shares in issue by S\$0.005 per Share (on a pre-Share Consolidation basis), being the volume weighted average price quoted on 28 April 2021, being the Last Trading Day.
- (5) The number of Shares to be issued by the Company as consideration for the Proposed Acquisition is based on the maximum aggregate number of 122,222,222 Base Consideration Shares and 55,555,555 Deferred Consideration Shares. For avoidance of doubt, Mr Chu’s Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares have not been included in the computation of the relative bases set out in Rule 1006 of the Catalist Rules as they do not form part of the Total Consideration for the Proposed Acquisition.
- (6) The number of Shares in issue immediately following completion of the Share Consolidation but before the completion of the Investor Subscription was 8,504,960 Shares. Taking into account the allotment and issue of 25,515,000 new Shares pursuant to completion of the Investor Subscription, the total number of Shares in issue prior to SPA Completion is 34,019,960, and the relative figure for Rule 1006(d) of the Catalist Rules would have been 522.6%.
- (7) Not applicable as the Company is not a mineral, oil or gas company and the Proposed Acquisition does not involve a disposal.

Upon the allotment and issue of the Base Consideration Shares on SPA Completion, after the completion of the Proposed Compliance Placement (assuming the issue of all 15,000,000 New Placement Shares and the sale of all 6,000,000 Vendor Shares), but before taking into account the allotment and issue of the Deferred Consideration Shares (if any), the Vendor (or its nominees) will hold an aggregate of 116,222,222 Base Consideration Shares, which will constitute approximately 65.9% of the Enlarged Share Capital of 176,353,289 Shares upon SPA Completion. As such, the Vendor will become a new controlling Shareholder upon SPA Completion. For completeness, the Vendor will hold 74.1% of the Further Enlarged Share Capital of 231,908,844 Shares of the Company assuming the maximum number of Deferred Consideration Shares are issued assuming all 6,000,000 Vendor Shares are sold.

As the relative figures under Rules 1006(b), 1006(c) and 1006(d) of the Catalist Rules exceed 100% and given that there will be a change in control upon SPA Completion, the Proposed Acquisition would constitute a “reverse takeover” under Rule 1015(1) of the Catalist Rules. Accordingly, the Proposed Acquisition is conditional upon, among other things, the approval of Shareholders at the EGM and the issue of a listing and quotation notice by the SGX-ST.

3. THE PROPOSED WHITEWASH RESOLUTION

3.1 Rule 14 of the Code

- 3.1.1 Under Rule 14 of the Code and section 139 of the SFA, where: (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the

LETTER TO SHAREHOLDERS

voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

3.1.2 As at the Latest Practicable Date, the Vendor and its concert parties do not hold any interest in any Shares, other than pursuant to the Proposed Acquisition. Immediately after SPA Completion, upon the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares and the New Placement Shares, and after the sale of the Vendor Shares, the Vendor will hold approximately 65.9% of the Enlarged Share Capital of 176,353,289 Shares. Pursuant to Rule 14 of the Code, the Vendor will be required to make a mandatory general offer for the remaining Shares not owned, controlled or agreed to be acquired by the Vendor and its concert parties, unless waived by the SIC.

3.1.3 Please refer to Section 16.4 of this Circular and Appendix F titled "*Changes in Shareholding Structure*" to this Circular for the effects of the Proposed Transactions on the shareholding of the existing Shareholders.

3.2 Conditional Waiver by the SIC

On 24 June 2025, the SIC had granted the Whitewash Waiver to the Vendor, i.e. a waiver of the requirement to make a general offer for the Company under Rule 14 of the Code as a result of the allotment and issue of the Base Consideration Shares to the Vendor in connection with the Proposed Acquisition, subject to the following conditions:

- (a) the majority of holders of voting rights of the Company approves at a general meeting, before the allotment and issue of the Base Consideration Shares pursuant to the Proposed Acquisition, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Vendor;
- (b) the Proposed Whitewash Resolution being separate from other resolutions;
- (c) the Vendor and its concert parties, as well as parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (d) the Vendor and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):
 - (i) during the period between 18 March 2025, being the date of the RTO Announcement, and the date that Independent Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the six (6) months prior to 18 March 2025, being the date of the RTO Announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Acquisition;

LETTER TO SHAREHOLDERS

- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the Proposed Acquisition, and the allotment and issue of the Base Consideration Shares and Deferred Consideration Shares (if any) as well as the SAC Capital Shares, Mr Chu's Settlement Shares and Other Settlement Shares;
 - (ii) the dilution effect to existing holders of voting rights of the Company upon the allotment and issue of the Base Consideration Shares pursuant to the Proposed Acquisition;
 - (iii) the number and percentage of voting rights in the Company, as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares (other than the convertibles to be issued, if any), held by the Vendor and its concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights in the Company to be acquired by the Vendor and its concert parties as a result of the allotment and issue of the Base Consideration Shares pursuant to the Proposed Acquisition;
 - (v) specific and prominent reference to the fact that the allotment and issue of the Base Consideration Shares pursuant to the Proposed Acquisition would result in the Vendor and its concert parties holding Shares carrying over 49.0% of the voting rights of the Company and that the Vendor and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
 - (vi) specific and prominent reference to the fact that the Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Vendor at the highest price paid by the Vendor and its concert parties in the past six (6) months preceding the date of the RTO Announcement;
- (g) this Circular states that the Proposed Whitewash Waiver granted by the SIC to the Vendor is subject to the conditions set out in paragraphs (a) to (f) above;
- (h) the Vendor obtaining the SIC's approval in advance for those parts of this Circular that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Proposed Whitewash Resolution, the approval of the Proposed Whitewash Resolution must be obtained within three (3) months from 24 June 2025 and the subscription of the Base Consideration Shares by the Vendor must be completed within three (3) months of the date of the approval of the Proposed Whitewash Resolution.

As at the date of this Circular, all the above conditions imposed by the SIC, save and except for the condition under paragraph (a), have been satisfied.

LETTER TO SHAREHOLDERS

3.3 Implications of the Proposed Whitewash Resolution

Independent Shareholders should note that:

- (a) **their approval of the Proposed Whitewash Resolution is a condition precedent to SPA Completion pursuant to the terms of the SPA, and if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place;**
- (b) **the allotment and issue of the Base Consideration Shares pursuant to the Proposed Acquisition will result in the Vendor and its concert parties holding Shares carrying over 49.0% of the voting rights of the Company, and that the Vendor and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and**
- (c) **by voting in favour of the Proposed Whitewash Resolution, Independent Shareholders are waiving their rights to receive a general offer from the Vendor at the highest price paid by the Vendor and its concert parties in the past six (6) months preceding the date of the RTO Announcement.**

Shareholders should note that the Proposed Acquisition is conditional upon the approval for the Proposed Whitewash Resolution, and hence the Proposed Acquisition will not be completed if the Proposed Whitewash Resolution is not approved.

Shareholders should also note Section 1.3 titled “*Inter-conditionality of the Resolutions*” of this Circular on the inter-conditionality of the relevant resolutions contained in the Notice of EGM.

3.4 Advice of the IFA in relation to the Proposed Whitewash Resolution

In connection with one of the conditions for the grant of the Whitewash Waiver by the SIC, Xandar Capital Pte. Ltd. has been appointed as the Independent Financial Adviser to the Recommending Directors in relation to the Proposed Whitewash Resolution.

Based on the IFA’s analysis, after taking into account the factors set out in the IFA Letter and the information made available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that, the terms of the Proposed Acquisition are, on balance, fair and reasonable, and are not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the IFA advises the Existing Directors to recommend that Shareholders vote in favour of the Proposed Whitewash Resolution.

The IFA Letter setting out the IFA’s advice in full is reproduced in Appendix D to this Circular. Shareholders are advised to read the IFA Letter in its entirety.

4. THE PROPOSED ISSUE OF MR CHU’S SETTLEMENT SHARES

4.1 Mr Chu Ming Kin

Mr Chu Ming Kin was appointed Non-Executive Director on 6 April 2015 and was subsequently re-designated as Executive Chairman and Chief Executive Officer of the

LETTER TO SHAREHOLDERS

Company on 7 July 2015 until he stepped down with effect from 13 June 2025. As at the Latest Practicable Date, Mr Chu Ming Kin holds 176,971 Shares, representing approximately 0.52% of the total number of issued Shares.

4.2 Amounts owing to Mr Chu Ming Kin

4.2.1 Mr Chu's Loan.

- (a) As at the Latest Practicable Date, the Company owes Mr Chu Ming Kin an aggregate amount of S\$840,000 ("**Mr Chu's Loan**"), which comprises:
- (i) S\$540,000 arising from the Company's internal debt restructuring as described in Section 4.2.1(b) of this Circular below); and
 - (ii) interest-free working capital loans and advances from Mr Chu Ming Kin to the Company, with the total amount being capped at S\$300,000 pursuant to one of the conditions precedent under the HOA. This amount has been reported in the audited consolidated financial statements of the Group for FY2024.
- (b) The background relating to the amount of S\$540,000 owing to Mr Chu Ming Kin is as follows:
- (i) In December 2018, the Company completed the acquisition of 48.97% of the shares in Orion Energy from MCPL for an aggregate consideration of S\$12.0 million ("**Orion Energy Acquisition**"). The consideration was satisfied by the Company issuing to MCPL a non-listed, non-tradeable, convertible bond for the principal amount of S\$12.0 million with a maturity date of 19 December 2021 ("**MCPL Bond**"). Mr Chu Ming Kin was the Executive Chairman and Chief Executive Officer of the Company during the time when the Orion Energy Acquisition was initiated and completed.
 - (ii) The Company had redeemed a substantial portion of the principal amount of the MCPL Bond in cash, but as at the maturity date of 19 December 2021, there was an aggregate principal amount and accrued interest of around S\$1.25 million outstanding.
 - (iii) Given its financial position at that time, the Company was unable to repay the remaining outstanding amount owed to MCPL. As announced by the Company on 15 December 2022, the Company had entered into a deed ("**Deed**") with MCPL and Mr Chu Ming Kin to, among other things, fully and finally settle all amounts outstanding under the MCPL Bond for S\$600,000, following which the MCPL Bond shall be deemed fully settled, terminated and cancelled. Mr Chu Ming Kin paid to MCPL on behalf of the Company the amount of S\$600,000, which constitutes an unsecured and interest-free amount owing and payable by the Company to Mr Chu Ming Kin under the Deed. In accordance with the Deed, the Company had repaid S\$60,000 to Mr Chu Ming Kin with the balance amount of S\$540,000 outstanding, and such outstanding amount had been reported in the audited consolidated financial statements of the Group for FY2024. In accordance with the Deed, the remaining S\$540,000 is repayable by the Company, subject to certain conditions, including the Company having

LETTER TO SHAREHOLDERS

received in-principle approval from the SGX-ST to undertake a potential reverse takeover and shall be repayable either by way of cash or Shares, or part cash and part Shares.

4.2.2 Mr Chu's Assumed Amount. Pursuant to a deed of undertaking dated 21 March 2025, Mr Chu Ming Kin has agreed to assume the Company's liability for the payment of Directors' fees of approximately S\$73,480 ("**Mr Chu's Assumed Amount**") owing to certain previous Independent Directors. This amount comprises:

- (a) around S\$28,110 of Director's fees owing to Mr Charles Chew Yeow Bian in respect of FY2019. Mr Charles Chew Yeow Bian was appointed as an Independent Director on 6 September 2018 and resigned on 17 August 2019;
- (b) around S\$21,918 of Director's fees owing to Mr Chia Soo Hin William in respect of FY2019 and FY2020. Mr Chia Soo Hin William was appointed as an Independent Director on 6 November 2019 and resigned on 30 September 2020; and
- (c) around S\$23,452 of Director's fees owing to Mr Lee Chong Yang in respect of FY2020 and FY2021. Mr Lee Chong Yang was appointed as an Independent Director on 12 June 2018 and resigned on 25 March 2021.

These Directors' fees owing to the previous Independent Directors mentioned above were approved by Shareholders at the relevant AGMs (i) prior to the entry into the HOA; and (ii) when Mr Chu Ming Kin was the Executive Chairman and Chief Executive Officer of the Company.

4.3 **Mr Chu's Settlement Shares**

4.3.1 Settlement of Mr Chu's Loan and Mr Chu's Assumed Amount. The Company and Mr Chu Ming Kin have entered into an agreement dated 11 June 2025 ("**Mr Chu's Settlement Letter**") pursuant to which they agreed that the Company will allot and issue an aggregate of 4,059,908 Mr Chu's Settlement Shares to Mr Chu Ming Kin, which comprise:

- (a) 3,733,333 new Shares at the Issue Price in full and final settlement of Mr Chu's Loan; and
- (b) 326,575 new Shares at the Issue Price in full and final settlement of Mr Chu's Assumed Amount.

4.3.2 Ranking. Mr Chu's Settlement Shares will, upon allotment and issue, be credited as fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the existing issued Shares, save for any rights, benefits, dividends and entitlements the record date for which is before the SPA Completion Date.

4.3.3 Percentage shareholding. Mr Chu's Settlement Shares will, upon allotment and issue, represent around 2.30% of the Enlarged Share Capital of 176,353,289 Shares immediately after SPA Completion and, together with Mr Chu Ming Kin's deemed interest in 176,971 Shares as at the Latest Practicable Date, result in Mr Chu Ming Kin having an aggregate interest of around 2.40% of the Enlarged Share Capital of 176,353,289 Shares. The allotment and issue of Mr Chu's Settlement Shares will not result in the transfer of a controlling interest in the Company to Mr Chu Ming Kin.

LETTER TO SHAREHOLDERS

4.3.4 Rationale for the allotment and issue of Mr Chu's Settlement Shares. The Board has, in proposing to allot and issue Mr Chu's Settlement Shares in full and final settlement of Mr Chu's Loan and Mr Chu's Assumed Amount, taken into consideration the following:

- (a) The Company has no revenue-generating business since the suspension of trading in its Shares on 4 May 2021. The Company has been depending heavily on the willingness of Mr Teh Wing Kwan to provide strategic guidance and financial support to pay for its corporate expenses, and the proposed allotment and issue of Mr Chu's Settlement Shares is also in line with certain key conditions precedent as set out in the HOA.
- (b) The allotment and issue of Mr Chu's Settlement Shares in full and final settlement of Mr Chu's Loan and Mr Chu's Assumed Amount would remove the relevant liabilities from the Company's balance sheet, enable the Company to start from a clean slate and facilitate the Proposed Acquisition. It is a condition precedent to SPA Completion that the approval of Shareholders be obtained for the allotment and issue of Mr Chu's Settlement Shares.

4.3.5 Shareholders' approval. The allotment and issue of the Mr Chu's Settlement Shares will be subject to the approval of Shareholders at the EGM:

- (a) Under section 161 of the Companies Act and Rule 805(1) of the Catalist Rules, an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares.

The Company will not be relying on the general mandate for the issue of Shares approved by Shareholders at the AGM held on 29 April 2025 and will seek the specific approval of Shareholders at the EGM for the allotment and issue of Mr Chu's Settlement Shares for the purpose of section 161 of the Companies Act and Rule 805(1) of the Catalist Rules.

- (b) Under Rule 811 of the Catalist Rules, an issue of shares for cash must not be priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full Market Day on which the placement or subscription agreement is signed unless specific shareholders' approval is obtained.

As trading in the Shares has been suspended since 4 May 2021, there is no applicable reference point in respect of the weighted average price for trades done on the SGX-ST for the full Market Day on which the Mr Chu's Settlement Letter was signed.

Prior to the suspension of trading in the Shares, the last traded price of the Shares on the Last Trading Day was S\$0.005 per Share (prior to the completion of the Share Consolidation) which, for illustrative purposes, is equivalent to S\$1.00 per Share on a post-Share Consolidation basis. The Issue Price of S\$0.225 per Mr Chu's Settlement Share represents a discount of approximately 77.5% to the illustrative volume weighted average price of the Shares on a post-Share Consolidation basis of S\$1.00 for each Share on the Last Trading Day. The Company is therefore seeking the specific approval of Shareholders for the issue of Mr Chu's Settlement Shares at the Issue Price under Rule 811(3) of the Catalist Rules. Please refer to Section 2.5.2(h) titled "*Basis of Total Consideration and Issue Price*" of the Circular on the factors taken into account by the Board in agreeing to

LETTER TO SHAREHOLDERS

the discount of the Issue Price to the illustrative volume weighted average price of the Shares of S\$1.00 on a post-Share Consolidation basis referred to above.

5. THE PROPOSED ISSUE OF OTHER SETTLEMENT SHARES

5.1 Other Amounts Owing

- 5.1.1 Partial settlement of outstanding Independent Directors' fees. Mr Lee Fang Wen and Mr Tay Boon Zhuan were appointed as Independent Directors on 16 September 2022 and 22 March 2021 respectively. Mr Tay Boon Zhuan has stepped down as an Independent Director with effect from 20 June 2025. Mr Lee Fang Wen will step down as an Independent Director upon SPA Completion. Having considered the then financial position of the Company and to demonstrate their confidence in the Proposed Acquisition, both Mr Lee Fang Wen and Mr Tay Boon Zhuan have agreed to accept the allotment and issue of the IDs Settlement Shares as payment of the IDs Outstanding Fees (which constitute part of the outstanding Directors' fees owing to them). The IDs Outstanding Fees have been approved by Shareholders at the relevant AGMs, subsequent to the entry into the HOA.

The Company and each of Mr Lee Fang Wen and Mr Tay Boon Zhuan have entered into letter agreements dated 11 June 2025 ("**IDs Settlement Letters**") pursuant to which they agreed that, subject to the approval of Shareholders at the EGM, the Company will allot and issue the IDs Settlement Shares at the Issue Price to them in full and final settlement of the IDs Outstanding Fees. Following the allotment and issue of the IDs Settlement Shares to them, the balance amount of outstanding Independent Directors' fees owing to Mr Lee Fang Wen and Mr Tay Boon Zhuan are approximately S\$50,000 and S\$90,000 respectively. The Company intends to settle such amounts via the Additional Funding to be provided by Mr Teh Wing Kwan.

- 5.1.2 Partial settlement of outstanding consultancy fees. Since 1 June 2022, the Company has engaged Ms Ng Siew Thung to provide accounting and financial reporting services in order for the Company to continue to comply and fulfil its statutory compliance requirements and the SGX-ST requirements relating to periodic financial reporting. As at the Latest Practicable Date, the Company owes consultancy fees to Ms Ng Siew Thung. The Company and Ms Ng Siew Thung have entered into a letter agreement dated 11 June 2025 ("**Consultant Settlement Letter**") pursuant to which they agreed that, subject to the approval of Shareholders at the EGM, the Company will allot and issue the Consultant Settlement Shares at the Issue Price to her in full and final settlement of the Consultant Outstanding Fees (which constitute part of the outstanding consultancy fees owing to her). The provision of these services by Ms Ng Siew Thung will cease upon SPA Completion, as Mr Leonard Teh will be appointed as the Chief Financial Officer of the Company and will assume responsibility for the financial reporting and other relevant functions of the Enlarged Group. Following the allotment and issue of the Consultant Settlement Shares, the balance amount of outstanding consultancy fees payable to Ms Ng Siew Thung is approximately S\$100,000. The Company intends to settle such amounts via the Additional Funding to be provided by Mr Teh Wing Kwan.
- 5.1.3 Ranking. The Other Settlement Shares will, upon allotment and issue, be credited as fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the existing issued Shares, save for any rights, benefits, dividends and entitlements the record date for which is before the SPA Completion Date.

LETTER TO SHAREHOLDERS

- 5.1.4 Breakdown. The breakdown of the Other Amounts Owing and the Other Settlement Shares to be allotted and issued in settlement thereof is set out below:

Name	Other Amounts Owing	Nature of amounts owing	No. of Other Settlement Shares	% of Enlarged Share Capital of 176,353,289 Shares
Mr Lee Fang Wen	S\$25,000	Partial Director's fees in respect of FY2023, FY2024 and 1H2025	111,111	0.06%
Mr Tay Boon Zhuan	S\$55,000	Partial Director's fees in respect of FY2021, FY2022, FY2023, FY2024 and 1H2025	244,444	0.14%
Ms Ng Siew Thung	S\$56,520	Partial consultancy fees for accounting and financial reporting services	251,200	0.14%
Total	S\$136,520		606,755	0.34%

As at the Latest Practicable Date, none of Mr Lee Fang Wen, Mr Tay Boon Zhuan or Ms Ng Siew Thung holds any Shares. Immediately after SPA Completion, each of them will hold the number of Shares reflected in the table above. The allotment and issue of the Other Settlement Shares will not result in the transfer of a controlling interest to Mr Lee Fang Wen, Mr Tay Boon Zhuan or Ms Ng Siew Thung.

- 5.1.5 Rationale. The Board has, in proposing to pay the Other Amounts Owing by way of allotment and issue of the Other Settlement Shares, taken into account the following:

- (a) The Company has become a “cash company” for the purpose of Rule 1017 of the Catalist Rules and does not have any recurring revenue-generating business. While the Company searches for a new business that will satisfy the SGX-ST requirements for a new listing, the Company is still required to comply with Catalist Rules, including the appointment of Independent Directors. Despite there being no certainty that the Company will be able to acquire a business that will meet the SGX-ST's requirements for a new listing, Mr Lee Fang Wen has, and Mr Tay Boon Zhuan had (until 20 June 2025 when he stepped down), continued to serve as Independent Directors as they remained confident to work together with Mr Teh Wing Kwan in evaluating and implementing feasible corporate plans for the Company, with a view to enable the resumption of trading and continued listing of the Shares following the entry into the HOA.
- (b) Notwithstanding its “cash company” status, the Company must continue to fulfil its statutory compliance requirements. In addition, the Company remains subject to ongoing obligations under the Catalist Rules, including the preparation of half-yearly financial statements, the provision of monthly updates on asset valuations and cash utilisation, and quarterly progress reports on milestones toward securing a new business. The Company does not employ any full-time finance staff,

LETTER TO SHAREHOLDERS

and has thus engaged Ms Ng Siew Thung to provide accounting and financial reporting consultancy services to the Company. The Consultant Outstanding Amounts represent part of the consulting fees that are payable to Ms Ng Siew Thung for the provision of such services.

- (c) The allotment and issue of the Other Settlement Shares in full and final settlement of the Other Amounts Owed would remove the relevant liabilities from the Company's balance sheet while preserving its cash flows, enable the Company to start from a clean slate and facilitate the Proposed Acquisition, and is therefore beneficial for the Company. It is a condition precedent to SPA Completion that the approval of Shareholders be obtained for the allotment and issue of the Other Settlement Shares.

5.1.6 Shareholders' approval. The allotment and issue of the Other Settlement Shares will be subject to the approval of Shareholders at the EGM:

- (a) Under section 161 of the Companies Act and Rule 805(1) of the Catalist Rules, an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares.

The Company will not be relying on the general mandate for the issue of Shares approved by Shareholders at the AGM held on 29 April 2025 and will seek the specific approval of Shareholders at the EGM for the allotment and issue of the Other Settlement Shares for the purpose of section 161 of the Companies Act and Rule 805(1) of the Catalist Rules.

- (b) Under Rule 811 of the Catalist Rules, an issue of shares for cash must not be priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full Market Day on which the placement or subscription agreement is signed unless specific shareholders' approval is obtained.

As trading in the Shares has been suspended since 4 May 2021, there is no applicable reference point in respect of the weighted average price for trades done on the SGX-ST for the full Market Day on which the IDs Settlement Letters or Consultant Settlement Letter were signed.

Prior to the suspension of trading in the Shares, the last traded price of the Shares on the Last Trading Day was S\$0.005 per Share (prior to the completion of the Share Consolidation) which, for illustrative purposes, is equivalent to S\$1.00 per Share on a post-Share Consolidation basis. The Issue Price of S\$0.225 per Other Settlement Share represents a discount of approximately 77.5% to the illustrative volume weighted average price of the Shares on a post-Share Consolidation basis of S\$1.00 for each Share on the Last Trading Day. The Company is therefore seeking the specific approval of Shareholders for the issue of the Other Settlement Shares at the Issue Price under Rule 811(3) of the Catalist Rules. Please refer to Section 2.5.2(h) titled "*Basis of Total Consideration and Issue Price*" of this Circular on the factors taken into account by the Board in agreeing to the discount of the Issue Price to the illustrative volume weighted average price of the Shares of S\$1.00 on a post-Share Consolidation basis referred to above.

LETTER TO SHAREHOLDERS

- (c) Under Rule 804 of the Catalist Rules, among other things, except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules (relating to share option schemes and share schemes), no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

Under Rules 812(1) read with 812(2) of the Catalist Rules, among other things, an issue must not be placed to certain specified persons, including the issuer's directors, unless specific shareholder approval has been obtained. The person, and its associates, must abstain from voting on the resolution approving the placement.

As the IDs Settlement Shares will be allotted and issued to Mr Lee Fang Wen who is an Independent Director, the Company will seek the specific approval of Shareholders at the EGM for the purpose of Rule 804 and Rule 812(1) read with Rule 812(2) of the Catalist Rules. Mr Lee Fang Wen and his associates will abstain from voting on Ordinary Resolution 5 relating to the proposed allotment and issue of the IDs Settlement Shares to him.

- 5.1.7 Interested Person Transaction. Mr Lee Fang Wen is an interested person by virtue of him being a Director. Accordingly, the allotment and issue of the IDs Settlement Shares to him pursuant to the arrangement described above constitutes an interested person transaction between the Company and him. As the IDs Settlement Shares are being allotted and issued to Mr Lee Fang Wen as settlement of partial Directors' fees owing to him, the exemption under Rule 915(8) of the Catalist Rules applies. Rule 915(8) of the Catalist Rules states that transactions including Directors' fees and remuneration are not required to comply with Rules 905, 906 and 907 of the Catalist Rules which requires, amongst others, for the issuer to announce and/or obtain shareholders' approval for any interested person transaction exceeding certain thresholds.

6. THE PROPOSED ISSUE OF SAC CAPITAL SHARES

- 6.1.1 SAC Capital Shares. The Company is, as required by Rule 805(1) and Rule 811 of the Catalist Rules, seeking the approval of the Shareholders for the allotment and issue of 444,444 SAC Capital Shares at the Issue Price to the Financial Adviser, as part payment of SAC Capital's professional fees as the Financial Adviser to the Company in respect of the Proposed Acquisition. On the SPA Completion Date, the Company shall allot and issue to the Financial Adviser the SAC Capital Shares, which constitute approximately 0.25% of the Enlarged Share Capital of 176,353,289 Shares.

The SAC Capital Shares will, upon its allotment and issue, be credited as fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the existing issued Shares, save for any rights, benefits, dividends and entitlements the record date for which is before the SPA Completion Date.

LETTER TO SHAREHOLDERS

6.1.2 Shareholders' approval. The allotment and issue of the SAC Capital Shares will be subject to the approval of Shareholders at the EGM:

- (a) Under section 161 of the Companies Act and Rule 805(1) of the Catalist Rules, an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares.

The Company will not be relying on the general mandate for the issue of Shares approved by Shareholders at the AGM held on 29 April 2025 and will seek the specific approval of Shareholders at the EGM for the allotment and issue of SAC Capital Shares for the purpose of section 161 of the Companies Act and Rule 805(1) of the Catalist Rules.

- (b) Under Rule 811 of the Catalist Rules, an issue of shares for cash must not be priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full Market Day on which the placement or subscription agreement is signed unless specific shareholders' approval is obtained.

As trading in the Shares has been suspended since 4 May 2021, there is no applicable reference point in respect of the weighted average price for trades done on the SGX-ST for the full Market Day on which the engagement letter with SAC Capital was signed.

Prior to the suspension of trading in the Shares, the last traded price of the Shares on the Last Trading Day was S\$0.005 per Share (prior to the completion of the Share Consolidation) which, for illustrative purposes, is equivalent to S\$1.00 per Share on a post-Share Consolidation basis. The Issue Price of S\$0.225 per SAC Capital Share represents a discount of approximately 77.5% to the illustrative volume weighted average price of the Shares on a post-Share Consolidation basis of S\$1.00 for each Share on the Last Trading Day. The Company is therefore seeking the specific approval of Shareholders for the issue of the SAC Capital Shares at the Issue Price under Rule 811(3) of the Catalist Rules. Please refer to Section 2.5.2(h) titled "*Basis of Total Consideration and Issue Price*" of this Circular on the factors taken into account by the Board in agreeing to the discount of the Issue Price to the illustrative volume weighted average price of the Shares of S\$1.00 on a post-Share Consolidation basis referred to above.

7. THE PROPOSED COMPLIANCE PLACEMENT AND THE PROPOSED CONVERTIBLE BOND ISSUE

7.1 General

- 7.1.1 Minimum Public Float Requirement. Under Rule 724 of the Catalist Rules, the SGX-ST may suspend trading of the Shares if less than 10.0% of the issued and paid-up share capital of the Company is held in the hands of the public. The SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of issued and paid-up share capital of the Company in the hands of the public to at least 10.0%. In addition, the Company is required to comply with Rule 1015(3) and Rule 406(1) of the Catalist Rules, where at least 15.0% of the total number of issued Shares (excluding treasury shares) must be held in the hands of at least 200 shareholders who are members of the public ("**Minimum Public Float Requirement**").

LETTER TO SHAREHOLDERS

7.1.2 Public float. Immediately after the issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares and the SAC Capital Shares (and before the allotment and issue of the New Placement Shares and the Deferred Consideration Shares and before taking into account the sale of the Vendor Shares and the allotment and issue of the Conversion Shares pursuant to conversion of the Convertible Bonds): (a) the Vendor and Mr Teh Wing Kwan will hold 122,222,222 Shares and 26,670,536 Shares respectively, representing approximately 75.7% and 16.5% of the total number of issued Shares respectively; and (b) approximately 4.4% of the total number of issued Shares will be held by the existing public Shareholders (which does not include Mr Chu Ming Kin) as at the Latest Practicable Date. As such, the Company will not be able to meet the Minimum Public Float Requirement. Please refer to Section 16.4 titled "*Changes in Shareholding Structure*" of this Circular for changes in the total number of issued Shares.

7.2 The Proposed Compliance Placement

7.2.1 Proposed Compliance Placement. To meet the Minimum Public Float Requirement, it is contemplated that the Company will undertake a compliance placement which will involve: (a) the allotment and issue of up to 15,000,000 New Placement Shares at the Placement Price; and (b) the sale by the Vendor of up to 6,000,000 Vendor Shares at the Placement Price. Shareholders should note that the number of Placement Shares to be placed under the Proposed Compliance Placement will depend on various factors such as market condition, as well as potential investors' interest in the Shares at the time of the Proposed Compliance Placement, and there is no certainty or assurance that the Company will be able to place out all or any of the Placement Shares.

7.2.2 Rules 805(1), 811(1) and 812(1) of the Catalist Rules.

- (a) Under section 161 of the Companies Act and Rule 805(1) of the Catalist Rules, an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares. The Company will not be relying on the general mandate for the issue of Shares approved by Shareholders at the AGM held on 29 April 2025 and will seek the specific approval of Shareholders at the EGM for the allotment and issue of the New Placement Shares for the purpose of section 161 of the Companies Act and Rule 805(1) of the Catalist Rules.
- (b) Under Rule 811(1) of the Catalist Rules, an issue price of shares for cash must not be priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full Market Day on which the placement or subscription agreement is signed, unless specific shareholders' approval is obtained.

The Placement Price of S\$0.20 represents a discount of approximately 80.0% to the illustrative volume weighted average price of the Shares on a post-Share Consolidation basis of S\$1.00 for each Share on the Last Trading Day, and a discount of 11.1% to the Issue Price. The factors taken into account by the Board in agreeing to the discount of the Issue Price and the Placement Price to the illustrative volume weighted average price of S\$1.00 on a post-Share Consolidation basis has been explained in Section 2.5.2(h) titled "*Basis of Total Consideration and Issue Price*" of this Circular.

LETTER TO SHAREHOLDERS

In addition, the Board also considered the minimum placement price of S\$0.20 per placement share and prevailing general market conditions to enhance the investment appeal of the New Placement Shares to investors, facilitate the Proposed Compliance Placement to meet the Minimum Public Float Requirement, and enable the Company to apply for a resumption of trading in the Shares.

As such, the Company is seeking the specific approval of the Shareholders at the EGM for the allotment and issue of the New Placement Shares for the purpose of Rule 811(1) of the Catalist Rules.

- (c) The New Placement Shares will not be placed to any person who is an Existing Director, a Proposed New Director, a substantial shareholder of the Target Group or the Enlarged Group, or any other person falling within the categories of persons set out in Rule 812(1) of the Catalist Rules.

7.2.3 Placement Agent. SAC Capital will be appointed by the Company as the placement agent for the Proposed Compliance Placement and the Proposed Convertible Bond Issue ("**Placement Agent**"). As at the Latest Practicable Date, the terms of the Proposed Compliance Placement have yet to be finalised pending the entry by the Company into a definitive placement agreement with the Placement Agent for the Proposed Compliance Placement. The final terms of the Proposed Compliance Placement will be determined following the entry into a definitive placement agreement and announced via SGXNet. It is currently expected that the Proposed Compliance Placement will be carried out pursuant to applicable exemptions under the SFA and, as such, no prospectus or offer information statement in connection with the Proposed Compliance Placement will be lodged with the SGX-ST acting as agent on behalf of the MAS.

7.2.4 Conditions. The Proposed Compliance Placement is subject to, among other things, the following conditions being fulfilled:

- (a) approval by Shareholders of the allotment and issue of the New Placement Shares at the EGM; and
- (b) listing and quotation notice for dealing in, listing and quotation of the New Placement Shares on the Catalist being obtained from the SGX-ST, such notice not being revoked and amended, and where such listing and quotation notice is obtained subject to any conditions, such conditions being reasonably acceptable to and confirmed by the relevant parties.

Subject to the satisfaction of the above conditions, the completion of the Proposed Compliance Placement is currently expected to take place contemporaneously with SPA Completion on the SPA Completion Date. The New Placement Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares as at the date of the issue of the New Placement Shares, save for any rights, benefits, dividends and entitlements the record date for which is prior to the date of issue of the New Placement Shares.

LETTER TO SHAREHOLDERS

- 7.2.5 Shareholders' approval. Shareholders' approval will be sought at the EGM for the allotment and issue of the New Placement Shares at the Placement Price. The Proposed Compliance Placement will not result in any transfer of controlling interest in the Company. The Company will not proceed with the Proposed Compliance Placement without the prior approval of Shareholders in a general meeting if such issuance would result in a transfer of controlling interest in the Company.

7.3 **The Proposed Convertible Bond Issue**

7.3.1 Proposed Convertible Bond Issue.

In conjunction with the Proposed Compliance Placement, the Company proposes to issue the Convertible Bonds which are convertible into the Conversion Shares at the Conversion Price in accordance with the terms and conditions thereof. The Convertible Bonds may be converted into up to 22,222,222 Conversion Shares based on the initial Conversion Price of S\$0.225 for each Conversion Share.

The Convertible Bonds will be offered only to placees who subscribe for New Placement Shares or purchase Vendor Shares under the Proposed Compliance Placement and, as noted under Section 7.2.2(c) of this Circular, will therefore not be placed to any person who is an Existing Director, a Proposed New Director, a substantial shareholder of the Target Group or the Enlarged Group, or any other person falling within the categories of persons set out in Rule 812(1) of the Catalist Rules.

It is currently expected that the Convertible Bonds will be issued at the same time as completion of the Proposed Compliance Placement. Shareholders should note that the principal amount of Convertible Bonds that will be placed under the Proposed Convertible Bond Issue will depend on various factors such as market condition, as well as the interest of placees under the Proposed Compliance Placement, and there is no certainty or assurance that the Company will be able to place out the Convertible Bonds in full.

7.3.2 Rationale for the Proposed Convertible Bond Issue.

Subject to the SPA Completion, the Proposed Convertible Bond Issue enables the Company to raise additional funds to support the Enlarged Group's growth initiatives after SPA Completion through a flexible hybrid financing option while managing the debt-to-equity ratio of the Enlarged Group and without existing Shareholders being subject to immediate dilution. The Proposed Convertible Bond Issue also offers investors the opportunity to participate in the equity of the Company through a fixed return in the meantime.

LETTER TO SHAREHOLDERS

7.3.3 Principal terms of the Convertible Bonds. The principal terms of the Proposed Convertible Bond Issue will be as follows:

- (a) Issue size Up to an aggregate principal amount of S\$5,000,000.
- (b) Investors The Convertible Bonds will be offered only to placees who subscribe for the New Placement Shares or purchase Vendor Shares under the Proposed Compliance Placement.
- (c) Issue price 100% of the principal amount of the Convertible Bonds, payable in full upon acceptance and/or application.
- (d) Maturity Date The date falling 36 months from the date of issue of the Convertible Bonds (unless extended by mutual agreement of the Company and the Convertible Bondholder in writing) ("**Maturity Date**").

The maturity of the Convertible Bonds will be announced by the Company, with the notice of maturity to be sent to the Convertible Bondholders at least one (1) month before the Maturity Date.

- (e) Conversion Period The period commencing from the date falling six (6) months from the date of issue of the Convertible Bond to the date falling 15 days (other than Saturdays, Sundays or gazetted public holidays) on which the CDP is operating before the Maturity Date, during which the Convertible Bond may be converted into Conversion Shares, subject to the terms of the Convertible Bonds ("**Conversion Period**").

- (f) Interest The Convertible Bonds will bear interest at the rate of 8.0% per annum on the outstanding principal amount of the Convertible Bonds from (and including) the date of issue.

Interest is payable half-yearly (each such date for payment of such interest hereafter referred to as an "**Interest Payment Date**"), with the first Interest Payment Date falling six (6) months from the date of issue, and every subsequent Interest Payment Date falling on the date six (6) months from the preceding Interest Payment Date.

Each Convertible Bond will cease to bear interest: (i) where the conversion right attached to it shall have been exercised, from and including the Interest Payment Date last preceding the date on which the Conversion Notice was delivered to the Company, or if the Conversion Notice was delivered on or before the first Interest Payment Date, no payment of any accrued interest prior to conversion will be made; or (ii) from the due date for redemption thereof unless, upon due presentation, payment of the full amount due is improperly withheld or refused (in which event it shall continue to bear interest).

LETTER TO SHAREHOLDERS

(g) Form and denomination	The Convertible Bonds will be issued in registered form and in the denomination of S\$50,000 each and integral multiples thereof.
(h) Dividend	The Company shall not declare or pay any dividend on the Shares unless and until all interest on the Convertible Bonds due and payable on each Interest Payment Date is paid in full in accordance with the terms of the Convertible Bonds.
(i) Conversion right	Each Convertible Bondholder shall have the right, at any time during the Conversion Period by way of delivery of a conversion notice to the Company ("Conversion Notice"), to convert all or part of the Convertible Bonds registered in his name (subject to a minimum principal amount of S\$50,000 and in integral multiples of S\$50,000) into the Conversion Shares at the prevailing Conversion Price, provided that the date of conversion ("Conversion Date") for which such conversion right has been validly exercised shall be deemed to be the last day of the three-month periods ending 31 March, 30 June, 30 September or 31 December immediately following the date of the surrender of the bond certificate in respect of such Convertible Bond and delivery of the Conversion Notice. A Convertible Bondholder shall not be entitled to exercise the conversion right in respect of any Convertible Bond if the Company and the Convertible Bondholder have mutually agreed in writing on the early redemption of that Convertible Bond.
(j) Conversion Price	Subject to adjustments in accordance with the terms of the Convertible Bonds, the initial Conversion Price at which each Conversion Share will be issued upon conversion will be S\$0.225.
(k) Allotment of Conversion Shares	As soon as practicable, and in any event not later than fifteen (15) Market Days after the Conversion Date, the Company will, in the case of Convertible Bonds converted on exercise of the conversion right and in respect of which a duly completed Conversion Notice has been delivered and the relevant certificate and amounts payable by the relevant Convertible Bondholder paid, procure that the relevant number of Conversion Shares are allotted to and registered in the name of CDP for credit to the Securities Account designated for the purpose in the Conversion Notice for so long as the Shares are listed on the SGX-ST.

LETTER TO SHAREHOLDERS

(l) Adjustments to Conversion Price	The Conversion Price will be subject to customary adjustments under the occurrence of certain events to be set out in the terms of the Convertible Bonds including: (i) any alteration to the number of issued Shares due to share consolidation, subdivision or reclassification of Shares; (ii) capitalisation of profits or reserves; (iii) capital distributions; (iv) rights issues or options over Shares, or other securities issues at less than current market value or current market price, or (v) modification of rights of conversion; or (vi) other offers to Shareholders. The details of these adjustments, including any applicable formula, will be set out in the placement agreement and the convertible bond agreement to be entered into and will be announced by the Company accordingly. The Company will announce any adjustments made to the Conversion Price in accordance with the terms of the Convertible Bonds.
(m) Status of the Convertible Bonds	The Convertible Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company. The Convertible Bonds shall at all times rank <i>pari passu</i> and rateably without any preference or priority among themselves, and shall (subject to the terms and conditions of the Convertible Bonds) rank <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding. The Convertible Bonds shall not be entitled to participate in any dividend or other distributions made to Shareholders or to any Shares or other securities that may be offered to Shareholders.
(n) Status of the Conversion Shares	The Conversion Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with the existing issued Shares, save for any dividends, rights, allotments or other distributions for which the record date precedes the date of the allotment and issue of the Conversion Shares, subject to the terms of the Convertible Bond.
(o) Redemption	Unless previously redeemed, converted or purchased and cancelled in accordance with the terms of the Convertible Bond, the Company, which shall not withhold its consent unreasonably, will redeem each Convertible Bond at 100% of its principal amount together with accrued interest up to (but excluding) the Maturity Date. The Company shall at least one (1) month before the Maturity Date give notice to the holders of the Maturity Date and shall make such announcement. The Convertible Bonds will not be redeemable at the option of the Convertible Bondholder.

LETTER TO SHAREHOLDERS

- (p) Early Redemption
- The Company and each Convertible Bondholder may, at any time before the Maturity Date, mutually agree in writing to early redemption of the Convertible Bond registered in the name of such Convertible Bondholder.
- In the event that such agreement for early redemption is reached, the Company will redeem the Convertible Bond at 100% of its principal amount together with accrued interest up to (but excluding) the date of redemption agreed to in writing between the Company and the Convertible Bondholder.
- The Company will announce any such early redemption of the Convertible Bonds on SGXNet.
- (q) Purchase
- The Company and/or any of its subsidiaries may at any time offer to purchase any Convertible Bond from the Convertible Bondholder at any price, which shall be mutually agreed by the Company and the Convertible Bondholder. Such Convertible Bond may, at the option of the Company or the relevant subsidiary, be held, resold or surrendered for cancellation. The Convertible Bond so purchased, while held by or on behalf of the Company or any such subsidiary, shall not entitle the holder to exercise any conversion right nor exercise any voting rights with respect to such Convertible Bond.
- (r) Alteration to the terms of the Convertible Bonds
- Subject to the terms of the Convertible Bonds, any modification by the Company of the terms of the Convertible Bonds or any waiver or authorisation of any breach or proposed breach by the Company of the terms of the Convertible Bonds requires the written approval of holders of 51.0% or more of the aggregate principal amount of Convertible Bonds then outstanding.
- Any material modification to the terms of the Convertible Bonds after issue to the advantage of the Convertible Bondholders shall be approved by Shareholders, except where such alterations are made pursuant to the terms of the Convertible Bonds (including any adjustments to the initial Conversion Price referred to in Section 7.3.3(l) above).
- (s) Liquidation
- In the event that the Company goes into liquidation, the Convertible Bonds will rank:
- (i) junior to any present and future secured debt obligations of the Company;
 - (ii) on parity among themselves;

LETTER TO SHAREHOLDERS

- (iii) at least on parity with all other present and future unsecured and unsubordinated obligations (other than subordinated obligations and priorities created by law) of the Company; and
 - (iv) senior to all classes of shares in the capital of the Company.
 - (t) **Transferability** The Convertible Bond may not be assigned or transferred in whole or in part by the Convertible Bondholder to any third party.
 - (u) **Governing Law** The Convertible Bonds will be governed by and construed in accordance with the laws of Singapore.
 - (v) **Listing of the Convertible Bonds** The Convertible Bonds will not be listed or tradeable on the SGX-ST or any other stock exchange.
 - (w) **Listing of the Conversion Shares** Application will be made for the listing and quotation of the Conversion Shares on the Catalist of the SGX-ST. If there are any adjustments to the terms of the Convertible Bonds (including adjustments to the Conversion Price in accordance with the terms of the Convertible Bonds) which result in additional Conversion Shares, a separate application will be made for the listing and quotation of such additional Conversion Shares arising from the aforesaid adjustments.
- 7.3.4 **Placement Agent.** The Convertible Bonds will be placed out by the Placement Agent to placees under the Proposed Compliance Placement. Shareholders should note that the Proposed Convertible Bond Issue is subject to the entry by the Company into definitive convertible bond agreement(s) with the placee(s). It is currently expected that the Convertible Bonds will be issued pursuant to applicable exemptions under the SFA and, as such, no prospectus or offer information statement in connection with the Proposed Convertible Bond Issue will be lodged with the SGX-ST acting as agent on behalf of the MAS.
- 7.3.5 **Conditions.** The Proposed Convertible Bond Issue is subject to, among other things, the following conditions being fulfilled:
- (a) approval by Shareholders of the allotment and issue of the New Placement Shares at the EGM;
 - (b) listing and quotation notice for dealing in, listing and quotation of the New Placement Shares on the Catalist being obtained from the SGX-ST, such notice not being revoked and amended, and where such listing and quotation notice is obtained subject to any conditions, such conditions being reasonably acceptable to and confirmed by the relevant parties;

LETTER TO SHAREHOLDERS

- (c) approval by Shareholders of the allotment and issue of the Convertible Bonds and the Conversion Shares at the EGM; and
- (d) listing and quotation notice for dealing in, listing and quotation of the Conversion Shares on the Catalist being obtained from the SGX-ST, such notice not being revoked and amended, and where such listing and quotation notice is obtained subject to any conditions, such conditions being reasonably acceptable to and confirmed by the relevant parties.

Subject to the satisfaction of the above conditions, the completion of the Proposed Convertible Bond Issue is expected to take place at the same time as the allotment and issue of the New Placement Shares and the sale of the Vendor Shares to the placees who also subscribe for the Convertible Bonds.

- 7.3.6 Conversion Shares. Assuming that the full principal amount of S\$5,000,000 of the Convertible Bonds are placed out and the Convertible Bonds are converted in full at the initial Conversion Price of S\$0.225, an aggregate of 22,222,222 Conversion Shares will be issued. The Company will not be relying on the general mandate for the issue of Shares approved by Shareholders at the AGM on 29 April 2025 and will seek the specific approval of Shareholders for allotment and issue of the Conversion Shares arising from conversion of the Convertible Bonds for the purpose of section 161 of the Companies Act and Rule 805(1) of the Catalist Rules.

The initial Conversion Price of S\$0.225 is the same as the Issue Price for the Consideration Shares, and is at a 12.5% premium to the Placement Price. As the Conversion Price represents a discount of approximately 77.5% to the illustrative volume weighted average price of the Shares on a post-Share Consolidation basis of S\$1.00 for each Share on the Last Trading Day, the Company is seeking the specific approval of Shareholders for the issue of the Conversion Shares at the Conversion Price under Rule 811(3) of the Catalist Rules.

- 7.3.7 Shareholders' approval. Shareholders' approval will be sought at the EGM for the issue of the Convertible Bonds, and the allotment and issue of the Conversion Shares pursuant to conversion of the Convertible Bonds at the Conversion Price as required by Rule 805(1) and Rule 811(2) of the Catalist Rules. The allotment and issue of Conversion Shares upon the conversion of the Convertible Bonds will not result in the transfer of a controlling interest in the Company. The Company will not proceed with the Proposed Convertible Bond Issue without the prior approval of Shareholders in a general meeting if such issue of Conversion Shares would result in a transfer of controlling interest in the Company.

LETTER TO SHAREHOLDERS

7.4 Use of Proceeds

7.4.1 Assumptions.

For illustrative purposes, information in this Section 7.4 of this Circular has been presented assuming that: (a) the Proposed Compliance Placement is in respect of all of the 15,000,000 New Placement Shares and 6,000,000 Vendor Shares at the Placement Price with a placement commission of 4.5% of the Placement Price for each New Placement Share and Vendor Share and the Convertible Bonds with an aggregate principal amount of S\$5,000,000 are fully placed out with a placement commission of 4.5% of the principal amount placed out; or (b) the Proposed Compliance Placement is in respect of all of the 15,000,000 New Placement Shares and 6,000,000 Vendor Shares at the Placement Price with a placement commission of 4.5% of the Placement Price for each New Placement Share and Vendor Share and none of the Convertible Bonds is placed out. Shareholders should note that the foregoing terms are only indicative, and should not be construed as a representation that the Proposed Compliance Placement or the Proposed Convertible Bond Issue will be made on those terms.

Subscribers and/or purchasers of the Placement Shares may be required to pay an end placees' commission of up to 1.0% of the Placement Price (plus GST thereon, if applicable) for each Placement Share to the Placement Agent or any sub-placement agent(s) as may be appointed by the Placement Agent. Save for the end placees' commission, none of the expenses incurred in connection with the Proposed Compliance Placement and the Proposed Convertible Bond Issue is envisaged to be paid by a subscriber of the New Placement Shares, a purchaser of the Vendor Shares or a subscriber of the Convertible Bonds.

The final placement commission and end placees' commission shall be determined following the entering into of a definitive agreement with the Placement Agent.

7.4.2 Net Proceeds.

If none of the Convertible Bonds is placed out, the total net proceeds to be raised by the Company from the Proposed Issue of New Placement Shares, after deducting estimated expenses (including the Company's share of the placement commission relating to the Proposed Compliance Placement and expenses relating to the Proposed Compliance Placement) of approximately S\$1.59 million, is estimated to amount to approximately S\$1.41 million.

If the Convertible Bonds with an aggregate principal amount of S\$5,000,000 are placed out in full, the total net proceeds to be raised by the Company from the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue, after deducting estimated expenses (including the Company's share of the placement commission and expenses relating to the Proposed Compliance Placement and Proposed Convertible Bond Issue) of approximately S\$1.81 million, is estimated to amount to approximately S\$6.19 million.

For the avoidance of doubt, the Company will not receive any of the proceeds from the sale of the Vendor Shares pursuant to the Proposed Compliance Placement. The net proceeds attributable to the Vendor from the sale of up to 6,000,000 Vendor Shares, after deducting the Vendor's share of the estimated expenses (including placement commission relating to the Proposed Compliance Placement and expenses relating to the Proposed Compliance Placement) of approximately S\$0.05 million, will be approximately S\$1.15 million.

LETTER TO SHAREHOLDERS

For illustrative purposes only, the Enlarged Group intends to utilise the net proceeds in the following manner:

- (a) *Assuming the Convertible Bonds with an aggregate principal amount of S\$5,000,000 are fully placed out*

Use of Proceeds	Estimated amount (S\$'000)	As a dollar amount for each S\$1.00 of the gross proceeds due to the Company from the New Placement Shares and the Convertible Bonds (S\$)
Expansion of business through, including but not limited to:		
(A) securing additional block discounting facilities and/or increasing the size of its loan book (including related mergers and acquisitions);	4,000	0.50
(B) other general working capital purposes, including direct purchase of commercial vehicles and increasing the capacity and expertise of the Engineering Business	1,288	0.16
Expansion via mergers and acquisitions, joint ventures and strategic alliances (other than mergers and acquisitions in relation to securing additional block discounting facilities and/or increasing the size of its loan book)	900	0.11
Net proceeds	6,188	0.77
Listing and application fees ⁽¹⁾	58	0.01
Professional fees and expenses ⁽¹⁾⁽²⁾	1,224	0.15
Placement commission ⁽¹⁾	360	0.05
Miscellaneous expenses ⁽¹⁾	170	0.02
Gross proceeds	8,000	1.00

Notes:

- (1) Such costs and expenses incurred, or to be incurred, in connection with the Proposed Acquisition, will be recognised in the profit or loss statement as an expense or capitalised into equity upon the SPA Completion.
- (2) The professional fees exclude part of SAC Capital's professional fees as Financial Adviser to the Company in respect of the Proposed Acquisition, which will be satisfied by the allotment and issue of 444,444 SAC Capital Shares.

LETTER TO SHAREHOLDERS

(b) *Assuming none of the Convertible Bonds is placed out*

Use of Proceeds	Estimated amount (S\$'000)	As a dollar amount for each S\$1.00 of the gross proceeds due to the Company from the New Placement Shares (S\$)
Expansion of business through, including but not limited to: (A) securing additional block discounting facilities and/or increasing the size of its loan book (including related mergers and acquisitions);	1,000	0.33
(B) other general working capital purposes, including direct purchase of commercial vehicles and increasing the capacity and expertise of the Engineering Business	413	0.14
Net proceeds	1,413	0.47
Listing and application fees ⁽¹⁾	58	0.02
Professional fees and expenses ⁽¹⁾⁽²⁾	1,224	0.41
Placement commission ⁽¹⁾	135	0.04
Miscellaneous expenses ⁽¹⁾	170	0.06
Gross proceeds	3,000	1.00

Notes:

- (1) Such costs and expenses incurred, or to be incurred, in connection with the Proposed Acquisition, will be recognised in the profit or loss statement as an expense or capitalised into equity upon the SPA Completion.
- (2) The professional fees exclude part of SAC Capital's professional fees as Financial Adviser to the Company in respect of the Proposed Acquisition, which will be satisfied by the allotment and issue of 444,444 SAC Capital Shares.

A significant proportion of the proceeds from the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue are to be used for working capital purposes to drive the growth of the Commercial Vehicle Leasing Business, the Credit Business and the Engineering Business.

Although part of the proceeds from the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue (assuming the Convertible Bonds are fully placed out) are allocated for expansion via mergers and acquisitions, joint ventures and partnerships, as at the Latest Practicable Date, no definitive agreement has been entered into by the Target Group in relation to any merger and acquisition, joint venture or strategic alliances.

LETTER TO SHAREHOLDERS

Shareholders should note that the actual number of New Placement Shares and actual principal amount of the Convertible Bonds to be placed will depend on various factors such as market conditions, as well as potential investors' interest in the Shares, and there is no certainty or assurance that the Company will be able to place out all or any of the New Placement Shares or Convertible Bonds and raise the requisite net proceeds therefrom. In such event, the Proposed New Directors shall allocate the actual net proceeds raised amongst the stated use of proceeds in such order of priority and/or such quantum as the Proposed New Directors may determine, subject to the relevant announcements to be made by the Company in relation to the same.

Pending the deployment of the gross proceeds as aforesaid, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements as the Proposed New Board may deem appropriate.

The Company will make periodic announcements as and when the proceeds from the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue are materially disbursed and state therein whether such a use is in accordance with the stated use and in accordance with the percentage allocated in this Circular. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the gross proceeds in its annual report. Any material deviation in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by the Company on SGXNet pursuant to Rule 704(30) of the Catalist Rules. Such material deviation (if any) will also be disclosed in the Company's annual report pursuant to Rule 1204(22) of the Catalist Rules.

In the opinion of the Proposed New Board, there is no minimum amount that must be raised from the Proposed Issue of New Placement Shares or the Proposed Convertible Bond Issue, save for purposes of meeting the Minimum Public Float Requirement.

Having considered the factors set out in Section 20.5 titled "*Working Capital, Liquidity and Capital Resources*" of the Target Company's Letter to Shareholders, the Proposed New Board is of the opinion that upon SPA Completion: (i) after taking into consideration the present bank facilities of the Target Group and net proceeds of the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue, the working capital available to the Enlarged Group is sufficient to meet its present requirements and for at least 12 months after SPA Completion; and (ii) after taking into consideration the present bank facilities of the Target Group and net proceeds of the Proposed Issue of New Placement Shares (but before taking into account the net proceeds of the Proposed Convertible Bond Issue), the working capital available to the Enlarged Group is sufficient to meet its present requirements and for at least 12 months after SPA Completion.

7.5 Further Information

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Compliance Placement and the Proposed Convertible Bond Issue.

LETTER TO SHAREHOLDERS

7.6 Notification under Section 309B of the SFA

The Vendor Shares, the New Placement Shares, the Convertible Bonds and the Conversion Shares are prescribed capital market products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

8. THE PROPOSED CHANGE OF CORE BUSINESS

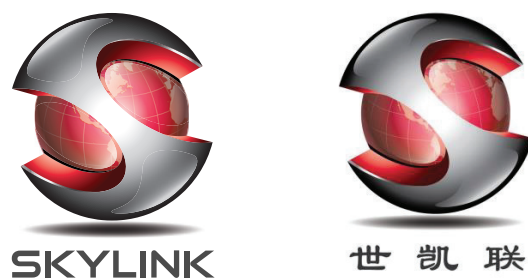
The Company is a “cash company” without any recurring revenue-generating business. Upon SPA Completion, the business of the Enlarged Group will comprise wholly of the business of the Target Group. As such, in connection with the Proposed Acquisition, the Company will be changing its core business to that of the Target Group’s business (“**Proposed Change of Core Business**”).

Please refer to the Target Company’s Letter to Shareholders for more information on the Target Group and its business. Please refer to Section 18 titled “*Risk Factors*” of this Circular for the risk factors associated with the Proposed Change of Core Business.

9. THE PROPOSED CHANGE OF NAME

- 9.1.1 Proposed new name and new logo. In connection with the Proposed Transactions, the Company is proposing to change its name from “**Sincap Group Limited**” to “**Skylink Holdings Limited**” to better reflect the status of the Enlarged Group and the new business and activities of the Enlarged Group. The change of name of the Company will only take effect upon SPA Completion. An application has been made to ACRA on 19 June 2025 for the name “Skylink Holdings Limited” and the name has been reserved with ACRA until 22 October 2025.

In line with the Proposed Change of Name, the Company also intends to adopt the corporate logos as shown below:



- 9.1.2 Effective date. Subject to the resolution of the Proposed Change of Name being carried as a special resolution at the EGM and the other Key Resolutions being passed at the EGM, the Company will, upon SPA Completion, lodge the requisite notification with ACRA relating to its change of name. Accordingly, the name “Sincap Group Limited” will be substituted with “Skylink Holdings Limited” wherever the name “Sincap Group Limited” appears in the Existing Constitution.

The Company will issue an announcement to notify Shareholders when the Company’s new name comes into effect. The Proposed Change of Name does not affect any of the

LETTER TO SHAREHOLDERS

rights of the Shareholders and the legal status of the Company. All existing share certificates of the Company in issue bearing the existing name of the Company will, after the Proposed Change of Name becoming effective, continue to be evidence of title to Shares and will remain valid for trading, settlement, registration and delivery purposes.

Shareholders should take note that notwithstanding the change of the Company's name, the Company will not recall any existing share certificates bearing the current name of the Company, which will continue to be *prima facie* evidence of legal title. No further action is required on the part of the Shareholders.

10. THE APPOINTMENT OF THE PROPOSED NEW BOARD

10.1 Re-constitution of the Board

In connection with the Proposed Acquisition, it is proposed that the Proposed New Board be appointed on SPA Completion. The composition of the Proposed New Board following SPA Completion is set out in the table below.

Name	Position
Mr Teh Wing Kwan	Non-Independent Non-Executive Chairman
Mr Wesley Shen	Executive Director and Chief Executive Officer
Mr Tang Yeng Yuen	Lead Independent Director
Mr Jackson Tay	Independent Director
Ms Vanessa Ng	Independent Director

10.2 Additional Information

Information on the working experience, qualifications and particulars of the Proposed New Board is set out in Section 24.2.2 titled "*Experience and Expertise of the Proposed New Board*" of the Target Company's Letter to Shareholders.

11. THE PROPOSED IPT GENERAL MANDATE

Shareholders should note that upon SPA Completion, any transaction entered into between the Enlarged Group and any of the Interested Persons (namely, the Proposed New Board and controlling shareholders and/or their respective associates) would constitute interested person transactions for the purpose of Chapter 9 of the Catalist Rules.

The Enlarged Group anticipates that, upon SPA Completion, it would in the ordinary course of business enter into or continue to enter into Mandated Transactions with Mandated Interested Persons. In view of the time-sensitive and recurrent nature of such commercial transactions, it would be advantageous for the Company to obtain a general mandate from its Shareholders pursuant to Rule 920 of the Catalist Rules to enable any or all members of the Enlarged Group, in the ordinary course of their business, to enter into the Mandated Transactions with the Mandated Interested Persons which are necessary for day-to-day operations, provided that all such transactions are carried out on normal commercial terms, on an arm's length basis, and are not prejudicial to the interests of the Company and its minority Shareholders.

LETTER TO SHAREHOLDERS

Please refer to Section 27.6 titled “*Proposed IPT General Mandate*” of the Target Company’s Letter to Shareholders for information on the Proposed IPT General Mandate, including the opinion of the Independent Financial Adviser on whether the methods or procedures for determining the transaction prices of the Mandated Transactions are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

12. THE PROPOSED CHANGE OF INDEPENDENT AUDITOR

12.1 Background and Rationale for the Proposed Change of Independent Auditor

The Company’s existing independent auditor is Foo Kon Tan LLP. The Proposed New Board is proposing the appointment of Forvis Mazars as the independent auditor in place of the existing independent auditor, Foo Kon Tan LLP, with effect from the SPA Completion Date and for the financial year ending 31 March 2026 (after the change of financial year by the Company) and to hold office until the conclusion of the next AGM.

The Board as at the date of this Circular is proposing the Proposed Change of Independent Auditor at the request of the Vendor and for the purpose of continuity as Forvis Mazars is the existing independent auditor of the Target Group. Following SPA Completion, the principal business of the Enlarged Group will be the business of the Target Group. As such, the Board as at the date of this Circular is of the opinion that Forvis Mazars will be more familiar with the Target Group’s business and be better positioned to act as the independent auditor of the Company and the Enlarged Group following SPA Completion.

In addition, the Proposed Change of Independent Auditor is not due to any dismissal of Foo Kon Tan LLP, Foo Kon Tan LLP declining to stand for election, or any direction by SGX-ST for the existing independent auditor to be replaced under Rule 305(1)(eb) of the Catalist Rules. It is also not a reflection of the capability of the auditors, or any concerns over the integrity of the Company’s operations or management or effectiveness of the Company’s internal controls.

In evaluating the suitability of Forvis Mazars for appointment as independent auditor, the New Audit and Risk Committee has considered the following:

- (a) the adequacy of Forvis Mazars’ resources to undertake ongoing audits of the Enlarged Group, including the number, composition and experience of the audit team of Forvis Mazars to be assigned to the audit of the Enlarged Group. Specifically, the proposed team from Forvis Mazars will comprise a total of seven (7) professionals, including one (1) audit partner-in-charge, Mr Ooi Chee Keong, one (1) engagement quality reviewer partner, Mr Tan Chee Tyan, one (1) audit senior manager, one (1) audit senior and three (3) associates. Please refer to Section 12.2 titled “*Information on Forvis Mazars and audit partner-in-charge*” of this Circular for further information on Forvis Mazars and Mr Ooi Chee Keong;
- (b) the size, businesses and complexity of the Enlarged Group;
- (c) the experience and track record of the incoming audit partner-in-charge, Mr Ooi Chee Keong, who has close to 20 years in practice. Please refer to Section 12.2

LETTER TO SHAREHOLDERS

titled “*Information on Forvis Mazars and audit partner-in-charge*” of this Circular for further information on Mr Ooi Chee Keong;

- (d) the ACRA has conducted the Practice Monitoring Programme (“**PMP**”) review on Forvis Mazars from 27 March 2023 to 21 April 2023. The PMP review focused on review of selected engagement files of audit partners and Mr Ooi Chee Keong was selected by ACRA during their review. Mr Ooi Chee Keong passed the PMP review in 2023 with no adverse findings or actions taken by ACRA against him;
- (e) neither Forvis Mazars nor Mr Ooi Chee Keong has been subject to any current or past restrictions and/or disciplinary actions and/or conditions imposed by any regulatory authority or professional body in Singapore or elsewhere; and
- (f) the ACRA’s Audit Quality Indicators (“**AQIs**”) Disclosure Framework. The AQIs presented by Forvis Mazars to the New Audit and Risk Committee included information relating to Forvis Mazars on factors such as the years of audit experience and industry specialisation of Forvis Mazars and the incoming audit partner-in-charge, training hours, results of inspections (including both internal and external inspections), quality control across functions, staff oversight and attrition rate. In evaluating the AQIs, the New Audit and Risk Committee was satisfied that the AQIs for Forvis Mazars were generally within the ranges satisfactory to the New Audit and Risk Committee, when compared with the industry averages and ranges.

The Audit and Risk Committee and the Board as at the date of this Circular concur with the above evaluation of the New Audit and Risk Committee and are of the view that the appointment of Forvis Mazars will not compromise the standard and effectiveness of the audit of the Enlarged Group. Forvis Mazars will be appointed as independent auditor of the Company as well as its Singapore-incorporated subsidiaries.

Foo Kon Tan LLP had on 24 June 2025 applied to ACRA to seek its consent to resign as the auditor. On 30 July 2025, Foo Kon Tan LLP has received a letter from ACRA approving its resignation as auditor of the Company. Subsequently, Foo Kon Tan LLP had provided their resignation letter dated 30 July 2025, stating the reasons for their resignation as independent auditor of the Company, the effective date of the resignation to be the SPA Completion Date. In accordance with sections 205AB(5) and 205AF of the Companies Act and Rule 712(3) of the Catalist Rules, the resignation of Foo Kon Tan LLP as independent auditor and the appointment of Forvis Mazars in place of Foo Kon Tan LLP shall take effect on the SPA Completion Date, subject to (a) the written approval from ACRA; and (b) the Key Resolutions and the Proposed Change of Independent Auditor being approved by Shareholders at the EGM.

Forvis Mazars had on 17 July 2025 issued its consent to act as independent auditor.

12.2 Information on Forvis Mazars and audit partner-in-charge

The information on Forvis Mazars and the audit engagement partner below was provided to the Company by Forvis Mazars and their representatives. The Existing Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

Forvis Mazars Group SC is an independent member of Forvis Mazars Global, a leading professional services network. Operating as an internationally integrated partnership in

LETTER TO SHAREHOLDERS

over 100 countries and territories, Forvis Mazars Group specialises in audit, tax and advisory services. The partnership draws on the expertise and cultural understanding of over 40,000 professionals across the globe to assist clients of all sizes at every stage in their development. Forvis Mazars in Singapore is part of the Forvis Mazars Group SC.

Forvis Mazars in Singapore is an international audit and advisory firm with more than 400 professionals in Singapore and serves clients of all sizes across Asia-Pacific. Forvis Mazars in Singapore is also a firm of Chartered Accountants registered with ACRA and a public accounting firm approved under the Accountants Act 2004. The firm also works with clients of all sizes and provides a range of services to businesses and individuals in a variety of industries. It has significant experience acting as the auditors for companies listed on the SGX-ST. In Singapore, Forvis Mazars audits more than 20 locally listed companies in addition to the Singapore subsidiaries of many internationally listed clients. As at the date of this Circular, Forvis Mazars has not yet been subject to Quality Control Review Process pursuant to Part 5A of the Accountants Act 2004, which came into operation on 1 July 2023. For further information on Forvis Mazars, please visit its website at www.forvismazars.com/sg/en.

Mr Ooi Chee Keong is the audit engagement partner who will be assigned to the audit of the Enlarged Group. Mr Ooi Chee Keong is a Partner, Audit & Assurance and the Head of Capital Markets of Forvis Mazars. He is a public accountant registered under the Accountants Act 2004 and a member of the Institute of Singapore Chartered Accountants, and has close to 20 years of experience with international public accounting firms in Singapore and Malaysia. He has extensive knowledge in auditing listed companies in Singapore and Hong Kong, small and medium enterprises, multi-national companies, private funds and private companies. His industry experience spans from oil and gas, logistics, property development and construction, retail and distribution, manufacturing, plantation and more. He is a member of the Association of Chartered Certified Accountants and a practising member of the Institute of Singapore Chartered Accountants.

Mr Tan Chee Tyan is the engagement quality control Partner in-charge. Mr Tan Chee Tyan is a senior audit partner who has more than 25 years of experience auditing listed companies in Singapore and Malaysia. Mr Tan Chee Tyan was selected for a PMP review in 2016. In this regard, there were no adverse findings or action taken by ACRA against Mr Tan Chee Tyan.

12.3 Disclosure Pursuant to Rule 712(3) of the Catalist Rules

In accordance with Rule 712(3) of the Catalist Rules:

(a) Rule 712(3)(a) – Confirmation from the outgoing auditor

The outgoing auditor, Foo Kon Tan LLP, via its professional clearance letter dated 3 July 2025, has confirmed that they are not aware of any professional reasons why Forvis Mazars should not accept appointment as auditor of the Company.

(b) Rule 712(3)(b) – Confirmation from the issuer as to whether there were disagreements with the outgoing auditor

The Company confirms that there were no disagreements with Foo Kon Tan LLP on accounting treatments within the last 12 months up to the Latest Practicable Date.

LETTER TO SHAREHOLDERS

- (c) Rule 712(3)(c) – Confirmation from the issuer on circumstances connected with the change

The Company confirms that it is not aware of any circumstances connected with the Proposed Change of Independent Auditor that should be brought to the attention of the Shareholders which has not been disclosed in this Circular.

- (d) Rule 712(3)(d) – Specific reasons for the change of auditor

The Company confirms that the specific reasons for the Proposed Change of Independent Auditor are disclosed in Section 12.1 titled “*Background and Rationale for the Proposed Change of Independent Auditor*” of this Circular. The Proposed Change of Independent Auditor is not due to any dismissal of Foo Kon Tan LLP, or due to Foo Kon Tan LLP declining to stand for re-election or any direction by SGX-ST for the existing auditor to be replaced under Rule 305(1)(eb) of the Catalist Rules.

- (e) Rule 712(3)(e) – Compliance with Rule 712 and Rule 715

The Company confirms that it complies with Rule 712 and Rule 715 of the Catalist Rules in relation to the proposed appointment of Forvis Mazars as the new auditor.

13. THE PROPOSED NEW SHARE ISSUE MANDATE

13.1 Proposed New Share Issue Mandate

The Company is proposing to seek Shareholders’ approval at the EGM for the Proposed New Share Issue Mandate for the aggregate number of shares which may be issued, to be determined based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) after SPA Completion. This is in addition to the authorisation to be sought for the Proposed Issue of Consideration Shares, the Proposed Issue of Mr Chu’s Settlement Shares, the Proposed Issue of Other Settlement Shares, the Proposed Issue of SAC Capital Shares, the Proposed Issue of New Placement Shares and the allotment and issue of the Conversion Shares under the Proposed Convertible Bond Issue.

Specifically, approval from the Shareholders will be sought for authority to be granted pursuant to Regulation 48 of the Existing Constitution and Rule 806 of the Catalist Rules to the Proposed New Board to:

- (a) (i) allot and issue new shares in the capital of the Company (whether by way of rights issue, bonus issue or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares, at any time and upon such terms and conditions, and for such purposes and to such persons as the Proposed New Board shall in their absolute discretion deem fit; and

LETTER TO SHAREHOLDERS

- (b) (notwithstanding that the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors or additional instruments as adjustment in accordance with the terms and conditions of the Instruments made or granted by the Directors while the ordinary resolution was in force, provided that:
 - (i) the aggregate number of Shares to be issued pursuant to the ordinary resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) shall not exceed 100.0% of the then-existing issued share capital of the Company (excluding treasury shares and subsidiary holdings, if any) and that the aggregate number of Shares to be issued other than on a pro-rata basis to the then-existing Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) shall not exceed 50.0% of the then-existing issued share capital of the Company; and
 - (ii) unless revoked or varied by the Shareholders in a general meeting, such authority shall continue in full force until the conclusion of the next AGM or the date by which the next AGM is required by law or the Catalist Rules to be held, whichever is earlier.

For this purpose, the “**then-existing issued share capital**” shall mean the Enlarged Share Capital.

The Proposed New Share Issue Mandate falls within the limits set out in Rule 806(2)(a) of the Catalist Rules.

13.2 **Validity of the Proposed New Share Issue Mandate**

The Proposed New Share Issue Mandate, if approved by the Shareholders at the EGM, will take effect from the passing of Ordinary Resolution 17, and shall continue in force until the earliest of the following:

- (a) the conclusion of the next AGM;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to the Existing Constitution or any applicable laws of Singapore;
- (c) it is carried out to the full extent mandated; or
- (d) it is revoked or varied by ordinary resolution of the Shareholders in a general meeting.

Subject to its continued relevance to the Company, the Proposed New Share Issue Mandate will be put to Shareholders for renewal at subsequent AGMs of the Company.

LETTER TO SHAREHOLDERS

14. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

14.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Transactions on the share capital, NTA, earnings and net gearing of the Group have been prepared based on the audited consolidated financial statements of the Group for FY2024 and the audited combined financial information of the Target Group for Target FY2025 without any adjustment to align the financial year end of the Group with the Target Company. The *pro forma* financial effects of the Proposed Transactions are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following completion of the Proposed Transactions.

Shareholders should note that the *pro forma* financial effects of the Proposed Transactions are for illustrative purposes only. The objective is to illustrate what the historical information might have been had the Proposed Transactions been completed at an earlier date. However, such information is not necessarily indicative of the actual results of the operations or the related effects in the financial position that would have been attained had the Proposed Transactions been completed at such an earlier date. Given that the financial effects presented below are *pro forma* in nature and only for illustrative purposes, it does not necessarily represent the actual financial position and/or results of the Group immediately after the SPA Completion.

For the purposes of illustration, the *pro forma* financial effects of the Proposed Transactions have been prepared based on, among other things, the following key bases and assumptions:

- (a) the financial effects of the Proposed Transactions on the earnings/(losses) and EPS/(LPS) of the Enlarged Group are computed assuming that the Proposed Transactions were completed on 1 January 2024;
- (b) the financial effects of the Proposed Transactions on the NTA/(NTL) and net gearing of the Enlarged Group are computed assuming that the Proposed Transactions were completed on 31 December 2024;
- (c) the Total Consideration will be the maximum sum of S\$42,300,000 and based on the assumption that no adjustments will be made to the Total Consideration;
- (d) the Total Consideration will be satisfied by the allotment and issue of an aggregate of 177,777,777 Base Consideration Shares and Deferred Consideration Shares at the Issue Price (on a post-Share Consolidation basis) and S\$2,300,000 in cash;
- (e) the completion of the allotment and issue of Mr Chu's Settlement Shares, the Other Settlement Shares and the SAC Capital Shares. Save for the SAC Capital Shares, any costs and expenses in relation to the Proposed Transactions have not been taken into account;
- (f) the Proposed Compliance Placement, which comprises the placement of an aggregate of 15,000,000 New Placement Shares and 6,000,000 Vendor Shares at the Placement Price of S\$0.20, are fully placed out;

LETTER TO SHAREHOLDERS

- (g) the Convertible Bonds with an aggregate principal amount of S\$5,000,000 are fully placed out, and all of the Convertible Bonds have been converted into Conversion Shares at the initial Conversion Price of S\$0.225;
- (h) the interest expense in respect of the Convertible Bonds has been disregarded;
- (i) the accounting impact arising from the striking off of Orion Energy relating to the foreign currency translation reserve, has not been included as the Company has assessed it to be immaterial to the Enlarged Group, non-operational and non-recurring in nature; and
- (j) the financial effects of accounting for reverse acquisition pursuant to SPA Completion have not been considered and will only be assessed, determined and audited by the independent auditors of the Enlarged Group to be reported in the financial statements of the Enlarged Group post-SPA Completion. As such, the actual consolidated financial position and/or results of the Enlarged Group, after taking into consideration the financial effects of accounting for reverse acquisition, could be materially different from the *pro forma* financial information presented in this Circular.

14.2 Financial Effects

14.2.1 Share capital.

	Before the Share Consolidation and Investor Subscription ⁽¹⁾		After the completion of the Share Consolidation and Investor Subscription ⁽²⁾	
	Before Proposed Transactions	Before Proposed Transactions	After Proposed Transactions (Base Consideration only) and assuming all of the Convertible Bonds are converted ⁽³⁾	After Proposed Transactions (Base Consideration and full Deferred Consideration) and assuming all of the Convertible Bonds are converted ⁽⁴⁾
Number of Shares	1,701,000,410	34,019,960	198,575,511	254,131,066
Issued and paid-up share capital (S\$'000)	41,783	42,533	79,183	91,683

Notes:

- (1) Based on audited consolidated financial statements of the Group as at 31 December 2024.
- (2) Taking into account the financial effects of the Share Consolidation and Investor Subscription, which were completed on 29 April 2025, as announced by the Company.
- (3) The financial effects after the Proposed Transactions (Base Consideration only) and assuming none of the Convertible Bonds are subscribed, are as follows: (i) the number of Shares would have been 176,353,289 Shares; and (ii) the issued and paid-up share capital would have been S\$74.18 million.
- (4) The financial effects after the Proposed Transactions (Base Consideration and full Deferred Consideration) and assuming none of the Convertible Bonds are subscribed, are as follows: (i) the number of Shares would have been 231,908,844 Shares; and (ii) the issued and paid-up share capital would have been S\$86.68 million.

LETTER TO SHAREHOLDERS

14.2.2 NTL/NTA.

	Before the Share Consolidation and Investor Subscription⁽¹⁾		After the completion of the Share Consolidation and Investor Subscription⁽²⁾	
	Before Proposed Transactions	Before Proposed Transactions	After Proposed Transactions (Base Consideration only) and assuming all of the Convertible Bonds are converted⁽³⁾	After Proposed Transactions (Base Consideration and full Deferred Consideration) and assuming all of the Convertible Bonds are converted⁽⁴⁾
(NTL)/NTA as at 31 December 2024 (S\$'000) (<i>before accounting for consideration payable in cash</i>) ⁽⁵⁾	(2,327)	(1,577)	14,236	14,236
Less: Consideration payable in cash (S\$'000)	–	–	(800)	(2,300)
(NTL)/NTA as at 31 December 2024 (S\$'000)	(2,327)	(1,577)	13,436	11,936⁽⁶⁾
Number of Shares	1,701,000,410	34,019,960	198,575,511	254,131,066
(NTL)/NTA per Share as at 31 December 2024 (cents)	(0.14)	(4.64)	6.77	4.70

Notes:

- (1) Based on audited consolidated financial statements of the Group as at 31 December 2024.
- (2) Taking into account the financial effects of the Share Consolidation and Investor Subscription, which were completed on 29 April 2025, as announced by the Company.
- (3) The financial effects after the Proposed Transactions (Base Consideration only) and assuming none of the Convertible Bonds are subscribed, are as follows: (i) the NTA as at 31 December 2024 (before accounting for consideration payable in cash) would have been S\$9.24 million, less consideration payable in cash of S\$0.80 million, the NTA as at 31 December 2024 would have been S\$8.44 million; (ii) the number of Shares would have been 176,353,289; and (iii) the NTA per Share as at 31 December 2024 would have been 4.78 cents.
- (4) The financial effects after the Proposed Transactions (Base Consideration and full Deferred Consideration) and assuming none of the Convertible Bonds are subscribed, are as follows: (i) the NTA as at 31 December 2024 (before accounting for consideration payable in cash) would have been S\$9.24 million, less consideration payable in cash of S\$2.30 million, the NTA as at 31 December 2024 would have been S\$6.94 million; (ii) the number of Shares would have been 231,908,844; and (iii) the NTA per Share as at 31 December 2024 would have been 2.99 cents.
- (5) Based on the NTL of the Group as at 31 December 2024 of RMB12.49 million at the exchange rate of S\$1 : RMB5.36 and the NTA of the Target Group of S\$6.66 million as at 31 March 2025.
- (6) The NTA of the Enlarged Group does not take into account the Target 24M2026 Aggregate Adjusted NPAT. For illustrative purposes only, assuming the Target Group achieves the Target 24M2026 Aggregate Adjusted NPAT of S\$7.3 million and based on the audited NPAT of the Target Group of S\$2.74 million for Target FY2025, the adjusted NTA of the Enlarged Group as at 31 December 2024 will be S\$16.50 million and the adjusted NTA per Share will be 6.49 cents.

LETTER TO SHAREHOLDERS

14.2.3 EPS/LPS.

	Before the Share Consolidation and Investor Subscription⁽¹⁾		After the completion of the Share Consolidation and Investor Subscription⁽²⁾	
	Before Proposed Transactions	Before Proposed Transactions	After Proposed Transactions (Base Consideration only) and assuming all of the Convertible Bonds are converted⁽³⁾	After Proposed Transactions (Base Consideration and full Deferred Consideration) and assuming all of the Convertible Bonds are converted⁽⁴⁾
(Loss)/Profit attributable to Shareholders ⁽⁵⁾ (S\$'000)	(405)	(405)	2,336	2,336
Weighted average number of Shares	1,701,000,410	34,019,960	198,575,511	254,131,066
(LPS)/EPS (S\$ cents)	(0.02)	(1.19)	1.18	0.92

Notes:

- (1) Based on audited consolidated financial statements of the Group as at 31 December 2024.
- (2) Taking into account the financial effects of the Share Consolidation and Investor Subscription, which were completed on 29 April 2025, as announced by the Company.
- (3) The financial effects after the Proposed Transactions (Base Consideration only) and assuming none of the Convertible Bonds are subscribed, are as follows: (i) the profit attributable to Shareholders would have been S\$2.34 million; (ii) the weighted number of Shares would have been 176,353,289; and (iii) the EPS would have been 1.32 cents.
- (4) The financial effects after the Proposed Transactions (Base Consideration and full Deferred Consideration) and assuming none of the Convertible Bonds are subscribed, are as follows: (i) the profit attributable to Shareholders would have been S\$2.34 million; (ii) the weighted average number of Shares would have been 231,908,844; and (iii) the EPS would have been 1.01 cents.
- (5) Based on the loss attributable to Shareholders for FY2024 of RMB2.18 million and the average exchange rate for FY2024 of S\$1 : RMB5.38 and the net profits attributable to shareholders of the Target Group of S\$2.74 million for Target FY2025.

LETTER TO SHAREHOLDERS

14.2.4 Net Gearing.

	Before the Share Consolidation and Investor Subscription ⁽¹⁾		After the completion of the Share Consolidation and Investor Subscription ⁽²⁾	
	Before Proposed Transactions	Before Proposed Transactions	After Proposed Transactions (Base Consideration only) and assuming all of the Convertible Bonds are converted ⁽³⁾	After Proposed Transactions (Base Consideration and full Deferred Consideration) and assuming all of the Convertible Bonds are converted ⁽⁴⁾
Net debt ⁽⁵⁾ (S\$'000)	1,335 ⁽⁶⁾	585	83,531 ⁽⁷⁾	85,031 ⁽⁷⁾
Total shareholders' (deficit)/equity (S\$'000)	(2,327)	(1,577)	13,436	11,936
Net gearing ratio ⁽⁸⁾	N.M. ⁽⁹⁾	N.M. ⁽⁹⁾	6.22	7.12

Notes:

- (1) Based on audited consolidated financial statements of the Group as at 31 December 2024.
- (2) Taking into account the financial effects of the Share Consolidation and Investor Subscription, which were completed on 29 April 2025, as announced by the Company.
- (3) The financial effects after the Proposed Transactions (Base Consideration only) and assuming none of the Convertible Bonds are subscribed, are as follows: (i) the net debt would have been S\$88.53 million; (ii) the total shareholders' equity would have been S\$8.44 million; and (iii) the net gearing ratio would have been 10.49 times.
- (4) The financial effects after the Proposed Transactions (Base Consideration and full Deferred Consideration) and assuming none of the Convertible Bonds are subscribed, are as follows: (i) the net debt would have been S\$90.03 million; (ii) the total shareholders' equity would have been S\$6.94 million; and (iii) the net gearing ratio would have been 12.98 times.
- (5) Net debt is calculated based on total borrowings, loan from related parties and lease liabilities, less cash and cash equivalents.
- (6) Based on the net debt of the Group as at 31 December 2024 of RMB7.16 million and the exchange rate as at 31 December 2024 of S\$1 : RMB5.36.
- (7) Net debt of the Enlarged Group after the Proposed Transactions increased largely due to the total debt of the Target Group of approximately S\$94.51 million as at 31 March 2025 as a result of the nature of the business of the Target Group.
- (8) Net gearing ratio is determined based on net debt divided by total shareholders' equity. It should be noted that the total net debt of the Target Group is also largely secured by its assets and, as such, the nature of the Commercial Vehicle Leasing Business and the Credit Business will depend substantially on the financial leverage from the banks and other financial institutions in supporting its business growth initiatives.
- (9) Not meaningful as total shareholders' equity was negative.

LETTER TO SHAREHOLDERS

15. APPLICATIONS TO THE SGX-ST

15.1 Waiver of Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules

15.1.1 Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules. Pursuant to Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules (read with Rule 407(1) of the Catalist Rules), the Company is required to disclose the following:

- (a) latest two (2) years of historical financial information (of the assets to be acquired) and one year of pro forma financial information (of the enlarged group); and
- (b) information required under Parts 2 to 11 of the Fifth Schedule of the SFR (“**Fifth Schedule**”). In particular, paragraph 24 of Part 9 of the Fifth Schedule requires the pro forma financial statements of the Enlarged Group for the most recent completed financial year and any relevant interim financial period to be included in this Circular.

15.1.2 Application for waiver. The Company applied to the SGX-ST for a waiver from Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules in respect of disclosure of pro forma financial information of the Enlarged Group, specifically, the requirement to present pro forma financial statements of the Enlarged Group in relation to the Proposed Acquisition in this Circular, for the following reasons:

- (a) The Company, had on 22 May 2022, announced its assessment that the Company is a “cash company” since the Group does not have any revenue-generating business. The Company’s sole subsidiary, Orion Energy was struck off from the Register of Companies pursuant to section 344A of the Companies Act with effect from 19 June 2025.
- (b) Based on the Company’s announcement dated 5 June 2025 in relation to its monthly valuation of assets, the Company’s assets as at 31 May 2025 comprised only cash and cash equivalents. Accordingly, upon SPA Completion, the Enlarged Group’s business and assets will comprise mainly the business and assets of the Target Group.
- (c) The Company is of the view that it would be more meaningful for Shareholders to consider only the financial information of the Target Group, as opposed to the pro forma financial information of the Enlarged Group, as the financial information of the Target Group reflects the economic substance of the Company’s businesses upon SPA Completion, and will allow Shareholders to make a more informed and meaningful assessment of the assets to be acquired. Therefore, in view that the future business and assets of the Group will be represented only by the business and assets of the Target Group following the completion of the Proposed Acquisition, the Company is of the view that presentation of the audited financial statements of the Target Group would already provide the financial information required by Shareholders in arriving at their decision on whether or not to approve the Proposed Transactions at the EGM, including the Proposed Acquisition, and the pro forma financial information of the Enlarged Group would not be more meaningful nor material to Shareholders in any way.

LETTER TO SHAREHOLDERS

- (d) The audited financial information of the Target Group for Target FY2023, Target FY2024 and Target FY2025 have been prepared in accordance with the SFRS (I) for inclusion in this Circular in accordance with the requirements of the Catalist Rules and the SFR, thereby allowing the Company's Shareholders to make an informed and meaningful assessment of the assets to be acquired, regardless of whether the pro forma financial information of the Enlarged Group would be included in this Circular.
- (e) The Company and Forvis Mazars are of the view that the audited financial information of the Target Group that is proposed to be presented would not be materially different from the pro forma financial information of the Enlarged Group, save for (i) certain corporate and operating expenses of the Company, such as regulatory compliance and other professional costs, and (ii) non-cash acquisition accounting in accordance with the prevailing financial reporting standards.
- (f) Shareholders who wish to have an understanding of the historical financial performance and position of the existing Group can refer to the Company's annual reports, periodic financial results announcements and the announcements on the Company's monthly valuation of assets and utilization of cash pursuant to Rule 1017(1)(b) of the Catalist Rules, all of which are readily available on the SGXNet. The annual report of the Company for the financial year ended 31 December 2024 was released on 14 April 2025.
- (g) The Company would have to incur additional costs in connection with mandating the reporting accountants to report on the pro forma financial information of the Enlarged Group, which will reduce its available cash holdings. The Company is of the view that the cost of preparation and reporting the pro forma financial information on the Enlarged Group outweighs the benefits to its Shareholders as the inclusion of the audited financial information of the Target Group that has been presented would adequately reflect the economic substance of the Enlarged Group following the completion of the Proposed Acquisition, and accordingly, a waiver of its exclusion would not be materially prejudicial to the Shareholders in any way.

15.1.3 Grant of SGX-ST waiver. Pursuant to a letter dated 20 August 2025, the SGX-ST granted a waiver of Catalist Rules 1015(1)(a)(ii) and 1015(4)(a) subject to the following:

- (a) the Company making an SGXNet announcement of the waiver granted, stating the reasons for seeking the waiver and the conditions as per Catalist Rule 106, and that the Company and/or its Existing Directors are not aware of any other material information in respect of the Company, the Enlarged Group and the Proposed Acquisition which was not formerly disclosed to investors;
- (b) the disclosure of the waiver granted and the bases for seeking the waiver in this Circular; and
- (c) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and its constituent documents.

As at the date of this Circular, all the above conditions have been satisfied.

LETTER TO SHAREHOLDERS

15.2 Submission to the SGX-ST

On 26 June 2025, the Financial Adviser and Sponsor had submitted the pre-admission notification to the SGX-ST. A copy of this Circular has been lodged by the Financial Adviser and Sponsor with the SGX-ST, acting as agent on behalf of the Authority, on 20 August 2025 for posting on the SGX-ST website.

Pursuant to Part II of Appendix 4F of the Catalist Rules, the SGX-ST is expected to issue a listing and quotation notice in respect of the allotment and issue of the Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares upon lodgement of this Circular with the SGX-ST, acting as agent on behalf of the Authority.

It should be noted that approval in-principle by the SGX-ST is not to be taken as an indication of the merits of the Proposed Transactions, the Company, the Group, the Target Company, the Target Group, the Enlarged Group, the Shares, the Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares or the Conversion Shares.

16. THE ENLARGED GROUP FOLLOWING THE PROPOSED ACQUISITION

16.1 Information on the Target Group

The information on the Target Company and the Target Group is set out in the Target Company's Letter to Shareholders.

16.2 Principal Business

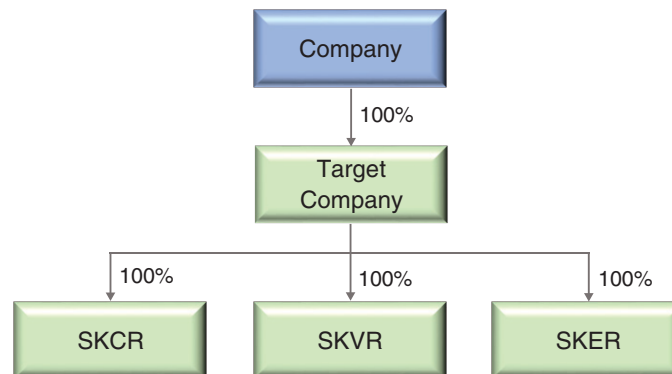
The Target Group is a one-stop customer-centric commercial vehicle specialist, focused on delivering differentiated value and quality customer service through its commercial vehicle leasing, related vehicle financing solutions and MRO services and engineering solutions. The businesses of the Target Group comprises: (a) the provision of commercial vehicle leasing solutions to customers and the leasing of a wide range of commercial vehicles to its customers to cater to their mobility, transportation and logistics needs; (b) the provision of vehicle financing solutions to customers for all types of vehicles through the provision of hire purchase loans to customers who wish to purchase or refinance their own vehicles; and (c) the provision of a wide range of MRO services and engineering solutions, including design customisation and modification of the upper structures of the commercial vehicles to suit specific business needs. Please refer to Section 5 titled "*Business Overview*" of the Target Company's Letter to Shareholders for more information.

LETTER TO SHAREHOLDERS

16.3 The Enlarged Group Structure

16.3.1 The Company. The Group previously comprised the Company and its sole subsidiary, Orion Energy. Orion Energy was struck off on 19 June 2025, following which the Company does not have any subsidiaries.

16.3.2 Structure of Enlarged Group. Upon SPA Completion, the structure of the Enlarged Group will be as follows:



16.4 Changes in Shareholding Structure

16.4.1 As at the Latest Practicable Date, there is only one (1) class of shares in the capital of the Company, being ordinary shares. There are no founder, management, deferred or unissued shares. The existing Shares (including the Shares held by the Directors and substantial shareholders of the Company as at the Latest Practicable Date) do not carry voting rights which are different from the Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares. The rights of and privileges attached to the Shares are stated in the Existing Constitution.

16.4.2 Based on the shareholdings of the Company as at the Latest Practicable Date, the shareholding structure of the Company before and immediately after the Proposed Transactions are set out in Appendix F to this Circular.

16.4.3 As at the Latest Practicable Date:

- (a) save as disclosed in Appendix F titled "*Changes in Shareholding Structure*" to this Circular, the Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government;
- (b) save for the Proposed Acquisition, the Directors are not aware of any arrangement the operation of which will result in a change in control of the Company;
- (c) the Directors are not aware of any event which has occurred since the beginning of the most recent completed financial year up to the Latest Practicable Date, except for the Investor Subscription, which may have a material effect on the financial position and results of the Company; and

LETTER TO SHAREHOLDERS

- (d) there has not been any public takeover offer by a third party in respect of any of the Shares or by the Company in respect of the shares of another corporation or the units of a business trust, which has occurred between the beginning of the most recent completed financial year and the Latest Practicable Date, except for the Investor Mandatory Offer.

- 16.4.4 Save as disclosed below and except pursuant to the Share Consolidation and the Investor Mandatory Offer, there were no changes in the issued and paid-up share capital of the Company nor significant changes in the ownership of the equity interest of the Company or any issue of Shares for a consideration other than cash within the three (3) years preceding the Latest Practicable Date:

Date	No. of issued Shares	Purpose of change in capital	Consideration per Share	Resultant number of Shares	Resultant issued and paid-up capital
29 April 2025	25,515,000	Investor Subscription	S\$0.0294	34,019,960	Approximately S\$42,533,000

- 16.4.5 The issued and paid-up share capital of the Company as at the Latest Practicable Date was approximately S\$42,533,000.

- 16.4.6 As at the Latest Practicable Date:

- (a) no person has, or has the right to be given, an option to subscribe for or purchase any securities or securities-based derivative contracts of the Company;
- (b) there is no arrangement which involves the employees of the Company in the capital of the Company, including any arrangement that involves the issue or grant of options or Shares or any other securities or securities-based derivatives of the Company, and no option to subscribe for or purchase Shares has been granted to, or was exercised by, any Director or the chief executive officer of the Company; and
- (c) none of the Shares are held by or on behalf of the Company.

16.5 Moratorium

- 16.5.1 Moratorium requirements. Rule 1015(3)(b) of the Catalist Rules provides that the moratorium requirements specified in Rules 420, 421 and 422 of the Catalist Rules are applicable to the following persons: (a) persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition; and (b) associates of any person in (a).

16.5.2 Mr Teh Wing Kwan.

Mr Teh Wing Kwan is an existing controlling shareholder who holds 26,670,536 Shares, representing approximately 78.4% of the total issued Shares as at the Latest Practicable Date. Upon SPA Completion, immediately after the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares and the New Placement Shares and the sale of the Vendor Shares (assuming the allotment and issue of the maximum number of 15,000,000 New

LETTER TO SHAREHOLDERS

Placement Shares and the sale of the maximum number of 6,000,000 Vendor Shares) (but before the allotment and issue of the Deferred Consideration Shares (if any) and the Conversion Shares pursuant to conversion of the Convertible Bonds), Mr Teh Wing Kwan's shareholding interest in the Company will be diluted to approximately 15.1% of the Enlarged Share Capital of 176,353,289 Shares and he will continue to be a controlling shareholder.

In accordance with the moratorium requirements under the Catalist Rules and in demonstration of his commitment to the Enlarged Group, Mr Teh Wing Kwan has in relation to all of the Shares held by him immediately after SPA Completion (collectively "**Mr Teh's Lock-up Shares**") irrevocably and unconditionally undertaken to the Sponsor and the Company that he shall not, directly or indirectly:

- (a) offer, pledge, sell, realise, assign, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant any security over, encumber or otherwise transfer or dispose of, any of the Mr Teh's Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any Mr Teh's Lock-up Shares, or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of Mr Teh's Lock-up Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Mr Teh's Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Mr Teh's Lock-up Shares, whether any such transaction described above is to be settled by delivery of the Mr Teh's Lock-up Shares or such other securities, in cash or otherwise;
- (c) deposit any of the Mr Teh's Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Mr Teh's Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account, if any, for the purposes of complying with its/his obligations under its/his undertaking), whether any such transaction described above is to be settled by delivery of the Mr Teh's Lock-up Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in or have the same economic effect (in whole or in part) as any of the transactions described in paragraphs (a) to (c) above; or
- (e) announce or publicly disclose any intention to do any of the above.

The above restrictions will apply to all of the Mr Teh's Lock-up Shares for a period of 12 months commencing from the date of the resumption of trading of the Shares on the Catalist.

LETTER TO SHAREHOLDERS

16.5.3 Vendor.

Upon SPA Completion, immediately after the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares and the New Placement Shares and the sale of the Vendor Shares (assuming the allotment and issue of the maximum number of 15,000,000 New Placement Shares and the sale of the maximum number of 6,000,000 Vendor Shares) (but before the allotment and issue of the Deferred Consideration Shares (if any) and the Conversion Shares pursuant to conversion of the Convertible Bonds), the Vendor will hold 116,222,222 Shares, representing approximately 65.9% of the Enlarged Share Capital of 176,353,289 Shares, and will become a new controlling shareholder.

In accordance with the moratorium requirements under the Catalist Rules and in demonstration of its commitment to the Enlarged Group, the Vendor has in relation to all of the Shares held by it immediately after SPA Completion, excluding such Vendor Shares which have been sold pursuant to the Proposed Compliance Placement (collectively "**Vendor Lock-up Shares**") irrevocably and unconditionally undertaken to the Sponsor and the Company that it shall not, directly or indirectly:

- (a) offer, pledge, sell, realise, assign, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant any security over, encumber or otherwise transfer or dispose of, any of the Vendor Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Vendor Lock-up Shares, or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of the Vendor Lock-up Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Vendor Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Vendor Lock-up Shares, whether any such transaction described above is to be settled by delivery of the Vendor Lock-up Shares or such other securities, in cash or otherwise;
- (c) deposit any of the Vendor Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Vendor Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account, if any, for the purposes of complying with its/his obligations under its/his undertaking), whether any such transaction described above is to be settled by delivery of the Vendor Lock-up Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in or have the same economic effect (in whole or in part) as any of the transactions described in paragraphs (a) to (c) above; or
- (e) announce or publicly disclose any intention to do any of the above.

LETTER TO SHAREHOLDERS

The above restrictions will apply to all of the Vendor Lock-up Shares for a period of 12 months commencing from the date of resumption of trading of the Shares on the Catalist upon SPA Completion.

16.5.4 Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh.

As at the Latest Practicable Date, Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh hold 56.5%, 30.0%, 10.0% and 3.5% respectively of the issued shares in the capital of the Vendor. Upon SPA Completion, each of Mr Wesley Shen and Ms Grace Xue will be deemed to have an interest in approximately 65.9% of the Enlarged Share Capital of 176,353,289 Shares held by the Vendor and will be deemed to be controlling shareholders of the Company assuming all 6,000,000 Vendor Shares are sold.

In accordance with the moratorium requirements (in the case of Mr Wesley Shen and Ms Grace Xue) and in demonstration of their commitment to the Enlarged Group, each of Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh has, in relation to his or her shares in the Vendor, irrevocably and unconditionally undertaken to the Sponsor and the Company that:

- (a) he or she will procure the Vendor to comply with its obligations under the undertaking given by the Vendor referred to in Section 16.5.3 titled “Vendor” of this Circular; and
- (b) he or she shall not, directly or indirectly:
 - (i) offer, pledge, sell, realise, assign, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant any security over, encumber or otherwise transfer or dispose of, any of his or her shares in the Vendor or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the shares in the Vendor, or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of his or her shares in the Vendor or such other securities, in cash or otherwise;
 - (ii) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of his or her shares in the Vendor or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of his or her shares in the Vendor, whether any such transaction described above is to be settled by delivery of his or her shares in the Vendor or such other securities, in cash or otherwise;
 - (iii) deposit any of his or her shares in the Vendor or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of his or her shares in the Vendor in any depository receipt facilities, whether any such transaction described above is to be settled by delivery of his or her shares in the Vendor or such other securities, in cash or otherwise;

LETTER TO SHAREHOLDERS

(iv) enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in or have the same economic effect (in whole or in part) as any of the transactions described in paragraphs (i) to (iii) above; or

(v) announce or publicly disclose any intention to do any of the above,

for a period of 12 months commencing from the date of resumption of trading of the Shares on the Catalist upon SPA Completion.

16.5.5 Voluntary moratorium by SAC Capital.

SAC Capital has, in relation to all of the SAC Capital Shares held by it immediately after SPA Completion (collectively “**SAC Capital Lock-up Shares**”), irrevocably and unconditionally undertaken to the Company that it shall not, directly or indirectly:

- (a) offer, pledge, sell, realise, assign, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant any security over, encumber or otherwise transfer or dispose of, any of the SAC Capital Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the SAC Capital Lock-up Shares, or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of SAC Capital Lock-up Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the SAC Capital Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the SAC Capital Lock-up Shares, whether any such transaction described above is to be settled by delivery of the SAC Capital Lock-up Shares or such other securities, in cash or otherwise;
- (c) deposit any of the SAC Capital Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the SAC Capital Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account, if any, for the purposes of complying with its obligations under its undertaking), whether any such transaction described above is to be settled by delivery of the SAC Capital Lock-up Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in or have the same economic effect (in whole or in part) as any of the transactions described in paragraphs (a) to (c) above; or
- (e) announce or publicly disclose any intention to do any of the above,

for a period of six (6) months commencing from the date of resumption of trading of the Shares on the Catalist upon SPA Completion.

LETTER TO SHAREHOLDERS

16.5.6 Voluntary moratorium by Mr Chu Ming Kin.

Mr Chu Ming Kin was the Executive Chairman and Chief Executive Officer of the Company responsible for the Company's business operations prior to the voluntary trading suspension of the Shares, and he stepped down from his executive position with effect from 13 June 2025. In view of the above and for good corporate governance, Mr Chu Ming Kin has, in relation to all of the Shares held by him and/or through his nominee account (including Mr Chu's Settlement Shares) immediately after SPA Completion (collectively "**Mr Chu's Lock-up Shares**"), irrevocably and unconditionally undertaken to the Sponsor and the Company that he shall not, directly or indirectly:

- (a) offer, pledge, sell, realise, assign, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant any security over, encumber or otherwise transfer or dispose of, any of the Mr Chu's Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Mr Chu's Lock-up Shares, or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of Mr Chu's Lock-up Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Mr Chu's Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Mr Chu's Lock-up Shares, whether any such transaction described above is to be settled by delivery of the Mr Chu's Lock-up Shares or such other securities, in cash or otherwise;
- (c) deposit any of the Mr Chu's Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Mr Chu's Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account, if any, for the purposes of complying with his obligations under his undertaking), whether any such transaction described above is to be settled by delivery of the Mr Chu's Lock-up Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in or have the same economic effect (in whole or in part) as any of the transactions described in paragraphs (a) to (c) above; or
- (e) announce or publicly disclose any intention to do any of the above,

for a period of six (6) months commencing from the date of resumption of trading of the Shares on the Catalist upon SPA Completion.

LETTER TO SHAREHOLDERS

16.5.7 Voluntary moratorium by Mr Lee Fang Wen, Mr Tay Boon Zhuan and Ms Ng Siew Thung.

Mr Lee Fang Wen, Mr Tay Boon Zhuan and Ms Ng Siew Thung have, in relation to all of the Other Settlement Shares held by them immediately after SPA Completion (collectively “**Other Settlement Lock-up Shares**”), irrevocably and unconditionally undertaken to the Sponsor and the Company that they shall not, directly or indirectly:

- (a) offer, pledge, sell, realise, assign, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate, grant any security over, encumber or otherwise transfer or dispose of, any of the Other Settlement Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Other Settlement Lock-up Shares, or enter into a transaction that would have the same effect, whether any such transaction described above is to be settled by delivery of Other Settlement Lock-up Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of the Other Settlement Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Other Settlement Lock-up Shares, whether any such transaction described above is to be settled by delivery of the Other Settlement Lock-up Shares or such other securities, in cash or otherwise;
- (c) deposit any of the Other Settlement Lock-up Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any of the Other Settlement Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account, if any, for the purposes of complying with their obligations under their undertaking), whether any such transaction described above is to be settled by delivery of the Other Settlement Lock-up Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in or have the same economic effect (in whole or in part) as any of the transactions described in paragraphs (a) to (c) above; or
- (e) announce or publicly disclose any intention to do any of the above,

for a period of six (6) months commencing from the date of resumption of trading of the Shares on the Catalist upon SPA Completion.

17. **DIVIDEND POLICY OF THE ENLARGED GROUP**

The Company has not declared or paid any dividend during the Relevant Period. Neither the Company nor the Target Group currently has a formal dividend policy. Please refer to Section 22 titled “*Dividends*” of the Target Company’s Letter to Shareholders for information on the dividends declared by the Target Group during the Relevant Period.

LETTER TO SHAREHOLDERS

There can be no assurance that dividends will be paid in the future or on the amount or timing of any dividends that may be paid in the future. The declaration and payment of dividends will be determined at the sole discretion of the Proposed New Board, subject to the approval of the Shareholders.

The Company may, by ordinary resolution of its Shareholders at a general meeting, declare dividends but the amount of such dividends shall not exceed the amount recommended by the Proposed New Board. The Proposed New Board may also declare an interim dividend without seeking Shareholders' approval. The Company may only pay dividends out of its profits pursuant to the Companies Act.

In making their dividend recommendation, the Proposed New Board will take into consideration, among other things, the performance of the Enlarged Group and the following factors:

- (i) the level of cash and retained earnings;
- (ii) the actual and projected financial performance and financial condition;
- (iii) projected working capital requirements;
- (iv) current capital commitments, projected levels of capital expenditure and other investment plans;
- (v) restrictions on payment of dividends imposed on the Enlarged Group by its financing arrangements or other agreements, if any;
- (vi) future plans for expansion, as applicable; and
- (vii) any other factors deemed relevant by the Proposed New Board.

However, subject to the above factors, the Proposed New Board intend to recommend and distribute dividends of not less than 30.0% of the net profit attributable to Shareholders of the Company for Target FY2026 (excluding any one-off listing expenses) ("**Proposed Dividend**") to reward Shareholders for participating in the Enlarged Group's growth.

Shareholders and prospective investors should note that all of the foregoing statements, including the Proposed Dividend, are statements of the intention of the Proposed New Board and shall not constitute legally binding statements in respect of future dividends which may be subject to the sole and absolute discretion of the Proposed New Board. No inference should or can be made from any of the foregoing statements as to actual future profitability of the Enlarged Group or the ability of the Enlarged Group to pay dividends in the future.

Subject to the Company's Constitution and in accordance with the Companies Act, the Company may declare a final dividend with the approval of Shareholders in a general meeting, but no dividend or distribution shall be declared in excess of the amount recommended by the Proposed New Board. Subject to the Existing Constitution and in accordance with the Companies Act, the Proposed New Board may declare an interim

LETTER TO SHAREHOLDERS

dividend without the approval of its Shareholders. All dividends must be paid out of profits available for distribution and must not exceed the amount recommended by the Proposed New Board.

Payment of cash dividends and distributions, if any, will be declared and paid in Singapore dollars to CDP on behalf of the Shareholders who maintain, either directly or through depository agents, Securities Accounts with CDP. All dividends are paid *pro rata* among the Shareholders in proportion to the amount paid up on each Shareholder's Share(s), unless the rights attaching to an issue of any Share provide otherwise. Notwithstanding the foregoing, the payment by the Company to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge the Company from any liability to that Shareholder in respect of that payment. Information relating to taxes payable on dividends is set out in the section titled "*Exchange Controls and Taxation*" of this Circular.

Please refer to Section 18.2.4 titled "*The Enlarged Group does not have a fixed dividend policy and may not be able to pay dividends in the future*" of this Circular for information on the risk factor relating to dividends.

18. RISK FACTORS

An investment in the Shares following the completion of the Proposed Transactions involves a number of risks some of which could be substantial, including business, operational, legal and regulatory risks relating to the Target Group.

Shareholders should evaluate carefully the information set out in this Section 18 of this Circular, and the other information in this Circular before deciding on the Proposed Acquisition and how to cast their votes at the EGM.

Shareholders and prospective investors should consider these risk factors in light of their own investment objectives, risk appetite and financial circumstances, and should seek professional advice from their own legal, financial, tax or other professional adviser(s).

To the best of the knowledge and belief of the Proposed New Board, all risk factors which are material to Shareholders and prospective investors in making an informed judgment of the Proposed Acquisition, the Target Group and the Enlarged Group have been set out below. However, the risk factors described below are not the only risks that the Target Group and the Enlarged Group currently face or will face. Additional risks not presently known to the Company and the Target Group or that the Company and the Target Group currently deem immaterial may also impair business operations. These risk factors should not be construed as a comprehensive or exhaustive listing of all the risk factors. New risk factors may emerge from time to time and it is not possible for the Proposed New Board to predict all risk factors, nor can the Company assess the impact of all factors or the extent to which any factor or combination of factors may affect the Target Group and/or the Enlarged Group.

If any of these risks occur or turn out to be material, the business, results of operations, financial condition and prospects of the Target Group and the Enlarged Group could be, directly or indirectly, materially and adversely affected. In the event that any of the foregoing occurs, the trading price of the Shares could fluctuate and/or decline and Shareholders may lose all or part of their investment in the Shares.

LETTER TO SHAREHOLDERS

This Circular also contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results could differ materially from those anticipated or implied in these forward-looking statements as a result of certain factors, including the risk factors set out in this Section 18 of this Circular. Please refer to the Section titled “Cautionary Note Regarding Forward-Looking Statements” of this Circular.

18.1 Risks relating to the Target Group’s Business and Industry

18.1.1 ***The Target Group’s business depends on market demand and the ability of the Target Group to respond to meet such market demand***

The Commercial Vehicle Leasing Business is subject to fluctuations in the market demand for various types and makes of commercial vehicles, ranging from cargo vans and mini-buses to lorries.

As commercial vehicles are used predominantly for different types of commercial activities, the overall demand for commercial vehicles is highly influenced by global macroeconomic conditions and Singapore’s economic growth. In the event of a significant economic downturn leading to a reduction in commercial activities, the demand in the commercial vehicle leasing industry generally, and for the Target Group’s fleet of commercial vehicles specifically, may be adversely affected. Any material reduction in overall demand may result in a decrease in utilisation rate of the Target Group’s fleet and a corresponding drop in revenue from rental income, while the Target Group may at the same time have to continue to service hire purchase financing costs for these vehicles. In such event, if the Target Group is not able to dispose, in a timely manner, of an appropriate number of commercial vehicles at a reasonable price taking into account depreciation, or at all, the results of operations, financial condition and cash flow of the Target Group may be materially and adversely affected.

The demand for specific vehicle types or makes is dependent on, among other things, general economic growth trends, industry trends, technological advancements and customer preferences. A significant shift in demand for specific vehicle types or makes in the Target Group’s fleet may adversely affect its ability to lease out vehicles on favorable terms or at all. This could result in a surplus of vehicles in certain categories, leading to potential losses if the Target Group is unable to lease these vehicles to customers. Conversely, a sudden increase in demand for a particular type or make of vehicle may require the Target Group to quickly adapt its fleet and acquire new vehicles, which could involve higher purchase costs and financing expenses.

In view of the foregoing, it is critical for the Target Group to be able to maintain at all times a mix and composition of vehicle types and makes that will cater to market demand which may shift from time to time. The Target Group’s ability to manage a diversified fleet of vehicles with the appropriate mix and composition is dependent on its ability to quickly adapt and respond to customer needs across various industries in which its customers may be engaged, such as logistics, transportation, construction, food and beverage, information technology and retail. A downturn in any of the sectors in which the Target Group’s customers are engaged may lead to reduced demand for the corresponding vehicle types or makes, and in turn result in under-utilisation of the Target Group’s fleet and lower revenue if it is not able to respond to the shifting demand.

LETTER TO SHAREHOLDERS

During the Period Under Review, the Target Group has generally managed to maintain a fleet that was able to meet changing market demand. However, this is no assurance that the Target Group will continue to be able to do so in the future. If the Target Group is not able to adapt its fleet to meet market demand in a timely manner, the business, results of operations, financial condition and prospects of the Target Group may be materially and adversely affected.

18.1.2 ***The Target Group's business requires substantial funding and liquidity and the Target Group may not be able to obtain adequate financing on acceptable terms on a timely basis or at all***

The Target Group's business is capital intensive. In particular, the Target Group requires substantial funding for the purchase of commercial vehicles for the Commercial Vehicle Leasing Business and to grow its loan book under the Credit Business. Although the Target Group generally generates considerable cash flows from its operations, meeting its cash requirements for business needs requires stable access to funding and substantial liquidity. The Target Group funds its operations and expansion primarily through credit facilities from banks and other financial institutions, in addition to the operating cash flow, internal resources and related party loans. Please refer to Section 21 titled "*Capitalisation and Indebtedness*" of this Target Company's Letter to Shareholders for more information on the Target Group's loan financing. As at the end of Target FY2023, Target FY2024 and Target FY2025, the Target Group had borrowings (which include hire purchase borrowings, block discounting loans and term loans) and loans from related companies amounting to approximately S\$35.08 million, S\$73.07 million and S\$93.56 million respectively, with associated finance costs (including those recorded under cost of sales) amounting to S\$1.50 million, S\$2.98 million and S\$4.52 million respectively.

The ability of the Target Group to obtain adequate credit facilities on acceptable terms depends on several factors, including the strength of its balance sheet, its results of operations, punctual payments and compliance with the terms of its credit facilities as well as other factors beyond its control, such as global, regional and local economic conditions, interest rate environment, credit conditions and applicable laws and regulations. There is no assurance that the Target Group will continue to be able to secure adequate credit facilities at a reasonable cost and on commercially favourable terms, or at all. If the Target Group is unable to obtain adequate credit facilities in a timely manner, at a reasonable cost and on commercially reasonable terms, it may not be able to meet its working capital needs, and this may materially and adversely affect its business, results of operations, financial condition, cash flow and prospects.

If the Target Group fails to make punctual payments, maintain any required security or otherwise perform its obligations under its credit facilities, one or more of its lenders may declare default and accelerate repayment, and this may in turn trigger cross-default under its credit facilities from other banks or financial institutions and/or other enforcement actions. If any of these events were to occur, the Target Group's business, results of operations, financial condition, cash flow and prospects may be materially and adversely affected.

Although the Target Group has not encountered difficulties in obtaining credit facilities to fund its operations and growth or to repay its credit facilities on a timely basis during the Period Under Review, there is no assurance that the Target Group will continue to be able to do so. Please also see Section 18.1.5 below on the risk factor "*The Target Group is exposed to risks associated with its debt financing*".

LETTER TO SHAREHOLDERS

18.1.3 ***The Target Group had recorded and may continue to record negative working capital under the Leasing Business Accounting Treatments (as defined below)***

In accordance with the SFRS(I) 1-16 Property, Plant and Equipment and SFRS(I) 16 Leases, the entire net book value of the fleet of commercial vehicles acquired for leasing purposes had been classified as non-current assets¹, whereas the current portion of the hire purchase borrowings arising from the acquisition of such commercial vehicles had been included as current liabilities as at the end of respective financial years. In addition, revenues to be derived from the income-generating contracts from leasing of these commercial vehicles within the next 12 months from the end of respective financial years have not been recognised (collectively, the **“Leasing Business Accounting Treatments”**).

The Leasing Business Accounting Treatments had thus resulted in inherent accounting mismatch in the current assets and current liabilities, as explained above. As a result, the Target Group recorded negative working capital of S\$4.14 million, S\$12.47 million and S\$23.68 million as at 31 March 2023, 31 March 2024 and 31 March 2025 respectively.

Please refer to Section 20.5 titled *“Working Capital, Liquidity and Capital Resources”* of this Target Company’s Letter to Shareholders for further details.

Although the Target Group has not encountered any liquidity issues or breached any financial covenants under its credit facilities that have resulted in major disruptions in its operations and had not defaulted on any borrowing obligations under its credit facilities for the Period Under Review, there is no assurance that the Target Group will continue to be able to do so. Please also refer to the risk factors *“The Target Group’s business requires substantial funding and liquidity and the Target Group may not be able to obtain adequate financing on acceptable terms on a timely basis or at all”* under Section 18.1.2 and *“The Target Group is exposed to risks associated with its debt financing”* under Section 18.1.5 of this Circular. In addition, the Target Group may underestimate its working capital requirements and other expenditures or overestimate its future cash flows. In such an event, additional capital, debt or other forms of financing may be required for its working capital. If any of the aforesaid events occur and the Target Group is unable, for any reason, to raise additional capital, debt or other financing to meet its working capital requirements, the Target Group’s business, results of operations, financial condition, cash flow and/or prospects may be materially and adversely affected.

18.1.4 ***The Commercial Vehicle Leasing Business depends on the ability of the Target Group to secure and renew lease agreements with customers and maintain an optimal utilisation rate***

Under the Commercial Vehicle Leasing Business, the Target Group purchases commercial vehicles and leases them out to customers under lease agreements entered into with customers. The Target Group’s ability to secure new lease agreements in turn depends on, among other things, continued demand for commercial vehicles from customers, the range, mix and composition of commercial vehicles in the Target Group’s

¹ The commercial vehicles fleet acquired for leasing purposes have been recognised and classified under non-current assets, having met the requirements under SFRS(I) 1-16 Property, Plant and Equipment, where property, plant and equipment are tangible assets that: (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) are expected to be used during more than one period, notwithstanding that such assets are considered as liquid assets by nature of the leasing business, where it is within the ordinary course of the business to acquire, replace and/or dispose its commercial vehicle fleet based on prevailing market conditions.

LETTER TO SHAREHOLDERS

fleet, the quality of the fleet, and the competitiveness of its rental prices. In addition, a majority of the commercial vehicles are leased out by the Target Group for contract periods ranging from one (1) to three (3) years, and there is no assurance that customers will renew the lease upon expiry. Customers may generally also terminate the leases on notice of between one (1) and three (3) months, subject to payment of liquidated damages. If the Target Group is unable to secure and renew lease agreements, existing customers were to terminate their leases with the Target Group, and/or the number of leasing customers were to reduce significantly, the business, results of operations and financial condition of the Target Group may be materially and adversely affected.

The ability of the Target Group to secure and renew lease agreements with customers will directly affect the utilisation rate of its fleet of commercial vehicles. A low utilisation rate may adversely affect the Target Group's business, results of operations and financial condition. The Target Group funds the purchase of its fleet of commercial vehicles generally through credit facilities from banks and other financial institutions and its internal resources. Please refer to Section 21 titled "*Capitalisation and Indebtedness*" of the Target Company's Letter to Shareholders for more information on the Target Group's credit facilities. If the Target Group does not achieve a utilisation rate of its fleet that is sufficient to cover the Target Group's cost of capital under the Commercial Vehicle Leasing Business, the Target Group's cash flow may also be adversely affected.

Although the Target Group believes that it has achieved an optimal utilisation rate in each of the financial years during the Period Under Review, there is no assurance that the Target Group will continue to be able to secure and renew lease agreements, retain its customer base and achieve a similar level of fleet utilisation in the future.

18.1.5 ***The Target Group is exposed to risks associated with its debt financing***

The Target Group is exposed to risks typically associated with its debt financing, including the ability to make timely payments of interest and principal under its credit facilities as well as the general credit conditions and interest rate environment. Please also refer to Section 18.1.7 below on the risk factor "*Changes in market interest rates may have a significant impact on the Target Group's financial condition*".

The Target Group may also be subject to covenants under its credit facilities which may, among other things:

- render the Target Group more vulnerable to general adverse industry and economic conditions;
- require the Target Group to seek consent for the payment of dividends or limit their ability to pay dividends;
- require the Target Group to maintain a certain amount of tangible net worth;
- require the Target Group to maintain certain financial ratios;
- limit the Target Group's ability to obtain further third party loans and borrowings; and/or

LETTER TO SHAREHOLDERS

- require the Target Group to dedicate a substantial portion of its sales proceeds to payments on its debts or maintenance of operating bank accounts, thereby reducing the availability of the Target Group's cash flow to fund working capital requirements, capital expenditure and other general corporate purposes.

There is no assurance that future credit facilities obtained by the Target Group will not contain such covenants. As at the Latest Practicable Date, the Target Group's credit facilities arrangements include, among other things, the following covenants:

- the requirement to maintain a certain amount of tangible net worth and certain financial ratios;
- the requirement to maintain a minimum level of shareholding held directly or indirectly by Singaporean(s) and/or Singapore permanent resident(s) as determined by the ultimate individual ownership. As at the Latest Practicable Date, the Target Group is subject to a minimum local shareholding requirement of 30.0% as determined by ultimate individual ownership under some of its credit facilities involving an outstanding aggregate principal amount of S\$4.92 million. Following SPA Completion, the ultimate individual controlling shareholders of the Company and hence the Target Group will be Mr Wesley Shen and Ms Grace Xue who will each be deemed to have an interest in approximately 65.9% of the Enlarged Share Capital of 176,353,289 Shares (assuming the maximum number of 15,000,000 New Placement Shares are allotted and issued and the maximum number of 6,000,000 Vendor Shares are sold pursuant to the Proposed Compliance Placement but before the allotment and issue of the Deferred Consideration Shares (if any) and the Conversion Shares pursuant to conversion of the Convertible Bonds) and approximately 74.1% of the Further Enlarged Share Capital of 231,908,844 Shares (assuming that the maximum number of 55,555,555 Deferred Consideration Shares are allotted and issued, but before the allotment and issue of the Conversion Shares pursuant to conversion of the Convertible Bonds). As both Mr Wesley Shen and Ms Grace Xue are Singapore permanent residents, the Enlarged Group will continue to be in compliance with this covenant after SPA Completion. A policy has been established by the Target Group for the monitoring of bank covenants (including but not limited to a capital ratio covenant imposed by HL Bank) on a quarterly basis. The finance team of the Target Group will be responsible for monitoring bank covenants and preparing quarterly bank covenants reports, while the Chief Financial Officer will be responsible for reviewing and approving the quarterly bank covenants reports. Mr Wesley Shen and Ms Grace Xue have also provided an undertaking to the Company pursuant to which they agree to procure that the Vendor will not dispose of Shares, and they will not dispose of their shares in the capital of the Vendor, in circumstances which would result in a breach of this minimum shareholding level unless the facilities have been fully repaid or the consent of the relevant bank or financial institution has been obtained, and agreed to indemnify the Company in respect of all losses arising from any breach of the aforementioned undertaking;
- the requirement to obtain the prior written consent of the bank before the Target Group Companies may declare dividends or other distributions, or undertake corporate changes to, among other things, its board composition, management, ownership, shareholding, re-organisation, amalgamation, reconstruction, take-over, merger, demerger, schemes of compromise or arrangement and capital structure;

LETTER TO SHAREHOLDERS

- restrictions on creating charges, security or other encumbrances over the Target Group's undertakings, property and assets or factoring of accounts receivables;
- restrictions on disposing of assets by the Target Group;
- restrictions on loans to related corporations;
- restrictions on substantial alterations to the nature of the Target Group's business or amendments to any Target Group Company's constitution relating to its powers to borrow, secure or guarantee; and
- restrictions on entering into material transactions with affiliates other than in the ordinary course of business and on arms' length commercial terms.

During the Period Under Review, the Target Group did not comply with certain covenants relating to, among other things, restrictions on the creation of new security, charges and encumbrances, change of financial year, the provision of loans to related corporations, certain allotment and issue of shares, certain transfers of shares, certain declarations and payments of dividends, certain constitutional amendments, certain notification obligations and litigation proceedings. Please refer to Section 21 titled "*Capitalisation and Indebtedness*" of the Target Company's Letter to Shareholders for further information.

As at the Latest Practicable Date, save as disclosed above as well as in Section 21 titled "*Capitalisation and Indebtedness*" of the Target Company's Letter to Shareholders, the Target Group is in compliance with all the material debt covenants, including those listed above. Moving forward, the Target Group will monitor closely its compliance with material covenants under its credit facilities as elaborated on in Section 21 titled "*Capitalisation and Indebtedness*" of the Target Company's Letter to Shareholders. Although these past non-compliances did not have a material adverse impact on the Target Group's business and operations, if the Target Group is not able to negotiate for removal of any of the material covenants or to obtain a waiver of any breach of a material covenant, the Target Group may be subject to applicable limitations which may, among other things, affect its growth and expansion.

18.1.6 ***The Target Group is dependent on its key management team and other skilled and experienced personnel***

The Target Group's success to-date is attributable to the contributions and expertise of its key management personnel, including in particular Mr Wesley Shen who founded the Skylink group (which includes the Target Group) with the support of his brother, Mr Johnson Shen. Mr Wesley Shen and Mr Johnson Shen have been instrumental in formulating the Target Group's business strategies and spearheading the growth of its business operations since the commencement of business. It is proposed that Mr Wesley Shen will be Executive Director and Chief Executive Officer, and Mr Johnson Shen will be Chief Operating Officer, of the Company after completion of the Proposed Acquisition. The continued success and growth of the Target Group will depend, to a large extent, on its ability to retain the services of key management personnel. The loss of services of any key management personnel without suitable and timely replacements may materially and adversely affect the Target Group's business, results of operations, financial condition and prospects.

LETTER TO SHAREHOLDERS

Each of Mr Wesley Shen and Mr Johnson Shen has entered into a service agreement with the Company which, subject to completion of the Proposed Acquisition, will be for an initial term of three (3) years from the SPA Completion Date. However, there can be no assurance that the Company will be successful in retaining them or hiring qualified management personnel to replace them should a need arises.

The Target Group also relies on skilled and experienced personnel who have extensive knowledge and experience in the Commercial Vehicle Leasing Business, Credit Business and Engineering Business. In addition, the Target Group prides itself on providing its customers with quality service, and its ability to do so depends to a large extent on such skilled and experienced personnel. If such skilled and experienced personnel do not fulfil their roles or if the Target Group experiences high turnover of skilled and experienced personnel without suitable and timely replacements, customer satisfaction levels may decrease and/or the Target Group's operations and competitiveness may be materially and adversely affected.

Further, as the Target Group continues to grow, it may need additional qualified management personnel to manage the expanded business. Competition for such personnel may be fierce and there is no assurance that the Target Group will be able to hire and retain an adequate number of such personnel in the future. Any shortfall in qualified management personnel may hinder the Target Group's business growth and profitability. If the Target Group needs to increase employee compensation levels substantially to attract, retain and motivate any key management personnel, the Target Group's costs may increase significantly.

18.1.7 ***Changes in market interest rates may have a significant impact on the Target Group's financial condition***

The interest that the Target Group pays on its credit facilities used to fund its operations and expansion, as well as its interest income from the hire purchase financing that it provides to customers, are affected by market interest rates. As such, high volatility in market interest rates will directly affect the Target Group's financing costs generally, and interest income and net interest margin under the Credit Business and may, in turn, have an adverse effect on its profit margin and financial condition. Fluctuations in market interest rates are subject to various factors beyond the Target Group's control, such as macroeconomic and political environment.

In recent years, interest rates had risen globally, and although interest rates have gradually moderated recently, there is no assurance that they will continue to moderate or that they will not resume an upward trend. A high interest rate environment may significantly affect the Target Group's ability to obtain new financing on favourable terms, or at all, and also lead to higher financing costs for the Target Group, which may in turn negatively impact the Target Group's profitability and cash flow.

Higher interest rates may lead to increased monthly hire purchase instalments for customers under the Credit Business and higher rentals for customers under the Commercial Vehicle Leasing Business, as the Target Group may seek to pass on some of the increased financing costs onto them. This may affect demand for the Target Group's hire purchase financing and fleet of commercial vehicles, particularly for price-sensitive customers, and may in turn result in a decline in the volume of hire purchase financing and commercial vehicle leases, and the revenue of the Target Group. In addition, if the Target Group's financing costs increase substantially, the ability of the

LETTER TO SHAREHOLDERS

Target Group to maintain competitive hire purchase financing rates and rental rates as compared to its competitors may be impacted.

In relation to the Commercial Vehicle Leasing Business, the ability of the Target Group to service interest and principal under its credit facilities is dependent on, among other things, the interest rates on these credit facilities, demand for the Target Group's fleet and rental rates to customers. If the Target Group's financing costs rise but demand for its fleet reduces and/or the Target Group is not able to raise rental rates to an appropriate extent or at all, the ability of the Target Group to service interest and principal under its credit facilities may be adversely affected.

In relation to the Credit Business, the Target Group funds its hire purchase financing primarily through block discounting facilities. The Target Group's general policy is to seek to maintain an interest rate spread between: (a) the interest rates under the hire purchase financing provided to customers; and (b) the corresponding interest rates at which the Target Group obtains funding under its block discounting facilities, so as to maintain its profit margin. This policy is closely monitored by the Target Group in order to minimise interest rate risks. However, there is no assurance that the Target Group will be able to successfully maintain an interest rate spread. Any failure to maintain an interest rate spread may expose the Target Group to reduced profit margin and earnings or losses.

18.1.8 *The Target Group may not be able to purchase the mix and composition of its fleet on a timely basis on commercially acceptable terms or at all in order to respond to shifting market demands under the Commercial Vehicle Leasing Business*

The Target Group sells and purchases commercial vehicles in the ordinary course of business in order to maintain a mix and composition of vehicle types and makes that cater to shifting market demands. The Target Group is dependent on its suppliers, including SKAU, to supply the types and makes of commercial vehicles required by the Target Group from time to time.

During the Period Under Review, the Target Group purchased its fleet primarily from SKAU. Purchases from SKAU constituted approximately 83.7%, 67.0% and 99.7% of total purchases of commercial vehicles under the Commercial Vehicle Leasing Business for Target FY2023, Target FY2024 and Target FY2025. Please refer to Section 7.2 titled "*Major Suppliers*" of the Target Company's Letter to Shareholders on the major suppliers of the Target Group. The Target Group intends to continue purchases from SKAU after completion of the Proposed Acquisition. Although the Target Group has an established relationship with SKAU, which is an interested person, there is no assurance that the Target Group will be able to maintain its relationship with SKAU. In addition, such purchases after completion of the Proposed Acquisition will constitute interested person transactions and therefore be subject to Chapter 9 of the Catalist Rules. The Company will seek a general mandate for such purchases under the Proposed IPT General Mandate. Subject to Shareholders' approval for the adoption of the Proposed IPT General Mandate, such purchases will thereafter be conducted in accordance with the guidelines and review procedures under the Proposed IPT General Mandate as described in Section 27.6 titled "*Proposed IPT General Mandate*" of the Target Company's Letter to Shareholders.

The Target Group is subject to the risk of not being able to purchase the specific types and makes of commercial vehicles in a timely manner on commercially acceptable terms

LETTER TO SHAREHOLDERS

to respond to market demand whether due to lack of availability or otherwise. Availability may be influenced by, among other things, the types and makes that distributors and dealers choose to sell in Singapore as well as market demand. If the Target Group is not able to purchase the right commercial vehicles at the right time to meet market demand on a sustained basis, its business, results of operations and financial condition may be adversely affected.

The Target Group's suppliers may also encounter difficulties supplying commercial vehicles to the Target Group or may run into financial difficulties due to factors which are beyond the Target Group's control. In such situations, if the suppliers attempt to increase their prices, alter payment terms and/or pass on their increased costs to the Target Group, reduce their supply of motor vehicles or cease operations, such actions may increase the Target Group's costs, and may have a negative impact on its profitability.

The prices of specific types and makes of commercial vehicles required by the Target Group may fluctuate from time to time. Prices may be influenced by both global factors such as raw material prices, tariffs and currency exchange rates, as well as local factors such as COE prices, government policies and market demand. If the prices of commercial vehicles required by the Target Group rise and the Target Group is not able to pass on the costs to its customers through higher rental rates, the results of operations, financial condition and cash flow of the Target Group may be adversely affected.

18.1.9 ***The Target Group may be affected by COE prices and measures taken by the Singapore Government in relation to motor vehicle ownership, financing and usage as well as the introduction of new and/or changes to existing laws and regulations of Singapore***

The Target Group operates in the motor vehicle industry, including leasing out commercial vehicles and providing vehicle hire purchase financing to customers. The business, results of operations, financial condition and prospects of the Target Group are heavily influenced by Singapore Government policies and applicable laws and regulations relating to the ownership, financing and usage of motor vehicles.

The VQS is a key part of the Singapore Government's approach in dealing with traffic congestion. Under the VQS, anyone who wishes to register a new motor vehicle in Singapore must first obtain a COE in the appropriate category. Please refer to paragraph 1.2 of the "Summary of Applicable Singapore Laws" in Appendix G to this Circular for more information. The prices of Category C COEs have risen over the years due to, among other things, the available Category C quota and market demand. The measures in relation to VQS and COE have a direct bearing on the costs of vehicle ownership, which in turn has significant influence on the behaviour of businesses on whether to purchase a new vehicle, renew the COE for their existing vehicle or deregister the vehicle. High costs of ownership will reduce motor vehicle affordability and may discourage the purchase of new vehicles and the renewal of COEs for existing vehicles, which in turn may adversely affect the business, results of operations and financial condition of the Target Group under the Credit Business. However, conversely, the shift away from vehicle ownership may potentially lead to higher volumes of leasing of commercial vehicles and be beneficial to the Commercial Vehicle Leasing Business.

Similarly, substantial increase in COE prices may significantly increase the purchase price of commercial vehicles, which will increase the Target Group's capital expenditure

LETTER TO SHAREHOLDERS

as and when it purchases more commercial vehicles for leasing. Any significant increase in purchase price will also result in higher depreciation expenses, and if the Target Group is not able to pass on such increases in costs to its customers, the business, results of operations and financial condition of the Commercial Vehicle Leasing Business may be adversely affected.

As Singapore transitions towards a low carbon emissions economy, the Singapore Government has introduced policies to encourage the purchase of vehicles with lower emissions of carbon and other pollutants. These policies include:

- The ETS, which was introduced in April 2013 to promote the replacement of older, more pollutive commercial vehicles with new commercial vehicles which are more environmentally friendly. Under the ETS, subject to the qualifying criteria, commercial vehicle owners that deregister their existing vehicles with diesel, diesel-compressed natural gas or diesel-electric engines and register replacement vehicles that meet certain emission standards would enjoy a discount off the PQP payable for registration of the replacement vehicles. While the ETS for LCVs was ceased after 31 March 2025, the ETS for heavy commercial vehicles has been extended till 31 December 2025.
- The CVES, which applies to all new and used imported LCVs. The CVES was first introduced in April 2021, and has since been extended till 31 March 2027. Under the CVES, LCVs are categorised into CVES – Band A, CVES – Band B and CVES – Band C depending on their emissions profile. Incentives are granted to less pollutive vehicles, while surcharges are imposed on the more pollutive vehicles. The CVES encourages the adoption of cleaner LCVs by lowering acquisition costs of EVs.
- The HVZES, which will commence from 1 January 2026 and be available until 31 December 2028. Under the HVZES, vehicle owners that register a heavy goods vehicle or bus with zero-tailpipe emissions having a maximum laden weight of more than 3,500 kilograms will receive a rebate disbursed over three tranches.
- The EHVCG, which will commence from 1 January 2026 and be available until 31 December 2028. Under the EHVCG, parties that install electric heavy vehicle chargers will enjoy co-funding of up to 50% of the installation costs up to a maximum of S\$30,000 per charger, with the grant being applicable to the first 500 chargers in respect of which co-funding is granted.

Further, under the Singapore Green Plan 2030, among other things, the Singapore Government is making a strong push towards electrification of the vehicle population as part of the measures to meet its target of net-zero by 2050. Under these measures, the Singapore Government targets for all vehicles in Singapore to be running on cleaner energy by 2040.

These measures will have a significant impact on the commercial vehicle industry in the long term. As at the Latest Practicable Date, the Target Group maintains only a small number of commercial EVs in its fleet. There is no assurance that the Target Group will be able to keep pace with market demand as it shifts from ICE vehicles to EVs. The Target Group is exposed to the risk of running ahead, or falling behind, shifting market demand which may result in the Target Group holding surplus EVs that it is not able to lease out or having insufficient number of EVs to meet customers' needs. If the Target

LETTER TO SHAREHOLDERS

Group is not able to effectively transition its fleet from ICE vehicles to EVs to meet market demand, the business, results of operations, financial condition and prospects may be materially and adversely affected.

Apart from governmental measures affecting motor vehicle ownership, financing and usage, the Target Group's business operations are also subject to the laws and regulations of Singapore that affect the motor vehicle industry. For further details, please refer to the "Summary of Applicable Singapore Laws" set out in Appendix G to this Circular for further information.

Such laws and regulations may be amended, or government policies and/or new laws and regulations may be introduced, from time to time. If there are unexpected changes to any applicable laws, regulations or policies, or new laws, regulations or policies are introduced that render the Target Group unable to comply, this will have an adverse effect on its operations. The Target Group may be unable to obtain, maintain or renew any additional or new approvals and/or licences, or where there is a delay in obtaining or renewing them, its ability to engage in its business activities may be adversely affected. The Target Group may also have to incur significant additional costs and expenses and may have to allocate additional resources to comply with additional or new requirements. Any resultant changes to the Target Group's business practices or increased costs of compliance may materially and adversely affect the Target Group's business, results of operations, financial condition and/or prospects. There have been no such incidents which had a material adverse impact on the Target Group's business or results of operations during the Period Under Review.

18.1.10 ***The Target Group is subject to the credit risk of its customers***

The Target Group provides hire purchase financing to customers for the purchase of motor vehicles under the Credit Business and leases commercial vehicles to customers under the Commercial Vehicle Leasing Business. The Target Group is dependent on the punctual payment of hire purchase instalments and lease instalments by its customers in accordance with the terms of the relevant agreements. If the creditworthiness of the Target Group's customers deteriorate or a significant number of its customers fail to timely settle their payments for any reason, the Target Group's financial position and results of operations could be materially and adversely affected.

The Target Group's customers under the Commercial Vehicle Leasing Business and Credit Business are predominantly corporate customers. Whilst corporate customers are generally more stable as compared to individual customers, the ability of such customers to make scheduled payments may be heavily influenced by economic factors that include business failures, shifting demand in the customers' products or services and financial distress arising from corporate debt levels, debt service burdens and other relevant factors. Although the Target Group would have conducted credit checks and evaluation of the customers and guarantors (if applicable) prior to approving the hire purchase financing or lease agreement, there is no assurance that its customers will not default on their payment obligations to the Target Group.

In respect of the Credit Business, the Target Group funds most of the hire purchase financing provided to customers through block discounting facilities from banks and other financial institutions. If customers default in payment of their monthly hire purchase

LETTER TO SHAREHOLDERS

instalments, the Target Group's payment obligations under the relevant block discounting facilities remain and this may adversely affect its cash flow, results of operations and financial condition.

There is no assurance that the Target Group will be able to fully recover defaulted payments from its customers. Under the hire purchase agreements, ownership of the vehicles remain with the Target Group and the Target Group is entitled to repossess the vehicles, put them up for auction and sell them at the highest bid. The ability of the Target Group to dispose of the motor vehicles depends on, among other things, market demand, type and make of the particular vehicles, vehicle condition and prevailing market prices of similar new or used vehicles. There is no assurance that the Target Group will be able to dispose of the vehicles at a price that is sufficient to cover the defaulted instalments or at all. The Target Group may also not be able to recover the defaulted instalments in full from the guarantor (if any) in the event of a deterioration in the creditworthiness of the guarantor. If the Target Group is unable to recover the defaulted instalments in full, such defaulted instalments would be regarded as non-performing loans.

During the Period Under Review, the level of non-performing loans under the Credit Business was not material relative to the loan book size and constituted only approximately 0.73% and 0.03% of the loan book of SKCR as at the end of Target FY2024 and Target FY2025 respectively. There were no non-performing loans under the Credit Business in Target FY2023.

In respect of the Commercial Vehicle Leasing Business, customers are required to pay an initial deposit and thereafter pay the monthly instalments in advance. As the Target Group closely monitors and collects payments from customers and, if required, repossesses the vehicle from the customer, the level of defaulted lease payments has not been material during the Period Under Review.

18.1.11 ***The Target Group's allowance for expected credit losses may not be adequate to cover future credit losses***

The Target Group makes allowance for expected credit losses in accordance with an allowance matrix, which references historical credit loss experience of its customers assessed by a range of factors. For Target FY2023 and Target FY2024, the Target Group's allowance for expected credit losses was approximately S\$0.24 million and S\$0.11 million, representing approximately 0.95% and 0.24% of the total trade and other receivables respectively, and a reversal of allowance for estimated credit loss of approximately S\$0.23 million for Target FY2025.

The amount of allowance for expected credit losses is determined on the basis of the Target Group's internal provisioning procedures and guidelines, taking into account a number of factors, such as the nature and industry-specific characteristics of its lessees and their creditworthiness, economic conditions and trends, delinquencies and the value of the underlying guarantees. As the accounting standards require significant judgment and estimation on the future credit risks at certain points of time, the Target Group may underestimate future risks and thus its allowance may not be adequate to cover the actual credit losses. The allowance may prove to be inadequate if unforeseen or adverse changes occur in the economic environment, or if other events adversely affect specific lessees or industries. Under such circumstances, the Target Group may need to make additional allowance, which could significantly reduce its profits and may materially and adversely affect its business, results of operations and financial condition.

LETTER TO SHAREHOLDERS

18.1.12 ***The Target Group's plans to make strategic acquisitions may not be successfully implemented***

The Target Group's growth and expansion can be partly attributable to its strategy of implementing cross-sales capabilities of the business segments within the Target Group and also increasing market share through business acquisitions via fleet purchases with leasing contracts. As part of the Target Group's future business plans, it intends to expand its business segments organically by building on the synergies between each business segment, as well as through strategic acquisitions as and when opportunities arise.

However, there is no assurance that strategic acquisitions will be commercially successful in the future. Participation in fleet purchase and strategic alliances, acquisitions or joint ventures are subject to valuation of such acquisition targets and other risks, including difficulties in the integration of operations, services, management and personnel.

The successful execution of such growth strategies depends on, among other things, industry trends, regulatory environment, financial resources of the Target Group, the Target Group's ability to identify suitable targets at the right valuation and complete the acquisition, successful integration with the Target Group's existing operations, and the ability of the Target Group to effectively manage the enlarged business operations, achieve economies of scale and generate sufficient for its solutions and services.

There is no assurance that these strategic acquisitions will achieve the expected results or outcomes, such as an increase in revenue which is commensurate with the Target Group's investment costs, or the ability to generate any cost savings, operational efficiencies and/or productivity improvements to its operations. If the results or outcome of its strategic acquisitions do not meet its expectations or if it fails to achieve a sufficient level of revenue or manage its costs efficiently, the Target Group may not be able to recover its investment costs, and this may adversely affect its business, results of operations and prospects. Further, the implementation of strategic acquisitions may require substantial capital expenditure, increased working capital requirements and additional financial resources and commitment. However, there is no assurance that the Target Group will be able to obtain the additional financing resources on terms acceptable to it, or at all.

18.1.13 ***There can be no assurance that the Target Group's business strategies and future plans will be successful***

The Target Group intends to implement the business strategies and future plans as set out in Section 23.3 titled "*Business Strategies and Future Plans*" of the Target Company's Letter to Shareholders. Such expansion plans involve numerous risks, including but not limited to the Target Group's ability to secure locations for its business activities, its ability to attract suitable talent, its ability to deal with regulatory, personnel, technological and other challenges in the course of providing services.

LETTER TO SHAREHOLDERS

18.1.14 ***The Target Group is dependent on foreign workers and may face increased costs of labour or labour shortages***

The Target Group employs foreign workers to perform, among other things, MRO services and engineering solutions under the Engineering Business. Any changes in the policies of the foreign workers' countries of origin may affect the supply of foreign labour and cause disruptions to the Target Group's business operations. In addition, any increase in competition for foreign workers may also increase labour costs. If the number of foreign workers that the Target Group can employ is reduced and/or it has to turn to a more costly source of labour, the Target Group's financial performance may be adversely affected.

18.1.15 ***The Target Group is dependent on subcontractors for the provision of certain aspects of the motor vehicle maintenance and repair services***

The Target Group outsources certain limited aspects of the works in connection with the provision of the MRO services and engineering solutions under the Engineering Business. The Target Group's ability to provide excellent services depends, to some extent, on the engagement of reliable third party suppliers or subcontractors to provide the Target Group with the necessary services.

The Target Group typically engages only pre-approved vendors, who are selected primarily based on its past experiences with them, in order to ensure that they consistently deliver high-quality products and services. For new vendors, the Target Group conducts due diligence, including background checks on the vendors and their directors, as well as conduct price comparisons and other evaluations to ensure their reliability and competitiveness. The Target Group has developed and maintained an approved vendor list, which is regularly reviewed and updated. If the Target Group is unable to engage subcontractors for the necessary services required for its operations, its business, reputation, results of operations, financial condition or prospects may be adversely affected.

18.1.16 ***The Target Group faces strong competition in the industries in which it operates***

The Target Group operates in a highly competitive environment. The Target Group's competitors include other vehicle leasing companies, hire purchase companies, banks and finance companies that provide vehicle financing, and other motor vehicle financing providers, and motor vehicle workshops. Some of these competitors may have bigger fleets and more options of commercial vehicles, greater financial and management resources as well as customer networks and relationships, lower financing costs, and higher risk tolerance or different methods of risk assessment, such that they can offer a wider range of commercial vehicles for leasing at better rates, and vehicle financing solutions on better terms.

In order to maintain competitiveness, the Target Group may have to offer more competitive rates or prices. If the Target Group needs to lower rates or prices despite high operating costs, its profit margins may be materially and adversely affected. If the Target Group is not able to compete successfully against its competitors or adapt to market conditions, the Target Group's business and results of operations may be materially and adversely affected.

Please refer to Section 6.1 titled "*Competition*" of the Target Company's Letter to Shareholders for more information on the Target Group's competitors.

LETTER TO SHAREHOLDERS

18.1.17 ***The Target Group's risk management policies and procedures may be ineffective, may fail or may not be complied with***

The Target Group's business activities expose it to a wide variety of risks, including asset risk (including market price risk on used vehicles owned by the Target Group), credit risk, liquidity risk, interest rate risk, motor insurance risk, operational risk, reputational risk, legal and compliance risk.

Any material deficiency in the Target Group's risk management policies or internal control procedures, including the measures, instruments or strategies the Target Group uses to assess and mitigate risk, could have a material adverse effect on its reputation, business, financial condition, results of operations and prospects. The Target Group has established risk management and internal control frameworks, which are subject to periodic review. Based on the follow-up review report prepared by the internal auditor of the Target Group, there was no material internal control weakness relating to the Target Group's systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems that remained unresolved during the course of its internal control review.

18.1.18 ***The Target Group may be affected by negative publicity***

The Target Group operates in a highly competitive industry with many choices available to customers who need to lease commercial vehicles, vehicle hire purchase financing and/or vehicle MRO services and engineering solutions. Customer satisfaction is therefore critical in order for the Target Group to be able to attract and retain its customers. Further, in the current digital age, with the prevalent use of social media channels and other online platforms, opinions and reviews, whether positive or negative, may be easily shared by customers and potentially reach a wide audience. If negative reviews become widespread, whether or not justified, the reputation of the Target Group may be adversely affected.

In addition to negative customer experience, the Target Group's reputation may also be adversely affected by negative publicity in reports, publications such as major newspapers, automobile magazines and motor vehicles sales websites and forums, or any other negative publicity or rumours, whether substantiated or otherwise. There is no assurance that the industry in which the Target Group operates will not experience negative publicity in the future or that such negative publicity will not have a material adverse effect on the Target Group's business, reputation, results of operations, financial condition or prospects. The occurrence of any such events may result in the Target Group's inability to attract or retain customers and in turn may negatively affect its business and results of operations.

18.1.19 ***The Target Group is subject to operational risks in connection with its information technology systems, information system security, cybercrime and data protection***

The Target Group relies on internal and external information technology systems to manage critical aspects of its operations and is exposed to risks of failure or disruption to its information technology systems, breaches of security, inadequate or failed processes and human error, leading to business interruptions. The Target Group is also subject to the risk of cybercrime by employees or third parties and is also vulnerable to computer viruses.

LETTER TO SHAREHOLDERS

Any one or more of these events may severely affect the ability of the Target Group to conduct its operations, including the inability to access, retrieve and maintain customer records, invoice customers, monitor for timely payments by customers in order to commence collection and enforcement procedures, and properly manage its large fleet of commercial vehicles. The Target Group is reliant on third party service providers for implementation and maintenance of its information technology systems, and may not be able to remedy any such interruptions in a timely manner or at all. Any remedy may require the Target Group to incur costs, including to recover and verify lost data. If any of the above events were to occur, leading to disruption to the operations of the Target Group, the reputation, brand, results of operations, financial condition and prospects of the Target Group may be adversely affected.

The Target Group collects, stores and processes personal data of its customers, third party guarantors and their respective employees, and other confidential information such as credit standing, financial information and payment records, in the ordinary course of business. Such personal information and confidential information, as well as the Target Group's internal records such as personal data of its employees and other records, are stored in the Target Group's information technology systems and services. Physical records of some of these personal data and other records are also kept.

Such personal data and other confidential information that are stored in the Target Group's information technology systems and services may be vulnerable to external security threats such as malware attacks and cyberattack, as well as internal security breaches such as unauthorised access and usage of confidential information by the Target Group's employees. This may lead to, among other things, destruction or corruption of databases and the leaking of personal data or confidential information, and potentially result in a breach of the PDPA and other personal data protection laws and regulations. While the physical records are kept by the Target Group under lock and key with the Chief Operating Officer being responsible for data security, there can be no assurance that unauthorised collection, use or disclosure of personal data will not occur. In the event of a data breach, the Target Group may be required to notify the Personal Data Protection Commission or other relevant authorities of such breach and be subject to any regulatory fines or penalties. The Target Group may also be exposed to the risk of having to compensate persons affected by such breaches. The occurrence of any of the above events may adversely affect the reputation, business and results of operations of the Target Group.

During the Period Under Review, the Target Group has not encountered the occurrence of any of the above events that had a material adverse impact on the business, results of operations or financial condition of the Target Group.

18.1.20 *The Target Group's historical financial and operating results are not indicative of future performance*

The operating expenses, results of operations and revenue of the Target Group may vary from year to year due to factors beyond its control. This includes factors such as general economic conditions, inflation, interest rates, employment rates, and overall business confidence. Due to the variability of these factors, the period comparisons of the Target Group's historical financial and operating results may not be indicative of future performance and undue reliance should not be placed on these comparisons to predict the Target Group's future financial performance and the future performance of the Shares.

LETTER TO SHAREHOLDERS

18.1.21 ***The Target Group may be subject to liabilities for non-compliance with statutory provisions***

Prior to SPA Completion, the Target Group was managed as a privately held group of companies. There had been historical non-compliances with statutory provisions (most of which occurred before the Period Under Review) relating to, among other things, inadequate documentation, not having made the necessary lodgements or accurate and timely lodgements required to be made with ACRA under the Companies Act, and late payment of stamp duty by the relevant parties in relation to share transfers. These non-compliances were due to administrative oversight and inadvertent omission. The Target Group has not been subject to penalties or subject to any disciplinary actions or proceedings, and no enforcement actions have been taken against the Target Group, in respect of these non-compliances, except for fines for late lodgement or late payment of stamp duty which were not material and had been fully paid. Notwithstanding the above, there is no assurance that penalties will not be imposed for these past non-compliances. Mr Wesley Shen and Mr Johnson Shen, who were shareholders of the relevant Target Group Company at the relevant time, have agreed to indemnify the relevant Target Group Company against all ACRA lodgement fees, late penalties, claims, demands, liabilities and/or damages that may be incurred or suffered by the relevant Target Group Company in connection with the historical non-compliances referred to above. The indemnity is not subject to any liability cap or any specific terminating event.

In addition, the Vendor and the Warrantors have also agreed, under the SPA, to indemnify the Company in full against any claims, liabilities or losses which the Company may suffer or incur in connection with or arising from any claim by any third party against any Target Group Company as a result of any breach of or non-compliance with any applicable laws. Please refer to Section 2.5.5 titled “*Certain other obligations*” of this Circular for further information.

The Target Group has, to the extent practicable, rectified the irregularities and implemented the proper processes and procedures to comply with the relevant regulations and statutory provisions moving forward. In particular, the Target Group will be part of the Enlarged Group upon SPA Completion, and the Company has and will have an experienced company secretary who will be able to assist the Target Group to ensure compliance with corporate and regulatory requirements.

18.1.22 ***The Target Group’s insurance coverage may be inadequate to protect it from all potential liabilities***

The Target Group’s insurance coverage may not be adequate to protect it from the key risks associated with its business. In the ordinary course of the Target Group’s operations, it may face various claims from and may be engaged in disputes with customers and other third parties, including accident claims involving its fleet of commercial vehicles that are leased to customers. There may be liabilities arising from such claims and disputes that are not covered by the Target Group’s existing insurance or, if covered by existing insurance, may not be fully recoverable from the insurer. Based on inquiries made with the Target Group’s insurance brokers and agents and to the best of the Target Group’s knowledge and belief, the Target Group’s insurance coverage is in line with industry practice.

LETTER TO SHAREHOLDERS

There is also no assurance that the Target Group will be able to obtain insurance with the necessary coverage at acceptable premiums. If the Target Group is not able to obtain sufficient insurance coverage at acceptable premiums to indemnify it against all possible liabilities or losses arising from its business operations, its business, results of operations and financial condition may be adversely affected. Please refer to Section 16 titled “*Insurance*” of the Target Company’s Letter to Shareholders for more information on the Target Group’s existing insurance policies.

If there is a significant increase in insurance premiums of the Target Group, whether on an industry-wide basis or due to an increase in the number of claims made by the Target Group, this may also adversely affect the Target Group’s results of operations in the event it is unable to pass such premium increases on to its customers. Although the Target Group has not had any occurrences where its insurance coverage was not sufficient and had a material adverse impact on the Target Group’s financial condition and/or operations during the Period Under Review, there is no assurance that this will not occur in the future.

18.1.23 ***The Engineering Business may be affected by accidents at its workshops***

Under the Engineering Business, the Target Group provides MRO services and engineering solutions for all types of vehicles. Accidents or mishaps may occur at the Target Group’s workshop even though the Target Group has put in place appropriate safety measures. Such accidents or mishaps may disrupt the Target Group’s operations and lead to delays. The Target Group may also be liable for damages under contracts with its customers, resulting in an adverse and material effect on its results of operations. Further, the Target Group may be subject to personal injury claims from any persons involved in such accidents or mishaps suffered by them, and any significant claims which are not covered by or recoverable under the Target Group’s insurance policies may adversely affect its results of operations and financial condition. During the Period Under Review, there were no material incidents or mishaps at the Target Group’s workshop.

18.1.24 ***There can be no assurance that the Target Group is able to continue operating on its current premises***

The Target Group currently operates out of a number of units at WCEGA Plaza located at 1 Bukit Batok Crescent, Singapore 658064, which serve as a one-stop centre that houses all of the Target Group’s business. The Target Group owns two (2) units which are used for its administrative headquarters and leases another seven (7) units which are used to operate the workshop for the Engineering Business. The Target Group also uses car park space at the rooftop of the WCEGA Plaza. Please refer to Section 9 titled “*Properties and Fixed Assets*” of the Target Company’s Letter to Shareholders on the properties owned and leased by the Target Group.

As disclosed in Section 9 titled “*Properties and Fixed Assets*” of the Target Company’s Letter to Shareholders, the Target Group does not intend to renew the leases of two (2) of the units at WCEGA Plaza that will expire within the next 12 months. There is no assurance that the Target Group will be able to successfully renew the leases of the remaining five (5) units upon their expiry. If the Target Group is required to relocate its operations, the relocation may disrupt its business and there is no assurance that the Target Group will be able to successfully mitigate any loss brought about by such disruption. The Target Group may also incur additional costs for the relocation. In the event it is unable to secure alternative sites at comparable locations and on comparable terms, this may affect its business, results of operations and financial condition.

LETTER TO SHAREHOLDERS

18.1.25 ***The Target Group may be involved in disputes and legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result***

The Target Group may be involved, from time to time, in legal proceedings arising in the ordinary course of its operations. Litigation arising from any failure, injury or damage from the Target Group's operations may result in the Target Group Companies being named as a defendant in lawsuits with large claims against the Target Group Companies. Disputes may also lead to legal or other proceedings and may damage the Target Group's reputation and divert its resources and management's attention. Significant costs may have to be incurred in defending the Target Group in such proceedings, whether it is successful or not.

If the Target Group is not successful in defending itself in such proceedings, it may be liable for damages, the amount of which may be significant, and costs incurred by the counterparty. This could have a material adverse effect on the business, financial position, operations or prospects of the Target Group. If the Target Group makes any other investments or acquisitions in the future, there is no assurance that the Target Group would not have any exposure to any litigation or arbitration proceedings or other liabilities relating to the acquired businesses or entities. Notwithstanding, the Target Group has not been engaged in any legal or arbitration proceedings which had a material adverse impact on its results of operations or financial condition during the Period Under Review.

18.1.26 ***The Target Group may not be able to protect its intellectual property rights and may also be subject to claims for infringement of third parties' intellectual property rights***

As at Latest Practicable Date, the Target Group does not own any registered trademark. The Target Group operates under the name "Skylink", which is also used by the Excluded Entities for their respective businesses. The "Skylink" and "世凯联" trademarks ("**Skylink Trademarks**") are registered in the name of the Vendor as at the Latest Practicable Date. In connection with the Proposed Acquisition, the Vendor and the Target Company have entered into: (a) the Trademark Deed of Assignment pursuant to which the Vendor will assign and transfer all of its rights, title and interest in the Skylink Trademarks and the "Skylink" trade name to the Target Company upon SPA Completion; and (b) the Trademark Licence Agreement pursuant to which the Target Company will, upon SPA Completion, grant to the Vendor and SKIA a licence to use the Skylink Trademarks and the "Skylink" trade name for their respective businesses. Please refer to Section 13 titled "*Intellectual Property Rights*" of the Target Company's Letter to Shareholders for more information on the Trademark Deed of Assignment and Trademark Licence Agreement.

There is no guarantee that any steps taken by the Target Group to protect the intellectual property rights in the Skylink Trademarks or other trademarks the Target Group may have in the future will be adequate. Further, it may be possible for third parties to unlawfully pass-off the Target Group's trademarks as theirs or to indicate some connection or association in the course of trade between the Target Group and them, when in fact there is none. Such action could adversely affect the Target Group's business, reputation, results of operations, financial condition or prospects. Notwithstanding the aforesaid, there has been no such incident which had a material adverse impact on the Target Group's business or results of operations during the Period Under Review.

LETTER TO SHAREHOLDERS

In addition, the Target Group may unknowingly infringe on the intellectual property rights of third parties. In the event of any material claims or litigation involving infringement of intellectual property rights of third parties, with or without merit, the Target Group may have to expend considerable resources, including time, effort and money, to defend itself in such legal proceedings. In addition, the Target Group's business may be severely disrupted due to such legal proceedings. In such an event, the Target Group's business and results of operations may be adversely affected.

During the Period Under Review, the Target Group has not encountered the occurrence of any of the above events that had a material adverse impact on the business, results of operations or financial condition of the Target Group.

18.1.27 *The Target Group's business and reputation may be adversely affected by acts of bribery, corrupt practices or other misconduct of its employees or business partners*

The Target Group is subject to stringent laws and regulations relating to bribery, corrupt practices and other improper conduct in Singapore in the course of carrying on its business. Whilst the Target Group has put in place anti-bribery and anti-corruption policies and there were no incidents during the Period Under Review involving a breach of anti-bribery, anti-corruption and other related laws and regulations, there is no assurance that the Target Group's employees and business partners will comply with such laws and regulations and/or will not engage in acts of bribery, corrupt practices and other improper conduct. There is also no assurance that the Target Group's internal control and risk management systems will be effective to prevent any illegal or improper acts on the part of the Target Group's employees or business partners. If the Target Group's employees and/or business partners fail to comply with such laws and regulations, this may have a negative impact on its reputation, and its business, results of operations, financial position and/or prospects may be adversely affected.

18.1.28 *The Target Group may be affected by terrorist attacks and other acts of violence, wars, or outbreaks of diseases*

Any occurrence of terrorist attacks, acts of violence and/or wars may lead to uncertainties in the global economies as well as the Singapore economy. Any such events could have a negative impact on the demand for the Target Group's fleet of commercial vehicles, hire purchase financing and/or MRO services and engineering solutions, and in turn materially and adversely affect its business, results of operations, financial position and/or prospects.

Furthermore, an outbreak of infectious diseases, such as the recent global outbreak of COVID-19, in Singapore may adversely affect the Target Group's business, financial position and results of operations. If an outbreak of infectious diseases occurs in Singapore, consumer sentiment and spending could be adversely affected and this may have a negative impact on the Target Group's business, financial position and results of operations. The Target Group's staff and employees may also be affected by any outbreak of such infectious diseases and this may affect its day-to-day operations.

LETTER TO SHAREHOLDERS

18.2 Risks relating to the Enlarged Group and the ownership of Shares following SPA Completion

18.2.1 *The Vendor will have significant control over the Company, allowing it to influence the outcome of matters requiring the approval of Shareholders*

Immediately after the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares and the New Placement Shares (assuming the maximum number of 15,000,000 New Placement Shares are allotted and issued and all 6,000,000 Vendor Shares are sold pursuant to the Proposed Compliance Placement, but before the allotment and issue of the Deferred Consideration Shares (if any) and the Conversion Shares pursuant to conversion of the Convertible Bonds), the Vendor will hold an aggregate of 116,222,222 Shares, representing approximately 65.9% of the Enlarged Share Capital of 176,353,289 Shares. Upon the allotment and issue of the Deferred Consideration Shares, assuming that the maximum number of 55,555,555 Deferred Consideration Shares are allotted and issued (but before the allotment and issue of the Conversion Shares pursuant to conversion of the Convertible Bonds), the Vendor will hold an aggregate of 171,777,777 Shares, representing approximately 74.1% of the Further Enlarged Share Capital of 231,908,844 Shares.

As a result, the Vendor and Mr Wesley Shen and Ms Grace Xue, the deemed controlling shareholders of the Company after completion of the Proposed Acquisition, will be able to exercise significant influence over the outcome of matters submitted to Shareholders for approval, including the election of the Directors, the approval of significant corporate transactions and the affairs and policies of the Company unless they are required by the Catalist Rules to abstain from voting. In particular, assuming all 6,000,000 Vendor Shares are sold pursuant to the Proposed Compliance Placement and the maximum number of 55,555,555 Deferred Consideration Shares are allotted and issued (but before the allotment and issue of the Conversion Shares pursuant to conversion of the Convertible Bonds), the Vendor will hold approximately 74.1% of the Further Enlarged Share Capital of 231,908,844 Shares and may, depending on the number of Shareholders present and voting (whether in person or by proxy) at the relevant general meeting for which a special resolution has been tabled and their aggregate shareholdings, be able to approve such special resolution, whether under the Companies Act, the Catalist Rules and/or the Existing Constitution, unless they are required to abstain from voting on the said special resolution. Control of a majority and a significant portion of the Shares by the Vendor, Mr Wesley Shen and Ms Grace Xue can delay, defer or prevent future transactions including a takeover or a change in control of the Company, and can make some transactions more difficult or impossible to complete without the support of the Vendor, Mr Wesley Shen and Ms Grace Xue even if it may benefit the Shareholders.

18.2.2 *The Share price may be volatile, which can result in substantial losses for investors in the Shares after SPA Completion*

The market price of the Shares may fluctuate significantly and rapidly as a result of, among other things, the following factors, some of which are beyond the control of the Company and the Enlarged Group and may be unrelated and disproportionate to the operating results of the Enlarged Group:

- variation in the results of operations of the Enlarged Group;

LETTER TO SHAREHOLDERS

- changes in securities analysts' estimates of the results of operations and recommendations of the Enlarged Group;
- discrepancies between the Enlarged Group's actual operating results and those expected by investors and securities analysts;
- changes in market valuations and share prices of companies with businesses that are similar to those of the Enlarged Group that may be listed in Singapore or elsewhere;
- announcements by the Enlarged Group of significant contracts, acquisitions, capital commitments, joint ventures or strategic alliances;
- any negative publicity on the Enlarged Group, its joint ventures, business partners or third party suppliers and subcontractors;
- additions or departures of key personnel;
- fluctuations in stock market prices and volume;
- the Enlarged Group's involvement in material litigation, arbitration proceedings and/or investigations by government authorities;
- success or failure of the Enlarged Group's management in implementing business and growth strategies;
- changes or uncertainty in the political, economic and regulatory environment in the markets that the Enlarged Group operates in;
- changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors;
- unforeseen contingent liabilities of the Enlarged Group;
- fluctuations in the share prices of companies in the same industry as the Enlarged Group that are also listed in Singapore; and
- foreign exchange fluctuations and translations.

The price of the Shares may, in some instances, fluctuate based on factors that are unrelated to the Enlarged Group or its financial performance.

18.2.3 ***Existing Shareholders will face immediate and substantial dilution following completion of the Proposed Transactions and may experience future dilution to shareholdings***

Immediately after the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares and the New Placement Shares (assuming the maximum number of 15,000,000 New Placement Shares are allotted and issued and all 6,000,000 Vendor Shares are sold pursuant to the Proposed Compliance Placement but before the allotment and issue of the Deferred Consideration Shares (if any) and the Conversion Shares pursuant to conversion of the

LETTER TO SHAREHOLDERS

Convertible Bonds), all existing Shareholders as at the Latest Practicable Date will collectively hold approximately 21.6% of the Enlarged Share Capital of 176,353,289 Shares. Upon the allotment and issue of the Deferred Consideration Shares, assuming that the maximum number of 55,555,555 Deferred Consideration Shares are allotted and issued (but before the allotment and issue of the Conversion Shares pursuant to conversion of the Convertible Bonds), all existing Shareholders as at the Latest Practicable Date will collectively hold approximately 16.4% of the Further Enlarged Share Capital of 231,908,844 Shares. Upon the allotment and issue of 22,222,222 Conversion Shares, assuming the conversion in full of the Convertible Bonds at the initial Conversion Price of S\$0.225 for each Conversion Share and that there is no other change to the issued and paid-up share capital of the Company, all existing Shareholders as at the Latest Practicable Date will collectively hold approximately 15.0% of the total number of issued Shares.

The Company may also issue new shares or convertible securities, share options or share awards under any employee share schemes that may be implemented after SPA Completion. This may lead to further dilution to the shareholdings of the existing Shareholders.

18.2.4 *The Enlarged Group does not have a fixed dividend policy and may not be able to pay dividends in the future*

There is no assurance that the Company will pay dividends in the future or, if the Company does pay dividends in the future, when the Company will pay them. The declaration and payment of future dividends will depend upon, among other things, the Enlarged Group's level of cash and retained earnings, the actual and projected financial performance and financial condition, working capital requirements, capital expenditure and other investment plans, restrictions on payment of dividends in the Enlarged Group's financing arrangements or other agreements, and any other factors which the Proposed New Board may deem relevant. This may be affected by numerous factors including but not limited to general economic conditions, market sentiment, market competition and the success of the Enlarged Group's future plans and business strategies, many of which are beyond the Enlarged Group's control. Any of these factors could have a material adverse effect on the business, results of operations and financial position of the Enlarged Group, and hence, there is no assurance that the Company will be able to pay dividends to Shareholders after SPA Completion. Please refer to Section 17 titled "*Dividend Policy of the Enlarged Group*" of this Circular for further details.

It should be noted that some of the credit facilities of the Target Group contain certain covenants which may affect the Target Group's corporate actions, including but not limited to restricting the Target Group from declaring or paying any dividend or other distribution, whether of an income or capital nature and whether in cash or in specie (without first obtaining approval from the lender). Such restrictions on the ability of the Target Group Companies to pay dividends to the Company may adversely limit the Company's ability to grow, or make investments or acquisitions that could be beneficial to the Company's business. Please refer to Section 21 titled "*Capitalisation and Indebtedness*" of the Target Company's Letter to Shareholders for more details on the Target Group's covenants under the existing credit facilities.

LETTER TO SHAREHOLDERS

18.2.5 ***Future sale of securities may adversely affect the price of the Shares***

Any future issue of Shares by the Company or sale of the Shares by the controlling shareholders of the Company may have a downward pressure on the Share price. The issue or sale of a significant number of Shares in the public market after SPA Completion, or the perception that such issues or sales may occur, could adversely affect the market price of the Shares. These factors may also affect the Company's ability to attract subscriptions for additional equity securities in the future, at a time and price the Company deems appropriate. Save as disclosed in the Section 16.5 titled "*Moratorium*" of this Circular and subject to applicable laws and regulations, there are no other restrictions imposed on the Vendor and Mr Teh Wing Kwan to dispose of their shareholdings. The Share price may be under downward pressure if the Vendor or Mr Teh Wing Kwan sells their Shares upon the expiry of the moratorium period.

18.2.6 ***Shareholders and prospective investors may not be able to participate in future issues of the Shares***

In the event that the Company issues new Shares, the Company will be under no obligation to offer those Shares to the existing Shareholders at the time of issue, except where the Company elects to conduct a rights issue. However, in electing to conduct a rights issue or other equity issues, the Company will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights offering available to existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, the Company may not offer such rights to existing Shareholders having an address in jurisdictions outside of Singapore. Accordingly, certain Shareholders may be unable to participate in future equity offerings by the Company and may experience dilution in their shareholdings as a result.

18.2.7 ***Negative publicity may adversely affect the price of the Shares***

Negative publicity or announcements including those relating to the Target Company, the Target Group or any of the Proposed New Directors, Proposed New Executive Officers or controlling shareholders of the Company after SPA Completion may adversely affect the market perception of the Company or the price of the Shares, whether or not they are justified. For instance, such negative publicity may arise from unsuccessful attempts at acquisitions or takeovers, joint ventures or involvement in litigation or insolvency proceedings. Negative publicity may also arise from any negligence claims and disciplinary proceedings made against any of the Proposed New Directors or Proposed New Executive Officers, regardless of whether such claims can be substantiated. During the Period Under Review, the Target Group has not encountered the occurrence of any of the above events that had a material adverse impact on the business, results of operations or financial condition of the Target Group.

18.2.8 ***No prior market for the Shares of the Company on an Enlarged Group basis***

The Shares have never been traded on an Enlarged Group basis. As such, there can be no assurance that an active trading market for the Shares will develop, or, if developed, will be sustainable.

LETTER TO SHAREHOLDERS

18.2.9 *Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Mainboard of the SGX-ST*

The Shares are listed for quotation on Catalist, a listing platform primarily designed for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Mainboard of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Mainboard of the SGX-ST, and there is no assurance of the future success and liquidity in the market of the Shares.

Pursuant to the Catalist Rules, the Company is required to, among others, retain a sponsor at all times after its admission to Catalist. In particular, unless approved by the SGX-ST, SAC Capital must act as the Company's continuing sponsor for at least three (3) years after the admission of the Enlarged Group to the Catalist. In addition, the Company may be delisted in the event that it does not have a sponsor for more than three (3) continuous months. There is no assurance that following the expiration of the three-year period, SAC Capital will continue to act as the Company's sponsor or that the Company will be able to find a replacement sponsor within the three-month period. Should such risks materialise, the Company may be delisted.

18.2.10 *The Company may require additional funding in the form of equity and/or debt for the Company's future growth which may cause dilution in Shareholders' equity interest and/or restrict its business operations*

The Target Group has attempted to estimate its funding requirements for the implementation of its growth plans as set out in Section 23.3 titled "*Business Strategies and Future Plans*" of the Target Company's Letter to Shareholders. In the event that the costs of implementing such plans exceed these estimates significantly or if the Enlarged Group comes across opportunities to grow through acquisitions, joint ventures, strategic alliances or investment opportunities, which cannot be predicted at this juncture, and if funds generated from the Enlarged Group's operations prove insufficient for such purposes, the Enlarged Group may need to raise additional funds to meet these funding requirements. Under such circumstances, the Enlarged Group may require additional funding either by way of secondary issue of securities after SPA Completion or by way of borrowings to raise the required capital to develop these growth opportunities.

The Company cannot ensure that it will be able to obtain any additional financing on terms that are acceptable to the Company, or at all. If the Company fails to obtain additional financing on terms that are acceptable to it, the Enlarged Group will not be able to implement such plans fully. If new Shares placed to new and/or existing Shareholders are issued after SPA Completion, they may be priced at a discount to the then prevailing market price of the Shares trading on the Catalist Board and existing Shareholders' equity interest may also be diluted. Further, in the event that the Company raises additional funds to meet its financing needs and existing Shareholders do not participate in the pro-rata fund raising activities such as rights issue, such Shareholders may experience a dilution in their shareholdings. If the Company fails to utilise the new equity to generate a commensurate increase in earnings, the Enlarged Group's earnings per share will be diluted, and this could lead to a decline in the trading price of the Shares. Any additional debt financing, apart from increasing interest expense and gearing, may be accompanied by conditions that limit the Enlarged Group's ability to pay dividends or require the Enlarged Group to seek lenders' consent for the payment of dividends, or restrict the Enlarged Group's freedom to operate its business by requiring

LETTER TO SHAREHOLDERS

lenders' consent for certain corporate actions. If the Enlarged Group is unable to procure the additional funding that may be required on acceptable terms or at all or if the Enlarged Group is unable to service its potential new debt financing, the Enlarged Group's financial position and results, business operations, future growth and prospects may be adversely affected.

The current disruptions, volatility or uncertainty of the credit markets could limit the Enlarged Group's ability to borrow funds or cause its borrowings to be more expensive. As such, the Enlarged Group may be forced to pay unattractive interest rates, thereby increasing its interest expense, decreasing its profitability and reducing its financial flexibility if the Enlarged Group takes on additional debt financing.

19. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Company and the Group, have been entered into by the Company within two (2) years preceding the date of this Circular and are or may be material:

- (a) the Investor Temporary Loan Agreements;
- (b) the Investor Subscription Agreement;
- (c) the HOA Amendment Letter;
- (d) the SPA;
- (e) Mr Chu's Settlement Letter;
- (f) the IDs Settlement Letters;
- (g) the Consultant Settlement Letter; and
- (h) the COROFR Deed.

20. INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

Please refer to Sections 27 and 28 titled "*Interested Person Transactions*" and "*Potential Conflicts of Interest*" respectively of the Target Company's Letter to Shareholders, for the material transactions entered into between the Enlarged Group and any interested persons for the Relevant Period.

21. MATERIAL LITIGATION RELATING TO THE GROUP

As at the Latest Practicable Date, to the best of the knowledge and belief of the Existing Directors, neither the Company nor Orion Energy is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of this Circular, a material effect on the financial position or profitability of the Group.

Please refer to Section 29.2 titled "*Material Litigation*" of the Target Company's Letter to Shareholders for the material litigation relating to the Target Group.

LETTER TO SHAREHOLDERS

22. VOTING UNDERTAKINGS

- 22.1 Undertaking by Mr Teh Wing Kwan. Mr Teh Wing Kwan, the controlling shareholder of the Company who holds approximately 78.4% of the total issued Shares as at the Latest Practicable Date, has provided an undertaking to the Vendor and the Warrantors pursuant to which he undertook to vote in favour of the Proposed Acquisition and the other resolutions to be presented at the EGM.
- 22.2 Undertaking by other Shareholders. Certain shareholders (including Mr Chu Ming Kin) holding an aggregate of around 12.7% of the total issued Shares as at the Latest Practicable Date have, in connection with the execution of the HOA, provided irrevocable undertakings dated 22 December 2022 to the Company pursuant to which they undertook to exercise and procure the exercise by such other parties at the general meetings of all of their voting rights to vote in favour of all resolutions to be proposed at the general meetings, including but not limited to the Proposed Investments under the HOA as well as the potential reverse takeover and other related matters contemplated under the HOA. The Proposed Acquisition and other related transactions contemplated under this Circular will fall within the ambit of these undertakings.

23. INTERESTS OF THE SPONSOR AND FINANCIAL ADVISER, INDEPENDENT BUSINESS VALUER AND INDEPENDENT FINANCIAL ADVISER

23.1 Interests of SAC Capital

In the reasonable opinion of the Existing Directors, SAC Capital does not have a material relationship with the Company and/or the Target Group, save for the following:

- (a) SAC Capital is the Financial Adviser to the Company in respect of the Proposed Acquisition and will be appointed as the placement agent in respect of the Proposed Compliance Placement and the Proposed Convertible Bond Issue;
- (b) the SAC Capital Shares will be allotted and issued as part payment of SAC Capital's professional fees as the Financial Adviser to the Company in respect of the Proposed Acquisition; and
- (c) SAC Capital is the Sponsor of the Company as at the Latest Practicable Date, and will continue to be the Sponsor of the Company for a period of three (3) years from the SPA Completion Date.

23.2 Interests of RSM SG Corporate Advisory Pte. Ltd.

In the reasonable opinion of the Existing Directors, the Independent Business Valuer, RSM SG Corporate Advisory Pte. Ltd., does not have a material relationship with the Company and/or the Target Group save for RSM SG Corporate Advisory Pte. Ltd. being the Independent Business Valuer.

23.3 Interests of Xandar Capital Pte. Ltd.

In the reasonable opinion of the Existing Directors, the Independent Financial Adviser, Xandar Capital Pte. Ltd., does not have a material relationship with the Company and/or the Target Group, save for Xandar Capital Pte. Ltd. being the Independent Financial Adviser in relation to the Proposed Whitewash Resolution and the Proposed IPT General Mandate. For Shareholders' information only, Xandar Capital Pte. Ltd. was also the

LETTER TO SHAREHOLDERS

independent financial adviser to the directors of the Company (namely, Mr Chu Ming Kin, Mr Lee Fang Wen and Mr Tay Boon Zhuan, who were the directors of the Company prior to the close of the Investor Mandatory Offer) for the Investor Mandatory Offer.

24. INTERESTS OF EXPERTS

None of the experts named in this Circular: (a) is employed on a contingent basis by the Company or its subsidiaries, the Target Company or the Target Group; (b) has a material interest, whether direct or indirect, in the shares of the Company or any of its subsidiaries, the Target Company or any of the Target Group; or (c) has a material economic interest, whether direct or indirect, in the Company or the Target Group, including an interest in the Proposed Transactions.

25. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Existing Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Transactions, except in relation to Mr Lee Fang Wen as disclosed under Section 5 titled “*The Proposed Issue of Other Settlement Shares*” of this Circular, and save for their respective shareholdings in the Company (if any).

26. DIRECTORS’ RECOMMENDATION

- 26.1 Recommendation. Having considered and reviewed, among other things, the terms of the SPA, the rationale for and the financial effects of the Proposed Transactions, the risk factors and other investment considerations, and all other relevant facts set out in this Circular, and except as set out in Section 26.2 of this Circular, the Existing Directors are of the unanimous opinion that the Proposed Transactions are not prejudicial to the Shareholders and are in the interests of the Company and, accordingly, they recommend that Shareholders vote in favour of all of the resolutions in relation to the Proposed Transactions as set out in the Notice of EGM contained in this Circular.
- 26.2 Abstentions. Mr Lee Fang Wen has abstained from making any recommendation to Shareholders on Ordinary Resolution 5 relating to the proposed allotment and issue of the IDs Settlement Shares to him as described in Section 5 of this Circular.
- 26.3 Shareholders’ considerations. **Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale for, and financial effects of, the Proposed Transactions. In giving the above recommendations, the Existing Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Existing Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.**

LETTER TO SHAREHOLDERS

27. ABSTENTION FROM VOTING

- 27.1 Proposed Whitewash Resolution. In accordance with the conditions of the Whitewash Waiver, the Vendor, its concert parties and parties not independent of them and the Proposed Acquisition will abstain from voting at the EGM on the Proposed Whitewash Resolution. They will also decline to accept appointment as proxies for voting at the EGM in respect of the Proposed Whitewash Resolution unless the Independent Shareholders appointing them as proxies give specific instructions in their proxy forms as to the manner in which their votes are to be cast in respect of the Proposed Whitewash Resolution. The Company will disregard any votes cast by the Vendor, its concert parties and parties not independent of them and the Proposed Acquisition on the Proposed Whitewash Resolution.
- 27.2 Mr Lee Fang Wen. Mr Lee Fang Wen and his associates will abstain from voting at the EGM on Ordinary Resolution 5 relating to the proposed allotment and issue of IDs Settlement Shares to him. Mr Lee Fang Wen and his associates will also decline to accept appointment as proxies for voting at the EGM in respect of Ordinary Resolution 5 unless Shareholders appointing them as proxies give specific instructions in their proxy forms as to the manner in which their votes are to be cast in respect of Ordinary Resolution 5. The Company will disregard any votes cast by Mr Lee Fang Wen and his associates on Ordinary Resolution 5.
- 27.3 Proposed IPT General Mandate. The Mandated Interested Persons will abstain, and will procure that their associates will abstain, from voting at the EGM on Ordinary Resolution 16 relating to the proposed adoption of the Proposed IPT General Mandate. The Mandated Interested Persons and their associates will also decline to accept appointment as proxies for voting at the EGM in respect of Ordinary Resolution 16 unless Shareholders appointing them as proxies give specific instructions in their proxy forms as to the manner in which their votes are to be cast in respect of Ordinary Resolution 16. The Company will disregard any votes cast by the Mandated Interested Persons and their associates on Ordinary Resolution 16.
- 27.4 No other abstention. Save as disclosed above, there are no other parties who are required to abstain from voting on any of the resolutions tabled in the Notice of EGM contained in this Circular.

28. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-10 of this Circular, will be held at 10 Anson Road, #31-06 International Plaza, Singapore 079903 on 11 September 2025 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions and Special Resolution set out in the Notice of EGM.

Copies of this Circular, the Notice of EGM and the Proxy Form have been uploaded on SGXNet. A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNet.

Shareholders are advised to read this Circular carefully in order to decide whether they should vote in favour of or against or abstain from voting in respect of the Ordinary Resolutions and Special Resolution set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

29. RESPONSIBILITY STATEMENTS

29.1 Existing Directors

The Existing Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (save in respect of information relating to the Target Group, the Vendor and the Excluded Entities) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular (save in respect of information relating to the Target Group, the Vendor and the Excluded Entities) constitutes full and true disclosure of all material facts about the Proposed Transactions and the Group, and the Existing Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular relating to the Group and the Enlarged Group (insofar as it relates to the Company) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Existing 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.

29.2 Proposed New Board

The Proposed New Board collectively and individually accepts full responsibility for the accuracy of any information given in this Circular relating to the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as it relates to the Target Group) and in connection with the Proposed Transactions (insofar as they relate to the Vendor, the Excluded Entities and the Target Group), and confirms 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 Transactions (insofar as they relate to the Vendor, the Excluded Entities and the Target Group), the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as they relate to the Target Group), and the Proposed New Board is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular relating to the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as it relates to the Target Group) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Proposed New Board 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.

29.3 Vendor

The directors of the Vendor collectively and individually accept full responsibility for the accuracy of any information given in this Circular relating to the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as it relates to the Target Group) and in connection with the Proposed Transactions (insofar as they relate to the Vendor, the Excluded Entities and the Target Group), 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 Transactions (insofar as they relate to the Vendor, the Excluded Entities and the Target Group), the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as they relate to the Target Group), and the directors of the Vendor are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular relating to the Vendor, the Excluded Entities, the Target Group

LETTER TO SHAREHOLDERS

and the Enlarged Group (insofar as it relates to the Target Group) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Vendor 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.

29.4 **Sponsor and Financial Adviser**

SAC Capital, being the Sponsor and Financial Adviser to the Company in relation to the Proposed Acquisition, confirms that to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Target Group and the Enlarged Group, and SAC Capital is not aware of any facts the omission of which would make any statement in this Circular misleading.

30. **CONSENTS**

30.1 **Sponsor and Financial Adviser**

SAC Capital, being the Sponsor and Financial Adviser to the Company in respect of the Proposed Acquisition, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

30.2 **Independent Auditor to the Target Group and Reporting Accountant to the Enlarged Group**

Forvis Mazars, the independent auditor to the Target Group and the reporting accountant to the Enlarged Group, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the "Independent Auditors' Report and the Audited Combined Financial Statements for the Financial Years ended 31 March 2023, 2024 and 2025" as set out in Appendix B to this Circular, which were prepared for the purpose of incorporation in this Circular, and all references thereto, in the form and context in which they are included in this Circular and to act in such capacity in relation to this Circular.

30.3 **Independent Auditor to the Company**

Foo Kon Tan LLP, the independent auditor to the Company for the financial year ended 31 December 2024, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

30.4 **Independent Business Valuer**

RSM SG Corporate Advisory Pte. Ltd., being the Independent Business Valuer in relation to the Proposed Acquisition, has given and has not withdrawn its written consent: (a) to the issue of this Circular with the inclusion of its name, the Summary Valuation Letter set out in Appendix C to this Circular which was prepared for the purpose of incorporation in this Circular, and all references thereto, in the form and context in which they are included in this Circular; (b) to make the Independent Business Valuation Report and the Summary Valuation Letter available for inspection at the registered office of the Company; and (c) to act in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

30.5 IFA

Xandar Capital Pte. Ltd., being the IFA in respect of the Proposed Whitewash Resolution and the Proposed IPT General Mandate, has given and has not withdrawn its written consent: (a) to the issue of this Circular with the inclusion of its name, the IFA Letter set out in Appendix D to this Circular which was prepared for the purpose of incorporation in this Circular, and all references thereto, in the form and context in which they are included in this Circular; (b) to make the IFA Letter available for inspection at the registered office of the Company; and (c) to act in such capacity in relation to this Circular.

30.6 Industry Consultant

Converging Knowledge Pte. Ltd., being the Industry Consultant, has given and has not withdrawn its written consent: (a) to the issue of this Circular with the inclusion of its name, the Independent Market Report set out in Appendix E to this Circular which was prepared for the purpose of incorporation in this Circular, and the extracts of the Independent Market Report in Section 23.1 titled “*Industry Overview and Prospects*” of the Target Company’s Letter to Shareholders, and all references thereto, in the form and context in which it appears in this Circular; and (b) to act in such capacity in relation to this Circular.

30.7 Legal Advisers

30.7.1 Lee & Lee, being the Legal Adviser to the Company on the Proposed Transactions as to Singapore Law, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

30.7.2 Venture Law LLC, being the Legal Adviser to the Financial Adviser and Sponsor as to Singapore Law, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

30.8 Internal Auditor

CLA Global TS Risk Advisory Pte Ltd, being the internal auditor to the Target Group, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

31. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 20 Collyer Quay #11-07, Singapore 049319 during normal business hours for a period of six (6) months from the date of this Circular:

(a) the Existing Constitution;

(b) the annual reports of the Company for FY2022, FY2023 and FY2024;

LETTER TO SHAREHOLDERS

- (c) the Independent Auditors' Report and the Audited Combined Financial Statements for the Financial Years ended 31 March 2023, 2024 and 2025 as set out in Appendix B to this Circular;
- (d) the Summary Valuation Letter as set out in Appendix C to this Circular;
- (e) the IFA Letter as set out in Appendix D to this Circular;
- (f) the Independent Market Report as set out in Appendix E to this Circular;
- (g) the Independent Business Valuation Report;
- (h) the Service Agreement;
- (i) the material contracts set out in Section 19 titled "*Material Contracts*" of this Circular and Section 29.1 titled "*Material Contracts*" of the Target Company's Letter to Shareholders; and
- (j) the letters of consent referred to in Section 30 titled "*Consents*" of this Circular.

32. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach **33 Ubi Avenue 3, The Vertex #02-22, Singapore 408868**, or emailed to ir@sincapgroup.com, no later than Monday, 8 September 2025 at 10:00 a.m.. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM in person in place of his proxy if he so wishes. A proxy need not be a Shareholder.

A Depositor shall not be regarded as a Shareholder and his/her/its Proxy Form may be rejected by the Company unless he/she/it is shown to have Shares entered against his/her/its name in the depository register, as certified by the CDP to the Company as at 72 hours before the EGM.

33. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Target Company's Letter to Shareholders and other appendices to this Circular.

Yours faithfully,

For and on behalf of the Board of Directors of
SINCAP GROUP LIMITED
Teh Wing Kwan
Non-Independent Non-Executive Chairman

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

SKYLINK APAC PTE. LTD.
(Company Registration Number: 202509469G)
(Incorporated in the Republic of Singapore)

Proposed New Board:

Mr Teh Wing Kwan (*Non-Independent Non-Executive Chairman*)
Mr Shen Wende (*Executive Director and Chief Executive Officer*)
Mr Tang Yeng Yuen (*Lead Independent Director*)
Mr Tay Eng Kiat Jackson (*Independent Director*)
Ms Ng Li-May, Vanessa (*Independent Director*)

Registered Office:

1 Bukit Batok Crescent
#08-52 WCEGA Plaza
Singapore 658064

20 August 2025

To: The Shareholders

Dear Sir/Madam,

THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SKYLINK APAC PTE. LTD.

1. INTRODUCTION

This letter (“**Target Company’s Letter to Shareholders**”) has been prepared by the Proposed New Board for inclusion in this Circular.

Unless otherwise stated herein, all capitalised terms in this Target Company’s Letter to Shareholders shall have the same meanings given to them in this Circular.

2. OVERVIEW OF THE TARGET GROUP

2.1 Target Company

The Target Company is a private company limited by shares incorporated in Singapore under the Companies Act on 4 March 2025. As at the Latest Practicable Date, the Vendor is the sole shareholder of the Target Company.

The Target Company is an investment holding company incorporated by the Vendor for the purpose of acquiring the issued shares in, and holding, the Target Subsidiaries pursuant to the Restructuring. The Target Group is a one-stop customer-centric commercial vehicle specialist, focused on delivering differentiated value and quality customer service through its commercial vehicle leasing, related vehicle financing solutions and MRO services and engineering solutions. The business focus of the Target Group comprises: (a) the provision of commercial vehicle leasing solutions to customers and the leasing of a wide range of commercial vehicles to customers to cater to their mobility, transportation and logistics needs; (b) the provision of vehicle financing solutions to customers for all types of vehicles through the provision of hire purchase loans to customers who wish to purchase or refinance their own vehicles; and (c) the provision of a wide range of MRO services and engineering solutions, including design customisation and modification of the upper structures of the commercial vehicles to suit specific business needs.

Please refer to Section 5 titled “*Business Overview*” of this Target Company’s Letter to Shareholders for further information on the business and operations of the Target Group.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

3. RESTRUCTURING EXERCISE AND GROUP STRUCTURE

3.1 Restructuring Exercise

3.1.1 Existing shareholding structure. As at the Latest Practicable Date, the Vendor owns 100% of SKGH, which in turn owns 100% of each of the Target Subsidiaries.

3.1.2 Restructuring. The details of the Restructuring are set out below:

- (a) *Incorporation of Target Company:* On 4 March 2025, the Target Company was incorporated with an issued and paid-up share capital of S\$10,000 comprising 10,000 Target Company Shares, all of which were held by the Vendor. The directors of the Target Company are Mr Wesley Shen and Mr Leonard Teh.
- (b) *Acquisition of the Target Subsidiaries:* Under the Restructuring Agreement, the Target Company will acquire 100% of the issued shares in the capital of each of SKVR, SKCR and SKER at an aggregate consideration of S\$6.65 million. The consideration was arrived at taking into account the audited NAV of the Target Subsidiaries of an aggregate of S\$6.65 million as at 31 March 2025. The consideration will be fully satisfied by the allotment and issue to the Vendor of an aggregate of 6,653,000 Target Company Shares at the issue price of S\$1.00 for each Target Company Share. Upon completion of the Restructuring, the Target Company will have an issued and paid-up share capital of S\$6.66 million comprising 6,663,000 Target Company Shares.

Prior to completion of the Restructuring, the entire Skylink group (comprising the Target Group and the Excluded Entities) was managed as a single group, and Ms Grace Xue was the sales director of the Skylink group. She is responsible for the overall sales of the Trading Business. SKCR, as part of the Skylink group, has taken out a keyman insurance policy in respect of Ms Grace Xue from Prudential Assurance Company Singapore (Pte) Ltd (with SKCR being the beneficiary) (“**GX Keyman Insurance**”) in connection with her role in the Skylink group. As Ms Grace Xue will not be part of the management of the Enlarged Group following SPA Completion, Ms Grace Xue will cease to be sales director of the Target Group, and will also resign as a director of the Target Subsidiaries, upon completion of the Restructuring. In conjunction with the Restructuring, SKCR has agreed to assign or novate the GX Keyman Insurance to the Vendor or its nominee in consideration for which the Vendor or its nominee has paid to SKCR an amount equivalent to the one-time policy premium of S\$112,499.96 that was paid by SKCR. For this purpose, the Vendor has nominated SKAU to accept the assignment or novation of the GX Keyman Insurance. The cessation of Ms Grace Xue as sales director and her resignation as a director of the Target Subsidiaries upon completion of the Restructuring will not have a material adverse impact on the business and operations of the Target Group as the Target Group and the Excluded Entities have separate management teams, and in any event the Target Group does not operate the Trading Business.

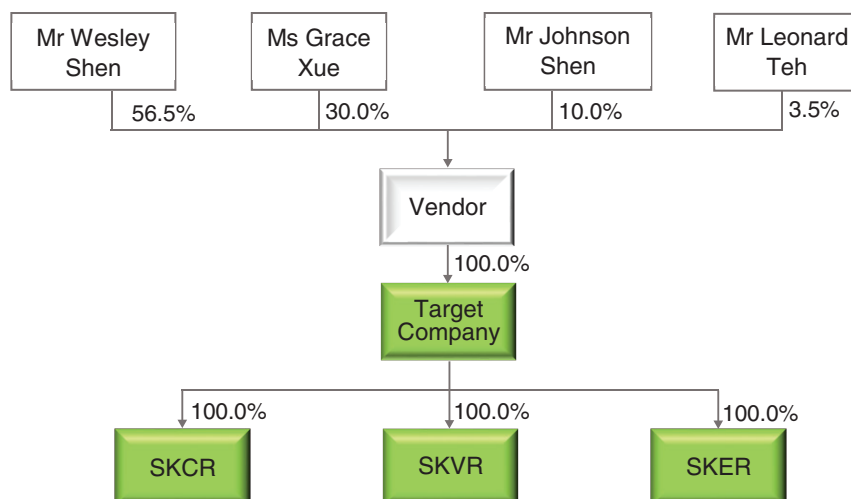
APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Prior to the completion of the Restructuring, SKGH directly holds 100% of each of the Target Subsidiaries and as such, has agreed to pay, on behalf of the Target Company, for all transaction expenses incurred by the Target Company and incurred by the Company (including the fees of the professionals appointed by the Company) in connection with the Proposed Transactions. Under the Restructuring Agreement, the Target Company has agreed to repay to SKGH all such transaction expenses (including the one-off expenses relating to the Proposed Acquisition borne by SKGH on behalf of the Target Group) in full, without interest, within the period of 12 months from the date of the SPA Completion Date.

Taking into account the basis of the transfer of the Target Subsidiaries set out above, the Restructuring is conducted on an arm’s length basis and on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders. As the GX Keyman Insurance will be assigned or novated based on the cost incurred by SKCR to purchase it, and the transaction expenses paid by SKGH on behalf of the Target Company will be repaid by the Target Company without interest, these transactions are not conducted on an arm’s length basis or on normal commercial terms, but are not prejudicial to the interests of the Company and its minority Shareholders.

The Restructuring will be completed prior to SPA Completion, as completion of the Restructuring is a condition precedent to SPA Completion. The Target Group is not aware of any reason the Restructuring will not be completed prior to SPA Completion.

- 3.1.3 Post-Restructuring shareholding structure. After completion of the Restructuring, but before completion of the Proposed Acquisition, the shareholding structure of the Vendor and the Target Group is as follows:



APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

3.2 Subsidiaries

As at the Latest Practicable Date, the details of the Target Subsidiaries are as follows:

Company name	Date and country of incorporation	Principal activities and place of business	Issued and paid-up share capital	Target Company’s effective ownership interest	Directors	Auditor
SKVR	18 April 2017/ Singapore	Provision of commercial vehicle leasing solutions/ Singapore	S\$2,000,000	100%	Mr Wesley Shen and Ms Grace Xue ⁽¹⁾	Forvis Mazars
SKCR	12 January 2013/ Singapore	Provision of vehicle financing solutions/ Singapore	S\$3,000,000	100%	Mr Wesley Shen and Ms Grace Xue ⁽¹⁾	Forvis Mazars
SKER	1 January 2021/ Singapore	Provision of MRO services and engineering solutions for vehicles/ Singapore	S\$200,000	100%	Mr Wesley Shen and Ms Grace Xue ⁽¹⁾	Forvis Mazars

Note:

- (1) Ms Grace Xue will resign as a director of the Target Subsidiaries prior to SPA Completion, as she will not be appointed as a Proposed New Director or Proposed New Executive Officer and will not be involved in the management of the Target Group after SPA Completion. The Excluded Entities will be managed by Ms Grace Xue as well as other key management personnel after SPA Completion, details of which are set out in Section 28.2.5 titled “*Mitigation of potential conflicts of interest*” of this Target Company’s Letter to Shareholders.

Save as disclosed, there are no other subsidiaries, subsidiary entities, associated companies and associated entities of the Target Group.

None of the Target Group’s subsidiaries are listed on any stock exchange.

3.3 Share Capital and Shareholding Structure

3.3.1 Share capital.

- (a) The Target Company was incorporated in Singapore under Companies Act as a private company limited by shares on 4 March 2025. As at the Latest Practicable Date, the issued and paid-up share capital of the Target Company is S\$10,000 comprising 10,000 Target Company Shares. Upon completion of the Restructuring, the issued and paid-up share capital of the Target Company will be S\$6,663,000 comprising 6,663,000 Target Company Shares.
- (b) As at the Latest Practicable Date, there is only one (1) class of shares in the capital of the Target Company, being ordinary shares. The rights and privileges attached to the Target Company’s shares are stated in the constitution of the Target Company.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (c) As at the Latest Practicable Date, the Target Company Shares held by the Vendor were not subject to any pledge, mortgage or any other form of encumbrance. There are no Target Company Shares that are held by or on behalf of the Target Company or by the Target Subsidiaries.
- (d) As at the Latest Practicable Date, save for the Restructuring, no person has been, or has the right to be, given an option to subscribe for or purchase any securities or securities-based derivatives of the Target Company or any of the Target Group Companies.

3.3.2 Current Shareholders. The table below sets out the names of each substantial shareholder of the Target Company, which means a shareholder who is known by the Target Company to have an interest in 5.0% or more of the issued Target Company Shares, and each director of the Target Company who has an interest in the Target Company Shares, and the number and percentage of Target Company Shares in which each of them has an interest (whether direct or deemed) as at the date of this Circular:

Name	As at the date of this Circular			
	Direct Interest		Deemed Interest	
	No. of Target Company Shares	%	No. of Target Company Shares	%
Directors				
Mr Wesley Shen ⁽¹⁾	—	—	10,000	100
Mr Leonard Teh	—	—	—	—
Controlling Shareholders				
Vendor	10,000	100	—	—
Ms Grace Xue ⁽²⁾	—	—	10,000	100

Notes:

- (1) As at the date of this Circular, Mr Wesley Shen holds 56.5% of the shares in the Vendor, and as he controls not less than 20.0% of the voting shares in the Vendor, he is therefore deemed to have an interest in the 10,000 Target Company Shares held by the Vendor by virtue of section 4 of the SFA.
- (2) As at the date of this Circular, Ms Grace Xue holds 30.0% of the shares in the Vendor, and as she controls not less than 20.0% of the voting shares in the Vendor, she is therefore deemed to have an interest in the 10,000 Target Company Shares held by the Vendor by virtue of section 4 of the SFA.

Upon SPA Completion, the Target Company will be a wholly-owned subsidiary of the Company and the Vendor will no longer directly hold any Target Company Shares.

As at the date of this Circular, the Target Company Shares held by the directors, chief executive officer and substantial shareholders of the Target Company do not carry different voting rights from other shares of the Target Company.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- 3.3.3 Changes in issued share capital. Save as set out below and Section 3.1 titled “*Restructuring Exercise*” of this Target Company’s Letter to Shareholders, there were no changes in the share capital nor significant changes in the ownership of the equity interest of the Target Company or the other Target Group Companies for the period of three (3) years before the Latest Practicable Date.

Details of the changes in the issued and paid-up capital of the Target Group Companies for the last three (3) years prior to the Latest Practicable Date are set out in the table below:

Target Company

Date	No. of Target Company Shares issued	Issue price per Target Company Share	Purpose of issue	Resultant issued share capital
4 March 2025	10,000	S\$1.00	Incorporation	S\$10,000

SKCR

Date	No. of shares issued	Issue price per share	Purpose of issue	Resultant issued share capital
29 May 2023	350,000	S\$1.00	Capital injection	S\$1,000,000
31 August 2023	500,000	S\$1.00	Capital injection	S\$1,500,000
26 September 2023	1,500,000	S\$1.00	Capital injection	S\$3,000,000

Save as disclosed above and in Section 3.1 titled “*Restructuring Exercise*” of this Target Company’s Letter to Shareholders, no shares in, or debentures of, the Target Company or any of its subsidiaries have been issued, as fully or partly paid-up for cash, or for a consideration other than cash, during the last three (3) years preceding the Latest Practicable Date.

3.3.4 **Change in Control of the Target Company**

Save as disclosed above, the Target Company is not directly or indirectly owned or controlled, whether severally or jointly, by any government or any other person.

As at the date of this Circular, save for the Proposed Acquisition, there is no other arrangement the operation of which may, at a subsequent date, result in a change of control of the Target Company after SPA Completion.

There have been no public take-over offers by third parties in respect of any Target Company Shares or by the Target Company in respect of another corporation’s shares or units of a business trust which have occurred between the beginning of Target FY2025, being the most recently completed financial year, and the Latest Practicable Date.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

4. HISTORY

4.1 History and development

The Target Group was founded by Mr Wesley Shen, together with Mr Johnson Shen, in 2017 and has since grown rapidly into a one-stop customer-centric commercial vehicle specialist, focused on delivering differentiated value and quality customer service through its commercial vehicle leasing, related vehicle financing solutions and MRO services and engineering solutions. As at the Latest Practicable Date, the Target Group owns a fleet of 1,239 commercial vehicles for leasing and according to the Independent Market Report, is currently one of the largest commercial vehicle leasing companies in Singapore.

Mr Wesley Shen has vast experience in the commercial vehicle industry, having worked in the commercial vehicles sales and dealership sector, including customer acquisition, customer service and support. He observed that while it might seem prohibitively expensive to own and maintain a commercial vehicle in Singapore, there would be an increasing demand for commercial vehicles, which was driven by (among other things) economic fundamentals, the rapid growth of e-commerce as well as regulatory changes (such as the ETS introduced in 2013, which incentivised the replacement of older diesel commercial vehicles with newer, environmentally friendly models and thereby encouraged fleet upgrades and increased demand for new vehicles).

In 2017, paying close attention to this market trend and in the belief that the trend would sustain, Mr Wesley Shen, with the support of his brother, Mr Johnson Shen, started a small motor vehicle trading business and subsequently an insurance agency business to support the trading business¹.

With the gradual shift by businesses from an ownership to a leasing model in view of rising cost of vehicle ownership, Mr Wesley Shen saw the potential growth of leasing commercial vehicles to businesses. In April 2017, SKVR was incorporated as the first entity in the Target Group, and the business of leasing out commercial vehicles to businesses was first started in April 2018 with a small fleet of just three (3) commercial vehicles.

In July 2018, the Target Group diversified into providing vehicle financing solutions for all types of vehicles through SKCR. This represented a key strategy towards providing accessible and flexible financing solutions which are complementary and synergistic to businesses with mobility, transportation and logistics needs. In its first year of operations, SKCR provided hire purchase financing for just a limited number of motor vehicles and the size of its loan book² was only around S\$2.6 million. In or around June 2018, Ms Grace Xue also joined the business as sales director for the motor vehicle trading business.

¹ The motor vehicle trading business and motor insurance agency business are currently carried on by SKAU and SKIA respectively. SKAU and SKIA are Excluded Entities and do not form part of the Target Group for the purpose of the Proposed Acquisition.

² For the avoidance of doubt, unless otherwise stated, all reference to the loan book of the Credit Business in this Circular includes the gross hire purchase receivables provided by SKCR to SKVR, which are inter-company transactions that are eliminated upon consolidation at the Target Group level for purposes of financial reporting.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

In March 2019, the Target Group first started a small workshop through SKAG to primarily provide after-sales MRO services to support the motor vehicle trading business. As the size of SKVR’s fleet grew, SKAG subsequently expanded its operations to provide full range of MRO services for SKVR’s leasing fleet, which allow the Target Group to keep its vehicles in good running condition and better ensure the quality of its services as well. The commencement of the workshop services represented yet another key step towards building an ecosystem that provides a one-stop integrated solution for businesses with mobility, transportation and logistics needs.

Mr Wesley Shen, together with Mr Johnson Shen and Ms Grace Xue, have been working tirelessly to grow the above key segments of businesses in trading, leasing, financing, and repairs and maintenance, further strengthening their market position as reliable vendors in the industry. With the increase in the scale of the business operations, in May 2020, a corporate restructuring exercise was undertaken to streamline the group structure and to consolidate all the key business segments under SKGH, which was 100% owned by Mr Wesley Shen at that time. The restructuring exercise included (among other things) Mr Wesley Shen transferring 100% of the shares in SKVR and SKCR (which are Target Group Companies) to SKGH.

In January 2021, SKER (which is part of the Target Group) was incorporated as a wholly-owned subsidiary of SKGH. It was initially intended that SKER would provide more advanced engineering works and solutions that were not undertaken by SKAG, including design customisation and modification of the upper structure of certain specific commercial vehicles. The workshop business of SKAG was subsequently merged into SKER’s business in the second half of 2021, and SKAG then ceased its business.

In April 2021, Mr Wesley Shen transferred all the shares in the capital of SKGH to the Vendor, following which the Vendor, through SKGH, became the holding company for the Target Subsidiaries as well as the Excluded Entities (other than SKIA, which is 100% owned by Mr Wesley Shen).

In 2020 and 2021, Singapore was severely affected by the Covid-19 pandemic during which the movement restrictions imposed by the Singapore Government drove the rapid growth of e-commerce, which led to an increase in demand for last mile delivery of consumer goods. In response, the Target Group shifted focus to growing the commercial vehicle leasing business of SKVR. During this period, SKVR scaled up its fleet of commercial vehicles from around 170 vehicles as at January 2020 to around 500 vehicles as at December 2021, and at the same time, expanded its customer base.

In 2022 and 2023, with the improvement in the Covid-19 situation, business sentiment gradually improved, the demand for used commercial vehicles increased and the prices of Category C COE were recovering as well. Under such market conditions, the Target Group believed that the demand for hire purchase financing would eventually grow as well. In response, the Target Group had decided to grow the Credit Business under SKCR, and the expansion of SKCR’s business required additional working capital and banking facilities support. In view of this strategy, SKVR disposed of around 320 commercial vehicles, reducing its fleet to around 215 commercial vehicles as at the end of Target FY2023 so that the Target Group could free up its internally-generated reserves and deploy its financial resources more efficiently. As the value of SKVR’s fleet had appreciated in value since its acquisition, the disposal proceeds helped the Target Group to build its cash buffer, which had also in turn improved its financial leverage position,

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

thereby resulting in additional bank facilities being obtained for the working capital requirement and loan book expansion of SKCR’s Credit Business.

The Target Group has been operating in several industrial property units located at WCEGA Plaza (located at 1 Bukit Batok Crescent, Singapore 658064) since October 2022. These industrial property units were leased and used for the different business segments carried on at that time by the Vendor (including the Target Group) for its corporate office, sales office, workshops, and including a large roof-top parking space. In August 2022, SKER completed the purchase of the industrial property unit located at #08-52 WCEGA Plaza which was used by SKER as its workshop, while #08-02 and #08-03 were used as office premises by both the Excluded Entities as well as the Target Group.

Backed by internally-generated cashflow, healthy financial position and good creditworthiness, SKCR was able to obtain additional banking facilities thereby enabling SKCR to scale up its loan book significantly. Accordingly, the principal amount of SKCR’s loan book increased from around S\$24.16 million as at the end of Target FY2023 to around S\$65.41 million as at the Latest Practicable Date.

In 2023 to 2024, the prices of COEs remained elevated, resulting in increasing demand for leasing services. In response to these market conditions, SKVR purchased a few fleets of used commercial vehicles (together with the related leasing contracts) from other leasing companies and increased its fleet size from 215 commercial vehicles as at the end of Target FY2023 to 642 commercial vehicles as at the end of Target FY2024. During Target FY2025, SKVR purchased a few other fleets of commercial vehicles (together with the related leasing contracts) to eventually scale up its fleet size to 1,231 commercial vehicles as at the end of Target FY2025. Following these purchases, the Target Group is, according to the Independent Market Report, currently one of the largest commercial vehicle leasing companies in Singapore.

In July 2024, as part of the Target Group’s expansion, SKER completed the purchase of another industrial property unit located at #08-53 WCEGA Plaza, which is adjacent to unit #08-52 WCEGA Plaza which it already owned. As at the Latest Practicable Date, the units at #08-52 and #08-53 WCEGA Plaza are being used as the administrative headquarters of the Target Group.

In November 2024, in connection with the increase in the roof-top car park area leased by SKAU (which is an Excluded Entity), the portion of the car park area leased by SKAU to the Target Group for SKVR’s fleet of commercial vehicles increased in tandem to about 30,000 sq ft, which supports the continued growth of SKVR’s fleet.

SKER has also scaled up its operations since then. SKER has leased another 5 units at WCEGA Plaza (namely, units #07-58, #07-59, #07-60, #07-61 and #07-62). With effect from February 2025, together with the existing units at #08-26 and #08-45, SKER carries on business from a total of seven (7) units at WCEGA Plaza.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

4.2 Key Milestones

The key milestones in the growth and development of the Target Group are highlighted chronologically below:

Date	Key Milestones
April 2017	SKVR was incorporated as the first entity in the Target Group with a view to carrying on the Commercial Vehicle Leasing Business
April 2018	SKVR started its operations with a small fleet of just three (3) commercial vehicles
July 2018	SKCR diversified its operations into providing vehicle financing solutions and commenced the Credit Business
March 2019	The Target Group started a small workshop that was operated by SKAG to provide after-sales MRO services
May 2020	A corporate restructuring exercise was undertaken to streamline and consolidate the different key segments of businesses (including SKAG, SKVR and SKCR) under SKGH as the holding company
January 2021	SKER was incorporated initially with the intention to provide more advanced engineering works and solutions that were not undertaken by SKAG, including design customisation and modification of the upper structure of certain specific commercial vehicles. The workshop business of SKAG was subsequently merged into SKER in the second half of 2021, and SKAG ceased operations
April 2021	Mr Wesley Shen transferred all the shares in the capital of SKGH to the Vendor, following which the Vendor, through SKGH, became the holding company for the Target Subsidiaries as well as the Excluded Entities (other than SKIA, which is 100% owned by Mr Wesley Shen)
September 2021	SKGH (the existing holding company of the Target Subsidiaries) was awarded the Singapore 500 SME Company for 2021 administered by the Association of Trade & Commerce
November 2021	Mr Wesley Shen was awarded the Singapore Entrepreneur 100 Award 2021 administered by the Association of Trade & Commerce
2020/2021	SKVR scaled up its fleet of commercial vehicles from around 170 commercial vehicles as at January 2020 to around 500 commercial vehicles as at December 2021
2022/2023	The Target Group shifted focus towards growing the Credit Business under SKCR, post Covid-19 pandemic. In view of this strategy, SKVR disposed of around 320 commercial vehicles to build the Target Group’s cash buffer. The disposal proceeds, together with additional banking facilities, were used to fund its higher working capital requirement and loan book expansion of SKCR’s Credit Business

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Date	Key Milestones
March 2022	SKGH (the existing holding company of the Target Subsidiaries) was awarded the Singapore 500 SME Company for 2022 administered by the Association of Trade & Commerce
August 2022	SKER completed the purchase of #08-52 WCEGA Plaza to support the Target Group’s further growth
2023/2024	SKCR scaled up its loan book from the principal amount of around S\$24.16 million as at the end of Target FY2023 to around S\$65.41 million as at the Latest Practicable Date
2023/2024	SKVR purchased a few fleets of commercial vehicles (together with the related leasing contracts) from other leasing companies and significantly scaled up its fleet of vehicles from 215 commercial vehicles as at the end of Target FY2023, to 642 commercial vehicles as at the end of Target FY2024, and 1,231 commercial vehicles as at the end of Target FY2025
December 2023	SKGH (the existing holding company of the Target Subsidiaries) was awarded the Singapore Entrepreneur 100 Award 2023 administered by the Association of Trade & Commerce
2024	SKGH (the existing holding company of the Target Subsidiaries) was named as a Sgcarmart Star Merchant in the “Commercial Vehicle Rental” category by Sgcarmart in 2024
July 2024	SKER completed the purchase of #08-53 WCEGA Plaza
July 2024	Mr Wesley Shen was named as the winner under the sub-category of “Business Strategy” under the “New Entrepreneur Category” by the Entrepreneur of the Year Award 2023/2024 administered by the Association of Small & Medium Enterprises and the Rotary Club of Singapore
November 2024	The Target Group increased the car park area at the roof-top of the WCEGA Plaza that it leases from SKAU to around 30,000 sq ft, which supports the continued growth of SKVR’s fleet
December 2024	The “Skylink” brand was named one of the “Promising Brands” by the Singapore Prestige Brand Awards 2024 administered by the Association of Small & Medium Enterprises and Lianhe Zaobao
2025	SKGH (the existing holding company of the Target Subsidiaries) was named as a Sgcarmart Star Merchant in the “Commercial Vehicle Rental” category by Sgcarmart in 2025
February 2025	SKER increased its workshop space and scaled up its operations significantly, operating out of a total of 7 units at WCEGA Plaza

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

5. BUSINESS OVERVIEW

5.1 Business Overview

The Target Group is a one-stop customer-centric commercial vehicle specialist, focused on delivering differentiated value and quality customer service through its commercial vehicle leasing, related vehicle financing solutions and MRO services and engineering solutions. Since its founding in 2017, the Target Group has become one of the largest commercial vehicle leasing companies in Singapore³ and a trusted mobility partner.

As at the Latest Practicable Date, the Target Group has the following three (3) business segments:

- *Commercial Vehicle Leasing Business.* Under the Commercial Vehicle Leasing Business, SKVR provides commercial vehicle leasing solutions to customers and leases a wide range of commercial vehicles to its customers to cater to their mobility, transportation and logistics needs. As at the Latest Practicable Date, SKVR owns a fleet of 1,239 commercial vehicles and according to the Independent Market Report, is currently one of the largest commercial vehicle leasing companies in Singapore.
- *Credit Business.* Under the Credit Business, SKCR offers vehicle financing solutions to customers for all types of vehicles through the provision of hire purchase loans to customers who wish to purchase or refinance their own vehicles. As at the Latest Practicable Date, SKCR has a loan book of an aggregate principal amount of around S\$65.41 million.
- *Engineering Business.* Under the Engineering Business, SKER provides a wide range of MRO services and engineering solutions, including design customisation and modification of the upper structures of the commercial vehicles to suit specific business needs. SKER provides such services to SKVR’s fleet of commercial vehicles and also to third party customers for all types of vehicles. The services range from routine vehicle MRO to providing engineering solutions for the customisation of commercial vehicles in order for customers to maximise the value from having commercial vehicles customised for specific purposes.

The three (3) business segments of Commercial Vehicle Leasing Business, Credit Business and Engineering Business form an ecosystem where the different businesses are complementary and synergistic. The Target Group provides: (a) mobility, transportation and logistics solutions to its customers through leasing of commercial vehicles under the Commercial Vehicle Leasing Business segment; (b) vehicle financing solutions for their purchase or refinance of commercial vehicles under the Credit Business segment; and (c) MRO services and engineering solutions, and design customisation and modification of the upper structure of certain specific commercial vehicles leased from the Target Group or purchased by third party customers under the Engineering Business segment.

Please refer to Section 20 titled “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” of this Target Company’s Letter to Shareholders for more information on the contribution of each business segment to the Target Group’s revenue and net profit during the Period Under Review.

³ According to the Independent Market Report.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

5.2 Commercial Vehicle Leasing Business

5.2.1 Overview.

The Target Group’s main business is the Commercial Vehicle Leasing Business conducted through SKVR, under which SKVR provides commercial vehicle leasing solutions to customers. SKVR owns a wide range of commercial vehicles which it leases out to customers to cater to their mobility, transportation and logistics needs. Based on the Independent Market Report, the Target Group is currently one of the largest commercial vehicle leasing companies in Singapore. The commercial vehicles are leased out primarily to corporate customers on both short-term and long-term leases. The Target Group derives its revenue under this segment primarily through rental paid by customers for leasing the commercial vehicles.

5.2.2 SKVR’s fleet.

Fleet size

As at the Latest Practicable Date, SKVR maintains a fleet of 1,239 commercial vehicles used for leasing. Based on the Independent Market Report, the Target Group is currently one of the largest commercial vehicle leasing companies in Singapore.

SKVR has scaled up its fleet significantly during the Period Under Review. SKVR’s fleet size as at 31 March 2023, 31 March 2024 and 31 March 2025 were 215, 642 and 1,231 vehicles respectively. During this period, there were fluctuations in the fleet size as the Target Group shifted focus and adapted strategies for its key business segments in response to the changes in the macro-environment and market demand:

- In the midst of the Covid-19 pandemic characterised by movement restrictions, SKVR was focused on growing the Commercial Vehicle Leasing Business due to the rapid growth of e-commerce and increase in demand for last mile delivery of consumer goods.
- In Target FY2023, with the gradual improvement in the Covid-19 situation, business sentiment had gradually improved, the demand for used commercial vehicles increased and the prices of Category C COE were recovering as well. Under such market conditions, the Target Group believed that the demand for hire purchase financing would eventually grow as well. In response, the Target Group decided to grow the Credit Business under SKCR, and the expansion of the Credit Business required additional working capital and credit facilities support. In view of this strategy, SKVR disposed of part of its commercial vehicles so that the Target Group could free up its internally-generated reserves and deploy its financial resources more efficiently. As the value of SKVR’s fleet had appreciated in value since its acquisition, the disposal proceeds helped the Target Group to build its cash buffer, which had also in turn improved its financial leverage position, thereby resulting in additional credit facilities being obtained for the working capital requirement and loan book expansion of the Credit Business. The disposal resulted in the reduction of the fleet size as at the end of Target FY2023. Please refer to Section 5.3 titled “*Credit Business*” of this Target Company’s Letter to Shareholders for more information on the Credit Business.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- In Target FY2024, the prices of COE remained elevated, resulting in increasing demand for leasing services. In response to market conditions, SKVR purchased a few fleets of used commercial vehicles (together with the related leasing contracts) from other leasing companies and increased its fleet size from 215 vehicles as at the end of Target FY2023 to 642 vehicles as at the end of Target FY2024. During Target FY2025, SKVR purchased a few other fleets of commercial vehicles (together with the related leasing contracts) to eventually scale up its fleet size to 1,231 commercial vehicles as at the end of Target FY2025.

The size and mix of the fleet for the Target Group is driven primarily by market demand to ensure an optimal utilisation rate at any particular point in time. SKVR, in response to market conditions and demand, purchases and sells its commercial vehicles so as to maintain the optimal mix and composition of its fleet in terms of types and makes of its commercial vehicles. In such cycles within the ordinary course of business of SKVR and depending on its financial position, macro-economic environment and market demand, SKVR would grow its fleet organically and the pace of such growth may also depend on the availability of fleet for sale in the market on commercial terms which are acceptable to SKVR.

During the Period Under Review, SKVR managed to maintain an optimal utilisation rate as most of SKVR’s fleet had been leased out to customers at any point in time. SKVR maintains a small float of commercial vehicles at its premises, primarily to cater to requirements of new customers and also to provide a buffer for replacements of commercial vehicles leased to customers due to repair requirements and/or scheduled maintenance needs.

Profile of fleet

SKVR focuses on commercial vehicle leasing. One of the competitive strengths of the Target Group is its ability to offer a wide range of commercial vehicles with the optimal mix and composition in terms of vehicle types and makes, to meet the diverse needs of its customers in different businesses and industries. These commercial vehicles range from new and pre-owned cargo vans and mini-buses, to the full range of lorries (ranging from light to medium to heavy to very heavy duty lorries), with the majority of the fleet being lorries and vans. The vehicles in the fleet come from a range of different manufacturers, including Japanese, European and Chinese manufacturers.

For the purpose of illustration, the commercial vehicles owned by SKVR as at the Latest Practicable Date include the following models:



Nissan NV350



Hino 700 Prime Mover

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS



Toyota Hiace



Volkswagen Caddy Maxi



Toyota Hiace Commuter Minibus



Toyota Dyna 10ft



Hino 200 Box 10ft



Mitsubishi Fuso Canter 14ft



Mitsubishi Fuso Fighter Box



Scania Super XT Prime Mover

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Moving forward, the Target Group anticipates that there will be progressive increase in demand for EVs as the infrastructure for EVs in Singapore continues to improve. SKVR has already embarked on a strategy for its vehicles electrification journey, with its fleet also including a small number of EVs, comprising mostly electric vans and lorries. As at the Latest Practicable Date, the EVs in the fleet include the following:

EVs



BYD T3



KYC V7



Maxus E-deliver 5

5.2.3 Leasing to customers.

Customer profile

SKVR leases its commercial vehicles primarily to corporate customers with mobility, transportation and logistics needs in the course of their business. A small number of commercial vehicles are also leased to individuals who are predominantly drivers who use the vehicles to perform deliveries.

SKVR has a wide and diversified customer base, ranging from global multi-national companies, established local companies to small and medium sized enterprises engaged in different industries. SKVR’s customers include, among others, ST Engineering Land MRO & Services Pte Ltd, Haulio Pte Ltd, Pan-United Concrete Pte Ltd and ISS Facility Services Private Limited. SKVR’s customer base comes from a wide range of industries, including general trading, logistics, transportation, construction, food and beverage and information technology. The Commercial Vehicle Leasing Business segment is not dependent on any particular major customers or group of customers or customers from any particular industry. Please refer to Section 7.1 titled “*Major Customers*” of this Target Company’s Letter to Shareholders on the major customers of the Target Group during the Period Under Review.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Tenure of leases

SKVR leases its commercial vehicles to customers on both short-term and long-term basis. The tenures of the leases typically range from three (3) months to five (5) years. A breakdown of the tenure of the leases for the Period Under Review is set out below:

	Target FY2023 Percentage of number of motor vehicles leased	Target FY2024 Percentage of number of motor vehicles leased	Target FY2025 Percentage of number of motor vehicles leased
Less than 1 year	18.0%	12.1%	14.2%
1 to 2 years	73.9%	72.3%	68.4%
Above 2 years and up to 5 years	8.1%	15.6%	17.4%

5.2.4 Principal terms of the leases.

Rental fee payable by customers

SKVR charges its customers a rental fee per vehicle, with such fee varying depending on the type, model and age of the vehicle and the duration of the lease. Upon execution of the lease and prior to its commencement, customers are generally required to pay SKVR: (a) a security deposit amounting to at least one (1) month’s rental fee; and (b) one (1) month’s rental fee payable in advance. Subsequently, customers will be invoiced on a monthly basis and the monthly rental is payable in advance. Please refer to Section 8.1 titled “*Credit terms to customers*” of this Target Company’s Letter to Shareholders for details on the credit terms granted to customers.

Insurance and responsibility for damage to the commercial vehicles

SKVR’s commercial vehicles are insured against loss or damage as well as third party claims under insurance policies taken out by SKVR. Under the terms of the insurance policy, SKVR, as owner of the commercial vehicles, will be responsible for “excess” of a certain amount, below which a claim may not be covered or made under the insurance policy. Under the terms of the leases, in the event of an accident for which a claim may be made under such insurance policy, the customers will be responsible for an agreed vehicle accident excess under the terms of the lease agreement between SKVR and the customer. In the case of an accident which is attributable to the fault of the counterparty, SKVR may instead make a claim under the third party insurance policy of the counterparty.

Responsibility for maintenance and repair

Under the standard terms of the leases, SKVR is only responsible, at its own costs, primarily for:

- carrying out periodic routine servicing of the commercial vehicles as recommended or specified by the manufacturer or distributor of the commercial vehicle;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- the costs of repairs and breakdown due to fair wear and tear or end of lifespan of any component or part of the vehicle; and
- providing one complimentary clutch pad replacement and one complimentary set of tyres/re-treading of tyres for the vehicle in each year of the tenure of the lease.

Such maintenance and repairs are carried out primarily by SKER under the Engineering Business segment or, in the case of new commercial vehicles, at authorised workshops of the dealers from which commercial vehicles were purchased.

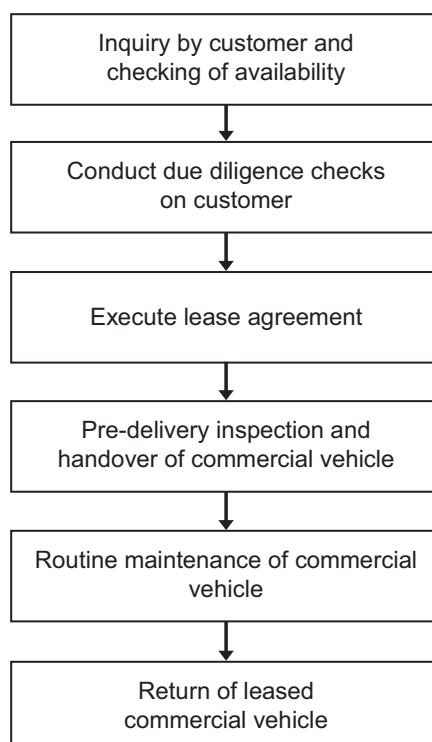
Customers will be responsible for, among other things:

- maintaining the vehicle in good repair and condition, including daily checking of coolant, propellant and lubricant levels, and promptly informing SKVR of any faults or unusual or abnormal occurrences in the function or operation of the vehicle; and
- any and all other costs of servicing, repairs, replacements or adjustments required to be carried out for the vehicle (including due to mishandling or misuse by the customer), other than those for which SKVR is responsible as described above.

Customers are generally required to use the services of SKER (or, in the case of new vehicles that remain under warranty, the authorised workshops of the relevant dealers) for such maintenance and repairs for which they are responsible.

5.2.5 Leasing process.

The following diagram illustrates the typical leasing process under the Commercial Vehicle Leasing Business:



APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Inquiry by customer and checking of availability

The leasing process will typically commence with the customer making an inquiry with SKVR, which may be made through SKVR’s hotline after accessing its website or other marketing channels or pursuant to customer outreach by SKVR’s sales team. Upon receiving such inquiry, SKVR will check if the commercial vehicles pursuant to such customer inquiry are available. If SKVR does not have the commercial vehicles that meet the customer’s requirements, SKVR will discuss alternative solutions with the customer. Depending on, among other things, the terms of the lease, the current mix of the fleet and potential vehicles deployment in future, SKVR may from time to time also purchase commercial vehicles to meet the customer’s requirements.

Conduct due diligence checks on customer

SKVR conducts due diligence and creditworthiness checks on the potential customer before entry into the leases. Depending on the number of commercial vehicles to be leased and the value involved, the due diligence will range from the basic ACRA searches to requesting for the customer’s financial statements, bank statements for proof of funds and retrieval of relevant records with the Singapore Commercial Credit Bureau. The Target Group believes such due diligence checks are in line with industry norms in Singapore.

Execute lease agreement & Pre-delivery inspection and handover of commercial vehicle

Subject to the due diligence outcome being satisfactory, the customer will have to sign a lease agreement with SKVR, whereupon the relevant commercial vehicles will be allocated to the customer and a date for handover will be scheduled.

Prior to handover, SKVR will ensure that all of the customer’s requests in relation to the commercial vehicle are satisfied, road tax has been paid, and that the motor vehicle is covered by insurance. SKVR will also complete the standard servicing and inspection of the commercial vehicle, and take photographs of the vehicle from multiple angles for records purposes.

Subject to the customer paying the security deposit equivalent to at least one (1) month’s rental and one (1) month’s rental in advance, the customer may then collect the commercial vehicle from SKVR.

Routine maintenance of commercial vehicles

As explained in Section 5.2.4 titled “*Principal terms of the leases*” of the Target Company’s Letter to Shareholders above, SKVR is responsible for certain specified routine maintenance of the commercial vehicles, and the customer is generally responsible for: (a) maintaining the vehicle in good running condition and (b) other repairs and maintenance not covered by SKVR. The routine maintenance for new commercial vehicles covered by warranty is carried out by approved workshop of the vehicle distributor, whereas the routine maintenance for other used commercial vehicles which are not covered by such warranty is carried out by SKVR under the Engineering Business.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Return of leased commercial vehicles

Upon expiry of the lease tenure, the customer is required to return the commercial vehicles back to SKVR in clean and good running condition. SKVR will conduct a thorough check of the commercial vehicle before returning the security deposit to the customer. The customer will be responsible for repairs and related costs if SKVR needs to restore any damaged or modified vehicles back to its original running condition.

5.3 **Credit Business**

SKCR provides vehicle financing solutions: (a) to SKVR for its acquisition of commercial vehicles under the Commercial Vehicle Leasing Business; and (b) to third party customers for all types of vehicles. Whilst SKCR focuses on providing hire purchase financing for commercial vehicles, it also finances a small number of passenger vehicles. Most of its customers are corporate customers. The Target Group derives revenue under this segment primarily through interest income earned and other fees which SKCR charges its customers in accordance with the hire purchase agreements entered into with its customers. During the Period Under Review, the loan book of SKCR increased significantly, from an aggregate principal amount of around S\$24.16 million⁴ as at the end of Target FY2023 to around S\$65.41 million⁴ as at the Latest Practicable Date.

5.3.1 Hire purchase financing.

Profile of motor vehicles financed

SKCR provides hire purchase financing solutions to customers who: (a) purchase both brand new and used motor vehicles; (b) have refinancing needs; and (c) are renewing the COE on their motor vehicles. SKCR primarily finances the purchase of commercial vehicles, but also finances a small number of passenger vehicles. The commercial vehicles financed by SKCR include vans and light, medium, and heavy-duty lorries.

Tenure

The tenures of the hire purchase financing provided to customers generally range from one (1) year to a maximum of seven (7) years. Under the restrictions imposed by MAS or under the HPR, the tenure of the hire purchase financing provided by SKCR for passenger vehicles is limited to seven (7) years. Whilst this restriction does not apply to the hire purchase financing of commercial vehicles, SKCR generally does not extend such hire purchase financing for more than seven (7) years.

LTV

SKCR generally finances up to 90% of the purchase price of commercial vehicles. Under the restrictions imposed by MAS or under the HPR on the financing of passenger vehicles, SKCR is restricted to providing financing with a LTV of 70% for passenger vehicles with an OMV of less than or equal to S\$20,000, and 60% for passenger vehicles with an OMV exceeding S\$20,000. However, these restrictions do not apply to the hire purchase financing of commercial vehicles.

⁴ The loan book of SKCR attributable to SKVR amounted to 6.8% as at the end of Target FY2023, and 48.8% as at the Latest Practicable Date.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

In determining the LTV when providing financing to its customers, SKCR considers among other things factors that include:

- the age, make and model of the relevant motor vehicle;
- the creditworthiness of the borrower and guarantor(s);
- the ability of the borrower to service the periodic repayments; and
- the existing financing restrictions stipulated by the MAS or under the HPR (where applicable).

5.3.2 Loan book.

Growth of loan book

During the Period Under Review, the loan book of SKCR increased significantly from an aggregate principal amount of around S\$24.16 million as at the end of Target FY2023 to around S\$65.41 million as at the Latest Practicable Date.

Sources of SKCR’s funding

SKCR obtains block discounting facilities from banks and finance companies to primarily fund those hire purchase loans provided to its customers, which SKCR may also finance through its internal resources.

As at the Latest Practicable Date, SKCR has obtained block discounting facilities for an aggregate principal amount of approximately S\$58.23 million from a total of six (6) banks and finance companies. Under such block discounting facilities, SKCR may discount blocks of its hire purchase receivables for cash. Please refer to Section 21 titled “*Capitalisation and Indebtedness*” of this Target Company’s Letter to Shareholders for details on these block discounting facilities.

Interest income

SKCR derives its revenue under the Credit Business primarily through the interest paid by customers to whom SKCR has provided hire purchase financing. SKCR offers financing generally based on a table of interest rates that vary depending on whether it involves passenger or commercial vehicles, the age, make and model of the motor vehicle, the LTV and the tenure of the financing. The table of interest rates is amended from time to time as determined by SKCR and depends on, among other things:

- general market conditions and interest rate environment;
- the interest rates offered by its competitors; and
- the interest rates set out in the block discounting facilities taken out by the Target Group.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

5.3.3 Hire purchase agreement.

SKCR enters into hire purchase agreements with the customers to whom it provides hire purchase financing. SKCR will usually also require a personal guarantor to guarantee the customer’s obligations under the hire purchase agreement unless the creditworthiness assessment of the customer is satisfactory to SKCR.

SKCR maintains two (2) sets of hire purchase agreements. One (1) set of hire purchase agreement applies to a motor vehicle which has a value not exceeding S\$55,000, while the other set applies to a motor vehicle which has a value equal to or exceeding S\$55,000 (in each case including any GST and import and excise duty payable in respect of the motor vehicle but excluding COE). The hire purchase agreement in respect of a motor vehicle with a value not exceeding S\$55,000 is regulated by the HPA (referred to in the HPA as a “regulated agreement”). A regulated agreement must (among other things) contain certain prescribed information and repossession under a regulated agreement is required to adhere to certain procedures. Please refer to “Summary of Applicable Singapore Laws” in Appendix G to this Circular for more information on the provisions of the HPA. Except for the specific requirements that apply to a regulated agreement under the HPA, both sets of agreements contain generally similar terms.

Under the hire purchase agreement, SKCR’s customers hire the commercial vehicles from SKCR. The customer is required to make payment of instalments on a monthly basis.

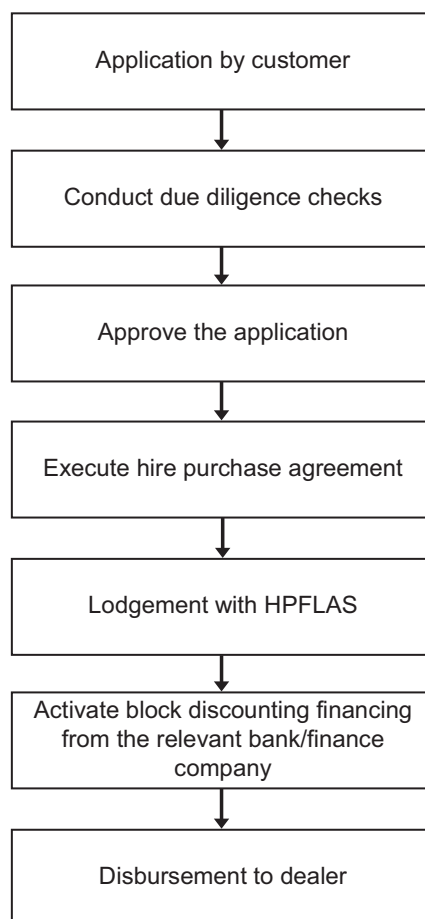
During the tenure of the hire purchase financing, the customer is responsible for ensuring that the motor vehicle is insured for its full value in accordance with the hire purchase agreement, and for maintenance and repair of the motor vehicle at their own cost.

During the tenure of the hire purchase, the motor vehicle is registered with LTA in the name of the customer, but the vehicle remains the sole and absolute property of SKCR under the terms of the hire purchase agreement until all sums payable in accordance with the hire purchase agreement have been paid or, in the case of a regulated agreement, the customer exercises its right of early completion under section 13 of the HPA by paying SKCR the net balance due under the hire purchase agreement, whereupon property in the vehicle will pass to the customer.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

5.3.4 Hire purchase financing process.

The following diagram illustrates the typical process for the provision of hire purchase financing under the Credit Business:



Application by customer

The process typically starts with the customer submitting an application for hire purchase financing for a motor vehicle. The customer must furnish certain supporting documents, including key documents and identification documents in respect of the customer’s financial position and creditworthiness such as proof of income.

Conduct due diligence checks

Upon receipt of an application, SKCR conducts the necessary background checks on the customer and guarantor (if any), including (where applicable) ACRA, insolvency, bankruptcy, litigation and Singapore Commercial Credit Bureau searches to assess the creditworthiness of the customer as well as the guarantor (if any). SKCR will also verify details and market valuation of the motor vehicle and check the HPFLAS system to ascertain if there is any lodgement of interest against the motor vehicle. The Target Group believes that these due diligence checks are in line with industry norms in Singapore.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Approval of the application

Based on the due diligence checks, the SKCR credit team will prepare the credit approval proposal for approval by the Chief Executive Officer. The Chief Executive Officer will assess and, if appropriate, approve the transaction.

Execute hire purchase agreement

If the application by the customer is approved, the SKCR team will inform the customer of the terms approved. Subject to all required documentation being available, the customer will execute the hire purchase agreement.

Lodgement with HPFLAS

Upon execution of the hire purchase agreement, SKCR will lodge its interest in the motor vehicle with HPFLAS. SKCR is a member of HPFLAS which operates a system for the lodgement of interest against (among other things) motor vehicles to safeguard the interests of its members by providing a record of encumbrances on motor vehicles that are subject to hire purchase. The lodgement of interest with HPFLAS is not mandatory and does not create any additional right on the part of SKCR. However, the LTA vehicle registration system is linked to the HPFLAS lodgement system, and will check the HPFLAS system when registration of a vehicle is being transferred. If a vehicle is found to be under financing, LTA will reject the transfer for a specified period and alert HPFLAS of such transaction via an email which is forwarded automatically to the relevant member.

Activate block discounting financing from the relevant bank or finance company

SKCR funds most of its hire purchase financing through block discounting facilities obtained from banks and finance companies. As at the Latest Practicable Date, SKCR has obtained block discounting facilities from six (6) banks and finance companies. The decision as to which block discounting facility to utilise for a particular transaction depends on, among other things, the terms (including interest rate) of the block discounting facility from the particular bank or finance company and the terms being offered to the customer. Upon the execution of the hire purchase agreement, SKCR will liaise with the relevant bank/finance company that has been chosen for the particular transaction on the documentation required to draw down on the block discounting financing.

Disbursement to dealer

Upon completion of the process for the draw down on the relevant block discounting financing, the bank/finance company will disburse the funds to SKCR. SKCR will in turn disburse the funds to the dealer to complete the purchase of the motor vehicle, and the customer will be able to collect the motor vehicle from the dealer.

5.3.5 Collection of hire purchase instalments.

Under the terms of the hire purchase agreement, the customer is required to make payment of instalments on a monthly basis, and such payments are generally made via General Interbank Recurring Order (GIRO). The failure by a customer to pay by the due date will trigger the following collection and enforcement process:

- If payment is not made by the due date of an instalment, SKCR’s credit team will send a letter to the defaulting customer to follow-up on payment.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- If the outstanding amount remains unpaid after the reminder letter, SKCR will send a notification of its intention to repossess the vehicle (“**Repossession Notice**”). Under the Repossession Notice, the customer will be given seven (7) business days (in accordance with section 15(1) of the HPA in relation to a regulated agreement) or such other time period as may be determined by SKCR (in any other case) to make payment, failing which SKCR will exercise the right to repossess the vehicle.
- If SKCR repossesses the vehicle, SKCR will give notification of the repossession to the customer and the guarantor (if any) (“**Post-Repossession Notice**”). The Post-Repossession Notice serves to inform the customer, among other things, that it is entitled to the return of the vehicle if it gives written notice requiring SKCR to redeliver the vehicle, and makes payment of the arrears of instalments and overdue interest, within the time periods set out in the Post-Repossession Notice. In the case of a regulated agreement, such time periods will comply with the relevant requirements prescribed under the HPA.
- If the outstanding amounts remain unpaid after expiry of the relevant periods, SKCR will put up advertisements in local newspapers for the auction of the vehicle. During the auction process, the vehicle will be sold to the highest bidder. If there are no bids during the auction, SKCR will invite dealers to make offers and sell the vehicle to the dealer that makes the highest offer. If the proceeds of sale exceed the outstanding amounts owed by the customer, such surplus will be returned to the customer. If the proceeds of sale are insufficient to repay the outstanding amounts owed by the customer, the shortfall would be deemed to be a non-performing loan. In such event, depending on discussions with the customer, SKCR may commence legal proceedings to recover the shortfall.

Whilst there are instances of late payments by customers of hire purchase instalments, in most cases, customers will make payment of the outstanding instalment after the reminder letter or after the issue of the Repossession Notice.

5.4 Engineering Business

5.4.1 Overview.

Under the Engineering Business, SKER provides a wide range of MRO services for all types of vehicles and engineering solutions, including in particular design customisation and modification of the upper structure of the commercial vehicles to suit specific business needs. The Engineering Business is complementary to and synergistic with the Commercial Vehicle Leasing Services as it provides services to support SKVR’s fleet of vehicles. It also provides such services to third party customers. The Target Group derives its revenue under the Engineering Business primarily through providing MRO services and engineering solutions and selling vehicle parts to customers in the course of providing such services.

5.4.2 Services.

SKER provides primarily:

- routine maintenance services for all types of motor vehicles. This involves regular, scheduled checks to keep a motor vehicle in good running condition, which aim to ensure reliability, prevent disruptions and extend vehicles lifespan;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- repair services for all types of motor vehicles (including fixing or changing of damaged vehicle parts), arising from any faults or other technical issues identified in the course of routine maintenance, as well as any breakdown of or damage to motor vehicles whether due to wear and tear, accident or otherwise;
- overhaul services for all types of motor vehicles, including conducting diagnostics, disassembling, repairing, replacing or rebuilding engine and other major components or electrical systems of the vehicle; and
- engineering solutions for customisation of commercial vehicles. Customers may from time to time require tailor-made solutions to customise commercial vehicles for specific use. Such customisation may include installation of canopies for commercial vehicles used to ferry workers, enclosed boxes and internal shelving on lorries, and tail gates. SKER may also work with other third party installation specialists, if necessary, to provide such customisation services.

SKER has significantly expanded its operations during the Relevant Period. SKER previously carried on its operations from four (4) units at WCEGA Plaza located at 1 Bukit Batok Crescent, Singapore 658064. SKER has leased additional units at WCEGA Plaza and, since February 2025, operates out of a total of seven (7) units at WCEGA Plaza spanning a combined area of around 1,890 sq m. Please refer to Section 9 titled *“Properties and Fixed Assets”* of this Target Company’s Letter to Shareholders for more information on the properties owned and occupied by the Target Group.

Apart from operating at its workshops, SKER also provides onsite services to customers at the customers’ premises. In Target FY2025, SKER provided such services to a customer which owns and operates a fleet of buses in Singapore, pursuant to which SKER’s technicians were sent to the customer’s premises to execute assigned jobs relating to the maintenance and repair of the buses.

These MRO services and engineering solutions are carried out by skilled and experienced technicians. In tandem with the scaling up of SKER’s operations, the number of technicians employed by SKER has increased steadily from six (6) as at 31 March 2023 to 27 as at the Latest Practicable Date. Please refer to Section 25 titled *“Employees”* of this Target Company’s Letter to Shareholders for a breakdown of the employees of the Target Group engaged in the provision of such services during the Relevant Period.

In recognition of its workplace safety and health capabilities and strong quality management, SKER has received BizSAFE Levels 2 and 3 certifications as well as ISO 9001:2015 certification. Please refer to Section 15 titled *“Certifications, Accreditations and Awards”* of this Target Company’s Letter to Shareholders for more information on these certifications.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

5.4.3 Customers.

SKER services SKVR’s fleet of commercial vehicles, and also provides its services to the third party customers.

SKVR’s fleet of commercial vehicles

The Engineering Business is complementary to and synergistic with the Commercial Vehicle Leasing Business as SKER provides its MRO services and engineering solutions to SKVR’s fleet of commercial vehicles. This allows SKVR to ensure that its fleet is well-maintained and serviced, improving the lifespan, minimising disruptions and ensuring reliability of these vehicles while keeping maintenance costs under control, which are critical factors in the industry. Specifically:

- Pre-delivery inspections and checks, prior to the handover of the commercial vehicles to the customer, are conducted by SKER.
- After handover to the customer, certain limited routine maintenance and repairs for which SKVR is responsible under the terms of the lease will be carried out by SKER (except in the case of new commercial vehicles that are covered by warranty, in which event such maintenance and repairs are carried out at authorised workshops).
- Under the terms of the lease, apart from the scope for which SKVR is responsible, the customer is generally responsible for maintaining the vehicle in good condition, and for other maintenance and repairs that are not covered by SKVR. Such additional maintenance and repairs for which the customer is responsible are also required to be carried out by SKER, which derives additional revenue for the Target Group.
- Some customers of SKVR may from time to time require customisation of commercial vehicles that are leased from SKVR for specific business use. SKER could provide such tailored engineering solutions to customise in accordance with the customers’ requirements.
- SKER also provides 24/7 roadside assistance and recovery services to customers that have leased commercial vehicles from SKVR.
- After expiry of the lease, the commercial vehicles are returned to SKVR and the necessary inspections and checks are performed by SKER to ensure that the commercial vehicles are returned in good condition.

Third party customers

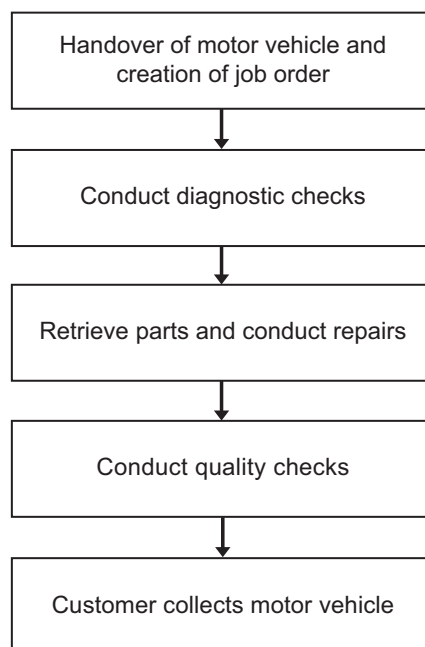
Apart from maintaining SKVR’s fleet, SKER also provides MRO services and engineering solutions to third party customers, including certain Excluded Entities, motor vehicle dealers, leasing companies, insurance companies, and walk-in customers.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

The provision of MRO services and engineering solutions to the Excluded Entities are interested person transactions which, upon SPA Completion, will be subject to Chapter 9 of the Catalist Rules. The Company will seek a general mandate for such transactions under the Proposed IPT General Mandate. Subject to Shareholders’ approval for the adoption of the Proposed IPT General Mandate, such transactions will thereafter be conducted in accordance with the guidelines and review procedures under the Proposed IPT General Mandate to ensure that such transactions will be entered into on normal commercial terms and will not be prejudicial to the Company and minority Shareholders. Please refer to Section 27.6 titled “*Proposed IPT General Mandate*” of this Target Company’s Letter to Shareholders for more information on the arrangements between SKER and these Excluded Entities as well as the Proposed IPT General Mandate.

5.4.4 Maintenance and repair process.

The following diagram illustrates the typical process for routine maintenance of motor vehicles under the Engineering Business:



Handover of motor vehicle and create job order

The process typically starts with the customer arranging for delivery of the motor vehicle to the workshop for routine maintenance, following which a job order will be created. If required, a quotation will be provided to the customer, for instance, where the works required do not fall within the scope of routine maintenance.

Conduct diagnostic checks

The operations supervisor will conduct diagnostic checks to verify the reported repairs required match with those stated in the job order.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Retrieve parts and conduct repairs

A technician will retrieve the required parts from the parts specialist, who will ensure that the parts handed over are registered in SKER’s system before passing them to the technician. The technician will thereafter conduct the necessary repairs on the vehicle.

Conduct quality checks

Upon completion of the repairs, the operations supervisor will conduct a quality check to verify that the necessary repair works have been completed. If the motor vehicle fails the quality check, the above two (2) steps of conducting diagnostics and the repairs will be repeated.

Customer collects motor vehicle

Once the motor vehicle passes the quality check, the customer service adviser will contact the customer to arrange for collection of the vehicle, and ensure that the job order is closed after collection. SKER may, depending on the parts involved, provide a limited warranty on the parts that are replaced. If certain parts are still covered by manufacturer’s warranty, such warranty by the manufacturer will be extended to the customer.

For cases other than routine maintenance, the customer will usually bring the motor vehicle to the workshop, whereupon SKER will conduct checks, identify the faults that require repair, check for availability and pricing of the parts required before providing the customer with a quotation. Once the quotation has been approved by the customer, the necessary repair works can then be conducted.

5.5 Sales and Marketing

The Target Group has a dedicated marketing team that is responsible for marketing the services of the Target Group. A key aspect of the Target Group’s marketing strategy is to establish a strong online presence through an extensive digital marketing approach that involves, among other things:

- search engine optimisation and search engine marketing, involving among other things the use of strategic search terms on its website and in its paid advertisements, so as to capture potential customers who are searching for commercial vehicle leasing options;
- marketing and advertising on social media platforms, including content (such as short video and other visuals) on the Target Group’s commercial vehicles and leasing options. The Target Group uses a multi-platform approach in order to reach more diverse groups of customers, including Facebook, Instagram, TikTok and XiaoHongShu;
- advertising the Target Group’s services on online platforms such as Sgcarmart and Carousell, including a listing of the commercial vehicles that are available for lease and related pricing, and partnering with them for customer leads to be pushed to the Target Group. SKGH (the existing holding company of the Target Subsidiaries prior to the Restructuring) has been named as a Sgcarmart Star Merchant in the “Commercial Vehicle Rental” category in 2024 and 2025;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- the Target Group has its own website, skylink.com.sg, to promote the Target Group’s services, enable customers to browse the Target Group’s range of commercial vehicles and contact the Target Group online for their needs.

The Target Group has a separate sales team which plays a critical role in driving customer acquisition by engaging directly with customers. The activities of the sales team include outreach to existing as well as potential customers, following up on leads generated through digital marketing and other channels, and maintaining customer relationships.

In addition, all fleet vehicles of the Target Group have a label setting out the name and contact details of the Target Group which also serve as advertisement for the Target Group.

5.6 Quality Assurance and Quality Control

In relation to its Commercial Vehicle Leasing Business, the Target Group is committed to maintaining, and has put in place stringent quality assurance measures to ensure, the quality and safety of its fleet of commercial vehicles. These quality assurance measures are critical to the Target Group’s ability to deliver reliable fleet solutions and sustain long-term customer relationship. These quality assurance measures include the following:

- The Target Group sources commercial vehicles from reputable dealers, and conducts stringent pre-delivery checks prior to purchase and taking delivery of the vehicle.
- Upon the execution of the lease agreement with a customer, the Target Group will undertake the standard servicing and pre-delivery inspection to ensure the quality and safety of the vehicle before delivering the vehicle to the customer.
- Vehicles that are leased out to customers are required to be subject to periodic routine service as recommended or specified by the manufacturer or distributor of the vehicle (as described under the heading “*Responsibility for maintenance and repair*” in Section 5.2.4 of this Target Company’s Letter to Shareholders).
- Any complaints from customers are dealt with promptly by trained staff and, if necessary, will be escalated to senior management to maintain customer satisfaction.
- Upon the return of the leased vehicles by the customer to the Target Group at the end of the lease, the Target Group will conduct a thorough check of the vehicle prior to returning the rental deposit to the customer.

In relation the Engineering Business, the Target Group places strong emphasis on the implementation of stringent quality assurance measures to uphold high standards of workmanship, safety and customer satisfaction. This is clearly demonstrated by SKER having obtained ISO 9001:2015 for quality management system for maintenance of automotive fleet of vehicles in May 2025. SKER has also obtained BizSAFE Level 3 issued by the WSH Council. BizSAFE Level 3 is usually a requirement for, and will therefore enable SKER to participate in, tenders by the Singapore Government. Please refer to Section 15.1.1 titled “*Certifications*” of this Target Company’s Letter to Shareholders for details of these certifications.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

6. COMPETITION AND COMPETITIVE STRENGTHS

6.1 Competition

The commercial vehicle leasing industry in Singapore is a fragmented market with a mix of large established companies and small operators. According to the Independent Market Report, there are hundreds of companies engaged in the activity of commercial vehicle leasing in Singapore, but less than 25% of these companies have commercial vehicle leasing as their primary business activity. Furthermore, there are fewer than 10 companies in Singapore that have a fleet size of over 1,000 commercial vehicles, where the top five (5) players (in terms of fleet size) control slightly above a quarter of the total market size of the commercial vehicle leasing industry in Singapore.

As noted from the Independent Market Report, the commercial vehicle leasing players in Singapore have been categorised into two (2) major segments: (a) specialised commercial vehicle leasing players, who are mid-sized and large established players whose main business is leasing commercial vehicles, and they have a fleet of at least 200 commercial vehicles; and (b) small-scale commercial vehicle leasing operators, which are small establishments that offer a limited range (mostly LCVs) and a small number (less than 100) of commercial vehicles for lease, and commercial vehicle leasing is not their primary business.

Specialised commercial vehicle leasing companies are able to provide a comparatively larger fleet of commercial vehicles of various makes (brands) and models that cater to their clients’ requirements. As they are focused on commercial vehicle leasing, they also have dedicated support staff that have in-depth knowledge of the different types of commercial vehicles for lease. As such, they are able to properly advise their clients on vehicles that are suitable to their business and/or industry.

According to the Independent Market Report, save for the Target Group, other specialised commercial vehicle leasing companies in Singapore include (i) Goldbell Leasing Pte Ltd and (ii) Pan Pacific Van & Truck Leasing Pte Ltd. In considering other competitors, the Industry Consultant also focused on players that have commercial vehicle leasing as their primary business and those that have a significant vehicle fleet size of at least 200 commercial vehicles. Based on the Independent Market Report, competitors who are specialised commercial vehicle leasing companies and have a significant vehicle fleet size of at least 1,000 commercial vehicles are (in alphabetical order):

- (i) ETHOZ Auto Leasing Ltd
- (ii) Goldbell Leasing Pte Ltd
- (iii) Pan Pacific Van & Truck Leasing Pte Ltd

None of the members of the Proposed New Board, the Proposed New Executive Officers or the substantial shareholders of the Target Group or any of their respective associates has any interest, direct or indirect, in any of the above competitors.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

6.2 Competitive Strengths

The Target Group believes that it is able to compete effectively due to the following competitive strengths:

6.2.1 **The Target Group has demonstrated high growth supported by one of the largest fleets of commercial vehicles owned by commercial vehicle leasing companies in Singapore⁵**

The Target Group has established a predictable revenue and profit business model supported by its Commercial Vehicle Leasing Business, underpinned by a fleet of 1,239 commercial vehicles as at the Latest Practicable Date and an optimal utilisation rate. As at 31 March 2025, approximately 85.8% of its leasing contracts are for periods of one (1) year or more, demonstrating high visibility in its revenue and profits. As at 31 March 2025, the Target Group has approximately S\$15.20 million of minimum lease receivables arising from non-cancellable leasing contracts under the Commercial Vehicle Leasing Business within the next 12 months. Please refer to Section 20.6 titled “*Capital Expenditures, Divestments, and Commitments – Operating Lease Receivables for the Target Group*” of this Target Company’s Letter to Shareholders for further information on the Target Group’s non-cancellable leasing contracts.

Due to the nature of its fleet of commercial vehicles, the Target Group mainly operates under a business-to-business (B2B) model, serving corporate clients across diverse sectors such as logistics, construction, food and beverage distribution, and e-commerce. Additionally, the Target Group’s operations are underpinned by an asset-backed model in which its fleet of commercial vehicles are physical and traceable assets within Singapore. This structure allows for swift repossession in the event of non-payment, thereby significantly mitigating credit risk of its customers.

As one of the largest commercial vehicle leasing companies in Singapore according to the Independent Market Report, the Target Group offers a wide range of commercial vehicles with the optimal mix and composition in terms of vehicle types and makes, ranging from standard vans, light goods vehicles, heavy goods vehicles, very heavy goods vehicles and goods-cum-passenger vehicles, equipped with various customisable options performed by its Engineering Business (such as box trucks, freezer trucks, open-deck vehicles, tailgate and canopy attachments). The diversified and customisable fleet enables it to meet specific operational requirements of its customers in different businesses and industries, which helps to enhance customer retention and opens opportunities in niche segments.

6.2.2 **High scalability of Credit Business drives higher profit margins for the Target Group**

The Target Group leverages asset-backed block discounting facilities to generate higher profit margins from its Credit Business supported by its block discounting facilities and low historical non-performing loans as a proportion of its loan book. As a result of the nature of the Credit Business, gross profit margins for the segment were 60.3%, 49.3% and 54.9% for Target FY2023, Target FY2024 and Target FY2025, respectively. Similarly, the operations of the Credit Business are underpinned by an asset-backed model, which also allows for swift repossession of motor vehicles in the event of non-payment, thereby significantly mitigating credit risk.

⁵ According to the Independent Market Report.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Following the strategic disposal of vehicles in Target FY2023 amid rising COE prices and subsequent acquisition of vehicles by Target FY2024, the Company was able to significantly strengthen its financial position, and obtained more facilities from various financial institutions, enabling greater focus on its high-margin financing business. This was evidenced by the more than doubling of its loan book from S\$24.16 million as at 31 March 2023 to around S\$65.41 million as at the Latest Practicable Date.

6.2.3 Integrated Ecosystem Offering End-to-End Commercial Mobility Solutions

The Target Group benefits from a synergistic ecosystem that provides customers with comprehensive, one-stop commercial mobility solutions. Each business segment within the Target Group also integrates into a business model such that the growth of each business segment is compounded to support the collective growth of the Target Group.

Specifically, the core Commercial Vehicle Leasing Business of the Target Group, which contributed 57.3% to 71.7% of the Target Group’s revenue during the Period Under Review, is supported by an increasing fleet of income-producing vehicles.

This allows the Target Group to utilise leveraged block discounting facilities from banks and financial institutions to build its loan book, which is secured by the underlying motor vehicles. With its growing revenue and higher profit margins, the Target Group also continues to capitalise on opportunities to expand its fleet of commercial vehicles for leasing. To better support the increase in fleet size, the Target Group has been increasing the capacity and competency of the Engineering Business. This ensures the Target Group’s assets are well-maintained and serviced, maximising the lifespan and ensuring the safety standards of the commercial vehicles, while serving more external customers.

As a result, each business segment contributes to the collective growth of the Target Group (both by way of asset-base and profits), allowing the Target Group to obtain more leveraged banking facilities (whilst the asset-backed nature of the Credit Business allows the Target Group to manage its risk appropriately) and generates higher returns in a self-compounding business cycle.

In addition, affiliated entities in the larger “Skylink” group of entities, are also able to contribute to the growth of the Target Group. SKAU channels its customers who are looking to purchase vehicles towards obtaining hire purchase loans from the Credit Business, which supports the demand for the Target Group’s increasing loan book, and for MRO services and engineering solutions from the Engineering Business. SKCA also has a fleet of passenger vehicles which procures repair, maintenance and workshop services from the Engineering Business. This integrated offering enhances customer retention by delivering value at multiple points along the vehicle lifecycle – ranging from acquisition and customisation to ongoing maintenance and financing.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

6.2.4 Proven Track Record of Strategic Growth and Execution Capabilities

From Target FY2023 to Target FY2025, the Target Group achieved an impressive CAGR of 77.9% and 103.2% in its revenue and net profits after tax respectively, and high growth with minimal capital base, achieving return-on-equity (ROE) of 23.9% to 52.0% from Target FY2023 to Target FY2025 demonstrating the strength of its business fundamentals and its ability to scale profitably.

Since its inception, the Target Group has demonstrated a strong ability to execute its strategic vision with agility and precision. Within just seven (7) years, the Target Group has grown into one of the largest commercial vehicle leasing companies in Singapore (according to the Independent Market Report), which underscores the effectiveness of its business model, leadership team, and operational execution. This rapid ascent has been made possible by the management team, who collectively bring extensive industry experience and with keen business acumen to capitalise on emerging trends. The Target Group's track record of capturing market share, coupled with its strong financial performance, positions it well to continue its upward trajectory to further explore digital transformation initiatives (which may potentially include artificial intelligence-driven communication channels and virtual assistants, improvement in and upgrade of enterprise resource planning/customer relationship management system, mobile applications, and geo-location real-time tracking with remote vehicles immobilisation).

7. MAJOR CUSTOMERS AND SUPPLIERS

7.1 Major Customer

The following customer accounted for 5.0% or more of the Target Group's total revenue in Target FY2023, Target FY2024 or Target FY2025:

Name of customer	Products or services supplied	Percentage of total revenue (%)		
		Target FY2023	Target FY2024	Target FY2025
SKAU ⁽¹⁾	Provision of MRO services and engineering solutions, lease of commercial vehicles, provision of hire purchase financing	16.0	15.2	9.7

Note:

- (1) The revenue derived from SKAU during the Period Under Review comprised primarily fees for the provision of MRO services and engineering solutions. As such, the revenue contribution from SKAU depends on its business requirement, which is largely dependent on the number of motor vehicles sold under the Trading Business. The Target Group leased a very small number of commercial vehicles to SKAU which were for use by SKAU's customers. It is not currently expected that the Target Group will continue to lease commercial vehicles to SKAU. The Target Group also provided hire purchase financing to SKAU only for the purchase of three (3) vehicles which were provided by SKAU for use by Mr Wesley Shen, Ms Grace Xue and Mr Johnson Shen. Please refer to Section 27.4.5 titled "Provision of hire purchase financing to SKAU for the purchase of vehicles that are provided by SKAU for use by Mr Wesley Shen, Ms Grace Xue and Mr Johnson Shen" of this Target Company's Letter to Shareholders for more details.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

The Target Group serves a broad and diversified customer base across its business segments of Commercial Vehicle Leasing Business, Credit Business and Engineering Business. The Proposed New Board is of the opinion that the Target Group’s business and profitability are currently not materially dependent on any single customer or its major customer listed above. To the best of their knowledge, the Proposed New Board is not aware of any information or arrangement which would lead to the cessation or termination of the Target Group’s current relationship with its major customer.

As at the Latest Practicable Date, SKAU is 100% owned by SKGH, which is in turn 100% owned by the Vendor. Mr Wesley Shen and his spouse, Ms Grace Xue, and his brother, Mr Johnson Shen, and Mr Leonard Teh hold 56.5%, 30.0%, 10.0% and 3.5% respectively in the Vendor and therefore have an indirect interest in SKAU. Mr Wesley Shen, who will be a Proposed New Director, and Mr Johnson Shen and Mr Leonard Teh, who will be Proposed New Executive Officers, will not be involved in the management of SKAU but Mr Wesley Shen is expected to remain as a non-executive director of SKAU after SPA Completion. Ms Grace Xue, who will be a deemed controlling shareholder of the Company upon SPA Completion, will continue to be a director, and be involved in the management, of SKAU upon SPA Completion. Upon SPA Completion, transactions between SKAU and the Target Group will be subject to the provisions of Chapter 9 of the Catalyst Rules. Please refer to Section 27 titled “*Interested Person Transactions*” of this Target Company’s Letter to Shareholders.

As at the Latest Practicable Date, save as disclosed above, none of the members of the Proposed New Board, the Proposed New Executive Officers or the substantial shareholders of the Target Group or their respective associates has any interest, direct or indirect, in or is involved in the management of the Target Group’s major customer listed above.

To the best of the Proposed New Board’s knowledge and belief, there are no arrangements or understanding with any customers pursuant to which any member of the Proposed New Board or any Proposed New Executive Officer was appointed.

7.2 Major Suppliers

The suppliers of the Target Group comprise primarily suppliers from whom the Target Group purchases its leasing fleet, banks and financial institutions from whom the Target Group obtains hire purchase financing for the acquisition of its leasing fleet and block discounting facilities, insurance companies from whom the Target Group purchases insurance policies, and suppliers from whom the Target Group purchases vehicle parts and accessories and consumables.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Purchases of commercial vehicles

SKVR purchases commercial vehicles regularly in the ordinary course of business in order to maintain a mix and composition of vehicle types and makes that cater to shifting market demands. The following suppliers accounted for 5.0% or more of the Target Group’s total purchases of its leasing fleet in Target FY2023, Target FY2024 and Target FY2025:

Supplier	Product or services supplied	As a percentage of the Target Group’s total purchases of leasing fleet (%)		
		Target FY2023	Target FY2024	Target FY2025
SKAU ⁽¹⁾	Commercial vehicles	83.7	67.0	99.7
SKCA ⁽¹⁾⁽²⁾	Commercial vehicles	–	33.0	–
Triangle Auto Pte Ltd ⁽³⁾	Commercial vehicles	13.3	–	–

Notes:

- (1) The purchases of commercial vehicles fluctuated during the Period Under Review due to requirements of customers for specific vehicles, shifting market demand and the need for the Target Group to maintain the optimal mix and composition of the vehicle types and makes. Please refer to Section 27.4.2 titled “*Purchase and sale of vehicles from and to SKAU*” of this Target Company’s Letter to Shareholders for further details.
- (2) The fleet purchase from SKCA in Target FY2023 was a one-off transaction as explained in Section 27.3.3 titled “*Purchase of leasing fleet from SKCA*” of this Target Company’s Letter to Shareholders. It is not expected that such purchases from SKCA will continue.
- (3) SKVR had made a one-off purchase of Isuzu commercial vehicles from Triangle Auto Pte Ltd in Target FY2023.

The interest of the Vendor, Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh in SKAU has been disclosed in Section 7.1 titled “*Major Customer*” of this Target Company’s Letter to Shareholders above. SKCA is owned by the Vendor (75.5%) and Mr Wesley Shen (24.5%). Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh in turn owns 56.5%, 30.0%, 10.0% and 3.5% of the Vendor.

The Proposed New Board has noted that the motor vehicle dealership industry in Singapore is highly fragmented, with Sgcarmart listing more than 1,800 used car dealers in Singapore⁶. The Proposed New Board is of the view that, if the Target Group is unable to purchase commercial vehicles from SKAU, it will still be able to purchase commercial vehicles from other car dealers or through platforms such as Sgcarmart. As such, the Target Group is not materially dependent on SKAU as a major supplier.

⁶ Based on information on Sgcarmart at <https://www.sgcarmart.com/directory/listing.php?CAT=28> accessed on 8 August 2025.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Upon SPA Completion, transactions between SKAU and the Target Group will be subject to the provisions of Chapter 9 of the Catalist Rules. The Company intends to seek a general mandate for such future purchases under the Proposed IPT General Mandate and, subject to Shareholders’ approval for the adoption of the Proposed IPT General Mandate, such purchases of commercial vehicles from SKAU will thereafter be covered by, and subject to the guidelines and review procedures under, the Proposed IPT General Mandate as described in Section 27.6 titled “*Proposed IPT General Mandate*” of this Target Company’s Letter to Shareholders.

Cost of sales

The following suppliers accounted for 5.0% or more of the Target Group’s total cost of sales in Target FY2023, Target FY2024 and Target FY2025:

Supplier	Product or services supplied	As a percentage of the Target Group’s cost of sales ⁽¹⁾ (%)		
		Target FY2023	Target FY2024	Target FY2025
Singapura Finance	Block discounting financing	4.8	12.4 ⁽²⁾	9.2
India International Assurance Pte Ltd ⁽³⁾	Insurance	–	–	7.1
Allianz Insurance Singapore Pte Ltd ⁽³⁾	Insurance	5.9	6.0	0.5

Notes:

- (1) The cost of sales incurred during the Period Under Review arose primarily from depreciation, finance costs from hire purchase financing and block discounting facilities, insurance and purchase of vehicle parts and accessories and consumables, but exclude purchases of commercial vehicles.
- (2) The cost of sales in relation to Singapura Finance had increased from Target FY2023 to Target FY2024 in tandem with the growth of SKCR’s loan book during this period.
- (3) The purchases of insurance policies from each different insurance company would fluctuate from year to year depending on, among other things, the changes in the size of the fleet and the pricing of the premium, the coverage and other terms offered by the insurance companies.

During the Relevant Period, the Target Group has maintained a good working relationship with its major suppliers and did not have any material disagreement or dispute with its major suppliers. To the best of the Proposed New Board’s knowledge and belief, they are not aware of any information or arrangement which would lead to the cessation or termination of the Target Group’s current relationship with any of its major suppliers listed above.

To the best of the Proposed New Boards’ knowledge and belief as at the Latest Practicable Date, the Target Group’s business and profitability are not materially dependent on any of its suppliers.

As at the Latest Practicable Date, save as disclosed above, none of the members of the Proposed New Board, Proposed New Executive Officers or substantial shareholders of the Target Group or their respective associates has any interest, direct or indirect, in or is involved in the management of the Target Group’s major suppliers.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

8. CREDIT POLICY

8.1 Credit terms to customers

The Target Group has three (3) business segments, i.e. Commercial Vehicle Leasing Business, Credit Business and Engineering Business.

For the Commercial Vehicle Leasing Business, the Target Group will conduct due diligence and creditworthiness checks before entering into leases with a customer. The customer is required to pay a security deposit equivalent to at least one (1) month’s rental and one (1) month’s rental fee in advance prior to collection of the vehicle. Thereafter, the rental is payable in advance on a monthly basis. The failure of a customer to pay a monthly instalment by the due date will trigger the collection process. The Target Group will send to the customer written payment reminders and eventually a final letter informing the customer that it is required to make payment within a stipulated timeline, failing which the Target Group will repossess the vehicle. If payment is still not made within the stipulated timeline, the Target Group will send a letter of repossession to the customer informing the customer that action will be taken to repossess the vehicle, following which the Target Group will repossess the vehicle.

For the Credit Business, the Target Group will conduct due diligence and creditworthiness checks on the customer and determine the credit limit, including the LTV ratio, and the tenure of the hire purchase financing. The Target Group generally provides hire purchase financing with a LTV of up to 90% for commercial vehicles, and LTV of up to 60% to 70% for passenger vehicles in accordance with the restrictions imposed by MAS or under the HPR. The Target Group mitigates its credit risk further by usually requiring a personal guarantor to guarantee the customer’s obligations under the hire purchase agreement. SKCR will lodge its interest in the motor vehicle with HPFLAS, of which SKCR is a member. The customer is required to make payment of hire purchase instalments on a monthly basis. The failure of a customer to pay the monthly hire purchase instalment by the due date will trigger the collection process as described in Section 5.3.5 titled “*Collection of hire purchase instalments*” of this Target Company’s Letter to Shareholders.

For the Engineering Business, customers will generally be required to make payment before collecting their vehicles. In relation to the provision of MRO services and engineering solutions to SKAU, SKER will usually grant to SKAU credit term whereby SKAU is required to make payment by the end of the following month after the invoices are issued.

The Target Group’s trade receivables comprise primarily rental receivables under the Commercial Vehicle Leasing Business and hire purchase receivables under the Credit Business.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

The Target Group provides hire purchase loans to its customers for the purchase of vehicles, with the tenures of such hire purchase financing generally ranging from one (1) year to a maximum of seven (7) years. Due to the distinct difference in nature of business under the Credit Business, having considered its different payment terms and the significant amount of outstanding hire purchase loans which is recorded as trade receivables (which can be repaid over up to seven (7) years on a monthly basis), the Target Group’s trade receivables (excluding hire purchase receivables) and the average trade receivables (excluding hire purchase receivables) turnover days during the Period Under Review were as follows:

	Target FY2023	Target FY2024	Target FY2025
Total trade receivables (excluding hire purchase receivables) (S\$’000)	817	1,258	2,385
Average trade receivables (excluding hire purchase receivables) turnover days ⁽¹⁾⁽²⁾	46	32	29

Notes:

- (1) For Target FY2023, Target FY2024 and Target FY2025, the average trade receivables turnover days is computed based on the average of the opening and closing trade receivables balance (excluding hire purchase receivables and allowance for expected credit loss) divided by the revenue (excluding revenue from the Credit Business) for the relevant financial year, and multiplied by the number of calendar days in the relevant financial year.
- (2) Had the hire purchase receivables been included, the average trade receivables turnover days (computed based on the average of the opening and closing trade receivables balance divided by the total revenue for the relevant financial year, and multiplied by the number of calendar days in the relevant financial year) would have been 641, 823 and 555 for Target FY2023, Target FY2024 and Target FY2025 respectively.

The increase in the total trade receivables (excluding hire purchase receivables) during the Period Under Review is in line with the increase in the revenue of the Commercial Vehicle Leasing Business and the Engineering Business. The decrease in average trade receivables turnover days in Target FY2024 was largely due to better collections.

The Target Group’s allowance for expected credit loss and bad debts written-off for the Period Under Review were as follows:

	Target FY2023	Target FY2024	Target FY2025
Allowance/(Reversal of allowance) for expected credit loss (S\$’000)	236	109	(226) ⁽¹⁾
Bad debts written-off (S\$’000)	117	513 ⁽²⁾	19

Notes:

- (1) The Target Group assesses its allowance for expected credit losses (“ECL”) in accordance with SFRS(I) 9 Financial Instruments, which is estimated using an allowance matrix that incorporates historical credit loss experience assessed by a range of different factors. As such, the allowance for ECL may fluctuate from year to year depending on changes in historical loss rates, customer payment trends, and macroeconomic conditions. The Target Group recognised a reversal of allowance for ECL in Target FY2025, as compared to an allowance for ECL in Target FY2023 and Target FY2024, primarily due to improved collections cycle and reduction in historical loss rate applied in its allowance matrix for expected credit loss.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (2) Bad debts written-off represent receivables amount that have been deemed uncollectible and are thus removed from the books. These are recognised only when all reasonable efforts to recover the debts have been exhausted. The increase in bad debts written off in Target FY2024 was attributable to a non-recurring write-off of long-outstanding receivables from a small number of customers.

As at 31 March 2025, the Target Group’s total trade receivables (excluding hire purchase receivables) amounted to S\$2.39 million, of which approximately 77.8% has been collected as at the Latest Practicable Date. Barring any unforeseen circumstances, the Target Group does not foresee any difficulties in collecting the outstanding trade receivables.

8.2 Credit terms from suppliers

The Target Group purchases commercial vehicles from SKAU, which usually grants to the Target Group a credit term whereby the Target Group is required to make payment by the end of the following month after the issue of the invoices. Save for SKAU, the Target Group’s suppliers for new and pre-owned motor vehicles generally do not offer any credit term to the Target Group. The Target Group is generally required to pay a deposit at the time of placing the order and settle the balance payment upon delivery of the motor vehicles.

The Target Group’s suppliers for vehicle parts and accessories and consumables under the Engineering Business generally provide the Target Group with a credit term ranging from 30 to 90 days from the date of delivery of the vehicle parts and accessories and consumables.

The insurance companies providing insurance for the Target Group’s leasing fleet will usually permit the Target Group to pay the premia on the insurance policy in instalments over a period of six (6) to twelve (12) months from the time that the insurance policy was taken out.

The Target Group’s average trade payables turnover days during the Period Under Review were as follows:

	Target FY2023	Target FY2024	Target FY2025
Total trade payables (S\$’000)	2,866	3,272	5,036
Average trade payables turnover days ⁽¹⁾⁽²⁾	105	113	77

Notes:

- (1) For Target FY2023, Target FY2024 and Target FY2025, the average trade payables turnover days is computed based on the average of the opening and closing trade payables balance divided by the cost of sales for the relevant financial year, and multiplied by the number of calendar days in the relevant financial year.
- (2) For the avoidance of doubt, the cost of sales for the relevant financial year includes, among others, depreciation expenses, for which there are no payment terms involved.

The general decrease in average trade payable turnover days is due to an increase in the cost of sales of the Target Group over the Period Under Review, as disclosed in the section titled “*Cost of sales*” under Section 20.1 titled “*Business Overview*” of this Target Company’s Letter to Shareholders.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

9. PROPERTIES AND FIXED ASSETS

9.1 Ownership of properties

As at the Latest Practicable Date, the Target Group owns the following properties:

Target Group	Location	Tenure	Approximate Built-up Area (sq m)	Description of use
SKER	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064 ⁽¹⁾	60 years from 13 March 1997	300	Administrative headquarters of the Target Group
SKER	1 Bukit Batok Crescent #08-53 WCEGA Plaza Singapore 658064 ⁽²⁾	60 years from 13 March 1997	296	Administrative headquarters of the Target Group

Notes:

- (1) The leasehold interest in 1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064 has been mortgaged to DBS Bank Ltd.
- (2) The leasehold interest in 1 Bukit Batok Crescent #08-53 WCEGA Plaza Singapore 658064 has been mortgaged to OCBC.

9.2 Lease of properties

As at the Latest Practicable Date, the Target Group leases or has obtained a licence to occupy the following properties from third parties:

Lessor	Lessee	Location	Tenure	Approximate Built-up Area (sq m)	Description of use
Layan Management Pte. Ltd.	SKER	1 Bukit Batok Crescent #08-26 WCEGA Plaza Singapore 658064	1 June 2024 to 31 May 2026 ⁽¹⁾	224	Workshop
Fong Ann Investment Pte. Ltd.	SKER	1 Bukit Batok Crescent #08-45 WCEGA Plaza Singapore 658064	18 September 2023 to 17 September 2025 ⁽²⁾	220	Workshop
Jora Vista Pte. Ltd.	SKER	1 Bukit Batok Crescent #07-58 WCEGA Plaza Singapore 658064	1 February 2025 to 31 January 2028 ⁽³⁾	300	Workshop

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Lessor	Lessee	Location	Tenure	Approximate Built-up Area (sq m)	Description of use
MEP59 Pte. Ltd.	SKER	1 Bukit Batok Crescent #07-59 WCEGA Plaza Singapore 658064	1 February 2025 to 31 January 2028 ⁽³⁾	296	Workshop
Agoria Pte. Ltd.	SKER	1 Bukit Batok Crescent #07-60 WCEGA Plaza Singapore 658064	1 February 2025 to 31 January 2028 ⁽³⁾	296	Workshop
The Beach Boss Pte. Ltd.	SKER	1 Bukit Batok Crescent #07-61 WCEGA Plaza Singapore 658064	1 February 2025 to 31 January 2028 ⁽³⁾	296	Workshop
AMJ Investments Pte. Ltd.	SKER	1 Bukit Batok Crescent #07-62 WCEGA Plaza Singapore 658064	1 February 2025 to 31 January 2028 ⁽³⁾	258	Workshop

Notes:

- (1) Pursuant to the terms of the lease, the landlord may terminate the lease: (a) for any reason whatsoever by notice in writing of not less than two (2) months; or (b) without compensation by four (4) months' prior notice if it wishes to redevelop, renovate, retrofit, refurbish or alter the premises or change the use of the premises.
- (2) Pursuant to the terms of the lease, either the landlord or SKER may terminate the lease if the premises or a substantial part thereof shall remain destroyed, damaged or inaccessible for a period of two (2) months, by giving to the other party one (1) month's notice in writing.
- (3) Pursuant to the terms of these leases, the landlord of each of these premises is entitled to give three (3) months' notice that the premises will undergo renovation and/or redevelopment works such that the premises will be rendered unfit for occupation, and thereby terminate the lease.

Save as disclosed above, none of the Target Group's lessors may unilaterally terminate the respective leases without cause. The Proposed New Board is of the view that any unilateral termination by any lessor is unlikely to have a material impact on the Target Group's business or operations as the Proposed New Board believes that the Target Group will be able to secure leases for alternative premises in such event. However, the simultaneous unilateral termination by the lessors of a few of the Target Group's leases may adversely affect its business, results of operations and financial position as the Target Group will need to secure several leases at an alternative strategic location. The termination of leases also comes with costs to be incurred by the Target Group such as reinstatement costs, loss of fixed assets and relocation costs.

As at the Latest Practicable Date, in view of SKER having secured the leases of five (5) units at 1 Bukit Batok Crescent, #07-58 to #07-62 WCEGA Plaza, Singapore 658064, the Target Group does not intend to renew the leases of 1 Bukit Batok Crescent, #08-26 and #08-45 WCEGA Plaza, Singapore 658064 that will be expiring within the next 12 months.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the Proposed New Board is not aware of any existing breach of any of the terms and conditions of, or any obligations under the Target Group’s lease agreements that would result in the termination by the lessors.

Save as disclosed in “*Summary of Applicable Singapore Laws*” in Appendix G to this Circular, there are currently no regulatory requirements or environmental issues that may materially affect the Target Group’s utilisation of the above properties.

9.3 Fixed assets

As at 31 March 2025, the Target Group’s fixed assets comprise motor vehicles for rental, leasehold land and buildings, computer, renovation and plant and equipment amounting to approximately S\$68.81 million. Please refer to the “*Independent Auditors’ Report and the Audited Combined Financial Statements for the Financial Years ended 31 March 2023, 2024 and 2025*” as set out in Appendix B to this Circular, for further information on the Target Group’s fixed assets.

To the best of the Proposed New Directors’ knowledge, there are no regulatory requirements or environmental issues that may materially affect the utilisation of the above fixed assets.

As at the Latest Practicable Date, and save for the properties owned by the Target Group as set out in Section 9.1 titled “*Ownership of properties*” of this Target Company’s Letter to Shareholders above and the motor vehicles of the Target Group which are the subject of hire purchase agreements, none of the properties owned or leased by the Target Group and none of its fixed assets were subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowing.

10. RESEARCH AND DEVELOPMENT

Due to the nature of the Target Group’s business, the Target Group does not carry out any research and development activities. Accordingly, the Target Group did not have material expenditure on research and development activities in the Period Under Review. However, the Target Group constantly monitors the markets, consumer preferences and competition, and is always on the lookout for various opportunities to expand its existing businesses.

11. INVENTORY MANAGEMENT

As at 31 March 2025, the Target Group’s inventories comprised approximately 0.13% of its total assets. The inventories comprised primarily vehicle parts and accessories and consumables such as engine lubricants and oils used in the provision of MRO services and engineering solutions under the Engineering Business. These inventories are generally not subject to stock obsolescence due to its durable nature.

The Target Group closely monitors its inventories, and aims to maintain optimal inventory levels of spare parts, accessories and consumables to meet customer demands. The Target Group maintains stocks of different commercial vehicle parts and accessories for different makes and models, particularly for common makes and models within the SKVR’s fleet, as well as passenger vehicle parts and accessories for common makes and models.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

The Target Group’s inventory turnover days during the Relevant Period are as follows:

	Target FY2023	Target FY2024	Target FY2025
Average inventory turnover days ⁽¹⁾	66	113	70

Note:

- (1) The inventory turnover days is calculated based on the average of the opening and closing inventory balance divided by corresponding cost of sales for the relevant financial year and multiplied by the number of calendar days in the relevant financial year.

The average inventory turnover days in Target FY2024 had increased in line with the increase in purchases of spare parts, accessories and consumables in anticipation of the growth in the capacity of SKER’s operations.

There was no material provision and/or write-down of the Target Group’s inventory during the Period Under Review.

12. ORDER BOOK

Due to the nature of the Target Group’s business, the concept of an order book is not meaningful to the Target Group. However, under the Commercial Vehicle Leasing Business, the Target Group leases out its vehicles under operating lease agreements. Based on non-cancellable leases as at 31 March 2025, the Target Group has approximately S\$15.20 million of minimum lease receivables within 12 months from 31 March 2025. Please refer to Section 20.6 titled “*Capital Expenditures, Divestments, and Commitments – Operating Lease Receivables for the Target Group*” of this Target Company’s Letter to Shareholders for further information on the Target Group’s non-cancellable leasing contracts.

13. INTELLECTUAL PROPERTY RIGHTS

13.1 Registered trademarks

As at the Latest Practicable Date, the Target Group does not own any registered trademarks. The Target Group operates under the name and logo of “Skylink”. The following Skylink Trademarks are registered under the name of the Vendor:

Trademark	Registration Number	Place of Registration	Registered Owner	Class ⁽¹⁾	Expiry Date
	40202424998R	Singapore	Vendor	12, 35, 36, 37, 39	28 October 2034
	40202425847Y	Singapore	Vendor	12, 35, 36, 37, 39	7 November 2034

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Note:

- (1) The classes for which these trademarks are registered are as follows:

Class 12: Electric vehicles; Bicycles; Motorcycles; Cars; Automobiles; Wheels for motor vehicles; Windows made of laminated safety glass for motor vehicles; Windows made of layers of safety glass for motor vehicles; Trucks being motor land vehicles; Motors, electric, for land vehicles; Motors for vehicles for locomotion by land; Motors for land vehicles; Motors and engines for land vehicles; Motors for agricultural vehicles; Motor vehicles for use in the transporting of people; Motor vehicles for use in the transporting of freight; Motor vehicles; Motor vehicle bodies; Motor land vehicles incorporating lifting apparatus; Motor land vehicles having four or more wheels; Motor land vehicles for transportation purposes in industry; Motor land vehicles; Gear motors for land vehicles; Electrical motors for land vehicles; Electric driving motors for land vehicles; Bodies for motor vehicles; Bodyworks for motor vehicles; Vehicles utilising electric motors; Tyres for motor vehicles; Tyres for motor vehicle wheels; Tyres for two-wheeled motor vehicles; Storage systems adapted for use in motor vehicles; Passenger motor vehicles; Motor vehicles for use in the transporting of cargo; Motor land vehicles for road use; Motor land vehicle engines; Land motor vehicles.

Class 35: Business assistance, management and administrative services; Business management consultancy services; Marketing research services; Marketing services; Online retail services; Online wholesale services; Provision of an online marketplace for buyers and sellers of goods and services; Provision of commercial information; Retail services; Wholesale services; Advertising; Marketing; Sales promotion for others; Presentation of goods on communication media, for retail purposes; Retail services for two-wheeled motor vehicles; Wholesale services for two-wheeled motor vehicles.

Class 36: Motor vehicle insurance brokerage; Motor vehicle insurance consultancy; Motor vehicle insurance information; Motor vehicle insurance services; Motor vehicle insurance underwriting; Motor insurance; Advisory services relating to financial asset management; Advisory services relating to financial grants; Advisory services relating to financial investment; Advisory services relating to financial investment management; Advisory services relating to financial matters; Advisory services relating to financial investments; Consultation services relating to financial matters; Financial advice and consultancy services; Financial advisory services relating to insurance contracts; Financial brokerage services; Financial consultancy and advisory services relating to microfinance; Financial credit services; Financial investment services; Financial loan services; Financial management advisory services; Financial negotiation services; Financial services; Financial services relating to loans.

Class 37: Advisory services relating to motor vehicle repair; Advisory services relating to the repair of motor vehicles; Battery charging service for motor vehicles; Cleaning of motor vehicles; Fitting of windows in motor vehicles; Fitting of windscreens in motor vehicles; Fitting of windshields in motor vehicles; Garage services for the maintenance and repair of motor vehicles; Gasoline refueling service for motor vehicles; Gasoline refuelling service for motor vehicles; Maintenance and repair of engines for motor vehicles; Maintenance and repair of motor vehicle cooling systems; Maintenance and repair of motor vehicle engines; Maintenance and repair of motor vehicles; Maintenance and repair of motor vehicles and parts thereof; Maintenance and repair of motor vehicles and their engines; Maintenance of motor vehicles; Motor vehicle maintenance; Motor vehicle maintenance and repair; Motor vehicle polishing; Natural gas refueling service for motor vehicles; Natural gas refuelling service for motor vehicles; Painting of motor vehicles; Petrol refueling services for motor vehicles; Petrol refuelling services for motor vehicles; Providing information relating to the repair or maintenance of two-wheeled motor vehicles; Repair and maintenance of motor vehicles; Repair and maintenance of motor vehicles and parts thereof and of engines for motor vehicles and parts thereof; Repair of motor vehicles; Repair or maintenance of two-wheeled motor vehicles; Tuning of motor vehicle engines; Washing of motor vehicles; Maintenance and repair of motorcycles; Maintenance and repair of motors; Maintenance and repair of starters for motors and engines; Maintenance, servicing, tuning and repair of motors; Providing information relating to the repair or maintenance of electric motors; Repair of filters for machines, motors or engines; Repair or maintenance of electric motors.

Class 39: Transport; Transportation logistics; Packaging and storage of goods; Travel arrangement; Delivery of goods; Rental of motor land vehicles; Charter of motor vehicles; Leasing of motor vehicles; Motor vehicle hire services; Motor vehicle recovery services; Motor vehicle rental; Motor vehicle rescue services; Motor vehicle transport services; Recovery of commercial motor land vehicles; Rental of motor road vehicles; Rental of motor vehicles; Salvage of motor vehicles; Towing of motor vehicles; Transport by two-wheeled motor vehicles; Transport of motor vehicles; Transport of passengers by motor vehicle.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

The Vendor and the Target Company have entered into the Trademark Deed of Assignment pursuant to which the Vendor has agreed that, subject to SPA Completion and subject to the parties entering into the Trademark Licence Agreement, it shall assign and transfer, free of consideration, all rights, title and interests in the Skylink Trademarks and the “Skylink” trade name to the Target Company free from all encumbrances and together with all goodwill associated therewith, for use and registration by the Target Company in Singapore and elsewhere. Such assignment and transfer shall be effective from SPA Completion. The Vendor shall provide all cooperation and assistance as may be required by the Target Company to record and register the assignment and transfer of the Skylink Trademarks with IPOS as soon as practicable after SPA Completion. It is anticipated that upon completion of the transfer after SPA Completion, the Skylink Trademarks will be registered in the name of the Target Company. Upon such registration, the Target Company will be the registered proprietor of the Skylink Trademarks and will be entitled to use the Skylink Trademarks without restriction and without reliance on any licence granted by any third party.

The Target Company, the Vendor and SKIA have also entered into the Trademark Licence Agreement pursuant to which, subject to SPA Completion and to the assignment and transfer of the Skylink Trademarks and the “Skylink” trade name to the Target Company pursuant to the Trademark Deed of Assignment taking effect, the Target Company shall grant to the Vendor (with its subsidiaries from time to time (other than the Target Group) having the right to use) and SKIA a royalty free, non-exclusive and non-transferable licence (without the right to sub-licence) to use the Skylink Trademarks and the “Skylink” trade name. The Vendor and its subsidiaries and SKIA are permitted to use the Skylink Trademarks and the “Skylink” trade name only for the businesses carried on by them as at the date of the Trademark Licence Agreement, and to the extent falling within Classes 12, 35, 36, 37, 39 of the International Classification of Goods and Services for the Purposes of the Registration of Marks for which the Skylink Trademarks are registered with IPOS, and such other business as may be approved by the Target Company in its discretion. Under the Trademark Licence Agreement, the Target Group will not be liable for any damages that may be incurred by the Vendor and/or its subsidiaries and/or SKIA while using the Skylink Trademarks and/or the “Skylink” trade name. Further, the Vendor and SKIA have agreed to indemnify the Target Company against any losses or liabilities incurred or suffered by the Enlarged Group arising from the use of the Skylink Trademarks and/or “Skylink” trade name by the Vendor and/or its subsidiaries and/or SKIA, provided that this indemnity does not apply where the same is due to the Skylink Trademarks and/or “Skylink” trade name infringing the intellectual property rights of any third party.

Infringements of the intellectual property rights of third parties due to the Skylink Trademarks and/or “Skylink” trade name were carved out from the scope of the aforementioned indemnity because the infringement of intellectual property rights of any third party may be due to the use of the Skylink Trademark and the “Skylink” trade name by the Enlarged Group which is beyond the control of the Vendor and SKIA. As the Target Company would be the registered proprietor of the Skylink Trademarks and “Skylink” trade name, it is reasonable that the Target Company (and the Enlarged Group) should be responsible for their own losses and liabilities. Notwithstanding the foregoing, under the terms of the Trademark Deed of Assignment, certain representations and warranties have been provided by the Vendor, including a representation and warranty that the Skylink Trademark and the “Skylink” trade name do not and will not infringe upon any intellectual property rights of any third party. As such, the Target Company may still have a claim against the Vendor in the event of a breach of such representation and warranty.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Save as disclosed in this Circular, the Target Group’s business or profitability is not materially dependent on any patent or licence, industrial, commercial or financial contract (including a contract with a customer or supplier) or new manufacturing process.

13.2 Domain names

As at the Latest Practicable Date, the Target Company owns the following internet domain names:

Domain Names	Registration Date	Expiry Date
skylink.com.sg	10 June 2025	12 May 2027
skylink.sg	10 June 2025	11 May 2027
skylinkgroup.sg	10 June 2025	11 May 2026
skylinkgroup.com.sg	10 June 2025	11 May 2026
skylinkgroup.store	16 May 2025	11 May 2026
skylinkgroup.online	16 May 2025	11 May 2026

14. LICENCES, PERMITS, REGISTRATIONS AND APPROVALS

The Target Group’s business and operations are carried out in Singapore, and the Target Group is subject to relevant laws and regulations in Singapore. A summary of the relevant laws and regulations applicable to the Target Group’s business and operations in Singapore is set out in the “Summary of Applicable Singapore Laws” in Appendix G to this Circular.

As at the Latest Practicable Date, the Target Group is in compliance with the laws and regulations that would materially affect the Target Group’s business operations.

As at the Latest Practicable Date, there are no material licences, permits, registrations or approvals required for the Target Group’s business and operations.

15. CERTIFICATIONS, ACCREDITATIONS AND AWARDS

15.1.1 Certifications. As at the Latest Practicable Date, the Target Group has received the following certifications and accreditations:

Recipient	Certification or accreditation	Issuing organisation	Date of Expiry
SKER	BizSAFE Level 3 ⁽¹⁾	WSH Council	22 May 2028
SKER	Quality Management System ISO 9001:2015 ⁽²⁾	TÜV SÜD PSB Pte Ltd	25 May 2028

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Notes:

- (1) BizSAFE Level 3 recognises that SKER has conducted risk assessments for every work activity and process in its workplace, in compliance with the requirements in the Workplace Safety and Health (Risk Management) Regulations.
- (2) SKER is certified to have established and applied a quality management system for the scope of maintenance of automotive fleet of vehicles.

15.1.2 Awards. The Skylink group of companies (including the Target Subsidiaries) has received a number of awards over the years, including the following:

Award	Issuing organisation	Year of award
Singapore 500 SME Company 2021	Association of Trade & Commerce	2021
Singapore 500 SME Company 2022	Association of Trade & Commerce	2022
2024 Star Merchant under the category of “Commercial Vehicle Rental”	Sgcarmart	2024
Singapore Prestige Brand Awards 2024 under the category of “Promising Brands”	Association of Small & Medium Enterprises and Lianhe Zaobao	2024
2025 Star Merchant under the category of “Commercial Vehicle Rental”	Sgcarmart	2025

16. INSURANCE

As at the Latest Practicable Date, the Target Group has taken up insurance policies in respect of, among other things, the following:

- Fleet insurance in respect of its commercial vehicles
- Fire and extraneous perils and public liability policy in respect of its premises
- Foreign workers’ medical insurance
- Work injury compensation insurance
- Keyman insurance for Mr Wesley Shen

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Based on inquiries made with the Target Group’s insurance agents and brokers and to the best of the Target Group’s knowledge and belief, the Target Group’s insurance coverage is in line with industry practice. The Proposed New Board is of the view that the Target Group’s insurance policies are adequate for its business and operations. However, any significant damage to the Target Group’s assets and properties, whether as a result of fire or other causes, may still have an adverse effect on its business, results of operations or financial position. Please refer to Section 18.1.22 titled “*The Target Group’s insurance coverage may be inadequate to protect it from all potential liabilities*” of this Circular for information on the risk factor relating to the Target Group’s insurance coverage. The Proposed New Board will review the Target Group’s insurance coverage annually to ensure that it is adequate for its operations.

17. CORPORATE SOCIAL RESPONSIBILITY

The Target Group views corporate social responsibility as its responsibility and it recognises that it has an obligation towards its employees, investors, customers, suppliers and the community as a whole. The Target Group believes that its reputation, together with the trust and confidence of those whom it deals with, is one of its most valuable assets. The Target Group seeks to maintain its reputation and such trust and confidence, and is committed to achieving long-term mutually sustainable relationships with its stakeholders.

The Proposed New Board intends to establish a corporate social responsibility policy which will formally address the Enlarged Group’s impact on the local community. In addition, the Enlarged Group will disclose its corporate social responsibility policies with reference to the SGX-ST’s Practice Note 7F Sustainability Reporting Guide.

18. SEASONALITY

Due to the nature of the Target Group’s business, there are no significant seasonal trends during the Period Under Review. The Proposed New Board believes that there is no material seasonality factor affecting the business of the Target Group.

19. SELECTED FINANCIAL INFORMATION OF THE TARGET GROUP

The following selected combined financial information of the Target Group should be read in conjunction with the full text of this Circular, including Section 20 titled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Target Company’s Letter to Shareholders, and the “Independent Auditors’ Report and the Audited Combined Financial Statements for the Financial Years ended 31 March 2023, 2024 and 2025” as set out in Appendix B to this Circular.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

19.1 Combined Statement of Profit or Loss and Comprehensive Income of the Target Group⁽¹⁾

	← Audited →		
(S\$'000)	Target FY2023	Target FY2024	Target FY2025
Revenue	8,333	15,011	26,373
Cost of sales	(6,671)	(9,929)	(19,584)
Gross profit	1,662	5,082	6,789
Other income	1,773	955	336
Administrative expenses	(2,185)	(2,463)	(4,144)
Net (allowance)/reversal for expected credit loss	(236)	(109)	226
Other operating expenses	(113)	(591)	(12)
Finance costs	(172)	(251)	(335)
Profit before income tax	729	2,623	2,860
Income tax expense	(65)	(590)	(119)
Profit for the year, representing total comprehensive income for the financial year, attributable to owners of the Target Company	664	2,033	2,741
Profit attributable to:			
Owners of the Target Company	664	2,033	2,741
Non-controlling interests	—	—	—
EPS (cents) ⁽²⁾	9.97	30.51	41.14

Notes:

- (1) The combined statement of profit or loss and other comprehensive income of the Target Group for the Period Under Review have been prepared on the basis that the Target Group had been in existence throughout the Period Under Review.
- (2) EPS for the Period Under Review have been computed based on the profit attributable to owners of the Target Company for the financial years and the Target Company's share capital of 6,663,000 Target Company Shares assuming that the Restructuring has been completed.

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

19.2 Combined Statement of Financial Position of the Target Group⁽¹⁾

(S\$'000)	Audited		
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025
ASSETS			
Non-current assets			
Property, plant and equipment	14,825	35,789	68,807
Right-of-use assets	–	73	882
Trade and other receivables	16,850	31,173	22,707
Investments in insurance contracts	278	686	603
Total non-current assets	31,953	67,721	92,999
Current assets			
Asset held for sale	1,161	–	–
Cash and bank balances	1,318	2,568	3,523
Trade and other receivables	7,908	13,419	14,139
Contract assets	40	267	160
Inventories	44	124	145
Investments in insurance contracts	–	–	90
Total current assets	10,471	16,378	18,057
Total assets	42,424	84,099	111,056
LIABILITIES AND EQUITY			
Non-current liabilities			
Trade and other payables	113	468	774
Lease liabilities	–	22	581
Borrowings	24,763	50,337	60,924
Deferred tax liabilities	162	516	377
Total non-current liabilities	25,038	51,343	62,656
Current liabilities			
Trade and other payables	4,223	5,930	12,553
Contract liabilities	50	533	428
Lease liabilities	–	52	370
Borrowings	10,312	22,129	28,156
Income tax payable	22	200	230
Total current liabilities	14,607	28,844	41,737

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

(S\$'000)	← Audited →		
	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025
Capital and reserves			
Share capital	2,850	5,200	5,210
(Accumulated Losses)/Retained Earnings	(71) ⁽³⁾	(1,288) ⁽³⁾	1,453
Total equity	2,779	3,912	6,663
Total liabilities and equity	42,424	84,099	111,056
NAV per share (cents)⁽²⁾	41.71	58.71	100.0

Notes:

- (1) The combined statement of financial position of the Target Group as at 31 March 2023, 31 March 2024 and 31 March 2025 has been prepared on the basis that the Target Group had been in existence on those dates.
- (2) For illustrative purposes, the NAV per share as at 31 March 2023, 31 March 2024 and 31 March 2025 have been computed based on the total equity of the Target Group and the Target Company's share capital of 6,663,000 Target Company Shares assuming that the Restructuring has been completed.
- (3) The respective Target Group Companies declared and paid up dividends in Target FY2023 and Target FY2024 out of profits (including retained earnings) based on their respective audited financial statements (as audited by the then-auditors of the Target Group Companies). Accordingly, the dividends were declared in compliance with Section 403 of the Companies Act. The aforesaid audited financial statements were subsequently re-audited by Forvis Mazars (as the independent auditor of the Target Group and the reporting accountant to the Enlarged Group) in connection with the Proposed Acquisition and certain audit adjustments, mainly relating to the provision for allowance for estimated credit loss and corresponding tax and deferred tax adjustments, were made.

20. MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of the Target Group’s results of operations and financial position should be read in conjunction with the full text of this Circular, including the “Independent Auditors’ Report and the Audited Combined Financial Statements for the Financial Years ended 31 March 2023, 2024 and 2025” as set out in Appendix B to this Circular.

This discussion contains forward-looking statements which involve risks and uncertainties. The actual results of the Target Group and the Enlarged Group may differ significantly from those anticipated in the forward-looking statements. Factors that might cause the future results of the Target Group and the Enlarged Group to differ significantly from those anticipated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Circular, particularly in Section 18 titled “Risk Factors” of this Circular.

Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Target Company, the Company, the Sponsor and Financial Adviser or any other person. Shareholders are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date hereof. Please refer to the Section titled “Cautionary Note Regarding Forward-Looking Statements” of this Circular for further details.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

20.1 Business Overview

The Target Group is a one-stop customer-centric commercial vehicle specialist, focused on delivering differentiated value and quality customer service through its commercial vehicle leasing, related vehicle financing solutions and MRO services and engineering solutions. Since its founding in 2017, the Target Group has become one of the largest commercial vehicle leasing companies in Singapore⁷ and a trusted mobility partner.

As at the Latest Practicable Date, the Target Group has the following three (3) business segments:

- *Commercial Vehicle Leasing Business.* Under the Commercial Vehicle Leasing Business, SKVR provides commercial vehicle leasing solutions to customers and leases a wide range of commercial vehicles to its customers to cater to their mobility, transportation and logistics needs. As at the Latest Practicable Date, SKVR owns a fleet of 1,239 commercial vehicles, and according to the Independent Market Report, is currently one of the largest commercial vehicle leasing companies in Singapore.
- *Credit Business.* Under the Credit Business, SKCR offers vehicle financing solutions to customers for all types of vehicles through the provision of hire purchase loans to customers who wish to purchase or refinance their own vehicles. As at the Latest Practicable Date, SKCR has a loan book of an aggregate principal amount of around S\$65.41 million.
- *Engineering Business.* Under the Engineering Business, SKER provides a wide range of MRO services and engineering solutions, including design customisation and modification of the upper structures of the commercial vehicles to suit specific business needs. SKER provides such services to SKVR’s fleet of commercial vehicles and also to third party customers for all types of vehicles. The services range from routine vehicle MRO to providing engineering solutions for the customisation of commercial vehicles in order for customers to maximise the value from having commercial vehicles customised for specific purposes.

The three (3) business segments of Commercial Vehicle Leasing Business, Credit Business and Engineering Business form an ecosystem where the different businesses are complementary and synergistic. The Target Group provides (a) mobility, transportation and logistics solutions to its customers through leasing of commercial vehicles under the Commercial Vehicle Leasing Business segment, (b) vehicle financing solutions for their purchase or refinance of commercial vehicles under the Credit Business segment, and (c) MRO services and engineering solutions, and design customisation and modification of the upper structure of certain specific commercial vehicles leased from the Target Group or purchased by third party customers under the Engineering Business segment.

Please refer to Section 5 titled “*Business Overview*” of this Target Company’s Letter to Shareholders for further details on the Target Group’s business.

The Target Company was incorporated in the Republic of Singapore on 4 March 2025 under the Companies Act as a private company limited by shares, under the name of “Skylink APAC Pte. Ltd.”.

⁷ According to the Independent Market Report.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Revenue

During the Period Under Review, the Target Group derived its revenue from its three (3) business segments, namely (i) Commercial Vehicle Leasing Business, (ii) Credit Business and (iii) Engineering Business. Its revenue amounted to S\$8.33 million, S\$15.01 million and S\$26.37 million in Target FY2023, Target FY2024 and Target FY2025 respectively.

The breakdown of the Target Group’s revenue by business segments for the Period Under Review are set out in the table below:

Revenue by business segments

	← Audited →					
	Target FY2023		Target FY2024		Target FY2025	
	S\$’000	%	S\$’000	%	S\$’000	%
Commercial Vehicle Leasing Business	5,477	65.7	8,598	57.3	18,911	71.7
Engineering Business	1,684	20.2	3,177	21.1	3,695	14.0
Credit Business	1,172	14.1	3,236	21.6	3,767	14.3
Total	8,333	100.0	15,011	100.0	26,373	100.0

The Target Group’s revenue during the Period Under Review was only generated in Singapore and the Target Group does not have any other reportable geographical segments.

The Target Group’s revenue is primarily affected by, *inter alia*, the following factors:

- the market demand for various types and makes of commercial vehicles, which is highly influenced by global macroeconomic conditions, Singapore’s economic growth, industry trends, technological advancements and customer preferences;
- the Target Group’s ability to maintain an optimal utilisation rate for its commercial vehicles for leasing via securing and renewing lease agreements with customers, which in turn depends on (i) continued market demand, (ii) fleet availability with regards to type, model, range, mix and composition to suit customers’ needs, (iii) the quality and/or condition of the fleet, and (iv) the competitiveness of the Target Group’s rental prices;
- the Target Group’s ability to obtain adequate credit facilities on commercially acceptable terms;
- the Target Group’s ability to purchase specific types and makes of commercial vehicles from its suppliers on commercially acceptable terms to meet market demand on a sustained basis;
- changes in government policies and applicable laws and regulations relating to the usage and ownership of motor vehicles, and financing of such vehicles ownership;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (f) the Target Group’s ability to successfully carry out its future plans in accordance with its business strategies and future plans as set out in Section 23 titled “*Prospects, Strategies and Future Plans*” of this Target Company’s Letter to Shareholders; and
- (g) the Target Group’s ability to provide quality customer services, which also depends, to a larger extent, on the Target Group’s ability to (i) recruit and retain its experienced staff and skilled workers, and (ii) engage reliable third party vendors, including outsourcing of certain technical works in connection with the Engineering Business.

Please refer to the Section 18 titled “*Risk Factors*” of this Circular and Section 23 titled “*Prospects, Strategies and Future Plans*” of this Target Company’s Letter to Shareholders for further information on the above factors and other factors that may affect its revenue.

Cost of sales

The Target Group’s cost of sales comprise mainly depreciation of its commercial vehicles acquired for leasing, finance costs, repair and insurance cost, purchases of vehicle components and spare parts, labour costs, and other vehicle ownership costs such as road tax, LTA-related fees and miscellaneous charges. Cost of sales amounted to S\$6.67 million, S\$9.93 million and S\$19.58 million in Target FY2023, Target FY2024 and Target FY2025, respectively, representing 80.1%, 66.1% and 74.3% of its revenue during the respective financial years.

The Target Group’s cost of sales is primarily affected by, *inter alia*, the following factors:

- (a) fluctuation in the cost of vehicles (including but not limited to prices of COE, market demand, and other global macroeconomic factors such as currency exchange rates) which in turn affects its depreciation costs;
- (b) fluctuation in interest rates which will affect the financing cost of its block discounting and hire purchase facilities;
- (c) changes in government policies and applicable laws and regulations relating to motor vehicle usage and ownership and financing of such vehicle ownership, which will affect its cost of sales; and
- (d) any other relevant factors.

Please refer to Section 18 titled “*Risk Factors*” of this Circular for further information on the above factors and other factors that may affect its cost of sales.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

The gross profit margins of each of the business segments for the Period Under Review are as follows:

	Audited		
	Target FY2023	Target FY2024	Target FY2025
Commercial Vehicle Leasing Business	6.5%	23.2%	16.7%
Credit Business	60.3%	49.3%	54.9%
Engineering Business	35.5%	46.8%	42.1%
Target Group	19.9%	33.9%	25.7%

Other income

The Target Group’s other income, in absolute terms and expressed as a percentage of the total amount, comprised of the items in the following table. Sundry income mainly includes other miscellaneous sales and rental income.

	Audited					
	Target FY2023		Target FY2024		Target FY2025	
	S\$’000	%	S\$’000	%	S\$’000	%
Gain on disposal of property, plant and equipment	1,635	92.2	641	67.1	198	58.9
Government grant	81	4.6	28	2.9	25	7.4
Interest income arising from loan to related companies	6	0.3	197	20.7	51	15.2
Sundry income	51	2.9	89	9.3	62	18.5
Total	1,773	100.0	955	100.0	336	100.0

Administrative expenses

The Target Group’s administrative expenses comprise mainly employee cost and benefits, depreciation of office equipment and other fixed assets, and rental cost. Administrative expenses amounted to S\$2.19 million, S\$2.46 million and S\$4.14 million in Target FY2023, Target FY2024 and Target FY2025 respectively.

Allowance/Reversal of allowance for expected credit losses, net

The Target Group recognises an allowance for expected credit loss by assessing the change in the risk of a default occurring, which amounted to S\$0.24 million and S\$0.11 million in Target FY2023 and Target FY2024 respectively, and a reversal of allowance for expected credit loss of S\$0.23 million in Target FY2025.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Other operating expenses

The Target Group's other operating expenses comprises mainly bad debt and fair value (gain)/loss arising from investment in insurance contracts. Other operating expenses amounted to S\$0.11 million, S\$0.59 million and S\$12,000 in Target FY2023, Target FY2024 and Target FY2025 respectively.

Finance costs (Non-trade)

Finance costs (non-trade) comprise mainly interest expense on lease liabilities relating to workshop units for the Engineering Business, bank borrowings, bank charges and loan from related companies. Finance costs amounted to S\$0.17 million, S\$0.25 million and S\$0.34 million in Target FY2023, Target FY2024 and Target FY2025 respectively.

Income tax expenses

The Target Company's subsidiaries are incorporated in Singapore and thus, income derived and sourced in Singapore is subject to income tax rate of 17% during the Period Under Review. Its income tax expenses amounted to S\$65,000, S\$0.60 million and S\$0.12 million in Target FY2023, Target FY2024 and Target FY2025 respectively.

A breakdown of its income tax expense and overall effective income tax rates for the Period Under Review is as follows:

	 Target FY2023	Audited Target FY2024	Target FY2025 
Profit before tax (S\$'000)	729	2,623	2,860
Income tax expense (S\$'000)	65	590	119
Effective tax rate of the Target Group (%)	8.9%	22.5%	4.2%

The effective tax rate for Target FY2024 was higher than the statutory tax rates due to capital allowance transferred to a related party under group relief, partially offset by net tax effect of income not subjected to tax and tax concessions. The effective tax rates for Target FY2023 and Target FY2025 were lower than the statutory tax rates due to the reversal of capital allowance previously transferred to a related party under group relief in Target FY2025 in anticipation of the Restructuring, overprovision of tax, tax concessions and net tax effect of income not subjected to tax.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

20.2 Inflation

Inflation generally did not have a material impact on the Target Group’s business operations, financial performance and position during the Period Under Review. However, if the inflation rate is higher than in the past, the Target Group’s business operations, financial performance and position may be materially and adversely affected by such inflationary effects if it is not able to partially or fully offset such higher costs through corresponding price increases.

20.3 Review of Results of Operations

Target FY2023 vs Target FY2024

Revenue

The Target Group’s revenue increased by S\$6.68 million or 80.1%, from S\$8.33 million in Target FY2023 to S\$15.01 million in Target FY2024 largely due to (i) an increase in fleet size of commercial vehicles for leasing under the Commercial Vehicle Leasing Business, (ii) expanded capacity for the Engineering Business, and (iii) an increase in interest income derived from a higher loan book for the Credit Business. More specifically, revenues for:

- the Commercial Vehicle Leasing Business increased by S\$3.12 million or 57.0%, from S\$5.48 million in Target FY2023 to S\$8.60 million in Target FY2024 due to increased fleet size of commercial vehicles for leasing arising from a strategic acquisition of commercial vehicles, which increased from 215 units as at 31 March 2023 to 642 units as at 31 March 2024;
- the Engineering Business increased by S\$1.49 million or 88.7%, from S\$1.68 million in Target FY2023 to S\$3.18 million in Target FY2024 due to expanded capacity to support the increased fleet size and business activities; and
- the Credit Business increased by S\$2.06 million or 176.1%, from S\$1.17 million in Target FY2023 to S\$3.24 million in Target FY2024, due to increase in interest income derived from a higher loan book, which increased from S\$24.16 million as at 31 March 2023 to S\$60.45 million as at 31 March 2024, representing an increase of 150.2%, as a result of the Target Group being able to obtain more block discounting facilities.

Cost of sales

The Target Group’s cost of sales, on the back of higher revenues, increased by S\$3.26 million or 48.8%, from S\$6.67 million in Target FY2023 to S\$9.93 million in Target FY2024 mainly due to an increase in (i) finance costs as a result of increased borrowings to support a higher loan book and increased hire purchase borrowings to support an increased fleet size; (ii) depreciation expenses for an increased fleet size; and (iii) repair, maintenance, insurance and other miscellaneous costs arising from a larger fleet.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Gross profit margin

The gross profit margin increased from 19.9% in Target FY2023 to 33.9% in Target FY2024, mainly due to an increase in gross profit margins from (i) the Commercial Vehicle Leasing Business, as there was higher utilisation of its commercial vehicle leasing fleet in Target FY2024; and (ii) the Engineering Business due to increased business operations with better margins, partially offset by a decrease in gross profit margins from the Credit Business, as a result of higher finance costs to support a higher loan book. The gross profit margins also increased in Target FY2024 as a result of an increased contribution of revenue from the Credit Business to the total revenue of the Target Group from 14.1% in Target FY2023 to 21.6% in Target FY2024, as the Credit Business generally has comparatively higher gross margins due to its nature of business.

Other income

The Target Group’s other income decreased by S\$0.82 million or 46.1%, from S\$1.77 million in Target FY2023 to S\$0.96 million in Target FY2024, mainly due to lower gain on disposal of property, plant and equipment of S\$0.99 million, and lower government grant of approximately S\$53,000, partially offset by an increase in interest income arising from loan to related companies of S\$0.19 million and increase in sundry income of S\$38,000.

Administrative expenses

The Target Group’s administrative expenses increased by S\$0.28 million or 12.7%, from S\$2.19 million in Target FY2023 to S\$2.46 million in Target FY2024, mainly due to an increase in staff costs, depreciation and other administrative expenses to support the expanded operations.

Allowance for expected credit losses, net

The Target Group’s net allowance for expected credit losses decreased by S\$0.13 million or 53.8%, from S\$0.24 million in Target FY2023 to S\$0.11 million in Target FY2024. Please refer to Section 8.1 titled “*Credit terms to customers*” of this Target Company’s Letter to Shareholders for more details.

Other operating expenses

The Target Group’s other operating expenses increased by S\$0.48 million or 423.0% from S\$0.11 million in Target FY2023 to S\$0.59 million in Target FY2024, mainly due to an increase in bad debt by approximately S\$0.40 million and a fair value gain arising from investments in insurance contracts of S\$4,000 in Target FY2023 compared to a fair value loss of S\$78,000 arising from investments in insurance contracts in Target FY2024.

Finance costs (Non-trade)

The Target Group’s finance costs (non-trade) increased by S\$0.08 million or 45.9%, from S\$0.17 million in Target FY2023 to S\$0.25 million in Target FY2024 mainly due to higher bank borrowings and loans from related companies, which was mainly for working capital purposes.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Profit for the financial year

As a result of the above, the Target Group’s profit for the financial year increased by S\$1.37 million or 206.2%, from S\$0.66 million in Target FY2023 to S\$2.03 million in Target FY2024.

Target FY2024 vs Target FY2025

Revenue

The Target Group’s revenue increased by S\$11.36 million or 75.7%, from S\$15.01 million in Target FY2024 to S\$26.37 million in Target FY2025 largely due to (i) an increase in fleet size of commercial vehicles for leasing, (ii) expanded capacity for the Engineering Business and (iii) an increase in interest income derived from a higher loan book from the Credit Business. More specifically, revenues for:

- the Commercial Vehicle Leasing Business increased by S\$10.31 million or 119.9%, from S\$8.60 million in Target FY2024 to S\$18.91 million in Target FY2025 due to increased fleet size of commercial vehicles for leasing as the Target Group continues to undertake strategic acquisitions of commercial vehicles, which further increased from 642 units as at 31 March 2024 to 1,231 units as at 31 March 2025;
- the Engineering Business increased by S\$0.52 million or 16.3%, from S\$3.18 million in Target FY2024 to S\$3.70 million in Target FY2025 due to expanded capacity to support the increased fleet size and business activities; and
- the Credit Business increased by S\$0.53 million or 16.4%, from S\$3.24 million in Target FY2024 to S\$3.77 million in Target FY2025 due to increase in interest income derived from a higher loan book, which increased from S\$60.45 million as at 31 March 2024 to S\$66.38 million as at 31 March 2025, representing an increase of 9.8% as a result of the Target Group obtaining more block discounting facilities.

Cost of sales

The Target Group’s cost of sales, on the back of higher revenues, increased S\$9.70 million or 97.2%, from S\$9.93 million in Target FY2024 to S\$19.58 million in Target FY2025 mainly due to an increase in (i) depreciation expenses for an increased fleet size, (ii) finance costs as a result of increased borrowings to support a higher loan book, as well as increased hire purchase borrowings to support an increased fleet size, (iii) repair, maintenance, insurance and other miscellaneous costs arising from a larger fleet, and (iv) purchases and labour cost for the Engineering Business in view of its expanded capacity.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Gross profit margin

The gross profit margin decreased from 33.9% in Target FY2024 to 25.7% in Target FY2025, mainly due to a decrease in gross profit margins from (i) the Commercial Vehicle Leasing Business, due to higher costs of commercial vehicles acquired, which led to increased depreciation and hire purchase borrowing costs as the Target Group expanded its commercial vehicle fleet, and (ii) the Engineering Business due to an increase in headcount to support the newly expanded capacity of the Engineering Business, partially offset by an increase in gross profit margins from the Credit Business.

Other income

The Target Group’s other income decreased by S\$0.62 million or 64.8%, from S\$0.96 million in Target FY2024 to S\$0.34 million in Target FY2025, which was mainly due to (i) lower gain on disposal of property, plant and equipment of S\$0.44 million, (ii) a decrease in non-trade interest income arising from loan to related companies of S\$0.15 million, and a decrease in sundry income of S\$27,000.

Administrative expenses

The Target Group’s administrative expenses increased by S\$1.68 million or 68.3%, from S\$2.46 million in Target FY2024 to S\$4.14 million in Target FY2025, mainly due to an increase in staff costs, depreciation and other administrative expenses to support the expanded operations.

Allowance/Reversal of allowance for expected credit losses, net

The Target Group recorded a net reversal for expected credit losses of S\$0.23 million in Target FY2025, as compared to an allowance for expected credit loss of S\$0.11 million in Target FY2024.

Other operating expenses

The Target Group’s other operating expenses decreased by S\$0.58 million or 98.0% from S\$0.59 million in Target FY2024 to S\$12,000 in Target FY2025, mainly due to a decrease in bad debt of S\$0.49 million, and a fair value gain of S\$7,000 arising from investment in insurance contracts in Target FY2025.

Finance costs (Non-trade)

The Target Group’s finance costs (non-trade) increased by S\$0.08 million or 33.5%, from S\$0.25 million in Target FY2024 to S\$0.33 million in Target FY2025 mainly due to higher borrowings from related companies, which was mainly for working capital purposes and lease liabilities, partially offset by decrease in finance costs from bank borrowings as a result of repayment.

Profit for the financial year

As a result of the above, the Target Group’s profit for the financial year increased by approximately S\$0.71 million or 34.8%, from S\$2.03 million in Target FY2024 to S\$2.74 million in Target FY2025.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

20.4 Review of Financial Position

As at 31 March 2025

Non-Current Assets

As at 31 March 2025, the Target Group’s non-current assets amounted to S\$93.0 million, representing 83.7% of total assets, comprised the following:

- (a) property, plant and equipment, which consisted of commercial vehicles for leasing, leasehold land and buildings, renovation, plant and equipment and computer, amounted to S\$68.81 million, representing 74.0% of total non-current assets. The increase in property, plant and equipment from S\$35.79 million as at 31 March 2024 to S\$68.81 million as at 31 March 2025 was largely due to the strategic acquisitions of commercial vehicles for the Commercial Vehicle Leasing Business;
- (b) right-of-use assets, amounted to S\$0.88 million, representing 0.9% of total non-current assets;
- (c) trade and other receivables, which largely consists of trade receivables and hire purchase receivables, amounted to S\$22.71 million, representing 24.4% of total non-current assets; and
- (d) investment in insurance contracts, amounted to S\$0.60 million, representing 0.7% of total non-current assets.

Current Assets

As at 31 March 2025, the Target Group’s current assets amounted to S\$18.06 million, representing 16.3% of total assets, comprised the following:

- (a) cash and bank balances, amounted to S\$3.52 million, representing 19.5% of total current assets;
- (b) trade and other receivables, which largely consists of trade receivables and hire purchase receivables, amounted to S\$14.14 million, representing 78.3% of total current assets;
- (c) contract assets, relating to the Target Group’s rights to consideration for work completed from its Engineering Business such that when such rights become unconditional, customers are billed and the value of which are then transferred to receivables, amounted to S\$0.16 million, representing 0.9% of total current assets;
- (d) inventories, amounted to S\$0.15 million, representing 0.8% of total current assets; and
- (e) current portion of the investments in insurance contracts of S\$0.09 million, representing 0.5% of total current assets.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Non-Current Liabilities

As at 31 March 2025, the Target Group’s non-current liabilities amounted to S\$62.66 million, representing 60.0% of total liabilities, comprised the following:

- (a) trade and other payables, amounted to S\$0.77 million, representing 1.2% of total non-current liabilities;
- (b) borrowings, which consisted of block discounting loans, hire purchase borrowings and other bank loans, amounted to S\$60.92 million, representing 97.3% of total non-current liabilities. Borrowings increased from S\$50.34 million as at 31 March 2024 to S\$60.92 million as at 31 March 2025 mainly due to increase in hire purchase borrowings relating to the strategic acquisitions of commercial vehicles in Target FY2025 and increase in block discounting loans;
- (c) lease liabilities, relating to the Target Group’s workshops for its Engineering Business, amounted to S\$0.58 million, representing 0.9% of total non-current liabilities; and
- (d) deferred tax liabilities, amounted to S\$0.38 million, representing 0.6% of total non-current liabilities.

Current Liabilities

As at 31 March 2025, the Target Group’s current liabilities amounted to S\$41.74 million, representing 40.0% of total liabilities, comprised the following:

- (a) trade and other payables, which also included loan from related companies, amounted to S\$12.55 million, representing 30.1% of total current liabilities;
- (b) borrowings, which consisted of block discounting loans, hire purchase borrowings and other bank loans, amounted to S\$28.16 million, representing 67.5% of total current liabilities. Borrowings increased from S\$22.13 million as at 31 March 2024 to S\$28.16 million as at 31 March 2025 mainly due to increase in hire purchase borrowings relating to the strategic acquisitions of commercial vehicles in Target FY2025 and increase in block discounting loans;
- (c) contract liabilities, which primarily relate to the Target Group’s obligation to perform services under its Engineering Business for which the Target Group has received consideration in advance such that when such services are performed, the value of which are then recognised as revenue, amounted to S\$0.43 million, representing 1.0% of total current liabilities;
- (d) lease liabilities, relating to the Target Group’s workshops for its Engineering Business, amounted to S\$0.37 million, representing 0.9% of total current liabilities; and
- (e) income tax payables, amounted to S\$0.23 million, representing 0.5% of total current liabilities.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Total Equity

As at 31 March 2025, the Target Group’s total equity amounted to S\$6.66 million, which comprised share capital and retained earnings of approximately S\$5.20 million and S\$1.45 million, respectively.

Cash Flow Statement

The following table sets out the summary of the Target Group’s cash flows for Target FY2023, Target FY2024 and Target FY2025.

	← Audited →		
(\$S’000)	Target FY2023	Target FY2024	Target FY2025
Net cash flows generated from operating activities	1,354	7,373	16,007
Net cash flows generated from investing activities	14,649	3,647	954
Net cash flows used in financing activities	(15,885)	(9,770)	(16,006)
Net increase in cash and cash equivalents	118	1,250	955
Cash and cash equivalents, beginning balance	1,200	1,318	2,568
Cash and cash equivalents as at the end of the financial year	1,318	2,568	3,523

Target FY2023

In Target FY2023, the Target Group’s net cash flows generated from operating activities was S\$1.35 million after accounting for operating cash inflow before working capital changes of S\$2.38 million, adjusted for net working capital outflow of S\$0.99 million. The net working capital outflow was mainly due to an increase in hire purchase receivables of S\$17.42 million, partially offset by (a) an increase in block discounting loans of S\$14.10 million, and (b) an increase in trade and other payables of S\$2.26 million. Please refer to Section 8 titled “*Credit Policy*” of this Target Company’s Letter to Shareholders for further details on the fluctuations in trade and other receivables and trade and other payables.

Net cash from investing activities was S\$14.65 million after accounting for (a) proceeds from disposal of property, plant and equipment of S\$17.67 million, partially offset by an increase in amount due from related companies of S\$1.74 million and cash used for the purchase of property, plant and equipment of S\$1.28 million.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Net cash flows used in financing activities was S\$15.89 million after accounting for (a) repayment of hire purchase borrowings of S\$13.09 million, (b) repayment of block discounting loans of S\$2.61 million, and (c) dividend paid of S\$1.11 million, partially offset by net proceeds from drawdown of bank loans of S\$0.97 million.

As a result of the above, there was a net increase of S\$0.12 million in cash and cash equivalents. As at 31 March 2023, the Target Group’s cash and cash equivalents amounted to S\$1.32 million.

Target FY2024

In Target FY2024, the Target Group’s net cash flows from operating activities was S\$7.37 million after accounting for operating cash inflow before working capital changes of S\$6.56 million, adjusted for net working capital inflow of S\$0.88 million. The net working capital inflow was mainly due to (a) proceeds from disbursement of block discounting loans of S\$19.61 million, (b) an increase in trade and other payables of S\$2.56 million, and (c) an increase in contract liabilities of S\$0.48 million, partially offset by an increase in hire purchase receivables of S\$20.90 million and an increase in trade and other receivables of S\$0.57 million. Please refer to Section 8 titled “*Credit Policy*” of this Target Company’s Letter to Shareholders for further details on the fluctuations in trade and other receivables and trade and other payables.

Net cash from investing activities was S\$3.65 million, mainly due to (a) proceeds from net disposal of properties, plant and equipment of S\$1.44 million, (b) proceeds from disposal of current assets held from sale of S\$1.48 million, and (c) decrease in amount due from related companies of S\$1.21 million, partially offset by purchase of insurance contracts of S\$0.49 million.

Net cash flows used in financing activities was S\$9.77 million after accounting for (a) repayment of hire purchase borrowings of S\$7.25 million, (b) net repayment of secured bank loans of S\$1.50 million, (c) dividend paid of S\$3.25 million and (d) repayment of block discounting loans of S\$0.73 million, partially offset by proceeds from share issuance of S\$2.35 million, and an increase in amount of loans from related companies of S\$0.59 million.

As a result of the above, there was a net increase of S\$1.25 million in cash and cash equivalents. As at 31 March 2024, the Target Group’s cash and cash equivalents amounted to S\$2.57 million.

Target FY2025

In Target FY2025, the Target Group’s net cash flows from operating activities of S\$16.01 million was due to operating cash inflow before working capital changes of S\$12.92 million, adjusted for net working capital inflow of S\$3.34 million. The net working capital inflow was mainly due to (a) a decrease in hire purchase receivables of S\$9.41 million, (b) increase in trade and other payables of S\$5.11 million, which was offset by repayment of block discounting loans of S\$9.09 million and an increase in trade and other receivables of S\$2.07 million. Please refer to Section 8 titled “*Credit Policy*” of this Target Company’s Letter to Shareholders for further details on the fluctuations in trade and other receivables and trade and other payables.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Net cash from investing activities amounted to S\$0.95 million was due to net proceeds from disposal of property, plant and equipment of S\$0.29 million, and decrease in amount due from related companies of S\$0.67 million.

Net cash flows used in financing activities amounted to S\$16.01 million was due to (a) repayment of hire purchase borrowings of S\$10.45 million, (b) repayment of block discounting loans of S\$9.08 million, and (c) net repayment of bank loans of S\$0.59 million, which was partially offset by increase in loans from related companies of S\$3.78 million.

As a result of the above, there was a net increase of S\$0.96 million in cash and cash equivalents. As at 31 March 2025, the Target Group’s cash and cash equivalents amounted to S\$3.52 million.

20.5 Working Capital, Liquidity and Capital Resources

In accordance with SFRS(I) 1-16 Property, Plant and Equipment and SFRS(I) 16 Leases, the entire net book value of the fleet of commercial vehicles acquired for leasing had been classified as non-current assets, whereas the current portion of the hire purchase borrowings, which arose from the acquisition of such commercial vehicles, had been included under current liabilities as at the end of respective financial years. In addition, revenues to be derived from the income-generating leasing contracts from these commercial vehicles within the next 12 months from the end of the respective financial years have not been recognised.

The Leasing Business Accounting Treatments had thus resulted in inherent accounting mismatch in the Target Group’s current assets and current liabilities, as explained in the above. As a result, the Target Group recorded negative working capital of S\$4.14 million, S\$12.47 million and S\$23.68 million as at 31 March 2023, 31 March 2024 and 31 March 2025 respectively.

It should be noted that notwithstanding the net book value of the fleet of commercial vehicles acquired for leasing had been included as non-current assets, such assets are considered as liquid assets by nature of the leasing business, where it is within the ordinary course of the business to acquire, replace and/or dispose its commercial vehicle fleet based on prevailing market conditions. In addition, it is also inherent in the nature of the industry of the Commercial Vehicle Leasing Business where companies utilise leverage in the acquisition and expansion of its fleets.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

For illustrative purposes only, had the Target Group reclassified the entire net book value of the fleet of commercial vehicles as current assets, and the non-current portion of its hire purchase borrowings arising from the corresponding acquisition of such commercial vehicles as current liabilities, the adjusted working capital position of the Target Group for the Period Under Review would have been as follows:

(S\$ million)	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025
Working capital ⁽¹⁾ (based on Leasing Business Accounting Treatments)	(4.14)	(12.47)	(23.68)
Add: Net book value of commercial vehicle fleet	13.81	34.84	66.79
Less: Non-current portion of hire purchase liabilities	(6.33)	(8.57)	(17.51)
Adjusted Working Capital⁽²⁾	3.34	13.80	25.60

Notes:

- (1) The working capital position of the Target Group (based on the Leasing Business Accounting Treatments) has not accounted for revenues to be derived from the non-cancellable leasing contracts from leasing of the commercial vehicle fleets within the next 12 months from the end of respective financial years (the “Unrecognised Revenues”).

For illustrative purposes, the Unrecognised Revenues as at 31 March 2023 and 31 March 2024 were S\$8.26 million and S\$18.13 million respectively, and are based on the actual revenue derived from rental income by the Commercial Vehicle Leasing Business for Target FY2024 and Target FY2025. The minimum lease receivables under the Commercial Vehicle Leasing Business within the next 12 months as at 31 March 2025 amounted to S\$15.20 million. Please refer to Section 20.6 titled “*Capital Expenditures, Divestments, and Commitments – Operating Lease Receivables for the Target Group*” of this Target Company’s Letter to Shareholders for more details.

- (2) The Adjusted Working Capital as at 31 March 2023, 31 March 2024 and 31 March 2025 were also backed by a net cash generated from operating activities of S\$1.35 million, S\$7.37 million and S\$16.01 million for Target FY2023, Target FY2024 and Target FY2025, respectively, before adjusting for repayment of hire purchase borrowings. Please refer to Section 20.5 titled “*Working Capital, Liquidity and Capital Resources*” of this Target Company’s Letter to Shareholders for further details.

During the Period Under Review, the Target Group’s operations had been financed through a combination of shareholders’ equity and internal resources (including retained profits), loans, bank borrowings and net cash generated from operating activities. The principal uses of cash have been for (a) financing of working capital; (b) capital expenditures (including acquisition of commercial vehicles for leasing); (c) repayment of trade-related borrowings (including hire purchase borrowings and block discounting loans); (d) repayment of other bank loans; and (e) payment of interest expense.

The Proposed New Board are of the reasonable opinion that, after taking into consideration factors including the following:

- (i) the Target Group had recorded increasing net profit after tax of S\$0.66 million, S\$2.03 million and S\$2.74 million in Target FY2023, Target FY2024 and Target FY2025 respectively. In addition, the Target Group generated net cash flows from operating activities of S\$1.35 million, S\$7.37 million and S\$16.01 million in Target FY2023, Target FY2024 and Target FY2025 respectively;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (ii) the minimum lease receivables arising from non-cancellable leasing contracts under the Commercial Vehicle Leasing Business as at 31 March 2025 of S\$15.20 million within the next 12 months, which has yet to be recognised as revenue. Please refer to Section 20.6 titled “*Capital Expenditures, Divestments, and Commitments – Operating Lease Receivables for the Target Group*” of this Target Company’s Letter to Shareholders for further details on the Target Group’s non-cancellable leasing contracts;
- (iii) the Target Group’s total equity had also increased from S\$2.78 million as at 31 March 2023 to S\$6.66 million as at 31 March 2025. As at 31 March 2025, the net debt position of the Target Group amounted to S\$90.99 million. The debt comprised borrowings (which include hire purchase borrowings, block discounting loans and term loans), loans from related companies and lease liabilities. The Target Group’s gearing ratio (defined as the sum of net debt divided by equity) has improved from 18.04 times as at 31 March 2024 to 13.66 times as at 31 March 2025;
- (iv) as at the Latest Practicable Date, the Target Group had cash and cash equivalents amounting to S\$1.43 million. Its available credit facilities from financial institutions amounted to S\$126.24 million, of which S\$108.56 million had been utilised, S\$0.74 million had expired and S\$16.95 million (relating to hire purchase financing and block discounting loans) remained unutilised. Please refer to Section 21 titled “*Capitalisation and Indebtedness*” of this Target Company’s Letter to Shareholders for further details;
- (v) the negative working capital positions of the Target Group is mainly a result of the Leasing Business Accounting Treatments. Please refer to the above for further details;
- (vi) notwithstanding the negative working capital positions of the Target Group as recorded under the Leasing Business Accounting Treatments, during the Period Under Review, the Target Group have not (i) encountered any liquidity issues or breached any financial covenants under its credit facilities that have resulted in major disruptions in its operations and (ii) defaulted on any borrowing obligations under its credit facilities; and
- (vii) letter of support from the Vendor to provide working capital support to the Target Group as and when required, capped at an aggregate amount of S\$5.00 million.⁸ Please refer to Section 27.4.7 titled “Provision of loans from the Vendor to the Target Group” of this Target Company’s Letter to Shareholders. In addition, the Vendor has also irrevocably undertaken not to demand for the repayment of the outstanding loan of S\$3.95 million as at the Latest Practicable Date, unless the cash resources of the Target Group permits (which will be subject to the oversight of the New Audit and Risk Committee). Having considered: (i) the Vendor’s 65.90% interest in the Enlarged Share Capital of 176,353,289 Shares upon SPA Completion, which represents a market capitalization of S\$35.27 million (based on the Placement Price of S\$0.20 for each Share), and (ii) the net proceeds from the sale of 6,000,000 Vendor Shares of approximately S\$1.15 million and S\$0.80

⁸ The obligations under the letter of support will commence from the SPA Completion Date and end on: (a) the date on which the Company ceases to be listed on the SGX-ST (whether on the Mainboard or the Catalyst); or (b) the date on which the Vendor and its associates cease to be, directly or indirectly, controlling shareholders, substantial shareholders and directors of the Company and its subsidiaries from time to time, whichever is earlier.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

million from the Base Cash Consideration, the Company is of the reasonable view that the Vendor will have the financial ability to discharge its obligations under the letter of support,

the working capital available to the Target Group as at the date of lodgement of this Circular is sufficient for its present requirements and for at least 12 months after SPA Completion.

Consequently, the “Independent Auditors’ Report and the Audited Combined Financial Statements for the Financial Years ended 31 March 2023, 2024 and 2025” as set out in Appendix B to this Circular, have been prepared on a going concern basis notwithstanding the negative working capital positions of the Target Group as recorded under the Leasing Business Accounting Treatments during the Period Under Review. Please refer to Section 3.1 titled “*Basis of preparation – Going Concern*” of the “*Independent Auditors’ Report and the Audited Combined Financial Statements for the Financial Years ended 31 March 2023, 2024 and 2025*” as set out in Appendix B to this Circular.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into consideration the factors set out above, the cash flow generated from the Target Group’s operations, the Target Group’s existing cash and cash equivalent, available credit facilities, and the working capital available to the Target Group as at the date of lodgement of this Circular is sufficient for present requirements and for at least 12 months after SPA Completion.

For the avoidance of doubt, the credit facilities taken out for working capital purposes that are due to mature in the next 12 months from the Latest Practicable Date have been excluded for the purpose of the foregoing working capital confirmations by the Proposed New Board and the Sponsor respectively. The repayment of the credit facilities taken out for working capital purposes that are due to mature in the next 12 months from the Latest Practicable Date have also been taken into consideration by the Proposed New Board and the Sponsor for the purpose of the foregoing working capital confirmations.

20.6 Capital Expenditures, Divestments and Commitments

Capital Expenditures and Divestments

The Target Group’s capital expenditures and divestments during the Period Under Review and for the period from 1 April 2025 up to the Latest Practicable Date are as follows:

(S\$’000)	Target FY2023	Target FY2024	Target FY2025	1 April 2025 to the Latest Practicable Date
Capital Expenditures				
Motor vehicles for leasing	6,964	27,951	43,856	5,216
Leasehold land and buildings	830	–	1,025	–

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

(S\$'000)	Target FY2023	Target FY2024	Target FY2025	1 April 2025 to the Latest Practicable Date
Renovation	56	11	155	508
Plant and equipment	4	2	26	89
Computer	1	19	3	–
Total	7,855	27,983	45,065	5,813

The above capital expenditure in Target FY2023, Target FY2024, Target FY2025 and from 1 April 2025 to the Latest Practicable Date of S\$7.86 million, S\$27.99 million, S\$45.07 million, and S\$5.81 million respectively were mainly due to the expeditious expansion of the Target Group, and was financed through internal resources, bank borrowings and hire purchase financing.

(S\$'000)	Target FY2023	Target FY2024	Target FY2025	1 April 2025 to the Latest Practicable Date
Divestments				
Motor vehicles for leasing	19,800	4,012	2,499	2,850
Leasehold land and buildings	–	1,231 ⁽¹⁾	–	–
Renovation	25	–	–	–
Plant and equipment	–	–	9	–
Total	19,825	5,243	2,508	2,850

Note:

(1) Including the disposal of the Target Group's leasehold land and building located at 48 Toh Guan Road East #01-118, Enterprise Hub, Singapore 608586, which was previously classified as an “asset held-for-sale”, and completed in Target FY2024.

The above divestments in Target FY2023, Target FY2024, Target FY2025 and from 1 April 2025 to the Latest Practicable Date of approximately S\$19.83 million, S\$5.24 million, S\$2.51 million and S\$2.85 million respectively were mainly due to the opportunistic disposal of motor vehicles for leasing, which allowed the Target Group to free up cash resources to expand the Credit Business.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Operating Lease Receivables for the Target Group

The Target Group’s Commercial Vehicle Leasing Business leases out its fleet of commercial vehicles to its lessors under operating lease agreements, whereby such non-cancellable leases have remaining lease terms of three (3) months to five (5) years. All of the leasing contracts under the Commercial Vehicle Leasing Business are non-cancellable in that the customer cannot terminate the leases without the payment of liquidated damages.

As at 31 March 2025, the Target Group has future minimum lease receivables as follows:

	S\$ million
Within one (1) year	15.20
After one (1) year but within five (5) years	8.24
	23.44

Unearned Interest Receivables for the Target Group

The Target Group’s Credit Business provides hire purchase financing to its customers and charges interest income and other fees to its customers in accordance with the hire purchase agreements entered into with its customers, which generally range from one (1) year to a maximum of seven (7) years. All of the hire purchase agreements under the Credit Business are non-cancellable in that the customer cannot terminate the leases without the payment of liquidated damages.

As at 31 March 2025, the Target Group has future unearned interest receivables as follows:

	S\$ million
Within one (1) year	2.24
After one (1) year but within five (5) years	2.81
After five (5) years	0.05
	5.10

Capital Commitments

As at the Latest Practicable Date, the Target Group does not have any material capital commitment.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Operating Lease Commitments

With the adoption of SFRS(I) 16 Leases, the lease commitments of the Target Group are reflected in the Target Group’s combined financial statements and comprised workshop units for its Engineering Business.

As at the Latest Practicable Date, the Target Group had non-cancellable operating lease commitments as follows:

	<u>S\$’000</u>
Not later than one year	347
After one year but within five years	471

The Target Group intends to finance the above operating lease commitments by internal resources.

Please refer to Section 9 titled “*Properties and Fixed Assets*” of this Target Company’s Letter to Shareholders for more details.

Foreign Exchange Risks Management

The Target Group’s foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. Although the Target Group does not directly engage in foreign currency trading, it remains exposed to global economic conditions, particularly those affecting the automotive industry. This includes fluctuations in vehicle pricing and currency movements, especially in relation to Japanese yen, given the Target Group’s main suppliers’ reliance on Japanese automotive imports. At present, the Target Group does not have any significant transactions that are in foreign currencies.

As at the Latest Practicable Date, the Target Group does not have any formal policy for hedging against foreign exchange exposure and has not undertaken any hedging activities during the Period Under Review. Going forward, upon SPA Completion, the Enlarged Group may employ hedging instruments to manage its foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, it will seek the approval of its Proposed New Board on the policy and put in place adequate procedures which shall be reviewed and approved by its New Audit and Risk Committee. Thereafter, all hedging transactions entered into by the Enlarged Group will be in accordance with the set policies and procedures.

20.7 **New Accounting Standards and Changes in Accounting Policies**

The audited combined financial statements of the Target Group as included in Appendix B this Circular have been prepared in accordance with SFRS(I)s.

Please refer to Note 3.1 of the “Independent Auditors’ Report on the Audited Combined Financial Statements for the Financial Years Ended 31 March 2023, 2024 and 2025” as set out in Appendix B to this Circular for a discussion of new standards and interpretations under SFRS(I)s. During the financial years ended 31 March 2023, 2024 and 2025, the Target Group has adopted all the new and revised SFRS(I)s and SFRS(I)

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Interpretation that are relevant to its operations and effective for the respective reporting periods. The adoption of these new or revised SFRS(I)s and SFRS(I) Interpretation did not result in changes to the Target Group’s accounting policies and has no material effect on the current or prior year’s financial statement and is not expected to have a material effect on future periods.

As at the date of authorisation of the Target Group’s financial statements, the following new/revised SFRS(I) and interpretations of SFRS(I) that are relevant to the Target Group were issued but not yet effective:

Standard	Title	Effective date for annual periods beginning on or after
SFRS(I) 1-21, SFRS(I) 1	Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 April 2025
SFRS(I) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: Amendments to the Classification and Measurement of Financial Instruments	1 April 2026
Various	Annual improvements to SFRS(I)s – Volume 11	1 April 2026
SFRS(I) 18	Presentation and Disclosure in Financial Statements	1 April 2027
SFRS(I) 19	Subsidiaries without public accountability: Disclosures	1 April 2027
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Consequential amendments were also made to various standards as a result of these new/revised SFRS(I).

The Target Group does not intend to adopt any of the above new/revised standards, interpretations and amendments to the existing standards prior to their effective date.

The management of the Target Group anticipates that the adoption of the aforementioned revised/new standards, with the exception of SFRS(I) 18 Presentation and Disclosure in Financial Statements, will not have a material impact on the financial statements of the Target Group and Target Company in the period of their initial adoption.

SFRS(I) 18, effective for annual periods beginning on or after 1 January 2027, replaces SFRS(I) 1-1 Presentation of Financial Statements and introduces new requirements for presentation and disclosure in financial statements. SFRS(I) 18 mandates a new structure for the statement of profit or loss and also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. As a consequential result of SFRS(I) 18 requirements, all entities are required to use the operating profit subtotal, instead of profit or loss, as the starting point for presenting

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

operating cash flows under the indirect method. The classification of cash flows from dividends and interests in either operating, investing and financing cash flows is also fixed. SFRS(I) 18 will apply retrospectively. The Target Group is still in the process of assessing the corresponding impact on the primary financial statements and notes to the financial statements.

Please refer to the “Summary of material accounting policies” section of the “Independent Auditors’ Report and the Audited Combined Financial Statements for the Financial Years Ended 31 March 2023, 2024 and 2025” as set out in Appendix B to this Circular for more details of the new standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective.

As at the Latest Practicable Date, the Enlarged Group does not have any intention to make changes to its accounting policies within the next 12 months that would result in material adjustments to the financial information disclosed for the Period Under Review. The accounting policies adopted are in compliance with the SFRS(I) and have been applied consistently throughout the Period Under Review.

21. CAPITALISATION AND INDEBTEDNESS

21.1 Capitalisation and indebtedness

The following table, which should be read in conjunction with the full text of this Circular, including the “Independent Auditors’ Report and the Audited Combined Financial Statements for the Financial Years ended 31 March 2023, 2024 and 2025” as set out in Appendix B to this Circular, shows the Target Group’s cash and cash equivalents, as well as capitalisation and indebtedness:

- (a) as at 31 March 2025 based on the audited combined financial statements of the Target Group for Target FY2025;
- (b) as at 30 June 2025, being a date no earlier than 60 days before the date of this Target Company’s Letter to Shareholders, based on the unaudited management accounts of the Target Group as at 30 June 2025; and
- (c) as at 30 June 2025, being a date no earlier than 60 days before the date of this Target Company’s Letter to Shareholders, based on the unaudited management accounts of the Target Group as at 30 June 2025, as adjusted for the net proceeds from the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue (assuming that all of the 15,000,000 New Placement Shares and the Convertible Bonds with an aggregate principal amount of S\$5,000,000 are placed out), after deducting the estimated expenses in connection with the Proposed Transactions.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

S\$'000	As at 31 March 2025	As at 30 June 2025	As at 30 June 2025 and as adjusted for the net proceeds from the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue, after deducting the estimated expenses in connection with the Proposed Transactions
Cash and bank balances	3,523	2,946	9,134
Indebtedness			
<i>Current</i>			
– Secured and guaranteed	26,984	26,628	26,628
– Secured and non-guaranteed	–	–	–
– Non-secured and guaranteed	1,172	1,066	1,066
– Non-secured and non-guaranteed ⁽¹⁾	4,848	3,704	3,704
<i>Non-current</i>			
– Secured and guaranteed	60,241	59,810	59,810
– Secured and non-guaranteed	–	–	–
– Non-secured and guaranteed	683	450	450
– Non-secured and non-guaranteed ⁽²⁾	581	497	497
Total indebtedness	94,509	92,155	92,155
Total shareholders’ equity	6,663	7,361	15,361
Total capitalisation and indebtedness	101,172	99,516	107,516

Notes:

(1) Current non-secured and non-guaranteed indebtedness pertains to lease liabilities relating to the workshop units under the Target Group’s Engineering Business, as well as loans from related companies, which are classified under trade and other payables.

(2) Non-current non-secured and non-guaranteed indebtedness pertains to lease liabilities relating to the workshop units under the Target Group’s Engineering Business.

21.2 Cash and cash equivalents

As at the Latest Practicable Date, the Target Group had cash and cash equivalents of S\$1.43 million.

21.3 Indebtedness

As at the Latest Practicable Date, the Target Group’s current indebtedness amounted to S\$91.58 million, comprising borrowings, loans from related parties and lease liabilities.

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

21.4 Credit facilities and other financing arrangements

As at 31 March 2025 and as at the Latest Practicable Date, the Target Group maintains the following credit facilities and other financing arrangements:

Target Group Company	Bank/Financier	Nature of facilities or other financing arrangement (<i>Purpose</i>)	Amount of facilities or financing granted	Amount of facilities or financing drawn down as at 31 March 2025	Amount unutilised as at 31 March 2025	Amount outstanding as at 31 March 2025	Amount outstanding as at the Latest Practicable Date	Interest rate per annum ⁹	Maturity profile
			(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)		
Credit facilities									
SKVR	DBS	Enterprise Financing Scheme (EFS) Temporary Bridging Loan I (TBL I) for working capital purposes ⁽¹⁾	300 (or any lower limit approved by Enterprise Singapore)	300	–	6	–	2.75% p.a.	2025
SKVR	DBS ⁽¹⁸⁾	Non-Revolving Hire Purchase Line IV ⁽²⁾	3,000	2,921	79	19	15	Ranging from 2.20% p.a. to 2.75% p.a.	2024 to 2026
SKVR	DBS ⁽¹⁸⁾	Non-Revolving Hire Purchase Line V ⁽²⁾	5,000	4,964	36	4,029	3,518	Ranging from 2.84% p.a. to 2.95% p.a.	2025 to 2029
SKVR	RHB ⁽¹⁹⁾	Temporary Bridging Loan under the Enterprise Finance Scheme for working capital purposes ⁽²⁾	400	400	–	36	–	5.00% p.a.	2025

⁹ Pursuant to the latest facility letters, in respect of hire purchase lines and block discounting facilities, the interest rates reflected are the flat rates unless otherwise stated.

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group Company	Bank/Financier	Nature of facilities or other financing arrangement (<i>Purpose</i>)	Amount of facilities or financing granted (S\$'000)	Amount of facilities or financing drawn down as at 31 March 2025 (S\$'000)	Amount unutilised as at 31 March 2025 (S\$'000)	Amount outstanding as at 31 March 2025 (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)	Interest rate per annum ⁹	Maturity profile
SKVR	DBS ⁽¹⁸⁾	Enterprise Financing Scheme (EFS) Temporary Bridging Loan II (TBL II) for working capital purposes ⁽¹⁾	1,500 (or any lower limit approved by Enterprise Singapore)	1,500	–	219	109	3.00% p.a.	2025
SKVR	DBS ⁽¹⁸⁾	Enterprise Financing Scheme (EFS) Temporary Bridging Loan III (TBL III) for working capital purposes ⁽¹⁾	1,000 (or any lower limit approved by Enterprise Singapore)	1,000	–	272	200	3.25% p.a.	2026
SKVR	HSBC ⁽²⁰⁾	Banking facility under the Enterprise Financing Scheme – Temporary Bridging Loan for working capital purposes ⁽³⁾	Up to 800	800	–	250	183	2.00% p.a.	2026
SKVR	DBS ⁽¹⁸⁾	Term Loan II to finance the premiums payable for purchase of life insurance policy, Signature Life (II) SGD taken out with Manulife (Singapore) Pte. Ltd. on the life of key personnel of SKVR ⁽⁴⁾	325.5	315	–	266	260	Singapore Overnight Rate Average (SORA) in-advance plus 1.00% p.a.	2037

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group Company	Bank/Financier	Nature of facilities or other financing arrangement <i>(Purpose)</i>	Amount of facilities or financing drawn down as at 31 March 2025 (S\$'000)	Amount of facilities or financing granted (S\$'000)	Amount unutilised as at 31 March 2025 (S\$'000)	Amount outstanding as at 31 March 2025 (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)	Interest rate per annum ⁹	Maturity profile
SKVR	DBS ⁽¹⁸⁾	Enterprise Financing Scheme (EFS) SME Working Capital Loan I for working capital purposes ⁽²⁾	500	500 (or any lower limit approved by Enterprise Singapore)	–	259	217	7.75% p.a.	2027
SKVR	DLL ⁽²²⁾	Non-revolving and uncommitted hire purchase facility to finance the purchase of new or used commercial vehicles ⁽¹⁵⁾	1,962	2,000	38	1,012	96	Ranging from 2.98% p.a. to 3.12% p.a.	2027
SKVR	DLL ⁽²²⁾	Revolving and uncommitted hire purchase facility to finance the purchase of new or used commercial vehicles ⁽¹⁶⁾	–	2,500	–	–	973	Ranging from 2.57% p.a. to 2.65% p.a.	2030
SKVR	UOB ⁽²¹⁾	Hire purchase facility for purchase of 5 Scania vehicles ⁽¹⁴⁾	467	1,168	–	427	395	2.76% p.a.	2029

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group Company	Bank/Financier	Nature of facilities or other financing arrangement <i>(Purpose)</i>	Amount of facilities or financing granted (S\$'000)	Amount of facilities or financing drawn down as at 31 March 2025 (S\$'000)	Amount unutilised as at 31 March 2025 (S\$'000)	Amount outstanding as at 31 March 2025 (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)	Interest rate per annum ⁹	Maturity profile
SKCR	Singapura Finance ⁽²³⁾	Block discounting facility for new and used commercial vehicles and buses/coaches ⁽⁵⁾	28,000	27,572	428	27,572	26,562	Ranging from 1.70% p.a. for tenure of one (1) year to 2.60% p.a. for tenure of seven (7) years	2025 to 2032
SKCR	Singapura Finance ⁽²³⁾	Block discounting facility for passenger vehicles (private and rental) ⁽⁵⁾	7,000	6,257	743	6,257	6,014	For the period from 1 September to 31 December 2023, ranging from 2.40% p.a. for tenure of one (1) year to 2.70% p.a. for tenure of seven (7) years For the period from 1 January 2024 onwards, ranging from 2.50% p.a. for tenure of one (1) year to 3.00% p.a. for tenure of seven (7) years	2025 to 2031

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group Company	Bank/Financier	Nature of facilities or other financing arrangement <i>(Purpose)</i>	Amount of facilities or financing granted (S\$'000)	Amount of facilities or financing drawn down as at 31 March 2025 (S\$'000)	Amount unutilised as at 31 March 2025 (S\$'000)	Amount outstanding as at 31 March 2025 (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)	Interest rate per annum ⁹	Maturity profile
SKCR	Orix Leasing ⁽²⁴⁾	Block discounting facility for working capital requirements and to purchase new, used or COE renewed light and/or heavy commercial vehicle ⁽¹³⁾	2,500	1,254	1,246	1,254	1,324	For new and used commercial vehicles, ranging from 3.00% p.a. for tenure of 12 months to 3.35% p.a. for tenure of 48 months.	2025 to 2028
SKCR	HLF ⁽²⁵⁾	Block discounting facility for passenger vehicle/private hire vehicle as well as commercial vehicles ⁽¹²⁾	7,000	1,100	5,900	1,100	1,388	For COE renewed commercial vehicles, ranging from 3.10% p.a. for tenure of 12 months to 3.45% p.a. for tenure of 48 months.	2025 to 2031
SKCR	DBS ⁽²⁶⁾	Enterprise Financing Scheme (EFS) Temporary Bridging Loan (TBL I) for working capital purposes ⁽²⁾	1,000 (or any lower limit approved by Enterprise Singapore)	1,000	–	376	290	Ranging from 2.20% p.a. for tenure of one (1) year to 2.35% p.a. for tenure of seven (7) years	2026

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group Company	Bank/Financier	Nature of facilities or other financing arrangement (<i>Purpose</i>)	Amount of facilities or financing granted (S\$'000)	Amount of facilities or financing drawn down as at 31 March 2025 (S\$'000)	Amount unutilised as at 31 March 2025 (S\$'000)	Amount outstanding as at 31 March 2025 (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)	Interest rate per annum ⁹	Maturity profile
SKCR	UOB ⁽²⁷⁾	Block discounting facility on recourse basis in respect of SKCR's hire purchase agreements for new and used passenger and commercial vehicles ⁽⁶⁾	8,000	7,850	150	7,850	7,761	New and used passenger (including high performance/ super luxury cars and electric vehicles) and commercial vehicles (at most 10 years old), ranging from 2.55% p.a. for tenure of one (1) year to 2.75% p.a. for tenure of seven (7) years	2025 to 2032
								Used passenger vehicles (including high performance/ super luxury cars and electric vehicles) of more than 10 years old with extended COE, ranging from 2.65% p.a. for tenure of one (1) year to 2.85% p.a. for tenure of seven (7) years	
								Used passenger vehicles of more than 10 years old with extended COE, ranging from 2.65% p.a. for tenure of one (1) year to 2.85% p.a. for tenure of seven (7) years	

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group Company	Bank/Financier	Nature of facilities or other financing arrangement <i>(Purpose)</i>	Amount of facilities or financing granted (S\$'000)	Amount of facilities or financing drawn down as at 31 March 2025 (S\$'000)	Amount unutilised as at 31 March 2025 (S\$'000)	Amount outstanding as at 31 March 2025 (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)	Interest rate per annum ⁹	Maturity profile
SKCR	UOB ⁽²⁷⁾	Block discounting facility on recourse basis in respect of SKCR's hire purchase agreements for new and used motorcycles ⁽⁶⁾	1,000	836	164	836	750	Ranging from 2.70% p.a. for tenure of one (1) year to 2.95% p.a. for tenure of seven (7) years	2025 to 2030
SKCR	DBS ⁽²⁶⁾	Block discounting facility for the discounting of hire purchase agreements entered into between SKCR and SKCR's hirer(s) relating to the sale of new and/or used commercial vehicles ⁽⁷⁾	15,000	9,983	5,017	9,983	10,139	Ranging from a discount charge of 2.50% p.a. for a discounting period of 12 months to a discount charge of 2.80% p.a. for a discounting period of 84 months	2025 to 2032
SKCR	DBS ⁽²⁶⁾	Term Loan I to part finance the premium payable for the purchase of the life insurance policy called Signature Life (II) SGD taken out or effected by SKCR with Manulife (Singapore) Pte. Ltd. on the life of SKCR's key personnel ⁽⁸⁾	224	203	–	184	181	SORA in-advance plus 1.00% per annum	2038

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group Company	Bank/ Financier	Nature of facilities or other financing arrangement <i>(Purpose)</i>	Amount of facilities or financing granted (S\$'000)	Amount of facilities or financing drawn down as at 31 March 2025 (S\$'000)	Amount unutilised as at 31 March 2025 (S\$'000)	Amount outstanding as at 31 March 2025 (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)	Interest rate per annum ⁹	Maturity profile
SKCR	Singapura Finance ⁽²³⁾	Block discounting facility for motorcycles ⁽⁵⁾	2,000	1,901	99	1,901	1,782	Ranging from 2.88% p.a. to 3.25% p.a.	2025 to 2029
SKCR	UOB ⁽²⁷⁾	Premium financing loan to finance SKCR's purchase of the life policy of Mr Wesley Shen and the life policy of Ms Grace Xue ⁽⁹⁾	204	204	–	148	132	1.50% p.a. over UOB's cost of funds, which varies from time to time as determined by UOB	2028
SKCR	HL Bank ⁽²⁸⁾	Block discounting facilities for the block discounting of hire purchase agreements for new, used and renewed COE commercial vehicles ⁽¹⁷⁾	3,000	2,561	439	2,561	2,515	For commercial vehicles less than 10 years old, ranging from 2.50% p.a. for tenure of one (1) year to 2.65% p.a. for tenure of five (5) years For commercial vehicles than 10 years old with renewed COE, ranging from 2.75% p.a. for tenure of one (1) year to 2.90% p.a. for tenure of five (5) years	2025 to 2029

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group Company	Bank/Financier	Nature of facilities or other financing arrangement (<i>Purpose</i>)	Amount of facilities or financing drawn down as at 31 March 2025 (S\$'000)	Amount of facilities or financing granted (S\$'000)	Amount of facilities or financing drawn down as at 31 March 2025 (S\$'000)	Amount unutilised as at 31 March 2025 (S\$'000)	Amount outstanding as at 31 March 2025 (S\$'000)	Amount outstanding as at the Latest Practicable Date (S\$'000)	Interest rate per annum ⁹	Maturity profile
SKCR	DBS ⁽²⁶⁾	Enterprise Financing Scheme (EFS) SME Working Capital Loan I for working capital purposes ⁽²⁾	300	300 (or any lower limit approved by Enterprise Singapore)	300	–	244	226	7.75% p.a.	2029
SKER	OCBC ⁽²⁹⁾	Commercial property loan to finance the purchase of #08-53 WCEGA Plaza ⁽¹⁰⁾	900	900	900	–	850	818	For the first and second year, 3.68% p.a. Thereafter, aggregate of (A) 2.50% per annum and (B) the applicable term reference rate	2034
SKER	DBS ⁽³⁰⁾	Enterprise Financing Scheme (EFS) SME Working Capital Loan I for working capital purposes ⁽²⁾	200	200 (or any lower limit approved by Enterprise Singapore)	200	–	193	178	7.75% p.a.	2029

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group Company	Bank/Financier	Nature of facilities or other financing arrangement <i>(Purpose)</i>	Amount of facilities or financing drawn down as at 31 March 2025		Amount unutilised as at 31 March 2025	Amount outstanding as at 31 March 2025	Amount outstanding as at the Latest Practicable Date	Interest rate per annum ⁹	Maturity profile
			(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)		
SKER	DBS ⁽³⁰⁾	Term Loan to refinance the purchase of WCEGA Plaza #08-52 ⁽¹¹⁾	580 (or the amount payable to HSBC for the outstanding loan for the purchase of WCEGA Plaza #08-52)	577	–	575	568	For the first and second year: 3.10% p.a. Thereafter, SORA in-advance plus 3.00% p.a.	2045
Financing arrangements									
SKVR	UOB ⁽²¹⁾	Hire purchase agreements entered into between SKVR and UOB on an ad hoc basis from time to time ^(1A)	477	477	–	282	257	2.78% p.a.	Dependent on the date of each hire purchase agreement
SKVR	Index Credit ⁽³¹⁾	Hire purchase agreements entered into between SKVR and Index Credit on an ad hoc basis from time to time ⁽²⁾	4,851	4,851	–	1,259	338	Ranging from 3.10% p.a. to 3.98% p.a.	Dependent on the date of each hire purchase agreement

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Target Group	Company	Bank/ Financier	Nature of facilities or other financing arrangement <i>(Purpose)</i>	Amount of facilities or financing granted	Amount of facilities or financing drawn down as at 31 March 2025	Amount unutilised as at 31 March 2025	Amount outstanding as at 31 March 2025	Amount outstanding as at the Latest Practicable Date	Interest rate per annum ⁹	Maturity profile
				(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)		
SKVR		Motor Credit ⁽³²⁾	Hire purchase agreements entered into between SKVR and Motor Credit on an ad hoc basis from time to time ^(1B)	8,889	8,889	–	8,011	7,164	3.28% p.a.	Dependent on the date of each hire purchase agreement
SKVR		Toyota Financial Services ⁽³³⁾	Hire purchase agreements entered into between SKVR and Toyota Financial Services on an ad hoc basis from time to time ⁽²⁾	15,143	14,809	–	10,849	10,392	Ranging from 2.85% p.a. to 3.68% p.a.	Dependent on the date of each hire purchase agreement
SKVR		Abwin	Hire purchase agreements entered into between SKVR and Abwin on an ad hoc basis from time to time ^(1B)	2,177	–	–	–	2,066	Ranging from 3.00% p.a. to 3.15% p.a.	Dependent on the date of each hire purchase agreement

Notes:

- (1) The facilities are secured by a joint and several personal guarantee from Mr Wesley Shen and Ms Grace Xue, and a corporate guarantee from the Vendor.
- (1A) The hire purchase agreements are secured by corporate guarantees from SKGH and SKAU.
- (1B) Each hire purchase agreement is secured by a personal guarantee from Mr Wesley Shen.
- (2) The facilities (or hire purchase agreements) are secured by a joint and several personal guarantee from Mr Wesley Shen and Ms Grace Xue.
- (3) The facilities are secured by a personal guarantee from Mr Wesley Shen and a corporate guarantee from the Vendor.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (4) The facilities are secured by a first legal assignment of all rights, title, interests and benefits under and arising out of the insurance policy and all proceeds of any repayment or refund of premiums, and a joint and several guarantee from Mr Wesley Shen and Ms Grace Xue.
- (5) The facilities are secured by a joint and several guarantee from Mr Wesley Shen and Ms Grace Xue, and corporate guarantees from the Vendor and SKAU, as well as block discounting agreements and assignment agreements.
- (6) The facilities are secured by a joint and several guarantee from Mr Wesley Shen and Ms Grace Xue, and corporate guarantee from SKGH as well as a block discounting agreement and a deed of assignment.
- (7) The facilities are secured by a master agreement together with an assignment of SKCR’s rights under its hire purchase agreements and the guarantees securing these hire purchase agreements, and joint and several guarantee by Mr Wesley Shen and Ms Grace Xue.
- (8) The facilities are secured by a first legal assignment of all rights, title, interests and benefits under and arising out of the insurance policy and all proceeds of any repayment or refund of premiums, and a joint and several guarantee by Mr Wesley Shen and Ms Grace Xue.
- (9) The facilities are secured by a deed of assignment of insurances executed by SKCR in respect of the life policy of Mr Wesley Shen, deed of assignment of insurances executed by SKCR in respect of the life policy of Ms Grace Xue, a joint and several guarantee executed by Mr Wesley Shen and Ms Grace Xue, and a corporate guarantee executed by SKGH.
- (10) The facilities are secured by a first legal mortgage over #08-53 WCEGA Plaza and joint and several personal guarantee from Mr Wesley Shen and Ms Grace Xue.
- (11) The facilities are secured by a first legal mortgage over #08-52 WCEGA Plaza and joint and several personal guarantee from Mr Wesley Shen and Ms Grace Xue.
- (12) The facilities are secured by a joint and several guarantee by Mr Wesley Shen and Ms Grace Xue, and corporate guarantees executed by SKGH and the Vendor, as well as a block discounting agreement and a deed of assignment.
- (13) The facilities are secured by a joint and several guarantee by Mr Wesley Shen and Ms Grace Xue, assignment of the relevant hire purchase agreements entered into by SKCR with its hirers and delivered to ORIX Leasing under or in connection with the facility granted by ORIX Leasing, and a block discounting agreement dated 2 July 2018 between SKCR and ORIX Leasing.
- (14) The facilities are secured by five joint and several guarantees by Mr Wesley Shen and Ms Grace Xue and corporate guarantees from SKGH and SKAU. Joint and several guarantees were also provided by Mr Wesley Shen and Ms Grace Xue to secure the hire purchase agreements entered into pursuant to the facilities.
- (15) The facilities are secured by a joint and several guarantee by Mr Wesley Shen and Ms Grace Xue, and a corporate guarantee from SKAU.
- (16) The facilities are secured by a joint and several guarantee by Mr Wesley Shen and Ms Grace Xue, and a corporate guarantee from the Target Company.
- (17) The facilities are secured by a joint and several guarantee from Mr Wesley Shen and Ms Grace Xue, and corporate guarantees from the Vendor and SKAU, as well as a master agreement dated 7 December 2023 between SKCR and HL Bank.
- (18) SKVR had sought and obtained waivers from DBS (subject to the Proposed Acquisition being successful) in relation to non-compliance with: (a) representations and warranties and covenants relating to the creation of encumbrances by SKVR, the Vendor and SKGH over their assets; (b) representations and warranties and covenants relating to litigation proceedings; (c) covenants relating to SKVR, the Vendor and SKGH making loans to their respective related corporations; (d) covenants relating to transfers of shares in the Vendor and SKGH; (e) covenants relating to past payment of dividends by SKVR, the Vendor and SKGH; (f) covenants relating to material transactions with affiliates;

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

(g) covenants relating to leasing and disposal of assets by SKVR, the Vendor and SKGH; and (h) covenants relating to subordinated debt. DBS has also informed that it has no objection (subject to the Proposed Acquisition being successful) to: (i) the Restructuring; (ii) the Proposed Acquisition; (iii) the resignation of Ms Grace Xue as a director of SKVR; (iv) changes in shareholding of the Company arising from the continuous trading of the Shares; (v) any merger or similar transaction and any change in the management of the Company; (vi) the declaration of dividends by SKVR, the Target Company and the Company in the future; (vii) loans from SKVR to the Target Company, SKER and SKCR in the future; and (viii) loans from the Vendor to its subsidiaries in the future.

(19) SKVR had sought and obtained waivers from RHB in relation to non-compliance with: (a) covenants relating to allotment and issue of shares by SKVR; (b) covenants relating to the creation of encumbrances by SKVR over its assets; (c) covenant relating to change in financial year of SKVR; (d) covenants relating to past payment of dividends by SKVR; (e) representations and warranties and covenants in relation to litigation proceedings; and (f) covenants relating to the leasing and disposal of assets by SKVR. RHB has also granted its consent to: (i) the Restructuring; (ii) the Proposed Acquisition; (iii) changes in shareholding of the Company arising from the continuous trading of the Shares; (iv) the resignation of Ms Grace Xue as a director of SKVR; and (v) any change in the management and/or directors of the Company.

(20) SKVR had sought and obtained waivers from HSBC in relation to non-compliance with: (a) covenants relating to litigation proceedings; (b) covenants relating to disposal of assets by SKVR; and (c) covenants relating to the creation of encumbrances over SKVR's assets. HSBC has also granted its consent to: (i) the Restructuring; (ii) the Proposed Acquisition; and (iii) the resignation of Ms Grace Xue as a director of SKVR.

(21) SKVR had sought and obtained waivers from UOB in relation to non-compliance with: (a) representations, warranties and covenants relating to the creation of encumbrances by SKVR over its assets; (b) a covenant relating to offences in respect of the matters set out in Section 24.6.2 of this Target Company's Letter to Shareholders; and (c) covenants relating to the disposal of assets by SKVR. UOB has also granted its consent to: (i) the Restructuring; (ii) the Proposed Acquisition; (iii) changes in shareholding of the Company arising from the continuous trading of the Shares; and (iv) the resignation of Ms Grace Xue as a director of SKVR. UOB's consent and waiver was subject to the condition that SKVR would provide all information which UOB may require in relation to the Restructuring, and SKVR would keep UOB informed of the date of completion of the Restructuring.

(22) SKVR had sought, and DLL has granted its consent to: (i) the Restructuring; (ii) the Proposed Acquisition; and (iii) changes in shareholding of the Company arising from the continuous trading of the Shares.

(23) SKCR had sought and obtained waivers from Singapore Finance in relation to non-compliance with: (a) covenants in relation to litigation proceedings; and (b) covenants relating to changes in the shareholding of SKCR, the Vendor and SKAU. Singapore Finance has also granted its consent to: (i) the resignation of Ms Grace Xue as a director of SKCR; (ii) the Restructuring; and (iii) the Proposed Acquisition.

(24) SKCR had notified Orix Leasing of its dealings with other block discounting financiers and sought and obtained waivers from Orix Leasing in relation to non-compliance with: (a) representations, warranties and covenants in relation to litigation proceedings; (b) covenants relating to transfers of shares in SKCR and the Vendor; (c) covenants relating to the amendment of SKCR's constitution; (d) covenants relating to the creation of encumbrances over SKCR's assets; (e) covenants relating to disposals of assets by SKCR; and (f) covenants relating to the allotment and issue of shares by SKCR. Orix Leasing has also granted its consent to: (i) the resignation of Ms Grace Xue as a director of SKCR; (ii) the Restructuring; (iii) the Proposed Acquisition; and (iv) changes in shareholding of the Company arising from the continuous trading of the Shares.

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

- (25) SKCR had notified HLF that it had procured certain other block discounting financiers and notified HLF of its dealings with other block discounting financiers. SKCR had sought and obtained waivers from HLF in relation to non-compliance with: (a) covenants relating to allotment and issue of shares by SKCR; (b) covenants relating to granting of loans by SKCR; and (c) covenants relating to amendments to SKCR's constitution. HLF has also granted its consent to: (i) the Restructuring; (ii) the Proposed Acquisition; (iii) the resignation of Ms Grace Xue as a director of SKCR; and (iv) future loans extended by SKCR in the ordinary course of its business, subject to HLF having the right to review such future loans.
- (26) SKCR had sought and obtained waivers (subject to the Proposed Acquisition being successful) from DBS in relation to non-compliance with: (a) representations and warranties and covenants relating to the creation of encumbrances by SKCR, the Vendor and SKGH over their assets; (b) representations and warranties and covenants relating to litigation proceedings; (c) covenants relating to the disposal of assets by SKCR, the Vendor and SKGH; (d) covenants relating to material transactions with affiliates; (e) covenants relating to transfers of shares in the Vendor and SKGH; (f) covenants relating to SKCR, the Vendor and SKGH making loans to their respective related corporations; (g) covenants relating to past payment of dividends by SKCR, the Vendor and SKGH; and (h) covenants relating to subordinated debt. DBS has also informed that it has no objection (subject to the Proposed Acquisition being successful) to: (i) the Restructuring; (ii) the Proposed Acquisition; (iii) the resignation of Ms Grace Xue as a director of SKCR; (iv) any merger or similar transaction and any change in the management of the Company; (v) changes in shareholding of the Company arising from the continuous trading of the Shares; and (vi) the declaration of dividends by SKCR, the Target Company and the Company in the future; and (vii) future loans that may be extended by SKCR and the Vendor to their respective related corporations.
- (27) SKCR had informed UOB of its dealings with other block discount financiers and sought and obtained waivers from UOB in relation to non-compliance with: (a) representations, warranties and covenants relating to the creation of encumbrances by SKCR over its assets; (b) covenants relating to changes in SKCR's shareholders; (c) covenants relating to the amendment of SKCR's constitution; and (d) covenants relating to the disposal of SKCR's assets. UOB has also granted its consent to: (i) the Restructuring; (ii) the Proposed Acquisition; (iii) changes in shareholding of the Company arising from the continuous trading of the Shares; (iv) the resignation of Ms Grace Xue as a director of SKCR; and (v) any change in the management of the Company. UOB's consent and waiver was subject to the condition that SKCR would provide all information which UOB may require in relation to the Restructuring, and SKCR would keep UOB informed of the date of completion of the Restructuring.
- (28) SKCR had notified HL Bank of its dealings with other block discounting financiers and sought and obtained waivers from HL Bank in relation to non-compliance with: (a) covenants relating to disposal of SKCR and PM Capital's assets; and (b) covenants relating to transfers and allotments of shares in the Vendor and SKAU. HL Bank has also granted its consent to: (i) the Restructuring; and (ii) the Proposed Acquisition. HL Bank has also agreed to waive SKCR's non-compliance with a covenant relating to maintenance of SKCR's capital ratio for the period from 28 February 2025 to 30 September 2025. Upon completion of the Proposed Acquisition, it is expected that SKCR will increase its paid-up capital which will satisfy the capital ratio covenant, which will continue to apply. The Target Group (in particular SKCR) does not foresee difficulties in complying with the capital ratio covenant after 30 September 2025. A policy has been established by the Target Group for the monitoring of bank covenants on a quarterly basis, which will include the monitoring of the capital ratio covenant.
- (29) SKER had notified OCBC of the resignation of Ms Grace Xue as a director of SKER, and sought and obtained waivers from OCBC in relation to non-compliance with: (a) representations, warranties and covenants in relation to encumbrances over SKER's assets; (b) covenants relating to litigation proceedings (with such non-compliance arising from: (i) claims made against SKVR (as a related corporation of SKER) in its capacity as owner of certain vehicles that were leased out to customers in the ordinary course of business that were involved in accidents while the vehicles were in the possession of the customers. The amounts of the claims were not material; and (ii) offences in respect of the matters set out in Section 24.6.2 of this Target Company's Letter to Shareholders); and (c) covenants in relation to amendment of constitution. OCBC has also granted its consent to: (i) the Restructuring; (ii) the Proposed Acquisition; (iii) the declaration of dividends by SKER, the Target Company and the Company in the future.

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

- (30) SKER had sought and obtained waivers (subject to the Proposed Acquisition being successful) from DBS in relation to non-compliance with: (a) representations, warranties and covenants in relation to encumbrances over assets of SKER, SKGH and the Vendor; (b) covenants relating to material transactions with affiliates; (c) representations and warranties relating to litigation proceedings (with such non-compliance arising from offences in respect of the matters set out in Section 24.6.2 of this Target Company's Letter to Shareholders); (d) covenants in relation to past transfers of shares in the capital of SKGH and the Vendor; (e) covenants relating to SKER, the Vendor and SKGH making loans to their respective related corporations; (f) covenants relating to past payment of dividends by SKGH; (g) covenants relating to disposal of assets by SKER, SKGH and the Vendor; and (h) covenants relating to subordinated debt. DBS has also informed that it has no objection (subject to the Proposed Acquisition being successful) to: (i) the Restructuring; (ii) the Proposed Acquisition; (iii) the resignation of Ms Grace Xue as a director of SKER; (iv) any merger or similar transaction and any change in the management of the Company; (v) changes in shareholding of the Company arising from the continuous trading of the Shares; and (vi) the declaration of dividends by SKER, the Target Company and the Company in the future.
- (31) SKVR had sought, and Index Credit has granted its consent to: (a) the Restructuring; (b) the Proposed Acquisition; and (c) changes in shareholding of the Company arising from the continuous trading of the Shares.
- (32) SKVR had sought and obtained waivers from Motor Credit in relation to non-compliance with covenants relating to litigation proceedings, with such non-compliance arising from: (a) claims made against SKVR in its capacity as owner of certain vehicles that were leased out to customers in the ordinary course of business that were involved in accidents while the vehicles were in the possession of the customers. The amounts of the claims were not material; and (b) offences in respect of the matters set out in Section 24.6.2 of this Target Company's Letter to Shareholders. Motor Credit has also granted its consent to: (i) the Restructuring; (ii) the Proposed Acquisition; and (iii) changes in shareholding of the Company arising from the continuous trading of the Shares.
- (33) SKVR had sought and obtained a waiver from Toyota Financial Services in relation to non-compliance with a covenant relating to offences in respect of the matters set out in Section 24.6.2 of this Target Company's Letter to Shareholders.
- (34) The non-compliance with the covenants as disclosed in Notes (18) to (33) above arose primarily due to the large number of credit facilities and financing arrangements obtained by the Target Group from different banks and financial institutions and inadequate monitoring by the Target Group in the past. The scope of the waivers differs in relation to each bank or financial institution, as each bank or financial institution has its own terms and conditions which are different from the terms and conditions of the other banks or financial institutions. These non-compliances did not have a material adverse impact on the Target Group's business and operations. Save as specifically disclosed, these waivers are not subject to any specified time period, the Target Group has not been required to undertake any rectification actions, and there are no conditions and penalties imposed for the grant of these waivers. The waivers granted by DBS to SKVR, SKCR and SKER of the covenants relating to change of control (referred to in Notes (18), (26) and (30) above) were subject to the condition that Mr Wesley Shen and/or Ms Grace Xue together (directly or indirectly) continue to own more than 51% of the Shares in the Company. Mr Wesley Shen and Ms Grace Xue have provided an undertaking to the Company pursuant to which they have agreed to procure that the Vendor will not dispose of Shares, and they will not dispose of their shares in the capital of the Vendor, in circumstances which would result in a breach of this minimum shareholding level unless the facilities granted by DBS have been fully repaid, and to indemnify the Company in respect of all losses arising from any breach of these covenants.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, to the best of the knowledge of the Proposed New Board, save as disclosed above, the Target Group is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Target Group’s financial position and results or business operations, or the investments of Shareholders in the Shares. The Target Group has implemented measures to prevent any breach of the terms and conditions or covenants of its credit facilities which could materially affect the Target Group’s financial position and results or business operations, including monitoring of the loan covenants by the Chief Financial Officer and assistant finance manager on a quarterly basis. Please also refer to Section 26.3.2(rr) of this Target Company’s Letter to Shareholders on the role of the New Audit and Risk Committee in monitoring and exercising oversight over the Enlarged Group’s compliance with the terms and conditions of the Enlarged Group’s loan facilities, including compliance with loan covenants. The Target Company is of the view that these measures are adequate in preventing any breach of loan covenants after SPA Completion (other than such breaches that may arise due to changes in financial performance or position of the Enlarged Group post SPA Completion). If the management of the Enlarged Group foresees or is otherwise of the view that a breach of a financial covenant may arise due to any changes in financial performance or position of the Enlarged Group, the management of the Enlarged Group will endeavour, to the extent possible, to notify the relevant bank and/or financial institution and seek such waiver and/or consent on a timely basis. In assessing the Target Group’s suitability to list pursuant to the Proposed Acquisition as a reverse takeover, the Sponsor has taken into account the non-compliances by the Target Group, including (among other things) that these non-compliances have been waived, or are expected to be waived prior to SPA Completion, by the relevant banks and financial institutions (such waivers not being subject to any conditions or penalties being imposed on the relevant Target Group Company), the Target Group’s confirmation that (a) it has not received notification of cancellation or withdrawal of any of the credit facilities extended by these banks and financial institutions, and (b) the non-compliances did not have any material adverse impact on the Target Group’s business and operations, and that appropriate measures have been implemented to prevent future breach of the terms and conditions or covenants associated with the credit facilities.

Upon SPA Completion, the material loan covenants that would continue to apply include the following:

- the requirement to maintain a certain amount of tangible net worth and certain financial ratios;
- the requirement to maintain a minimum level of shareholding held directly or indirectly by Singaporean(s) and/or Singapore permanent resident(s) as determined by the ultimate individual ownership;
- the requirement to obtain the prior written consent of the bank before the Target Group Companies may declare dividends or other distributions, or undertake corporate changes to, among other things, its board composition, management, control, ownership, re-organisation, amalgamation, reconstruction, take-over, merger, demerger, schemes of compromise or arrangement and capital structure;
- restrictions on creating charges, security or other encumbrances over the Target Group’s undertakings, properties and assets, or factoring of the Target Group’s accounts receivables;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- restrictions on disposing of assets by the Target Group;
- restrictions on loans to related corporations;
- restrictions on substantial alterations to the nature of the Target Group’s business or amendments to any Target Group Company’s constitution relating to its powers to borrow, secure or guarantee; and
- restrictions on entering into material transactions with affiliates other than in the ordinary course of business and on arms’ length commercial terms.

As at the Latest Practicable Date, to the best of the Proposed New Board’s knowledge, none of the Target Company Shares held by the substantial shareholders of the Target Company has been pledged, charged or mortgaged as collateral to secure any credit or banking facilities.

Pursuant to Rule 728 of the Catalist Rules, the Vendor, Mr Wesley Shen and Ms Grace Xue, who will be controlling shareholders of the Company upon SPA Completion, have provided undertakings to the Company that they will notify the Company as soon as they become aware of any share pledging arrangements relating to the Shares held by the Vendor, and of any event which will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities. Upon notification by any of these controlling shareholders, the Company will make the necessary announcement(s) in compliance with Rule 728.

In the event that any Target Group Company enters into a loan agreement or issues debt securities that contain a specified condition, and the breach of this specified condition will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities, significantly affecting the operations of the Target Group or results in the Target Group facing a cash flow problem, the Company will immediately announce the details of the specified condition(s) in accordance with Rule 704(33) of the Catalist Rules, and the level of these facilities that may be affected by a breach of such specified condition(s). Pursuant to Rule 704(33) of the Catalist Rules, a “specified condition” is a condition that makes reference to the shareholding interests of any controlling shareholder, or a restriction on any change of control of the Company.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

21.5 Contingent Liabilities

As at the Latest Practicable Date, the Target Group is not aware of any contingent liabilities which may have a material effect on the financial position and profitability of the Target Group.

22. DIVIDENDS

The Target Company was incorporated on 4 March 2025. As at the Latest Practicable Date, the Target Group Companies have declared and paid out dividends during the Relevant Period as follows:

	Target FY2023	Target FY2024	Target FY2025	From 1 April 2025 to the Latest Practicable Date
	(\$)	(\$)	(\$)	(\$)
Target Company	–	–	–	–
SKVR	660,000	1,500,000	–	–
SKCR	200,000	1,100,000	–	–
SKER	250,000	650,000	–	–

In arriving at the abovementioned dividends declared and paid during the Relevant Period, the shareholders of the relevant Target Group Company have taken into consideration, among other things, the Target Group’s financial performance during the year, level of its cash and retained earnings, its projected working capital, capital expenditure and other investment plans, the terms of the borrowing arrangements (if any), and future plans.

As at the Latest Practicable Date, no dividend payment by the Target Company or Target Subsidiaries is outstanding. Save as disclosed above, no dividends have been declared or paid by the Target Company or Target Subsidiaries during the Relevant Period.

23. PROSPECTS, STRATEGIES AND FUTURE PLANS

The following discussion about the Target Group’s industry and prospects contains forward-looking statements which involve risks and uncertainties, and historical market data may not be entirely reflective of the Target Group and its business. The actual results of the Target Group and the Enlarged Group may differ significantly from those anticipated in the forward-looking statements, and those reflected as historical market data. Factors that might cause the future results of the Target Group and the Enlarged Group to differ significantly from those anticipated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Circular, particularly in Section 18 titled “Risk Factors” of this Circular.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Target Company, the Company, the Sponsor and Financial Adviser or any other person. Shareholders are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date hereof. Please refer to the Section titled “Cautionary Note Regarding Forward-Looking Statements” of this Circular for further details.

23.1 Industry Overview and Prospects

The Target Company has commissioned the Industry Consultant to prepare the Independent Market Report on the commercial vehicle leasing industry in Singapore. Please refer to the “Independent Market Report” set out in Appendix E to this Circular for further details. While the Company, the Target Company, the Sponsor and Financial Adviser have taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Company, the Target Company, the Sponsor and Financial Adviser and any of their affiliates or advisers cannot ensure the accuracy of the information or data and have not independently verified any of the information or data from third party sources or ascertained the underlying assumptions relied upon therein. Consequently, none of the Company, the Target Company, the Sponsor and Financial Adviser, or their respective officers, agents, employees and advisers makes any representation as to the accuracy or completeness of such information or data and shall not be obliged to provide any updates on the same.

Unless otherwise indicated, the information presented in this section is derived from the Independent Market Report prepared by the Industry Consultant.

Overview of the Commercial Vehicle Leasing Industry in Singapore

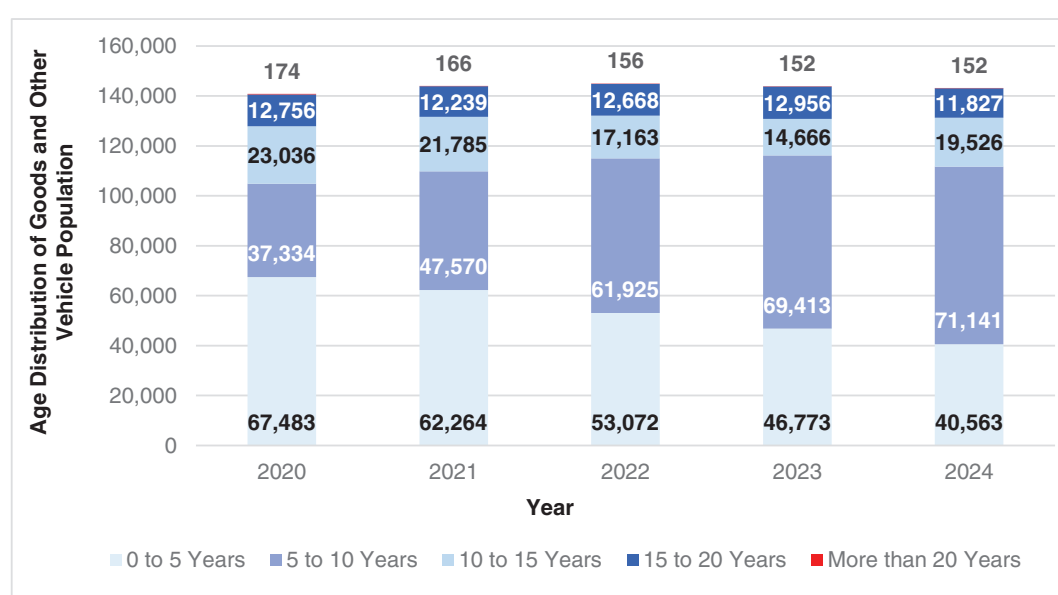
As a global hub for business, finance, and trade, Singapore is one of Asia’s most dynamic economies, with a competitive tax system, well-developed infrastructure and efficient government that also promotes entrepreneurship and innovation. The country is a prime location for major logistics firms, where most of the top 25 global players have a base and regional operations. The nation is also a supply chain and distribution hub for leading manufacturers in the electronics and chemicals industries. Many of the world’s top consumer firms consider Singapore as the gateway to Asian markets. All these characteristics provide a good ecosystem in the growth and development of Singapore’s commercial vehicle leasing industry, as it supports economic activities and the need for business logistics and transportation.

Commercial vehicle leasing in Singapore is a common practice for businesses seeking to manage costs, maintain operational flexibility, and avoid the long-term commitments and capital expenditure associated with outright purchase. Owning a commercial vehicle in Singapore is expensive because of high maintenance costs, taxes and COEs. Nevertheless, businesses can also choose to purchase commercial vehicles in Singapore, and given the high costs of vehicle ownership, businesses often choose to finance the purchase through hire purchase financing.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Ageing Vehicle Population. The total number of vehicles aged between zero and five years old has been steadily declining from 67,483 in 2020 to 40,563 in 2024, representing a CAGR decrease of 11.9%. Meanwhile, the population of vehicles aged five to ten years old increased from 37,334 in 2020 to 71,141 in 2024, representing a 17.5% CAGR. As vehicles age, there will be a higher demand for leasing and fleet management services as an attractive option for flexible ownership instead of buying new vehicles. In addition, the demand for MRO services will be positively impacted as more consumers seek to extend the longevity of their vehicles. Commercial vehicle leasing companies that offers such products and services will benefit from the demand in the market.

Goods and Other Vehicle Population by Age Distribution, 2020 to 2024



Source: Industry Consultant

Note:

- Goods and Other Vehicles include GPVs, LGVs, HGVs, and VHGVs.

Fluctuating PQP Prices. Owning a commercial vehicle in Singapore is expensive because of high maintenance costs, taxes and COEs. Fluctuations of PQP prices, which is the amount paid to renew a COE, can have a significant impact on customer's purchasing decisions. In the last five (5) years (August 2020 to August 2025), PQP prices for the goods, vehicles and buses category recorded the highest point at S\$83,969 in April 2023, as shown in the chart under the section titled “Figure 7: Monthly Prevailing Quota Premium (PQP) of COE Bidding Results for Category C, August 2020 to August 2025 (5 years)” of the Independent Market Report set out in Appendix E to this Circular. Higher PQP prices can cause the purchase of new commercial vehicles to be very expensive, especially for start-up businesses and small and medium enterprises with limited capital. Thus, to avoid high upfront costs and PQP, businesses are likely to prefer to lease vehicles. However, PQP prices are on a downward trend since February 2025, where the August 2025 PQP price stood at SGD64,678¹⁰. This bodes well for leasing companies that are looking to upgrade their existing commercial vehicle fleet.

¹⁰ Annual Vehicle Statistics 2025, COE Bidding Results 2025, https://www.lta.gov.sg/content/dam/ltagov/who_we_are/statistics_and_publications/statistics/pdf/M11-COE_Results_2025.pdf, Retrieved 13 August 2025.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Industry Landscape, Competition and Market Size

Industry Landscape

The commercial vehicle leasing industry in Singapore is a fragmented market with a mix of large established companies and small operators. There are hundreds of companies engaged in the activity of commercial vehicle leasing in Singapore, but less than 25% of these companies have commercial vehicle leasing as their primary business activity. Furthermore, there are fewer than 10 companies in Singapore that have a fleet size of over 1,000 commercial vehicles and the Industry Consultant estimates that the top five (5) players (in terms of fleet size) control slightly above a quarter of the total market size of the commercial vehicle leasing industry in Singapore. To stand-out from the competition, commercial vehicle leasing companies offer “one-stop solutions” to their customers. One-stop solution providers offer end-to-end mobility solutions to customers. Apart from leasing (new and pre-owned) vehicles, they must also have a fleet of commercial vehicles to cater to customer’s different business needs, as well as offer a suite of services ranging from financing, insurance, maintenance, customisation and other vehicle support services.

The Industry Consultant has categorised the commercial vehicle leasing players in Singapore into two (2) major segments:

(a) Specialised commercial vehicle leasing players

These are mid-sized and large established players whose main business is leasing of commercial vehicles, and have a fleet of at least 200 commercial vehicles.

(b) Small-scale commercial vehicle leasing operators

These are businesses or small establishments that offer a limited range (mostly LCVs) and a small number (<100) of commercial vehicles for lease, and that commercial vehicle leasing is not their primary business. It includes:

- (i) passenger car dealers with commercial vehicle leasing services;
- (ii) automotive distributors offering commercial vehicle leasing services; and
- (iii) businesses/traders offering commercial vehicle leasing as a “side business”.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Peer Benchmarking

In identifying the Target Group’s closest competitors, the Industry Consultant focused on players that have commercial vehicle leasing as their primary business and those that have a significant vehicle fleet size of at least 200 commercial vehicles. As a result, the following companies have been shortlisted and identified as the major players in the industry. The table highlights recognised players, their competencies and value-added services in Singapore. In terms of fleet size, the table below shows that the Target Group is one of the largest commercial vehicle leasing players in Singapore.

Benchmarking of Industry Peers

Company/Brand	Established ¹	Estimated Fleet Size	LCV	HCV	EV/ Hybrid	Hire Purchase Financing	MRO (In-House)
Target Group	2017	VV	X	X	X	X	X
ABS Leasing Services Pte Ltd	2018	V	X	X	X	X	X
Abwin Leasing Pte Ltd	2012	V	X	X	X	X	X
A-Tec Leasing Pte Ltd	2022	V	X	X			X
Car (S) Leasing Pte Ltd	2017	V	X	X		X	
ETHOZ Auto Leasing Ltd ²	2016	VV	X	X	X		X
Goldbell Leasing Pte Ltd	1990	VVV	X	X	X	X	X
Lay Auto Leasing Pte Ltd	2013	V	X	X	X	X	X
MK Vehicle Rental Pte Ltd	2008	V	X	X		X	X
Pan Pacific Van & Truck Leasing Pte Ltd	2015	VV	X	X	X	X	X
Siang Hock Holding Pte Ltd	1984	V	X	X	X		

Source: Industry Consultant

Notes:

- The information in this table was compiled based on information that was publicly disclosed (e.g., company website, social media, advertisements) as well as interviews. The Industry Consultant cannot guarantee the accuracy of information that was disclosed.
- ¹The Established Year is based on the entity is incorporated in Singapore with the ACRA, and not the parent/holding company.
- ²Ethoz Auto Leasing Ltd is part of the Tan Chong Group (“TCG”). Under TCG, another subsidiary, Metaquip TC Industrial Pte Ltd also provides commercial vehicle leasing.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Legend:

The Estimated Fleet Size is represented as follows:

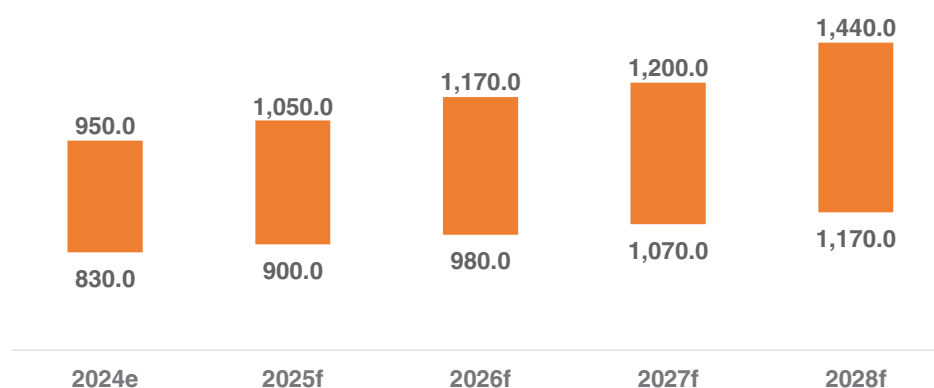
- V = estimated commercial fleet size is more than 200 but less than 1,000.
- VV = estimated commercial vehicle fleet size range between 1,000 to 5,000.
- VVV = estimated commercial fleet size >5,000.

For further details on the Target Group’s competitors, please refer to section titled “*Competition and Competitive Strengths – Competition*” of this Target Company’s Letter to Shareholders.

Estimated Market Size and Forecast

In 2024, there were over a million vehicles registered with the LTA, and 16.6% comprised commercial vehicles, specifically those used for transporting goods. The market size of the commercial vehicle leasing industry in Singapore is estimated to range between S\$830.0 million and S\$950.0 million in 2024, and forecasted to range between S\$900.0 million and S\$1.05 billion in 2025. The market growth from 2024 to 2025 is approximately 8.4% to 10.5%. Singapore’s commercial vehicle leasing industry is forecast to grow in the next three years (2026-2028), driven by growth in domestic construction, tourism and e-commerce. In 2025, the forecast growth is between S\$900.0 million to S\$1.05 billion and is expected to reach between S\$1.17 billion to S\$1.44 billion by end of 2028, with a CAGR of 9.14% to 11.10%.

Estimated Market Size and Forecast of the Commercial Vehicle Leasing Industry in Singapore, 2024 – 2028 (S\$’millions)



Source: Industry Consultant

Industry Trends

- (a) *The Growth of E-Commerce Driving Demand for Commercial Vehicles.* The e-commerce boom during the COVID-19 pandemic drove demand for more logistics services, boosting the demand for the commercial vehicle leasing industry. E-commerce services grew by around 70% in 2024, as more Singapore residents opted to shop online, especially for food, medicine, and daily necessities. Thus, e-commerce led to a surge in the number of commercial vehicles leased, especially LCVs, used for courier and food delivery services. Following COVID-19, this trend has continued in line with the growth in e-commerce, which bodes well for the future growth of the commercial vehicle leasing industry.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (b) *Increased M&A and strategic partnerships among vehicle leasing companies.* Vehicle leasing companies are undertaking M&A activities or forming strategic partnerships to achieve economies of scale and position themselves in a highly competitive market. It is expected that these trends will continue within the commercial vehicle leasing industry due to rapidly changing business models, digital technologies, and vehicle electrification.
- (c) *Digital technologies shaping the future of commercial vehicles.* Digital transformation is a key trend that is being adopted in the commercial vehicle leasing industry. These technological tools include fleet management technology, smart technologies, and artificial intelligence, which allows automotive dealers to manage their commercial vehicle fleet more efficiently, as well as offer value-added services to customers who would find such technologies useful. Commercial vehicle leasing companies that are able to offer such services will have a better competitive advantage compared to other automotive dealers that are not able to do so.
- (d) *Government Push for More Environment-Friendly Vehicles.* To continue encouraging the adoption of cleaner commercial vehicles, Singapore’s LTA has provided incentives such as CVES and ETS to businesses. CVES was introduced in April 2021 to encourage the adoption of cleaner LCVs and will be extended until 31 March 2027. These changes are in line with the Government’s vision to have all vehicles run on cleaner energy by 2040. In addition to CVES, the ETS for HCVs had been extended till 31 December 2025.
- (e) *The Use of Social Media and Online Platforms by Vehicle Leasing Players.* Advertising via social media (e.g. Facebook, Instagram, TikTok) and online platforms (e.g. SGCarMart, Carousell), has revolutionised the way businesses are able to reach out to potential customers. Many commercial vehicle leasing companies in Singapore have gone online to showcase their products and services. By using social media as a marketing tool, they can reach out to more potential customers. Online platforms also offer commercial vehicle leasing players a cost-efficient way of promoting their commercial vehicles, leasing services and other offerings on a larger scale, as compared to a traditional shop space.
- (f) *More EVs from China entering Singapore’s Market.* China brands are becoming increasingly common in the Singapore commercial vehicles market. EV commercial vehicle brands such as “SRM”, “Maxus”, “Golden Dragon”, “KYC” and “Sany” have entered the market recently. This trend could introduce more China EV brands into the commercial vehicle leasing industry in the future.
- (g) *Preference to lease than buy to lower fixed costs.* Businesses increasingly recognise the benefits of leasing over traditional vehicle ownership. Leasing provides a more affordable alternative as vehicles are depreciating assets. Other benefits of commercial vehicle leasing include outsourced maintenance, repairs and vehicle replacement, and having vehicle flexibility and scalability, depending on businesses’ fluctuating demands. Businesses are also able to access newer commercial vehicles and/or models, depending on their budget. Some commercial vehicle leasing companies provide a simplified fleet management system, which is a growing trend as leasing companies reduce the administrative complexities of managing a fleet of vehicles.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Issues and Challenges

- (a) *Rising Geopolitical Tensions and Trump's Trade Policies.* The ongoing wars, political conflicts, and global trade tensions affecting supply chains will have a domino effect on the commercial vehicle leasing industry. Armed conflicts and political unrest are disrupting land, sea, and air routes, resulting in delays and increased shipping costs that are affecting many industries that rely on trade. Importation of commercial vehicles and availability of vehicle parts could be delayed, and thus, fleet availability and maintenance could be affected. In addition, the imposition of tariffs by the United States would also have a considerable effect on global trade flows. These tariffs will negatively affect commercial activities as import and exports become more expensive, weakening the logistics sector and thereby impacting the demand in the commercial vehicle leasing industry.
- (b) *Difficulty to Attract and Retain Staff.* Commercial vehicle leasing industry players are finding it difficult to attract and retain local talent as many amongst the younger generations do not find this industry appealing compared to a career in finance or information technology. Commercial vehicle leasing companies also require manpower with the necessary skills and experience needed to maintain a fleet of vehicles, and the work can be labour-intensive and involve long hours. With few locals to employ, many businesses in the commercial vehicle leasing industry rely on foreign workers, but this is subject to a quota system for foreign worker employment in the country.
- (c) *Many businesses are still hesitant to use commercial EVs.* The Singapore Green Plan 2030 charts ambitious targets to advance the nation’s goal of sustainable development. Part of its targets is to have all vehicles run on cleaner energy by 2040. However, 80% of the commercial vehicles in Singapore still run on regular petrol or diesel and the second-hand market for commercial EVs is still relatively new and has yet to fully mature. Business owners may be hesitant to switch to EVs for several reasons: they are used to driving ICE commercial vehicles, there is a limited range of commercial EV models available in Singapore, and commercial EVs require more frequent charging due to their heavy usage. More technological advancements need to be achieved before businesses are convinced to completely switch to commercial EVs.
- (d) *Fluctuating Interest Rates.* The change in lending interest rates is a risk for commercial vehicle leasing players looking to expand their fleet as borrowing can be expensive. Singaporean banks and credit companies base their lending rate on the SORA, which is calculated and released by the MAS. The increase in SORA will cause banks and credit companies to adjust their lending rates upwards, making it more expensive for businesses, including commercial vehicle leasing companies, to borrow and grow their businesses.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Barriers to Entry

- (a) *High Capital Outlay and Operational Costs.* The upfront investment in establishing a commercial vehicle leasing company is high, especially in acquiring a fleet of commercial vehicles. Housing this fleet of vehicles will require large spaces, and with Singapore’s limited land, rents for large industrial/commercial spaces can be very expensive, especially in prime areas. Aside from rent, there is also the regular MRO of commercial vehicles, which could be costly, in particular, for pre-owned vehicles that require regular MRO. Commercial vehicle leasing companies that have their own in-house workshops will require significant manpower to support their operations.
- (b) *High Risk and Liability.* Commercial vehicles, especially HGVs, can be very expensive and leasing companies must have sufficient insurance coverage, which includes protecting against potential damage to assets, accidents, and environmental risks, all of which require significant financial outlay. Employers are also liable in the event of accidents, especially for workers that are providing MRO of these commercial vehicles. This MRO could be expensive especially if there are major accidents that might result in litigation suits or government fines. As such, there are high risks and liabilities that entail operating in the commercial vehicle leasing industry, which may be a deterrent for new entrants.
- (c) *Industry Experience and Knowledge of Commercial Vehicles.* Commercial vehicle leasing industry can be more complex to operate and operators must have some knowledge of the different commercial vehicles that are appropriate for use in different industries and business practices. Compared to passenger vehicles, customisation of commercial vehicles is more common. Thus, the commercial vehicle leasing company providing retrofitting services should have a basic understanding of whether such customisation requests are feasible depending on the type of commercial vehicle. Hence, it would be difficult for new entrants to be successful if they have very limited knowledge of the use of commercial vehicles for business in Singapore.
- (d) *Regulatory Requirements.* Operating commercial vehicles are subject to a lot of regulations, such as vehicle weight, size, driver license, emissions, and safety, as well as restrictions in goods transport, parking, and road use, amongst others. Lease agreements for commercial vehicles may address responsibility for compliance with these regulations. Moreover, commercial vehicles are also subject to more regular inspections due to higher mileage and more demanding usage, as compared to passenger vehicles. Compliance with all these regulations can be a deterrent for businesses looking to enter this industry.
- (e) *Restrictions on Transfer of COEs.* The COE grants the legal right of vehicle ownership and use. For companies/businesses and persons looking to own commercial vehicles, the transfer of COEs in Categories C and E can be undertaken only once if one bids for them as an individual. However, if the bid is undertaken by a company, business or organisation, the COEs cannot be transferred. This restriction could discourage companies looking to enter the leasing business as COEs are costly, especially if they overbid on COEs, and later do not have enough customers to lease their vehicles to.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Industry Outlook

According to the Independent Market Report, the outlook on the commercial vehicle leasing industry in Singapore is optimistic. Some of the key developments that are likely to drive the industry forward are as follows:

- (a) *More Opportunities to Support Construction Activities.* The Singapore Government has identified future plans in the development of land and property as part of its Master Plan in the next 10 to 15 years. With several development plans in place, opportunities abound in the construction industry, such as the development of Jurong Lake District, the construction of Changi Airport Terminal 5 (to start in first half of 2025), the Marina Bay Sands IR2 expansion project (to start June 2025), as well as several Housing and Development Board projects. All these construction activities will need commercial vehicle transport. The Building and Construction Authority (“**BCA**”) projects total construction demand in 2025 to be in the estimated range of S\$43 billion to S\$53 billion. Beyond 2025, the BCA projects total construction demand to be in the estimated range of S\$39 billion to S\$46 billion annually in the next four years (2026-2029). The future growth in the construction industry will drive the demand for the commercial vehicle leasing industry.
- (b) *Buoyant Outlook in Tourism.* Tourism is one of Singapore’s robust sectors. In 2024, the tourism sector posted strong performance, with tourism receipts having reached S\$29.8 billion, setting a new record in tourist spending. International visitor arrivals also increased by 21% (compared to 2023) to 16.5 million, showing robust growth in visitor arrivals. The rising tourist arrivals can lead to increased demand for commercial vehicle leasing such as coach and mini-bus services for the hospitality sector, and LCVs for goods deliveries to support economic activities.
- (c) *Continued Investments in Jurong Island.* With over 100 leading global companies and over S\$50 billion worth of investments, Jurong Island has become a world-class energy and chemicals hub. It hosts major players in the oil and gas, petrochemicals, and specialty chemicals sectors, such as ExxonMobil, Shell, BASF, Dupont and Linde. The presence of companies providing logistics, storage, and other related services further enhances the island’s role in facilitating international trade and thus, it will continue to provide stable revenue opportunities for commercial vehicle leasing companies.
- (d) *More Commercial EVs in the Future.* The Singapore Government is actively pushing for the electrification of more commercial vehicles, and is committed to supporting the adoption of EVs, especially for businesses operating large commercial fleets. There are initiatives such as the Electric Vehicle Common Charger Grant, which aims to have 60,000 EV charging points by 2030; the Heavy Vehicle Zero Emissions Scheme and the Electric Heavy Vehicle Charger Grant. These developments will accelerate the shift to EVs. Commercial vehicle leasing companies that already have an existing EV fleet have a competitive advantage compared to those that do not.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (e) *Government Infrastructure Support will Drive more E-Commerce.* Singapore has a very active e-commerce industry and 60% of internet users in Singapore purchase an item online at least once a week. The country also hosts several fulfilment centres such as uParcel, iHub, ezyCommerce, SingPost, WhiteBox, Beehive and SP eCommerce; while two of the largest e-commerce operators, Shopee and Lazada, have their headquarters in Singapore. In 2024, the e-commerce industry in the country was estimated at around S\$7 billion and is projected to grow to around S\$25 billion in 2028. To support the growth of the e-commerce industry, the Singapore Government has recognised the need to design towns and neighbourhoods to facilitate deliveries and ensure a liveable environment. The Singapore government’s efforts to ease transportation of goods will drive more e-commerce, and thus, have a ripple effect on commercial vehicle leasing companies as it will provide future demand for their services.

23.2 Trend Information

Barring unforeseen circumstances, the Target Group has observed the following trends which may have an impact on the business and financial prospects for the next 12 months from the Latest Practicable Date:

- (a) Barring unforeseen circumstances, the Target Group expects its overall revenue to grow, in view of the expected market growth in the commercial vehicle leasing industry in Singapore in 2025, as well as an ageing vehicle population to support the demand for Engineering Services.

In addition, with the removal of the previous incentive for CVES – Band B and the imposition of a surcharge for CVES – Band C under the CVES, this would lead to higher costs of purchase of LCVs and may lead to customers to turn to leasing LCVs for their needs, thereby potentially increasing revenue for the Target Group.

- (b) The Target Group expects overall cost of sales and operating expenses (such as staff costs and other administrative expenses), to increase in line with expected growth in business activities, as well as other inflationary increases in prices.
- (c) It is the current intention of the Target Group to expand its business operations across its three (3) business segments, which may incur capital expenditures and acquisitions costs, and may take on additional bank borrowings in its ordinary course of business. Whilst the Target Group expects that business expansion will generate future revenue with corresponding increases in operating expenses, there is, however, no assurance that the business expansion will have any material impact on the profitability of the Target Group in the current financial year.
- (d) With the increased ongoing listing compliance costs upon the SPA Completion, as well as one-time listing expenses, the Target Group expects its other operating expenses to increase.

Save as disclosed above and in Section 18 titled “*Risk Factors*” of this Circular and Section 20 titled “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” of this Target Company’s Letter to Shareholders, and barring any unforeseen circumstances, the Proposed New Board is not aware of any (i) significant recent trends in the Target Group’s sales or the costs and selling prices of services since 31 March 2025; or (ii) any known trends, uncertainties, demands, commitments or events

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

that are reasonably likely to have a material effect on the Target Group’s net sales, revenues, profitability, liquidity or capital resources for at least the current financial year, or that may cause the financial information disclosed in this Circular to be not necessarily indicative of the Target Group’s future operating results or financial condition.

23.3 Business Strategies and Future Plans

Having reviewed its three (3) business segments and the above factors, the Target Group’s business strategies and future plans for its continued growth are as follows:

(a) Organic expansion of the business

- (i) Expand fleet of commercial vehicles for leasing to increase market share

The Target Group will continue to expand its current fleet of commercial vehicles for leasing via direct purchase of commercial vehicles and/or M&A of fleets and/or leasing companies. This will enable the Target Group to capture additional market share and increase its recurring revenue streams through leasing contracts. Doing so will also allow the Target Group to broaden its portfolio and offer a more diverse range of commercial vehicles available for lease. The expansion of its fleet is also supported by the Target Group’s existing infrastructure, which is well positioned to accommodate this growth as it continues to benefit from economies of scale to improve internal efficiencies, cost savings, and margin improvement.

- (ii) To expand the Credit Business by securing additional block discounting facilities and/or increasing size of its loan book

The Target Group believes that the expansion of its Credit Business offers significant opportunities for growth, with its higher profit margins and low operating risk, due to the asset-backed nature of hire purchase financing.

Since inception, the Target Group has emphasised creditworthiness as a business priority. The multiple business awards received by the Target Group and trusted relations with principal bankers and financial institutions have contributed not just to the growth but also the improvement of its financial position. Building upon its strong track record, the Target Group will further strengthen these relationships.

The Target Group plans to secure additional block discounting facilities to further develop its Credit Business, allowing it to provide more financing solutions to its customers while enhancing its ability to grow its loan book, which stood at around S\$65.41 million as at the Latest Practicable Date.

The Target Group also hopes to further accelerate its business momentum by exploring and seeking alternative sources of funding through its listed platform. It aims to scale its Credit Business while maintaining its current risk management practices, expand its Credit Business, and reinvest its profits for a higher loan book to enhance profitability and generate better returns for the Target Group.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

(iii) To expand the capacity and expertise of the Engineering Business

The Target Group plans to expand the capacity of the Engineering Business to support the anticipated expansion of the Target Group’s leasing fleet. The Target Group also intends to enhance the range and complexity of its engineering services, allowing it to serve a wider array of customer demands, deepen existing customer loyalty and sharpening its competitive edge across all business segments of the Target Group.

Further, the Target Group will increase the capacity of the Engineering Business to serve more external customers, which will help build customer loyalty and open new opportunities for cross-selling across the business segments. The growth in its engineering capabilities will enable the Target Group to offer more customisable and complex services to meet the evolving needs of its customers. This strategic expansion will foster long-term customer relationships while driving growth in the Target Group.

The Target Group intends to utilise part of the net proceeds raised from the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue as working capital to fund the organic expansion of its business, including but not limited to: (A) securing additional block discounting facilities and/or increasing its loan book; and (B) other general working capital purposes including direct purchase of commercial vehicles and increasing the capacity and expertise of the Engineering Business. Further details of the Target Group’s intended use of the net proceeds are set out at Section 7.4.2 titled “*Net Proceeds*” of this Circular.

(b) **Expansion of business through mergers and acquisitions, joint ventures and/or strategic alliances**

In addition to growing organically, the Target Group also plans to expand its business, whether in Singapore or overseas, through mergers and acquisitions, joint ventures and/or strategic alliances with parties whose businesses are synergistic or complementary with the Target Group’s business. Such synergistic or complementary businesses may include the companies currently in the commercial vehicle leasing business (whether through mergers and acquisitions of fleets and/or companies), credit business, the engineering business, and downstream or upstream players such as logistic and warehousing companies. The Target Group believes that suitable mergers and acquisitions, joint ventures and/or strategic alliances will strengthen its market position, give the Target Group access to new brands, new products, new markets and customers as well as new complementary businesses. They will also bring about greater economies of scale and provide an impetus for the future growth of the Target Group.

The Target Group intends to utilise part of the net proceeds raised from the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue to fund expansion of business through mergers and acquisitions, joint ventures and/or strategic alliances. Further details of the Target Group’s intended use of the net proceeds are set out at Section 7.4.2 titled “*Net Proceeds*” of this Circular.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

(c) **To raise its profile as a one-stop customer-centric commercial vehicle specialist**

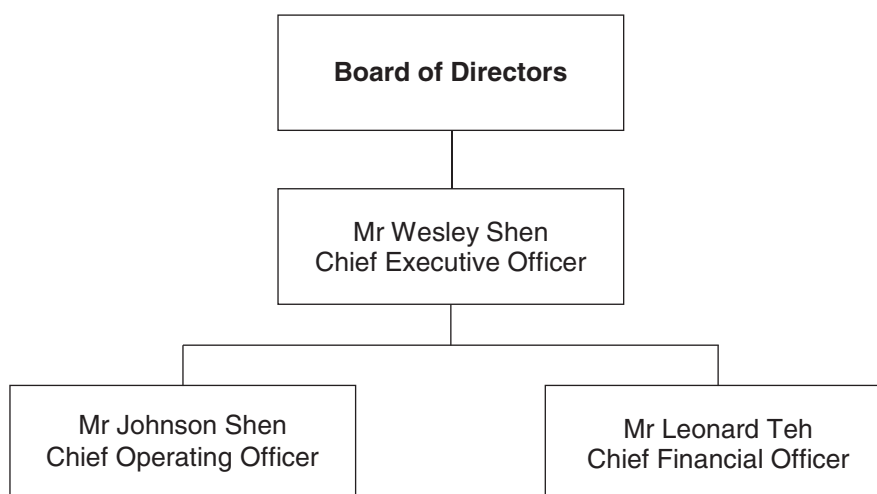
Beyond the benefits to each of its three (3) business segments, the Target Group intends to utilise its listed status to amplify its growth strategies to stakeholders to existing stakeholders, including, but not limited to, its customers, banks and financial institutions as well as potential new stakeholders such as shareholders, investors, other owners of fleets and assets.

As social media is increasingly important in attracting customers, the Target Group intends to leverage its listed status to raise its public profile across multiple channels. At the same time, as the Target Group enlarges the scale and sophistication of its operations, it will also attract existing and new distributors and manufacturers of electric commercial vehicles, thereby offering the potential to increase negotiating leverage to support fleet expansion.

24. PROPOSED NEW BOARD AND PROPOSED NEW EXECUTIVE OFFICERS

24.1 Management Reporting Structure

Following SPA Completion, and with the appointment of the Proposed New Board and Proposed New Executive Officers, the management reporting structure of the Enlarged Group will be as follows:



APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

24.2 Proposed New Board

24.2.1 Particulars of Proposed New Board. Upon SPA Completion, the Board is intended to be reconstituted and the particulars of the Proposed New Board are set out below:

Name	Age	Address	Proposed Position in Enlarged Group
Mr Teh Wing Kwan	52	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064	Non-Independent Non-Executive Chairman
Mr Wesley Shen	43	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064	Executive Director and Chief Executive Officer
Mr Tang Yeng Yuen	71	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064	Lead Independent Director
Mr Jackson Tay	48	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064	Independent Director
Ms Vanessa Ng	45	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064	Independent Director

None of the proposed Independent Directors sit on the board of any of the principal subsidiaries of the Target Company that are based in jurisdictions other than Singapore.

24.2.2 Experience and Expertise of the Proposed New Board.

Certain information on the business and working experience of the Proposed New Board is set out below:

Mr Teh Wing Kwan is the proposed Non-Independent Non-Executive Chairman on the Proposed New Board after SPA Completion.

Mr Teh Wing Kwan, a sophisticated investor, specialises in corporate finance, corporate restructuring and mergers and acquisitions. Mr Teh is currently the Non-Independent Non-Executive Chairman and controlling shareholder of the Company. Since the Company’s entry into the HOA with Mr Teh for the Proposed Investments in August 2022, he has been providing strategic guidance and financial support to the Company, which have subsequently led to completion of several key corporate plans to facilitate the completion of the Proposed Acquisition.

Mr Teh was the controlling shareholder, and the executive chairman and chief executive officer of Citicode Ltd (previously listed on the Mainboard of the SGX-ST) from July 2018 to February 2021 where he initiated and completed the reverse takeover exercise of a multi-disciplinary healthcare services group, Livingstone Health Ltd. He currently serves as non-independent non-executive chairman of Livingstone Health Holdings Limited (listed on the Catalist of the SGX-ST). Mr Teh is currently the non-independent non-executive chairman of China Vanadium Titano-Magnetite Mining Company Limited

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

(listed on the Mainboard of the Hong Kong Stock Exchange) where he led the team to the completion of a RMB1.3 billion restructuring exercise in 2019. Mr Teh has also been an adviser to Koda Ltd (listed on the Mainboard of the SGX-ST) since October 2013, and the lead independent director of Sapphire Corporation Limited (listed on the Mainboard of the SGX-ST) since July 2024.

Mr Teh was the managing director and group chief executive officer of Sapphire Corporation Limited from October 2013 to December 2017, during which it underwent a major restructuring and corporate transformation exercise by acquiring one of the largest privately owned integrated rail transport infrastructure groups in China. He also served as a non-independent non-executive director for other public companies listed on the Hong Kong Stock Exchange, the Catalist of the SGX-ST and Australian Securities Exchange.

Mr Teh Wing Kwan is a Fellow of the Association of Chartered Certified Accountants, a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants, a Chartered Accountant of the Malaysian Institute of Accountants and an International Affiliate of the Hong Kong Institute of Certified Public Accountants. He is currently a senior accredited director accredited by the Singapore Institute of Directors, and a Fellow Member of the Hong Kong Securities and Investment Institute.

Mr Wesley Shen is the proposed Executive Director on the Proposed New Board and Chief Executive Officer of the Enlarged Group after SPA Completion.

Mr Wesley Shen is the chief executive officer of the Skylink group of companies (including the Target Group), which he founded together with Mr Johnson Shen, in 2017. Mr Wesley Shen has been instrumental in growing the Target Group rapidly into a one-stop customer-centric commercial vehicle specialist, focused on delivering differentiated value and quality customer service through its commercial vehicle leasing, related vehicle financing solutions and MRO services and engineering solutions.

Mr Wesley Shen started as an apprentice and was subsequently an aircraft maintenance engineer with SIA Engineering Company Limited from June 2006 to September 2010. He was a sales consultant with Borneo Motor (S) Pte Ltd from January 2012 to March 2014, and a sales consultant with Goldbell Engineering Pte Ltd from April 2014 to April 2016, where he was responsible for customer acquisition and development for trucks sales. In May 2016, he founded the Skylink group of companies.

Mr Wesley Shen graduated from Temasek Polytechnic with a Diploma in Mechatronics in June 2006. He holds a Master of Business Administration from the Singapore Management University which he obtained in June 2022. He completed the Executive Education, Enterprise Leadership for Transformation programme, which was conducted by the National University of Singapore to help leaders develop business growth plans, in November 2022. He is currently attending the Mergers & Acquisitions Programme for Entrepreneurs (Executive Education) conducted by Fudan University in the People’s Republic of China.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Mr Tang Yeng Yuen is the proposed Lead Independent Director on the Proposed New Board after SPA Completion.

Mr Tang Yeng Yuen is currently the lead independent non-executive director of Alset International Limited (listed on Catalist of the SGX-ST).

Mr Tang joined the Singapore Exchange Limited in January 1987 and was principally responsible for regulatory oversight of listed companies, and was holding the position of vice president at the time he left in March 2011. In September 2011, he joined the corporate finance division of Hong Leong Finance Limited, whose activities include acting as issue manager and sponsor for listings on the Mainboard and Catalist of the SGX-ST, respectively, and acting as a continuing sponsor for Catalist companies. Mr Tang retired as the head of corporate finance at Hong Leong Finance Limited in March 2023.

Mr Tang graduated from Simon Fraser University (Canada) with a Bachelor of Arts (Honors) in June 1982. He obtained a Master of Arts from University of Victoria (Canada) in May 1986.

Mr Jackson Tay is the proposed Independent Director on the Proposed New Board upon SPA Completion.

Mr Jackson Tay is currently the chief financial officer of Corten Interior Solutions Pte Ltd which he joined in October 2024. He is currently also a non-executive independent director of OUE Healthcare Limited (listed on the Catalist of the SGX-ST) and Sapphire Corporation Limited (listed on the Mainboard of the SGX-ST).

Mr Jackson Tay was the finance manager of Hafary Holdings Limited (listed on the Catalist and subsequently Mainboard of the SGX-ST) from June 2009 to August 2010 and subsequently the financial controller from August 2010 to January 2015. He was the chief financial officer of Singhaiyi Group Ltd (then listed on the Catalist of the SGX-ST) from February 2015 to September 2015. He rejoined Hafary Holdings Limited in September 2015 as operation director and was subsequently appointed as chief operating officer before he stepped down in September 2024.

Mr Jackson Tay graduated from Nanyang Technological University, Singapore, with a Bachelor of Accountancy (Minor in Marketing) in February 2002. He was admitted as non-practicing member and authorised to use the designation “CPA Singapore” by the Institute of Certified Public Accountants of Singapore in May 2008, subsequently a Chartered Accountant with the Institute of Singapore Chartered Accountants, and a Fellow Chartered Accountant, Singapore, with the Institute of Singapore Chartered Accountants, since November 2024. He has been a member of the Singapore Institute of Directors since July 2017, and a member of The Institute of Internal Auditors since September 2020.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Ms Vanessa Ng is the proposed Independent Director on the Proposed New Board upon SPA Completion.

Ms Vanessa Ng is a seasoned legal practitioner in the corporate finance and corporate commercial space, and has represented many clients in their mergers and acquisitions, investments, fund-raising, series financing and capital markets. She is currently a consultant with Fortis Law Corporation, which she joined in October 2024. She is currently also an independent non-executive director of Koda Ltd (listed on the Mainboard of the SGX-ST).

Ms Vanessa Ng was an associate/senior associate with Hee Theng Fong & Co., Shook Lin & Bok LLP and Stamford Law Corporation from 2004 to December 2009. She was in-house counsel at Hilton International Asia Pacific Pte Ltd between January and March 2010. She was a partner at Shook Lin & Bok from May 2010 to October 2013, and a partner at Fortis Law Corporation from October 2013 to February 2019. She joined Morgan Lewis Stamford LLC as a partner in February 2019 and remained until September 2024.

She graduated from the National University of Singapore with a Bachelor of Laws (Second Class Honours (Upper Division)) in August 2002, and was admitted as an Advocate and Solicitor in Singapore in May 2003. She is a member of the Law Society of Singapore and the Singapore Academy of Law.

24.2.3 Listed Company Experience.

For the purpose of Rule 406(3)(a) of the Catalist Rules, all of the proposed Directors on the Proposed New Board possess the relevant experience and expertise to act as Directors, as evidenced by their business and working experience as set out above.

All of the above proposed Directors, other than Mr Wesley Shen, have current experience as directors of other public listed companies in Singapore, and are familiar with the roles and responsibilities of a director of a public listed company in Singapore.

Mr Wesley Shen does not have experience as a director of a public listed company in Singapore, but has completed the relevant trainings at the Singapore Institute of Directors. He has also been briefed on the roles and responsibilities of a director of a public listed company in Singapore. Ms Vanessa Ng is in the process of completing the prescribed mandatory training under the listing rules, and has undertaken to complete such training within one (1) year of the date of her appointment as an independent non-executive director of Koda Ltd.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

24.2.4 Present and past directorships of the Proposed New Board.

The list of present and past directorships of the Proposed New Board over the last five (5) years up to the Latest Practicable Date is set out below:

Name	Present Directorships	Past Directorships
Mr Teh Wing Kwan	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	–	–
	<u>Other Companies</u>	<u>Other Companies</u>
	China Vanadium Titano-Magnetite Mining Company Limited Citicrete Corporation Pte. Ltd. Citicrete Sdn. Bhd. Livingstone Health Holdings Limited Sapphire Corporation Limited Sincap Group Limited Singapore VTM Mining Pte. Ltd.	BMI Capital Partners Limited BMI Capital Partners Pte. Ltd. Citicrete Corporation Pte.Ltd. Citicrete-SNAP AI Pte. Ltd. CM Capital Resources Pte. Ltd. Crete+ Pte. Ltd. Dominick & Dickerman International Company Limited Raffles House Sdn. Bhd.
Mr Wesley Shen	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	Skylink APAC Pte. Ltd. Skylink Credit Pte. Ltd. Skylink Engineering Pte. Ltd. Skylink Vehicle Rental Pte. Ltd.	–
	<u>Other Companies</u>	<u>Other Companies</u>
	PM Capital Pte. Ltd. Skycyber Pte. Ltd. Skylink Auto Pte. Ltd. Skylink Car Rental Pte. Ltd. Skylink Group Holdings Pte. Ltd. Skylink Insurance Agency Pte. Ltd.	Motorflex Leasing Pte. Ltd. Wes & Co Bespoke Pte. Ltd. Skylink Auto (Jasmine) Pte. Ltd. New Lion Leasing Pte. Ltd. (struck-off)
Mr Tang Yeng Yuen	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	–	–
	<u>Other Companies</u>	<u>Other Companies</u>
	Alset International Limited	–

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Name	Present Directorships	Past Directorships
Mr Jackson Tay	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	–	–
	<u>Other Companies</u>	<u>Other Companies</u>
	One Heart Investment Pte. Ltd. OUE Healthcare Limited Sapphire Corporation Limited Xquisit Pte. Ltd.	East Rock Pte. Ltd. Hafary Balestier Showroom Pte. Ltd. Hafary Centre Pte. Ltd. Hafary Crescent Pte. Ltd. Hafary Element Pte. Ltd. Hafary Flagship Store Pte. Ltd. Hafary Pte Ltd Hafary Trading Sdn. Bhd. Hafary W+S Pte. Ltd. Hap Seng Investment Holdings Pte. Ltd. HSC Brisbane Holding Pte. Ltd. HSC Bristol Holding Pte. Ltd. HSC Leeds Holding Pte. Ltd. HSC London Holding Pte. Ltd. HSC Manchester Holding Pte. Ltd. HSC Melbourne Holding Pte. Ltd. HSC Nottingham Holding Pte. Ltd. International Ceramic Manufacturing Hub Pte. Ltd. International Ceramic Manufacturing Hub Sdn. Bhd MML Marketing Pte. Ltd. MML X Element International Pte. Ltd. One Heart International Trading Private Ltd. PT ICMH Ceramic Indonesia Sim Leisure Group Ltd. Wood Culture Pte. Ltd.
Ms Vanessa Ng	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	–	–
	<u>Other Companies</u>	<u>Other Companies</u>
	Koda Ltd	–

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

24.2.5 Relationships of the Proposed New Board.

Save as disclosed below, none of the Directors on the Proposed New Board has any family relationship with another Director on the Proposed New Board, any Proposed New Executive Officer or any substantial shareholder of the Enlarged Group upon SPA Completion.

Mr Wesley Shen and Mr Johnson Shen are brothers. Ms Grace Xue, who will be a deemed controlling shareholder of the Company upon SPA Completion, is the spouse of Mr Wesley Shen, and the sister-in-law of Mr Johnson Shen.

24.2.6 Appointment of the Proposed New Board.

Under the SPA, the Company has agreed to appoint such new Directors to the Board, subject to compliance with the Catalist Rules and the Code of Corporate Governance, which shall take effect upon SPA Completion and shall include Mr Teh Wing Kwan as Non-Independent Non-Executive Chairman and Mr Wesley Shen as Executive Director.

Save as disclosed above, there is no arrangement or understanding with any of the substantial shareholders of the Enlarged Group, customers or suppliers or other persons pursuant to which any of them or any person nominated by any of them will be or has been appointed to the Proposed New Board.

24.3 **Proposed New Executive Officers**

24.3.1 Particulars of Proposed New Executive Officers. As at the Latest Practicable Date, the particulars of the Proposed New Executive Officers following SPA Completion are as follows:

Name	Age	Address	Proposed Position in Enlarged Group
Mr Johnson Shen	40	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064	Chief Operating Officer
Mr Leonard Teh	52	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064	Chief Financial Officer

24.3.2 Experience and Expertise of the Proposed New Executive Officers.

Certain information on the business and working experience of the Proposed New Executive Officers is set out below:

Mr Johnson Shen is the proposed Chief Operating Officer of the Enlarged Group after SPA Completion.

Mr Johnson Shen is currently the chief operating officer of the Skylink group of companies (comprising the Target Group and the Excluded Entities).

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Mr Johnson Shen was a maintenance engineer at Singapore Aztech Pte Ltd, Dongguan Branch, in Guangdong, China from April 2003 to March 2007, and at Guangdong Dongguan Huang Jiang GBM Group in Dongguan, Guangdong, China from May 2007 to April 2010. He was an after-sales service engineer at Zhengzhou ANGPU Technology Co. Ltd from June 2010 to November 2012, and a store supervisor at HANSA International (Pte.) Ltd. in Singapore from January 2013 to April 2016. He formally joined the Skylink group of companies as an operation manager from May 2017 and became chief operating officer from June 2020 onwards.

Mr Johnson Shen obtained a Diploma in Accounting from Windsor Management College (Singapore) in November 2023, and a Master of Business Administration from London Metropolitan University (via Stanford Academy Campus in Singapore) in February 2025.

Mr Leonard Teh is the proposed Chief Financial Officer of the Enlarged Group after SPA Completion.

Mr Leonard Teh is currently the chief financial officer of the Skylink group of companies (including the Target Group), which he joined in September 2024.

Mr Leonard Teh held audit positions in accounting firms between January 1997 and December 1998. He joined Team Industries Pte Ltd in December 1998 and eventually rose to the position of group financial controller before leaving in December 2004.

In November 2005, Mr Leonard Teh founded and became chief executive officer of Mapq Consulting Pte. Ltd.. In November 2017, Mr Leonard Teh became chief executive officer of Mapq Bizwerk Pte Ltd.. These companies provided a range of services including tax planning, accounting service outsourcing, financial consulting and corporate secretarial services. He stepped down from an executive role and assumed the role of non-executive chairman of Mapq Consulting Pte. Ltd. in September 2024. As non-executive chairman, Mr Leonard Teh is not involved in day-to-day operational matters of Mapq Consulting Pte. Ltd.. Instead, Mr Leonard Teh is responsible for the overall direction of, and broader strategic decision-making in relation to the business of Mapq Consulting Pte. Ltd.. Mr Leonard Teh has confirmed that he is able to devote sufficient time and attention to the discharge of his duties as Chief Financial Officer of the Enlarged Group.

Mr Leonard Teh is a Fellow of the Association of Chartered Certified Accountants (United Kingdom) since September 2006, an Accredited Tax Adviser (Income Tax and GST) with the Singapore Chartered Tax Professionals since July 2011, an ordinary member of the Singapore Institute of Directors since September 2024, a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants since November 2024, and an ASEAN Professional Accountant with the ASEAN Professional Accountant Coordinating Committee since February 2025.

24.3.3 Suitability of Mr Leonard Teh as Chief Financial Officer.

In relation to the appointment of Mr Leonard Teh as the proposed Chief Financial Officer of the Enlarged Group upon SPA Completion, the New Audit and Risk Committee is of the view that he is suitable for the position of Chief Financial Officer, after having conducted a discussion with him and considered:

- (a) his qualifications and past working experience which are compatible with his position as Chief Financial Officer;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (b) his abilities, familiarity, diligence and competency in financial and information matters of the Target Group in connection with the preparation for the Proposed Acquisition;
- (c) the absence of any negative feedback from Forvis Mazars, the independent auditor and reporting accountants; and
- (d) the absence of internal control weaknesses attributable to him identified during the internal control review conducted.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the New Audit and Risk Committee members to cause them to believe that Mr Leonard Teh does not have the competence, character and integrity expected of a chief financial officer of a listed issuer.

In addition, the Chief Financial Officer will be subject to performance appraisal by the New Audit and Risk Committee on an annual basis to ensure satisfactory performance.

24.3.4 Present and past directorships of the Proposed New Executive Officers.

The list of present and past directorships of each Proposed New Executive Officer over the last five (5) years up to the Latest Practicable Date is set out below:

Name	Present Directorships	Past Directorships
Mr Johnson Shen	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	–	–
	<u>Other Companies</u>	<u>Other Companies</u>
	–	–
Mr Leonard Teh	<u>Target Group Companies</u>	<u>Target Group Companies</u>
	Skylink APAC Pte. Ltd.	–
	<u>Other Companies</u>	<u>Other Companies</u>
	Antigen Consulting Sdn. Bhd.	–
	Elegant Mermaid Sdn. Bhd.	
	MAPQ Bizwerk Pte. Ltd.	
	MAPQ Bizgram Pte. Ltd.	
	MAPQ Consulting Pte. Ltd.	
	Webmap Pte. Ltd.	
	Zing&Hue International Pte. Ltd.	

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

24.3.5 Relationships of the Proposed New Executive Officers.

Save as disclosed below, as at the Latest Practicable Date, none of the Proposed New Executive Officers has any family relationship with any Director on the Proposed New Board, any other Proposed New Executive Officer or any substantial shareholder of the Enlarged Group upon SPA Completion.

Mr Wesley Shen and Mr Johnson Shen are brothers. Ms Grace Xue, who will be a deemed controlling shareholder of the Company upon SPA Completion, is the spouse of Mr Wesley Shen, and the sister-in-law of Mr Johnson Shen.

24.3.6 Appointment of the Proposed New Executive Officers.

There is no arrangement or understanding with any of the substantial shareholders, customers or suppliers or other persons pursuant to which any of them or any person nominated by any of them will be appointed as a Proposed New Executive Officer.

24.4 **Remuneration of the Proposed New Board and Proposed New Executive Officers**

The compensation (which includes benefits-in-kind, contributions to CPF and directors’ fees and bonuses) paid during Target FY2024 and Target FY2025 to the Proposed New Board and the Proposed New Executive Officers for services rendered to the Enlarged Group in any capacity on an aggregate basis and in remuneration bands, and the estimated compensation (including benefits-in-kind, contributions to CPF and directors’ fees and bonuses) expected to be paid for the current financial year, are as follows:

	Target FY2024 ⁽¹⁾	Target FY2025 ⁽¹⁾	Target FY2026 ⁽¹⁾
	Actual		Estimated
Directors			
Mr Teh Wing Kwan	— ⁽²⁾	— ⁽²⁾	A
Mr Wesley Shen	A	A	B
Mr Tang Yeng Yuen	— ⁽²⁾	— ⁽²⁾	A
Mr Jackson Tay	— ⁽²⁾	— ⁽²⁾	A
Ms Vanessa Ng	— ⁽²⁾	— ⁽²⁾	A
Executive Officers			
Mr Johnson Shen ⁽³⁾	A	A	A
Mr Leonard Teh	— ⁽²⁾	A	B

Notes:

(1) Remuneration bands:

“A” refers to remuneration less than or equal to the equivalent of S\$250,000.

“B” refers to remuneration greater than the equivalent of S\$250,000 and less than or equal to S\$500,000.

“C” refers to remuneration greater than the equivalent of S\$500,000 and less than or equal to S\$750,000.

(2) These persons were not yet appointed or employed by the Target Group during the relevant periods. Mr Leonard Teh was appointed as Chief Financial Officer from 1 September 2024.

(3) The compensation paid to Mr Johnson Shen for FY2024 and FY2025 was greater than the equivalent of S\$100,000 and less than or equal to S\$150,000.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

No compensation was paid or is to be paid in the form of share options to any of the Proposed New Directors, any Proposed New Executive Officer or any employee.

There is no arrangement which involves the employees of the Target Group, or the directors or employees of the subsidiary, subsidiary entity, associated company or associated entity in the capital of the Target Company, including any arrangement that involves the issue or grant of options or shares or any other securities or securities-based derivatives contracts of the Target Company, and no option to subscribe for or purchase shares in the Target Company has been granted to, or was exercised by, any director or the chief executive officer of the Target Company.

As at the Latest Practicable Date, except for the amounts set aside or accrued in respect of mandatory employee funds (including CPF contributions in Singapore), the Target Group has not set aside or accrued any amounts to provide pension, retirement or similar benefits to the Directors on the Proposed New Board, the Proposed New Executive Officers or other employees.

Save as set out below, none of the employees of the Target Group is an immediate family member of any member of the Proposed New Board or proposed Chief Executive Officer, and whose remuneration paid by the Target Group exceeds S\$50,000 during the two (2) most recently completed financial years:

Name	Target FY2024	Target FY2025
Ms Grace Xue	Band A	Band A

Note:

(1) Remuneration bands:

“A” refers to remuneration less than or equal to the equivalent of S\$250,000.

Ms Grace Xue, who is the wife of Mr Wesley Shen, will not be a Proposed New Director or Proposed New Executive Officer and will not be involved in the management of the Enlarged Group after SPA Completion.

24.5 Service Agreement

The Company has entered into the Service Agreement with the Proposed Executive Director and Chief Executive Officer, Mr Wesley Shen.

The Service Agreement is for an initial period of three (3) years commencing with effect from SPA Completion, and shall be automatically renewed on a yearly basis thereafter unless otherwise agreed in writing between the Company and Mr Wesley Shen or terminated in accordance with the Service Agreement. Either party may terminate the Service Agreement by giving not less than six (6) months’ notice in writing to the other party. The Company may also terminate the Service Agreement by notice upon the occurrence of certain events, such as material or persistent breach of the Service Agreement, grave or wilful misconduct, bankruptcy or if Mr Wesley Shen ceases to hold the office of Director pursuant to the Existing Constitution, or is prohibited or disqualified from holding office of, or acting as, a Director under any applicable law. Upon termination, Mr Wesley Shen shall, among other things, resign from all offices held in the Company or any other Enlarged Group Company, and shall immediately deliver to the Company all documents relating to its business or affairs which may then be in his possession or under his control.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Pursuant to the terms of the Service Agreement, Mr Wesley Shen will receive a monthly remuneration of S\$20,000. He may be entitled to an annual performance bonus in respect of each financial year to be recommended by the New Remuneration Committee and determined at the discretion of the Proposed New Board, provided that he is under the employment of the Enlarged Group on the last day of the relevant financial year.

All travelling, accommodation, meals, entertainment expenses, mobile phone and other out-of-pocket expenses reasonably incurred by Mr Wesley Shen in the proper performance of his duties will be borne by the Company. The Company shall provide Mr Wesley Shen with a car together with a driver and bear all maintenance costs and reasonably incurred running expenses of the car and the costs of engaging the driver.¹¹

The remuneration of Mr Wesley Shen is subject to annual review by the New Remuneration Committee. Any proposed increase to his remuneration package is subject to the approval of the New Remuneration Committee and the Proposed New Board. Mr Wesley Shen will abstain from voting, if applicable, in respect of any resolution or decision to be made by the Proposed New Board in relation to the terms and renewal of his Service Agreement.

Under the terms of the Service Agreement, Mr Wesley Shen shall devote substantially his whole time, attention, abilities and skills to carrying out his duties, and has undertaken that he will not, during the term of his employment and for a period of 12 months after the termination of his employment, among other things:

- (a) carry on or be engaged, concerned or interested in any business, trade or activity, in any territories where the Enlarged Group has carried on or conducted or engaged in business at any time during the 12 months preceding such termination, which competes directly or indirectly with the business of the Enlarged Group carried on prior to the date of the termination of the Service Agreement;
- (b) solicit or entice away from the Enlarged Group the business or custom of any person who is at the time of termination of the Service Agreement, or was at any time during the 12 months preceding such termination, a customer, supplier, distributor, principal, manufacturer, subcontractor or agent or otherwise in the habit of dealing with the Enlarged Group, or persuade, induce or encourage any such person to terminate any arrangement, relationship or dealings, or reduce the level of dealings, with the Enlarged Group, or otherwise interfere with any arrangement or relationship between any such person and the Enlarged Group, or attempt to do any of the foregoing;
- (c) persuade, solicit or induce, or attempt to persuade, solicit or induce, any employee, manager or consultant of the Company or any other Enlarged Group Company at the time of such termination or during the 12 months preceding such termination to leave the employment of the Enlarged Group or enter into any alternative employment (whether or not this will result in such person committing a breach of his contract with the relevant Enlarged Group Company).

¹¹ As at the Latest Practicable Date, the car is provided by SKAU to Mr Wesley Shen. Please refer to Section 27.4.5 titled “Provision of hire purchase financing to SKAU for the purchase of vehicles that are provided by SKAU for use by Mr Wesley Shen, Ms Grace Xue and Mr Johnson Shen” of this Target Company’s Letter to Shareholders for further information. The Company will provide Mr Wesley Shen with a car after the current arrangement ceases.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Mr Wesley Shen is also prohibited, during the term of his Service Agreement and its termination thereafter, to disclose any information, which he knows or ought reasonably to have known to be confidential concerning the business, operations, affairs, customers and/or suppliers of the Enlarged Group, so far as he had access or came into possession of such information during their appointment with the Company.

Had the Service Agreement with Mr Wesley Shen been effective on 1 April 2024, the total remuneration payable to Mr Wesley Shen for Target FY2025 would have been about S\$0.26 million instead of about S\$0.18 million and the profit before tax of the Target Group would have been about S\$2.78 million instead of about S\$2.86 million.

Save as disclosed above, there is no other existing or proposed service agreement between the Company or its subsidiaries and any of the Proposed New Directors.

There is no existing or proposed service agreement entered into or to be entered into by any Proposed New Director with the Company or any of its subsidiaries which provide for benefits upon termination of employment.

There is no bonus or profit-sharing plan or any other profit-linked agreement or arrangement between the Company and any of the Proposed New Directors or Proposed New Executive Officers.

24.6 **Material Background Information**

24.6.1 Material background information. Save as disclosed below, as at the date of this Circular, none of the Proposed New Directors, Proposed New Executive Officers or controlling shareholders of the Company after SPA Completion has:

- (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two (2) years after the date he or she ceased to be a partner;
- (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity, or at any time within two (2) years after the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) any unsatisfied judgement against him or her;
- (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
- (f) at any time during the last 10 years, had judgement entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, or been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;
- (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;
- (j) ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere;
or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust; and
- (k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

24.6.2 Disclosures in relation to Mr Wesley Shen.

In June 2019, Mr Wesley Shen was convicted for an offence under Section 64(1) of the Road Traffic Act for dangerous driving and was fined S\$4,000. In July 2023, Mr Wesley Shen was involved in a traffic accident whereby his car skidded and knocked into the kerb of an expressway. He was found to have alcohol in his body exceeding the legal limit. Separately, in September 2023, he drove while under a driving suspension imposed by the Deputy Commissioner of Police in connection with the July 2023 incident. He was convicted of three charges¹² in connection with these incidents and served a custodial sentence for ten days, a fine of S\$7,000, and was disqualified from driving for 36 months. Please refer to Section 26.4.4 of this Target Company’s Letter to Shareholders on the view of the New Nominating Committee as to the suitability of Mr Wesley Shen to act as Executive Director and Chief Executive Officer of the Company upon SPA Completion.

24.6.3 Disclosures in relation to Mr Tang Yeng Yuen.

Mr Tang Yeng Yuen was one of the registered professionals in charge of the continuing sponsorship activities undertaken by the continuing sponsor of a Catalist listed company (“**Listco A**”). In Listco A’s announcement in relation to investigation by the Commercial Affairs Department and the MAS, Listco A had failed to disclose an order made against its executive director at the material time, as well as other important information pertaining to the executive director’s involvement in the investigation by the Commercial Affairs Department. The executive director in question was subsequently publicly reprimanded by the SGX-ST Listings Disciplinary Committee, which was announced in Listco A’s announcement. The matter concluded in May 2022 with a reminder letter from the Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) to the relevant registered professionals (including Mr Tang Yeng Yuen) of their obligations as sponsor under the Catalist Rules. Please refer to Section 26.4.5 of this Target Company’s Letter to Shareholders on the view of the New Nominating Committee as to the suitability of Mr Tang Yeng Yuen to act as Lead Independent Director of the Company upon SPA Completion.

24.6.4 Disclosures in relation to Ms Vanessa Ng.

- (a) Ms Vanessa Ng was a registered professional involved in continuing sponsorship activities undertaken by the continuing sponsor of a Catalist-listed company (“**Listco B**”). Ms Vanessa Ng received enquiries from SGX RegCo in relation to the obligations of a registered professional under the Catalist Rules. This arose from the disbursement of funds by Listco B during certain time periods for which no queries or discussions were raised on making immediate disclosure for the said disbursements. This matter concluded in April 2023 with a private warning from the SGX RegCo to Ms Vanessa Ng.
- (b) Ms Vanessa Ng received enquiries from the Attorney General’s Chambers in July 2024 in relation to her practising certificate application in 2020. On 3 April 2020, Ms Vanessa Ng had routinely submitted her annual application for a practising certificate (“**PC Application**”). The PC Application was rejected for administrative and clerical reasons on 6 April 2020, but Ms Vanessa Ng was not aware of the rejection until 13 May 2020, as the PC Application was a standard procedural matter

¹² These three charges related to driving while under the influence of drink, driving without due care and attention and driving while under suspension under the Road Traffic Act, with six other charges under the Road Traffic Act and section 177 of the Penal Code 1871 taken into consideration but not legally convicted.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

carried out annually. Upon becoming aware of the rejection, Ms Vanessa Ng took immediate steps on the same day to rectify the PC Application, which was approved the next day on 14 May 2020. Ms Vanessa Ng was issued a warning by the Attorney General’s Chambers in September 2024 to refrain from practising as an advocate and solicitor despite not having in force a valid practising certificate) under section 33(1) of the Legal Profession Act 1966.

Please refer to Section 26.4.6 of this Target Company’s Letter to Shareholders on the views of the New Nominating Committee as to the suitability of Ms Vanessa Ng to act as an Independent Director of the Company upon SPA Completion.

25. EMPLOYEES

As at the Latest Practicable Date, the Target Group has 84 full-time employees. The breakdown of the permanent employees of the Target Group as at 31 March 2023, 31 March 2024 and 31 March 2025, and as at the Latest Practicable Date, is as follows:

	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at the Latest Practicable Date
Management	4	3	6	4
Administration & finance	11	14	22	18
Sales & customer service	1	11	18	16
Operations	1	3	5	13
Technicians	6	11	19	27
Human resources and marketing	4	5	5	6
Total	27	47	75	84

All of the Target Group’s employees are employed and work in Singapore.

The increase in the number of employees is mainly due to an increase in business activities and expansion of the Target Group over the Relevant Period.

The Target Group does not hire any temporary and/or part-time employees.

None of the employees in the Target Group are unionised. The relationship and cooperation between the management and all the employees of the Target Group has been good. There has not been any incidents of work stoppages or material labour disputes.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

26. CORPORATE GOVERNANCE

26.1 Board Practices

The Proposed New Board recognises the importance of corporate governance to the Shareholders and will, upon SPA Completion, exert best efforts to implement the principles and provisions set out under the Code of Corporate Governance and the Catalist Rules.

Subject to the approval of the Shareholders at the EGM, following SPA Completion, the Proposed New Board will comprise five (5) Directors, of which three (3) will be Independent Directors. The Proposed New Directors do not have a fixed term of office. Each Proposed New Director will be required to retire from office once every three (3) years and for this purpose, at each AGM, one-third of the Proposed New Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) will be required to retire from office by rotation and will be eligible for re-election at that AGM (the Proposed New Directors so to retire being those longest in office).

The Proposed New Board will have overall responsibility for the corporate governance of the Enlarged Group so as to protect and enhance long-term Shareholder value. It will set the overall strategy for the Enlarged Group and supervise executive management and monitor their performance. Apart from its statutory responsibilities, the Proposed New Board will be responsible for:

- (a) reviewing the financial performance and condition of the Enlarged Group;
- (b) approving the Enlarged Group’s strategic plans, key operational initiatives, major investment and funding decisions, such plans, initiatives and decisions to be formulated by Mr Wesley Shen, as the proposed Executive Director and Chief Executive Officer, together with the Proposed New Executive Officers; and
- (c) identifying principal risks of the Enlarged Group’s business and ensuring the implementation of appropriate systems to manage the risks.

The Proposed New Board will hold half yearly meetings every year, with additional meetings for particular matters convened when necessary. The Proposed New Board will also periodically review the internal controls and risk management systems of the Enlarged Group to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

The Proposed New Board will continue to implement a policy of providing full disclosure of material corporate information as commercially appropriate through announcements, press releases, Shareholders’ circulars as well as through the interim and annual financial results announcements.

Every Proposed New Director will be expected, in the course of carrying out his or her duties, to act in good faith, provide insights and consider at all times the interests of the Company.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Upon SPA Completion, the Proposed New Board will be assisted by three (3) board committees, namely the New Audit and Risk Committee, the New Nominating Committee and the New Remuneration Committee. Each committee operates within clearly defined terms of reference and functional procedures. Please refer to Sections 26.3, 26.4 and 26.5 titled “*New Audit and Risk Committee*”, “*New Nominating Committee*” and “*New Remuneration Committee*” respectively of this Target Company’s Letter to Shareholders for more details.

26.2 Proposed Lead Independent Director

In view of the Chairman of the Proposed New Board, Mr Teh Wing Kwan, not being regarded as independent, in accordance with the Code of Corporate Governance, Mr Tang Yeng Yuen is proposed to be appointed as the Lead Independent Director of the Company upon SPA Completion.

As the proposed Lead Independent Director, he will be available to Shareholders where they have concerns for which contact through the normal channels of communication with the Non-Independent Non-Executive Chairman or management are inappropriate or inadequate.

26.3 New Audit and Risk Committee

26.3.1 Composition.

The New Audit and Risk Committee will comprise Mr Jackson Tay, Mr Teh Wing Kwan, Mr Tang Yeng Yuen and Ms Vanessa Ng. The chairman of the New Audit and Risk Committee will be Mr Jackson Tay. The quorum for any meeting of the Audit and Risk Committee shall be any three (3) members, including the chairman of the New Audit and Risk Committee.

Mr Jackson Tay, Mr Teh Wing Kwan and Mr Tang Yeng Yuen have recent and relevant accounting or related financial management expertise or experience.

The New Audit and Risk Committee will assist the Proposed New Board in discharging its responsibility to safeguard the Enlarged Group’s assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that management creates and maintains an effective control environment in the Enlarged Group.

The New Audit and Risk Committee will provide a channel of communication between the Proposed New Board, the Enlarged Group’s management and the external auditors on matters relating to audit.

26.3.2 Responsibilities.

The responsibilities of the New Audit and Risk Committee include, among other things:

- (a) acting as the key representative body for overseeing the internal and external audit processes, assisting the Proposed New Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Enlarged Group and in maintaining a high standard of transparency and reliability in its corporate disclosures;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (b) reviewing and reporting to the Proposed New Board significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any announcements relating to financial performance;
- (c) reviewing the half-yearly and annual financial statements before submission to the Proposed New Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards, compliance with the Catalist Rules and any other relevant statutory or regulatory requirements, concerns and issues arising from their audit including review of the assistance given by management to the internal and external auditors, and any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to the Proposed New Board for approval;
- (d) providing commentary on key audit matters in the annual report;
- (e) reviewing the external auditor’s management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and the management’s response;
- (f) ensuring that the Board provides a timely response to the issues raised in the external auditor’s management letter;
- (g) reviewing the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements of the Enlarged Group;
- (h) reviewing the external auditors’ audit plan and audit reports (including assessing and reporting to the Proposed New Board the quality of the work carried out and the basis of such assessment, and evaluating the performance of the external auditors), and the external auditors’ evaluation of the system of internal accounting controls, with the external auditors, as well as the assistance given by management to the external auditors;
- (i) meeting with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually and reviewing the co-operation extended by management to the external auditors and the internal auditors;
- (j) reviewing and discussing with the internal auditors and external auditors any issues and concerns arising from the internal audits and external audits, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Enlarged Group’s financial performance or financial position and management’s response;
- (k) reviewing the key financial risk areas, with a view to providing an independent oversight on the Enlarged Group’s financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNet;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (l) reviewing and reporting to the Proposed New Board, at least annually, the adequacy and effectiveness of the internal control systems (including financial, operational, compliance and information technology controls) and risk management policies and systems of the Enlarged Group;
- (m) monitoring and reviewing the implementation of the internal auditors’ and external auditors’ recommendations for internal control weaknesses (if any);
- (n) reviewing the risk profile of the Enlarged Group, its internal control and risk management procedures, including financial, operational, compliance and information technology controls and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Proposed New Board;
- (o) where necessary, commissioning an independent audit on internal controls and risk management systems for the assurance of the New Audit and Risk Committee, or when it is not satisfied with the systems of internal controls and risk management;
- (p) commissioning and reviewing the findings of investigations by internal or external auditors into matters where there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Enlarged Group’s operating results or financial position, and the management’s response;
- (q) reviewing the whistle-blowing policy and ensure that the Company publicly discloses, clearly communicates to its employees the existence of a whistle-blowing policy and review such procedures by which employees of the Enlarged Group may, in confidence, report to the Chairman of the New Audit and Risk Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for the receipt, retention and treatment of complaints received by the Enlarged Group (including criminal offences involving the Enlarged Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Enlarged Group), the independent investigation and follow-up actions thereto;
- (r) reviewing the adequacy and effectiveness of the Enlarged Group’s risk management and internal audit function, and reviewing the adequacy, effectiveness, independence and objectivity, scope and results of the internal audit function and procedures and management’s response and follow-up actions;
- (s) examining the internal control procedures and review procedures put in place by the Company to determine if such procedures are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders;
- (t) without prejudice to paragraph(s), reviewing and approving transactions falling within the scope of Chapter 9 of the Catalist Rules, including the review of any interested person transactions not falling within the Proposed IPT General Mandate pursuant to Section 27.5 titled “*Guidelines and Review Procedures for Interested Person Transactions not falling within the Proposed IPT General Mandate*” of this Target Company’s Letter to Shareholders and any Mandated Transactions falling within the Proposed IPT General Mandate pursuant to Section 27.6.7 titled “*Guidelines and Review Procedures for Mandated Transactions*” of this Target Company’s Letter to Shareholders;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (u) appointing independent financial advisers as and when necessary to review such interested person transactions and opine on whether such transactions are fair and reasonable to the Company, not prejudicial to the interest of the Company and the interest of its minority Shareholders;
- (v) reviewing the adequacy, effectiveness, independence, scope and results of the external audit (including the independence and objectivity of the external auditors);
- (w) ensuring that the internal audit function is independent, effective and adequately resourced and staffed with persons with the relevant qualifications and experience, and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;
- (x) being the primary reporting line of the internal audit function and ensuring that the internal audit function has direct, unrestricted and unfettered access to all the Enlarged Group’s documents, records, properties and personnel, including the New Audit and Risk Committee, and has appropriate standing within the Enlarged Group;
- (y) approving the appointment, termination and remuneration of the head of the internal audit function and/or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- (z) making recommendations to the Proposed New Board on the proposals to Shareholders on the appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (aa) considering the appointment or re-appointment of a qualified tax adviser to ensure that the Enlarged Group remains in compliance with applicable tax regulations and having oversight of issues and concerns raised by the tax adviser, if any, to prevent recurrence of non-compliance with tax regulations;
- (bb) reviewing any actual or potential conflicts of interest, setting out a framework to resolve or mitigate any potential conflicts of interests, monitoring compliance with such framework, including whether the terms of the Service Agreement and the non-compete undertakings provided to the Company have been complied with, and to propose additional measures where appropriate;
- (cc) without prejudice to paragraph (bb), reviewing any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Proposed New Board. Upon disclosure of an actual or potential conflict of interests by a Director, the New Audit and Risk Committee will consider whether a conflict of interests does in fact exist. A Director who is a member of the New Audit and Risk Committee will not participate in any proceedings of the New Audit and Risk Committee in relation to the review of a conflict of interests relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the New Audit and Risk Committee may deem reasonably necessary;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (dd) having oversight over all matters arising from the SPA, including the determination of the Target 24M2026 Aggregate Adjusted NPAT, the amount of the Deferred Consideration, the number of the Deferred Consideration Shares and the amount of the Deferred Cash Consideration;
- (ee) having oversight over and monitoring compliance with the Non-Compete Undertakings referred to in Section 28.2.5(c) titled “*Non-competition undertakings by Mr Wesley Shen and Ms Grace Xue*” of this Target Company’s Letter to Shareholders;
- (ff) reviewing and deliberating on the approval for the exercise of the Call Option and ROFR granted by the Grantors as described in Section 28.2.5(d) titled “*Call Option and Right of First Refusal for SKCA and SKIA*” of this Target Company’s Letter to Shareholders;
- (gg) monitoring the investments in the Enlarged Group’s customers, suppliers and competitors made by any Proposed New Director, controlling shareholders and their respective associates who are involved in the management of or have shareholding interests in similar or related business of the Company (to the extent disclosed by them to the New Audit and Risk Committee) and make assessments on whether there are any potential conflicts of interest;
- (hh) reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and propose, where appropriate, the relevant measures for the management of such conflicts;
- (ii) review the job scope and level of responsibility of related employees (being employees that are related to the Proposed New Directors, the Proposed New Executive Officers and/or the substantial shareholders of the Company) and to resolve or mitigate any actual or potential conflicts of interest that may arise from the involvement of such related employees in the relevant job functions;
- (jj) reviewing and approving transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);
- (kk) reviewing regulatory compliance matters, at least on a quarterly basis, with a view to ensuring that adequate rectification measures are taken for past breaches as well as new initiatives are implemented to mitigate and reduce the risks of future breaches;
- (ll) monitoring the adequacy of the Enlarged Group’s current system of monitoring debtors’ ageing profile and ensuring that such aspect will be included as part of the review scope for subsequent internal audits;
- (mm) reviewing cash management processes of the Enlarged Group, and monitoring and having oversight of the Enlarged Group’s process of forecasting cash flows;
- (nn) monitoring the implementation of a policy and procedures for sustainability governance and reporting;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (oo) undertaking such other reviews and projects as may be requested by the Proposed New Board, and reporting to the Proposed New Board its findings from time to time on matters arising and requiring the attention of the New Audit and Risk Committee;
- (pp) generally undertaking, and reviewing the Enlarged Group’s compliance with, such other functions and duties as may be required by statute, the Code of Corporate Governance or the Catalist Rules, or by such amendments as may be made thereto from time to time;
- (qq) assessing the performance of the Chief Financial Officer on an annual basis to determine his or her suitability for the position;
- (rr) monitoring and exercising oversight over the Enlarged Group’s compliance with the terms and conditions of the Enlarged Group’s loan facilities, including compliance with loan covenants;
- (ss) reviewing the adequacy of and approving procedures put in place related to any hedging policies to be adopted by the Enlarged Group;
- (tt) monitoring the use of net proceeds from the Proposed Issue of New Placement Shares and the Proposed Convertible Bond Issue ensuring that any material deviation from the stated use of proceeds will be announced in accordance with the Catalist Rules;
- (uu) reviewing the procedures and policies put in place to ensure that the compliance with various laws and regulations, and monitoring the measures undertaken by the Enlarged Group to mitigate and to the extent possible remediate non-compliance by the Enlarged Group, and having oversight of and reviewing such measures to monitor and to the extent possible prevent further recurrence of non-compliances;
- (vv) reviewing and establishing procedures for receipt, retention and treatment of complaints received in relation to the Enlarged Group, including criminal offences involving the Enlarged Group or its employees, questionable accounting, auditing, business, safety or other matters that may impact the Enlarged Group negatively and ensuring that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and
- (ww) reviewing the cash resources of the Target Group to determine if there are sufficient cash resources to make any repayment of the outstanding loan to the Vendor, as set out in Section 20.5(vii) titled “*Working Capital, Liquidity and Capital Resources*” of this Target Company’s Letter to Shareholders.

Apart from the duties listed above, the New Audit and Risk Committee shall review the Company’s policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on and the significant matters raised through the whistle-blowing channel. The New Audit and Risk Committee shall ensure that these arrangements allow such concerns to be safely raised and independently investigated, and proportionate and independent investigation of such matters and appropriate follow up action be taken.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

26.3.3 Internal controls.

Pursuant to the completion of the Proposed Transactions, the business of the Enlarged Group will comprise wholly of the business of the Target Group, and thus the internal controls of the Company and the Target Group will be harmonised. In preparation for the Proposed Acquisition, the Target Group has commissioned CLA Global TS Risk Advisory Pte. Ltd. as internal auditor to conduct an internal control review of key business processes for identifying gaps within the internal controls framework and recommending controls improvement plans to the Target Group.

The New Audit and Risk Committee has held discussions with Mr Leonard Teh, the proposed Chief Financial Officer upon SPA Completion, the internal auditor, as well as Forvis Mazars, in relation to the Target Group’s internal controls. The Proposed New Board has noted that no material internal control weakness had been raised by Forvis Mazars in the course of their audit of the Target Group’s financial statements for Target FY2023, Target FY2024 and Target FY2025. The Proposed New Board also noted that the internal auditor has reviewed the implementation of the recommendations for observations raised in relation to the Target Group’s internal control weaknesses and noted that management has implemented the recommendations as agreed. As such, based on the follow up review report, there is no material internal control weakness relating to the Target Group’s systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems that remained unresolved during the course of the internal control review.

Based on the foregoing, the risk management system and internal controls established and maintained by the Target Group, work performed by the internal and external auditors, and reviews performed by management, the Proposed New Board, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of the New Audit and Risk Committee, is satisfied that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Target Group are adequate and effective as at the Latest Practicable Date to address the financial, operational, compliance and information technology risks which the Target Group considers relevant and material to its operations.

The Proposed New Board notes that the system of internal controls and risk management systems provides reasonable, but not absolute, assurance that the Target Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Proposed New Board also notes that no system of internal controls and risk management systems can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

The New Audit and Risk Committee shall establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent, to ensure that the Enlarged Group’s internal controls remain adequate and effective. Following SPA Completion, the Enlarged Group will be appointing a reputable accounting or auditing firm to conduct annual reviews, based on the internal audit plan approved by the New Audit and Risk Committee, of the effectiveness of the Enlarged Group’s systems of internal controls (including financial, operational, compliance and information technology controls) and its risk management systems. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNet of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by the Proposed New Board.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

26.4 New Nominating Committee

26.4.1 Composition.

The New Nominating Committee comprises Mr Tang Yeng Yuen, Mr Teh Wing Kwan, Mr Jackson Tay and Ms Vanessa Ng. The chairman of the New Nominating Committee is Mr Tang Yeng Yuen. The quorum for any meeting of the New Nominating Committee shall be any three (3) members, including the chairman of the New Nominating Committee.

26.4.2 Responsibilities.

The responsibilities of the New Nominating Committee include, among other things:

- (a) reviewing and recommending the appointment of new Directors and executive officers (including alternate Directors, if applicable) and re-nomination of the Directors having regard to each Director’s contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Enlarged Group, and each Director’s respective commitments outside the Enlarged Group including his principal occupation and board representations on other companies, if any. The New Nominating Committee will conduct such reviews at least once a year, or more frequently as it deems fit;
- (b) ensuring that the Directors submit themselves for re-nomination and re-election at least once every three (3) years, and reviewing and recommending the nomination or re-nomination of the Directors having regard to each Director’s contribution and performance;
- (c) ensuring one-third of the Directors from time to time, or, if their number is not three (3) or a multiple of three (3), then the number rounded to the nearest one-third shall retire from office and shall be eligible for re-election;
- (d) ensuring the maximum number of listed company board representations which any Director may hold at any time shall be six (6);
- (e) determining and recommending to the Directors the maximum number of listed company board representations which any Director may hold and disclosing this in the Company’s annual report;
- (f) where a Director has multiple board representations, deciding whether the Director is able and has been adequately carrying out his duties as a Director, taking into consideration the competing time commitments that are faced by the Director’s number of listed company board representations and discharging his duties toward other principal commitments;
- (g) ensuring that the Proposed New Directors disclose their relationships with the Enlarged Group, related corporations, substantial shareholders or officers which may affect their independence and reviewing such disclosures from the Proposed New Directors and highlighting these to the Proposed New Board as required;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (h) determining annually, and as and when circumstances require, whether or not a Director is independent having regard to the Code of Corporate Governance and any other salient factors;
- (i) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- (j) developing and recommending a process for evaluating the performance of the Board as a whole and its committees, and for assessing the contribution of each Director to the effectiveness of the Board and proposing objective performance criteria, as approved by the Board that allows comparison with the Company’s industry peers, and address how the Board has enhanced long-term shareholders value;
- (k) reviewing the Board composition and the Directors’ mix of skills, experience, core competencies, and knowledge and other aspects of diversity, such as gender and age, to avoid groupthink and foster constructive debate;
- (l) developing and maintaining a formal and transparent process for the selection, appointment and re-appointment of the Directors;
- (m) monitoring the progressive renewal of the Board;
- (n) recommending to the Board on matters relating to the review of succession plans for the executive director and key management personnel;
- (o) recommending to the Board on matters relating to the review of the training and professional development programmes for the Board and its Directors;
- (p) ensuring that new Directors are aware of their duties and obligations;
- (q) reviewing and approving the employment of persons related to the Directors, the Chief Executive Officer or the substantial shareholders of the Company and the proposed terms of their employment; and
- (r) undertaking such functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

Each member of the New Nominating Committee will not take part in determining his own re-nomination or independence and shall abstain from voting on any resolutions in respect of the assessment of his performance, independence or re-nomination as Director. In the event that a member of the New Nominating Committee is interested in any matter being considered by the New Nominating Committee (including opining on his suitability to act as a Director pursuant to Catalist Rule 406(3)(b)), he will abstain from reviewing and deliberating on that particular decision or voting on that particular resolution.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

26.4.3 New Nominating Committee’s view of the Independent Directors.

In assessing the suitability and independence of the proposed Independent Directors, the New Nominating Committee has considered the guidance from the Code of Corporate Governance. The Code of Corporate Governance requires that the board of directors of a company listed on the SGX-ST has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the listed company.

Under the Code of Corporate Governance, an “independent director” is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company.

Under the Catalist Rules, a director who falls under the following circumstances is not independent:

- (a) if he is employed by the company or any of its related corporations for the current or any of the past three (3) financial years;
- (b) if he has an immediate family member who is, or has been in any of the past three (3) financial years, employed by the company or any of its related corporations and whose remuneration is determined by the remuneration committee of the company; or
- (c) if he has been a director of the company for an aggregate period of more than nine (9) years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next AGM of the listed company.

Examples of other relationships which should deem a director not to be independent include:

- (i) a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the listed company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S\$50,000 should generally be deemed significant;
- (ii) a director, or a director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5.0% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the listed company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services). The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question; and

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (iii) a director who is or has been directly associated with a substantial shareholder of the listed company, in the current or immediate past financial year. A director is considered “directly associated” with a substantial shareholder when he is accustomed or under the obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder in relation to the corporate affairs of the listed company. A director will not be considered “directly associated” with a substantial shareholder by reason only of his or her appointment having been proposed by that substantial shareholder.

The New Nominating Committee, after having considered the following:

- (1) the number of listed company directorships held by each of the proposed Independent Directors;
- (2) the principal occupation and commitments of the proposed Independent Directors;
- (3) the confirmations by the proposed Independent Directors that they are each able to devote sufficient time and attention to the matters of the Enlarged Group;
- (4) the confirmations by the proposed Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any substantial shareholder of the Company, has no material relationship with the Company, its related corporations or with any directors of these corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of the Company;
- (5) the professional experience and expertise of the proposed Independent Directors in different areas of specialisation; and
- (6) the composition of the Proposed New Board,

is of the opinion that (I) the Independent Directors do not have any relationship with the Enlarged Group, the substantial shareholders or the Proposed New Executive Officers which could interfere, or be reasonably perceived to interfere with the exercise of their independent business judgement; (II) each of the Independent Directors is individually and collectively able to commit sufficient time and resources to discharge their respective duties, and are suitable and possess the relevant experience to be appointed as Independent Directors of the Company; and (III) the Independent Directors, as a whole, represent a strong and independent element on the Proposed New Board which is able to exercise objective judgement on corporate affairs independently from the substantial shareholders.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

26.4.4 Suitability of Mr Wesley Shen to act as Executive Director and Chief Executive Officer.

The New Nominating Committee has considered the disclosure made by Mr Wesley Shen under Section 24.6.2 titled “*Disclosures in relation to Mr Wesley Shen*” of this Target Company’s Letter to Shareholders against the material background information set out in Section 24.6.1 titled “*Material Background Information*” of this Target Company’s Letter to Shareholders and is of the opinion that Mr Wesley Shen remains suitable to act as Executive Director and Chief Executive Officer taking into account: (a) the nature of the offences for which he was convicted; (b) no personal injury was caused to any third party; and (c) the matter is now closed.

26.4.5 Suitability of Mr Tang Yeng Yuen to act as proposed Lead Independent Director.

The New Nominating Committee has considered the disclosure made by Mr Tang Yeng Yuen under Section 24.6.3 titled “*Disclosures in relation to Mr Tang Yeng Yuen*” of this Target Company’s Letter to Shareholders against the material background information set out in Section 24.6.1 titled “*Material Background Information*” of this Target Company’s Letter to Shareholders and is of the opinion that Mr Tang remains suitable to act as a Director of the Company having regard to the following: (a) the incident was due to inadvertence in connection with his obligations as a registered professional under the Catalist Rules; (b) he has not been charged, nor subject to any disciplinary proceedings, in relation to any breach of the Catalist Rules; (c) the matter has been concluded with a reminder issued by SGX Regco; and (d) the incident did not affect his ability to continue as a registered professional under the Catalist Rules. Mr Tang Yeng Yuen had abstained from deliberation of the New Nominating Committee on his suitability to act as a Proposed New Director.

26.4.6 Suitability of Ms Vanessa Ng to act as proposed Independent Director.

The New Nominating Committee has considered the disclosures made by Ms Vanessa Ng under Section 24.6.4 titled “*Disclosures in relation to Ms Vanessa Ng*” of this Target Company’s Letter to Shareholders against the material background information set out in Section 24.6.1 titled “*Material Background Information*” and is of the opinion that Ms Vanessa Ng remains suitable to act as a Director of the Company having regard to the following:

- (a) In relation to the disclosure under Section 24.6.4(a): (i) the incident was due to inadvertence in connection with her obligations as a registered professional under the Catalist Rules; (ii) she has not been charged, nor subject to any disciplinary proceedings, in relation to any breach of the Catalist Rules; (iii) the matter has been concluded with a private warning issued by SGX Regco; and (iv) the incident did not affect her ability to continue as a registered professional under the Catalist Rules.
- (b) In relation to the disclosure under Section 24.6.4(b): (i) the errors in the PC Application leading to rejection thereof were administrative and clerical in nature; (ii) the failure to check on the status of the PC Application was due to inadvertence as she regarded the PC Application as a standard routine procedure; (iii) the rejection was immediately dealt with after it was discovered and the PC Application was promptly approved thereafter; (iv) the matter has been concluded with a warning by the Attorney General’s Chambers; and (v) the incident has not affected her qualification to act as an advocate and solicitor in Singapore.

Ms Vanessa Ng had abstained from deliberation by the New Nominating Committee on her suitability to act as a Proposed New Director.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

26.5 New Remuneration Committee

26.5.1 Composition.

The New Remuneration Committee comprises Ms Vanessa Ng, Mr Teh Wing Kwan, Mr Tang Yeng Yuen and Mr Jackson Tay. The chairman of the New Remuneration Committee is Ms Vanessa Ng. The quorum for any meeting of the New Remuneration Committee shall be any three (3) members, including the chairman of the New Remuneration Committee.

26.5.2 Responsibilities.

The responsibilities of the New Remuneration Committee include, among other things:

- (a) reviewing and recommending to the Proposed New Board:
 - (i) a comprehensive framework of remuneration for the Proposed New Board and key management personnel; and
 - (ii) ensuring the remuneration policies and systems of the Enlarged Group, as approved by the Proposed New Board, support the Enlarged Group's objectives and strategies, and are consistently administered and being adhered to within the Enlarged Group;
- (b) reviewing annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Proposed New Directors or substantial shareholders of the Company to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities, and review and approve any new employment of related employees and the proposed terms of their employment, and reviewing and recommending to the Proposed New Board, for endorsement, the specific remuneration packages for each of the Proposed New Directors and Proposed New Executive Officers. In the event that a member of the New Remuneration Committee is related to the staff under review, he or she will abstain from the review;
- (c) in the case of service agreements, reviewing the Company's obligations arising in the event of termination of an Executive Director or key management personnel's service agreement, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;
- (d) proposing, for adoption by the Proposed New Board, measurable, appropriate and meaningful performance criteria to assist in the evaluation of the performance of key management personnel, individual Directors and of the Proposed New Board as a whole;
- (e) reviewing the remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation, and the relevant statements in the annual report;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (f) ensuring that the remuneration of non-executive Proposed New Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities;
- (g) reviewing and approving the design of all share option plans, employee share option schemes and/or other equity-based plans (including performance-related remuneration scheme, incentive schemes) and benefits-in-kind and determining the eligibility criteria of the employees who can participate in such scheme;
- (h) advising on and reviewing the development and implementation of the Company’s human capital and resources strategy and policies relating (but not limited) to recruitment, retention, promotion, termination, training, talent development and building a pipeline of future leaders; and
- (i) undertaking such functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

The New Remuneration Committee shall also perform annual review and ensure that the level and structure of remuneration are aligned with the long-term interest and risk policies of the Enlarged Group and should be appropriate, to attract, retain and motivate (i) the Directors to provide good stewardship of the Enlarged Group; and (ii) key management personnel to successfully manage the Company or the Enlarged Group for the long term, as well as ensure accountability of the Enlarged Group.

If a member of the New Remuneration Committee has an interest in a matter being reviewed or considered by the New Remuneration Committee, he will abstain from being involved in the decision or voting on that matter.

27. INTERESTED PERSON TRANSACTIONS

27.1 Chapter 9 of the Catalist Rules

Under the Catalist Rules, transactions between an entity at risk and an interested person are known as interested person transactions.

For the purposes of the Catalist Rules, an “entity at risk” refers to:

- (a) the issuer;
- (b) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or
- (c) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Shareholders should note that upon SPA Completion, the Target Group Companies will become subsidiaries of the Company. Accordingly, any transaction entered into between the Enlarged Group and any of the Company’s interested persons upon SPA Completion (namely the Proposed New Board, the proposed Chief Executive Officer and controlling shareholders of the Company upon SPA Completion and/or their respective associates) (collectively, “**Interested Persons**” and each, an “**Interested Person**”) would constitute interested person transactions for the purpose of Chapter 9 of the Catalist Rules.

Certain terms such as “associate”, “associated company”, “control”, “controlling shareholder”, “interested person” and “interested person transaction” used in this Section 27 have the meanings as provided in the Catalist Rules and in the SFR, unless the context specifically requires the application of the definitions in one or the other as the case may be.

This Section 27 sets out the material interested person transactions entered into by the Target Group and Enlarged Group for the Relevant Period. Save as disclosed in this Section 27, Section 3.1 titled “*Restructuring Exercise*” and Section 28 titled “*Potential Conflicts of Interest*” of this Target Company’s Letter to Shareholders, there has been no interested person transaction which is material in the context of the Proposed Acquisition for the Relevant Period.

In line with Chapter 9 of the Catalist Rules, a transaction which value is less than S\$100,000 is not considered material in the context of the Proposed Acquisition and is not taken into account for the purposes of aggregation in this Section 27.

The Enlarged Group may continue to transact with some of the Interested Persons as disclosed below after SPA Completion. Save as otherwise provided in this Section 27, Shareholders are deemed to have specifically approved the interested person transactions set out below with the relevant Interested Persons and as such, these transactions are not subject to Rules 905 and 906 of the Catalist Rules to the extent that there are no subsequent material changes to the terms of the agreements in relation to each of these transactions.

27.2 Interested Persons

The following is a list of Interested Persons who had transacted with the Target Group and the Enlarged Group during the Relevant Period:

Interested Person	Relationship
Ms Grace Xue	Deemed controlling shareholder of the Company upon SPA Completion, and spouse of Mr Wesley Shen.
Motorflex Leasing	Motorflex Leasing was previously a joint venture company with Mr Wesley Shen holding 75.5% and an unrelated third party holding 24.5%, and was therefore an associate of Mr Wesley Shen. Motorflex Leasing is engaged in the business of motorcycle leasing. Mr Wesley Shen sold all of his 75.5% shareholding in Motorflex Leasing to the other shareholder in April 2024, whereupon Motorflex has ceased to be Mr Wesley Shen’s associate and an interested person.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Interested Person	Relationship
New Lion Leasing	New Lion Leasing was previously a joint venture company with Mr Wesley Shen holding 60.0% and an unrelated third party holding 40.0%, and was therefore an associate of Mr Wesley Shen. New Lion Leasing was engaged in the business of leasing commercial vehicles to customers. New Lion Leasing has ceased operations since June 2024 and was struck-off with effect from 18 July 2025.
SKAU	SKAU is 100% owned by SKGH, which is in turn 100% owned by the Vendor, and is therefore an associate of the Vendor, Mr Wesley Shen and Ms Grace Xue. SKAU is engaged in the trading, distribution and retail of brand new/pre-owned commercial and passenger motor vehicles.
SKCA	SKCA is 75.5% and 24.5% owned by the Vendor and Mr Wesley Shen respectively, and is therefore an associate of the Vendor, Mr Wesley Shen and Ms Grace Xue. SKCA is engaged in the business of leasing of passenger motor vehicles to customers.
SKGH	SKGH is 100% owned by the Vendor and is therefore an associate of the Vendor, Mr Wesley Shen and Ms Grace Xue. SKGH is an investment holding company.
SKIA	SKIA is 100% owned by Mr Wesley Shen and is therefore an associate of Mr Wesley Shen. SKIA provides motor vehicle insurance agency services.
Vendor	Controlling shareholder of the Company upon SPA Completion.
Mr Wesley Shen	Executive Director and Chief Executive Officer, and deemed controlling shareholder, of the Company upon SPA Completion and the spouse of Ms Grace Xue.

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

27.3 Past Interested Person Transactions

Details of the past transactions between the Target Group and Interested Persons for the Relevant Period are as follows:

27.3.1 Guarantees provided by Mr Wesley Shen, Ms Grace Xue and the Vendor.

During the Relevant Period, Mr Wesley Shen, Ms Grace Xue and the Vendor had provided personal guarantees and corporate guarantees for facilities granted to the Target Group and other financing arrangements entered into by the Target Group. The details of the facilities and financing arrangements in respect of which these guarantees were provided are set out below:

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured	Interest rates	Largest amount of facility or financing outstanding during the Relevant Period	Guarantors
				(S\$'000)		(S\$'000)	
SKVR	DBS	20 August 2019	Non-Revolving Hire Purchase Line III	5,000	2.50% p.a.	1,659	Mr Wesley Shen, Ms Grace Xue and the Vendor
SKVR	DBS	14 April 2020	Enterprise Financing Scheme (EFS) Temporary Bridging Loan I (TBL I) for working capital purposes	300 (or any lower limit approved by Enterprise Singapore)	2.75% p.a.	234	Mr Wesley Shen, Ms Grace Xue and the Vendor

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Interest rates	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Guarantors
SKVR	RHB	22 May 2020	Temporary Bridging Loan under the Enterprise Finance Scheme for working capital purposes	400	5.00% p.a.	339	Mr Wesley Shen and Ms Grace Xue
SKVR	DBS	5 November 2020	Term Loan I to finance the purchase of the property at 48 Toh Guan Road East #01-118 Singapore 608586	720	First year/second year: 1.50% p.a. Thereafter: Prevailing 3-month SORA plus 4.0%	696	Mr Wesley Shen, Ms Grace Xue and the Vendor
SKVR	HLF	22 December 2020	Hire purchase line to finance the purchase of new commercial vehicle	500	Ranging from 1.55% p.a. for tenure of one (1) year to 1.80% p.a. for tenure of five (5) years	352	Mr Wesley Shen and Ms Grace Xue

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Interest rates	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Guarantors
SKVR	HLF	9 February 2022	Hire purchase line to finance the purchase of new commercial vehicle	1,000	Ranging from 1.55% p.a. for tenure of one (1) year to 1.75% p.a. for tenure of five (5) years	826	Mr Wesley Shen and Ms Grace Xue
SKER	HSBC	15 July 2022	Business property financing facility to part finance the purchase of #08-52 WCEGA Plaza	648, or 80% of the purchase price, or 80% of the market value, of #08-52 WCEGA Plaza (whichever is the lowest)	First year/second year: 1.35% p.a. over SORA (Advance) Reference Rate Thereafter: 5% p.a. over SORA (Advance) Reference Rate	648	Mr Wesley Shen

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured	Interest rates	Relevant Period	Largest amount of facility or financing outstanding during the Relevant Period	Guarantors
				(S\$'000)			(S\$'000)	
SKVR	DLL	Varies depending on the date of the hire purchase agreement	Hire purchase agreements entered into between SKVR and DLL on an ad hoc basis from time to time	216	Varies depending on the hire purchase agreement	176		Mr Wesley Shen and Grace Xue

As no fee, commission, interest or benefit-in-kind was paid to Mr Wesley Shen, Ms Grace Xue or the Vendor for the provision of the above guarantees, the Proposed New Board is of the view that the above arrangements were not carried out on arm's length basis nor on normal commercial terms, but were beneficial to the Target Group and not prejudicial to the interests of the Company and its minority Shareholders. As at the Latest Practicable Date, the amounts outstanding under the above facilities and financing arrangements have been fully repaid.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.3.2 Purchase of New Lion Leasing’s leasing fleet from SKAU.

New Lion Leasing was previously known as Skylink Auto Garage Pte. Ltd. which provided MRO services before its business was transferred to SKER and it ceased business in 2021. In February 2023, New Lion Leasing was used as a joint venture company between Mr Wesley Shen and an unrelated third party, which carried on the business of leasing vehicles to customers.

In April 2024, New Lion Leasing, SKAU and SKVR entered into a tripartite fleet purchase agreement pursuant to which SKAU purchased New Lion Leasing’s leasing fleet (together with accompanying lease agreements) and sold them to SKVR. The transaction involved SKVR purchasing a total of 78 commercial vehicles from SKAU for a total purchase price of S\$4.53 million. The Target Group was not involved in sourcing for the commercial vehicles that SKAU had purchased from New Lion Leasing or negotiating the terms on which SKAU purchased these vehicles. SKAU had purchased the 78 commercial vehicles from New Lion Leasing at a price below S\$4.53 million, which allowed SKAU to earn a margin on the subsequent sale of the vehicles to SKVR (for the resources deployed and operational works done by SKAU in procurement of the vehicles in its ordinary course of business, with the procurement of vehicles being a capital-intensive process which requires time-sensitive decisions and significant amount of resources may need to be deployed by the operational sales and procurement teams). SKVR entered into such arrangement primarily due to: (a) administrative convenience as SKAU would, among other things, pay the deposit to New Lion Leasing, check the condition of the commercial vehicles and handle the necessary documentation and transfer procedures before delivering the vehicles to SKVR; (b) SKAU’s competitive advantage in providing flexibility to the terms of the purchases, including preferential payment terms (where payment by the Target Group is required only by the end of the following month after the invoices were issued as compared to other suppliers which may impose shorter timelines for payment); and (c) SKAU (through engaging and paying for the services of SKER) provided a maintenance package for a period of six (6) months for the fleet of vehicles purchased. In comparison, in the case of purchases from other third parties, the Target Group would typically need to pay for the initial deposit upfront and subsequently arrange for full disbursement of the purchase price to the seller before being able to take delivery of the vehicles. Maintenance, if any, would also be for a much shorter period as compared to the six (6) months package offered by SKAU. The Target Group had also considered the working relationship with SKAU, as well as the quality and condition of the commercial vehicles.

SKVR had purchased these vehicles at market price based on checks and comparisons against independent market platforms such as Sgcarmart, and the purchase was financed by facilities from banks and other financial institutions which would have conducted their own due diligence. The Proposed New Board is of the view that these transactions were entered into on arm’s length basis and on normal commercial terms, and were not prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.3.3 Purchase of leasing fleet from SKCA.

In November 2023, SKCA and SKVR entered into a tripartite fleet purchase agreement with a third party seller pursuant to which SKCA purchased the third party’s leasing fleet (together with accompanying lease agreements) and sold them to SKVR. The transaction involved SKVR purchasing a total of 195 commercial vehicles from SKCA for a total purchase price of approximately S\$9.64 million. The Target Group was not involved in sourcing for the commercial vehicles that SKCA had purchased from the third party seller or negotiating the terms on which SKCA purchased these vehicles. SKCA had purchased the 195 commercial vehicles from the third party at a price below S\$9.64 million, which allowed SKCA to earn a margin on the subsequent sale of the vehicles to SKVR (for the resources deployed and operational works done by SKCA in procurement of the vehicles in its ordinary course of business, with the procurement of vehicles being a capital-intensive process which requires time-sensitive decisions and significant amount of resources may need to be deployed by the operational sales and procurement teams).

In purchasing the leasing fleet from SKCA, the Target Group had considered the following: (a) SKCA’s competitive advantage in providing flexibility to the terms of the purchases, including preferential payment terms (where payment by the Target Group is required only by the end of the following month after the invoices were issued as compared to other suppliers which may impose shorter timelines for payment); and (b) SKCA (through engaging and paying for the services of SKER) provided a maintenance package for a period of six (6) months for the fleet of vehicles purchased. In comparison, in the case of purchases from other third parties, the Target Group would typically need to pay for the initial deposit upfront and subsequently arrange for full disbursement of the purchase price to the seller before being able to take delivery of the vehicles. Maintenance, if any, would also be for a much shorter period as compared to the six (6) months package offered by SKCA. The Target Group had also considered the working relationship with SKCA, as well as the quality and condition of the commercial vehicles.

SKVR had purchased these vehicles at market price based on checks and comparisons against independent market platforms such as Sgcarmart, and the purchase was financed by facilities from banks and other financial institutions which would have conducted their own due diligence. The Proposed New Board is of the view that these transactions were entered into on arm’s length basis and on normal commercial terms, and were not prejudicial to the interests of the Company and its minority Shareholders.

SKVR had entered into the above transaction with SKCA as the opportunity to purchase the fleet was identified by an unrelated third party individual who was then a director of SKCA and who wanted to broker the transaction through SKCA as it would enhance his key performance indicators as a director of SKCA. This was a one-off transaction, and it is not expected that SKVR will continue to purchase any commercial vehicles from SKCA.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.3.4 Provision of hire purchase financing to Motorflex Leasing.

Motorflex Leasing was an associate of Mr Wesley Shen and therefore an interested person until April 2024 when Mr Wesley Shen sold all of his 75.5% shareholding in Motorflex Leasing to an unrelated third party. Motorflex Leasing is in the business of leasing of motorcycles to customers. When Motorflex Leasing was an interested person, SKCR had entered into hire purchase agreements with Motorflex Leasing to provide hire purchase financing to Motorflex Leasing for the purchase of motorcycles in the ordinary course of its business.

During the Relevant Period, the hire purchase financing provided by SKCR to Motorflex Leasing is summarised below:

	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Outstanding principal amount of hire purchase financing provided to Motorflex Leasing	1,901	1,993	1,697	1,689	1,993

As the hire purchase financing was provided by SKCR based on the same or similar terms (including interest rates) as hire purchase financing provided to unrelated third party customers, the Proposed New Board is of the view that these transactions were entered into on arm's length basis and on normal commercial terms and were not prejudicial to the interests of the Company or its minority Shareholders.

As Mr Wesley Shen has disposed of his 75.5% shareholding in Motorflex Leasing in April 2024, transactions between SKCR and Motorflex Leasing have since then ceased to be interested person transactions.

27.3.5 Use of office space owned by SKAU.

SKAU owns two (2) units at the WCEGA Plaza, which were used as shared office space by the Target Group and the Excluded Entities during the Relevant Period. As SKAU did not charge the Target Group for the use of the shared office space, these transactions were not entered into on arm's length basis or on normal commercial terms, but were not prejudicial to the interests of the Company or its minority Shareholders. As at the Latest Practicable Date, the Target Group had ceased the use of the shared office space.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.3.6 Provision of intercompany services between the Target Group, the Excluded Entities and New Lion Leasing.

During the Relevant Period, the Target Group and the Excluded Entities had entered into the following arrangements for the provision of intercompany services (“**Intercompany Services Arrangements**”):

- (a) SKGH and SKAU had entered into separate agreements with each of SKVR, SKCR and SKER for the provision of certain finance, human resource and operational services; and
- (b) SKER had entered into separate agreements and/or arrangements with each of SKAU, SKIA, SKCA and New Lion Leasing for the provision of certain finance, human resource and operational services.

The agreement mentioned in paragraph (a) between SKAU and SKER (involving the provision of services by SKAU to SKER) and the agreement mentioned in paragraph (b) between SKER and SKAU (involving the provision of services by SKER to SKAU) involved different staff that were responsible for different functions (i.e. different services were provided by SKAU to SKER and by SKER to SKAU).

Prior to SPA Completion, the operations of the Target Group and the Excluded Entities were managed as a single group. The Intercompany Services Arrangements had been entered into as the Target Group and the Excluded Entities as well as New Lion Leasing had adopted the practice of hiring on a centralised basis for the different business segments within the group, and support for certain finance, human resource and/or operational functions was centralised.

During the Relevant Period, the amounts paid by the Target Group to the relevant Excluded Entities, and received by the Target Group from the relevant Excluded Entities and New Lion Leasing under these Intercompany Services Arrangements, are summarised below:

	Target FY2023	Target FY2024	Target FY2025	From 1 April 2025 to the Latest Practicable Date
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Amounts paid by the Target Group to Excluded Entities under the Intercompany Services Arrangements	579	633	1,527	–
Amounts received by the Target Group from Excluded Entities and New Lion Leasing under the Intercompany Services Arrangements	807	1,030	1,073	–

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

As the service fees under the Intercompany Services Arrangements were charged based on actual costs incurred by the Target Group or the Excluded Entities and New Lion Leasing (as the case may be), without any mark-up, the Proposed New Board is of the view that the transactions were not entered into on arm’s length basis nor on normal commercial terms but were not prejudicial to the interest of the Company and its minority Shareholders.

The Intercompany Services Arrangements have been terminated since April 2025, and the practice of hiring on a centralised basis for the Target Group and the Excluded Entities collectively have ceased. Since April 2025, hiring is practised on a centralised basis only within the Target Group.

27.3.7 Loans from the Target Group to SKGH and from SKGH to the Target Group, and loan from SKAU to SKVR.

Prior to the Restructuring, the operations of the Target Group and the Excluded Entities were managed as a single group, with SKGH primarily performing the treasury function to fund the operations under the different business segments. Under such an arrangement, loans were provided by the Target Group and the Excluded Entities to SKGH, which in turn provided loans to the relevant companies within the Target Group and the Excluded Entities when necessary to fund their operations.

Prior to SPA Completion, SKAU had also provided a loan of S\$400,000 to SKVR by way of a related company loan agreement.

During the Relevant Period, the loans provided by the Target Group to SKGH and the loans provided by SKGH to the Target Group are summarised below:

	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
	(S\$’000)	(S\$’000)	(S\$’000)	(S\$’000)	(S\$’000)
Outstanding principal amount of loans extended by the Target Group to SKGH	–	200	–	–	200
Outstanding principal amount of loans extended by SKGH to the Target Group	–	600	1,800	–	1,800

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

As the loans made by SKGH to the Target Group and by the Target Group to SKGH were generally based on the interest rate of 10% per annum regardless of prevailing market interest rates at that time, the Proposed New Board is of the view that these transactions were not entered into on an arm’s length basis nor on normal commercial terms. As at the Latest Practicable Date, all of these intercompany loans provided by SKGH to the Target Group, and by the Target Group to the SKGH have been fully repaid, the Proposed New Board is of the view that these intercompany loans were not prejudicial to the interests of the Company or its minority Shareholders.

As the loan made by SKAU to SKVR was based on the interest rate of 10% per annum regardless of prevailing market interest rates at that time, the Proposed New Board is of the view that this transaction was not entered into on an arm’s length basis nor on normal commercial terms. As at the Latest Practicable Date, the loan provided by SKAU to SKVR has been fully repaid, the Proposed New Board is of the view that this intercompany loan was not prejudicial to the interests of the Company or its minority Shareholders.

Any funding required by the Target Group is currently provided by the Vendor to the Target Group. Please refer to Section 27.4.7 titled “*Provision of loans from the Vendor to the Target Group*” of this Target Company’s Letter to Shareholders in relation to the ongoing loans provided by the Vendor to the Target Group. The Target Group has ceased to provide loans to the Excluded Entities or the Vendor.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.4 Present and Ongoing Interested Person Transactions

27.4.1 Provision of guarantees by Mr Wesley Shen, Ms Grace Xue, the Vendor, SKAU and SKGH.

During the Relevant Period, Mr Wesley Shen, Ms Grace Xue, the Vendor, SKAU and SKGH provided personal guarantees and corporate guarantees to HSBC, OCBC, DBS, RHB, HLF, Singapore Finance, Orix Leasing, UOB, HL Bank, DLL, Index Credit, Motor Credit, Toyota Credit, Toyota Finance, and Abwin for credit facilities and other financing arrangements granted by them to the Target Group, which are subsisting, as at the Latest Practicable Date. The details of the credit facilities and financing arrangements in respect of which the guarantees have been provided are set out below:

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured	Largest amount of facility or financing outstanding during the Relevant Period	Amount of facility or financing outstanding as at the Latest Practicable Date	Guarantors
				(S\$'000)	(S\$'000)	(S\$'000)	
SKCR	Singapura Finance	24 May 2018	Block discounting facility for new and used commercial vehicles and buses/coaches	28,000	27,602	26,562	Mr Wesley Shen, Ms Grace Xue, Vendor and SKAU

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKCR	Orix Leasing	26 June 2018	Block discounting facility for working capital requirements and to purchase new, used or COE renewed light and/or heavy commercial vehicle	2,500	2,383	1,324	Mr Wesley Shen and Ms Grace Xue
SKCR	UOB	30 August 2019	Block discounting facility on recourse basis in respect of SKCR's hire purchase agreements for new and used passenger and commercial vehicles	8,000	8,014	7,761	Mr Wesley Shen, Ms Grace Xue and SKGH

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKVR	DBS	5 November 2020	Enterprise Financing Scheme (EFS) Temporary Bridging Loan II (TBL II) for working capital purposes	1,500 (or any lower limit approved by Enterprise Singapore)	1,159	109	Mr Wesley Shen, Ms Grace Xue and the Vendor
SKVR	DBS	10 June 2021	Enterprise Financing Scheme (EFS) Temporary Bridging Loan III (TBL III) for working capital purposes	1,000 (or any lower limit approved by Enterprise Singapore)	881	200	Mr Wesley Shen, Ms Grace Xue and the Vendor
SKVR	HSBC	11 June 2021	Banking facility under the Enterprise Financing Scheme – Temporary Bridging Loan for working capital purposes	Up to 800	800	183	Mr Wesley Shen and Vendor

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKVR	DBS	21 January 2022	Non-Revolving Hire Purchase Line IV	3,000	2,500	15	Mr Wesley Shen and Ms Grace Xue
SKVR	DBS	26 January 2022	Term Loan II to finance the premiums payable for purchase of life insurance policy, Signature Life (II) SGD taken out with Manulife (Singapore) Pte. Ltd. on the life of key personnel of SKVR	325.5	316	260	Mr Wesley Shen and Ms Grace Xue

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKCR	HLF	13 June 2022	Block discounting facility for passenger vehicle/ private hire vehicle as well as commercial vehicles	7,000	2,178	1,388	Mr Wesley Shen, Ms Grace Xue, Vendor and SKGH
SKCR	DBS	29 July 2022	Enterprise Financing Scheme (EFS) Temporary Bridging Loan (TBL I) for working capital purposes	1,000 (or any lower limit approved by Enterprise Singapore)	1,000	290	Mr Wesley Shen and Ms Grace Xue
SKCR	Singapura Finance	19 August 2022	Block discounting facility for motorcycles	2,000	1,967	1,782	Mr Wesley Shen, Ms Grace Xue, Vendor and SKAU

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKVR	DBS	13 January 2023	Enterprise Financing Scheme (EFS) SME Working Capital Loan I for working capital purposes	500 (or any lower limit approved by Enterprise Singapore)	500	217	Mr Wesley Shen and Ms Grace Xue
SKCR	DBS	13 January 2023	Term Loan I to part finance the premium payable for the purchase of the life insurance policy called Signature Life (II) SGD taken out or effected by SKCR with Manulife (Singapore) Pte. Ltd. on the life of SKCR's key personnel	224	203	181	Mr Wesley Shen and Ms Grace Xue

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKCR	Singapura Finance	2 May 2023	Block discounting facility for passenger vehicles (private and rental)	7,000	6,730	6,014	Mr Wesley Shen, Ms Grace Xue, Vendor and SKAU
SKCR	UOB	21 June 2023	Premium financing loan to finance SKCR's purchase of the life policy of Mr Wesley Shen and the life policy of Ms Grace Xue	204	204	132	Mr Wesley Shen, Ms Grace Xue and SKGH
SKCR	UOB	21 June 2023	Block discounting facility on recourse basis in respect of SKCR's hire purchase agreements for new and used motorcycles	1,000	836	750	Mr Wesley Shen, Ms Grace Xue and SKGH

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKVR	DLL	17 November 2023	Non-revolving and uncommitted hire purchase facility to finance the purchase of new or used commercial vehicles	2,000	1,854	96	Mr Wesley Shen, Ms Grace Xue and SKAU
SKCR	HL Bank	30 November 2023	Block discounting facilities for block discounting of hire purchase agreements for new, used and renewed COE commercial vehicles	3,000	2,641	2,515	Mr Wesley Shen, Ms Grace Xue, Vendor and SKAU

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKCR	DBS	24 January 2024	Enterprise Financing Scheme (EFS) SME Working Capital Loan I for working capital purposes	300 (or any lower limit approved by Enterprise Singapore)	300	226	Mr Wesley Shen and Ms Grace Xue
SKCR	DBS	24 January 2024	Block discounting facility for the discounting of hire purchase agreements entered into between SKCR and SKCR's hirer(s) relating to the sale of new and/or used commercial vehicles	15,000	10,287	10,139	Mr Wesley Shen and Ms Grace Xue
SKVR	DBS	9 February 2024	Non-Revolving Hire Purchase Line V	5,000	4,359	3,518	Mr Wesley Shen and Ms Grace Xue

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKER	OCBC	15 April 2024	Commercial property loan to finance the purchase of #08-53 WCEGA Plaza	900	900	818	Mr Wesley Shen and Ms Grace Xue
SKVR	UOB	9 September 2024	Hire purchase facility for purchase of 5 Scania vehicles (“ UOB- SKVR Facility ”)	1,168	461	395	Mr Wesley Shen, Ms Grace Xue, SKGH and SKAU
SKER	DBS	1 November 2024	Enterprise Financing Scheme (EFS) SME Working Capital Loan I for working capital purposes	200 (or any lower limit approved by Enterprise Singapore)	200	178	Mr Wesley Shen and Ms Grace Xue

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKER	DBS	6 November 2024	Term Loan to refinance the purchase of WCEGA Plaza #08-52	580 (or the amount payable to HSBC for the outstanding loan for the purchase of WCEGA Plaza #08-52)	577	568	Mr Wesley Shen and Ms Grace Xue
SKVR	DLL	3 June 2025	Revolving and uncommitted hire purchase facility to finance the purchase of new or used commercial vehicles	2,500	973	973	Mr Wesley Shen, Ms Grace Xue and the Target Company

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKVR	UOB	Varies depending on the date of the hire purchase agreement	Hire purchase agreements entered into between SKVR and UOB on an ad hoc basis from time to time	477	470	257	SKGH and SKAU
SKVR	Index Credit	Varies depending on the date of the hire purchase agreement	Hire purchase agreements entered into between SKVR and Index Credit on an ad hoc basis from time to time	4,851	4,028	338	Mr Wesley Shen and Ms Grace Xue
SKVR	Motor Credit	Varies depending on the date of the hire purchase agreement	Hire purchase agreements entered into between SKVR and Motor Credit on an ad hoc basis from time to time	8,889	8,011	7,164	Mr Wesley Shen

APPENDIX A – TARGET COMPANY'S LETTER TO SHAREHOLDERS

Borrower	Bank, financial institution or other financier	Date of facility or other financing arrangement	Types of facility or other financing arrangement	Amount of facility or financing secured (S\$'000)	Largest amount of facility or financing outstanding during the Relevant Period (S\$'000)	Amount of facility or financing outstanding as at the Latest Practicable Date (S\$'000)	Guarantors
SKVR	Toyota Financial Services	Varies depending on the date of the hire purchase agreement	Hire purchase agreements entered into between SKVR and Toyota Financial Services on an ad hoc basis from time to time	15,143	11,119	10,392	Mr Wesley Shen and Ms Grace Xue
SKVR	Abwin	Varies depending on the date of the hire purchase agreement	Hire purchase agreements entered into between SKVR and Abwin on an ad hoc basis from time to time	2,177	2,119	2,066	Mr Wesley Shen

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Please refer to Section 21 titled “*Capitalisation and Indebtedness*” of this Target Company’s Letter to Shareholders for information on the interest rates applicable to the above facilities and financing arrangements.

In connection with the UOB-SKVR Facility, SKVR had entered into two hire purchase agreements with UOB for the purchase of commercial vehicles using funds obtained by drawing down on the UOB-SKVR Facility. Mr Wesley Shen and Ms Grace Xue had provided a joint and several guarantee in respect of the amounts payable under each hire purchase agreement. As at the Latest Practicable Date, installments continue to be payable by SKVR to UOB in accordance with the terms of the hire purchase agreements.

As no fee, commission, interest or benefit-in-kind was paid to Mr Wesley Shen, Ms Grace Xue, the Vendor, SKAU and SKGH for the provision of the guarantees for the credit facilities set out in the table above and the hire purchase agreements referred to in the immediately preceding paragraph, the Proposed New Board is of the view that the above arrangements are not carried out on arm’s length basis nor on normal commercial terms but are beneficial to the Target Group and not prejudicial to the interests of the Company and its minority Shareholders.

Following SPA Completion, the Target Group intends to request for the release and discharge of the above guarantees provided to the various banks, financial institutions and financiers and replace them with other securities to be provided by the Enlarged Group which may be acceptable to the various banks, financial institutions and financiers. The Proposed New Board does not, to the best of their knowledge, expect any material change in the terms and conditions of the relevant facilities arising from the release and discharge of the above guarantees.

If any of the banks, financial institutions or financiers does not agree to the release and discharge of the above guarantees or such release and discharge will result in any material change in the terms and conditions of the relevant facilities that is less favourable to the Target Group, Mr Wesley Shen, Ms Grace Xue, the Vendor, SKAU and SKGH have agreed to continue the provision of the above guarantees to the various banks, financial institutions and financiers without charge, fee, commission, benefit-in-kind or other interest payable to them, and on the same terms and conditions of the relevant facilities as currently maintained, until such time as the Enlarged Group is able to secure alternative facilities from other banks, financial institutions and financiers which do not require the provision of guarantees by Interested Persons and on terms acceptable to the Enlarged Group. In addition, the Proposed New Board does not expect that Mr Wesley Shen, Ms Grace Xue, the Vendor, SKAU and SKGH will continue to provide guarantees to secure any new credit facilities following SPA Completion. The Enlarged Group will request for such arrangements to be secured by other securities to be provided by the Enlarged Group.

27.4.2 Purchase and sale of vehicles from and to SKAU.

SKVR purchases and sells commercial vehicles in the ordinary course of business in order to maintain a mix and composition of vehicle types and makes that cater to shifting market demands. During the Relevant Period, SKVR had purchased and sold commercial vehicles primarily through SKAU as described below.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

During the Relevant Period, SKVR, together with SKAU, entered into a number of tripartite fleet purchase agreements with third party sellers for the purchase of fleets of commercial vehicles together with the accompanying vehicle leases. Pursuant to these fleet purchase agreements, SKAU would purchase the commercial vehicles from the third party sellers and in turn sell them to SKVR. SKVR entered into such arrangements for fleet purchases primarily due to: (a) administrative convenience as SKAU would, among other things, pay the deposit to the third party seller, check the condition of the commercial vehicles and handle the necessary documentation and transfer procedures before delivering the vehicles to SKVR; (b) SKAU providing to SKVR preferential payment terms (where payment by the Target Group is required only by the end of the following month after the invoices were issued); and (c) SKAU (through engaging and paying for the services of SKER) providing a maintenance package for a period of six (6) months for the fleet of vehicles purchased. In comparison, in the case of purchases from other third parties, the Target Group would typically need to pay for the initial deposit upfront and subsequently arrange for full disbursement of the purchase price to the seller before being able to take delivery of the vehicles. Maintenance, if any, would also be for a much shorter period as compared to the six (6) months package offered by SKAU.

Apart from fleet purchases described above, SKVR also purchased commercial vehicles from, and sold commercial vehicles to, SKAU on a regular basis from time to time depending on the requirements of its customers.

A breakdown of the purchase of commercial vehicles by SKVR from SKAU, and the sale of commercial vehicles by SKVR to SKAU, during the Relevant Period is set out below:

	Target FY2023	Target FY2024	Target FY2025	From 1 April 2025 to the Latest Practicable Date
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Aggregate amounts paid by SKVR for the purchase of commercial vehicles from SKAU	5,827	18,776	43,918	5,250
Aggregate amounts received by SKVR for the sale of commercial vehicles to SKAU	17,666	3,543	2,259	2,195

As (a) SKVR would check and compare prices against independent market platforms such as Sgcarmart; and (b) the purchases were largely financed through facilities from banks and other financial institutions which would have conducted their own due diligence, the Proposed New Board is of the view that these purchases were carried out on arm's length basis and on normal commercial terms, and were not prejudicial to the interests of the Company and its minority Shareholders.

Following SPA Completion, it is anticipated that the Enlarged Group will continue to purchase commercial vehicles from, and sell commercial vehicles to, the relevant Excluded Entities. The Company will be seeking the approval of Shareholders for the

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

adoption of the Proposed IPT General Mandate which will cover these transactions and will take effect upon SPA Completion. Such purchase and sale transactions will be subject to compliance with the guidelines and review procedures under the Proposed IPT General Mandate to ensure that they will be on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interest of the Company and its minority Shareholders. Please refer to Section 27.6 titled “*Proposed IPT General Mandate*” of this Target Company’s Letter to Shareholders.

27.4.3 Provision of hire purchase financing to SKCA.

SKCR provides hire purchase financing to SKCA for the purchase by SKCA of passenger vehicles which are leased out by SKCA to its customers in the ordinary course of business. During the Relevant Period, the hire purchase financing provided by SKCR to SKCA is summarised below:

	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
	(S\$’000)	(S\$’000)	(S\$’000)	(S\$’000)	(S\$’000)
Outstanding principal amount of hire purchase financing provided to SKCA ⁽¹⁾	–	7,313	6,809	6,509	7,820

Note:

- (1) The receivables arising from the provision of hire purchase financing provided to SKCA constituted: (a) around 17% and 19% of the Target Group’s total trade receivables in Target FY2024 and Target FY2025 respectively; and (b) around 9% and 6% of the Target Group’s total assets as at the end of Target FY2024 and Target FY2025 respectively.

As the hire purchase financing was provided by SKCR based on the same or similar terms (including interest rates) as hire purchase financing provided to unrelated third party customers, the Proposed New Board is of the view that these transactions were entered into on arm’s length basis and on normal commercial terms and were not prejudicial to the interests of the Company or its minority Shareholders.

Following SPA Completion, it is anticipated that SKCR will continue to provide hire purchase financing to SKCA for the purchase of passenger vehicles. The Company will be seeking the approval of Shareholders for the adoption of the Proposed IPT General Mandate which will cover these transactions and will take effect upon SPA Completion. Such hire purchase financing will be subject to compliance with the guidelines and review procedures under the Proposed IPT General Mandate to ensure that they will be on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interest of the Company and its minority Shareholders. Please refer to Section 27.6 titled “*Proposed IPT General Mandate*” of this Target Company’s Letter to Shareholders.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.4.4 Provision of MRO services and engineering solutions to SKAU and SKCA.

SKER provides MRO services and engineering solutions to SKAU and SKCA in the ordinary course of business. During the Relevant Period, the amount of fees received by SKER from the relevant Excluded Entities for the provision of MRO services and engineering solutions to them is summarised below:

	Target FY2023	Target FY2024	Target FY2025	From 1 April 2025 to the Latest Practicable Date
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Aggregate fees received by SKER from the Excluded Entities for the provision of MRO services and engineering solutions	1,188	2,549	2,928	833

SKER charged the Excluded Entities service fees on the same basis as it charges unrelated third party customers for the same or similar services, taking into account costs of parts and labour plus the Target Group’s usual profit margin. As such, the Proposed New Board is of the view that the above transactions were entered into on arm’s length basis and on normal commercial terms and were not prejudicial to the interest of the Company and its minority Shareholders.

Following SPA Completion, it is anticipated that the Enlarged Group will continue to provide MRO services and engineering solutions to the relevant Excluded Entities. The Company will be seeking the approval of Shareholders for the adoption of the Proposed IPT General Mandate which will cover the provision of such services and will take effect upon SPA Completion. Such transactions will be subject to compliance with the guidelines and review procedures under the Proposed IPT General Mandate to ensure that they will be on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interest of the Company and its minority Shareholders. Please refer to Section 27.6 titled “*Proposed IPT General Mandate*” of this Target Company’s Letter to Shareholders.

27.4.5 Provision of hire purchase financing to SKAU for the purchase of vehicles that are provided by SKAU for use by Mr Wesley Shen, Ms Grace Xue and Mr Johnson Shen.

SKCR has provided hire purchase financing to SKAU for the purchase of three (3) passenger vehicles which are provided by SKAU for use by Mr Wesley Shen, Ms Grace Xue and Mr Johnson Shen.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

During the Relevant Period, the hire purchase financing provided by SKCR to SKAU for the purchase of the three (3) passenger vehicles is summarised below:

	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
	(S\$’000)	(S\$’000)	(S\$’000)	(S\$’000)	(S\$’000)
Outstanding principal amount of hire purchase financing provided to SKAU	–	619	563	537	655

As the hire purchase financing was provided by SKCR based on the same or similar terms (including interest rates) as hire purchase financing provided to unrelated third party customers, the Proposed New Board is of the view that these transactions were entered into on arm’s length basis and on normal commercial terms and were not prejudicial to the interests of the Company or its minority Shareholders.

As SKAU is providing the cars for use by Mr Wesley Shen and Mr Johnson Shen without charge, the Proposed New Board is of the view that these transactions were not entered into on an arm’s length basis nor on normal commercial terms, but were not prejudicial to the interest of the Company or its minority Shareholders.

It is proposed that: (a) as the hire purchase financing has been fully disbursed by SKCR, the arrangement will continue after SPA Completion and SKAU will continue to make payment of the monthly hire purchase instalments in accordance with the hire purchase agreements that have been entered into; and (b) in the meantime, SKAU will continue to provide the cars for use by Mr Wesley Shen and Mr Johnson Shen without charge, (in each case) until such time when the cars are disposed of and/or scrapped. Upon SPA Completion, these transactions will be subject to Chapter 9 of the Catalist Rules and will be subject to periodic review by the New Audit and Risk Committee.

27.4.6 Provision of car park space by SKAU.

SKAU leases a large car park area at the roof top of the WCEGA Plaza. During the Relevant Period, SKAU made available car park space for SKVR to store its float of commercial vehicles that are not leased out to customers on an ad hoc basis. As SKAU did not charge the Target Group for the use of the car park space before 31 March 2025, in respect of the period before 31 March 2025, this transaction was entered into not on arm’s length basis nor on normal commercial terms, but was not prejudicial to the interests of the Company or its minority Shareholders.

SKAU began charging SKVR for its use of the car park space on 1 April 2025. From 1 April 2025 to the Latest Practicable Date, SKVR had paid S\$60,000 to SKAU for its use of the car park space. As the amounts charged by SKAU were based on actual costs incurred by SKAU to lease the car park space, without any mark-up, the Proposed New

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Board is of the view that the transaction was not entered into on an arm’s length basis nor on normal commercial terms but was not prejudicial to the interest of the Company and its minority Shareholders.

It is anticipated that SKVR will continue to use some of the car park space at the roof top of the WCEGA Plaza after SPA Completion. The Company will be seeking the approval of Shareholders for the adoption of the Proposed IPT General Mandate which will cover the lease of car park space by SKVR from SKAU and will take effect upon SPA Completion. Such transaction will be subject to compliance with the guidelines and review procedures under the Proposed IPT General Mandate to ensure that they will be on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interest of the Company and its minority Shareholders. Please refer to Section 27.6 titled “*Proposed IPT General Mandate*” of this Target Company’s Letter to Shareholders.

27.4.7 Provision of loans from the Vendor to the Target Group.

The Vendor provides loans to the Target Group from time to time as and when necessary to fund the operations of the Target Group. During the Relevant Period, the loans provided by the Vendor to the Target Group are summarised below:

	As at 31 March 2023	As at 31 March 2024	As at 31 March 2025	As at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
	(S\$’000)	(S\$’000)	(S\$’000)	(S\$’000)	(S\$’000)
Outstanding principal amount of loans provided by the Vendor to the Target Group	–	–	2,650	3,950	3,950

As the loans were made by the Vendor to the Target Group based at the interest rate per annum that is based on the average of the prevailing prime lending rates of DBS, UOB and OCBC as published on the website of The Association of Banks in Singapore plus a margin of 2%, the Proposed New Board is of the view that these transactions were entered into on arm’s length basis and on normal commercial terms.

It is anticipated that the Vendor will continue to provide loans to the Target Group after SPA Completion. The loans will continue to be made on the same basis as set out above, i.e. at the interest rate per annum that is based on the average of the prevailing prime lending rates of DBS, UOB and OCBC (as published on the website of The Association of Banks in Singapore) plus a margin of 2%. Such transactions will be subject to Chapter 9 of the Catalyst Rules and will be subject to periodic review by the New Audit and Risk Committee.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.4.8 Provision of shared services by the Target Group to the Excluded Entities.

Since 1 April 2025, the Target Group has provided certain corporate and management support services to the Excluded Entities, including in relation to marketing and human resources matters. From 1 April 2025 to the Latest Practicable Date, the fees received by the Target Group from the Excluded Entities for the provision of such services were S\$40,000.

As the service fees to be charged by the Target Group to the Excluded Entities are based on actual costs incurred by the Target Group or the Excluded Entities (as the case may be) plus a mark-up of 5.0% based on the transfer pricing guidelines issued by IRAS, the Proposed New Board is of the view that these transactions will be entered into on arm’s length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

Following SPA Completion, it is anticipated that the provision of shared services by the Enlarged Group to the Excluded Entities will continue. The Company will be seeking the approval of Shareholders for the adoption of the Proposed IPT General Mandate which will cover the provision of such services and will take effect upon SPA Completion. Such transactions will be subject to compliance with the guidelines and review procedures under the Proposed IPT General Mandate to ensure that they will be on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interest of the Company and its minority Shareholders. Please refer to Section 27.6 titled “*Proposed IPT General Mandate*” of this Target Company’s Letter to Shareholders.

27.4.9 Trademark Deed of Assignment.

As at the Latest Practicable Date, the Vendor is the registered proprietor of the Skylink Trademarks. The Vendor and the Target Company have entered into the Trademark Deed of Assignment pursuant to which the Vendor has agreed that, subject to SPA Completion and subject to the parties entering into the Trademark Licence Agreement, it shall assign and transfer, free of consideration, all rights, title and interests in the Skylink Trademarks and the “Skylink” trade name to the Target Company. Please refer to Section 13.1 titled “*Intellectual Property Rights*” of this Target Company’s Letter to Shareholders for more information on the Trademark Deed of Assignment.

As the Skylink Trademarks and the “Skylink” trade name are being assigned and transferred to the Target Company free of consideration, the Proposed New Board is of the view that the transaction is not on arm’s length basis or on normal commercial terms, but is beneficial to, and not prejudicial to the interest of, the Company or its minority Shareholders taking into account: (a) the Skylink Trademarks and the “Skylink” trade name are currently owned by the Vendor, and the assignment and transfer of the Skylink Trademarks and the “Skylink” trade name with effect from SPA Completion enables the Target Company to own, control and use the Skylink Trademarks and the “Skylink” trade name upon SPA Completion without having to rely on a licence from the Vendor; (b) the Target Company is not required to make any payment for the assignment and transfer of the Skylink Trademarks and the “Skylink” trade name, although the Target Company will be granting to the Vendor (with its subsidiaries (other than the Target Company) having the right of use) and SKIA a licence to use the Skylink Trademarks and the “Skylink” trade name in accordance with the Trademark Licence Agreement.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.4.10 Trademark Licence Agreement.

The Target Company, the Vendor and SKIA have entered into the Trademark Licence Agreement pursuant to which, subject to SPA Completion and to the assignment and transfer of the Skylink Trademarks and the “Skylink” trade name to the Target Company pursuant to the Trademark Deed of Assignment taking effect, the Target Company shall grant to the Vendor (with its subsidiaries (other than the Target Company) having the right of use) and SKIA a royalty free, non-exclusive and non-transferable licence (without the right to sub-licence) to use the Skylink Trademarks and the “Skylink” trade name. Please refer to Section 13.1 titled “*Intellectual Property Rights*” of this Target Company’s Letter to Shareholders for more information on the Trademark Licence Agreement.

The Trademark Licence Agreement will commence with effect from the SPA Completion Date and will, unless terminated earlier in accordance with the terms thereof, automatically terminate upon the occurrence of the earliest of: (a) in relation to the licence in favour of the Vendor, Wesley Shen and his associates ceasing to be interested, directly or indirectly, in any of the voting rights in the Vendor; (b) in relation to the licence in favour of SKIA, Wesley Shen and his associates ceasing to be interested, directly or indirectly, in any of the voting rights in SKIA; or (c) the Vendor, Wesley Shen and his associates ceasing to be, directly or indirectly, controlling shareholders, substantial shareholders and directors of the Company and its subsidiaries from time to time. The Target Company also has the right to terminate the Trademark Licence Agreement under certain circumstances, including the breach by the Vendor (and/or any of its subsidiaries) and/or SKIA of the Trademark Licence Agreement, and the insolvency, bankruptcy and certain other events as set out in the Trademark Licence Agreement.

As the licence of the Skylink Trademarks is on a royalty-free basis, the Proposed New Board is of the view that the Trademark Licence Agreement is not entered into on arm’s length basis or normal commercial terms. However, taking into account that: (a) the Skylink Trademarks and the “Skylink” trade name are owned by the Vendor and used by the Excluded Entities prior to their assignment and transfer to the Target Company; (b) the Skylink Trademarks and the “Skylink” trade name are being assigned and transferred to the Target Company free of consideration pursuant to the Trademark Deed of Assignment; and (c) the assignment and transfer of the Skylink Trademarks and the “Skylink” trade name will enable the Target Company to own, control and use the Skylink Trademarks and the “Skylink” trade name without having to rely on a licence from the Vendor, the Proposed New Board is of the view that, taking the Trademark Deed of Assignment and Trademark Licence Agreement in totality, the Trademark Licence Agreement is not prejudicial to the interest of the Company or minority Shareholders.

27.5 **Guidelines and Review Procedures for Interested Person Transactions not falling within the Proposed IPT General Mandate**

27.5.1 Guidelines and review procedures.

To ensure that future transactions with Interested Persons after SPA Completion will be undertaken on normal commercial terms, consistent with the Enlarged Group’s usual business practices and policies, on terms which are generally no more favourable to the Interested Persons than those extended to unrelated third parties (or on terms which are generally no less favourable than those offered by non-interested/unrelated third parties, as the case may be), and will not be prejudicial to the interests of the Company and minority Shareholders, the following procedures will be implemented by the Enlarged

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Group for future transactions with Interested Persons (save for transactions covered under the Proposed IPT General Mandate) after SPA Completion:

- (a) in relation to any purchase of products or procurement of services from an Interested Person, quotations from at least two (2) unrelated third party suppliers in respect of the same or substantially similar type of transactions will be obtained for comparison to ensure that the interests of the Company and minority Shareholders are not disadvantaged. The purchase price of the product or the fee for the services shall not be more favourable to the Interested Person as compared with at least two (2) comparative quotations obtained from the two (2) unrelated third party suppliers, taking into account all pertinent factors, including but not limited to quantity, quality, delivery time, requirements, specifications, payment and credit terms, reliability, track record and availability of preferential rates;
- (b) in relation to any sale of products or supply of services to an Interested Person, the sale price of the product or fee for the services of at least two (2) other recently completed transactions of the same or substantially similar nature with unrelated third party customers will be used as comparison to ensure that the interests of the Company and minority Shareholders are not disadvantaged. The sale price of the products or the fee for the supply of the services shall not be more favourable to the Interested Person as compared with at least two (2) other recently completed transactions with unrelated third party customers, taking into account all pertinent factors, including but not limited to, customer requirements, creditworthiness, and usual prices, margins or discounts that may be extended to long-term customers of the Enlarged Group;
- (c) in the case of renting properties from or to an Interested Person, the Enlarged Group shall take appropriate steps to ensure that the rent is commensurate with the prevailing market rates, including comparing the rent for similar properties recently listed on CommercialGuru (and/or other similar online platforms), making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size, tenure, suitability for purpose and location, based on the results of the relevant inquiries; and
- (d) there may be situations where competitive quotations or price comparisons may not be practicable or appropriate, such as where there are no unrelated third party vendors of similar products or services, considering factors such as quantity, specifications and delivery schedules. In the event that it is not practicable or appropriate to compare against the terms of other transactions or quotations with unrelated third parties or to obtain the price and terms of at least two (2) other transactions (as stipulated in paragraphs (a) and (b) above) or in situations where the products or services may be purchased only from an Interested Person, the Chief Financial Officer and the general manager of the respective subsidiary (both of whom must have no interest in the transaction) or, in any of their absence, an appropriate senior executive (who must have no interest, direct or indirect, in the transaction) to be appointed by the New Audit and Risk Committee) or, failing which, the New Audit and Risk Committee will determine whether the prices and terms offered by or to the Interested Person are fair and reasonable and in accordance with the Enlarged Group’s usual business practices and pricing policies or industry

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

norms. In determining whether the price and terms are fair and reasonable and consistent with the Enlarged Group’s usual business practice, factors such as, but not limited to, quantity, quality, delivery time, requirements, specifications, payment and credit terms, reliability, track record, historical purchase price paid by us for such products or goods, and availability of preferential rates will be taken into account.

27.5.2 Threshold Limits

- (a) In addition, upon SPA Completion, the Enlarged Group will monitor all interested person transactions entered into by the Enlarged Group (save for transactions covered under the Proposed IPT General Mandate) and categorise these transactions as follows:
 - (i) all interested person transactions equal to and below S\$100,000 (either individually or as part of a series or are aggregated with other transactions involving the same Interested Person during the same financial year) are to be reviewed by the New Audit and Risk Committee at least on a half-yearly basis;
 - (ii) all interested person transactions of values above S\$100,000 but below 3.0% of the latest audited NTA of the Enlarged Group (either individually or as part of a series or aggregated with other transactions involving the same Interested Person during the same financial year) shall be approved by the Chief Financial Officer and the general manager of the respective subsidiary, or in any of their absence, an appropriate senior executive (who must have no interest, direct or indirect, in the transaction) to be appointed by the New Audit and Risk Committee, prior to entry, and reviewed by the New Audit and Risk Committee at least on a half-yearly basis; and
 - (iii) for interested person transactions where the value amounts to 3.0% or more of the latest audited NTA of the Enlarged Group (either individually or as part of a series or aggregated with other transactions involving the same Interested Person during the same financial year), the Enlarged Group will obtain the approval of the New Audit and Risk Committee prior to entering into the transaction. Where a New Audit and Risk Committee member has an interest, directly or indirectly, in the transaction, he shall abstain from participating in the review and approval of the transaction.
- (b) Any transactions to be made with an Interested Person (save for transactions covered under the Proposed IPT General Mandate) shall not be approved unless:
 - (i) the pricing is determined in accordance with the Enlarged Group’s usual business practices and policies, consistent with the usual rate given or price received by the Enlarged Group for the same or substantially similar type of transactions between the Enlarged Group and unrelated parties, and the terms are no more favourable to the Interested Person than those extended to or received from unrelated parties; or
 - (ii) where Section 27.5.1(d) of the Target Company’s Letter to Shareholders applies, the considerations in determining whether the price and terms offered are fair and reasonable as set out therein are properly considered and documented.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (c) The above threshold limits are adopted by the Enlarged Group after considering, among other things, the nature, volume, frequency and size of the transactions as well as the Enlarged Group’s day-to-day operations, administration and businesses. The threshold limits are arrived at with a view to strike a balance between (i) maximising the operational efficiency of the day-to-day operations of the Enlarged Group, and (ii) maintaining adequate internal controls and governance in relation to the interested person transactions. The threshold limits are intended to act as an additional safeguard to supplement the review procedures as set out above.

27.5.3 Additional Procedures.

- (a) Before any agreement or arrangement with an Interested Person that is not in the ordinary course of business of the Enlarged Group is transacted, prior approval must be obtained from the New Audit and Risk Committee. Any decision to proceed with such an agreement or arrangement would be recorded for review by the New Audit and Risk Committee. If a member of the New Audit and Risk Committee is interested in any interested person transactions, he will abstain from reviewing and approving that particular transaction.
- (b) The Enlarged Group will maintain and update a register of Interested Persons and ensure that the list is circulated to the Enlarged Group’s employees whenever it is updated.
- (c) The Enlarged Group will maintain a register to record all interested person transactions that are entered into by the Enlarged Group, including any pertinent factor(s) considered and/or quotations obtained from unrelated third parties to support the price, fee, rental and/or terms of the interested person transaction, and the review and/or approval of the New Audit and Risk Committee. The register will be maintained by personnel (who shall not be interested in any of the interested person transactions) who are duly delegated to do so by the New Audit and Risk Committee and any exceptions or departures from the review procedures shall be reported and highlighted to the New Audit and Risk Committee immediately.
- (d) The New Audit and Risk Committee will review all interested person transactions, if any, on a half-yearly basis (or at such frequency as the New Audit and Risk Committee may deem necessary) to ensure that they are carried out on an arm’s length basis and in accordance with the procedures outlined above, taking into account all relevant non-quantitative factors. If a member of the New Audit and Risk Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.
- (e) The Enlarged Group’s internal audit plan will also incorporate a review of the interested person transaction guidelines and approval procedures at least on an annual basis, or at the request of the New Audit and Risk Committee. The internal audit report will be reviewed by the New Audit and Risk Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with.
- (f) The New Audit and Risk Committee and the Proposed New Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing laws, rules and regulations, the

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Catalist Rules (in particular, Chapter 9 thereof) and relevant accounting standards are complied with. Pursuant to the Catalist Rules, the Enlarged Group will make the required disclosure in relation to its interested person transactions in its annual report during the relevant financial year under review.

- (g) In addition, such transactions will also be subject to Shareholders’ approval if deemed necessary under the Catalist Rules. In accordance with Rule 919 of the Catalist Rules, the relevant Interested Persons and their associates will abstain from voting, and will not accept appointments as proxies unless specific instructions as to voting by the Shareholder(s) are given, on resolutions approving such interested person transactions.
- (h) The New Audit and Risk Committee will also, from time to time, review such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm’s length basis and do not prejudice the interests of the Company and minority Shareholders. If the New Audit and Risk Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm’s length basis and not prejudicial to the interests of the Company and minority Shareholders, the New Audit and Risk Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate. The New Audit and Risk Committee may request for an independent financial adviser’s opinion on such guidelines and procedures as it deems necessary.

27.6 **Proposed IPT General Mandate**

27.6.1 Catalist Rules. Under Rule 920(1) of the Catalist Rules, an issuer is allowed to obtain a general mandate from its shareholders for recurrent interested person transactions of a revenue or trading nature or for those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses, provided that such transactions are carried out on normal commercial terms, will not be prejudicial to the interests of the issuer and its minority shareholders and in accordance with the guidelines and review procedures for interested person transactions.

27.6.2 Proposed IPT General Mandate.

The Enlarged Group anticipates that, upon SPA Completion, it would in the ordinary course of business enter into or continue to enter into certain transactions with the Mandated Interested Persons (as defined below). In view of the time-sensitive and recurrent nature of such commercial transactions, it would be advantageous for the Company to obtain the Proposed IPT General Mandate, being the general mandate from its Shareholders pursuant to Rule 920 of the Catalist Rules to enable any or all members of the Enlarged Group, in the ordinary course of their business, to enter into the Mandated Transactions (as defined below) with the Mandated Interested Persons which are necessary for day-to-day operations, provided that all such transactions are carried out on arm’s length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

For the avoidance of doubt, the Proposed IPT General Mandate will cover any and all Mandated Transactions, including transactions which have a value below S\$100,000, notwithstanding that the threshold and aggregation requirements under Chapter 9 of the Catalist Rules as at the date of this Target Company’s Letter to Shareholders may not apply to such transactions. While transactions below S\$100,000 are not normally aggregated under Rule 906(2) of the Catalist Rules, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one (1) transaction in accordance with Rule 902 of the Catalist Rules.

Transactions which do not fall within the ambit of the Proposed IPT General Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules and/or any applicable law. In particular, any transaction outside the scope of the Proposed IPT General Mandate of value equal to or exceeding 5.0% of the Enlarged Group’s latest audited NTA will require independent Shareholders’ approval. Without prejudice to the foregoing, such transactions will be subject to guidelines and review procedures set out under Section 27.5 titled “*Guidelines and Review Procedures for Interested Person Transactions not falling within the Proposed IPT General Mandate*” above. Transactions conducted under the Proposed IPT General Mandate are not separately subject to Rules 905 and 906 of the Catalist Rules pertaining to threshold and aggregation requirements.

27.6.3 EAR Group.

For the purpose of the Proposed IPT General Mandate, the term “entity at risk” means:

- (a) the Company;
- (b) a subsidiary of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange) and in particular, includes the Target Group upon SPA Completion; or
- (c) an associated company of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Enlarged Group, or the Enlarged Group and the interested person(s), has or have control

(together, the “**EAR Group**”).

27.6.4 Mandated Interested Persons. The Proposed IPT General Mandate will apply to transactions that are carried out between the EAR Group and the following Interested Persons (“**Mandated Interested Persons**”):

SKAU	SKAU is 100% owned by SKGH, which is in turn 100% owned by the Vendor, and is therefore an associate of the Vendor, Mr Wesley Shen and Ms Grace Xue
SKCA	SKCA is 75.5% and 24.5% owned by the Vendor and Mr Wesley Shen respectively, and is therefore an associate of the Vendor, Mr Wesley Shen and Ms Grace Xue.
SKIA	SKIA is 100% owned by Mr Wesley Shen and is therefore an associate of Mr Wesley Shen

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Transactions with the Mandated Interested Persons which do not fall within the ambit of the Proposed IPT General Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or any other applicable provisions of the Catalist Rules.

27.6.5 Categories of Mandated Transactions.

The interested person transactions with the Mandated Interested Persons which will be covered under the Proposed IPT General Mandate are as follows:

- (a) *Purchase Transactions*: This category relates to the Enlarged Group purchasing commercial vehicles from SKAU in the ordinary course of business (“**Purchase Transactions**”).
- (b) *Sale Transactions*: This category relates to the Enlarged Group selling commercial vehicles to SKAU in the ordinary course of business (“**Sale Transactions**”).
- (c) *HP Financing*: This category relates to the Enlarged Group providing hire purchase financing for SKAU and SKCA to purchase motor vehicles in the ordinary course of business (“**HP Financing**”).
- (d) *MRO Services*: This category relates to the Enlarged Group providing MRO services and engineering solutions to SKAU and SKCA in the ordinary course of business (“**MRO Services**”).
- (e) *Car Park Sub-Lease*: This category relates to the Enlarged Group being granted a sub-lease by SKAU to use car park space at the roof-top car park at the WCEGA Plaza (“**Car Park Sub-Lease**”).
- (f) *Shared Services*: This category relates to the EAR Group providing shared services to SKAU, SKCA and SKIA (“**Shared Services**”).

The Purchase Transactions, Sale Transactions, HP Financing, MRO Services, Car Park Sub-Lease and Shared Services are collectively referred to as “**Mandated Transactions**”.

27.6.6 Rationale for and Benefits of the Proposed IPT General Mandate.

- (a) *Background*: Prior to SPA Completion, the operations of the Target Group and the Excluded Entities are managed as a single group. There have been ongoing transactions between the Target Group and the Excluded Entities in the ordinary course of business. Upon SPA Completion, the Target Group will form part of the Enlarged Group and will be managed independently by the Proposed New Board and its own senior management team, and the Excluded Entities will also be managed by its own management team. However, it is anticipated that the Mandated Transactions with the Mandated Interested Persons will continue to be entered into in the ordinary course of business on a recurring and ongoing basis and may arise at any time and from time to time.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (b) *Purchase Transactions and Sale Transactions:* Under the Commercial Vehicle Leasing Business, the Target Group purchases and sells commercial vehicles on a regular basis as the nature of the Target Group’s Commercial Vehicle Leasing Business involves regular acquisition, replacement and disposal of commercial vehicles fleet in the ordinary course of business in order to maintain a mix and composition of vehicle types and makes based on prevailing market conditions to cater to shifting market demands. The Mandated Interested Persons carry on, among other things, the Trading Business.

The Company is proposing that the Proposed IPT General Mandate cover the Purchase Transactions because entry into these transactions with the Mandated Interested Person (i.e. SKAU) offers the Target Group certain competitive advantages and operational efficiencies, including but not limited to:

- (i) administrative convenience as SKAU would, among other things, pay the deposit to the third-party dealer, check the condition of the commercial vehicles and handle the necessary documentation and transfer procedures before delivering the vehicles to the Target Group. In the case of purchases from other third parties, the Target Group would typically need to pay for the initial deposit upfront and subsequently arrange for full disbursement of the purchase price to the seller before being able to take delivery of the vehicles, tying up working capital and increasing operational risk;
- (ii) SKAU extends longer credit terms to the Target Group (generally, payment by the Target Group is required only by the end of the following month after the invoices are issued). Such terms may not be available from other third-party dealers, thereby improving the Target Group’s cash flow and financing flexibility;
- (iii) SKAU (through engaging and paying for the services of SKER) providing a comprehensive maintenance package for the commercial vehicles (typically offering a six (6) months package), exceeding the industry standard offered by most third-party dealers, which reduces after-sales service risk. Such risks are particularly important to the Target Group as it largely deals with used vehicles;
- (iv) the flexibility to select the Target Group’s preferred insurers and financiers for the vehicles purchased, offering greater flexibility in securing competitive financing and insurance arrangements; and
- (v) benefits from consistent quality standards, including the assurance of the quality of the vehicles purchased and reliable service from SKAU. Based on the Target Group’s experience in its previous dealings with SKAU, the Target Group has not encountered any major issues with the quality of the vehicles supplied by SKAU, whereas there is no assurance as to the transactions with other third parties dealers, which may involve higher technical assessment costs, higher non-performance and operational risks, which may also affect the quality of the commercial vehicles being leased out to its customers, and inconsistent after-sales support.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Similarly, entry into the Sale Transactions with the Mandated Interested Person (i.e. SKAU) offers the Target Group certain commercial advantages, including the following:

- (i) SKAU, being in the Trading Business, has the necessary expertise and resources as well as the familiarity with the Target Group’s fleet of commercial vehicles to complete the Sale Transactions on a timely basis, as compared to third-party dealers who may require additional time to conduct the necessary inspections, repair and to procure buyer(s) for the vehicles;
- (ii) there may be some market perceptions from dealers/purchasers relating to their purchase of commercial vehicles from a leasing company, i.e. SKVR, as such commercial vehicles may be perceived to be more “heavily used”, which may affect the negotiating power and result in a lower selling price if the Target Group were to conduct the Sale Transactions with other third-party dealers. Such risks will be mitigated through the Sale Transactions with SKAU; and
- (iii) the Target Group is able to manage the timing of the Sale Transactions thereby reducing the time lapse between the expiration of the leasing contracts and the completion of the Sale Transactions, as the commercial vehicles would continue to incur depreciation expenses and other holding costs if there is a delay in completion of the Sale Transactions.

In addition to the aforementioned commercial merits of entering into the Purchase Transactions and the Sale Transactions with SKAU, as the Target Group is part of the larger “Skylink” group, the Target Group will be assured of the quality of the vehicles supplied, reliability of the services provided by SKAU, and the timeliness of the services provided.

The Purchase Transactions and Sale Transactions with Mandated Interested Persons will benefit the Enlarged Group after SPA Completion in providing an additional avenue for the Enlarged Group to source for quotes and to purchase and sell commercial vehicles.

The Company is also seeking the Proposed IPT General Mandate in respect of the Purchase Transactions with the Mandated Interested Person, having considered the historical frequency of transactions, which is also expected to continue:

- (i) In respect of Purchase Transactions, the Target Group purchased more than 400 commercial vehicles in Target FY2024 and more than 600 commercial vehicles in Target FY2025, with SKAU being the single largest supplier of commercial vehicles to the Target Group in both Target FY2024 and Target FY2025 (accounting for approximately 67.0% and 99.7% of the commercial vehicles supplied to the Target Group in Target FY2024 and Target FY2025 respectively). The Target Group has grown its fleet of commercial vehicles from a small fleet of just three (3) commercial vehicles in April 2018 to 1,231 commercial vehicles as at the end of Target FY2025 further demonstrates the frequency with which the Target Group purchases commercial vehicles taking into consideration that such purchase is typically done on an ad hoc basis rather than by way of fleet purchase.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (ii) In respect of Sale Transactions, the Target Group sold more than 60 commercial vehicles in Target FY2024 and more than 50 commercial vehicles in Target FY2025 and all such Sale Transactions were entered into with SKAU. The sale of commercial vehicles to SKAU allows the Target Group to effect a faster sale and improve the utilisation rate of its fleet and optimisation of the fleet composition to better cater to prevailing market demand.

Taking into account the historical frequency with which the Target Group purchases and sells commercial vehicles and the value of such transactions in Target FY2024 and Target FY2025, it would be operationally impracticable and unduly costly for the Company to convene a general meeting to seek shareholder approval each time a Purchase Transaction or a Sale Transaction is proposed.

Further, given the operational model and nature of its business, Purchase Transactions and Sale Transactions are typically time-sensitive in nature, as a result of the timing of COE bidding exercises, which are conducted twice a month, which directly affect the price of commercial vehicles and the likelihood that such transactions will occur with some degree of frequency and could arise at any time due to the nature of the commercial vehicle leasing business. The inclusion of the Purchase Transactions and Sale Transactions in the Proposed IPT General Mandate would facilitate the Target Group’s ability to capitalise on dynamic market conditions on a timely basis. Conversely, it would be commercially disruptive and disadvantageous to the Target Group if it is required to seek shareholder approval for each Purchase Transaction or Sale Transaction.

- (c) *HP Financing:* Under the Credit Business, the Target Group provides vehicle financing solutions to customers. The Mandated Interested Persons purchase vehicles on a regular basis under their Passenger Car Leasing Business. The provision of HP Financing to Mandated Interested Persons will benefit the Enlarged Group after SPA Completion as it broadens the customer base of the Enlarged Group for its vehicle financing solutions and provides an additional source of revenue for the Enlarged Group.
- (d) *MRO Services:* Under the Engineering Business, the Target Group provides MRO services and engineering solutions to customers. The Mandated Interested Persons require such services for the motor vehicles under its Trading Business and Passenger Car Leasing Business. The provision of MRO services to the Mandated Interested Persons will benefit the Enlarged Group as it broadens the customer base of the Enlarged Group and provides an additional source of revenue for the Enlarged Group.
- (e) *Car Park Sub-Lease:* Under the Commercial Vehicle Leasing Business, the Target Group usually maintains a small float of commercial vehicles, primarily to cater to requirements of new customers and also to provide a buffer for replacements of commercial vehicles leased to customers to meet customers’ needs. The Mandated Interested Persons have leased a large car park area at the roof-top of WCEGA Plaza to house motor vehicles in the ordinary course of business, and has sub-leased some car park space to the Target Group for a fee. The Enlarged Group will benefit from the Car Park Sub-Lease as it provides the Enlarged Group with ample space and convenience to maintain its float of commercial vehicles in the same premises as the Enlarged Group’s operations.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (f) *Shared Services:* The Target Group intends to continue to provide corporate and management support services to the Mandated Interested Persons, including in relation to marketing and human resources matters. Given the continuing business transactions between the Target Group and the Excluded Entities after SPA Completion, the provision of these Shared Services by the Target Group to the Mandated Interested Persons will enable the Target Group to utilise and leverage on its existing resources to derive cost savings, enjoy economies of scale and operational efficiencies.
- (g) *Rationale:* The adoption of the Proposed IPT General Mandate and the renewal of the Proposed IPT General Mandate on an annual basis thereafter will:
 - (i) eliminate the need to convene separate extraordinary general meetings from time to time to seek Shareholders’ approval as and when potential Mandated Transactions with the Mandated Interested Persons arise or prior to implementing any Mandated Transactions with the Mandated Interested Persons. This would substantially reduce the administrative time and expenses (including professional costs and expenses) which would otherwise be incurred in convening such meetings; and
 - (ii) enable the EAR Group to enter into commercial transactions falling within the ambit of the Proposed IPT General Mandate that may be recurring and time-sensitive in nature without compromising the interests of the Company or the minority Shareholders.

27.6.7 Guidelines and Review Procedures for Mandated Transactions.

The EAR Group will establish procedures to ensure that the Mandated Transactions with the Mandated Interested Persons are undertaken at arm’s length and on normal commercial terms consistent with the EAR Group’s usual business practices and policies and on terms which are generally no more favourable to the Mandated Interested Persons than those extended to non-interested/unrelated third parties (or on terms which are generally no less favourable to the EAR Group than those offered by non-interested/unrelated third parties, as the case may be), and are in the interests of the Company and not prejudicial to the interests of the Company and the minority Shareholders.

Specifically, the EAR Group will adopt the following guidelines and review procedures:

- (a) *Purchase Transactions:*
 - (i) Taking into consideration the volume and quantum of the Purchase Transactions required for the EAR Group to manage a diversified fleet of vehicles with the appropriate mix and composition, the EAR Group shall prepare and seek the prior approval of the New Audit and Risk Committee for the Purchase Transactions on a quarterly basis, setting out the intended quantity and maximum aggregate value of commercial vehicles to be purchased by the EAR Group in the upcoming quarter. The proposal will be prepared by the Chief Operating Officer and the sales manager of SKVR taking into account, among other things, the existing mix and composition of the commercial vehicles, the utilisation rate, the float of commercial vehicles that have not been leased out, anticipated demand from existing and new customers and general market trends, and will be subject to the approval of the Chief Executive Officer prior to submission to the New Audit and Risk Committee. The proposal will include a summary of the key factors taken into

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

account by management in determining the purchases to be made in the upcoming quarter. When reviewing the proposal, the New Audit and Risk Committee will take into account the aggregate purchase value from the Mandated Interested Persons for the last quarter, the latest financial position of the Group (including its gearing ratio), the factors taken into account by management in determining the purchases to be made, the latest utilisation rate of the existing fleet, the macro-economic environment and prevailing market demand. In view of the oversight of the New Audit and Risk Committee as described above, the Target Group is of the view that there would not be undue influence to purchase certain types of vehicles from the Mandated Interested Persons.

- (ii) In the event that the total purchase value for the quarter is expected to exceed the maximum aggregate value pre-approved by the New Audit and Risk Committee for the quarter, the EAR Group shall prepare and seek the prior approval of the New Audit and Risk Committee for the revised maximum aggregate value for the same quarter.
- (iii) In addition, in the event the Purchase Transaction is a fleet purchase transaction (“**Fleet Transaction**”) involving the purchase of 10 or more commercial vehicles and the aggregate value is equals to or exceeds 20% of the then latest audited NTA of the EAR Group, the EAR Group shall submit and seek the prior approval of the New Audit and Risk Committee prior to the execution of such Fleet Transaction.
- (iv) Prior to the execution of each Purchase Transaction, the Relevant Authorised Persons will compare the price and commercial terms of the Purchase Transaction offered by the Mandated Interested Persons against the prices of at least two (2) vehicles of the same or similar type, make and model (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) being put up for sale on Sgcarmart. The Relevant Authorised Persons may also refer to any substitute market platform (if for any reason Sgcarmart is not, or no longer, available) and/or other additional independent market platforms. In relation to new vehicles, the Relevant Authorised Persons will also refer to the official price list of the authorised distributor of the relevant type and make of the vehicle. This is to ensure that the price and commercial terms of the Purchase Transaction with the Mandated Interested Person will not be more favourable to the Mandated Interested Person as compared to the most competitive price available on Sgcarmart (and/or other independent market platform) or from the authorised distributor.

In determining the most competitive price available on Sgcarmart (and/or other independent market platform) or from the authorised distributor, the Relevant Authorised Persons will also take into account all relevant factors, including payment terms, maintenance and warranties provided (if any), timing of delivery and reliability of the seller based on past transactions.

- (v) If it is impracticable or not possible to obtain comparative prices from Sgcarmart (and/or other independent market platform) or the official price list of the authorised distributor, the Relevant Authorised Persons will compare the price and commercial terms of the Purchase Transaction offered by the Mandated Interested Person against quotations from at least two (2) unrelated

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

third party dealers that are reasonably contemporaneous in time, to ensure that the price and commercial terms will not be more favourable to the Mandated Interested Person as compared to the most competitive quotation obtained from two (2) unrelated third party dealers.

In determining the most competitive quotation, the Relevant Authorised Persons will take into account all relevant factors, including payment terms, maintenance and warranties provided (if any), timing of delivery and reliability of the seller based on past transactions.

- (vi) If it is impracticable or not possible to obtain at least two (2) quotations from unrelated third party dealers, the Relevant Authorised Persons (who must not have any conflict of interests, whether direct or indirect, in relation to the Purchase Transaction) will assess (after taking into account all relevant factors) and determine whether the price and commercial terms of the proposed transaction with the Mandated Interested Person are fair and reasonable based on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders.

This would involve an assessment of the price and commercial terms of the Purchase Transaction with the Mandated Interested Person by reference to, among other things, prices paid by the EAR Group for a vehicle of the same or similar type, make and model (taking into account year of registration, balance duration of the COE, depreciation, mileage and condition of the vehicle), industry norms, prevailing market conditions, availability and costs of financing available for the purchase, valuation of the vehicle by the bank or financial institution from whom financing is sought, and the EAR Group’s usual business practices and policies.

- (vii) In any event, in each financial year, the aggregate value of all Purchase Transactions and Sale Transactions entered into by the EAR Group in that financial year shall not exceed 20% the latest available audited total assets of the EAR Group¹³ (“**Purchase and Sale Transactions Threshold**”), and further purchases and sales in excess of such threshold shall be subject to approval of the Company’s independent shareholders in a general meeting and subject to the requirements of Chapter 9 of the Catalist Rules. The Purchase and Sale Transactions Threshold has been arrived at having considered the Target Group’s business and growth strategies, historical growth rate of its fleet of commercial vehicles, prevailing market and customer demand as well as market conditions. For the avoidance of doubt, Mr Wesley Shen, as the proposed Executive Director and Chief Executive Officer, together with the Proposed New Executive Officers, will be responsible for formulating the Enlarged Group’s strategic plans and key operational initiatives, which will be approved by the Proposed New Board. Please refer to Section 26.1 titled “*Corporate Governance – Board Practices*” of this Target Company’s Letter to Shareholders’ for more details.

¹³ As commercial vehicles are usually purchased by the Target Group by way of hire purchase financing, it is more meaningful for the aggregate value of all Purchase Transactions and Sale Transactions to be benchmarked against the total assets of the EAR Group. The total assets of the EAR Group would better represent the value of such transactions than the EAR Group’s NTA, given that the NTA of the EAR Group would include the liabilities arising from the hire purchase borrowings arising from the acquisition of such commercial vehicles.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

(b) *Sale Transactions:*

- (i) Taking into consideration the size and composition of its fleet of commercial vehicles as at the Latest Practicable Date, the EAR Group anticipates a higher volume and quantum of Sale Transactions in upcoming years, for the EAR Group to manage a diversified fleet of vehicles with the appropriate mix and composition. Accordingly, the EAR Group shall prepare and seek the prior approval of the New Audit and Risk Committee for the Sale Transactions on a quarterly basis, setting out the list of commercial vehicles intended to be sold by the EAR Group in the upcoming quarter. When reviewing the proposal, the New Audit and Risk Committee will take into account the rationale for the Sale Transactions, including but not limited to the aggregate sale value for the quarter, the maintenance and/or repair frequency and cost of the vehicle, the utilisation rate, the macro-economic environment and prevailing market demand.
- (ii) In the event that the total sale value for the quarter is expected to exceed the maximum aggregate value pre-approved by the New Audit and Risk Committee for the quarter, the EAR Group shall prepare and seek the prior approval of the New Audit and Risk Committee for the revised maximum aggregate value for the same quarter.
- (iii) The Fleet Transaction control procedures for Purchase Transactions set out at Section 27.6.7(a)(iii) do not apply to Sales Transactions, as the EAR Group is not expected to enter into transactions for the sale of 10 or more commercial vehicles having an aggregate value equal to or exceeding 20% of the then latest audited NTA of the EAR Group (“**Fleet Disposals**”). Fleet Transactions may be undertaken as a result of potential opportunities that arise from time to time for the EAR Group to purchase a fleet of vehicles from sellers looking to dispose a large number of commercial vehicles. While Sale Transactions occur from time to time, depending on market trends, fleet conditions and prevailing customers’ requirements, Fleet Disposals are not expected to occur.
- (iv) The Relevant Authorised Persons will determine the price and commercial terms of the Sale Transaction to be offered to the Mandated Interested Person by taking into account the prices of at least two (2) vehicles of the same or similar type, make and model (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) being put up for sale on Sgcarmart. The Relevant Authorised Persons may also refer to any substitute market platform (if for any reason Sgcarmart is not, or no longer, available) and/or other additional independent market platforms. Based on the prices indicated on Sgcarmart and/or other market platforms, the Relevant Authorised Persons shall apply a discount pre-approved by the New Audit and Risk Committee on an annual basis or at the request of the New Audit and Risk Committee. When reviewing the discount to be offered to the Mandated Interested Person, the New Audit and Risk Committee shall take into consideration the sale commission payable by the EAR Group if it engages a third party dealer to effect the Sale Transaction and the time cost (such as depreciation, parking and maintenance fee) incurred by the EAR Group pending the completion of the Sale Transaction. The price and commercial terms of the Sale Transaction offered to the Mandated Interested Persons will not be more favourable to the

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Mandated Interested Person as compared to such comparative prices obtained from Sgcarmart (and/or other independent market platform) after taking into account the discount.

In determining whether the price and commercial terms of the proposed transaction offered to the Mandated Interested Person will not be more favourable to the Mandated Interested Person as compared to such comparative prices obtained from Sgcarmart (and/or other independent market platform) after applying such discount, the Relevant Authorised Persons will take into account all relevant factors, including net book value of the vehicle in the EAR Group’s books, payment terms, maintenance or warranties requested, timing of delivery and payment, and reliability of the buyer based on past transactions.

- (v) If it is impracticable or not possible to obtain comparative prices from Sgcarmart (and/or other independent market platform), the Relevant Authorised Persons will compare the price and commercial terms of the Sale Transaction with the Mandated Interested Person against quotations from at least two (2) unrelated third party dealers for the same or similar type, make and model of vehicle (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) that are reasonably contemporaneous in time, to ensure that the price and commercial terms will not be more favourable to the Mandated Interested Person than such quotations obtained from at least two (2) unrelated third party dealers. In determining whether the price and commercial terms of the Sale Transaction with the Mandated Interested Person will not be more favourable to the Mandated Interested Person than such quotations, the Relevant Authorised Persons will take into account all relevant factors, including industry norms, prevailing market conditions and the EAR Group’s usual business practices and policies.
- (vi) If it is impracticable or not possible to obtain at least two (2) quotations from unrelated third party dealers, the Relevant Authorised Persons (who must not have any conflict of interests, whether direct or indirect, in relation to the Sale Transaction) will assess (after taking into account all relevant factors) and determine whether the price and commercial terms of the proposed transaction with the Mandated Interested Person are fair and reasonable based on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders.

This would involve an assessment of the price and commercial terms of the proposed transaction with the Mandated Interested Person by reference to, among other things, prices obtained by the EAR Group for selling a vehicle of the same or similar type, make and model (taking into account year of registration, balance duration of the COE, depreciation, mileage and condition of the vehicle), industry norms, prevailing market conditions and the EAR Group’s usual business practices and policies.

- (vii) In any event, in each financial year, the aggregate value of all Purchase Transactions and Sale Transactions entered into by the EAR Group in that financial year shall not exceed 20% the latest available audited total assets of the EAR Group, and further purchases and sales in excess of such threshold

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

shall be subject to approval of the Company’s independent shareholders in a general meeting and subject to the requirements of Chapter 9 of the Catalist Rules. The Purchase and Sale Transactions Threshold has been arrived at having considered the Target Group’s business and growth strategies, historical growth rate of its fleet of commercial vehicles, prevailing market and customer demand as well as market conditions. For the avoidance of doubt, Mr Wesley Shen, as the proposed Executive Director and Chief Executive Officer, together with the Proposed New Executive Officers, will be responsible for formulating the Enlarged Group’s strategic plans and key operational initiatives, which will be approved by the Proposed New Board. Please refer to Section 26.1 titled “*Corporate Governance – Board Practices*” of this Target Company’s Letter to Shareholders’ for more details.

(c) *HP Financing:*

- (i) The EAR Group also anticipates higher level of volume and quantum of HP Financing provided to the Mandated Interested Person, in line with the business expansion of the Mandated Interested Person. Accordingly, the EAR Group shall prepare and seek the prior approval of the New Audit and Risk Committee for the HP Financing on a quarterly basis, in particular on the maximum loan quantum to be offered to the Mandated Interested Person for the upcoming quarter. When reviewing the proposal, the New Audit and Risk Committee will take into account the rationale for the quantum, the percentage of outstanding HP Financing extended by the EAR Group to the Mandated Interested Persons as compared to the latest loan book of the EAR Group, the repayment track record and credit assessment, percentage of purchase price financed, tenure, repayment terms and volume of business (the “**HP Factors**”).
- (ii) The EAR Group will offer the HP Financing to the Mandated Interested Person based on the terms (such as percentage of purchase price financed) and interest rates of at least two (2) recent HP Financing entered into by the EAR Group with unrelated third party customers for a vehicle of the same or similar type, make and model (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) that are reasonably contemporaneous in time. The terms and interest rates to be offered to the Mandated Interested Person will not be more favourable to the Mandated Interested Person as compared to the terms offered by the EAR Group to unrelated third party customers.
- (iii) If there is no recent similar HP Financing with unrelated third party customers for comparison, the EAR Group will compare the terms and interest rates of the HP Financing to be offered to the Mandated Interested Person against the terms and interest rates for HP Financing of vehicles of the same or similar type, make and model (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) offered by at least two (2) other hire purchase companies and/or banks that are reasonably contemporaneous in time. The terms of the HP Financing to be offered by the EAR Group to the Mandated Interested Person will not be more favourable to the Mandated Interested Person as compared to the terms offered by other hire purchase companies and/or banks. When comparing the terms, the EAR Group will take into account all relevant factors, including the HP Factors set out above.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (iv) If it is impracticable or not possible to obtain the rates of at least two (2) other hire purchase companies and/or banks, the Relevant Authorised Person who does not have any conflict of interests, whether direct or indirect, in relation to the transactions will determine whether the transaction is fair and reasonable based on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. This would involve assessment of the price and commercial terms proposed to be offered to the Mandated Interested Person by reference to, among other things, industry norms, prevailing market conditions, the rates for hire purchase financing of vehicles of the same or similar type, make and model offered by other hire purchase companies and/or banks, and the EAR Group’s usual gross profit margin for transactions of this nature and its usual business practices and policies.

(d) *MRO Services:*

The EAR Group offers MRO Services on contractual basis or on *ad hoc* basis.

Contractual MRO Services

This refers to regular maintenance services which are rendered by the EAR Group to the Mandated Interested Persons on contractual basis, where the EAR Group and the Mandated Interested Persons enter into contracts for the EAR Group to perform regular (usually monthly) maintenance services for a designated fleet of passenger vehicles of the Mandated Interested Persons over a period of between one (1) and three (3) years.

- (i) The EAR Group will determine the price per vehicle based on the type of vehicles and the number of vehicles under the contract with the Mandated Interested Persons.
- (ii) The EAR Group will compare the terms of the contract offered to the Mandated Interested Person with at least two (2) contracts entered into by the EAR Group with unrelated third party customers for the provision of the same or similar MRO Services. The terms offered by the EAR Group to the Mandated Interested Person shall not be more favourable to the Mandated Interested Person as compared to the terms offered by the EAR Group to unrelated third party customers. When comparing the terms, the EAR Group will take into account all relevant factors, including the number of vehicles under the contract, the vehicle models, the frequency of MRO Services required and the bulk discount provided to contracts of similar size and/or tenure (the “**Contractual Factors**”).
- (iii) If there are no comparable contracts, the Relevant Authorised Person who does not have any conflict of interests, whether direct or indirect, in relation to the contracts will determine whether the terms of the contracts are fair and reasonable based on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. This would involve assessment of the price per vehicle and commercial terms proposed to be offered to the Mandated Interested Person by reference to, among other things, industry norms, the EAR Group’s usual gross profit margin for contracts of this nature, the workshop’s capacity commitment, its usual business practices and policies and the Contractual Factors.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

Ad hoc MRO Services

This refers to the MRO Services and engineering solutions rendered by the EAR Group to the Mandated Interested Persons on an *ad hoc* basis, where the Mandated Interested Persons may approach the EAR Group for such MRO Services and engineering solutions as and when needed. As a reference, the EAR Group rendered over 5,000 such *ad hoc* MRO Services to the Mandated Interested Persons in Target FY2025.

- (I) The EAR Group will determine the price and commercial terms to be offered to the Mandated Interested Person based on the price and commercial terms of at least two (2) recent transactions for the provision of the same or similar MRO Services by the EAR Group to unrelated third party customers that are reasonably contemporaneous in time. The price and commercial terms of the MRO Services to be offered to the Mandated Interested Person will not be more favourable to the Mandated Interested Person as compared to the terms offered by the EAR Group to unrelated third party customers. When comparing the price and commercial terms, the EAR Group will take into account all relevant factors, including the customer’s requirements/specifications, complexity of the job, timing for completion of the job (included the services and parts required), the EAR Group’s workshop capacity and utilisation, and warranties provided (if any).
- (II) If there is no recent similar transaction with unrelated third party customers for comparison, the Relevant Authorised Person who does not have any conflict of interests, whether direct or indirect, in relation to the transactions will determine whether the transaction is fair and reasonable based on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. This would involve assessment of the price and commercial terms proposed to be offered to the Mandated Interested Person by reference to, among other things, industry norms, prevailing market conditions, the rates offered by comparable vehicle workshops for similar jobs, and the EAR Group’s usual gross profit margin for transactions of this nature and its usual business practices and policies.

(e) *Car Park Sub-Lease:*

The EAR Group will pay the Mandated Interested Person a monthly fee for the use of car park space of an agreed area at the roof-top of WCEGA Plaza based on an agreed rate per month. The agreed rate on a per square foot (“**psf**”) basis per month will be computed by dividing the total monthly fee payable by the Mandated Interested Person to the WCEGA Plaza management corporation by the total area of the car park space that is leased from the WCEGA Plaza. The EAR Group will therefore be charged by the Mandated Interested Person based on actual cost incurred by the Mandated Interested Person without any mark-up.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

The EAR Group will compare the rate proposed to be paid to the Mandated Interested Person computed in the manner set out above against the rates for similar land or commercial space that can be used for parking vehicles being put up for lease on CommercialGuru. The EAR Group may also refer to any substitute market platform (if for any reason Commercial Guru is not, or no longer, available) and/or other additional independent market platforms for commercial properties. This is to ensure that the rate payable to the Mandated Interested Person will not be more favourable to the Mandated Interested Person than the most competitive price available on CommercialGuru (and/or other independent market platform).

In determining the most competitive price available on CommercialGuru (and/or other independent market platform), the EAR Group will take into account all relevant factors, including the location and accessibility thereof, convenience in terms of proximity to the location of the Target Group’s operations, the condition of the available space, and the length of the lease.

(f) *Shared Services:*

- (i) The fees that will be charged by the EAR Group to the Mandated Interested Persons for the provision of the Shared Services will be based on the actual cost incurred by the EAR Group in performing the services plus a reasonable mark-up. The mark-up will be determined based on, and will not be less than the mark-up that is in accordance with, the transfer pricing guidelines issued by the Inland Revenue Authority of Singapore and/or other relevant authorities in the relevant jurisdictions. The mark-up will be reviewed and assessed by the New Audit and Risk Committee at least on an annual basis or at the request of the New Audit and Risk Committee.
- (ii) If it is impracticable or not possible for the fees for the provision of the Shared Services to be based on actual cost plus a reasonable mark-up, the Relevant Authorised Person(s) who does not have any conflict of interests, whether direct or indirect, in relation to the transactions will determine whether the fees to be charged to the Mandated Interested Persons are fair and reasonable based on normal commercial terms, and will not be prejudicial to the interests of the Company and the minority Shareholders. Such determination will take into account, among other things, the nature, scope, complexity, delivery timeline and duration of the Shared Services, the costs to the EAR Group of providing the Shared Services (which shall be based on the estimated time to be spent by the relevant employees of the EAR Group and their respective remuneration), the payment and/or credit terms, and a reasonable margin by reference to what an unrelated third party service provider would typically charge for the provision and/or receipt of such services.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.6.8 Approval by Relevant Authorised Persons.

- (a) *Approval thresholds:* The following approval thresholds will be implemented to supplement guidelines and review procedures for the Mandated Transactions to ensure that such Mandated Transactions undertaken are on normal commercial terms and will be entered into by the Enlarged Group:

	Value of Mandated Transaction	Relevant Authorised Person⁽¹⁾
Purchase Transactions (excluding Fleet Transactions) within the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee⁽²⁾	Any value	Any two (2) Relevant Authorised Persons
Purchase Transaction (excluding Fleet Transactions) which exceeds the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee⁽²⁾	Below 5% of the Enlarged Group’s then latest audited NTA ⁽³⁾	Any two (2) Relevant Authorised Persons
	Where the value of the Purchase Transaction or the cumulative value of the Purchase Transactions is equal to or exceeds 5% of the Enlarged Group’s then latest audited NTA	New Audit and Risk Committee
Fleet Transaction involving the purchase of 10 or more vehicles	Less than 20% of the Enlarged Group’s then latest audited NTA	Any two (2) Relevant Authorised Persons
	Equal to or exceeds 20% of the Enlarged Group’s then latest audited NTA	New Audit and Risk Committee
Sale Transactions within the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Any value	Any two (2) Relevant Authorised Persons

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

	Value of Mandated Transaction	Relevant Authorised Person⁽¹⁾
Sale Transaction which exceeds the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Below 5% of the Enlarged Group’s then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the value of the Sale Transaction or the cumulative value of the Sale Transaction is equal to or exceeds 5% of the Enlarged Group’s then latest audited NTA	New Audit and Risk Committee
HP Financing within the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Any value	Any two (2) Relevant Authorised Persons
HP Financing which exceeds the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Below 5% of the Enlarged Group’s then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the value of the HP Financing or the cumulative value of the HP Financing (excluding HP Financing within the quarterly budget) is equal to or exceeds 5% of the Enlarged Group’s then latest audited NTA	New Audit and Risk Committee
MRO Services (ad hoc)	Below 10% of the Enlarged Group’s then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the cumulative value of the MRO Services (excluding MRO Services rendered under contractual basis) is equal to or exceeds 10% of the Enlarged Group’s then latest audited NTA	New Audit and Risk Committee

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

	Value of Mandated Transaction	Relevant Authorised Person⁽¹⁾
MRO Services (contractual)	Below 5% of the Enlarged Group’s then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the contract value of the MRO Services or the cumulative value of the contractual MRO Services is equal to or exceeds 5% of the Enlarged Group’s then latest audited NTA	New Audit and Risk Committee
All other Mandated Transactions	Where the value of the transaction is below 5% of the Enlarged Group’s then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the value of the transaction or the cumulative value of the transaction is equal to or exceeds 5% of the Enlarged Group’s then latest audited NTA	New Audit and Risk Committee

Notes:

- (1) These refers to the person(s) who hold the position of general manager of the respective operating subsidiaries of the EAR Group from time to time, the Chief Financial Officer, any senior management personnel as designated by the New Audit and Risk Committee and any member of the New Audit and Risk Committee, provided always that such person must not have any conflict of interests, whether direct or indirect, in relation to the Mandated Transactions (“**Relevant Authorised Person**”).
- (2) Exclude Fleet Transactions.
- (3) For reference, as at the date of this Circular, the Target Group’s latest audited combined NTA is approximately S\$6.66 million based on the audited combined statement of financial position as at 31 March 2025.

For the avoidance of doubt, any Mandated Transactions which have been reviewed by the New Audit and Risk Committee in its quarterly review of Mandated Transactions or approved by the New Audit and Risk Committee need not be aggregated in the computation of the cumulative value of Mandated Transactions.

- (b) *Rationale for approval thresholds:* The approval thresholds set out above have been determined after taking into account, among other things, the nature, volume, recurrent frequency, prior approvals obtained by the EAR Group, and actual or potential size of the Mandated Transactions, as well as the EAR Group’s day-to-day operations, administration and business. The threshold limits are arrived at with the view to striking a balance between (i) achieving operational efficiency of the day-to-day operations of the EAR Group, and (ii) maintaining adequate internal controls and governance in relation to the Mandated Transactions.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (c) *Interest of Relevant Authorised Person:* In the event that any Relevant Authorised Person has an interest in a Mandated Transaction under review or any business or personal connection with the relevant Mandated Interested Person, the Relevant Authorised Person shall declare his or her interest to the New Audit and Risk Committee, and shall not participate in any decision-making procedure in respect of that Mandated Transaction. In such case, the review and approval of that Mandated Transaction will be undertaken by the next higher level of Relevant Authorised Person. For the avoidance of doubt, Mr Wesley Shen, who will be an Executive Director and Chief Executive Officer and a deemed controlling shareholder of the Company upon SPA Completion, and Mr Johnson Shen, who is Mr Wesley Shen’s brother and will be Chief Operating Officer of the Company upon SPA Completion, will not be one of the Relevant Authorised Persons involved in any decision-making in respect of any Mandated Transactions with the Mandated Interested Person.

27.6.9 Additional Guidelines and Review Procedures. The Enlarged Group will also implement the following additional guidelines and review procedures:

- (a) The Company will maintain and update a list of Interested Persons to facilitate identification of any new Interested Persons. The list of Interested Persons shall be tabled during the New Audit and Risk Committee meeting on an annual basis or at the request of the New Audit and Risk Committee.
- (b) The list of Mandated Interested Persons and Mandated Transactions will be disseminated to the relevant key personnel within the Enlarged Group, and each entity within the EAR Group will be required to promptly inform the finance team of any upcoming Mandated Transactions with a Mandated Interested Person so that the relevant procedures can be complied with and the relevant approvals obtained in accordance with the Proposed IPT General Mandate.
- (c) The finance team will maintain a register of all Mandated Transactions, recording and documenting (among other things) the identity of the Mandated Interested Person, the value of the Mandated Transaction, the basis on which they were entered into (including comparative quotations and supporting evidence) and the identity of the Relevant Authorised Person(s) who authorised the transaction.
- (d) The Chief Financial Officer (or equivalent person) or his delegate(s) who does not have an interest, direct or indirect, in the Mandated Transactions will review the register of Mandated Transactions on a monthly basis, to ensure that the relevant guidelines and review procedures have been complied with and the Mandated Transactions were carried out on normal commercial terms and not prejudicial to the interest of the Company and the minority Shareholders. The Chief Financial Officer (or equivalent person) or his delegate(s) will also circulate the monthly list of Mandated Transactions to the New Audit and Risk Committee on a monthly basis so that the New Audit and Risk Committee is notified of the volume and quantum of Mandated Transactions already carried out between the EAR Group and its Mandated Interested Persons.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (e) The New Audit and Risk Committee will review all Mandated Transactions and the internal control procedures on interested person transactions (including the Mandated Transactions under the Proposed IPT General Mandate) on a quarterly basis as part of its standard procedure, to ascertain that the guidelines and review procedures under the Proposed IPT General Mandate have been complied with, and the adequacy of the Enlarged Group’s internal controls.
- (f) The Enlarged Group’s external auditor will review the Mandated Transactions as part of the Enlarged Group’s annual audit, which includes audit procedures performed by the external auditor to verify the occurrence, existence, cut-off and accuracy of the transactions. Such procedures typically include inspecting supporting documents such as invoices, contracts, and confirmations from financial institutions to validate the occurrence and existence of the transactions between the related parties and the Target Group. The external auditor will report any non-compliance issues noted from the audit to the New Audit and Risk Committee. Further, in respect of the Purchase Transactions and the Sale Transactions, the external auditor will also perform additional “Test of Controls” procedures as part of the Enlarged Group’s annual audit. Such “Test of Controls” procedures are performed to assess the effectiveness of the Target Group’s internal controls over the Mandated Transactions, where the external auditor will select a sample of 40 transactions on a haphazard basis, which is in accordance with the external auditor’s audit sampling methodology for control testing. These samples will be reviewed to assess whether the Target Group has consistently applied its internal control procedures, including price benchmarking and documentation checks, in relation to the Mandated Transactions. Such procedures include reviewing the prices of the Purchase Transactions and Sale Transactions to verify that they have been determined at arms’ length and checking for documented evidence that such prices have been compared against prices of at least two (2) vehicles of the same or similar type, make and model, in line with the guidelines and review procedures set out in Sections 27.6.7(a)(iv) and 27.6.7(b)(iv).
- (g) The Enlarged Group will incorporate a review of all Mandated Transactions (excluding a transaction that is below S\$100,000 in value) in its internal audit plan on an annual basis, or at the request of the New Audit and Risk Committee. The internal auditors will report directly to the New Audit and Risk Committee on its findings from the review of the Mandated Transactions.
- (h) If the New Audit and Risk Committee is of the view that the above guidelines and review procedures are inappropriate or insufficient to ensure that the Mandated Transactions will be on normal commercial terms, and will not be prejudicial to the Company and the minority Shareholders, the Company will in accordance with the Catalist Rules seek a fresh mandate from the Shareholders based on new guidelines and review procedures, to ensure that Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the Company and the minority Shareholders. In such a situation, all transactions with the Mandated Interested Person will be reviewed and approved by the New Audit and Risk Committee prior to obtaining a fresh mandate from Shareholders.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (i) The New Audit and Risk Committee will review all other existing and future interested person transactions not subject to the Proposed IPT General Mandate to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders, and in accordance with the relevant rules in the Catalist Rules.
- (j) If any member of the New Audit and Risk Committee has an interest, direct or indirect, in any Mandated Transaction, he or she will abstain from reviewing and/or approving that particular Mandated Transaction.

27.6.10 Validity period of the Proposed IPT General Mandate.

- (a) *Validity of Proposed IPT General Mandate:* If the proposed ordinary resolution for the adoption of the Proposed IPT General Mandate is approved by Shareholders at the EGM, the Proposed IPT General Mandate will take effect from the date of passing of such resolution relating thereto and will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.
- (b) *Annual Renewal of Proposed IPT General Mandate:* The Company will seek the approval of Shareholders for the renewal of the Proposed IPT General Mandate at every subsequent AGM, subject to the satisfactory review by the New Audit and Risk Committee of the continued requirement of the Proposed IPT General Mandate and its continued application to the Mandated Transactions (in particular, the appropriateness of the Purchase Transactions and Sale Transactions), as well as the Purchase and Sale Transactions Threshold. In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, the Mandated Interested Persons and their associates will abstain from voting on the resolution(s) approving the renewal of the Proposed IPT General Mandate. The Mandated Interested Persons and their associates will also decline to accept appointment as proxies unless specific instructions as to voting are given.

27.6.11 Disclosure

- (a) *Periodic Disclosure:* The Company will announce the aggregate value of all interested person transactions (including Mandated Transactions pursuant to the Proposed IPT General Mandate) for each financial periods which the Company is required to report on pursuant to Rule 705 of the Catalist Rules and within the time required for the announcement of such reports.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (b) *Disclosure in Annual Report:* Disclosure will also be made in the Company’s annual report of the aggregate value of all interested person transactions (including Mandated Transactions pursuant to the Proposed IPT General Mandate) entered during the financial year under review in the following format as stipulated under Rule 907 of the Catalyst Rules:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)

For transparency of disclosure, the Company will also disclose the aggregate principal of HP Financing extended to the Mandated Interested Person during the financial year under review.

27.6.12 Opinion of the IFA.

- (a) *IFA:* Xandar Capital Pte. Ltd. has been appointed as the independent financial adviser pursuant to Rule 920(1)(b)(v) of the Catalyst Rules, to opine on whether the guidelines and review procedures for Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. A copy of the IFA Letter is set out in Appendix D to this Circular and Shareholders are advised to read the IFA Letter carefully.
- (b) *IFA’s Opinion:* Having regard to the considerations set out in the IFA Letter (including quarterly prior approval from the New Audit and Risk Committee for the Purchase Transactions, the Sale Transactions and the HP Financing, the annual prior approval from the New Audit and Risk Committee on the discount for the Sale Transactions, the role of the New Audit and Risk Committee, and the approval thresholds for the respective Mandated Transactions) and the information available to the IFA as at the Latest Practicable Date, the IFA is of the view that the guidelines and review procedures for determining the transaction prices of the Mandated Transactions as set out in Section 27.6.7 titled “*Guidelines and Review Procedures for Mandated Transactions*” of this Target Company’s Letter to Shareholders, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

27.6.13 Statement of the New Audit and Risk Committee.

In relation to the Proposed IPT General Mandate, the New Audit and Risk Committee, having considered and reviewed, among other things, the terms, the rationale and the benefits of the Proposed IPT General Mandate as well as the opinion of the IFA, as set out in Appendix D to this Circular, concurs with the opinion of the IFA and is satisfied that the guidelines and review procedures for the Mandated Transactions, as well as the quarterly reviews to be made by the New Audit and Risk Committee in relation thereto, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

28. POTENTIAL CONFLICTS OF INTEREST

28.1 Potential Conflicts of Interest

Save as disclosed below and in Section 27 titled “*Interested Person Transactions*” of this Target Company’s Letter to Shareholders, none of the Proposed New Board or controlling shareholders of the Target Company and/or their respective associates has any interest directly or indirectly in:

- (a) any material transaction to which any company in the Enlarged Group was or is to be a party;
- (b) any entity carrying on the same business or dealing in similar services which competes materially and directly with the business of the Enlarged Group; and
- (c) any entity that is a customer or supplier of goods or services to the Enlarged Group.

28.2 Excluded Entities

28.2.1 Excluded Entities. As at the Latest Practicable Date:

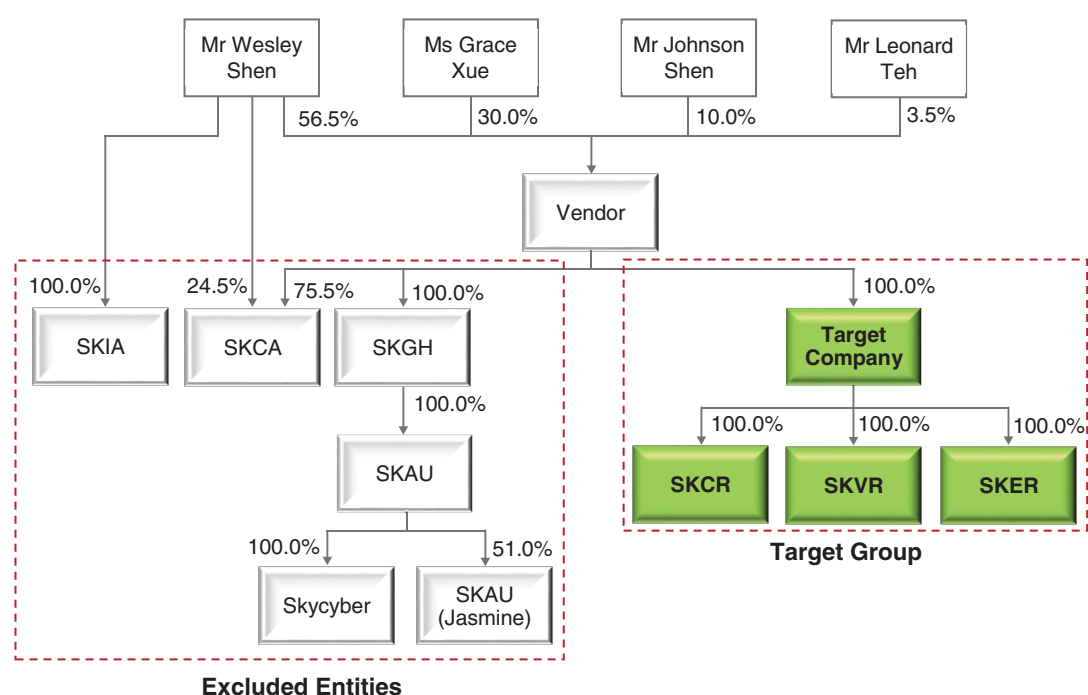
- (a) The Vendor owns 100% of SKGH, which in turn owns 100% of each of the Target Subsidiaries, which carry on the Commercial Vehicle Leasing Business, the Credit Business and the Engineering Business.
- (b) SKGH also owns 100% of SKAU, which in turn owns 100% of each of SKAU (Jasmine) and Skycyber. SKAU and SKAU (Jasmine) are engaged in the trading, distribution and retail of brand new/pre-owned commercial and passenger motor vehicles (“**Trading Business**”). The Vendor intends for Skycyber to engage in the business of development of digital transformation initiatives, including collaborations to develop technology-led digital sharing platforms (“**Technology Business**”).
- (c) The Vendor and Mr Wesley Shen own 75.5% and 24.5% of SKCA respectively. SKCA is engaged in the business of leasing of passenger motor vehicles to customers (“**Passenger Car Leasing Business**”).
- (d) Mr Wesley Shen also owns 100% of SKIA. SKIA is engaged in the provision of motor vehicles insurance agency services (“**Insurance Agency Business**”).

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

28.2.2 **Exclusion of the Excluded Entities.** Pursuant to discussions between the Company and the Vendor, the Proposed Acquisition was agreed on the basis that the Vendor will undertake the Restructuring pursuant to which:

- (a) the Target Company will acquire the Target Subsidiaries to form the Target Group, and the Company will acquire only the Target Group; and
- (b) the Excluded Entities, comprising SKGH, SKAU, SKAU (Jasmine), Skycyber, SKCA and SKIA, will be excluded from the Proposed Acquisition, and will continue to be held by the Vendor and Mr Wesley Shen.

The chart showing the Target Group and the Excluded Entities immediately after the Restructuring but before SPA Completion is set out below:



28.2.3 **Rationale.** The basis of the Proposed Acquisition described above was arrived at after taking into account (among other things) the commercial viability, historical financials, business models and risk profiles of the respective business segments mentioned above and the risk profile and investment appetite of local investors in Singapore (including the minority Shareholders), including the following considerations:

- (a) In relation to the Trading Business, it operates in a competitive environment with a high saturation of motor vehicle dealers, with its performance largely dependent on the prices of COEs. Please also refer to Section 28.2.5(a)(i) titled “*Target Group’s Commercial Vehicle Leasing Business vs Excluded Entities’ Trading Business*” of this Target Company’s Letter to Shareholders for more information. The exclusion of the Trading Business will better position the Target Group for growth.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (b) In relation to the Passenger Car Leasing Business, it has a much shorter operating history, operates on a much smaller scale of operations, and has to compete with a lot more competitors as compared to the commercial vehicle leasing market. It has also been loss-making without visibility as to when it may become profitable. Please also refer to Section 28.2.5(a)(ii) titled “*Target Group’s Commercial Vehicle Leasing Business vs Excluded Entities’ Passenger Car Leasing Business*” of this Target Company’s Letter to Shareholders for more information.
- (c) In relation to the Insurance Agency Business, SKIA works only with a limited number of insurance companies, operates on a relatively small scale, is loss-making and is largely incidental to the Trading Business, which will be excluded from the Proposed Acquisition.
- (d) In relation to the Technology Business, Skycyber currently does not have any operations. There is no certainty that its intention to be involved in the development of digital transformation initiatives will materialise.

28.2.4 Potential conflicts of interest.

Upon SPA Completion: (a) the Vendor will be a controlling shareholder of the Company following the allotment and issue of the Base Consideration Shares; (b) each of Mr Wesley Shen and Ms Grace Xue holds 56.5% and 30.0% of the issued shares in the Vendor and will be deemed to have an interest in all of the Shares held by the Vendor by virtue of section 4 of the SFA, and will therefore be a deemed controlling shareholder of the Company. The Vendor, and Mr Wesley Shen and Ms Grace Xue (either directly or indirectly through the Vendor), will continue to have an interest in the Excluded Entities as described above.

There have been during the Period under Review, and will continue to be after SPA Completion, ongoing transactions between the Target Subsidiaries on the one hand and the Excluded Entities on the other hand, being primarily as follows:

- (a) SKVR purchases its commercial vehicles under the Commercial Vehicle Leasing Business primarily from SKAU. Please refer to Section 7.2 titled “*Major Suppliers*”, and Section 27.4.2 titled “*Purchase and sale of vehicles from and to SKAU*”, of this Target Company’s Letter to Shareholders for more information on these transactions.
- (b) Under the Passenger Car Leasing Business, SKCA purchases passenger vehicles to lease out to customers. SKCR provides hire purchase financing to SKCA for such purchases. Please refer to Section 27.4.3 titled “*Provision of hire purchase financing to SKCA*” of this Target Company’s Letter to Shareholders for more information on these transactions.
- (c) SKER provides MRO services and engineering solutions to SKAU and SKCA. Please refer to Section 27.4.4 titled “*Provision of MRO services and engineering solutions to SKAU and SKCA*” of this Target Company’s Letter to Shareholders for more information on these transactions.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

28.2.5 Mitigation of potential conflicts of interest. The Proposed New Board is of the view that any potential conflicts of interest arising from the above are largely mitigated, taking into account the following matters:

- (a) *Clear differentiation of products/services between the Target Group and Excluded Entities.*

The Target Group and the Excluded Entities do not carry on the same business and offer different products and services, and the business models are fundamentally different, in particular, having considered the following bases:

- (i) *Target Group’s Commercial Vehicle Leasing Business vs Excluded Entities’ Trading Business:*

- (1) The revenue of the Target Group’s Commercial Vehicle Leasing Business is largely on a recurring basis, where revenue is recognised over time following the entry into contracts for leasing of commercial vehicles (for up to a period of five (5) years). In comparison, the revenue of the Excluded Entities’ Trading Business is largely non-recurring, where revenue is recognised as and when goods are delivered, and there are no long-term contracts with its customers.
- (2) The asset base nature and capital structure requirements of the Target Group’s Commercial Vehicle Leasing Business also differ from that of the Excluded Entities’ Trading Business. The Commercial Vehicle Leasing Business typically requires substantial capital expenditure funded by longer term financing to purchase vehicles that are recorded as fixed assets for leasing to customers. On the other hand, the Trading Business involves the use of short term financing to purchase vehicles which are recorded as inventory for sale.
- (3) The competitive landscape of the Trading Business differs from that of the Commercial Vehicle Leasing Business, as the Trading Business is highly saturated in terms of the number of car dealers in Singapore, as compared to the Commercial Vehicle Leasing Business, with generally lower margins.

- (ii) *Target Group’s Commercial Vehicle Leasing Business vs Excluded Entities’ Passenger Car Leasing Business:*

- (1) The Commercial Vehicle Leasing Business and Passenger Car Leasing Business do not deal in the same product, i.e. commercial vehicles and passenger motor vehicles. As such, the customer base is fundamentally different. SKVR largely operates on a business-to-business basis with predominantly corporate customers, whereas SKCA deals largely with individual customers.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (2) SKCA has a very short operating history, having only commenced operations in the leasing of passenger cars in October 2023. As such, it operates on a significantly smaller scale and has much smaller operations compared to the Target Group, in terms of its financial performance and fleet size. In addition, the Passenger Car Leasing Business has been loss-making since it commenced operations in October 2023, while the Commercial Vehicle Leasing Business has been profitable during the Period Under Review.

(iii) *Other Businesses:*

The Engineering Business and Credit Business carried on by the Target Group can be clearly differentiated from the businesses that are carried on by the Excluded Entities.

(b) *Separate premises, management teams and information technology systems.*

- (i) As at the Latest Practicable date, the Target Group and the Excluded Entities already occupy separate physical premises without any overlap. The Proposed New Board will monitor to ensure that this will continue to be the case after SPA Completion.
- (ii) As from SPA Completion, the Target Group and the Excluded Entities will have completely separate management teams. Mr Wesley Shen and Mr Johnson Shen will totally cease to be involved in the operations and will not hold any executive positions in any of the Excluded Entities. Similarly, Ms Grace Xue will not be involved in the operations and will not hold any executive positions in any Target Group Company. The Excluded Entities will be managed by Ms Grace Xue as well as other key management personnel which will be separate from that of the Target Group. Further, following the completion of the Proposed Acquisition, the management of the Enlarged Group will be reporting to the Proposed New Board (which would include the Independent Directors proposed to be appointed to the Proposed New Board).

Without prejudice to the foregoing, the Enlarged Group’s finance and accounting functions have been managed by a separate team from that of the Excluded Entities. The Enlarged Group’s finance team will be led by Mr Leonard Teh, who will be Chief Financial Officer of the Company after SPA Completion. Mr Leonard Teh and the Company’s finance staff will work exclusively for the Enlarged Group and will not be involved in any aspects of the finance and accounting functions of the Excluded Entities. For the avoidance of doubt, shared services under Section 27.6.6 titled “*Rationale for and Benefits of the Proposed IPT General Mandate*” to be provided by the Target Group to the Excluded Entities does not include finance and accounting related functions.

- (iii) The Enlarged Group has also been using different information technology systems from the Excluded Entities with appropriate user access rights.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

(c) *Non-competition undertakings by Mr Wesley Shen and Ms Grace Xue.*

Upon SPA Completion, Mr Wesley Shen and Ms Grace Xue will be deemed controlling shareholders of the Company. Each of Mr Wesley Shen and Ms Grace Xue has individually provided non-competition undertakings dated 14 August 2025 (“**Non-Compete Undertakings**”), pursuant to which each of them has undertaken that he or she shall not, and shall procure that their respective associates (which would include the Vendor) shall not, during the Non-Compete Period, directly or indirectly:

- (i) in any capacity, carry on, or be engaged, concerned or interested in any business, trade or occupation which will compete (whether directly or indirectly) with or is similar to the Business (save for any interest in any securities which are listed on any securities exchange which does not exceed 5.0% of the aggregate voting rights of such securities);
- (ii) provide any assistance in any way (including managing, providing technical or other advice, financial assistance or otherwise) to any person or entity engaged in or to be engaged in any business or other activity which competes with or is similar to the Business, save for ongoing interested person transactions between the Enlarged Group and the Excluded Entities which will be subject to compliance with Chapter 9 of the Catalist Rules and, in relation to any Mandated Transactions, the guidelines and review procedures under the Proposed IPT General Mandate;
- (iii) whether on his own account or for any other person, solicit or entice away, or attempt to solicit or entice away from the Enlarged Group, any person who is an officer, manager or employee of the Enlarged Group, whether or not such person would commit a breach of his contract of employment with the Enlarged Group by reason of leaving such employment;
- (iv) interfere or seek to interfere with or make arrangements which have the effect of harming contractual or other trade relations between the Enlarged Group and any of its suppliers, customers, contractors, sub-contractors, agents or business partners, or which will or is likely to cause any of the Enlarged Group’s suppliers, customers, contractors, sub-contractors, agents or business partners to cease or reduce the amount of business with the Enlarged Group;
- (v) share resources (including employees, customer database information, and supplier information), marketing campaigns, trade secrets, operational premises and facilities (including but not limited to servers) with any person or entity which competes (whether directly or indirectly) with or is similar to the Business, save for ongoing interested person transactions between the Enlarged Group and the Excluded Entities which will be subject to compliance with Chapter 9 of the Catalist Rules and, in relation to any Mandated Transactions, the guidelines and review procedures under the Proposed IPT General Mandate;

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

- (vi) divulge any information in relation to the Enlarged Group that is not publicly disclosed or share any confidential information with any person or entity outside of the Enlarged Group; or
- (vii) use any intellectual property rights of the Enlarged Group in connection with any business, except pursuant to the Trademark Licence Agreement.

For the purpose of the Non-Compete Undertakings described above:

“Business” means the business of the Enlarged Group from time to time upon SPA Completion, which would include the Commercial Vehicle Leasing Business, the Credit Business and the Engineering Business;

“Non-Compete Period” means the period commencing on the SPA Completion Date and ending upon the earlier of the date on which:

- (1) the Company ceases to be listed on the SGX-ST (whether on the Mainboard or the Catalist Board);
 - (2) both Mr Wesley Shen and Ms Grace Xue, and their respective associates, cease to be, directly or indirectly, controlling shareholders, substantial shareholders and directors of the Company or any other company in the Enlarged Group;
 - (3) both Mr Wesley Shen and Ms Grace Xue, and their respective associates, cease to be interested, directly or indirectly, in any of the voting rights of the Vendor and the Excluded Entities; or
 - (4) the Vendor and the Excluded Entities are wound up, liquidated or struck off.
- (d) *Call Option and Right of First Refusal for SKCA and SKIA.*
- (i) *Deed of Call Option and Right of First Refusal:* To further mitigate any perceived potential conflicts of interests, Mr Wesley Shen and the Vendor (**“Grantors”**) and the Company have entered into a deed of call option and right of first refusal dated 14 August 2025 (**“COROFR Deed”**), pursuant to which the Grantors have granted to the Company a call option (**“Call Option”**) to acquire any or all of their shares in SKCA and Mr Wesley Shen’s shares in SKIA (collectively **“Relevant Shares”**), and/or the business and assets of SKCA (**“Relevant Business”**), and a right of first refusal (**“ROFR”**) in respect of the sale of the Relevant Shares and the Relevant Business.
 - (ii) *Rationale:* As explained above, the Passenger Car Leasing Business carried on by SKCA and the Insurance Agency Business carried on by SKIA have been excluded from the Proposed Acquisition due to, among other things, there being no visibility and assurance if and when they will be profitable in the near term. The Call Option and ROFR will provide the Enlarged Group with the flexibility to acquire the Passenger Car Leasing Business (and/or its related assets) and the Insurance Agency Business as and when the Proposed New Board assess them to be a viable and suitable business for the Enlarged Group as a listed entity.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

The Trading Business and the Technology Business have been excluded from the Call Option and ROFR after taking into account, among other things, the different historical financials, business models and risk profiles, including strategic direction and future plans which may require differentiated fundraising approaches, and clear differentiation of products and services as explained in Section 28.2.3 titled “*Rationale*” on the rationale for excluding them from the Proposed Acquisition and Section 28.2.5(a)(i) titled “*Target Group’s Commercial Vehicle Leasing Business vs Excluded Entities’ Trading Business*” of this Target Company’s Letter to Shareholders.

(iii) *Principal terms of the COROFR Deed:*

- (1) Under the Call Option, the Company has the right (but not the obligation) to require any of the Grantors to sell to the Company (or its nominee) any or all of the Relevant Shares in either or both of SKCA and SKIA (collectively “**Relevant Entities**”) and/or the Relevant Business upon and subject to the terms and conditions of the Call Option.

The Call Option may be exercised at any time and from time to time for any or all of the Relevant Shares in the Relevant Entity and/or the Relevant Business during the Call Option and ROFR Period by the Company issuing a notice in writing to the relevant Grantor. Upon receipt of such notice, subject to satisfaction or waiver of any applicable conditions, the relevant Grantor is bound to sell the Relevant Shares in the Relevant Entity and/or is bound to procure SKCA to sell the Relevant Business to the Company in accordance with the COROFR Deed.

The exercise price in respect of the Relevant Shares in the Relevant Entity and/or the Relevant Business shall be at the fair value as determined by a reputable independent accounting firm or valuer to be commissioned by the New Audit and Risk Committee (“**Option Price**”).

- (2) Under the ROFR, if the relevant Grantor (or, in the case of the Relevant Business, SKCA): (A) decides to dispose of any or all of the Relevant Shares in the Relevant Entity held by him or it and/or the Relevant Business (“**Proposed Disposal**”); or (B) receives any proposed offer by a third party to purchase any or all of the Relevant Shares in the Relevant Entity held by him or it and/or the Relevant Business (“**Proposed Offer**”), the Grantor shall provide the Company with written notice of the price and terms of the Proposed Disposal or Proposed Offer (“**ROFR Notice**”), and the Company has the right of first refusal to purchase the Relevant Shares in the Relevant Entity and/or the Relevant Business.

If the Company wishes to exercise the ROFR, the Company shall notify the relevant Grantor within one (1) month of the ROFR Notice, and the parties shall enter into good faith negotiations to enter into a definitive agreement within the next 60 days (or such other period as the parties may agree in writing). The sale and purchase of the Relevant Shares in the Relevant Entity and/or the Relevant Business shall be at a price that is negotiated between the parties or, in the case where the relevant Grantor received the Proposed Offer, the price offered by the third party under the Proposed Offer.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

The Company shall be entitled, at any time prior to execution of the definitive agreement, to exercise the Call Option to purchase the Relevant Shares in the Relevant Entity and/or the Relevant Business that are the subject of the ROFR Notice at the Option Price instead.

If the Company: (A) rejects the ROFR Notice by notice in writing to the relevant Grantor or does not accept the ROFR Notice within one (1) month, or (B) the parties enter into negotiations but the definitive agreement is not executed within 60 days (or such other period as the parties may agree in writing), or (C) the definitive agreement is executed but not completed in accordance therewith solely for any reason attributable or due to the Company, the relevant Grantor shall have the right to dispose of the Relevant Shares in the Relevant Entity and/or the Relevant Business to the third party at a price no less than the price, and on terms and conditions no more favourable than those, set out in the ROFR Notice. For the avoidance of doubt, where the ROFR was triggered by the Proposed Offer, the price must be no less than the price, and the terms and conditions must be no more favourable than those, offered by the third party under the Proposed Offer.

If the relevant Grantor does not complete the sale of the Relevant Shares in the Relevant Entity and/or the Relevant Business as described above within three (3) months, any proposal to dispose of the same Relevant Shares in the Relevant Entity and/or the Relevant Business thereafter shall be subject to the COROFR Deed.

- (3) The Call Option and ROFR will be effective during the period commencing on the SPA Completion Date and ending upon the earlier of the following (“**Call Option and ROFR Period**”):
- (A) the date on which the Company ceases to be listed on the SGX-ST (whether on the Mainboard or the Catalist);
 - (B) in relation to the Relevant Shares in SKCA and the Relevant Business only, both Mr Wesley Shen and the Vendor and all of their respective associates cease to be interested, directly or indirectly, in any of the voting rights of SKCA;
 - (C) in relation to the Relevant Shares in SKIA only, Mr Wesley Shen and all of his associates cease to be interested, directly or indirectly, in any of the voting rights of SKIA; or
 - (D) Mr Wesley Shen and the Vendor and all of their respective associates cease to be, directly or indirectly, controlling shareholders, substantial shareholders and Directors of the Company and its subsidiaries from time to time,

whichever is the earliest.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

(e) *Proposed IPT General Mandate*

In relation to any ongoing interested person transactions between the Enlarged Group and the Excluded Entities, including those described in Section 28.2.4 titled “*Potential conflicts of interests*” of this Target Company’s Letter to Shareholders, it is proposed that the Company will adopt the Proposed IPT General Mandate.

Under the Proposed IPT General Mandate, all Mandated Transactions will be conducted in accordance with the guidelines and review procedures set out in Section 27.6 titled “*Proposed IPT General Mandate*” of this Target Company’s Letter to Shareholders. The Independent Financial Adviser has expressed the opinion that these guidelines and review procedures, if adhered to, will be sufficient to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The New Audit and Risk Committee will also examine the internal guidelines and procedures put in place by the Enlarged Group to determine if such guidelines and procedures are sufficient to ensure that Mandated Transactions are conducted on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders.

28.3 **Lin Auto**

28.3.1 Lin Auto. Mr Shen Sanlin is the sole director and shareholder of Lin Auto, which was incorporated in Singapore on 8 January 2018, and is currently engaged in the Trading Business. Mr Shen Sanlin is the brother of Mr Wesley Shen and Mr Johnson Shen.

28.3.2 No conflicts of interest. The Proposed New Board is of the view that there is no actual or potential conflict of interests arising from Lin Auto being engaged in the Trading Business after taking into account the following:

- (a) The Target Group is not involved in the Trading Business. As such, the Target Group and Lin Auto do not carry on the same business or deal in similar products and the business models are also fundamentally different. The explanation provided in Section 28.2.5(a)(i) titled “*Target Group’s Commercial Vehicle Leasing Business vs Excluded Entities’ Trading Business*” of this Target Company’s Letter to Shareholders in the context of the Trading Business carried on by SKAU is also applicable in relation to Lin Auto.
- (b) Mr Wesley Shen, Ms Grace Xue and Mr Johnson Shen have confirmed that they have not had any business relationships or provided any financial assistance to Mr Shen Sanlin and have not had any shareholding interests, directorship or management role in Lin Auto.
- (c) The Target Group has not shared resources (including employees, customer database information, supplier information, marketing campaigns, operational premises and facilities) with Lin Auto.

APPENDIX A – TARGET COMPANY’S LETTER TO SHAREHOLDERS

29. GENERAL AND STATUTORY INFORMATION

29.1 Material Contracts

The material contracts entered into by the Target Group within the two (2) years preceding the date of lodgement of this Circular (not being contracts entered into in the ordinary course of the business of the Target Group), are as follows:

- (a) an option to purchase dated 28 February 2024 issued by Vanquish Offshore Services Pte. Ltd. and accepted by SKER on 20 May 2022 in relation to SKER’s purchase of #08-53 WCEGA Plaza;
- (b) the Restructuring Agreement;
- (c) the Trademark Deed of Assignment; and
- (d) the Trademark Licence Agreement.

29.2 Material Litigation

The Target Group is not engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this Circular, a material effect on the financial position or profitability of the Enlarged Group.

29.3 Miscellaneous

The Proposed New Board is not aware of any event which has occurred since 1 April 2025 up to the Latest Practicable Date which may have had a material effect on the financial position and results of the Enlarged Group or the financial information provided in this Circular or this Target Company’s Letter to Shareholders.

The contact details of the Target Company are set out below:

Address of registered office	:	1 Bukit Batok Crescent #08-52 WCEGA Plaza Singapore 658064
Telephone Number	:	+65 6266 5858
Email Address	:	ir@skylink.com.sg

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

**COMBINED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEARS ENDED 31 MARCH 2023, 2024
AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

(Incorporated in Singapore)

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

**INDEPENDENT AUDITORS’ REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

The Board of Directors
SKYLINK APAC PTE. LTD.
1 Bukit Batok Crescent
#08-52 WCEGA Plaza
Singapore 658064

Dear Sirs,

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of SKYLINK APAC PTE. LTD. (the “Target Company”) and its subsidiaries (the “Target Group”). The combined financial statements comprise the combined statement of financial position as at 31 March 2023, 2024 and 2025 and the related combined statement of profit or loss and other comprehensive income, changes in equity and cash flows of the Target Group for the financial years ended 31 March 2023, 2024 and 2025, including a summary of material accounting policies and other explanatory information, as set out on pages B-4 to B-78.

In our opinion, the accompanying combined financial statements of the Target Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the combined financial position of the Target Group as at 31 March 2023, 2024 and 2025 and of the combined financial performance, changes in equity and cash flows of the Target Group for the financial years ended 31 March 2023, 2024 and 2025.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are independent of the Target Group in accordance with the *Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accounts and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the combined financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

Report on the Audit of the Combined Financial Statements (Continued)

Responsibilities of Management and Directors for the Combined Financial Statements

Management is responsible for the preparation of these combined financial statements that give a true and fair view in accordance with the SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair combined financial statements and to maintain accountability of assets.

In preparing the combined financial statements, management is responsible for assessing the Target Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Target Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Target Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Target Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

Report on the Audit of the Combined Financial Statements (Continued)

Auditors’ Responsibilities for the Audit of the Combined Financial Statements (Continued)

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Target Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Target Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Target Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the Target Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Distribution and Use

This report is made solely as body and for the inclusion in the circular to the shareholders of Sincap Group Limited to be issued in relation to the proposed acquisition of the entire issued and paid-up share capital of the Target Company and for no other purpose.

FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore

20 August 2025

Ooi Chee Keong
Partner-in-charge
A member of the Institute of Singapore Chartered Accountants

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

	<u>Note</u>	<u>2025</u> <u>S\$'000</u>	<u>2024</u> <u>S\$'000</u>	<u>2023</u> <u>S\$'000</u>
Revenue	5	26,373	15,011	8,333
Cost of sales		<u>(19,584)</u>	<u>(9,929)</u>	<u>(6,671)</u>
Gross profit		6,789	5,082	1,662
Other income	6	336	955	1,773
Administrative expenses		(4,144)	(2,463)	(2,185)
Allowance for expected credit losses, net	14	226	(109)	(236)
Other operating expenses	7	(12)	(591)	(113)
Finance costs	8	<u>(335)</u>	<u>(251)</u>	<u>(172)</u>
Profit before income tax	9	2,860	2,623	729
Income tax expense	10	<u>(119)</u>	<u>(590)</u>	<u>(65)</u>
Profit for the year, representing total comprehensive income for the financial year, attributable to owners of the Target Company		<u>2,741</u>	<u>2,033</u>	<u>664</u>
Earnings per share attributable to owners of the Target Company (cents)				
Basic and diluted earnings per share	11	<u>52.61</u>	<u>39.10</u>	<u>23.30</u>

The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

COMBINED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023, 2024 AND 2025

	<u>Note</u>	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
ASSETS				
Current assets				
Asset held for sale	12	-	-	1,161
Cash and bank balances	13	3,523	2,568	1,318
Trade and other receivables	14	14,139	13,419	7,908
Contract assets	15	160	267	40
Inventories	16	145	124	44
Investments in insurance contracts	19	90	-	-
		<u>18,057</u>	<u>16,378</u>	<u>10,471</u>
Non-current assets				
Property, plant and equipment	17	68,807	35,789	14,825
Right-of-use assets	18	882	73	-
Trade and other receivables	14	22,707	31,173	16,850
Investments in insurance contracts	19	603	686	278
		<u>92,999</u>	<u>67,721</u>	<u>31,953</u>
Total assets		<u>111,056</u>	<u>84,099</u>	<u>42,424</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	20	12,553	5,930	4,223
Contract liabilities	15	428	533	50
Lease liabilities	21	370	52	-
Borrowings	22	28,156	22,129	10,312
Income tax payable		230	200	22
		<u>41,737</u>	<u>28,844</u>	<u>14,607</u>
Non-current liabilities				
Trade and other payables	20	774	468	113
Lease liabilities	21	581	22	-
Borrowings	22	60,924	50,337	24,763
Deferred tax liabilities	23	377	516	162
		<u>62,656</u>	<u>51,343</u>	<u>25,038</u>
Capital and reserves				
Share capital	24	5,210	5,200	2,850
Retained earnings/(Accumulated losses)		<u>1,453</u>	<u>(1,288)</u>	<u>(71)</u>
Total equity		<u>6,663</u>	<u>3,912</u>	<u>2,779</u>
Total liabilities and equity		<u>111,056</u>	<u>84,099</u>	<u>42,424</u>

The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

	Share capital S\$'000	Retained earnings S\$'000	Total Equity S\$'000
Balance at 1 April 2022	2,850	375	3,225
Profit for the year, representing total comprehensive income for the financial year, attributable to owners of the Target Company	-	664	664
Dividends paid (Note 25)	-	(1,110)	(1,110)
Balance at 31 March 2023	2,850	(71)	2,779
Profit for the year, representing total comprehensive income for the financial year, attributable to owners of the Target Company	-	2,033	2,033
Issuance of shares (Note 24)	2,350	-	2,350
Dividends paid (Note 25)	-	(3,250)	(3,250)
Balance at 31 March 2024	5,200	(1,288)	3,912
Profit for the year, representing total comprehensive income for the financial year, attributable to owners of the Target Company	-	2,741	2,741
Issuance of shares (Note 24)	10	-	10
Balance at 31 March 2025	5,210	1,453	6,663

Note:

Share capital represents the aggregate amount of share capital of the operating entities including the Target Company making up the Target Group.

The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Operating activities			
Profit before income tax	2,860	2,623	729
Adjustments for:			
Allowance for expected credit losses, net	(226)	109	236
Bad debt	19	513	117
Depreciation of property, plant and equipment	9,955	3,798	2,766
Depreciation of right of use assets	201	30	-
Fair value (gain)/loss arising from investments in insurance contracts	(7)	78	(4)
Gain on disposal of property, plant and equipment	(198)	(641)	(1,635)
Interest expense	335	251	172
Interest income	(51)	(197)	(6)
Written off of property, plant and equipment	31	-	-
Operating cash flows before movements in working capital	12,919	6,564	2,375
Changes in working capital:			
Inventories	(21)	(80)	(18)
Trade and other receivables	(2,070)	(568)	86
Hire purchase receivables	9,409	(20,903)	(17,418)
Contract assets	107	(227)	(29)
Trade and other payables	5,105	2,562	2,260
Contract liabilities	(105)	483	36
Block discounting loans	(9,085)	19,614	14,096
Cash generated from operations	16,259	7,445	1,388
Income tax paid	(228)	(58)	(17)
Interest paid	(24)	(14)	(17)
Net cash generated from operating activities	16,007	7,373	1,354
Investing activities			
Proceeds from disposal of property, plant and equipment	2,259	3,543	17,666
Proceeds from current assets held for sale	-	1,480	-
Purchase of property, plant and equipment	(1,970)	(2,102)	(1,282)
Purchase of insurance contracts	-	(486)	-
Amount due from related companies	665	1,212	(1,735)
Net cash generated from investing activities	954	3,647	14,649

The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Financing activities			
Amount due to a director	(100)	50	(50)
Amount due to related companies	565	(2)	2
Loan from related companies	3,783	590	-
Repayment of hire purchase borrowings	(10,445)	(7,246)	(13,093)
Drawdown of bank loans	2,239	2,207	3,220
Repayment of bank loans	(2,828)	(3,709)	(2,249)
Repayment of obligation under leases	(153)	(32)	-
Repayment of block discounting loans	(9,077)	(728)	(2,605)
Dividend paid	-	(3,250)	(1,110)
Issuance of shares	10	2,350	-
Net cash used in financing activities	(16,006)	(9,770)	(15,885)
Net increase cash and cash equivalents	955	1,250	118
Cash and cash equivalents at beginning of the financial year	2,568	1,318	1,200
Cash and cash equivalents at end of financial year	<u>3,523</u>	<u>2,568</u>	<u>1,318</u>

The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

Reconciliation of liabilities arising from financing activities:

	As at 1 April 2024 S\$'000	Operating cash flows ⁽¹⁾ S\$'000	Financing cash flows ⁽²⁾ S\$'000	Non-cash movement		As at 31 March 2025 S\$'000
				Acquisition S\$'000	Interest S\$'000	
Liabilities						
Amount due to a director	100	-	(100)	-	-	-
Amount due to related companies	508	-	565	-	-	1,073
Loan from related companies	606	-	3,783	-	89	4,478
Hire purchase borrowings	13,271	-	(10,445)	21,912	1,149	25,887
Bank loans	4,266	-	(589)	-	202	3,879
Block discounting loans	54,929	(9,085)	(9,077)	21,183	1,364	59,314
Lease liabilities	74	-	(153)	1,010	20	951

	As at 1 April 2023 S\$'000	Operating cash flows ⁽¹⁾ S\$'000	Financing cash flows ⁽²⁾ S\$'000	Non-cash movement		As at 31 March 2024 S\$'000
				Acquisition S\$'000	Interest S\$'000	
Liabilities						
Amount due to a director	50	-	50	-	-	100
Amount due to related companies	510	-	(2)	-	-	508
Loan from related companies	-	-	590	-	16	606
Hire purchase borrowings	8,754	-	(7,246)	11,114	649	13,271
Bank loans	5,550	-	(1,502)	-	218	4,266
Block discounting loans	20,771	19,614	(728)	14,767	505	54,929
Lease liabilities	-	-	(32)	103	3	74

The accompanying notes form an integral part of and should be read in conjunction with these combined financial statements

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

Reconciliation of liabilities arising from financing activities (continued):

	As at 1 April 2022 S\$'000	Operating cash flows ⁽¹⁾ S\$'000	Financing cash flows ⁽²⁾ S\$'000	Non-cash movement		As at 31 March 2023 S\$'000
				Acquisition S\$'000	Interest S\$'000	
Liabilities						
Amount due to a director	100	-	(50)	-	-	50
Amount due to related companies	508	-	2	-	-	510
Hire purchase borrowings	15,395	-	(13,093)	5,670	782	8,754
Bank loans	4,424	-	971	-	155	5,550
Block discounting loans – non-trade	8,269	14,096	(2,605)	903	108	20,771

⁽¹⁾ Cash flows from block discounting related to the purchase of motor vehicles for rental under property, plant and equipment are classified under financing activities.

⁽²⁾ Cash flows from block discounting related to the providing hire purchase loan to customers are classified under operating activities.

The accompanying notes form an integral part of and should be read in conjunction with these combined financial statements

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

These notes form an integral part of and should be read in conjunction with the accompanying combined financial statements.

1. General

Skylink APAC Pte. Ltd. (the “Target Company”) (Registration Number 202509469G) was incorporated on Singapore and is domiciled in Singapore with its principal place of business and registered office address at 1 Bukit Batok Crescent, #08-52 WCEGA Plaza, Singapore 658064. The Target Company was incorporated for the purpose of acquiring the existing operating entities as disclosed in Note 2 to form a group, comprising the Company and existing operating entities making up the Group (the “Target Group”) pursuant to the proposed acquisition of the Target Group by Sincap Group Limited (“Proposed Transactions”). The Target Company was incorporated for the purpose of acquiring the existing operating entities as disclosed in Note 2 to form a group, comprising the Company and existing operating entities making up the Group (the “Target Group”) pursuant to the proposed acquisition of the Target Group by Sincap Group Limited (“Proposed Acquisition”).

The principal activity of the Target Company is that of investment holding.

The detail of its operating entities are disclosed as follows:

<u>Company name</u>	<u>Registration number</u>	<u>Principal activities</u>
Skylink Credit Pte. Ltd. ("SKCR")	201301327R	Provision of vehicle financing solutions
Skylink Vehicle Rental Pte. Ltd. ("SKVR")	201710755G	Provision of commercial vehicle leasing solutions
Skylink Engineering Pte. Ltd. ("SKER")	202100108N	Provision of Maintenance, Repair, and Overhaul ("MRO") and engineering solutions

The combined financial statements of the Target Group for the financial year ended 31 March 2023, 31 March 2024 and 31 March 2025 were authorised for issue by the board of director on the date of this report.

2. Restructuring exercise

Prior to the restructuring exercise, Shen Wende and Xue Wanqiu (collectively referred as the “Controlling Shareholders”), along with Shen Yongzhong and Teh Cheng Hooi held equity interest of 56.5% and 30%, 10% and 3.5% respectively, in aggregate a total 100% equity interest in PM Capital Pte. Ltd. (the “Vendor”). The Vendor owns 100% of Skylink Group Holdings Pte. Ltd. (“SKGH”), which in turn owns 100% of each of the operating entities. The Controlling Shareholders have exercised control over the operating entities comprising the Target Group, both historically and throughout the financial year ended 31 March 2023, 2024, 2025.

In the preparing for the proposed acquisition of the Target Group by Sincap Group Limited, the Target Company was incorporated on 4 March 2025 under the name of Skylink APAC Pte. Ltd.. On incorporation, the issued and paid-up capital of the Company was S\$10,000 comprising of 10,000 ordinary shares, all of which were held by the Vendor. The directors of the Target Company are Shen Wende and Teh Cheng Hooi.

On 18 March 2025, Sincap Group Limited, the Vendor, the Controlling Shareholders along with Shen Yongzhong and Teh Cheng Hooi had entered a sale and purchase agreement in relation to the Proposed Acquisition (the “SPA”). To consolidate the business activities of the Target Group, a restructuring exercise was undertaken for the Target Company to acquire 100% of the equity interest of SKVR, SKCR and SKER (the “Restructuring”) pursuant to an agreement dated 14 August 2025 (the “Restructuring Agreement”), the detail of considerations is summarised below.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

2. Restructuring exercise (Continued)

Acquisition of the Target Subsidiaries (SKVR, SKCR and SKER)

Under the Restructuring Agreement, the Target Company will acquire 100% of the issued shares in the capital of each of SKVR, SKCR and SKER at an aggregate consideration of S\$6.65 million. The consideration was arrived at taking into account the audited net asset value (“NAV”) of the Target Subsidiaries of an aggregate of S\$6.65 million as at 31 March 2025. The consideration will be fully satisfied by the allotment and issue to the Vendor of an aggregate of 6,653,000 ordinary shares in the capital of the Target Company (the “Target Company Shares”) at the issue price of S\$1.00 for each Target Company Share. Upon completion of the Restructuring, the Target Company will have an issued and paid-up share capital of S\$6.66 million comprising 6,663,000 Target Company Shares.

Prior to completion of the Restructuring, the entire Skylink group (comprising the Target Group and the Excluded Entities) was managed as a single group, and Ms Grace Xue was the sales director of the Skylink group. She is responsible for the overall sales of the Trading Business. SKCR, as part of the Skylink group, has taken out a keyman insurance policy in respect of Ms Grace Xue from Prudential Assurance Company Singapore (Pte) Ltd (with SKCR being the beneficiary) (“GX Keyman Insurance”) in connection with her role in the Skylink group. As Ms Grace Xue will not be part of the management of the Sincap Group Limited and Target Group (the “Enlarged Group”) following SPA Completion, Ms Grace Xue will cease to be sales director of the Target Group and will also resign as a director of the Target Subsidiaries, upon completion of the Restructuring.

In conjunction with the Restructuring, SKCR has agreed to assign or novate the GX Keyman Insurance to the Vendor or its nominee in consideration for which the Vendor or its nominee has paid to SKCR an amount equivalent to the one-time policy premium of S\$112,499.96 that was paid by SKCR. For this purpose, the Vendor has nominated SKAU to accept the assignment or novation of the GX Keyman Insurance. The cessation of Ms Grace Xue as sales director and her resignation as a director of the Target Subsidiaries upon completion of the Restructuring will not have a material adverse impact on the business and operations of the Target Group as the Target Group and the Excluded Entities have separate management teams, and in any event the Target Group does not operate the Trading Business.

Prior to the completion of the Restructuring, SKGH directly holds 100% of each of the Target Subsidiaries and as such, has agreed to pay, on behalf of the Target Company, for all transaction expenses incurred by the Target Company (including the fees of the professionals appointed by the Company) in connection with the Proposed Acquisitions. Under the Restructuring Agreement, the Target Company has agreed to repay to SKGH all such transaction expenses (including the one-off expenses relating to the Proposed Acquisition borne by SKGH on behalf of the Target Group) in full, without interest, within the period of 12 months from the date of the SPA Completion Date.

The Restructuring will be completed prior to SPA Completion, as completion of the Restructuring is a condition precedent to SPA Completion. The Target Group is not aware of any reason the Restructuring will not be completed prior to SPA Completion.

3. Summary of material accounting policies

3.1 Basis of preparation

The combined financial statements of the Target Group have been drawn up in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) including related Interpretations of SFRS(I) (“SFRS(I) INT”) and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.1 Basis of preparation

The individual financial statements of each operating entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The combined financial statements of the Target Group are presented in Singapore dollar (“S\$” or “SGD”) which is also the functional currency of operating entities within the Target Group, and all values presented are rounded to the nearest thousand (“S\$’000”), unless otherwise indicated.

Going Concern

As at 31 March 2025, the Target Group’s current liabilities exceeded its current assets by S\$23,680,000. This condition indicates the existence of a material uncertainty that may cast a significant doubt on the ability of the Target Group to continue as a going concern.

To support the appropriateness of preparing the combined financial statements on a going concern basis, which includes the management’s consideration of the adequacy of funds to meet the Target Group’s obligations and, working capital the management has taken the following into consideration:

- (i) The Target Group had recorded increasing net profit after tax of S\$664,000, S\$2,033,000 and S\$2,741,000 in FY2023, FY2024 and FY2025 respectively. In addition, the Target Group generated net cash flows from operating activities of S\$1,354,000, S\$7,373,000 and S\$16,007,000 in FY2023, FY2024 and FY2025 respectively.
- (ii) The minimum lease receivables from non-cancellable lease contract under the Commercial Vehicle Leasing Business as at 31 March 2025 of S\$15,196,000 within the next 12 months, which has yet to be recognised as revenue.
- (iii) The Target Group’s total equity had also increased from S\$2,779,000 as at 31 March 2023 to S\$6,663,000 as at 31 March 2025. As at 31 March 2025, the net debt position of the Target Group amounted to S\$90,986,000. The debt comprised borrowings (which include hire purchase borrowings, block discounting loans, term loans), loans from related companies and lease liabilities. The Target Group’s gearing ratio (defined as the sum of net debt divided by equity) has improved from 18.04 times as at 31 March 2024 to 13.66 times as at 31 March 2025.
- (iv) As of 31 March 2025, the Target Group had cash and cash equivalents amounting to S\$3,523,000. Its available credit facilities from financial institutions amounted to S\$121,928,000 of which S\$106,854,000 had been utilised, S\$735,000 had expired, and S\$14,339,000 (relating hire purchase financing and block discounting loans) remained unutilised.
- (v) Notwithstanding the negative working capital positions of the Target Group, during the Period Under Review, the Target Group have not (i) encountered any liquidity issues or breached any financial covenants under its credit facilities that have resulted in major disruptions in its operations and (ii) defaulted on any borrowing obligations under its credit facilities.
- (vi) Letter of support from the Vendor, PM Capital Pte. Ltd. to provide working capital support to the Target Group as and when required, capped at an aggregate amount of S\$5,000,000. In addition, the Vendor have also irrevocably undertaken not to demand for the repayment of the loan owing by Target Group to them of S\$2,660,000 million as at 31 March 2025, unless the cash resources of the Target Group permits.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.1 Basis of preparation (Continued)

Going Concern (Continued)

- (vii) The management prepared a 24-months combined cash flow forecast from 1 April 2025 (“Cash Flow Forecast”). In preparing the Cash Flow Forecast, based on the cash flow forecast, the Target Group will have sufficient working capital to continue in operation for the foreseeable future.

Taking into account of the above, the management is of the view that the Target Group will have sufficient cash resources to satisfy its obligations and commitments due in the foreseeable future, and the Target Group will be able to continue in operational existence for the foreseeable future and to discharge their liabilities in the normal course of business, as and when they fall due. The directors are of the opinion that the preparation of the combined financial statements on a going concern basis remains appropriate.

Adoption of new and revised standards

During the financial years ended 31 March 2023, 2024 and 2025, the Target Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for the respective reporting periods. The adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Target Group’s accounting policies and has no material effect on the current or prior year’s combined financial statement and is not expected to have a material effect on future periods.

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these combined financial statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Target Group were issued but not yet effective:

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-21, SFRS(I) 1	Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 April 2025
SFRS(I) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: Amendments to the Classification and Measurement of Financial Instruments	1 April 2026
Various	Annual improvements to SFRS(I)s – Volume 11	1 April 2026
SFRS(I) 18	Presentation and Disclosure in Financial Statements	1 April 2027
SFRS(I) 19	Subsidiaries without public accountability: Disclosures	1 April 2027
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Consequential amendments were also made to various standards as a result of these new/revised standards.

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.1 Basis of preparation (Continued)

The Target Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards, with the exception of SFRS(I) 18 Presentation and Disclosure in Financial Statements, will not have a material impact on the combined financial statements of the Group and Company in the period of their initial adoption.

SFRS(I) 18, effective for annual periods beginning on or after 1 January 2027, replaces SFRS(I) 1-1 Presentation of Financial Statements and introduces new requirements for presentation and disclosure in combined financial statements. SFRS(I) 18 mandates a new structure for the statement of profit or loss and also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. As a consequential result of SFRS(I) 18 requirements, all entities are required to use the operating profit subtotal, instead of profit or loss, as the starting point for presenting operating cash flows under the indirect method. The classification of cash flows from dividends and interests in either operating, investing and financing cash flows is also fixed. SFRS(I) 18 will apply retrospectively. The Target Group is still in the process of assessing the corresponding impact on the primary combined financial statements and notes to the combined financial statements.

3.2 Basis of combination

Common Control Business Combination Outside the Scope of SFRS(I) 3 Business Combination

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of SFRS(I) 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.2 Basis of combination

Restructuring reserve represents the differences between the nominal amount of the share capital of the combining entities at the date on which it was acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

The combined financial statements were prepared based on the audited financial statements of subsidiaries which were prepared in accordance with SFRS(I)s for the purpose of combination. The subsidiaries maintain their accounting records and prepare the relevant statutory financial statements in accordance with the Act and SFRS(I)s.

3.3 Revenue recognition

The Target Group is principally in the business of leasing of commercial motor vehicles and provides maintenance, repair and customizations services for motor vehicles, and hire-purchase loans and vehicle financing solutions. Revenue from contracts with its customers is recognised when or as the Target Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Target Group’s activities to its customer, at a transaction price that reflects the consideration the Target Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service.

Engineering business

The Target Group carries business of repair and maintenance of motor vehicles (including installation of parts & accessories). Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised goods or services to the customers. Control of the goods and services is transferred to the customer, generally on delivery of the goods and services.

The Target Group provides vehicle maintenance services to related companies under contractual arrangements that include comprehensive maintenance packages. Revenue is recognised based on the satisfaction of performance obligations over time. Although the Target Group bills related companies monthly in advance, revenue is recognised on a straight-line basis over the service period, reflecting the continuous transfer of services. Amounts billed in advance are initially recorded as contract liabilities and recognised as revenue progressively as the services are rendered. Transactions with related companies are disclosed in Note 26.

Commercial vehicle leasing business

The Target Group provides motor vehicles leasing services. Rental income from operating leases on motor cars is recognised in profit or loss on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Other related income arising from the Target Group’s commercial vehicle leasing operations includes charges for accident-related services, wear and tear, vehicle towing and repossession fee, and other operating related charges. These charges are billed to lessees on an incurred basis and are considered part of the Group’s ordinary operating activities. Revenue from these services is recognised at a point in time, when performance obligation is satisfied, which typically occurs upon completion of the service.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.3 Revenue recognition (Continued)

Credit business

The Target Group offers hire-purchase loans and vehicle financing solutions. Interest income and expenses from car financing services are recognised in profit and loss as they accrue, taking into account an applicable fixed or floating rate. Where charges are added to the principle financed at the commencement of the period, the general principle adopted for crediting income to profit or loss is to spread the income over the period in which the repayment are due.

Interests on hire purchase and leasing transactions are accounted for using the implicit interest rate under lease accounting. The balance of such interests at the reporting date is carried forward as unearned interest.

Other related income arising from the Target Group’s credit business includes late payment charges, late interest charges, full settlement admin fee, full settle rebate fee, repossession fee, store fee and other operating related charges. These charges are billed to hire purchase receivables on an incurred basis and are considered part of the Group’s ordinary operating activities. Revenue from these services is recognised at a point in time, when performance obligation is satisfied, which typically occurs upon completion of the service.

3.4 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Target Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Target Group has no further payment obligations once the contributions have been paid.

3.6 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

3.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Target Group’s liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Target Company and subsidiaries operate by the end of the financial year.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.7 Income tax (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Target Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

3.8 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

	<u>Useful lives</u>
Motor vehicles for rental	1 to 10 years
Leasehold land and buildings	30 to 60 years
Renovation	5 years
Office equipment and fittings	3 years
Computer	5 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Target Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 21.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.10 Financial instruments

The Target Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Target Group becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Target Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Target Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Target Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 Revenue from Contracts with Customers in Note 3.3.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification at initial recognition depends on the Target Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Target Group's business model refers to how the Target Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Target Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

3. Summary of material accounting policies (Continued)

3.10 Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (Continued)

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets measured at amortised cost. At each reporting date, the Target Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Target Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Target Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Target Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Target Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Target Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Target Group’s contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Target Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Target Group’s accounting policy for its impairment of financial assets, refer to Note 27.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.10 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Financial liabilities

Classification as debt or equity

Financial liabilities and equity instruments issued by Target Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Target Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Target Group’s accounting policy for borrowing costs (see Note 3.4 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group’s obligations are discharged, cancelled or they expire.

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis, comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.12 Cash and cash balances

Cash and cash balances comprise cash on hand which are subject to insignificant risk of changes in value.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.13 Non-current assets (or disposal groups) and discontinued operations held for sale

Non-current assets (or disposal groups) are classified as held-for-sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable with the asset (or disposal group) being available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to be completed within one year from the date of classification.

They are measured at the lower of the carrying amount and fair value less costs to sell. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Depreciation and amortisation for a non-current asset ceases once it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- (i) represents a separate major line of business or geographical area of operations;
- (ii) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations is disclosed separately from continuing operations as a single amount comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

The comparative consolidated statement of profit or loss and other comprehensive income is restated to show the discontinued operation separately from continuing operations.

3.14 Leases

At inception of a contract, the Target Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Target Group as a lessee

Where a contract contains more than one lease component, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Target Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

3. Summary of material accounting policies (Continued)

3.14 Leases (Continued)

The Target Group as a lessee (Continued)

The Target Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Target Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Target Group applied the recognition exemption allowed under SFRS(I) 16 Leases. For these leases, the Target Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Target Group by the end of the lease term or the cost of the right-of-use asset reflects that the Target Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Target Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Target Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Target Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Target Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Target Group is reasonably certain to exercise an extension option.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

3. Summary of material accounting policies (Continued)

3.14 Leases (Continued)

The Target Group as a lessee (Continued)

The lease liability is measured at amortised cost using the effective interest method. The Target Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset has been reduced to zero.

Where a contract contains more than one lease and/or non-lease component, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Target Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished, as part of ‘revenue’. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Finance Leases

Present value of amounts due from lessees under finance leases are recorded as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases. Initial direct costs incurred by the Company in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

3.15 Provisions

Provisions are recognised when the Target Group has a present obligation as a result of a past event where it is probable that the obligation will result in an outflow of economic benefits that can be reasonable estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

3. Summary of material accounting policies (Continued)

3.15 Provisions

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

3.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

Wages Credit Scheme

The Wages Credit Scheme is to help companies that may face rising wage costs in a tight labour market. Employers who have made CPF contributions for their local employees will qualify for the pay-outs under the scheme.

Jobs Growth Incentive

The Jobs Growth Incentive provides wage support to eligible employers with new local hires. Employers who have increased in overall local workforce and local employees earning gross wages of at least S\$1,400 per month will qualify for the pay-outs under the scheme.

Productivity Solutions Grant

The Productivity Solutions Grant provides financial support for business owners to adopt pre-scoped IT solutions, equipment and consultancy services to improve productivity. Employers who is registered and operating in Singapore and use the purchased or leased or subscribed IT solutions service in Singapore will qualify for the pay-outs under the scheme.

Senior Employment Credit

The Senior Employment Credit provides wage offsets to help employers that employ Singaporean workers adjust to the higher Retirement Age and Re-employment Age. Higher support will be given for the older age bands.

3.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management. The management, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the group of executive directors and chief executive officer who make strategic decisions.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

3. Summary of material accounting policies (Continued)

3.18 Investments in insurance contracts

The Group has four key management insurance contracts, which include both investment and insurance elements. The life insurance contracts are initially recognised at the amount of premium paid, and subsequently measured at each financial year end at its cash surrender value. Changes to the cash surrender value at each financial year end will be recognised in profit or loss as a gain/loss on investment. In the event of death of the insured person, the surrender of the policies, or the policies mature, the investment will be de-recognised and any resulting gains/losses will be recognised in profit or loss.

4. Critical accounting judgements and key sources of estimation uncertainty

The Target Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Target Group’s accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

4.1 Critical judgements made in applying the Target Group’s accounting policies

In the process of applying the Target Company’s accounting policies, the management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognized in the combined financial statements.

4.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of property, plant and equipment and right-of-use assets

The Target Group depreciates the property, plant and equipment and right-of-use assets over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management’s estimate of the period that the Target Group intends to derive future economic benefits from the use of the Target Group’s property, plant and equipment and right-of-use assets. The residual value reflects management’s estimated amount that the Target Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological development could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Target Group’s property, plant and equipment and right-of-use assets as at 31 March 2023, 2024 and 2025 were disclosed in Note 17 and 18 respectively.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2 Key sources of estimation uncertainty (Continued)

Measurement of ECL of trade receivables

The expected credit loss of trade receivables is based on the Target Group's historical observed default rates and loss patterns. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Target Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The carrying amount of the Target Group's trade receivables as at 31 March 2023, 2024, and 2025 was disclosed in Note 14.

The expected loss allowance on the Target Group's trade receivables as at 31 March 2023, 2024 and 2025 was disclosed in Note 14 and 27.

Provision for income taxes

The Target Group has exposure to income taxes in a jurisdiction of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Target Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's current tax payable as at 31 March 2025 was S\$230,000 (2024 and 2023: S\$200,000 and S\$22,000).

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

5. Revenue

	<u>2025</u> S\$’000	<u>2024</u> S\$’000	<u>2023</u> S\$’000
<i>Continuing operations</i>			
Revenue from contract with customers	5,260	3,985	2,481
Rental income from commercial vehicles leasing	18,129	8,263	5,058
Interest income from providing vehicle financing solutions	2,984	2,763	794
	<u>26,373</u>	<u>15,011</u>	<u>8,333</u>

(a) Disaggregation of revenue

The Target Group’s revenue is disaggregated by the different segments, the type of goods and services provided to customers, and timing of goods and services transferred.

	<u>2025</u> S\$’000	<u>2024</u> S\$’000	<u>2023</u> S\$’000
Engineering business			
– Car repair and maintenance service	3,695	3,177	1,684
Commercial vehicle leasing business			
– Rental income	18,129	8,263	5,058
– Other related income	782	335	419
Credit business			
– Interest income	2,984	2,763	794
– Other related income	783	473	378
	<u>26,373</u>	<u>15,011</u>	<u>8,333</u>

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

5. Revenue (Continued)

(a) Disaggregation of revenue (Continued)

Timing of transfer of goods and services

Point in time	5,260	3,985	2,481
Over time	<u>21,113</u>	<u>11,026</u>	<u>5,852</u>
	<u>26,373</u>	<u>15,011</u>	<u>8,333</u>

All Target Group's revenue is derived from Singapore.

(b) Operating lease receivables

Under commercial vehicle leasing business, the Target Group lease out its motor vehicle under operating lease agreements. These non-cancellable leases have remaining lease terms of between 3 months to 5 years. Future minimum rental receivables under operating leases at the end of the financial year are as follows:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Future minimum lease payments receivable:			
Within 1 year	15,196	6,716	1,604
After 1 year but within 5 years	<u>8,237</u>	<u>3,021</u>	<u>451</u>
	<u>23,433</u>	<u>9,737</u>	<u>2,055</u>

6. Other income

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Gain on disposal of property, plant and equipment	198	641	1,635
Government grant	25	28	81
Interest income from related companies' loan	51	197	6
Sundry income	<u>62</u>	<u>89</u>	<u>51</u>
	<u>336</u>	<u>955</u>	<u>1,773</u>

The gain of S\$319,000 from the disposal of the leasehold land and building at 48 Toh Guan Road East #01-118, Singapore 608586, has been included under 'Gain on disposal of property, plant and equipment' (Note 12) for the financial year ended 31 March 2024.

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

7. Other operating expenses

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Bad debt	19	513	117
Fair value (gain)/loss arising from investment in insurance contracts	(7)	78	(4)
	<u>12</u>	<u>591</u>	<u>113</u>

8. Finance costs

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Interest expense:			
- lease liabilities	20	3	-
- bank borrowing	202	218	155
- related companies' loan	89	16	-
- others	24	14	17
	<u>335</u>	<u>251</u>	<u>172</u>

9. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the combined financial statements, the following charges were included in the determination of profit before income tax:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Audit fee paid to auditor of the Target Group	60	92	23
Depreciation of property, plant and equipment under cost of sales	9,822	3,700	2,650
Depreciation of property, plant and equipment under administrative expenses	133	98	116
Depreciation of right-of-use assets	201	30	-
Directors' fees	-	200	50
Directors' remuneration other than fees:			
Salaries, bonuses and other benefits	313	259	300
Contributions to defined contribution plans	38	29	42
Staff costs (excluding directors' remuneration):			
Salaries, bonuses and other benefits	2,277	1,088	979
Allowances and incentives	442	136	87
Costs of defined contribution plans included in staff costs	<u>195</u>	<u>83</u>	<u>81</u>

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

10. Income tax expense

	<u>2025</u> S\$’000	<u>2024</u> S\$’000	<u>2023</u> S\$’000
Income tax			
- Current financial year	336	237	39
- Over provision in respect of prior years	(78)	-	-
	<u>258</u>	<u>237</u>	<u>39</u>
Deferred tax			
- Current financial year	(139)	353	26
	<u>(139)</u>	<u>353</u>	<u>26</u>
	<u><u>119</u></u>	<u><u>590</u></u>	<u><u>65</u></u>

The operating entities under the Target Group are incorporated in Singapore and accordingly is subject to income tax rate of 17% (2024 and 2023: 17%).

Reconciliation of effective tax rate

	<u>2025</u> S\$’000	<u>2024</u> S\$’000	<u>2023</u> S\$’000
Profit before income tax	<u>2,860</u>	<u>2,623</u>	<u>729</u>
Tax expense at tax rate of 17%	486	446	124
Tax effect of income not subjected to tax	(37)	(70)	-
Tax effect of expenses not subjected to tax	25	29	47
Tax concessions	(35)	(35)	(76)
Capital allowance (recoup from)/transfer to a related company	(232)	232	-
Overprovision in respect of prior years	(78)	-	-
Others	<u>(10)</u>	<u>(12)</u>	<u>(30)</u>
	<u><u>119</u></u>	<u><u>590</u></u>	<u><u>65</u></u>

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

11. Basic and diluted earnings per share

The basic earnings per share is calculated based on the profits attributable to the owners of the Target Company for each relevant financial year and the existing shares as at 31 March 2025, 2024, and 2023 at 5,210,000, 5,200,000, and 2,850,000 respectively for illustrative purposes.

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Target Company is based on the following data:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Profit attributable to the owners of the Target Group from continuing operations (S\$'000)	2,741	2,033	664
Number of shares outstanding for basic and diluted earnings per share (in thousand units)	5,210	5,200	2,850
Basic and diluted earnings per share (cents per share)	<u>52.61</u>	<u>39.10</u>	<u>23.30</u>

The basic earnings per share for the year ended 31 March 2023, 2024 and 2025 are the same as the respective diluted earnings per share, as there were no potential dilutive ordinary shares in existence during the year ended 31 March 2023, 2024 and 2025.

12. Asset held for sale

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Property plant and equipment			
Property held for sales	<u>-</u>	<u>-</u>	<u>1,161</u>

On 8 March 2023, SKVR entered into an Offer to Purchase agreement with an unrelated company in relation to the disposal of the leasehold land and building located at 48 Toh Guan Road East #01-118 Singapore 608586, for a consideration of approximately S\$1,480,000, and the disposal was completed on 14 June 2023. The gain on disposal of S\$319,000 is recognised in "Other income" in the Target Group's combined statement of profit or loss and other comprehensive income on 31 May 2023.

As at 31 March 2023, this leasehold land and building is classified as asset held-for-sale and is presented in the combined statement of financial position as "asset held-for-sale". The said leasehold office is pledged as security to secure bank borrowing and was subsequently redeemed.

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

13. Cash and bank balances

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Cash on hand	3	17	7
Cash at banks	3,520	2,551	1,311
	<u>3,523</u>	<u>2,568</u>	<u>1,318</u>

14. Trade and other receivables

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
<u>Trade receivables</u>			
- Third parties	1,668	961	722
- Related companies	717	297	95
Less: Allowance for expected credit losses	(99)	(109)	-
	<u>2,286</u>	<u>1,149</u>	<u>817</u>
 - Hire Purchase receivables (Note a)	 33,553	 42,962	 22,506
Less: Allowance for expected credit losses	(169)	(385)	(385)
	<u>35,670</u>	<u>43,726</u>	<u>22,938</u>
 <u>Other receivables</u>			
- Third parties	-	17	-
- Related companies (non-trade)	118	524	1,752
- Deferred cost	411	-	-
- Loan to related companies	5	213	-
- Deposits	153	26	5
Less: Allowance for expected credit losses	-	-	-
	<u>687</u>	<u>780</u>	<u>1,757</u>
 Prepayment	 385	 86	 63
GST receivables	104	-	-
	<u>104</u>	<u>-</u>	<u>-</u>
 Total	 <u>36,846</u>	 <u>44,592</u>	 <u>24,758</u>
 Current	 14,139	 13,419	 7,908
Non-current	22,707	31,173	16,850
	<u>22,707</u>	<u>31,173</u>	<u>16,850</u>
 Total	 <u>36,846</u>	 <u>44,592</u>	 <u>24,758</u>

Trade receivables are unsecured, non-interest bearing and generally on 0 to 60 (2024 and 2023: 0 to 60) days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

14. Trade and other receivables (Continued)

Deferred cost mainly comprise one-off costs related to the proposed Reverse Takeover transactions. These one-off costs primarily comprise professional fees and other expenditures incurred in connection with the RTO process. The accumulated deferred costs will be recognised in the combined statement of profit or loss as an expense or capitalised into equity upon the completion of the transaction.

Other receivables – related companies (non-trade) mainly comprise payment on behalf for related companies, secondment billing, disposal of motor vehicles and other non-trade related administrative charges, are unsecured, non-interest bearing, repayable on demand.

The loan to related companies is unsecured, at 10% (2024 and 2023: 10%) interest per annum and repayable on demand.

Deposits mainly comprise refundable deposits for the rental of workshop and the purchase of office furniture.

Prepayment mainly comprise prepaid road tax, insurance and other operating expenses.

The movement in allowance for expected credit losses are as follows:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Balance at beginning of the financial year	494	385	149
(Reversal)/Allowance for expected credit loss	(216)	109	236
Bad debt recovery	(10)	-	-
Allowance for expected credit losses, net	<u>(226)</u>	<u>109</u>	<u>236</u>
Balance at end of the financial year	<u><u>268</u></u>	<u><u>494</u></u>	<u><u>385</u></u>

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

14. Trade and other receivables (Continued)

(a) Hire Purchase receivables

The hire purchase receivables are as follows:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
<u>Gross hire purchase receivables due</u>			
Not later than 1 year	13,091	14,756	7,300
Later than 1 year but within 5 years	24,062	31,777	17,703
Later than 5 years	1,503	4,007	1,798
Less: Unearned interest	<u>(5,103)</u>	<u>(7,578)</u>	<u>(4,295)</u>
	33,553	42,962	22,506
Less: Allowance for expected credit losses	<u>(169)</u>	<u>(385)</u>	<u>(385)</u>
Net hire purchase receivables due	<u>33,384</u>	<u>42,577</u>	<u>22,121</u>
	<u>Gross</u> S\$'000	<u>Interest</u> S\$'000	<u>Principal</u> S\$'000
<u>31 March 2025</u>			
Not later than 1 year	13,091	(2,245)	10,846
Later than 1 year but within 5 years	24,062	(2,806)	21,256
Later than 5 years	1,503	(52)	1,451
	<u>38,656</u>	<u>(5,103)</u>	<u>33,553</u>
<u>31 March 2024</u>			
Not later than 1 year	14,756	(2,968)	11,788
Later than 1 year but within 5 years	31,777	(4,434)	27,343
Later than 5 years	4,007	(176)	3,831
	<u>50,540</u>	<u>(7,578)</u>	<u>42,962</u>
<u>31 March 2023</u>			
Not later than 1 year	7,300	(1,644)	5,656
Later than 1 year but within 5 years	17,703	(2,548)	15,155
Later than 5 years	1,798	(103)	1,695
	<u>26,801</u>	<u>(4,295)</u>	<u>22,506</u>

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

14. Trade and other receivables (Continued)

(a) Hire Purchase receivables

Net hire purchase receivables are analysed as follows:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Within 1 year	10,676	11,404	5,271
After 1 year but within 5 years	21,257	27,342	15,155
After 5 years	1,451	3,831	1,695
	<u>33,384</u>	<u>42,577</u>	<u>22,121</u>

Hire Purchase receivables consisted of:

- Third parties	26,012	28,224	17,854
- Related companies	7,372	14,353	4,267
	<u>33,384</u>	<u>42,577</u>	<u>22,121</u>

Hire Purchase Receivables represent amounts due from customers under hire purchase agreements for motor vehicles. These receivables arise from the vehicle financing solutions provided by the Target Group under its Credit Business.

The carrying amount of hire purchase receivables approximates their fair value as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions and is denominated in Singapore dollar.

Interest-bearing hire purchase receivables have stated effective interest rates ranged from 3.17% to 14.28% (2024: 3.28% to 13.20%, 2023: 2.18% to 12.30%).

15. Contract assets and contract liabilities

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Contract assets	<u>160</u>	<u>267</u>	<u>40</u>
Contract liabilities	<u>428</u>	<u>533</u>	<u>50</u>

Contract assets primarily relate to the Target Group's rights to consideration for work completed from the car repair and maintenance service but not billed and are transferred to receivables when the rights become unconditional which usually occurs when the customers are billed.

Contract liabilities primarily relate to the Target Group's obligation to perform car maintenance service to the customers for which the Target Group has received consideration in advance and are recognised as revenue when the Target Group performs the services.

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

15. Contract assets and contract liabilities (Continued)

(a) Movement in contract assets are explained as follows:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Contract assets reclassified to receivables	267	40	11
Revenue recognised during the year but not yet billed	<u>160</u>	<u>267</u>	<u>40</u>

(b) Movement in contract liabilities are explained as follows:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Revenue recognised in the current year that was included in the contract liabilities at the beginning of the year	533	50	70
Change due to cash received, excluding amount recognised as revenue during the year	<u>428</u>	<u>533</u>	<u>50</u>

(c) Remaining performance obligations

The Target Group has applied the practical expedient permitted under SFRS(I) 15 to not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) and the corresponding timing of revenue recognition as of the end of the financial year for those performance obligations which are part of contracts that have an original expected duration of one year or less.

16. Inventories

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Spare parts for motor vehicles	<u>145</u>	<u>124</u>	<u>44</u>

The cost of inventories recognised as an expense and included in "cost of sales" line item in profit or loss for the financial year ended 31 March 2025 amounted to S\$694,875 (2024 and 2023: S\$271,548 and S\$197,182).

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

17. Property, plant and equipment

	Motor vehicles for rental S\$'000	Leasehold land and buildings S\$'000	Renovation S\$'000	Plant and equipment S\$'000	Computer S\$'000	Total S\$'000
Cost						
At 1 April 2022	29,141	1,230	25	16	251	30,663
Additions	6,964	830	56	4	1	7,855
Disposals	(19,800)	-	(25)	-	-	(19,825)
Transferred	-	(1,161)	-	-	-	(1,161)
At 31 March 2023	16,305	899	56	20	252	17,532
Additions	27,951	-	11	2	19	27,983
Disposals	(4,012)	(70)	-	-	-	(4,082)
At 31 March 2024	40,244	829	67	22	271	41,433
Additions	43,856	1,025	155	26	3	45,065
Disposals	(2,499)	-	-	(9)	-	(2,508)
Write off	(51)	-	(1)	(4)	(2)	(58)
At 31 March 2025	81,550	1,854	221	35	272	83,932

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

17. Property, plant and equipment (Continued)

	Motor vehicles for rental S\$'000	Leasehold land and buildings S\$'000	Renovation S\$'000	Plant and equipment S\$'000	Computer S\$'000	Total S\$'000
<u>Accumulated depreciation</u>						
At 1 April 2022	3,631	36	-	6	62	3,735
Depreciation	2,650	49	10	6	51	2,766
Disposals	(3,784)	-	(10)	-	-	(3,794)
At 31 March 2023	2,497	85	-	12	113	2,707
Depreciation	3,700	27	12	7	52	3,798
Disposals	(788)	(73)	-	-	-	(861)
At 31 March 2024	5,409	39	12	19	165	5,644
Depreciation	9,822	50	28	-	55	9,955
Disposals	(447)	-	-	-	-	(447)
Write off	(24)	-	-	(3)	-	(27)
At 31 March 2025	14,760	89	40	16	220	15,125

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

17. Property, plant and equipment (Continued)

	Motor vehicles for rental S\$'000	Leasehold land and buildings S\$'000	Renovation S\$'000	Plant and equipment S\$'000	Computer S\$'000	Total S\$'000
<u>Net carrying amount</u>						
At 31 March 2025	66,790	1,765	181	19	52	68,807
At 31 March 2024	34,835	790	55	3	106	35,789
At 31 March 2023	13,808	814	56	8	139	14,825

During the financial year, the Target Group acquired property, plant and equipment for an aggregate of approximately S\$45,065,000 (2024: S\$27,983,000 and 2023: S\$7,855,000) of which S\$43,095,000 (2024: S\$25,881,000 and 2023: S\$6,572,000) was acquired by means of a hire purchase borrowings. The Target Group's leasehold land and buildings with a carrying amount of approximately S\$1,765,000 (2024: S\$790,000 and 2023: S\$814,000) were pledged to bank loans (Note 22).

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

18. Right-of-use assets

	<u>Workshop</u> S\$’000
<u>Cost</u>	
At 1 April 2023	-
Additions	103
At 31 March 2024	103
Additions	1,010
At 31 March 2025	1,113
<u>Accumulated amortisation</u>	
At 1 April 2023	-
Amortisation	30
At 31 March 2024	30
Amortisation	201
At 31 March 2025	231
<u>Net carrying amount</u>	
At 31 March 2025	882
At 31 March 2024	73

The Target Group has lease contracts relating to workshops for its engineering business in Singapore. The movement of lease liabilities are disclosed in Note 21.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

19. Investments in insurance contracts

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Investments in insurance contracts, at fair value	693	686	278
<u>Movement:</u>			
Beginning of financial year	686	278	274
Additions	-	486	-
Fair value gain/(loss) arising from investment in insurance contracts (Note 7)	7	(78)	4
End of financial year	693	686	278
Current	90	-	-
Non-current	603	686	278
Total	693	686	278

Investments in insurance contracts pertain to four life insurance policies (the “Policies”) for Shen Wende and Xue Wanqiu, the directors of the Target Group as the “Insured Person, and are denominated in Singapore Dollar.

- i) The first insurance policy is purchased by the Target Group on 18 March 2022 for Shen Wende, the director of the operating entities under Target Group as the “Insured Person”. The policy will mature on the date when the Insured Person reaches the age of 120, or upon the death of the Insured Person, whichever is the earlier. In the event of death of the Insured Person, the higher of the face amount together with the accumulated investment returns or minimum protection amount of S\$1,500,000 will be payable to the operating entities under Target Group.
- ii) The second insurance policy is purchased by the Target Group on 18 April 2023 for Shen Wende, the director of the operating entities under Target Group as the “Insured Person”. The policy will mature on the date when the Insured Person reaches the age of 120, or upon the death of the Insured Person, whichever is the earlier. In the event of death of the Insured Person, the higher of the face amount together with the accumulated investment returns or minimum protection amount of S\$1,000,000 will be payable to the operating entities under Target Group.
- iii) The third insurance policy is purchased by the Target Group on 31 August 2023 for Shen Wende, the director of the operating entities under Target Group as the “Insured Person”. The policy will mature on the date when the Insured Person reaches the age of 70, or upon the death of the Insured Person, whichever is the earlier. In the event of death of the Insured Person, the higher of the sum insured together with the accumulated investment returns or multiplier benefit of S\$700,000 will be payable to the operating entities under Target Group.

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

19. Investments in insurance contracts (Continued)

- iv) The fourth insurance policy is purchased by the Target Group on 31 August 2023 for Xue Wanqiu, the director of the operating entities under Target Group as the "Insured Person". The policy will mature on the date when the Insured Person reaches the age of 70, or upon the death of the Insured Person, whichever is the earlier. In the event of death of the Insured Person, the higher of the sum insured together with the accumulated investment returns or multiplier benefit of S\$700,000 will be payable to the operating entities under Target Group. As at 31 March 2025, the Target Group intends to transfer out this insurance policy in the next 12 months (Note 2).

The fair value of investment-linked keyman life insurance policy is based on the total cash surrender value of the contracts stated in the annual statement of the policy, a Level 3 unobservable input. When the surrender value is higher, the fair value of the key man insurance policy will be higher.

The change in fair value of investments in insurance contracts during the year is recorded in "Fair value (gain)/loss arising from investment in insurance contracts" in the combined statement of profit or loss and other comprehensive income (Note 7).

The investments in insurance contracts were pledged as collateral for the Target Group's borrowings as at 31 March 2025, 2024, and 2023 (Note 22).

20. Trade and other payables

	2025 S\$'000	2024 S\$'000	2023 S\$'000
<u>Trade payables</u>			
- Third parties	1,303	857	356
- Related companies	3,733	2,415	2,510
	<u>5,036</u>	<u>3,272</u>	<u>2,866</u>
<u>Other payables</u>			
- Third parties	458	407	220
- A director	-	100	50
- Related companies (non-trade)	1,073	508	510
- Loan from related companies	4,478	606	-
	<u>6,009</u>	<u>1,621</u>	<u>780</u>
Deposit received	2,183	1,304	483
GST payables	99	201	207
	<u>2,282</u>	<u>1,505</u>	<u>690</u>
Total	<u>13,327</u>	<u>6,398</u>	<u>4,336</u>
Current	12,553	5,930	4,223
Non-current	774	468	113
Total	<u>13,327</u>	<u>6,398</u>	<u>4,336</u>

Trade payables are unsecured, non-interest bearing are normally settled between 30 to 90 (2024 and 2023: 30 to 90) days' credit terms.

Amount due to a director is non-trade in nature and pertains to the director fee payable.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

20. Trade and other payables (Continued)

Other payables – related companies (non-trade) mainly comprise payment on behalf by related companies, secondment billing on staff costs, purchase of motor vehicles and other non-trade related administrative charges, are unsecured, non-interest bearing, repayable on demand.

The loan from related companies is unsecured, at 10% (2024 and 2023: 10%) interest per annum and repayable on demand.

Other than those disclosed above, other payables are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

21. Lease liabilities

Leasee

The Target Group has lease contracts relating to workshops for its engineering business in Singapore.

Extension options

The Target Group has lease contracts with extension option exercisable by the Target Group up to 3 months before the end of the non-cancellable contract period. The Target Group did not include the extension period in the lease period when determining the amount of right-of-use assets and lease liabilities to recognise. The movement of right-of-use assets are disclosed in Note 18.

a) Lease liabilities

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Current	370	52	-
Non-current	581	22	-
	<u>951</u>	<u>74</u>	<u>-</u>

The lease liabilities are as follows:

Payable within 1 years	370	52	-
Payable between 2 to 5 years	581	22	-
	<u>951</u>	<u>74</u>	<u>-</u>

The maturity analysis of lease liabilities is disclosed in Note 27.

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

21. Lease liabilities (Continued)

b) Amount recognised in profit or loss

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Depreciation of right-of-use assets	201	30	-
Interest expense on lease liabilities	20	3	-

22. Borrowings

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
<u>Current</u>			
Block discounting loans	18,391	16,002	5,923
Hire purchase borrowings	8,380	4,705	2,429
Bank loans	1,385	1,422	1,960
	<u>28,156</u>	<u>22,129</u>	<u>10,312</u>
<u>Non-current</u>			
Block discounting loans	40,923	38,927	14,848
Hire purchase borrowings	17,507	8,566	6,325
Bank loans	2,494	2,844	3,590
	<u>60,924</u>	<u>50,337</u>	<u>24,763</u>
Total interest-bearing liabilities	<u>89,080</u>	<u>72,466</u>	<u>35,075</u>
Current	28,156	22,129	10,312
Non-current	60,924	50,337	24,763
	<u>89,080</u>	<u>72,466</u>	<u>35,075</u>

The maturity profile of the borrowings are as follows:

Payable within 1 year	28,156	22,129	10,312
Payable between 2 to 5 years	55,431	45,519	23,630
Payable after 5 years	5,493	4,818	1,133
	<u>89,080</u>	<u>72,466</u>	<u>35,075</u>

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

22. Borrowings (Continued)

The block discounting loans are analysed as follows:

	<u>Gross</u> S\$'000	<u>Interest</u> S\$'000	<u>Principal</u> S\$'000
31 March 2025			
Not later than 1 year	20,951	(2,560)	18,391
Later than 1 year but within 5 years	40,263	(3,644)	36,619
Later than 5 years	4,443	(139)	4,304
	<u>65,657</u>	<u>(6,343)</u>	<u>59,314</u>
31 March 2024			
Not later than 1 year	18,468	(2,466)	16,002
Later than 1 year but within 5 years	38,577	(3,501)	35,076
Later than 5 years	3,991	(140)	3,851
	<u>61,036</u>	<u>(6,107)</u>	<u>54,929</u>
31 March 2023			
Not later than 1 year	6,825	(902)	5,923
Later than 1 year but within 5 years	15,624	(1,210)	14,414
Later than 5 years	448	(14)	434
	<u>22,897</u>	<u>(2,126)</u>	<u>20,771</u>

The hire purchase borrowings are analysed as follows:

	<u>Gross</u> S\$'000	<u>Interest</u> S\$'000	<u>Principal</u> S\$'000
31 March 2025			
Not later than 1 year	9,690	(1,310)	8,380
Later than 1 year but within 5 years	18,999	(1,492)	17,507
Later than 5 years	-	-	-
	<u>28,689</u>	<u>(2,802)</u>	<u>25,887</u>
31 March 2024			
Not later than 1 year	5,354	(649)	4,705
Later than 1 year but within 5 years	9,092	(669)	8,423
Later than 5 years	176	(33)	143
	<u>14,622</u>	<u>(1,351)</u>	<u>13,271</u>

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

22. Borrowings (Continued)

The hire purchase borrowings are analysed as follows (continued):

	<u>Gross</u> S\$'000	<u>Interest</u> S\$'000	<u>Principal</u> S\$'000
31 March 2023			
Not later than 1 year	2,818	(389)	2,429
Later than 1 year but within 5 years	6,827	(502)	6,325
Later than 5 years	-	-	-
	<u>9,645</u>	<u>(891)</u>	<u>8,754</u>

The Target Group's bank loans amounting to S\$ NIL (2023: S\$672,636) was redeemed upon the disposal of the property at 48 Toh Guan Road East #01-118, Singapore 608586 on 14 June 2023.

The Target Group's bank loans amounting to S\$ NIL (2024: S\$600,724 and 2023: S\$631,556) was redeemed upon the refinance of the property at 1 Bukit Batok Crescent, #08-52, Wcega Plaza, Singapore 658064 on 20 February 2025.

The Target Group's hire purchase borrowings with financial institutions are mainly for its motor vehicles for rental. The nominal interest rate ranging from 2.65% to 3.98% and with the maturity period ranging from 2026 to 2032.

The Target Group's obtains block discounting facilities from the financial institutions to fund those hire purchase loans provided to its customers (Note 14a). The nominal interest rate ranging from 1.70% to 3.45% and with the maturity period ranging from 2028 to 2032. These facilities are secured by the underlying hire purchase receivables and are structured such that the Group remains liable for repayments to the financial institutions, irrespective of customer defaults. Block discounting liabilities are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss over the term of the facility.

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

22. Borrowings (Continued)

Terms and debt repayment schedule of bank loans

<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Monthly Repayment (S\$)</u>	<u>Year of maturity</u>	<u>Security and Guarantee</u>	<u>31 March 2025 S\$'000</u>	<u>31 March 2024 S\$'000</u>	<u>31 March 2023 S\$'000</u>
Unsecured bank loan 1	2.75%	6,608	2025	Personal guarantee by the directors of the Target Group and corporate guarantee by the related company	6	84	160
Unsecured bank loan 2	5%	9,212	2025	Personal guarantee by the directors of the Target Group	36	142	243
Unsecured bank loan 3	2%	17,356	2026	Personal guarantee by the directors of the Target Group and corporate guarantee by the related company	250	450	650
Unsecured bank loan 4	3%	27,875	2025	Personal guarantee by the directors of the Target Group and corporate guarantee by the related company	219	542	855
Unsecured bank loan 5	3.25%	18,519	2026	Personal guarantee by the directors of the Target Group and corporate guarantee by the related company	272	481	684
Unsecured bank loan 6	7.75%	12,148	2027	Personal guarantee by the directors of the Target Group	259	379	491

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

22. Borrowings (Continued)

Terms and debt repayment schedule of bank loans (Continued)

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Monthly Repayment (S\$)</u>	<u>Year of maturity</u>	<u>Security and Guarantee</u>	31 March 2025 S\$'000	31 March 2024 S\$'000	31 March 2023 S\$'000
Unsecured bank loan 7	SGD	SORA + 1.5%; SORA + 4%	2,880	2023	Personal guarantee by the directors of the Target Group and corporate guarantee by the related company.	-	-	673
Unsecured bank loan 8	SGD	7.75%	4,860	2029	Personal guarantee by the directors of the Target Group	193	-	-
Unsecured bank loan 9	SGD	4.75%	22,917	2026	Personal guarantee by the directors of the Target Group	376	627	866
Unsecured bank loan 10	SGD	7.75%	6,048	2029	Personal guarantee by the directors of the Target Group	244	296	-
Secured bank loan 1	SGD	SORA + 1.35% ; SORA + 5%	5,143	2025	Property - 1 Butik Batok Crescent, #08-52 WCEGA PLAZA, Singapore 658064 and personal guarantee by the directors of the Target Group	-	601	631
Secured bank loan 2	SGD	3.68%	8,976	2034	Property - 1 Butik Batok Crescent, #08-53 WCEGA PLAZA, Singapore 658064 and personal guarantee by the directors of the Target Group	850	-	-
Secured bank loan 3	SGD	3.1%	3,228	2045	Property - 1 Butik Batok Crescent, #08-52 WCEGA PLAZA, Singapore 658064 and personal guarantee by the directors of the Target Group	575	-	-

B-51

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

22. Borrowings (Continued)

Terms and debt repayment schedule of bank loans (Continued)

	<u>Currency</u>	<u>Nominal Interest rate</u>	<u>Monthly Repayment (S\$)</u>	<u>Year of maturity</u>	<u>Security and Guarantee</u>	<u>31 March 2025 S\$'000</u>	<u>31 March 2024 S\$'000</u>	<u>31 March 2023 S\$'000</u>
Secured bank loan 4	SGD	SORA + 1%	1,575	2038	Insurance policy and personal guarantee by the directors of the Target Group	184	194	-
Secured bank loan 5	SGD	COF + 1.5%	2,278	2028	Insurance policy and personal guarantee by the directors of the Target Group	87	109	-
Secured bank loan 6	SGD	COF + 1.5%	1,625	2028	Insurance policy and personal guarantee by the directors of the Target Group	62	78	-
Secured bank loan 7	SGD	SORA + 1%	2,431	2037	Insurance policy and personal guarantee by the directors of the Target Group	266	283	297
						<u>3,879</u>	<u>4,266</u>	<u>5,550</u>

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

23. Deferred tax liabilities

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Deferred tax liabilities	<u>377</u>	<u>516</u>	<u>162</u>
At beginning of the year	516	163	136
Credit to profit or loss for the year (Note 9)	<u>(139)</u>	<u>353</u>	<u>26</u>
At end of the year	<u>377</u>	<u>516</u>	<u>162</u>
<u>Deferred tax assets</u>			
Unutilized capital allowance	<u>(1,173)</u>	<u>(403)</u>	<u>(341)</u>
<u>Deferred tax liabilities</u>			
Accelerated tax depreciation	<u>1,550</u>	<u>919</u>	<u>503</u>

- (a) Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

24. Share capital

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
<u>Issuance and fully paid, with no par value</u>			
At beginning of year	5,200	2,850	2,850
Issue of shares	<u>10</u>	<u>2,350</u>	<u>-</u>
At end of year	<u>5,210</u>	<u>5,200</u>	<u>2,850</u>

	<u>2025</u>	<u>2024</u>	<u>2023</u>
	No. of ordinary shares ('000)		
<u>Issuance and fully paid, with no par value</u>			
At beginning of year	5,200	2,850	2,850
Issue of shares	<u>10</u>	<u>2,350</u>	<u>-</u>
At end of year	<u>5,210</u>	<u>5,200</u>	<u>2,850</u>

The share capital in the combined statements of financial position as at 31 March 2025, 2024 and 2023 comprises the aggregate share capital of the Target Company and all operating entities which represents the aggregation of the Target Group's interest in the share capital of the Target Company and all operating entities are under common control before the completion of the Restructuring exercise (Note 2).

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

24. Share capital (Continued)

The holders of ordinary shares are entitled to receive dividends as and when declare by the Target Company or its operating entities. All ordinary shares carry on one vote per share without restriction and rank equally with respect to the Target Group's residual assets.

25. Dividends

During the financial year ended 31 March 2024, the Target Group declared total dividends of S\$0.63 per ordinary share of the Target Group totalling approximately S\$ 3,250,000 in respect of the financial year ended 31 March 2023 based on the audited financial statements of the respective entities.

During the financial year ended 31 March 2023, the Target Group declared total dividends of S\$0.39 per ordinary share of the Target Group totalling approximately S\$ 1,110,000 in respect of the financial year ended 31 March 2022 based on the audited financial statements of the respective entities.

26. Significant related party transactions

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Target Group and Company if that person:
 - (i) Has control or joint control over the Target Company;
 - (ii) Has significant influence over the Target Company; or
 - (iii) Is a member of the key management personnel of the Target Group or Target Company or of a parent of the Target Company.
- (ii) An entity is related to the Target Group and the Target Company if any of the following conditions applies:
 - (i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

26. Significant related party transactions (Continued)

The effect of the Target Group's and Target Company's transactions and arrangements with related parties is reflected in these combined financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

For the purposes of these combined financial statements, parties are considered to be related to the Target Group if the Target Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Target Group and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the combined financial statements, the following were significant related party transactions at rates and terms agreed between the Target Group and the related parties:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
With related companies			
<u>Revenue</u>			
Car repair and maintenance service charged to related companies	2,939	2,697	1,188
Rental income charged to related companies	4	22	22
Interest income charged to related companies	604	615	23
Other related income charged to related companies	98	144	146
<u>Cost of sales</u>			
Cost of repair and other related fees charged by related companies	(70)	(28)	(4)
Hire purchase commission charged by related companies	-	(25)	(19)
<u>Other income, administrative expenses and finance costs</u>			
Service fee income related to staff secondment charged to related companies	1,073	1,030	807
Service fee expenses related to staff secondment charged by related companies	(1,527)	(633)	(579)
Interest income from loan to related companies	51	197	6
Interest charged by related companies	89	16	-
<u>Other transactions</u>			
Purchase of vehicles for rental from related companies	(43,918)	(28,042)	(5,827)
Disposal of vehicles for rental to related companies	2,259	3,543	17,666
Hire purchase financing provided to related companies (Principal amount)	(1,817)	(8,967)	(1,930)
Loan to related companies (Principal amount)	-	(200)	-
Loan from related companies (Principal amount)	3,850	600	-

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

26. Significant related party transactions (Continued)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	<u>2025</u> S\$'000	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Directors of the Target Group			
Directors' fees	-	200	50
Short-term employee benefits	313	259	281
Post-employment benefits	<u>38</u>	<u>29</u>	<u>42</u>
Key Management Personnel			
Short-term employee benefits	214	111	120
Post-employment benefits	<u>5</u>	<u>-</u>	<u>-</u>

27. Financial instruments and financial risks

The Target Group's activities expose it to credit risk, market risks (including foreign currency risk and interest rate risk) and liquidity risk. The Target Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Target Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Target Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Target Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Target Group. The Target Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Target Group's credit risk arises mainly from bank balances, trade and other receivables. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Target Group does not expect the impairment loss from bank balances to be material, if any.

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

To assess and manage its credit risk, the Target Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Target Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

The Target Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Target Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risk ^{Note 1}	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Target Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Target Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Target Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Target Group’s future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst’s reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Target Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Target Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 4. Write off

Generally, the Target Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Target Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Target Group do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined statement of financial position.

Trade receivables, hire purchase receivables (Note 14) and contract assets (Note 15)

The Target Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables, hire purchase receivables and contract assets, where the loss allowance is equal to lifetime ECL.

The contract assets relate mainly to unbilled revenue and have substantially the same risk characteristics as trade receivables for the same type of contracts. Therefore, the Group concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the credit loss rates of the contract assets.

The ECL for trade receivables, hire purchase receivables and contract assets are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Target Group assesses, for example, the growth rates of the major industries which its customers operate in.

Trade receivables, hire purchase receivables and contract assets are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Other receivables and deposits with external parties (Note 14)

The Target Group assessed the loss allowance of the other receivables and deposits with external parties on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of other receivables, the Target Group considered amongst other factors, the financial position of other receivables as of 31 March 2023, 2024 and 2025, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the other receivables operate in. Accordingly, the Target Group determined that the ECL for other receivables and deposits with external parties are insignificant.

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Target Group's exposure to credit risk in respect of the trade receivables, hire purchase receivables, contract assets, other receivables and deposits with external parties is as follows:

Group	<u>Trade receivables</u>		<u>Hire purchase receivables</u>		<u>Contract assets</u>		<u>Other receivables</u>	
	Note (i)	Total	Category 4	Total	Note (i)	Total	Category 2	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Internal credit risk grading								
Loss allowance								
Balance at 1 April 2022	-	-	149	149	-	-	-	-
Assets recognised/originated	-	-	236	236	-	-	-	-
Balance at 31 March 2023	109	109	385	385	-	-	-	-
Assets recognised/originated			-	-	-	-	-	-
Balance at 31 March 2024	109	109	385	385	-	-	-	-
Financial assets repaid	(10)	(10)	-	-	-	-	-	-
Reversal of unutilised amount	-	-	(216)	(216)	-	-	-	-
Balance at 31 March 2025	99	99	169	169	-	-	-	-
Gross carrying amount								
At 31 March 2023	817	817	22,506	22,506	40	40	1,757	1,757
At 31 March 2024	1,258	1,258	42,962	42,962	267	267	780	780
At 31 March 2025	2,385	2,385	33,553	33,553	160	160	687	687

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Target Group's exposure to credit risk in respect of the trade receivables, hire purchase receivables, contract assets, other receivables and deposits with external parties is as follows (continued):

Group	Internal credit risk grading	Trade receivables		Hire purchase receivables		Contract assets		Other receivables	
		Note (i)	Total	Category 4	Total	Note (i)	Total	Category 2	Total
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Net carrying amount									
At 31 March 2023		817	817	22,121	22,121	40	40	1,757	1,757
At 31 March 2024		1,149	1,149	42,577	42,577	267	267	780	780
At 31 March 2025		2,286	2,286	33,384	33,384	160	160	687	687

Note (i) For trade receivables and contract assets, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

27. Financial instruments and financial risks (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Target Company’s income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Target Group’s financial instruments will fluctuate because of changes in market interest rates. The Target Group’s exposure to interest rate risk arises primarily from their floating interest rate-bearing borrowings.

The Target Company’s policy is to obtain the most favourable interest rate available.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 (2024 and 2023: 100) basis points lower/higher and all other variables were held constant, the Target Company’s profit before income tax would have been S\$5,990 (2024: S\$12,640 and 2023: S\$16,010) lower, arising mainly as a result of lower/higher interest income on floating rate cash at bank balances. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly lower volatility as in prior financial years.

Foreign currency risk

The Target Group’s foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies.

Although the Group does not directly engage in foreign currency trading, it remains exposed to global economic conditions, particularly those affecting the automotive industry. This includes fluctuations in vehicle pricing and currency movements, especially in relation to Japanese yen, given the Target Group’s main supplier’s reliance on Japanese automotive imports.

Our Group monitors the foreign currency exchange rate movements closely to ensure that our exposure is managed. At present, the Target Group does not have any significant transactions that are in foreign currencies.

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

27. Financial instruments and financial risks (Continued)

Liquidity risk

Liquidity risk is the risk that the Target Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Target Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipts cycles. The Target Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Target Group's operations are financed mainly through equity and holding company. The directors are satisfied that funds are available to finance the operations of the Target Group.

The following table details the Target Group and the Target Company's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Target Group and the Target Company is expected to receive or (pay). The table includes both interest and principal cash flows.

	Within 1 year S\$'000	Within 2 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
<u>Undiscounted Financial Assets</u>				
Cash and cash equivalents	3,523	-	-	3,523
Trade and other receivables (excluding prepayments and GST receivable)	15,791	24,062	1,503	41,356
As at 31 March 2025	19,314	24,062	1,503	44,879
Cash and cash equivalents	2,568	-	-	2,568
Trade and other receivables (excluding prepayments)	16,685	31,777	4,007	52,469
As at 31 March 2024	19,253	31,777	4,007	55,037
Cash and cash equivalents	1,318	-	-	1,318
Trade and other receivables (excluding prepayments)	9,489	17,703	1,798	28,990
As at 31 March 2023	10,807	17,703	1,798	30,308

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

27. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

	Less than 1 year S\$'000	2 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
<u>Undiscounted Financial Liabilities</u>				
Trade and other payables (excluding GST payable)	13,228	-	-	13,228
Borrowings	32,169	60,831	5,830	98,830
Lease liabilities	401	603	-	1,004
As at 31 March 2025	45,798	61,434	5,830	113,062
Trade and other payables (excluding GST payable)	6,197	-	-	6,197
Borrowings	25,421	50,078	5,223	80,722
Lease liabilities	54	23	-	77
As at 31 March 2024	31,672	50,101	5,223	86,996
Trade and other payables (excluding GST payable)	4,128	-	-	4,128
Borrowings	11,792	25,704	1,432	38,928
Lease liabilities	-	-	-	-
As at 31 March 2023	15,920	25,704	1,432	43,056
<u>Total undiscounted net financial assets/(liabilities)</u>				
As at 31 March 2025	(26,484)	(37,372)	(4,327)	(68,078)
As at 31 March 2024	(12,419)	(18,324)	(1,216)	(31,959)
As at 31 March 2023	(5,113)	(8,001)	366	(12,748)

APPENDIX B – INDEPENDENT AUDITORS' REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

28. Capital management policies and objectives

The primary objective of the Target Company's capital management is to ensure that it maintains a healthy capital structure in order to support its business and maximise shareholder value.

The Target Company manages its capital structure, defined as share capital and accumulated reserves, and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Company may adjust the dividend payment to shareholders, return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2023, 31 March 2024 and 31 March 2025.

The Target Company has no externally imposed capital requirements for the financial years ended 31 March 2023, 2024 and 2025.

29. Fair value of assets and liabilities

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

- (a) Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Target Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b) Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.
- (c) Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The table below analyses the Target Group's asset that is measured at fair value on a recurring or non-recurring basis in the combined statement of financial position after initial recognition.

	Note	<u>Level 3</u> S\$'000
2025		
<u>Recurring fair value measurement</u>		
Investments in insurance contracts	19	<u>693</u>
2024		
<u>Recurring fair value measurement</u>		
Investments in insurance contracts	19	<u>686</u>
2023		
<u>Recurring fair value measurement</u>		
Investments in insurance contracts	19	<u>278</u>

APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

29. Fair value of assets and liabilities (Continued)

Except as disclosed in the respective notes, the carrying amounts of the current financial assets and financial liabilities, including cash and cash equivalents, trade and other receivables and trade and other payables, approximate their respective fair values due to their short-term nature.

Level 3

Investment in insurance contracts classified at FVTPL

The investment in insurance was valued using the net surrender value of the insurance policy

Summary of the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements.

<u>Description</u>	<u>Fair value at 31 March 2025 S\$'000</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
Investment in insurance contracts at fair value through profits and loss:				
Investment in insurance contracts	693 (2024: 686) (2023: 278)	Net surrender value	Policy terms Interest rates Surrender charges	An increase/ decrease will result in an increase/ decrease in fair value

Valuation policies and procedures

The Target Group’s Chief Financial Officer (“CFO”) oversees the Target Group’s financial reporting valuation process and is responsible for setting and documenting the Target Group’s valuation policies and procedures and reports to the Board of Directors.

It is the Target Group’s policy that where assessed necessary, the Target Group would engage experts to perform significant financial reporting valuations. The CFO is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance.

He also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Target Group) used in the valuations.

The analysis and results of the external valuations are then reported to the Board of Directors for approval.

During the financial year, there is no change in the applicable valuation techniques.

**APPENDIX B – INDEPENDENT AUDITORS’ REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

30. Segment information

The Board of Directors is the Group’s chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions, allocate resources and assess performance.

The Board of Directors considers the business from a business segment perspective. The business of the Group is organised into the following business segments:

- (a) Engineering business
- (b) Commercial vehicle leasing business
- (c) Credit business

Segment results represent the profit earned by each segment. Segment assets/liabilities are all operating assets/liabilities that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

Except as disclosed above, no operating segments have been aggregated to form the above reportable operating segments.

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

30. Segment information (Continued)

Analysis by business segments

Year ended 31 March 2023

Revenue	Engineering business S\$'000	Commercial vehicle leasing business S\$'000	Credit business S\$'000	Others S\$'000	Inter-segment elimination S\$'000	Total S\$'000
Sales	2,502	5,478	1,492	-	(1,139)	8,333
Segment results						
Segment gross profit:	598	357	707	-	-	1,662
Other income						1,773
Administrative expenses						(2,185)
Allowance for expected credit losses, net						(236)
Other operating expenses						(113)
Finance costs						(172)
Profit before income tax						729
Income tax expenses						(65)
Profit for the year						664

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

30. Segment information (Continued)

Analysis by business segments (Continued)

Year ended 31 March 2023 (Continued)

Assets	Engineering business S\$'000	Commercial vehicle leasing business S\$'000	Credit business S\$'000	Others S\$'000	Inter- segment elimination S\$'000	Total S\$'000
Segment assets	579	3,594	1,027	-	-	5,200
Investments in insurance contracts	-	-	-	278	-	278
Property, plant and equipment	880	13,921	24	-	-	14,825
Hire purchase receivables, net of ECL	-	-	23,776	-	(1,655)	22,121
Combined total assets as at 31 March 2023	1,459	17,515	24,827	278	(1,655)	42,424
Liabilities						
Segment liabilities	657	1,189	2,540	-	-	4,386
Borrowings	632	12,807	21,636	-	-	35,075
Lease liabilities	-	-	-	-	-	-
Deferred tax liabilities	5	153	4	-	-	162
Income tax payable	4	-	18	-	-	22
Combined total liabilities as at 31 March 2023	1,298	14,149	24,198	-	-	39,645

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

30. Segment information (Continued)

Analysis by business segments (Continued)

Year ended 31 March 2023 (Continued)

Other information

Capital expenditure on:

- Property, plant and equipment

Other non-cash expenses/(income):

- Bad debt

- Allowance for expected credit losses, net

- Depreciation of property, plant and equipment

- Depreciation of right of use assets

- Fair value gain arising from investment in

insurance contracts

- Gain on disposal of property, plant and

equipment

	Engineering business S\$'000	Commercial vehicle leasing business S\$'000	Credit business S\$'000	Others S\$'000	Inter- segment elimination S\$'000	Total S\$'000
	892	6,963	-	-	-	7,855
	2	121	(6)	-	-	117
	-	-	236	-	-	236
	23	2,735	8	-	-	2,766
	-	-	-	-	-	-
	-	-	-	(4)	-	(4)
	-	(1,635)	-	-	-	(1,635)

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

30. Segment information (Continued)

Analysis by business segments

Year ended 31 March 2024

Revenue	Engineering business S\$'000	Commercial vehicle leasing business S\$'000	Credit business S\$'000	Others S\$'000	Inter- segment elimination S\$'000	Total S\$'000
Sales	3,734	8,600	3,882	-	(1,205)	15,011
Segment results						
Segment gross profit:	1,488	1,998	1,596	-	-	5,082
Other income						955
Administrative expenses						(2,463)
Allowance for expected credit losses, net						(109)
Other operating expenses						(591)
Finance costs						(251)
Profit before income tax						2,623
Income tax expenses						(590)
Profit for the year						2,033

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

30. Segment information (Continued)

Analysis by business segments (Continued)

Year ended 31 March 2024 (Continued)

Assets	Engineering business S\$'000	Commercial vehicle leasing business S\$'000	Credit business S\$'000	Others S\$'000	Inter- segment elimination S\$'000	Total S\$'000
Segment assets	1,593	2,514	940	-	-	5,047
Investments in insurance contracts	-	-	-	686	-	686
Property, plant and equipment	868	34,905	16	-	-	35,789
Hire purchases receivables, net of ECL	-	-	60,067	-	(17,490)	42,577
Combined total assets as at 31 March 2024	2,461	37,419	61,023	686	(17,490)	84,099
Liabilities						
Segment liabilities	1,407	2,674	2,850	-	-	6,931
Borrowings	601	15,633	56,232	-	-	72,466
Lease liabilities	74	-	-	-	-	74
Deferred tax liabilities	9	504	3	-	-	516
Income tax payable	146	-	54	-	-	200
Combined total liabilities as at 31 March 2024	2,237	18,811	59,139	-	-	80,187

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

30. Segment information (Continued)

Analysis by business segments (Continued)

Year ended 31 March 2024 (Continued)

Other information

Capital expenditure on:

- Property, plant and equipment

Other non-cash expenses/(income):

- Bad debt

- Allowance for expected credit losses, net

- Depreciation of property, plant and equipment

- Depreciation of right of use assets

- Fair value loss/(gain) arising from investment
in insurance contracts

- Gain on disposal of property, plant and
equipment

	Engineering business S\$'000	Commercial vehicle leasing business S\$'000	Credit business S\$'000	Others S\$'000	Inter- segment elimination S\$'000	Total S\$'000
	33	27,950	-	-	-	27,983
	6	65	442	-	-	513
	-	109	-	-	-	109
	45	3,745	8	-	-	3,798
	30	-	-	-	-	30
	-	-	-	78	-	78
	-	(641)	-	-	-	(641)

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

30. Segment information (Continued)

Analysis by business segments

Year ended 31 March 2025

Revenue	Engineering business S\$'000	Commercial vehicle leasing business S\$'000	Credit business S\$'000	Others S\$'000	Inter- segment elimination S\$'000	Total S\$'000
Sales	4,879	18,911	5,531	-	(2,948)	26,373
Segment results						
Segment gross profit:						6,789
Other income	1,555	3,166	2,068	-	-	336
Administrative expenses						(4,144)
Reversal of allowance for expected credit losses, net						226
Other operating expenses						(12)
Finance costs						(335)
Profit before income tax						2,860
Income tax expenses						(119)
Profit for the year						2,741

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

30. Segment information (Continued)

Analysis by business segments (Continued)

Year ended 31 March 2025 (Continued)

Assets

Segment assets	2,983	3,672	1,089	428	-	8,172
Investments in insurance contracts	-	-	-	693	-	693
Property, plant and equipment	1,979	66,820	8	-	-	68,807
Hire purchase receivables, net of ECL	-	-	66,215	-	(32,831)	33,384
Combined total assets as at 31 March 2025	4,962	70,492	67,312	1,121	(32,831)	111,056

Liabilities

Segment liabilities	1,762	8,255	3,328	410	-	13,755
Borrowings	1,617	27,196	60,267	-	-	89,080
Lease liabilities	951	-	-	-	-	951
Deferred tax liabilities	18	358	1	-	-	377
Income tax payable	61	-	169	-	-	230
Combined total liabilities as at 31 March 2025	4,409	35,809	63,765	410	-	104,393

**APPENDIX B – INDEPENDENT AUDITORS' REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025**

SKYLINK APAC PTE. LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2023, 2024 AND 2025

30. Segment information (Continued)

Analysis by business segments (Continued)

Year ended 31 March 2025 (Continued)

Other information

Capital expenditure on:

- Property, plant and equipment

Other non-cash expenses/(income):

- Bad debt

- Reversal of allowance for expected credit losses, net

- Depreciation of property, plant and equipment

- Depreciation of right of use assets

- Fair value loss/(gain) arising from investment in insurance contracts

- Gain on disposal of property, plant and equipment

- Written off of fixed assets

	Engineering business S\$'000	Commercial vehicle leasing business S\$'000	Credit business S\$'000	Others S\$'000	Inter- segment elimination S\$'000	Total S\$'000
	1,206	43,859	-	-	-	45,065
	-	-	19	-	-	19
	-	(10)	(216)	-	-	(226)
	92	9,855	8	-	-	9,955
	201	-	-	-	-	201
	-	-	-	(7)	-	(7)
	-	(198)	-	-	-	(198)
	3	28	-	-	-	31

This page has been intentionally left blank.

APPENDIX C – SUMMARY VALUATION LETTER

INDEPENDENT VALUATION SUMMARY LETTER

20 August 2025

The Board of Directors
Sincap Group Limited
20 Collyer Quay
#11-07
Singapore 049319

Independent Valuation Report of Skylink APAC Pte Ltd and its Subsidiaries

Dear Sirs

1. INTRODUCTION

RSM SG Corporate Advisory Pte Ltd (“**RSMCA**”) has been engaged by the Board of Directors (the “**Board**”) of Sincap Group Limited (the “**Client**” or “**Company**”) to provide assistance in estimating the market value (“**Market Value**” or “**MV**”) range of 100% interest in Skylink APAC Pte. Ltd. (“**SAPL**”) and its subsidiaries (the “**Target Group**”) as at 31 March 2025 (the “**Valuation Date**”). The list of subsidiaries that form the Target Group, along with the principal activities of SAPL and each subsidiary, is set out below.

S/N	Entity Name	Abbreviation	Business Description
1	Skylink APAC Pte Ltd	SAPL	SAPL is an investment holding company incorporated to hold SKVR, SKER and SKCR as its subsidiaries.
2	Skylink Vehicle Rental Pte Ltd	SKVR	SKVR is a company incorporated in Singapore, engaged in the business of provision of commercial vehicle leasing solutions to customers (the “ Commercial Vehicle Leasing Business ”).
3	Skylink Engineering Pte Ltd	SKER	SKER is a company incorporated in Singapore, engaged in the business of provision of a wide range of maintenance, repair and overhaul (“ MRO ”) services and engineering solutions for all types of vehicles (the “ Engineering Business ”).
4	Skylink Credit Pte Ltd	SKCR	SKCR is a company incorporated in Singapore, engaged in the business of offering vehicle financing solutions to customers for all types of vehicles through the provision of hire purchase loans to customers who wish to purchase or refinance their own vehicles (the “ Credit Business ”).

Source: Management

APPENDIX C – SUMMARY VALUATION LETTER

On 18 March 2025, the Company announced that it has entered into a sales and purchase agreement, pursuant to which the Company agreed to purchase the 100% of the total issued shares in the capital of the Target Group (“**Proposed Acquisition**”). The Proposed Acquisition constitutes a “Reverse Takeover” as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), and will be subject to, amongst others, the approval of the Company’s Shareholders at an Extraordinary General Meeting (“**EGM**”) to be convened.

This summary valuation letter (“**Letter**”) has been prepared for the purpose of inclusion as an appendix to the circular (“**Circular**”) to be issued by the Company in relation to, *inter alia*, the Proposed Acquisition.

This Letter sets out a summary of the information contained in our Independent Business Valuation Report dated 20 August 2025 (“**Valuation Report**”). This Letter must be read in conjunction with the full text of the Valuation Report.

Unless otherwise stated, words and expressions defined in the Circular for the purpose of obtaining shareholders’ approval for the Proposed Acquisition have the same meaning in this Letter.

2. TERMS OF REFERENCE

The objective of this Letter and the Valuation Report is to provide an independent view of the Market Value range of 100% of the share capital of the Target Group as at the Valuation Date in accordance with the International Valuation Standards (“**IVS**”) as prescribed by the International Valuation Standards Council (“**IVSC**”).

We are not required and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Target Group and accordingly make no representation or warranty, expressed or implied, in this regard.

We do not express any opinion on the commercial merits and structure of the Proposed Acquisition, nor are we providing any opinion, expressed or implied, as to the future trading price of the shares or the financial condition or performance of the Company upon the completion of the Proposed Acquisition. Our terms of reference do not require us to evaluate or comment on the rationale, or the strategic or long-term prospects of the Proposed Acquisition.

We have not undertaken any due diligence or audit of the information provided to us. Our procedures and inquiries do not constitute an audit in accordance with auditing standards generally accepted in Singapore. Therefore, we do not express any opinion on the financial statements of the Target Group.

However, our work entails the review of the information provided to us and discussions with the management of the Target Group (“**Target Management**”) in relation to significant inputs provided to us such as the historical financials, financial forecasts assumptions and/or the orderbook for the entities within the Target Group, where applicable.

Our scope in this engagement does not require us to provide advice on legal, regulatory, accounting or taxation matters and, if specialist advice has been obtained by the Company and/or the Target Group and made available to us, we have considered, and where appropriate, relied upon such advice.

APPENDIX C – SUMMARY VALUATION LETTER

We have no present or prospective interest in the Company and/or the Target Group and are not a related corporation of nor do we have a relationship with the owners or other party/parties whom the Company and/or the Target Group is contracting with.

RSMCA's compensation is not contingent upon the reporting of a pre-determined value or direction in value that favours anyone, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

The Valuation Report is not intended to be and is not included in the Circular and does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Acquisition. Our independent opinion on the estimate of the Market Value range of the Target Group will not form a basis of the price at which the Target Group is to be invested and is not intended to form the basis of any investment decision in relation to the Proposed Acquisition. RSMCA were not engaged in any negotiations, deliberations or the decision by the respective parties to enter into the Proposed Acquisition.

Limitations of our Valuation Report and this Letter

This Letter and the Valuation Report are addressed strictly to the Board and for the intended purpose as set out above and accordingly neither the Valuation Report nor this Letter may be used or relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the shareholders of the Company). Any recommendation made by the Board to the shareholders of the Company shall remain the responsibility of the Board.

Reliance on Information

In conducting our work and for the purpose of estimating the Market Value range, the Valuation Report and this Letter, we have held discussions with the Target Management. We have also read and relied on the information provided by them and other publicly available information, upon which our valuation analysis is based.

We have not independently verified the accuracy, completeness and adequacy of all such information provided or otherwise made available to us or relied upon by us as described above, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information. However, we have made reasonable enquiries and exercised our judgement on such information and have performed our valuation on such basis.

Management has confirmed to us, upon making all reasonable enquiries and to their best knowledge and belief, that all material information available to them with respect to the Target Group that is relevant for the purpose of our terms of reference, has been disclosed to us and that such information is fair and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us to be inaccurate or misleading in any material respect on the Target Group.

APPENDIX C – SUMMARY VALUATION LETTER

3. VALUATION PREMISE, APPROACH & METHODOLOGY

The Valuation Report is prepared in accordance with the IVS, as prescribed by the IVSC, and practice notes from Singapore Accountancy Commission and Institute of Valuers and Appraisers, Singapore including but not limited to PN-001 Minimum Requirements for Performing Valuations and Issuing Business Valuation Reports and PN-002 Minimum Disclosure Requirements for Summary Valuation Letters.

For the purpose of this valuation, Market Value is defined as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”, as set out in IVS.

We considered the three approaches in estimating the Market Value of the Target Group:

- o Cost/Net Asset Value (“**NAV**”) Approach;
- o Market Approach; and
- o Income Approach.

The Market Value range of 100% of the share capital of the Target Group is derived from the sum of the following parts:

(1) SKVR, SKCR

The Income Approach via free cash flow to equity (“**FCFE**”) is applied to estimate the MV of the 100% of the share capital of SKVR and SKCR as the values of both SKVR and SKCR lie in future earnings. FCFE is applied due to the fluctuating capital structure of SKVR and SKCR in the future period where their business models rely heavily on financing facilities to support operations.

We have also adopted the Market Approach as a cross-check of our estimation of the MV range under the Income Approach. We compared the implied multiples with the P/E multiple of listed comparable companies.

(2) SKER, SAPL

The Income Approach via free cash flow to firm (“**FCFF**”) is applied to estimate the MV of the 100% of the share capital of SKER and SAPL as the value of SKER and SAPL lies in future earnings. Unlike SKVR and SKCR, the capital structure of both SKER and SAPL as at the Valuation Date is assumed to reflect its capital structure in the future period given that SKER and SAPL are not reliant on financing facilities to run its operations. Accordingly, FCFF is applied instead of FCFE.

We have also adopted the Market Approach as a cross-check of our estimation of the MV range under the Income Approach. We compared the implied multiples with the P/E multiple of listed comparable companies. Cross-check via the Market Approach is not applicable for SAPL as the forecasts of SAPL relate only to compliance costs.

APPENDIX C – SUMMARY VALUATION LETTER

We have also performed a cross-check via Market Approach on a combined basis. We compared the implied multiples of the Target Group with the weighted P/E multiple range of the comparable companies. The weighted P/E multiple range of the comparable companies is estimated based on the implied MV range of SKVR, SKCR and SKER respectively.

The Market Value range of 100% share capital of the Target Group is based on the information provided by and representations made by the Target Management. The assumptions used reflect the expectations and views regarding future events as at the Valuation Date and therefore, necessarily involve known and unknown risks and uncertainties affecting the Target Group.

The following key assumptions were applied in arriving at the Market Value range of the Target Group as at the Valuation Date, among others:

- Information provided by the Target Management up to the date of the Valuation Report fairly reflects the Target Group's financial and operating positions;
- The Target Group is operating on a going concern basis as at the Valuation Date and will continue to have sufficient liquidity and capability to achieve its forecasted projections, specifically:
 - o SKVR's earnings after tax ("**EAT**") margin to grow from 6.1% in financial year ended/ending 31 March ("**Target FY**") 2026 to 16.4% in Target FY2030;
 - o SKER's revenue growth to range from 7.0% to 17.8% per annum during Target FY2026 to Target FY2030 with compound annual growth rate ("**CAGR**") of 13.8% from Target FY2025 to Target FY2030;
 - o SKER's revenue from third parties to grow with CAGR of 32.8% between Target FY2025 and Target FY2030;
 - o The related parties, Skylink Auto Pte Ltd ("**SKAU**") and Skylink Car Rental Pte Ltd ("**SKCA**"), will continue to contribute revenue to SKER from Target FY2026 to Target FY2030;
 - o SKCR to execute 688 new hire purchase contracts each year from Target FY2026 to Target FY2030, and;
 - o SKCR's revenue growth to range from 1.5% to 44.7% during Target FY2026 to Target FY2030 with CAGR of 15.4% from Target FY2025 to Target FY2030.
- The accuracy and completeness of financial information and financial forecasts provided to us;
- The terminal growth rate of 2.0% was applied for SAPL, SKVR, SKER, and SKCR, based on Singapore's long term forecasted inflation rate sourced from the International Monetary Fund, World Economic Outlook Database, October 2024. We have also applied a range of terminal growth rate by adjusting it by +/- 0.25%;

APPENDIX C – SUMMARY VALUATION LETTER

- The weighted average cost of capital (“**WACC**”)/cost of equity (“**COE**”) is estimated based on the comparable companies of SKVR, SKER, and SKCR, respectively. SAPL’s WACC is estimated based on the weighted average WACC of SKVR, SKER and SKCR as SAPL is an investment holding entity supporting SKVR, SKER and SKCR. Tabled below are the discount rates applied for the respective entities.

S/N	Entity Name	Discount rates	-0.25%	Base	+0.25%
1	Skylink APAC Pte Ltd	WACC	8.74%	8.99%	9.24%
2	Skylink Vehicle Rental Pte Ltd	COE	16.16%	16.41%	16.66%
3	Skylink Engineering Pte Ltd	WACC	11.98%	12.23%	12.48%
4	Skylink Credit Pte Ltd	COE	15.29%	15.54%	15.79%

Source: Capital IQ and RSMCA’s calculations

We have also applied a range of discount rates by adjusting the WACC/COE of the respective entities by +/- 0.25%; and

- Other information and representations made to us by Target Management during our discussions.

We do not provide assurance on the achievability of the future free cash flows results because events and circumstances may differ from the assumptions and expectations of Target Management; and achievement of future results is dependent on the subsequent actions, plans and execution, as well as other external factors.

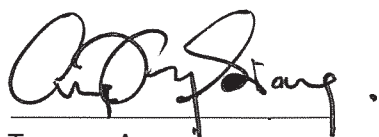
4. CONCLUSION

In accordance with the terms of reference, limitations, key assumptions and factors set out herein, the Market Value range of 100% of the share capital of the Target Group is in the range of **S\$40.10 million to S\$45.38 million** as at the Valuation Date.

Our estimate of the Market Value range of 100% of the share capital of the Target Group is based on prevailing market, economic, industry, monetary and other conditions and on the information available as at the Valuation Date. Such conditions may change significantly over a relatively short period of time, and we assume no responsibility and are not required to update, revise or reaffirm our valuation conclusion to reflect events or developments subsequent to the Valuation Date.

Yours faithfully,

For and on behalf of RSM SG Corporate Advisory Pte Ltd



Terence Ang
Partner, Head of Advisory
Chartered Valuer and Appraiser, Singapore

APPENDIX D – IFA LETTER



20 August 2025

SINCAP GROUP LIMITED

20 Collyer Quay
#11-07
Singapore 049319

Attention: The Existing Directors (as defined herein)

Dear Existing Directors

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE EXISTING DIRECTORS (AS DEFINED HEREIN) OF SINCAP GROUP LIMITED (THE “COMPANY”) IN RESPECT OF:

- (A) **THE PROPOSED WHITEWASH RESOLUTION (THE “PROPOSED WHITEWASH RESOLUTION”) FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM PM CAPITAL PTE. LTD. (THE “VENDOR”) AS A RESULT OF THE ALLOTMENT AND ISSUE OF THE BASE CONSIDERATION SHARES (AS DEFINED HEREIN) TO THE VENDOR (OR ITS NOMINEE(S)) IN CONNECTION WITH THE PROPOSED ACQUISITION BY THE COMPANY OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL (THE “SALE SHARES”) OF SKYLINK APAC PTE. LTD. (THE “TARGET COMPANY”) FROM THE VENDOR (THE “PROPOSED ACQUISITION”); AND**
- (B) **THE PROPOSED ADOPTION OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

All capitalised terms in this letter (this “IFA Letter”) which are not defined herein shall have the same meaning ascribed to them in the circular to shareholders of the Company (the “Shareholders”) dated 20 August 2025 (the “Circular”).

1. INTRODUCTION

On 18 March 2025, the Company announced that it has entered into a sale and purchase agreement dated 18 March 2025 (the “SPA”) with (a) the Vendor; and (b) Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh (the “Warrantors”), pursuant to which the Company agreed to purchase the Sale Shares from the Vendor for a total consideration of up to S\$42,300,000 (the “Total Consideration”, comprising a fixed base consideration of S\$28,300,000 (the “Base Consideration”) and a deferred consideration of up to S\$14,000,000 (the “Deferred Consideration”) upon and subject to the terms and conditions of the SPA.

Page 1 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



The Total Consideration will be satisfied by (a) the payment of up to S\$2,300,000 in cash; and (b) the allotment and issue of up to 177,777,777 Consideration Shares at the issue price of S\$0.225 (the “**Issue Price**”) for each Consideration Share to the Vendor (or its nominee(s)) in two milestones, comprising:

- (i) S\$800,000 in cash and 122,222,222 Consideration Shares (the “**Base Consideration Shares**”) to be allotted and issued as part of the satisfaction of the Base Consideration upon the completion of the Proposed Acquisition in accordance with the SPA (the “**SPA Completion**”); and
- (ii) up to S\$1,500,000 in cash and 55,555,555 Consideration Shares (the “**Deferred Consideration Shares**”) to be allotted and issued as part of the satisfaction of the Deferred Consideration upon determination of the audited consolidated net profit after tax attributable to equity holders of the Target Group, adjusted to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items (for example, gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group) for the 24 months ending 31 March 2026 (“**Target 24M2026 Aggregate Adjusted NPAT**”).

Upon the allotment and issue of the Base Consideration Shares, the Vendor (or its nominee(s)) will incur an obligation to make a mandatory general offer for the Shares under Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”) unless such obligation is waived (the “**Whitewash Waiver**”) by Securities Industry Council (“**SIC**”). The Whitewash Waiver has been granted by SIC on 24 June 2025 and is subject to, among other things, the Proposed Whitewash Resolution being approved by Shareholders who are considered independent for the purpose of the Proposed Whitewash Resolution (the “**Independent Shareholders**”) at an extraordinary general meeting of the Company (“**EGM**”) to be held and the Company appointing an independent financial adviser (“**IFA**”) to advise on the Proposed Whitewash Resolution.

Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed as the IFA to advise the existing directors of the Company (“**Directors**”), comprising Mr Teh Wing Kwan and Mr Lee Fang Wen (the “**Existing Directors**”), all of whom are considered independent under the Code for the purpose of the Proposed Whitewash Resolution, on whether the terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, are fair and reasonable, and will not be prejudicial to the interests of the Company and its minority Shareholders, and the recommendation to be made by the Existing Directors to the Independent Shareholders in relation to the Proposed Whitewash Resolution.

In addition, the Target Company anticipates that it and its subsidiaries (collectively, the “**Target Group**”) would, in the ordinary course of business, continue to enter into certain recurrent interested person transactions of revenue or trading nature or for those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets,

Page 2 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



undertakings or businesses (the “**Mandated Transactions**”) with certain interested persons of the Company after completion of the SPA (the “**Mandated Interested Persons**”) which are subject to Chapter 9 of the Listing Manual (Section B: Rules of Catalist) (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Please refer to Sections 27.6.4 and 27.6.5 of the Target Company’s letter to Shareholders set out as Appendix A to the Circular (the “**Target Company’s Letter to Shareholders**”) for information relating to the Mandated Interested Persons and Mandated Transactions.

In view of the time-sensitive and recurrent nature of the Mandated Transactions, the Company is proposing to adopt a general mandate from its Shareholders (the “**Proposed IPT General Mandate**”) pursuant to Chapter 9 of the Catalist Rules to enable any or all members of the enlarged group of companies comprising the Company and the Target Group (the “**Enlarged Group**”), in the ordinary course of their business, to enter into the Mandated Transactions with the Mandated Interested Persons which are necessary for day-to-day operations, provided that all such transactions are carried out on normal commercial terms, on an arm’s length basis, and are not prejudicial to the interests of the Company and its minority Shareholders.

To comply with the requirements of Chapter 9 of the Catalist Rules, Xandar Capital has been appointed as the independent financial adviser pursuant to Rule 920(1)(b)(v) of the Catalist Rules as well as to advise the Existing Directors on whether the guidelines and review procedures under the Proposed IPT General Mandate set out in Section 27.6 of the Target Company’s Letter to Shareholders are sufficient to ensure that the Mandated Transaction(s) between the Enlarged Group and the Mandated Interested Person(s) will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter, which is prepared pursuant to the Code and Rule 920(1)(b)(v) of the Catalist Rules, sets out our evaluation of, and our opinions to, the Proposed Acquisition and the Proposed IPT General Mandate, as well as our recommendation to the Existing Directors on the Proposed Whitewash Resolution, and forms part of the Circular.

2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA pursuant to the Code and Rule 920(1)(b)(v) of the Catalist Rules (i) to opine on whether the terms of the Proposed Acquisition, being the subject of the Proposed Whitewash Resolution, are fair and reasonable, and will not be prejudicial to the interests of the Company and its minority Shareholders; (ii) provide our recommendation to the Existing Directors in relation to the Proposed Whitewash Resolution; and (iii) to opine on whether the guidelines and review procedures under the Proposed IPT General Mandate are sufficient to ensure that the Mandated Transaction(s) between the Enlarged Group and the Mandated Interested Person(s) will be carried out on normal

Page 3 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decisions on the part of the Existing Directors to undertake the Proposed Acquisition. Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Acquisition and the Proposed Whitewash Resolution.

Similarly, we are not and were not involved in any aspect of the negotiations of the Mandated Transaction(s) contemplated under the Proposed IPT General Mandate, nor were we involved in the deliberations leading to the Company's decision to adopt the Proposed IPT General Mandate and for the Enlarged Group to enter into the Mandated Transaction(s) with the Mandated Interested Person(s) contemplated under the Proposed IPT General Mandate. We do not, by this IFA Letter, make any representation or warranty in relation to the merits of the Proposed IPT General Mandate or the Mandated Transaction(s) contemplated under the Proposed IPT General Mandate.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Acquisition and the Proposed Whitewash Resolution, the Proposed IPT General Mandate and the Mandated Transaction(s) contemplated under the Proposed IPT General Mandate, or the future performance or prospects of the Company or the Enlarged Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance (including share price performance) of the Company or the Enlarged Group, whether with or without the Proposed Acquisition and the Proposed Whitewash Resolution, and/or the Proposed IPT General Mandate and the Mandated Transaction(s).

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Acquisition and the Mandated Transactions, are solely the responsibility of the Board of Directors of the Company. We are also not addressing the relative merits of the Proposed Acquisition and the Mandated Transactions, as compared to any alternative transaction of the Company or the Enlarged Group or that otherwise may become available to the Enlarged Group in the future. Such evaluations or comments remain the responsibility of the Board of Directors of the Company and the management of the Enlarged Group.

In the course of our evaluation and for the purpose of providing our opinions in respect of the Proposed Acquisition and the Proposed IPT General Mandate, and the recommendation in respect of the Proposed Whitewash Resolution, we have held discussions with certain directors and management of the Enlarged Group, and have examined information provided by the Company and the Enlarged Group as well as other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any

Page 4 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

We have not made any independent evaluation and appraisal on the assets and liabilities of the Company (being a sole entity with no subsidiary or any investment in any company as at 6 August 2025 (the **"Latest Practicable Date"**)) or the Target Group. For purpose of the Proposed Acquisition and to comply with Rule 1015 of the Catalist Rules, the Company has appointed RSM SG Corporate Advisory Pte. Ltd. (the **"Independent Business Valuer"**) to estimate the market value of 100% interest in the Target Group as at 31 March 2025. We have been furnished with a copy of the independent business valuation report dated 20 August 2025 issued by the Independent Business Valuer (the **"Independent Business Valuation Report"**) as well as a summary of the Independent Business Valuation Report (the **"Summary Valuation Letter"**). Save for the Independent Business Valuation Report and the Summary Valuation Letter, we have not been furnished with any other independent evaluation or appraisal of the Target Group and its assets or liabilities. We are not experts and do not hold ourselves to be experts in the valuation of the Target Group but have relied upon the Independent Business Valuation Report (and the Summary Valuation Letter) in our analysis. The full text of the Independent Business Valuation Report, as well as the Summary Valuation Letter, is made available for inspection at the registered office of the Company during normal business hours for a period of six (6) months from the date of the Circular while the Summary Valuation Letter is appended as Appendix C to the Circular.

We have also relied upon the assurance of the Existing Directors and the proposed new board of directors of the Company upon the SPA Completion (the **"Proposed New Board"**) as follows:

- (a) the Existing Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular (save in respect of information relating to the Target Group, the Vendor and the excluded entities (comprising Skylink Group Holdings Pte. Ltd. (**"SKGH"**), Skylink Auto Pte. Ltd. (**"SKAU"**), Skylink Auto (Jasmine) Pte. Ltd. (**"SKAU (Jasmine)"**), Skycyber Pte. Ltd. (**"Skycyber"**), Skylink Car Rental Pte. Ltd. (**"SKCA"**) and Skylink Insurance Agency Pte. Ltd. (**"SKIA"**), collectively, the **"Excluded Entities"**) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular (save in respect of information relating to the Target Group, the Vendor and the Excluded Entities) constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company, the Proposed Whitewash Resolution and the Proposed IPT General Mandate, and the Existing Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular relating to the Company and the Enlarged Group (insofar as it relates to the Company) has been extracted from published or otherwise publicly

Page 5 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



available sources or obtained from a named source, the sole responsibility of the Existing Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context; and

- (b) the Proposed New Board collectively and individually accepts full responsibility for the accuracy of any information given in the Circular relating to the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as it relates to the Target Group) and in connection with the Proposed Acquisition, the Target Group, the Proposed Whitewash Resolution and the Proposed IPT General Mandate (insofar as they relate to the Vendor, the Excluded Entities and the Target Group), and confirms after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Target Group, the Proposed Whitewash Resolution and the Proposed IPT General Mandate (insofar as they relate to the Vendor, the Excluded Entities and the Target Group) and the Proposed New Board is not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular relating to the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as it relates to the Target Group) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Proposed New Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

We also note that directors of the Vendor collectively and individually accept full responsibility for the accuracy of any information given in the Circular relating to the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as it relates to the Target Group) and in connection with the Proposed Acquisition, the Target Group, the Proposed Whitewash Resolution and the Proposed IPT General Mandate (insofar as they relate to the Vendor, the Excluded Entities and the Target Group), and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Target Group, the Proposed Whitewash Resolution and the Proposed IPT General Mandate (insofar as they relate to the Vendor, the Excluded Entities and the Target Group), the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as they relate to the Target Group), and the directors of the Vendor are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular relating to the Vendor, the Excluded Entities, the Target Group and the Enlarged Group (insofar as it relates to the Target Group) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

Page 6 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



Our opinions are based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular as at the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Acquisition, the Proposed Whitewash Resolution and the Proposed IPT General Mandate, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinions, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

Our opinions are for the use and benefit of the Existing Directors in their deliberation of the Proposed Acquisition and the Proposed Whitewash Resolution, as well as the Proposed IPT General Mandate, and the recommendation made by the Existing Directors shall remain the responsibility of the Existing Directors.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinions in relation to the Proposed Acquisition and the Proposed IPT General Mandate, and our recommendation in relation to the Proposed Whitewash Resolution, should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Existing Directors advise the Independent Shareholders to read these pages carefully.

APPENDIX D – IFA LETTER



3. ABOUT THE PROPOSED ACQUISITION

3.1 THE PRINCIPAL TERMS OF THE SPA

The principal terms of the SPA are set out in Section 2.5 of the Circular. We highlight the following:

3.1.1 The Total Consideration

Information relating to the Total Consideration is set out in Section 2.5.2 of the Circular.

The Total Consideration comprises the following:

Payment terms	Cash	Consideration Shares	Total
Base Consideration	S\$800,000 within 18 months from the SPA Completion	122,222,222 Consideration Shares at the Issue Price of S\$0.225 for each Consideration Share equivalent to approximately S\$27,500,000 upon the SPA Completion	S\$28,300,000
Deferred Consideration	Up to S\$1,500,000 within 18 months from the date of issue of the Deferred Consideration Shares agreed between the parties in writing or, failing agreement, on the date falling 18 months from such date	Up to 55,555,555 Consideration Shares at the Issue Price of S\$0.225 for each Consideration Share equivalent to approximately S\$12,500,000 within three (3) months from the date of issue of the audited financial statements of the Target Group for the Target Group's financial year ended 31 March ("Target FY") 2026	Up to S\$14,000,000
	Up to S\$2,300,000	Up to 177,777,777 Consideration Shares at the Issue Price of S\$0.225 for each Consideration Share equivalent to approximately S\$40,000,000	Up to S\$42,300,000

As set out in Section 2.5.2(h) of the Circular, the Total Consideration, including the use of the commercially agreed performance target of S\$7,300,000 in respect of the Target 24M2026 Aggregate Adjusted NPAT to determine the Deferred Consideration, was arrived at after arm's length negotiations on a willing-buyer and willing-seller basis, after taking into

Page 8 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



account, among other things: (i) the financial performance of the Target Group for Target FY2022, Target FY2023 and Target FY2024, and the Target Group's nine (9) months financial period ended 31 December 2024; (ii) the business prospects of the Target Group; (iii) the existing customer base and total fleet size of the Target Group; and (iv) the proposed payment terms and structure of the Total Consideration (including the formula for determining the Deferred Consideration).

In addition, under the SPA, if the independent valuation of the Target Group conducted pursuant to Rule 1015(3)(a) of the Catalist Rules materially deviates either way from the maximum amount of the Total Consideration, the Vendor and the Company have agreed to negotiate in good faith on reasonable adjustments (if any) to be made to the Total Consideration. Based on the market value set out in the Independent Business Valuation Report, no adjustments have been made to the Total Consideration. Please refer to Section 2.6 of the Circular for information on the Independent Business Valuation Report and paragraph 6.1 of this IFA Letter for our review of the Independent Business Valuation Report.

The following scenarios shall apply to the determination of the Deferred Consideration:

Target 24M2026 Aggregate Adjusted NPAT	Deferred Consideration	Portion of the Deferred Consideration in Deferred Consideration Shares	Portion of the Deferred Consideration in Cash
Equal to or exceeds S\$7,300,000	The maximum of S\$14,000,000	The maximum of 55,555,555 Consideration Shares	The maximum of S\$1,500,000
Less than S\$7,300,000	Formula: $\frac{\text{Actual Target 24M2026 Aggregate Adjusted NPAT}}{7,300,000} \times \text{S\$14 million}$	Formula: $\frac{12,500,000}{14,000,000} \times \frac{\text{Deferred Consideration}}{\text{Issue Price}}$ rounded down to the nearest whole number	Formula: $\frac{1,500,000}{14,000,000} \times \text{Deferred Consideration}$

The determination of the Target 24M2026 Aggregate Adjusted NPAT, the amount of the Deferred Consideration, as well as the number of the Deferred Consideration Shares and the amount of the Deferred Cash Consideration will be subject to the oversight of the New Audit and Risk Committee (being the new audit and risk committee of the Company upon SPA Completion) and the approval of the Proposed New Board. Mr Wesley Shen, who will be an Executive Director and Chief Executive Officer and a controlling shareholder of the

APPENDIX D – IFA LETTER



Company upon SPA Completion, will not participate in the deliberation of, and will abstain from voting on, these matters.

We note that the Target Group reported net profit after tax of S\$2,741,000 for Target FY2025, representing approximately 37.6% of the Target 24M2026 Aggregate Adjusted NPAT. Shareholders may wish to note that the net profit after tax of S\$2,741,000 for Target FY2025 is prior to any adjustment to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items such as gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group. Please also refer to Section 19 of the Target Company's Letter to Shareholders for selected financial information of the Target Group and paragraph 3.2.3 of this IFA Letter for a summarised historical financial performance of the Target Group.

3.1.2 The Consideration Shares

The Base Consideration Shares and Deferred Consideration Shares (if any) will, when allotted and issued, be credited as fully paid-up and rank *pari passu* with the then existing Shares save for any rights and entitlements the record date for which is prior to the respective dates of allotment and issue of the Base Consideration Shares and Deferred Consideration Shares.

The Vendor will be observing a moratorium on the remaining Base Consideration Shares after the sale of the Vendor Shares as further detailed in Section 16.5.3 of the Circular.

3.1.3 The Sale Shares

The Sale Shares refer to the 6,663,000 shares in the capital of the Target Company, representing 100% of the total issued shares in the capital of the Target Company as at SPA Completion.

3.1.4 The conditions precedent to the SPA ("SPA Conditions")

Information relating to the SPA Conditions is set out in Section 2.5.3 of the Circular. We extract certain SPA Conditions in *italics* as follows:

"(a) *In respect of the Company's due diligence on the Target Group:*

- (i) *the completion of the Company's due diligence on the Target Group (including legal, financial, accounting, business and commercial due diligence), and the results thereof being reasonably satisfactory to the Company; and*

APPENDIX D – IFA LETTER



- (ii) *the rectification to the reasonable satisfaction of the Company of all issues and deficiencies identified pursuant to such due diligence and notified by the Company to the Vendor in writing.*
- “(c) *The existing Shares not being delisted from the Catalist, and no notice of delisting having been issued by the SGX-ST.*”
- “(d) *The approval of the SGX-ST for the Proposed Acquisition (on the terms and conditions of the SPA) as a reverse takeover of the Company pursuant to Chapter 10 of the Catalist Rules and such approval not having been revoked or amended, and where such approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the parties.*”
- “(e) *The receipt by the Company of the listing and quotation notice from the SGX-ST in relation to the listing and quotation of the Base Consideration Shares, the Deferred Consideration Shares, Mr Chu’s Settlement Shares, the Other Settlement Shares and the SAC Capital Shares on the Catalist and such notice not having been revoked or amended, and where such notice is obtained subject to any conditions, such conditions being reasonably acceptable to the parties.*”
- “(f) *Without prejudice to the conditions in paragraphs (d) and (e) above, the approval of the SGX-ST for all other matters contemplated under the SPA (where required), including: (i) the receipt of a notification from the SGX-ST confirming that it has no further comments to this Circular; and (ii) the matters referred to in paragraph (k) (where required), and such approval not having been revoked or amended, and where such approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the parties.*”
- “(g) *The grant by the SIC to the Vendor of a waiver of the obligation by the Vendor to make a mandatory general offer under Rule 14 of Code for all the Shares not already owned, controlled or agreed to be acquired by the Vendor and its concert parties, and from having to comply with the requirements of Rule 14 of the Code, upon the allotment and issue of the Base Consideration Shares to the Vendor (or its nominee(s)), and such waiver not having been withdrawn or revoked, and where such waiver is subject to conditions (other than the conditions set out in Appendix 1 to the Code), such conditions being reasonably acceptable to the Vendor and the Company (“Whitewash Waiver”).*”
- “(h) *The receipt by the Company of the Independent Business Valuation Report.*”
- “(i) *An opinion from an independent financial adviser appointed by the Company expressing an opinion containing a recommendation to the Recommending Directors to recommend Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.*”

Page 11 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



- “(k) *The approval of the Shareholders at the EGM for the following matters:*”
- (i) *the Proposed Acquisition;*
 - (ii) *the Proposed Issue of Consideration Shares;*
 - (iii) *the Proposed Whitewash Resolution;*”
- “(l) *The completion of the Restructuring.*”
- “(m) *The execution of the Service Agreement and service agreements with other key management.*”
- “(n) *The Proposed Acquisition, the transactions contemplated under the SPA and the conduct of the business by the Target Group after SPA Completion not being prohibited or restricted by any applicable law, or by any restraining order, injunction or other order, decision, determination or notice (whether preliminary or permanent or otherwise) of any court or relevant authority having been made, proposed or announced or being anticipated.*”
- “(o) *The Vendor’s Warranties remaining true and accurate and not misleading at SPA Completion as if repeated at SPA Completion and at all times between the date of the SPA and SPA Completion by reference to the facts then existing.*”
- “(p) *The Vendor and the Warrantors having fully complied with, observed and performed all of the provisions, and all of their undertakings, indemnities, covenants, agreements, liabilities and obligations, under the SPA required to be complied with, observed or performed prior to SPA Completion.*”
- “(q) *No matter, event or circumstance having occurred that, individually or in the aggregate (combined together with all other matters, events or circumstances), would or would reasonably be expected to have a material adverse effect on:*
- (i) *the business and operations of the Target Group;*
 - (ii) *the assets, liabilities, results of operations, financial performance, financial condition or prospects of the Target Group; and/or*
 - (iii) *the ability of the Vendor and/or the Warrantors to comply with, observe and perform its obligations (including proceeding to SPA Completion) under the SPA*
- “(Material Adverse Event”).”**

Page 12 of 67

APPENDIX D – IFA LETTER



As at the Latest Practicable Date, save for the SPA Conditions set out in Sections 2.5.3 (j), (k), (l), (o) and (p) of the Circular, all other SPA Conditions have been fulfilled.

3.1.5 Other Obligations

Information relating to certain other obligations under the SPA is set out in Section 2.5.5 of the Circular. We extract these obligations in *italics* as follows:

- “(a) *Under the SPA, the Vendor and the Warrantors have given to the Company certain undertakings in relation to the conduct of the Target Group and its business during the period between the date of the SPA and SPA Completion. These undertakings include procuring that the business of the Target Group is conducted in the ordinary and proper course in substantially the same manner as previously conducted and in accordance with sound financial and business standards and practices.*
- (b) *Under the SPA, the Vendor and the Warrantors have provided the Vendor’s Warranties to the Company, and represented and warranted that the Vendor’s Warranties were true and accurate and not misleading as at the date of the SPA, and would remain true and accurate and not misleading at all times between the date of the SPA and SPA Completion, as if repeated on each day after the date of the SPA with reference to the facts existing on each such day.*
- (c) *Under the SPA, any claim by the Company against the Vendor and/or the Warrantors under or in connection with the SPA (including the indemnity under paragraph (d) below) is subject to the following limitations:*
 - (i) *the maximum aggregate liability of the Vendor and the Warrantors under or in connection with the SPA is limited to the maximum amount of the Total Consideration;*
 - (ii) *no claims against the Vendor and/or the Warrantors shall be made unless the amount of each claim (or a series of related claims) exceeds S\$50,000, or the amount of all claims in the aggregate exceeds S\$200,000; and*
 - (iii) *no claim shall be made by the Company unless notice in writing of such claim is given to the Vendors and the Warrantors within 36 months from SPA Completion or, for any claim relating to tax, the applicable periods prescribed by the relevant statute of limitations during which the relevant authority may raise an assessment or additional assessment on any Target Group Company.*
- (d) *The Vendor and the Warrantors have agreed to indemnify the Company in full against (among other things) any claims, liabilities or losses which the Company may suffer*

Page 13 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



or incur in connection with or arising from a breach of any of the Vendor's Warranties or any claim by any third party against any Target Group Company as a result of any breach of or non-compliance with any applicable laws and/or the conditions of any consents obtained by any Target Group Company occurring prior to SPA Completion.

3.2 THE TARGET GROUP

3.2.1 About the Target Company

As set out in Section 2.1 of the Target Company's Letter to Shareholders, the Target Company is an investment holding company incorporated in Singapore on 4 March 2025 for the purpose of acquiring the issued shares in, and holding, Skylink Vehicle Rental Pte. Ltd. ("SKVR"), Skylink Credit Pte. Ltd. ("SKCR") and Skylink Engineering Pte. Ltd. ("SKER") (SKVR, SKCR and SKER shall be collectively referred to as the "Target Subsidiaries").

3.2.2 About the Target Subsidiaries

The Target Subsidiaries comprise:

- (a) SKVR, a company incorporated in Singapore which is in the business of leasing of commercial motor vehicles to customers (the "**Commercial Vehicle Leasing Business**");
- (b) SKCR, a company incorporated in Singapore which is in the business of providing vehicle financing solutions through hire purchase financing for all types of vehicles (the "**Credit Business**"); and
- (c) SKER, a company incorporated in Singapore which is in the business of providing a wide range of maintenance, repair and overhaul ("**MRO**") and engineering solutions for all types of vehicles (the "**Engineering Business**").

3.2.3 The historical financial performance of the Target Group

We summarise the financial results of the Target Group for Target FY2023, Target FY2024 and Target FY2025 (collectively, the "**Period Under Review**") as follows:

S\$'000	Target FY2023	Target FY2024	Target FY2025
Revenue	8,333	15,011	26,373
Gross profit	1,662	5,082	6,789
Profit before income tax	729	2,623	2,860

Page 14 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



S\$'000	Target FY2023	Target FY2024	Target FY2025
Profit for the year	664	2,033	2,741

We review the results of the Target Group for the Period Under Review as follows:

Revenue

The Target Group's revenue reported year-on-year increase from Target FY2023 to Target FY2025. All three (3) business segments being (i) the Commercial Vehicle Leasing Business; (ii) the Credit Business; and (iii) the Engineering Business, recorded increase in revenue.

We set out the revenue by business segments as follows:

	Target FY2023		Target FY2024		Target FY2025	
	S\$'000	% of revenue	S\$'000	% of revenue	S\$'000	% of revenue
Commercial Vehicle Leasing Business	5,477	65.7	8,598	57.3	18,911	71.7
Credit Business	1,172	14.1	3,236	21.6	3,767	14.3
Engineering Business	1,684	20.2	3,177	21.1	3,695	14.0
Total	8,333	100.0	15,011	100.0	26,373	100.0

During the Period Under Review, the Commercial Vehicle Leasing Business remained the largest contributor of the revenue, with over 57.0% contribution to the total revenue of the Target Group. We also note that the increase in the total revenue of the Target Group was also largely attributable to the Commercial Vehicle Leasing Business. From Target FY2023 to Target FY2024, the revenue from the Commercial Vehicle Leasing Business increased by approximately S\$3.1 million or 57.0%, largely due to the acquisition of motor vehicles in Target FY2024 which increased the fleet size for the Commercial Vehicle Leasing Business from 215 units as at 31 March 2023 to 642 units as at 31 March 2024. From Target FY2024 to Target FY2025, the revenue from the Commercial Vehicle Leasing Business increased more than doubled from S\$8.6 million to S\$18.9 million, mainly due to the Target Group's continuous strategic acquisition of commercial vehicle fleets which increased its fleet size from 642 units as at 31 March 2024 to 1,231 units as at 31 March 2025.

APPENDIX D – IFA LETTER



The Credit Business was the second largest contributor to the total revenue of the Target Group for Target FY2024 and Target 2025. The Target Group had disposed of around 320 commercial vehicles in Target FY2023 to free up its internally-generated reserves and deploy its financial resources more efficiently, which helped the Target Group to expand its Credit Business. As a result, revenue from the Credit Business increased by approximately S\$2.1 million or 176.1% from Target FY2023 to Target FY2024. Revenue from the Credit Business continued to increase, albeit by a slower pace, of S\$0.5 million or 16.4% from Target FY2024 to Target FY2025 as it gradually increased its loan book from S\$60.45 million as at 31 March 2024 to S\$66.38 million as at 31 March 2025.

The Engineering Business complements the Target Group's Commercial Vehicle Leasing Business. Revenue from the Engineering Business increased by S\$1.5 million or 88.7% from Target FY2023 to Target FY2024 then by S\$0.5 million or 16.4% from Target FY2024 to Target FY2025. The Target Group attributed the increase to the expansion in capacity to support its increased fleet of commercial vehicles.

Gross profit

We extract the gross profit margins of each of the business segments of the Target Group for the Period Under Review from the Circular as follows:

%	Target FY2023	Target FY2024	Target FY2025
Commercial Vehicle Leasing Business	6.5	23.2	16.7
Credit Business	60.3	49.3	54.9
Engineering Business	35.5	46.8	42.1
Overall	19.9	33.9	25.7

The overall gross profit margin of the Target Group improved by 14.0 percentage points from 19.9% in Target FY2023 to 33.9% in Target FY2024. This was mainly attributable to the improved gross profit margins of its Commercial Vehicle Leasing Business and Engineering Business, offset by a lower gross profit margin from its Credit Business.

The overall gross profit margin of the Target Group deteriorated by 8.2 percentage points from 33.9% in Target FY2024 to 25.7% in Target FY2025. This was mainly attributable to the lower gross profit margins of its Commercial Vehicle Leasing Business and Engineering Business which were slightly mitigated by an improved gross profit margin from the Credit Business. Shareholders may wish to note that the gross profit margin of the Credit Business is determined by the spread between: (a) the interest rates under the hire purchase financing provided to the Target Group's customers; and (b) the corresponding interest rates at which the Target Group obtains funding under its block discounting facilities. There is no assurance

Page 16 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



that the Target Group will be able to successfully maintain an interest rate spread, and any failure to maintain an interest rate spread may expose the Target Group to reduced profit margin and earnings or losses.

Profit before tax

We note that other income and administrative expenses were the main factors affecting the Target Group's profit before tax during the Period Under Review. We set out as follows:

S\$'000	Target FY2023	Target FY2024	Target FY2025
Other income	1,773	955	336
Administrative expenses	(2,185)	(2,463)	(4,144)

Other income for Target FY2023, Target FY2024 and Target FY2025 were mainly attributed to a gain on disposal of the Target Group's vehicles. The gain on disposal of the Target Group's vehicles was higher for Target FY2023 as the Target Company disposed of around 320 commercial vehicles to free up its internally-generated reserves and deploy its financial resources more efficiently, as part of its strategy to grow the Credit Business.

The Target Group's administrative expenses increased mainly due to an increase in staff costs, depreciation and other administrative expenses to support the expanded operations. Despite recording an increase in administrative expenses, we calculate that the Target Group's administrative expenses as a percentage of its revenue had been decreasing from 26.2% in Target FY2023 to 16.4% in Target FY2024 and to 15.7% in Target FY2025.

Profit for the year

With the improved in revenue and better cost control in respect of administrative expenses, the Target Group's profit for the year improved from S\$0.7 million for Target FY2023 to S\$2.0 million for Target FY2024 and further improved to S\$2.7 million for Target FY2025.

Earnings before interest, tax, depreciation and amortisation ("EBITDA")

For purposes of our analysis, we also calculate the EBITDA of the Target Group for Target FY2025 as follows:

S\$'000	Target FY2025
Profit before tax	2,860
Add: Depreciation	10,156

Page 17 of 67

APPENDIX D – IFA LETTER



S\$'000	Target FY2025
Add: Finance costs (non-trade) ⁽¹⁾	335
Less: Interest income (non-trade) ⁽¹⁾	(51)
EBITDA	13,300

Note:

- (1) The finance costs and interest income above exclude costs and income relating to the Target Group's Credit Business.

As the Target Group's assets comprised mainly its fleet of vehicles, depreciation was the largest contributor to the Target Group's EBITDA throughout the Period Under Review.

Adjusted EBITDA

When reviewing EBITDA, we also review if there were any non-recurring income or expenses which may have an impact on the Target Group's EBITDA. We adjust the EBITDA (the "**Adjusted EBITDA**") as follows.

S\$'000	Target FY2025
EBITDA	13,300
Less: Gain on disposal of property, plant and equipment	(198)
Less: Fair value gain arising from investments in insurance contracts	(7)
Add: Write off of property, plant and equipment	31
Adjusted EBITDA	13,126

The Target Group recorded gain on disposal of property, plant and equipment as it was able to dispose of its retiring fleet above the net book value.

APPENDIX D – IFA LETTER



3.2.4 The latest available financial position of the Target Group

We summarise the latest available financial position of the Target Group as follows:

S\$'000	Audited as at 31 March 2025
Current assets	18,057
Current liabilities	(41,737)
Net current liabilities	(23,680)
Non-current assets	92,999
Non-current liabilities	(62,656)
Net asset value (" NAV ")	6,663

As at 31 March 2025, the Target Group's current assets comprised mainly trade and other receivables of S\$14.1 million and cash and bank balances of S\$3.5 million.

As at 31 March 2025, the Target Group's current liabilities comprised mainly borrowings of S\$28.2 million and trade and other payables of S\$12.6 million.

As at 31 March 2025, the Target Group's non-current assets comprised mainly property, plant and equipment of S\$68.8 million and non-current trade and other receivables of S\$22.7 million.

As at 31 March 2025, the Target Group's non-current liabilities comprised mainly borrowings of S\$60.9 million.

We note the following in respect of the financial position of the Target Group as at 31 March 2025:

(a) Negative working capital position

As at 31 March 2025, the Target Group had total current assets of S\$18.1 million, mainly consisting of trade and other receivables of S\$14.1 million and cash and bank balances of S\$3.5 million and total current liabilities of S\$41.7 million, mainly consisting of borrowings of S\$28.2 million and trade and other payables of S\$12.6 million.

Page 19 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



As the Target Group had higher current liabilities than current assets, the Target Group had negative working capital of approximately S\$23.7 million as at 31 March 2025. We wish to highlight that the Target Group had a negative working capital position throughout the Period Under Review.

We note the negative working capital position as at 31 March 2025 was mainly attributed to the borrowings which largely consists of block discounting loans which accounted for approximately 65.3% of the total current borrowings as at 31 March 2025. The block discounting loans are obtained from financial institutions and internal resources to fund hire purchase loans provided to its customers.

(b) High gearing ratio

We note that the Target Group had high gearing ratio as at 31 March 2025. We set out the Target Group's total borrowings and calculate the gearing ratio of the Target Group during the Period Under Review as follows:

S\$'000	As at 31 March		
	2023	2024	2025
Current liabilities – lease liabilities	-	52	370
Current liabilities – borrowings	10,312	22,129	28,156
Non-current liabilities – lease liabilities	-	22	581
Non-current liabilities – borrowings	24,763	50,337	60,924
Total lease liabilities and borrowings	35,075	72,540	90,031
Gearing ratio (times) ⁽¹⁾	12.62	18.54	13.51

Note:

- (1) Calculated by dividing the total lease liabilities and borrowings of the Target Group with the total equity of the Target Group as at the end of the respective financial year.

We understand that the negative working capital of the Target Group arose mainly from the accounting treatment of the Target Group's Commercial Vehicle Leasing Business which

Page 20 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



classified the net book value of the commercial vehicles fleet acquired for the Target Group's Commercial Vehicle Leasing Business under non-current assets, whereas the current portion of the hire-purchase liabilities arose from the acquisition of such commercial vehicles under current liabilities.

The high gearing ratio of the Target Group was due to its Credit Business where the Target Group will draw down its block discounting facilities from financial institutions to extend hire purchase financing to its customers under its Credit Business.

3.2.5 The historical cash flow of the Target Group

We summarise the cash flow statements of the Target Group for the Period Under Review as follows:

S\$'000	Target FY2023	Target FY2024	Target FY2025
Net cash generated from operating activities	1,354	7,373	16,007
Net cash generated from investing activities	14,649	3,647	954
Net cash used in financing activities	(15,885)	(9,770)	(16,006)

Despite recording negative working capital position for 31 March 2023, 31 March 2024 and 31 March 2025, the Target Group had positive cash flow from its operating activities for Target FY2023, Target FY2024 and Target FY2025.

3.2.6 The Independent Business Valuation Report

The Independent Business Valuer was appointed by the Company to perform an independent valuation to determine the market value, which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (the "**market value**"), of 100% interest in the Target Group as at 31 March 2025.

Based on the Independent Business Valuation Report, the market value of the 100% interest in the Target Group as at 31 March 2025 is from S\$40.10 million to S\$45.38 million.

More details on the Independent Business Valuation Report can be found in Section 2.6 of the Circular and the Summary Valuation Letter is appended as Appendix C to the Circular.

Page 21 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



3.3 THE ISSUE PRICE OF THE CONSIDERATION SHARES

The Issue Price of each Consideration Share is S\$0.225.

As trading in the Shares has been suspended since 4 May 2021, there is no applicable reference point to compare the Issue Price with the market prices of the Shares.

We note that the Company is also seeking Shareholders' approvals for the allotment and issue of the following new ordinary shares:

- (a) the proposed allotment and issue of 4,059,908 new ordinary shares ("**Mr Chu's Settlement Shares**") to Mr Chu Ming Kin pursuant to an agreement dated 11 June 2025 ("**Mr Chu Settlement Letter**") at the issue price of S\$0.225 for each Mr Chu's Settlement Share. Please refer to Section 4 of the Circular for details relating to Mr Chu's Settlement Shares;
- (b) the proposed allotment and issue of 606,755 new ordinary shares ("**Other Settlement Shares**") at the issue price of S\$0.225 for each Other Settlement Share for the settlement of other amounts owing by the Company. Please refer to Section 5 of the Circular for details relating to the Other Settlement Shares;
- (c) the proposed allotment and issue of 444,444 new ordinary shares ("**SAC Capital Shares**") to SAC Capital Private Limited ("**SAC Capital**") as part payment of SAC Capital's professional fees as the Financial Adviser to the Company in respect of the Proposed Acquisition at the issue price of S\$0.225 for each SAC Capital Share; and
- (c) the proposed allotment and issue of up to 15,000,000 new ordinary shares ("**New Placement Shares**") in connection with the proposed compliance placement of the Company (the "**Proposed Compliance Placement**"). We note that the Vendor will also be offering up to 6,000,000 Base Consideration Shares ("**Vendor Shares**") under the Proposed Compliance Placement. The New Placement Shares and the Vendor Shares will be collectively referred to herein as the "**Placement Shares**".

Save for the New Placement Shares which are proposed to be issued at an issue price of S\$0.20 for each New Placement Share, the Issue Price of the Consideration Shares is the same as the issue prices of Mr Chu's Settlement Shares, Other Settlement Shares and SAC Capital Shares.



4. RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition is set out in Section 2.2 of the Circular and we extract in *italics* as follows:

“Since the onset of the COVID-19 pandemic in February 2020, the Company’s coal trading business had faced significant headwinds caused by sporadic lock-downs by different countries and cities, and subsequently due to high freight costs and supply chain disruption. The downturn in the Company’s business, coupled with certain non-performing receivables, had resulted in the Company facing severe cash-flow issues leading to it not being able to pay its corporate operating expenses and creditors, particularly its professional service providers. On 4 May 2021, the Company released an announcement in which it announced that there was no certainty that it would be able to obtain the required financial support from certain Shareholders who had previously provided letters of financial support, and thus the Company would not be able to meet its obligations as and when they fell due. The Company therefore requested for a voluntary trading suspension of the Shares. Trading in the Shares has been suspended since 4 May 2021.”

“On 22 May 2022, the Company announced that it did not have any recurring revenue-generating business since the trading suspension of the Shares on 4 May 2021, and that it is therefore a “cash company” for the purpose of Rule 1017 of the Catalist Rules. Due to the “cash company” status of the Company, any acquisition transaction initiated by the Company will be subject to the requirements of a reverse takeover pursuant to Rule 1015 of the Catalist Rules.”

“The Company announced the Proposed Acquisition on 18 March 2025, which is the key milestone for the Company to be on track in applying for resumption of trading of Shares upon completion of the Proposed Acquisition.”

“Taking into account, among other things, the business, the financial performance, financial condition and prospects of the Target Group and the proposed payment terms of the Proposed Acquisition (including the Deferred Consideration being deferred and determined on an earn-out basis in accordance with the formula in the SPA), the Board believes that:

- (a) the Target Group would be a suitable new business that will satisfy the requirements for a new listing pursuant to Rule 1017 of the Catalist Rules; and*
- (b) the Proposed Acquisition, if completed, will mean a successful corporate turnaround plan for the Company, thereby enabling the Company to apply for a resumption in the trading of the Shares, leading to an improvement in leverage position for future fund-raising exercises which would in turn enhance Shareholders’ value.*

The Proposed Acquisition is therefore beneficial for and in the best interest of the Company and its Shareholders.”

Page 23 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



5. THE PROPOSED WHITEWASH RESOLUTION

5.1 ABOUT THE VENDOR

Information on the Vendor is set out in Section 2.3 of the Circular. We extract in *italics* as follows:

"The Vendor is a private company limited by shares incorporated in Singapore on 16 June 2015. The Vendor is an investment holding company that, as at the Latest Practicable Date, holds (among other things) all of the issued shares in the capital of the Target Company and SKGH. SKGH in turn holds all of the issued shares in each of the Target Subsidiaries."

"As at the Latest Practicable Date, the Vendor has an issued and paid-up share capital of S\$2,000,000 comprising 2,000,000 issued shares, which are held by Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh as to 56.5%, 30.0%, 10.0% and 3.5% respectively. The directors of the Vendor are Mr Wesley Shen and Ms Grace Xue. Ms Grace Xue is the wife of Mr Wesley Shen. Mr Johnson Shen is the brother of Mr Wesley Shen."

"As at the Latest Practicable Date, neither the Vendor nor Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen or Mr Leonard Teh is related to any of the Existing Directors (including Mr Teh Wing Kwan who is the sole existing controlling shareholder of the Company), and/or their respective associates. As at the Latest Practicable Date, none of the Vendor, or Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen or Mr Leonard Teh, holds any Shares."

Mr Wesley Shen, Ms Grace Xue, Mr Johnson Shen and Mr Leonard Teh are also named as the "Warrantors" to the SPA.

5.2 SHAREHOLDING OF THE VENDOR AND ITS CONCERT PARTIES BEFORE AND AFTER THE PROPOSED TRANSACTIONS

As at the Latest Practicable Date, the Vendor and its concert parties do not hold any interest in any Shares, other than pursuant to the Proposed Acquisition. Immediately after SPA Completion, upon the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares and the New Placement Shares (assuming the maximum number of 15,000,000 New Placement Shares are allotted and issued pursuant to the Proposed Compliance Placement but before the allotment and issue of the Deferred Consideration Shares (if any) and the maximum of 22,222,222 new Shares pursuant to the conversion of the proposed redeemable convertible bonds to be issued (the "**Conversion Shares**")), the Vendor (before the sale of the Vendor Shares) will hold approximately 69.31% of the enlarged share capital comprising 176,353,289 Shares (the "**Enlarged Share Capital**"). Pursuant to Rule 14 of the Code, the Vendor will be required to make a mandatory general offer for the remaining Shares not

Page 24 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



owned, controlled or agreed to be acquired by the Vendor and its concert parties, unless waived by the SIC.

5.2.1 Before and after the allotment and issue of the Base Consideration Shares and the Deferred Consideration Shares

We set out the interest of the Vendor in the share capital of the Company before and after the allotment and issue of the Base Consideration Shares and the Deferred Consideration Shares as follows:

	As at the Latest Practicable Date		Upon allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares and the New Placement Shares but before the allotment and issue of the Deferred Consideration Shares and the Conversion Shares		Upon allotment and issue of the Deferred Consideration Shares but before the allotment and issue of the Conversion Shares ⁽¹⁾	
	Shares	% of share capital	Shares	% of share capital	Shares	% of share capital
The Vendor	NIL	NIL	122,222,222 ⁽²⁾	69.31	171,777,777	74.07
New Shares (other than the Consideration Shares)	-	-	20,111,107 ⁽²⁾	11.40	26,111,107	11.26
Existing share capital	34,019,960	100.00	34,019,960	19.29	34,019,960	14.67
Total	34,019,960	100.00	176,353,289	100.00	231,908,844	100.00

Notes:

- (1) This assumes (a) the maximum number of Deferred Consideration Shares will be allotted and issued to the Vendor; and (b) other than the Vendor Shares, the Vendor did not dispose or acquire any Shares between the allotment and issue of the Base Consideration Shares and the allotment and issue of the Deferred Consideration Shares, other than the sale of Vendor Shares pursuant to the Proposed Compliance Placement.
- (2) These number of Shares are before the sale of Vendor Shares pursuant to the Proposed Compliance Placement. The Vendor will hold 116,222,222 Shares (representing approximately 65.90% of the Enlarged Share Capital) and the new Shares (other than the Consideration Shares) in the capital of the Company will be 26,111,107 Shares (representing approximately 14.81% of the Enlarged Share Capital) after the sale of Vendor Shares pursuant to the Proposed Compliance Placement.



5.3 CONDITIONS OF THE WHITEWASH WAIVER

The SIC had on 24 June 2025 granted the Whitewash Waiver to the Vendor subject to the satisfaction certain conditions including, *inter alia*, the majority of Independent Shareholders approving at the EGM the Proposed Whitewash Resolution by voting on a poll and the Company having appointed the IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution.

Further details of the conditions of the Whitewash Waiver are set out in Section 3.2 of the Circular.

5.4 PROPOSED WHITEWASH RESOLUTION SUBJECT TO APPROVAL BY MAJORITY OF THE INDEPENDENT SHAREHOLDERS

The Proposed Whitewash Resolution is subject to the approval of majority of the Independent Shareholders, which shall be carried out by way of poll, as an ordinary resolution in the EGM. Independent Shareholders should also note Section 3.3 of the Circular on the implications of the Proposed Whitewash Resolution as extracted and set out in *italics* as follows:

“Independent Shareholders should note that:

- (a) their approval of the Proposed Whitewash Resolution is a condition precedent to SPA Completion pursuant to the terms of the SPA, and if Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place;***
- (b) the allotment and issue of the Base Consideration Shares pursuant to the Proposed Acquisition will result in the Vendor and its concert parties holding Shares carrying over 49.0% of the voting rights of the Company, and that the Vendor and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and***
- (c) by voting in favour of the Proposed Whitewash Resolution, Independent Shareholders are waiving their rights to receive a general offer from the Vendor at the highest price paid by the Vendor and its concert parties in the past six (6) months preceding the date of the RTO Announcement.”***

APPENDIX D – IFA LETTER



6. EVALUATION OF THE PROPOSED ACQUISITION

The following are factors which we consider to be pertinent and to have a significant bearing on our evaluation of the Proposed Acquisition:

- (a) the valuation statistics of the Target Group implied by the Total Consideration;
- (b) the valuation statistics of the Target Group as compared to the valuation statistics of listed companies comparable to the Target Group;
- (c) the Issue Price;
- (d) the rationale for the Proposed Acquisition;
- (e) the financial effects of the Proposed Acquisition; and
- (f) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

6.1 THE VALUATION STATISTICS OF THE TARGET GROUP IMPLIED BY THE TOTAL CONSIDERATION

6.1.1 The Total Consideration versus the independent business valuation of the Target Group as opined by the Independent Business Valuer

The Independent Business Valuation Report is a document for inspection and the Summary Valuation Letter is appended as Appendix C to the Circular.

We extract certain key information in the Summary Valuation Letter and set out in *italics* as follows:

Date of valuation	31 March 2025
Standards of valuation	International Valuation Standards
Information on the underlying assets	<u>Target Company, referenced to as "SAPL" in the Independent Business Valuation Report</u> ➤ <i>SAPL is an investment holding company incorporated to hold SKVR, SKER and SKCR as its subsidiaries.</i>

Page 27 of 67

APPENDIX D – IFA LETTER



	<u>SKVR</u> ➤ SKVR is a company incorporated in Singapore, engaged in the business of provision of commercial vehicle leasing solutions to customers (the “Commercial Vehicle Leasing Business”). <u>SKER</u> ➤ SKER is a company incorporated in Singapore, engaged in the business of provision of a wide range of maintenance, repair and overhaul (“MRO”) services and engineering solutions for all types of vehicles (the “Engineering Business”). <u>SKCR</u> ➤ SKCR is a company incorporated in Singapore, engaged in the business of offering vehicle financing solutions to customers for all types of vehicles through the provision of hire purchase loans to customers who wish to purchase or refinance their own vehicles (the “Credit Business”).
Some key assumptions applied by the Independent Business Valuer in arriving at the market value range of the Target Group	- Information provided by the Target Management up to the date of the Valuation Report fairly reflects the Target Group’s financial and operating positions; - The Target Group is operating on a going concern basis as at the Valuation Date and will continue to have sufficient liquidity and capability to achieve its forecasted projections, specifically: - SKVR’s earnings after tax (“EAT”) margin to grow from 6.1% in financial year ended/ending 31 March (“Target FY”) 2026 to 16.4% in Target FY2030; - SKER’s revenue growth to range from 7.0% to 17.8% per annum during Target FY2026 to Target FY2030 with compound annual growth rate (“CAGR”) of 13.8% from Target FY2025 to Target FY2030; - SKER’s revenue from third parties to grow with CAGR of 32.8% between Target FY2025 and Target FY2030; - The related parties, Skylink Auto Pte Ltd (“SKAU”) and Skylink Car Rental Pte Ltd (“SKCA”), will continue to contribute revenue to SKER from Target FY2026 to Target FY2030;

Page 28 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



	○ SKCR to execute 688 new hire purchase contracts each year from Target FY2026 to Target FY2030, and; ○ SKCR's revenue growth to range from 1.5% to 44.7% during Target FY2026 to Target FY2030 with CAGR of 15.4% from Target FY2025 to Target FY2030. • The terminal growth rate of 2.0% was applied for SAPL, SKVR, SKER, and SKCR, based on Singapore's long term forecasted inflation rate sourced from the International Monetary Fund, World Economic Outlook Database, October 2024. We have also applied a range of terminal growth rate by adjusting it by +/- 0.25%; • The weighted average cost of capital ("WACC") / cost of equity ("COE") is estimated based on the comparable companies of SKVR, SKER, and SKCR, respectively. SAPL's WACC is estimated based on the weighted average WACC of SKVR, SKER and SKCR as SAPL is an investment holding entity supporting SKVR, SKER and SKCR. • We have also applied a range of discount rates by adjusting the WACC/COE of the respective entities by +/- 0.25%. As set out in Section 2.6 of the Circular, we note that the Existing Directors are of the view: (a) taking into account the track record and experience of the Independent Business Valuer set out in Section 2.6 of the Circular, the independent valuation of the Target Group described in Section 2.6 of the Circular has been conducted by qualified and competent valuation professionals with the relevant experience; and (b) the key assumptions and estimates used in the valuation exercise are reasonable and that the valuation conclusion and limitations as disclosed in the Summary Valuation Letter and the Independent Business Valuation Report are acceptable.
Valuation approach	<u>SKVR and SKCR</u> ➤ The Income Approach via free cash flow to equity ("FCFE") is applied to estimate the MV of the 100% of the share capital of SKVR and SKCR as the values of both SKVR and SKCR lie in future earnings. FCFE is applied due to the fluctuating capital structure of SKVR and SKCR in the future period where their business models rely heavily on financing facilities to support operations.

APPENDIX D – IFA LETTER



	➤ We have also adopted the Market Approach as a cross-check of our estimation of the MV range under the Income Approach. We compared the implied multiples with the P/E multiple of listed comparable companies. <u>SKER and SAPL</u> ➤ The Income Approach via free cash flow to firm (“FCFF”) is applied to estimate the MV of the 100% of the share capital of SKER and SAPL as the value of SKER and SAPL lies in future earnings. Unlike SKVR and SKCR, the capital structure of both SKER and SAPL as at the Valuation Date is assumed to reflect its capital structure in the future period given that SKER and SAPL are not reliant on financing facilities to run its operations. Accordingly, FCFF is applied instead of FCFE. ➤ We have also adopted the Market Approach as a cross-check of our estimation of the MV range under the Income Approach. We compared the implied multiples with the P/E multiple of listed comparable companies. Cross-check via the Market Approach is not applicable for SAPL as the forecasts of SAPL relate only to compliance costs. <u>Target Group</u> ➤ We have also performed a cross-check via Market Approach on a combined basis. We compared the implied multiples of the Target Group with the weighted P/E multiple range of the comparable companies. The weighted P/E multiple range of the comparable companies is estimated based on the implied MV range of SKVR, SKCR and SKER respectively.
Market value of the Target Group	<i>In accordance with the terms of reference, limitations, key assumptions and factors set out herein, the Market Value range of 100% of the share capital of the Target Group is in the range of S\$40.10 million to S\$45.38 million as at the Valuation Date.</i>

The Total Consideration of the Target Group of S\$42.3 million represents a premium 5.5% to the lowest range of the market value and a discount of 6.8% to the highest range of the market value of the Target Group as opined by the Independent Business Valuer.

6.1.2 The Total Consideration versus the latest NAV of the Target Group

Page 30 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



As set out in paragraph 3.2.4 of this IFA Letter, the Target Group had NAV of S\$6.7 million as at 31 March 2025.

The price-to-NAV ("**P/NAV**") ratio represented by the Base Consideration of S\$28.3 million is 4.2 times.

The P/NAV ratio represented by the Total Consideration of S\$42.3 million is 6.3 times.

Shareholders may wish to note that the maximum Total Consideration is only payable by the Company if the Target Group records aggregate net profit after tax (adjusted to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items such as gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group) of S\$7.3 million for the 24 months ending 31 March 2026. As set out in paragraph 3.2.3 of this IFA Letter, the Target Group had net profit after tax of S\$2.7 million for Target FY2025. This represents approximately 37.6% of the Target 24M2026 Aggregate Adjusted NPAT. Shareholders may wish to note that the net profit after tax of S\$2.7 million for Target FY2025 is prior to any adjustment to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items such as gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group. We note from Section 7.4.2 of the Circular that the Company expects to incur transactional expenses of between approximately S\$1.59 million and approximately S\$1.81 million in relation to the Proposed Acquisition as well as other transactions contemplated with the Proposed Acquisition.

6.1.3 The earnings ratios of the Target Group

As set out in paragraph 3.2.3 of this IFA Letter, we note that the Target Group had profit attributable to equity holders of approximately S\$2.7 million for Target FY2025.

The price-to-earnings ("**P/E**") ratio represented by the Base Consideration of S\$28.3 million is 10.3 times.

The P/E ratio represented by the Total Consideration of S\$42.3 million is 15.4 times.

We have also calculated the EBITDA and the Adjusted EBITDA of the Target Group to be approximately S\$13.3 million and S\$13.1 million for Target FY2025 as set out in paragraph 3.2.3 of this IFA Letter.

APPENDIX D – IFA LETTER



We calculate the enterprise value (“EV”) of the Target Group as implied by the Total Consideration as follows:

S\$'000	Base	Total
Consideration	28,300	42,300
Add: Borrowings (current and non-current)	89,080 ⁽¹⁾	89,080 ⁽¹⁾
Add: Lease liabilities (current and non-current)	951 ⁽¹⁾	951 ⁽¹⁾
Less: Cash and cash equivalents	(3,523) ⁽¹⁾	(3,523) ⁽¹⁾
EV	114,808	128,808

Note:

(1) As at 31 March 2025.

With this EV, we calculate the EV to EBITDA (“EV/EBITDA”) ratio and EV to Adjusted EBITDA (“EV/EBITDAE”) ratio of the Target Group to be as follows:

Based on the Base Consideration

EV of the Target Group (S\$'000)	114,808
EBITDA for Target FY2025 (S\$'000)	13,300
EV/EBITDA ratio (times)	8.6
Adjusted EBITDA for Target FY2025 (S\$'000)	13,126
EV/EBITDAE ratio (times)	8.8

Based on the Total Consideration

EV of the Target Group (S\$'000)	128,808
EBITDA for Target FY2025 (S\$'000)	13,300
EV/EBITDA ratio (times)	9.7

APPENDIX D – IFA LETTER



Adjusted EBITDA for Target FY2025 (S\$'000)	13,126
EV/EBITDAE ratio (times)	9.8

Similar, we wish to highlight that the maximum Total Consideration is only payable by the Company if the Target Group records aggregate net profit after tax (adjusted to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items such as gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group) of S\$7.3 million for the 24 months ending 31 March 2026. As mentioned in paragraph 6.1.2 of this IFA Letter, based on the Target Group's net profit after tax of S\$2.7 million for Target FY2025, the Target Group has achieved 37.6% of the Target 24M2026 Aggregate Adjusted NPAT. Shareholders may wish to note that the net profit after tax of S\$2.7 million for Target FY2025 is prior to any adjustment to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items such as gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group. We note from Section 7.4.2 of the Circular that the Company expects to incur transactional expenses of between approximately S\$1.59 million and approximately S\$1.81 million in relation to the Proposed Acquisition as well as other transactions contemplated with the Proposed Acquisition.

In addition, as set out above, there is no material difference between the Target Group's EV/EBITDA ratios and EV/EBITDAE ratios. Accordingly, the EV/EBITDAE ratios are for Shareholders' reference only and not applied in the comparison of valuation statistics of listed companies with businesses similar to the Target Group.

6.2 THE VALUATION STATISTICS OF THE TARGET GROUP AS COMPARED TO THE VALUATION STATISTICS OF LISTED COMPANIES COMPARABLE TO THE TARGET GROUP

In assessing the Total Consideration, we have also made comparison to listed companies with businesses similar to the Target Group, principally the leasing of commercial vehicles to customers, the provision of vehicle financing solutions through hire purchase financing for motor vehicles, and the provision of MRO services and engineering solutions for vehicles for motor vehicles (the "**Selected Comparable Companies**").

We wish to highlight that the list of the Selected Comparable Companies is not exhaustive and none of the Selected Comparable Companies is identical to the Target Group in terms of business portfolio, vehicle portfolio, scale of operations, geographical markets, asset base, risk profile, track record, future prospects and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in their accounting policies. None of the Selected Comparable Companies is listed on the SGX-ST. Companies listed on foreign exchanges

Page 33 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



are affected by the market outlook and regulatory landscape of the foreign exchanges where these Selected Comparable Companies are listed. There are also differences between the valuation statistics of companies trading on the SGX-ST and other exchanges, due to factors including differing macroeconomic variables and investors' sentiments. Hence, any comparison made herein is necessarily limited.

In view of the above, it should be noted that any comparison made with respect to the Selected Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived valuation of the Target Group as at the Latest Practicable Date.

For a more meaningful comparison, we have shortlisted companies which (a) generated more than 50% of its revenue from the leasing of vehicles for the last 12 months financial period; (b) reported profits for the last 12 months financial period; and (c) had market capitalisation equals to or below S\$100 million and profits equals to or below S\$10 million.

The following ratios are applied in our analysis:

Valuation ratio	General description
P/E	P/E ratio illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
EV/EBITDA	EV/EBITDA ratio is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
P/NAV	P/NAV ratio illustrates the ratio of the market price of a company's share relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

Page 34 of 67

APPENDIX D – IFA LETTER



The Selected Comparable Companies are as follows:

Selected Comparable Companies / Exchange	Description	Market capitalisation ^{(1) (2)} (\$'million)
Alquiber Quality S.A. / Spain	Alquiber Quality, S.A. operates as a vehicle rental company. The company provides cars, vans, trucks, containers, and off-road vehicles rental services. Alquiber Quality, S.A. serves clients in Spain.	100.0
International Co for Leasing Société Anonyme Égyptienne / Egypt	International Company for Leasing Société Anonyme Égyptienne. The company leases all types of assets including commercial vehicles, machinery, information technology equipment, real estate, and other tangibles as well as intangible long term assets.	21.8
Krungthai Car Rent and Lease Public Company Limited / Thailand	Krungthai Car Rent and Lease Public Company Limited provides car rental services.	47.7
PT Batavia Prosperindo Trans Tbk / Indonesia	PT Batavia Prosperindo Trans Tbk provides transportation services. The company offers long-term and short-term rental, fleet management, and logistics services. PT Batavia Prosperindo Trans Tbk serves customers in Indonesia.	27.0
PT Transkon Jaya Tbk / Indonesia	PT. Transkon Jaya Tbk is an established local company based in Balikpapan, Indonesia. The company specialises in vehicle rentals, servicing and maintenance, and workshops and parts supply to the mining and oil industries.	16.2
Wise Travel India Ltd / India	Wise Travel India Limited provides online car rental and taxi booking services. The company offers a fleet of on-road and robust technology platforms that deliver services in the corporate people transportation which includes car rental and leasing, employee transportation, coach rentals, technology, and mobility solutions. Wise Travel India Limited serves customers in India.	63.2

Page 35 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



Source: Bloomberg Finance L.P.

Notes:

- (1) As at the Latest Practicable Date.
- (2) Converted to Singapore dollars based on the closing exchange rates provided by Bloomberg Finance L.P. on the Latest Practicable Date.

We set out in the table below the ratios of the Selected Comparable Companies based on their latest announced last 12 months financial information and their closing prices as at the Latest Practicable Date:

	Net profit ⁽¹⁾ (S\$'million)	EV/EBITDA ratio ⁽¹⁾ (times)	P/E ratio ⁽¹⁾ (times)	P/NAV ratio ⁽¹⁾ (times)	Gearing ratio ⁽¹⁾ (times)
Alquiber Quality S.A.	8.8	3.3	11.0	1.4	4.3
International Co for Leasing Société Anonyme Égyptienne	4.9	4.4	5.0	0.8	7.5
Krungthai Car Rent and Lease Public Company Limited	5.9	3.0	7.9	0.5	1.0
PT Batavia Prosperindo Trans Tbk	3.2	5.2	8.8	0.6	2.5
PT Transkon Jaya Tbk	1.8	1.7	9.5	0.5	0.7
Wise Travel India Ltd	3.7	8.6	18.5	2.5	0.6
Maximum		8.6	18.5	2.5	7.5
Minimum		1.7	5.0	0.5	0.6
Mean		4.4	10.1	1.1	2.8
Median		3.9	9.2	0.7	1.8
The Target Group (based on the Base Consideration)		8.6 ⁽²⁾	10.3 ⁽²⁾	4.2 ⁽³⁾	13.5 ⁽⁴⁾

Page 36 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



	Net profit ⁽¹⁾ (S\$'million)	EV/EBITDA ratio ⁽¹⁾ (times)	P/E ratio ⁽¹⁾ (times)	P/NAV ratio ⁽¹⁾ (times)	Gearing ratio ⁽¹⁾ (times)
The Target Group (based on the Total Consideration)		9.7 ⁽²⁾	15.4 ⁽²⁾	6.3 ⁽³⁾	13.5 ⁽⁴⁾

Source: Bloomberg Finance L.P.

Notes:

- (1) Based on latest available 12 months or full year profits attributable to equity holders as announced by the respective Selected Comparable Companies.
- (2) Based on the P/E ratio and EV/EBITDA ratio set out in paragraph 6.1.3 of this IFA Letter.
- (3) Based on the P/NAV ratio of the Target Group set out in paragraph 6.1.2 of this IFA Letter.
- (4) Based on the gearing ratio of the Target Group set out in paragraph 3.2.4(b) of this IFA Letter.

As set out in the comparison table above:

- (a) the earnings ratios (namely the P/E ratio and the EV/EBITDA ratio) of the Target Group as implied by the Base Consideration and the Total Consideration are higher than the mean and median corresponding ratios of the Selected Comparable Companies;
- (b) the EV/EBITDA ratio of the Target Group as implied by the Base Consideration and the Total Consideration are also higher than the range of EV/EBITDA ratios of the Selected Comparable Companies;
- (c) the P/E ratio of the Target Group as implied by the Base Consideration is slightly above the mean P/E ratio of the Selected Comparable Companies while the P/E ratio of the Target Group as implied by the Total Consideration is much higher than the mean P/E ratio of the Selected Comparable Companies. Shareholders should note that the Deferred Consideration is only payable after the determination of the Target 24M2026 Aggregate Adjusted NPAT; and
- (d) the P/NAV ratios of the Target Group as implied by the Base Consideration and the Total Consideration are higher than the range of the corresponding ratios of the Selected Comparable Companies. The Target Group's gearing ratio as at the end of the latest reporting financial period was also much higher than those of the Selected Comparable Companies.

Page 37 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



In our review of the Selected Comparable Companies, we note that Wise Travel India Ltd had its initial public offering in February 2024 and was listed on 19 February 2024. The P/E ratio of Wise Travel India Ltd based on its offer price for its initial public offering was 15.5 times which is higher than the P/E ratio of the Target Group of 10.3 times based on the Base Consideration and 15.4 times based on the Total Consideration.

Similar, we wish to highlight that the maximum Total Consideration is only payable by the Company if the Target Group records aggregate net profit after tax (adjusted to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items such as gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group) of S\$7.3 million for the 24 months ending 31 March 2026.

As mentioned in paragraph 6.1.2 of this IFA Letter, the Target Group achieved net profit after tax (prior to adjustment to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items such as gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group) of S\$2.7 million for Target FY2025. Accordingly, the Target Group will need to achieve net profit after tax (prior to adjustment to exclude any profit or loss attributable to non-controlling interests or minority interest and any non-recurrent items such as gains or losses from disposal of non-operating assets, listing expenses and other start-up and/or one-off expenses incidental to business expansion of the Target Group) of approximately S\$4.6 million for Target FY2026 for the maximum payout of the Deferred Consideration. In such event, the P/E ratio represented by the Total Consideration if the Target Group achieves the balance net profit after tax for the maximum payout of the Deferred Consideration will be 9.3 times which is below the mean P/E ratio but slightly above the median P/E ratio of the Selected Comparable Companies.

Shareholders should also note that while the earnings ratios (namely the P/E ratio and the EV/EBITDA ratio) of the Target Group as implied by the Base Consideration and the Total Consideration are higher than the mean and median corresponding ratios of the Selected Comparable Companies and the P/NAV ratios of the Target Group as implied by the Base Consideration and the Total Consideration are higher than the range of the corresponding ratios of the Selected Comparable Companies, the Proposed Acquisition is still an earnings accretive and asset accretive acquisition to the Company given that the Company has no revenue generating activity and was in net liabilities position as at 31 July 2025.

6.3 THE ISSUE PRICE

6.3.1 The Issue Price versus the market prices of the Shares

Trading in the Shares has been suspended since 4 May 2021. There is no market price of the Shares for comparison.

Page 38 of 67

APPENDIX D – IFA LETTER



6.3.2 The Issue Price versus the NAV per Share

The Company is currently deemed as a “cash company” pursuant to Rule 1017 of the Catalyst Rules. As a “cash company” pursuant to Rule 1017 of the Catalyst Rules, the Company is required to publish a monthly valuation of its assets and utilisation of cash to the market via SGXNET in accordance with Rule 1017(1)(b) of the Catalyst Rules.

As at the Latest Practicable Date, the Company does not have any subsidiary or investment in any company.

The latest monthly valuation published by the Company is as follows:

RMB'000	Unaudited as at 31 July 2025
Total assets (comprising only cash and cash equivalents)	214
Total liabilities (comprising other payables and amounts payable to a director)	(11,480)
Net liabilities	(11,266)

We have enquired and the Company has confirmed that, as at the Latest Practicable Date, to the best of its knowledge and belief:

- (a) there is no other material asset which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been so disclosed; and
- (b) other than those already provided for or disclosed in the Group's annual report for the financial year ended 31 December 2024 and in the monthly valuation for July 2025 set out above, and save for expenses incurred in relation to the proposed transactions contemplated in the Circular and general corporate expenses, there is no other liability, bad or doubtful debt or material event which would materially increase the Group's net liabilities as at 31 July 2025;
- (c) no creditors have agreed to waive any of the amount due by the Group to them; and
- (d) the recovering of the impaired trade receivables is being deemed not commercially viable due to the winding-up process of the related party and the summary procedure order issued by the Hong Kong court indicating that the valuation of the related party's assets is less than HKD200,000.

Page 39 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



The Group had net liabilities of RMB11.3 million as at 31 July 2025, equivalent to approximately S\$2.0 million based on the closing exchange rate of S\$1.00 to RMB5.5453 as at 31 July 2025 (source: Bloomberg Finance L.P.).

The Issue Price is at a premium to the net liabilities per Share.

6.3.3 The Issue Price of the Consideration Shares is the same as the issue price of the Mr Chu's Settlement Shares, Other Settlement Shares and SAC Capital Shares

We note that the Consideration Shares, Mr Chu's Settlement Shares, Other Settlement Shares and SAC Capital Shares will be issued at the same price.

6.3.4 The Issue Price of the Consideration Shares is higher than the offer price offered under the mandatory unconditional cash offer undertaken in April 2025

On 29 April 2025, Mr Teh Wing Kwan made an offer for all the Shares other than those already owned, controlled or agreed to be acquired by him and his concert parties in accordance with Section 139 of the Securities and Futures Act and Rule 14 of the Code pursuant to the completion of his subscription of 25,515,000 new ordinary shares in the capital of the Company (the "**Investor Subscription**") at the offer price of S\$0.0294 for each Share ("**Offer Price**"). The Offer closed on 11 June 2025. As at the close of the offer on 11 June 2025, valid acceptances amounting to 1,155,536 Shares, representing approximately 3.40% of the total number of issued Shares, were received and resulted in Mr Teh Wing Kwan holding an aggregate of 26,670,536 Shares, representing approximately 78.4% of the total number of issued Shares.

The Issue Price represents 7.7 times of the Offer Price.

6.3.5 The shell premium for the Company implied by the Issue Price as compared to the implied shell premia of reverse takeovers of companies listed on the SGX-ST announced after 1 January 2021 and completed as at the Latest Practicable Date (the "Precedent RTOs")

Based on the existing share capital of the Company and the issue price, the value of the Company is approximately S\$7.7 million.

As set out in paragraph 6.3.2 of this IFA Letter, the Company had negative NAV of approximately S\$2.0 million as at 31 July 2025. However, the Company will be issuing Mr Chu's Settlement Shares and Other Settlement Shares to settle liabilities aggregating approximately S\$1.0 million. Accordingly, the net liabilities position of the Company would improve to approximately S\$1.0 million upon the allotment and issue of Mr Chu's Settlement Shares and Other Settlement Shares.

Page 40 of 67

APPENDIX D – IFA LETTER



Based on the above, the shell premium for the Company implied by the Issue Price for the purposes of the Proposed Acquisition is S\$8.6 million.

We compare the shell premium for the Company implied by the Issue Price with the implied shell premia of the Precedent RTOs as follows:

Date of circular	Name of SGX-ST listed company	Brief information of the reverse takeover	NAV of the SGX-ST listed company immediately before transaction ⁽¹⁾	Implied market capitalisation of the SGX-ST listed company based on its issue price	Implied shell premium
30 Jun 2022	Fabchem China Limited	Acquisition of the entire issued and paid-up share capital of Lincotrade & Associates Pte. Ltd. for an aggregate purchase consideration of S\$25 million. The vendors will hold 63.05% interest in the enlarged share capital of the company upon completion	S\$100,000	S\$10,296,000	S\$10,196,000
7 Dec 2023	3Cnergy Limited	Acquisition of the entire issued and paid-up share capital of DTP Infinites Limited for an aggregate purchase consideration of S\$443.8 million. The vendor will hold 84.8% interest in the enlarged share capital of the company upon completion	S\$198,000	S\$10,121,000	S\$9,923,000
27 Dec 2023	Axington Inc	Acquisition of the entire issued and paid-up share capital of Achieva Technology Sdn Bhd for an aggregate purchase consideration of S\$27.0 million. The vendor will hold 73.3% interest in the enlarged share capital of the company upon completion	S\$395,000	S\$5,508,000	S\$5,113,000

As set out above, the implied shell premia of the Precedent RTOs range from S\$5.1 million to S\$10.2 million. We calculate the average implied shell premium of the Precedent RTOs to be S\$8.4 million.

APPENDIX D – IFA LETTER



The shell premium for the Company implied by the Issue Price is therefore within the range of the implied shell premia of the Precedent RTOs and slightly above the average implied shell premium of the Precedent RTOs.

Shareholders should note that the analysis above is solely for illustration purposes and the shell premium analysis does not take into consideration factors including, but not limited to, the prevailing market conditions, the circumstances of the reverse takeover, the condition precedents to the reverse takeover, the purchase consideration and methods for satisfying the purchase consideration.

6.4 THE RATIONALE FOR THE PROPOSED ACQUISITION

The rationale for the Proposed Acquisition is set out in Section 2.2 of the Circular and we have also summarised the rationale in paragraph 4 of this IFA Letter.

The Proposed Acquisition, if completed, will mean a successful corporate turnaround plan for the Company, thereby enabling the Company to apply for a resumption in the trading of the Shares, leading to an improvement in leverage position for future fund-raising exercises which would in turn enhance Shareholders' value.

Shareholders may also wish to note that the Company is a "cash company" under Rule 1017 of the Catalist Rules.

Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may apply to the SGX-ST for a maximum 6-month extension to the said 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the said 6-month extension period.

While the SGX-ST has not imposed Rule 1017(2) of the Catalist Rules on the Company, there is no assurance that the Company will not be subject to Rule 1017(2) of the Catalist Rules if the Proposed Acquisition does not materialise.

In the course of our evaluation, we also note that Foo Kon Tan LLP, the independent auditor of the Company for the Company's financial year ended 31 December ("**Company FY**") 2021, Company FY2022, Company FY2023 and Company FY2024 had issued disclaimers of opinion on the Group's financial statements for Company FY2021, Company FY2022, Company FY2023 and Company FY2024. We extract the Company's independent auditor's

APPENDIX D – IFA LETTER



basis for the disclaimer of opinion on the Group's financial statements for Company FY2024 from the Company's annual report for Company FY2024 in *italics* as follows:

"Basis for Disclaimer of Opinion

Use of going concern assumption

We draw attention to Note 2(b)(a) to the financial statements which indicates that the current liabilities of both the Group and the Company exceeded their current assets by RMB7,978,000, and a deficit in equity of both the Group and the Company of RMB12,485,000 as at 31 December 2024. The Group also incurred a net loss for the year of RMB2,180,000; and net cash used in operating activities of RMB1,566,000 for the financial year ended 31 December 2024. These conditions together with other substantial challenges faced by the Group as disclosed in Note 2(b)(a) indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

As disclosed and defined in Note 2(b)(a) to the financial statements, the management has prepared the Group's and the Company's financial statements on the basis that the Group and the Company will be able to meet its obligations as and when they fall due, taking into consideration various measures undertaken by the Company as well as (i) obtained temporary loan facilities of up to SGD550,000, (ii) undertaking other reorganisation exercise, principally streamlining the Group's corporate structures to reduce operating costs; and (iii) identifying the target companies for the purpose of initiating the Proposed Reorganisation as planned with the Professional Investor.

We however noted that as at the date of this report, the Company had not fulfilled certain key conditions precedent to the Proposed Investments with the Professional Investor, and the ability of the Company to (i) pay its debts as and when they fall due; and (ii) undertake and complete the Proposed Reorganisation depends heavily on the willingness of the Professional Investor to provide continuous support to the Company. We are thus unable to obtain sufficient appropriate evidence that the use of going concern assumption in preparation of the financial statements is appropriate. The financial statements do not include any adjustments or any reclassification of assets and liabilities that would result if the going concern assumption is not appropriate."

6.5 THE FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition after SPA Completion, upon the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares can be found in Section 14 of the Circular.

Page 43 of 67

APPENDIX D – IFA LETTER



We note that:

- (a) the Company will turnaround its net tangible liabilities position to a net tangible assets position after SPA Completion, upon the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares (but prior to the payment of Deferred Consideration and the allotment and issue of the Deferred Consideration Shares); and
- (b) the Company will also register an earnings per Share of S\$0.0118 after SPA Completion, upon the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares (but prior to the payment of Deferred Consideration and the allotment and issue of the Deferred Consideration Shares) as compared to a loss per Share of S\$0.0119 for Company FY2024.

The net liabilities per Share and loss per Share before SPA Completion has taken into account the financial effects of the share consolidation of 200 ordinary Shares to one (1) consolidated Shares as well as the Investor Subscription which were both completed on 29 April 2025.

Shareholders may also wish to note that the financial effects set out in Section 14 of the Circular assume that all of the Convertible Bonds are converted. Nevertheless, we note that the financial effects of the Proposed Acquisition after SPA Completion, upon the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares and the New Placement Shares, are still positive in the event none of the Convertible Bonds are subscribed.

6.6 OTHER CONSIDERATIONS

6.6.1 Historical financial performance and prospects of the Target Group

The Target Group reported increasing revenue and profits from Target FY2023 to Target FY2025.

The prospects, strategies and future plans of the Target Group are set out in Section 23 of the Target Company's Letter to Shareholders. We extract in *italics* as follows:

- “(a) *Barring unforeseen circumstances, the Target Group expects its overall revenue to grow, in view of the expected market growth in the commercial vehicle leasing industry in Singapore in 2025, as well as an ageing vehicle population to support the demand for Engineering Services.*”

Page 44 of 67

APPENDIX D – IFA LETTER



In addition, with the removal of the previous incentive for CVES - Band B and the imposition of a surcharge for CVES - Band C under the CVES, this would lead to higher costs of purchase of LCVs and may lead to customers to turn to leasing LCVs for their needs, thereby potentially increasing revenue for the Target Group."

- "(c) *It is the current intention of the Target Group to expand its business operations across its three (3) business segments, which may incur capital expenditures and acquisitions costs, and may take on additional bank borrowings in its ordinary course of business. Whilst the Target Group expects that business expansion will generate future revenue with corresponding increases in operating expenses, there is, however, no assurance that the business expansion will have any material impact on the profitability of the Target Group in the current financial year."*

6.6.2 Risk factors relating to the Target Group

The risk factors relating to the Target Group and its business are set out in Section 18 of the Circular. Shareholders are advised to read the information carefully. In particular, we highlight the following:

- "18.1.1 The Target Group's business depends on market demand and the ability of the Target Group to respond to meet such market demand"*
- "18.1.2 The Target Group's business requires substantial funding and liquidity and the Target Group may not be able to obtain adequate financing on acceptable terms on a timely basis or at all"*
- "18.1.3 The Target Group had recorded and may continue to record negative working capital under the Leasing Business Accounting Treatments"*
- "18.1.4 The Commercial Vehicle Leasing Business depends on the ability of the Target Group to secure and renew lease agreements with customers and maintain an optimal utilisation rate"*
- "18.1.5 The Target Group is exposed to risks associated with its debt financing"*
- "18.1.7 Changes in market interest rates may have a significant impact on the Target Group's financial condition"*

6.6.3 Implications of the Proposed Whitewash Resolution

As set out in paragraph 5.4 of this IFA Letter, by voting in favour of the Proposed Whitewash Resolution, Independent Shareholders are waiving their rights to receive a general offer from

APPENDIX D – IFA LETTER



the Vendor at the highest price paid by the Vendor and its concert parties in the past six (6) months preceding the date of the RTO Announcement.

In addition, the allotment and issue of the Base Consideration Shares pursuant to the Proposed Acquisition will result in the Vendor and its concert parties holding Shares carrying over 49.0% of the voting rights of the Company, and that the Vendor and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer.

The Vendor will be holding more than 50% of the Company's enlarged issued share capital after the allotment and issue of the Base Consideration Shares pursuant to the Proposed Acquisition and the sale of the Vendor Shares under the Proposed Compliance Placement, and will be in a position to exercise statutory control of the Company. Statutory control will allow the Vendor to pass all ordinary resolutions on matters in which the Vendor and its associates do not have an interest and which are tabled for Shareholders' approval at a general meeting.

The Vendor's interest in the capital of the Company will further increase to 74.07% of the Company's enlarged issued share capital after the allotment and issue of the Deferred Consideration Shares (assuming no sale of any of the remaining Base Consideration Shares after the sale of the Vendor Shares as well as allotment and issue of any new Share by the Company for the period between SPA Completion and the date of allotment and issue of the Deferred Consideration Shares).

6.6.4 Dilution to Independent Shareholders

The existing public Shareholders who hold 7,172,453 Shares, representing approximately 21.08% interest in the share capital of the Company as at the Latest Practicable Date, will have their shareholdings diluted to approximately 4.45% interest in the enlarged share capital of the Company of 161,353,289 Shares upon the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares and the SAC Capital Shares (but before the issue of the New Placement Shares, the Deferred Consideration Shares and the Conversion Shares) and further diluted to approximately 3.09% in the enlarged share capital of the Company of 231,908,844 Shares upon the allotment and issue of the New Placement Shares and the maximum number of Deferred Consideration Shares (but before the issue of the Conversion Shares).

Shareholders should also note that:

- (a) as at the Latest Practicable Date, trading of the Shares has been suspended for more than four (4) years, accordingly, there is no market price for the Shares;
- (b) the Company is a "cash company" and does not have any operations; and

Page 46 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



(c) the Company had net liabilities position as at 31 July 2025.

In the event that the Company is unable to complete the Proposed Acquisition and eventually resume the trading of its Shares on the Official List of the Catalist Board of the SGX-ST, there is no realisable value of the Shares to the Shareholders in the event of a liquidation.

6.6.5 The structure of the Deferred Consideration

We note that it is not common for listed companies to structure the consideration payable for an acquisition by way of an earn-out consideration.

In addition, such structure will allow the Company to stagger the satisfaction of the purchase consideration for the Proposed Acquisition and provides incentive for the Vendor and the Warrantors to achieve sustainable future performance of the Target Group.

6.6.6 Inter-conditionality of resolutions

Shareholders should note that the resolutions relating to the Proposed Acquisition, the Proposed Issue of Consideration Shares, and the resolutions relating to the Proposed Acquisition such as the Proposed Whitewash Resolution are **INTER-CONDITIONAL**.

Accordingly, in the event that any of these resolutions is not approved, the other resolution will not be duly passed and the Proposed Acquisition will not proceed.

6.6.7 Abstention from voting

We understand that none of the Existing Directors or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their directorships and/or shareholdings in the Company.

The Vendor does not hold any Shares in the Company. In accordance with the conditions of the Whitewash Waiver, the Vendor, its concert parties and parties not independent of them and the Proposed Acquisition will abstain from voting at the EGM on the Proposed Whitewash Resolution. They will also decline to accept appointment as proxies for voting at the EGM in respect of the Proposed Whitewash Resolution unless the Independent Shareholders appointing them as proxies give specific instructions in their proxy forms as to the manner in which their votes are to be cast in respect of the Proposed Whitewash Resolution. The Company will disregard any votes cast by the Vendor, its concert parties and parties not independent of them and the Proposed Acquisition on the Proposed Whitewash Resolution.

APPENDIX D – IFA LETTER



6.6.8 Moratorium on the Base Consideration Shares

The Vendor is offering up to 6,000,000 Base Consideration Shares as Vendor Shares under the Proposed Compliance Placement.

As set out in Section 16.5 of the Circular, save for the Vendor Shares, all of the remaining Base Consideration Shares held by the Vendor immediately after SPA Completion will be under moratorium for a period of 12 months commencing from the date of resumption of trading of the Shares on the Catalist upon SPA Completion.

There is no moratorium on the Deferred Consideration Shares.

7. THE PROPOSED IPT GENERAL MANDATE

7.1 THE PROPOSED IPT GENERAL MANDATE

The Target Group has ongoing interested person transactions with the Vendor and certain associates of the Vendor and shareholders of the Vendors in the ordinary course of business.

As the Target Group intends to continue to enter into the Mandated Transactions with the Mandated Interested Persons after the SPA Completion, the Company is proposing the adoption of the Proposed IPT General Mandate to facilitate future Mandated Transactions between the EAR Group (as defined below) and the Mandated Interested Persons.

The “**EAR Group**” shall refer to:

- (a) the Company;
- (b) a subsidiary of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange) and in particular, includes the Target Group upon SPA Completion; or
- (c) an associated company of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Enlarged Group, or the Enlarged Group and the interested person(s), has or have control.

Information on the Proposed IPT General Mandate is set out in Section 11 of the Circular and Section 27.6 of the Target Company's Letter to Shareholders.

7.2 THE MANDATED INTERESTED PERSONS

Information on the Mandated Interested Persons of the Proposed IPT General Mandate is set out in Section 27.6.4 of the Target Company's Letter to Shareholders.

Page 48 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



We note that there are three (3) Mandated Interested Persons identified for the Proposed IPT General Mandate, all of which are corporate entities.

7.3 CATEGORIES OF MANDATED TRANSACTIONS

Information on the categories of Mandated Transactions is set out in Section 27.6.5 of the Target Company's Letter to Shareholders.

We note that there are six (6) broad categories of Mandated Transactions as follows:

- (a) the purchase of commercial vehicles by the EAR Group from SKAU in the ordinary course of business (the **"Purchase Transactions"**);
- (b) the sale of commercial vehicles by the EAR Group to SKAU in the ordinary course of business (the **"Sale Transactions"**);
- (c) the provision of hire purchase financing by the EAR Group to SKAU and SKCA to finance the purchase of motor vehicles by SKAU and SKCA (**"HP Financing"**), which is in the ordinary course of business of the Target Group's Credit Business;
- (d) the provision of MRO services and engineering solutions by the EAR Group to SKAU and SKCA (the **"MRO Services"**), which is in the ordinary course of business of the Target Group's Engineering Business;
- (e) the grant of a sublease by the Mandated Interested Persons for the EAR Group to use car park space at the roof-top car park at the Wcega Plaza leased by SKAU (**"Car Park Sub-Lease"**); and
- (f) the provision of shared services by the EAR Group to SKAU, SKCA and SKIA (**"Shared Services"**).

collectively, the **"Mandated Transactions"** or each a **"Mandated Transaction"**.

7.4 RATIONALE FOR AND BENEFITS OF THE PROPOSED IPT GENERAL MANDATE

Information on the rationale for and benefits of the Proposed IPT General Mandate is set out in Section 27.6.6 of the Target Company's Letter to Shareholders.

As mentioned above, there have been ongoing transactions between the Target Group and the Excluded Entities in the ordinary course of business. Accordingly, it is anticipated that the Mandated Transactions between the EAR Group (which will include the Target Group upon SPA Completion) and the Mandated Interested Persons will continue to be entered into

Page 49 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



in the ordinary course of business on a recurring and ongoing basis and may arise at any time and from time to time.

The Purchase Transactions and Sale Transactions relate to the Commercial Vehicle Leasing Business where the EAR Group purchases and sells commercial vehicles on a regular basis in the ordinary course of business in order to maintain a mix and composition of vehicle types and makes that cater to shifting market demands. Entry into Purchase Transactions with SKAU offers the EAR Group certain competitive advantages and operational efficiencies, including but not limited to, administrative convenience, better working capital management (including longer credit terms) thereby improving the EAR Group's cash flow and financing flexibility (including flexibility to select the EAR Group's preferred insurers and financiers for the vehicles purchased) and lower operational risk caused by safety or maintenance issues. Based on the Target Group's experience in its previous dealings with SKAU, the Target Group has not encountered any major issues with the quality of the vehicles supplied by SKAU. Similarly, entry into the Sale Transactions with SKAU offers the Target Group certain commercial advantages, including but not limited to, tapping on the necessary expertise and resources of SKAU as well as its familiarity with the EAR Group's fleet of commercial vehicles to complete the Sale Transactions on a timely basis, eliminating factors which may affect the negotiating power of the EAR Group and result in a lower selling price of the Sale Transactions, better time management of the Sale Transactions allows the EAR Group to reduce the time lapse between the expiration of the leasing contracts and the completion of the Sale Transactions which allows cost savings benefits to the EAR Group.

The HP Financing will be provided in the ordinary course of business of the Credit Business of the EAR Group while the MRO Services will be provided in the ordinary course of business of the Engineering Business of the EAR Group.

The Car Park Sub-Lease allows the EAR Group to tap on existing resources of the Mandated Interested Persons which has leased a large car park area at the roof-top of Wcega Plaza for its own operations. The EAR Group sub-leases some car park space for some of the commercial vehicles which provides the EAR Group with ample space and convenience to maintain its float of commercial vehicles in the same premises as the EAR Group's operations.

Given the continuing business transactions between the Target Group (which will be part of the EAR Group) and the Excluded Entities (which will be part of the Mandated Interested Persons) after SPA Completion, the provision of the Shared Services by the Target Group (which will be part of the EAR Group) to the Mandated Interested Persons will enable the EAR Group to derive cost savings, enjoy economies of scale and operational efficiencies for the EAR Group.

APPENDIX D – IFA LETTER



7.5 GUIDELINES AND REVIEW PROCEDURES FOR THE MANDATED TRANSACTIONS

The detailed guidelines and review procedures for the Mandated Transactions are set out in Section 27.6.7 of the Target Company's Letter to Shareholders.

We highlight the following key guidelines and review procedures:

(a) The Purchase Transactions and Sale Transactions

These involve the purchase and sale of commercial vehicles with purchase/selling prices generally ranging from about S\$50,000 to S\$250,000 for each vehicle, and such purchase/selling prices may increase significantly after taking into account the increasing cost for a certificate of entitlement ("COE") to own and use a car in Singapore.

In our review of the Target Group's historical transactions, we note that:

- (i) the Target Group had Purchase Transactions on over 100 days for Target FY2025 and purchased more than 600 commercial vehicles in Target FY2025, and the Mandated Interested Person was the single largest supplier of commercial vehicles to the Target Group in Target FY2025;
- (ii) the Target Group sold more than 40 commercial vehicles in Target FY2025 and all such Sale Transactions were entered into with the Mandated Interested Persons;
- (iii) the total value of the Purchase Transactions for Target FY2025 was S\$43.9 million, representing approximately 659.1% of the latest audited net tangible assets ("NTA") of the Target Group as at 31 March 2025;
- (iv) the total value of the Sale Transactions for Target FY2025 was S\$2.6 million, representing approximately 38.3% of the latest audited NTA of the Target Group as at 31 March 2025;
- (v) as at 31 March 2025, the Target Group had approximately 1,231 commercial vehicles. The Target Group anticipates a higher volume and quantum of Purchase Transaction and Sale Transactions in upcoming years for the Target Group to manage a diversified fleet of vehicles with the appropriate mix and composition; and
- (vi) based on the latest audited NTA of the Target Group of S\$6.6 million as at 31 March 2025, a 3% approval threshold is equivalent to approximately S\$200,000 while a 5% approval threshold is equivalent to approximately S\$333,000.

Page 51 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



Accordingly, it is not practicable for the EAR Group to seek the prior approval of the New Audit and Risk Committee for the Purchase Transactions and the Sale Transactions based on a 5% approval threshold.

Further, Purchase Transactions and Sale Transactions are typically time-sensitive in nature, as a result of the timing of COE bidding exercises which directly affect the price of commercial vehicles and the likelihood that such transactions will occur with some degree of frequency and could arise at any time due to the nature of the commercial vehicle leasing business. The inclusion of the Purchase Transactions and Sale Transactions in the Proposed IPT General Mandate would facilitate the Target Group's ability to capitalise on dynamic market conditions on a timely basis. Conversely, it would be commercially disruptive and disadvantageous to the Target Group if it is required to seek shareholder approval for each Purchase Transaction or Sale Transaction.

Given the above, the EAR Group will be adopting the following guidelines and review procedures for the Purchase Transactions and the Sale Transactions between the EAR Group and the Mandated Interested Persons:

Purchase Transactions

- (A) the EAR Group shall prepare and seek the prior approval of the New Audit and Risk Committee for the Purchase Transactions on a quarterly basis, setting out the intended quantity and maximum aggregate value of commercial vehicles to be purchased by the EAR Group in the upcoming quarter. The proposal will be prepared by the Chief Operating Officer and the sales manager of SKVR taking into account, among other things, the existing mix and composition of the commercial vehicles, the utilisation rate, the float of commercial vehicles that have not been leased out, anticipated demand from existing and new customers and general market trends, and will be subject to the approval of the Chief Executive Officer prior to submission to the New Audit and Risk Committee. The proposal will include a summary of the key factors taken into account by management in determining the purchases to be made in the upcoming quarter. When reviewing the proposal, the New Audit and Risk Committee will take into account the aggregate purchase value from the Mandated Interested Persons for the last quarter, the latest financial position of the Group (including its gearing ratio), the factors taken into account by management in determining the purchases to be made, the latest utilisation rate of the existing fleet, the macro-economic environment and prevailing market demand;
- (B) if the total value of the Purchase Transactions exceeding the quarterly budget (or revised quarterly budget) pre-approved by the New Audit and Risk

Page 52 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



Committee is equals to or exceeds 5% of the Group's then latest audited NTA, or the Purchase Transactions fall under the definition of a "Fleet Transaction" which involves the purchase of 10 or more commercial vehicles and has a value equals to or exceeds 20% of the Group's then latest audited NTA, the EAR Group shall submit and seek the prior approval of the New Audit and Risk Committee prior to the execution of such Purchase Transaction(s); and

- (C) the Relevant Authorised Persons (as defined in paragraph 7.6 of this IFA Letter) will compare the price and commercial terms of the Purchase Transaction offered by the Mandated Interested Persons against the prices of at least two (2) vehicles of the same or similar type, make and model (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) being put up for sale on Sgcarmart. The Relevant Authorised Persons may also refer to any substitute market platform (if for any reason Sgcarmart is not, or no longer, available) and/or other additional independent market platforms. In relation to new vehicles, the Relevant Authorised Persons will also refer to the official price list of the authorised distributor of the relevant type and make of the vehicle. This is to ensure that the price and commercial terms of the Purchase Transaction with the Mandated Interested Person will not be more favourable to the Mandated Interested Person as compared to the most competitive price available on Sgcarmart (and/or other independent market platform) or from the authorised distributor. In determining the most competitive price available on Sgcarmart (and/or other independent market platform) or from the authorised distributor, the Relevant Authorised Persons will also take into account all relevant factors, including payment terms, maintenance and warranties provided (if any), timing of delivery and reliability of the seller based on past transactions.

Sale Transactions

- (A) the EAR Group shall prepare and seek the prior approval of the New Audit and Risk Committee for the Sale Transactions on a quarterly basis, setting out the list of commercial vehicles intended to be sold by the EAR Group in the upcoming quarter. When reviewing the proposal, the New Audit and Risk Committee will take into account the rationale for the Sale Transactions, including but not limited to the aggregate sale value for the quarter, the maintenance and/or repair frequency and cost of the vehicle, the utilisation rate, the macro-economic environment and prevailing market demand;
- (B) the EAR Group shall also seek the prior approval of the New Audit and Risk Committee on the discount to be applied to the selling prices of the Sale Transactions on an annual basis or at the request of the New Audit and Risk Committee. When reviewing the discount to be offered to the Mandated

Page 53 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



Interested Person, the New Audit and Risk Committee shall take into consideration the sale commission payable by the EAR Group if it engages a third party dealer to effect the Sale Transaction and the time cost (such as depreciation, parking and maintenance fee) incurred by the EAR Group pending the completion of the Sale Transaction; and

- (C) the Relevant Authorised Persons will determine the price and commercial terms of the Sale Transaction to be offered to the Mandated Interested Person by taking into account the prices of at least two (2) vehicles of the same or similar type, make and model (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) being put up for sale on Sgcarmart. The Relevant Authorised Persons may also refer to any substitute market platform (if for any reason Sgcarmart is not, or no longer, available) and/or other additional independent market platforms. The price and commercial terms of the Sale Transaction offered to the Mandated Interested Persons will not be more favourable to the Mandated Interested Person as compared to such comparative prices obtained from Sgcarmart (and/or other independent market platform) after taking into account the discount.

Where it is impracticable or not possible to obtain comparative prices from Sgcarmart (and/or other independent market platform) for the Purchase Transaction or the Sale Transaction, the Relevant Authorised Persons will compare the price and commercial terms of the proposed transaction with the Mandated Interested Person against quotations from at least two (2) unrelated third party dealers for same or similar type, make and model of vehicle (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) that are reasonably contemporaneous in time, to ensure that the price and commercial terms will not be more favourable than such quotations obtained from at least two (2) unrelated third party dealers.

In the event there are no comparable information for the Purchase Transaction or the Sale Transaction, the Relevant Authorised Persons (who must not have any conflict of interests, whether direct or indirect, in relation to the Purchase Transaction or the Sale Transaction) will assess (after taking into account all relevant factors) and determine whether the terms of the Purchase Transaction or the Sale Transactions with the Mandated Interested Person are fair and reasonable based on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders.

In any event, in each financial year, the aggregate value of all Purchase Transactions and Sale Transactions entered into by the EAR Group in that financial year shall not exceed 20% the latest available audited total assets of the EAR Group, and further

Page 54 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



purchases and sales in excess of such threshold shall be subject to approval of the Company's independent shareholders in a general meeting.

(b) The HP Financing and MRO Services

These are revenue generating principal activities of the Target Group.

In our review of the Target Group's historical transactions, we note that:

- (i) the Target Group had provided HP Financing aggregating S\$1.8 million (in principal) to the Mandated Interested Persons in Target FY2025. This represents approximately 27.3% of the latest audited NTA of the Target Group as at 31 March 2025. Nevertheless, in view of the expansion of business, the Target Group also anticipates higher level of volume and quantum of HP Financing provided to the Mandated Interested Persons;
- (ii) the Target Group had provided MRO Services aggregating S\$2.9 million to the Mandated Interested Persons in Target FY2025. This represents approximately 43.9% of the latest audited NTA of the Target Group as at 31 March 2025;
- (iii) most of the MRO Services provided by the Target Group to the Mandated Interested Persons are on *ad hoc* basis. There were more than 5,000 *ad hoc* MRO Services (majority having a value below S\$1,000) rendered by the Target Group to the Mandated Interested Persons in Target FY2025; and
- (iv) some of the MRO Services were rendered under contractual basis with tenures ranging from one (1) year to three (3) years.

Taking into consideration the above, the EAR Group will be adopting the following guidelines and review procedures for the provision of HP Financing and the MRO Services to the Mandated Interested Persons:

The HP Financing

- (A) the EAR Group shall prepare and seek the prior approval of the New Audit and Risk Committee for the HP Financing on a quarterly basis, in particular on the maximum loan quantum to be offered to the Mandated Interested Person for the upcoming quarter. When reviewing the proposal, the New Audit and Risk Committee will take into account the rationale for the quantum, the percentage of outstanding HP Financing extended by the EAR Group to the Mandated Interested Persons as compared to the latest loan book of the EAR Group, the repayment track record and credit assessment, percentage of

Page 55 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



purchase price financed, tenure, repayment terms and volume of business (the “**HP Factors**”);

- (B) the EAR Group will offer the HP Financing to the Mandated Interested Person based on the terms (such as percentage of purchase price financed) and interest rates of at least two (2) recent HP Financing entered into by the EAR Group with unrelated third party customers for a vehicle of the same or similar type, make and model (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) that are reasonably contemporaneous in time. The terms and interest rates to be offered to the Mandated Interested Person will not be more favourable to the Mandated Interested Person as compared to the terms offered by the EAR Group to unrelated third party customers;
- (C) if there is no recent similar HP Financing with unrelated third party customers for comparison, the EAR Group will compare the terms and interest rates of the HP Financing to be offered to the Mandated Interested Person against the terms and interest rates for HP Financing of vehicles of the same or similar type, make and model (taking into account, among other things, the age of the vehicle, balance duration of the COE, depreciation, mileage and condition of the vehicle) offered by at least two (2) other hire purchase companies and/or banks that are reasonably contemporaneous in time. The terms of the HP Financing to be offered by the EAR Group to the Mandated Interested Person will not be more favourable to the Mandated Interested Person as compared to the terms offered by other hire purchase companies and/or banks. When comparing the terms, the EAR Group will take into account all relevant factors, including the HP Factors set out above; and
- (D) if there are no comparable transactions, the Relevant Authorised Person who does not have any conflict of interests, whether direct or indirect, in relation to the transactions will determine whether the transaction is fair and reasonable based on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. This would involve assessment of the price and commercial terms proposed to be offered to the Mandated Interested Person by reference to, among other things, industry norms, prevailing market conditions, the rates for hire purchase financing of vehicles of the same or similar type, make and model offered by other hire purchase companies and/or banks, and the EAR Group’s usual gross profit margin for transactions of this nature and its usual business practices and policies.

Page 56 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



The MRO Services – Contractual Basis

- (I) the EAR Group will determine the price per vehicle based on the type of vehicles and the number of vehicles under the contract with the Mandated Interested Persons;
- (II) the EAR Group will compare the terms of the contract offered to the Mandated Interested Person with at least two (2) contracts entered into by the EAR Group with unrelated third party customers for the provision of the same or similar MRO Services. The terms offered by the EAR Group to the Mandated Interested Person shall not be more favourable to the Mandated Interested Person as compared to the terms offered by the EAR Group to unrelated third party customers. When comparing the terms, the EAR Group will take into account all relevant factors, including the number of vehicles under the contract, the vehicle models, the frequency of MRO Services required and the bulk discount provided to contracts of similar size and/or tenure (the “**Contractual Factors**”); and
- (III) if there is no comparable contracts, the Relevant Authorised Person who does not have any conflict of interests, whether direct or indirect, in relation to the contracts will determine whether the terms of the contracts are fair and reasonable based on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. This would involve assessment of the price per vehicle and commercial terms proposed to be offered to the Mandated Interested Person by reference to, among other things, industry norms, the EAR Group's usual gross profit margin for contracts of this nature, the workshop's capacity commitment, its usual business practices and policies and the Contractual Factors.

The MRO Services – Ad hoc Basis

- (1) the EAR Group will determine the price and commercial terms to be offered to the Mandated Interested Person based on the price and commercial terms of at least two (2) recent transactions for the provision of the same or similar MRO Services by the EAR Group to unrelated third party customers that are reasonably contemporaneous in time. The price and commercial terms of the MRO Services to be offered to the Mandated Interested Person will not be more favourable to the Mandated Interested Person as compared to the terms offered by the EAR Group to unrelated third party customers. When comparing the price and commercial terms, the EAR Group will take into account all relevant factors, including the customer's requirements/specifications, complexity of the job, timing for completion of the job (included the services and parts required), the EAR Group's workshop capacity and utilisation, and warranties provided (if any); and

Page 57 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



- (2) if there is no recent similar transaction with unrelated third party customers for comparison, the Relevant Authorised Person who does not have any conflict of interests, whether direct or indirect, in relation to the transactions will determine whether the transaction is fair and reasonable based on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. This would involve assessment of the price and commercial terms proposed to be offered to the Mandated Interested Person by reference to, among other things, industry norms, prevailing market conditions, the rates offered by comparable vehicle workshops for similar jobs, and the EAR Group's usual gross profit margin for transactions of this nature and its usual business practices and policies.

(c) Car Park Sub-Lease

The EAR Group will pay the Mandated Interested Person a monthly fee for the use of car park space of an agreed area at the roof-top of WCEGA Plaza based on an agreed rate per month. The agreed rate on a per square foot basis per month will be computed by dividing the total monthly fee payable by the Mandated Interested Person to the WCEGA Plaza management corporation by the total area of the car park space that is leased from the WCEGA Plaza. The EAR Group will therefore be charged by the Mandated Interested Person based on actual cost incurred by the Mandated Interested Person without any mark-up.

The EAR Group will compare the rate proposed to be paid to the Mandated Interested Person computed in the manner set out above against the rates for similar land or commercial space that can be used for parking vehicles being put up for lease on CommercialGuru. The EAR Group may also refer to any substitute market platform (if for any reason Commercial Guru is not, or no longer, available) and/or other additional independent market platforms for commercial properties. This is to ensure that the rate payable to the Mandated Interested Person will not be more favourable to the Mandated Interested Person than the most competitive price available on CommercialGuru (and/or other independent market platform).

(d) the Shared Services

The fees that will be charged by the EAR Group to the Mandated Interested Persons for the provision of the Shared Services will be based on the actual cost incurred by the EAR Group in performing the services plus a reasonable mark-up. The mark-up will be determined based on, and will not be less than the mark-up that is in accordance with, the transfer pricing guidelines issued by the Inland Revenue Authority of Singapore and/or other relevant authorities in the relevant jurisdictions. The mark-up will be reviewed and assessed by the New Audit and Risk Committee at least on an annual basis or at the request of the New Audit and Risk Committee.

Page 58 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



If it is impracticable or not possible for the fees for the provision of the Shared Services to be based on actual cost plus a reasonable mark-up, the Relevant Authorised Person(s) who does not have any conflict of interests, whether direct or indirect, in relation to the transactions will determine whether the fees to be charged to the Mandated Interested Persons are fair and reasonable based on normal commercial terms, and will not be prejudicial to the interests of the Company and the minority Shareholders. Such determination will take into account, among other things, the nature, scope, complexity, delivery timeline and duration of the Shared Services, the costs to the EAR Group of providing the Shared Services (which shall be based on the estimated time to be spent by the relevant employees of the EAR Group and their respective remuneration), the payment and/or credit terms, and a reasonable margin by reference to what an unrelated third party service provider would typically charge for the provision and/or receipt of such services.

7.6 THE APPROVAL THRESHOLDS

In view of the prior approvals from the New Audit and Risk Committee for the Purchase Transactions, the Sale Transactions and the HP Financing quarterly as well as the prior approvals from the New Audit and Risk Committee for the discount to be applied to the Sale Transactions annually, the following approval thresholds will be applied to the Mandated Transactions:

	Value of Mandated Transaction	Relevant Authorised Person
Purchase Transactions (excluding Fleet Transactions) within the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Any value	Any two (2) Relevant Authorised Persons
Purchase Transaction (excluding Fleet Transactions) which exceeds the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Below 5% of the Group's then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the value of the Purchase Transaction or the cumulative value of the Purchase Transactions is equals to or exceeds 5% of the Group's then latest audited NTA	New Audit and Risk Committee

Page 59 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



	Value of Mandated Transaction	Relevant Authorised Person
Fleet Transaction involving the purchase of 10 or more vehicles	Less than 20% of the Group's then latest audited NTA	Any two (2) Relevant Authorised Persons
	Equals to or exceeds 20% of the Group's then latest audited NTA	New Audit and Risk Committee
Sale Transactions within the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Any value	Any two (2) Relevant Authorised Persons
Sale Transaction which exceeds the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Below 5% of the Group's then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the value of the Sale Transaction or the cumulative value of the Sale Transactions is equals to or exceeds 5% of the Group's then latest audited NTA	New Audit and Risk Committee
HP Financing within the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Any value	Any two (2) Relevant Authorised Persons
HP Financing which exceeds the quarterly budget (or revised quarterly budget) as approved by the New Audit and Risk Committee	Below 5% of the Group's then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the value of the HP Financing or the cumulative value of the HP Financing (excluding HP Financing within the quarterly budget) is equals to or exceeds 5% of the Group's then latest audited NTA	New Audit and Risk Committee

APPENDIX D – IFA LETTER



	Value of Mandated Transaction	Relevant Authorised Person
MRO Services (<i>ad hoc</i> basis)	Below 10% of the Group's then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the cumulative value of the MRO Services (excluding MRO Services rendered under contractual basis) is equals to or exceeds 10% of the Group's then latest audited NTA	New Audit and Risk Committee
MRO Services (contractual basis)	Below 5% of the Group's then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the contract value of the MRO Services or the cumulative value of the contractual MRO Services is equals to or exceeds 5% of the Group's then latest audited NTA	New Audit and Risk Committee
All other Mandated Transactions	Where the value of the transaction is below 5% of the Group's then latest audited NTA	Any two (2) Relevant Authorised Persons
	Where the value of the transaction or the cumulative value of the transaction is equals to or exceeds 5% of the Group's then latest audited NTA	New Audit and Risk Committee

“**Relevant Authorised Persons**” refers to the general manager of the respective operating subsidiaries of the Enlarged Group, the Chief Financial Officer, any senior management personnel as designated by the New Audit and Risk Committee and any member of the New Audit and Risk Committee who must not have any conflict of interests, whether direct or indirect, in relation to the Mandated Transactions.

Page 61 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



7.7 THE ROLE OF THE NEW AUDIT AND RISK COMMITTEE

We note that the New Audit and Risk Committee will:

- (a) review and approve the quarterly budget for the Purchase Transactions, Sale Transactions and HP Financing on a quarterly basis;
- (b) review and approve the discount to be applied to the Sale Transactions on an annual basis;
- (c) review and approve Mandated Transaction(s) in accordance with the approval thresholds set out in paragraph 7.6 above;
- (d) be notified of the volume and quantum of Mandated Transactions compiled and circulated by the Chief Financial Officer on a monthly basis;
- (e) review the register of interested person transactions (including the Mandated Transactions) (the "IPT Register") on a quarterly basis;
- (f) review the finding submitted by the external auditor on their review of the Mandated Transaction(s) as part of the Enlarged Group's annual audit. The external auditor will also perform additional "Test of Controls" procedures in its review of the Purchase Transactions and the Sale Transactions;
- (g) review the internal audit reports submitted by the internal auditor on their review of the Mandated Transaction(s) as well as the internal control procedures on interested person transactions (including the Mandated Transactions under the Proposed IPT General Mandate) to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with; and
- (h) if during any of the reviews by the New Audit and Risk Committee, the New Audit and Risk Committee is of the view that the guidelines and review procedures for the Mandated Transaction(s) have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Person(s) are conducted, the Company will seek a fresh general mandate from the Shareholders based on new guidelines and review procedures so that Mandated Transaction(s) will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Page 62 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>



7.8 VALIDITY PERIOD OF THE PROPOSED IPT GENERAL MANDATE

Pursuant to Rule 920(2) of the Catalist Rules, the Proposed IPT General Mandate will be effective from the date of passing of such resolution relating thereto and will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

Approval from independent Shareholders will be sought for the renewal of the Proposed IPT General Mandate at each subsequent annual general meeting, subject to the satisfactory review by the New Audit and Risk Committee of its continued application to the Mandated Transaction(s). In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, the Mandated Interested Person(s) and their Associates shall abstain from voting on resolution(s) involving themselves and the Group. Furthermore, such Mandated Interested Person(s) shall not act as proxies in relation to such resolution(s) unless voting instructions have been given by the appointing Shareholder.

7.9 ABSTENTION FROM VOTING

As at the Latest Practicable Date, none of the Mandated Interested Persons and their associates has any interest, direct or indirect, in the Company.

Nevertheless, the Mandated Interested Persons and their associates will abstain from voting at the EGM on the ordinary resolution relating to the proposed adoption of the Proposed IPT General Mandate. The Mandated Interested Persons and their associates will also decline to accept appointment as proxies for voting at the EGM in respect of the ordinary resolution relating to the proposed adoption of the Proposed IPT General Mandate unless Shareholders appointing them as proxies give specific instructions in their proxy forms as to the manner in which their votes are to be cast in respect of the ordinary resolution relating to the proposed adoption of the Proposed IPT General Mandate. The Company will disregard any votes cast by the Mandated Interested Persons and their associates on the ordinary resolution relating to the proposed adoption of the Proposed IPT General Mandate.

8. OUR OPINIONS

8.1 THE PROPOSED ACQUISITION AND THE PROPOSED WHITEWASH RESOLUTION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

Page 63 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



We set out below a summary of the key factors we have taken into our consideration of the Proposed Acquisition:

Factors supporting the “fairness” of the Proposed Acquisition

- (a) the Total Consideration of the Target Group of S\$42.3 million is within the market value of the Target Group, and represents a discount of 6.8% to the highest range of the market value of the Target Group as opined by the Independent Business Valuer;
- (b) the P/E ratios of the Target Group as implied by the Base Consideration and the Total Consideration are within the range of the corresponding ratios of the Selected Comparable Companies;
- (c) while the earnings ratios (namely the P/E ratio and the EV/EBITDA ratio) of the Target Group as implied by the Base Consideration and the Total Consideration are higher than the mean and median corresponding ratios of the Selected Comparable Companies and the P/NAV ratios of the Target Group as implied by the Base Consideration and the Total Consideration are higher than the range of the corresponding ratios of the Selected Comparable Companies, the Proposed Acquisition is still an earnings accretive and asset accretive acquisition to the Company given that the Company has no revenue generating activity and was in net liabilities position as at 31 July 2025;
- (d) the Issue Price of the Consideration Shares represents a premium to the negative liabilities per Share;
- (e) the Issue Price of the Consideration Shares is the same as the issue price of the Mr Chu’s Settlement Shares, Other Settlement Shares and SAC Capital Shares; and
- (f) the shell premium for the Company implied by the Issue Price is within the range of the implied shell premia of the Precedent RTOs and slightly above the average implied shell premium of the Precedent RTOs.

Factors against the “fairness” of the Proposed Acquisition

- (A) the Total Consideration of the Target Group of S\$42.3 million represents a premium of 5.5% to the lowest range of the market value of the Target Group as opined by the Independent Business Valuer;
- (B) the P/NAV ratios represented by the Base Consideration and the Total Consideration are higher than the range of the corresponding ratios of the Selected Comparable Companies;

Page 64 of 67

Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)

Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX D – IFA LETTER



- (C) the Target Group's gearing ratio as at the end of the latest reporting financial period was also much higher than those of the Selected Comparable Companies;
- (D) the earnings ratios (namely the P/E ratio and the EV/EBITDA ratio) of the Target Group as implied by the Base Consideration and the Total Consideration are higher than the mean and median corresponding ratios of the Selected Comparable Companies; and
- (E) the EV/EBITDA ratio of the Target Group as implied by the Total Consideration is higher than the range of EV/EBITDA ratios of the Selected Comparable Companies.

Factors supporting the "reasonableness" of the Proposed Acquisition

- (i) the Company is a "cash company" under Rule 1017 of the Catalyst Rules. Under Rule 1017(2) of the Catalyst Rules, the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. While the SGX-ST has not imposed Rule 1017(2) of the Catalyst Rules on the Company, there is no assurance that the Company will not be subject to Rule 1017(2) of the Catalyst Rules if the Proposed Acquisition does not materialise;
- (ii) the financial position of the Group and the disclaimer of opinion issued by the independent auditor of the Company on the Group's financial statements for Company FY2021, Company FY2022, Company FY2023 and Company FY2024;
- (iii) the improving financial performance of the Target Group for the period from Target FY2023 to Target FY2025 and the prospects of the Target Group;
- (iv) the financial effects of the Proposed Acquisition after SPA Completion, upon the allotment and issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares and the Conversion Shares, are positive; and
- (v) other considerations set out in paragraph 6.6 of this IFA Letter.

Factors against the "reasonableness" of the Proposed Acquisition

Please note the risk factors relating to the Target Group, the full details of which are set out in Section 18 of the Circular.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the terms of the Proposed Acquisition are, on balance, fair and reasonable, and are not prejudicial to the interests of the Company and its minority Shareholders. We

Page 65 of 67

APPENDIX D – IFA LETTER



therefore advise the Existing Directors to recommend that Shareholders should vote in favour of the Proposed Whitewash Resolution.

8.2 THE PROPOSED IPT GENERAL MANDATE

In arriving at our opinion in respect of the Proposed IPT General Mandate, we have considered, among other things, (a) the guidelines and review procedures as well as the approval thresholds set out in the Proposed IPT General Mandate; (b) quarterly prior approval from the New Audit and Risk Committee for the Purchase Transactions and annual prior approval from the New Audit and Risk Committee on the discount for the Sale Transactions; (c) the frequency of review of the IPT Register and the Mandated Transaction(s) by the Chief Financial Officer, the New Audit and Risk Committee and the internal auditor; (d) the role of the New Audit and Risk Committee in relation to the Proposed IPT General Mandate; and (e) the rationale for and benefits of the Proposed IPT General Mandate.

Having regard to the considerations set out in this IFA Letter (including quarterly prior approval from the New Audit and Risk Committee for the Purchase Transactions, annual prior approval from the New Audit and Risk Committee on the discount for the Sale Transactions, the role of the New Audit and Risk Committee, and the approval thresholds for the respective Mandated Transactions) and the information available to us as at the Latest Practicable Date, Xandar Capital is of the opinion that the guidelines and review procedures for determining the transaction prices for the Mandated Transaction(s), if adhered to, are sufficient to ensure that the Mandated Transaction(s) will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

8.3 THIS IFA LETTER

This IFA Letter, which is prepared pursuant to the Code and Rule 920(1)(b)(v) of the Catalyst Rules, is addressed to the Existing Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Acquisition, the Proposed Whitewash Resolution and the Proposed IPT General Mandate, and the recommendation made by them to the shareholders shall remain the responsibility of the Existing Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, without the prior written consent of Xandar Capital in each specific case, except for the Proposed Acquisition, the Proposed Whitewash Resolution and the Proposed IPT General Mandate at any time and in any manner.

Page 66 of 67

APPENDIX D – IFA LETTER



This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Xandar Capital confirms that it and its associates do not hold any interest in the Group and the Target Group, and our engagement is not contingent upon our opinion.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

This page has been intentionally left blank.



**INFORMATION
INSIGHTS
INTEGRITY**

A low-angle, blue-tinted photograph of several modern skyscrapers in a city skyline, likely Singapore. The buildings are glass-fronted and reflect the sky. A semi-transparent grey box is overlaid on the middle of the image, containing the title text.

Commercial Vehicle Leasing Industry in Singapore

This report was prepared for
Skylink APAC Pte Ltd

20 August 2025

SINGAPORE

HONG KONG

MALAYSIA

www.convergingknowledge.com

APPENDIX E – INDEPENDENT MARKET REPORT

DISCLAIMER

Converging Knowledge has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report represents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. We note that the opinions expressed are opinions of human sources and caution as to the subjective nature of such information.

This material should not be construed as an offer to sell or the solicitation of an offer to buy in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of Converging Knowledge. It does not take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice.

Save for liability under the Securities and Futures Act 2001 of Singapore, and as permitted under applicable law, Converging Knowledge and/or any of its affiliates and/or any persons related thereto do not accept any liability whatsoever for direct or consequential losses or damages that may arise from the use of information contained in this report. No part of this material may be (i) copied, photocopied, or duplicated in any form by any means or (ii) redistributed without Converging Knowledge prior written consent.

CONVERGING KNOWLEDGE CONTACTS

SINGAPORE (HEADQUARTERS)

Tel: +65 6225 8781/82/85

Fax: +65 6323 0132

19 Keppel Road, #07-04, Jit Poh Building
Singapore 089058

Email:

enquiries.sg@convergingknowledge.com

MALAYSIA

Tel: +603 7494 6039

Fax: +603 7493 5919

E-8-6 Megan Avenue 1, No. 189 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Email:

enquiries.my@convergingknowledge.com

HONG KONG

Tel: +852 8197 8261

Fax: +852 3118 6161

Suite A, 12/F Ritz Plaza, 122 Austin Road, TST Kowloon, Hong Kong

Email:

enquiries.hk@convergingknowledge.com

APPENDIX E – INDEPENDENT MARKET REPORT

RESEARCH SCOPE

The Client wishes to conduct an independent market research on the Commercial Vehicle Leasing Industry in Singapore. This is in preparation for a Reverse Takeover (“**RTO**”) on the Catalist Board of the Singapore Exchange (“**SGX-ST**”). The scope of research is detailed below.

1. Overview of Commercial Vehicle Leasing Industry in Singapore
 - a. An Introduction to the Commercial Vehicle Leasing Industry in Singapore
 - i. Provide an overview of the industry and highlight the appeal of this industry to investors and regulators
 - To highlight the demand for commercial vehicle leasing services in Singapore
 - Definition of terms
 - To include relevant data/statistics obtained from government and industry associations
 - b. Industry structure
 - i. Description of differing segments in the industry
 - ii. Description of the company (Client) within the industry sector
 - To highlight the segment that the Client is active within the industry based on the services they offer
2. Major Trends and Challenges that will impact the Industry
 - a. Regional and Local Trends
 - i. To provide material trends and growth drivers
 - To include in this section examples of government grants/schemes such as early turnover of old diesel vehicles
 - b. Issues and Challenges
 - i. To include barriers to entry
3. Market Size and Competitive Landscape in Singapore
 - a. Estimated Market Size
 - i. Market size specific to commercial vehicle leasing in Singapore

APPENDIX E – INDEPENDENT MARKET REPORT

- b. Level of competition in the industry
 - i. Intensity and nature of competition (to describe how the market competes)
 - ii. To identify the market positioning of the company in Singapore
 - iii. Major players in the industry – criteria include commercial vehicle fleet size, revenue, employee size, amongst others
- c. Peer Benchmarking (Competitive advantage of Client against competitors)
 - i. To identify the Client's closest competitors, how they have been shortlisted and brief profiling of each
 - ii. A table to show peer benchmarking. Peer benchmarks will be based on Client's closest competitors (between 6 to 10 players)
 - Focus will be on commercial automotive leasing companies that provide workshop services and vehicle financing
 - Other than financial comparison, benchmarks can be undertaken from a non-financial perspective to illustrate the strengths and unique features e.g. fleet size, business coverage, key customer segment
- 4. Outlook and Growth Forecast of the Commercial Vehicle Leasing Industry
 - a. Outlook of the industry
 - b. Estimated market size and growth forecast in the next 3 years (in %) in Singapore

RESEARCH APPROACH

The research will be conducted on a best-effort basis through a combination of primary and desktop (published resources) research, to address the scope of research.

Primary research involves discreet interviews tapping on the knowledge, experience and opinions of relevant companies, industry associations, technical institutions, government bodies and academic institutions.

Desktop research includes, but is not limited to, a review of the following:

- Local newspapers and news wires/agencies;
- Leading industry and trade publications;
- Websites of regulatory authority as well as relevant government agencies; and
- Websites of companies.

APPENDIX E – INDEPENDENT MARKET REPORT

CONTENT

1. OVERVIEW OF THE COMMERCIAL VEHICLE LEASING INDUSTRY IN SINGAPORE	E-7
1.1 Definition of Terms and Regulations	E-8
1.2 Industry Structure	E-11
1.2.1 Brief Description of the Client in the Industry Structure	E-13
1.3 Relevant Statistics in the Industry	E-14
2. MAJOR TRENDS AND CHALLENGES THAT WILL IMPACT THE INDUSTRY	E-20
2.1 Trends Driving the Industry	E-20
2.2 Issues and Challenges	E-23
2.3 Barriers To Entry	E-25
3. MARKET SIZE AND COMPETITIVE LANDSCAPE IN SINGAPORE	E-26
3.1 Estimated Market Size and Forecast	E-26
3.2 Level of Competition in the Industry	E-27
3.3 Peer Benchmarking	E-30
4. OUTLOOK OF THE COMMERCIAL VEHICLE LEASING INDUSTRY	E-32
4.1 Outlook of the Industry	E-32

LIST OF TABLES

Table 1: Number of New Registrations, De-Registrations, and Total Vehicle Population, 2024	E-19
Table 2: Competition Segments in the Commercial Vehicle Leasing Industry in Singapore	E-27
Table 3: Benchmarking of Industry Peers	E-30

APPENDIX E – INDEPENDENT MARKET REPORT

LIST OF FIGURES

Figure 1: Commercial Vehicle Leasing Offering One-Stop Solutions	E-13
Figure 2: GDP at Current Prices, 2020 to 2024	E-14
Figure 3: Consumer Price Index, 2020 to 2024	E-15
Figure 4: Motor Vehicle Population by Vehicle Type, 2020 to 2024	E-16
Figure 5: Motor Vehicle Population by Type of Fuel Used, 2020 to 2024	E-17
Figure 6: Goods and Other Vehicle Population by Age Distribution, 2020 to 2024	E-18
Figure 7: Monthly Prevailing Quota Premium (PQP) of COE Bidding Results for Category C, January 2020 to December 2024	E-20
Figure 8: SORA Interest Rates (%), 2020 to 2024	E-24
Figure 9: Estimated Market Size and Forecast of the Commercial Vehicle Leasing Industry in Singapore, 2024 – 2028 (SGD'millions)	E-26
Figure 10: Electric Vehicles Population, 2020 to 2024	E-33

APPENDIX E – INDEPENDENT MARKET REPORT

1. OVERVIEW OF THE COMMERCIAL VEHICLE LEASING INDUSTRY IN SINGAPORE

As a global hub for business, finance, and trade, Singapore is one of Asia's most dynamic economies, with a competitive tax system, well-developed infrastructure and efficient government that also promotes entrepreneurship and innovation. Singapore is a prime location for major logistics firms, where most of the top 25 global players have a base and regional operations. The nation is a supply chain and distribution hub for leading manufacturers in the electronics and chemicals industries. Many of the world's top consumer firms consider Singapore as the gateway to Asian markets. All these characteristics provide a good ecosystem for the growth and development of Singapore's commercial vehicle leasing industry, as it supports economic activities and the need for business logistics and transportation.

Singapore, being an island-nation, has limited land space. In order to control the growth of the local vehicle population, the Singapore government has established a vehicle quota system, which makes it one of the most expensive countries to own a vehicle. Therefore, businesses that require land transport would often opt to lease, rather than buy, as a cost-effective alternative. Commercial vehicle leasing in Singapore is a common practice for businesses seeking to manage costs, maintain operational flexibility, and avoid the long-term commitments and capital expenditure associated with outright purchase. Businesses can lease short-term (e.g. 6 months) or long-term (e.g. 12 to 60 months) for commercial vehicles, depending on their needs. Fixed monthly lease payments also help businesses manage their budgets, and additional costs such as insurance, road tax, maintenance and repairs are already covered by the leasing contracts. Moreover, after the leasing contract expires, businesses can change or upgrade their commercial vehicles, which provides flexibility for businesses in dealing with fluctuating demands. Nevertheless, businesses can also choose to purchase commercial vehicles in Singapore, and given the high costs of vehicle ownership, businesses often choose to finance the purchase through hire purchase financing.

There is a variety of options for businesses looking to lease commercial vehicles. They can lease either new (less than a year old) or pre-owned (used) vehicles. There are also various types of commercial vehicles to choose from, such as vans, lorries, small- to heavy-duty trucks as well as buses. Light commercial vehicles are popular because of Singapore's dense urban environment, making it a more practical choice to transport goods and people. Environmentally conscious customers can also opt for hybrid or electric vehicles of different models.

The commercial vehicle leasing industry in Singapore comprises a mix of large established companies and small operators. Some large established players that specialise in commercial vehicle leasing can own a fleet of more than 1,000 fleet of commercial vehicles in Singapore. Smaller-scale operators are those that offer a few commercial vehicles for lease, mostly light commercial vehicles. Commercial vehicle leasing companies also work closely and in tandem with automotive distributors and other leasing firms, to support various industries and businesses which need these vehicles. To stand out from the competition, commercial vehicle leasing companies offer "one-stop solutions" to their customers. One-stop solution providers offer end-to-end mobility solutions to customers. Apart from leasing (new and pre-owned) vehicles, they must also have a fleet of commercial vehicles to cater to customer's different business needs, as well as offer a suite of services ranging from financing, insurance, maintenance, customisation and other vehicle support services.

This research will focus on the commercial vehicle leasing industry with one-stop solutions offerings.

APPENDIX E – INDEPENDENT MARKET REPORT

1.1 Definition of Terms and Regulations

This section aims to introduce the terminologies and regulations commonly applicable to the commercial vehicle leasing industry in Singapore.

COMMERCIAL VEHICLES

These are vehicles used for business or commercial purposes, such as the transport of heavy equipment and machinery, delivery of goods or the transport of passengers. In Singapore there are four (4) main types of goods vehicles, as follows¹:

- Light Goods Vehicles (“LGVs”) are vehicles with maximum laden weight (“MLW”) of up to 3,500kg.
- Heavy Goods Vehicles (“HGVs”) are vehicles with MLW from 3,501 kg to 16,000kg.
- Very Heavy Goods Vehicles (“VHGVs”) are vehicles with MLW of more than 16,000kg.
- Goods-cum-Passenger Vehicles (“GPVs”) are vehicles with MLW of up to 5,000kg. GPVs are meant to transport both goods and passengers.

Commercial vehicles in Singapore are also broadly classified into either Light Commercial Vehicles (“LCVs”) or Heavy Commercial Vehicles (“HCVs”). The LCVs include LGVs, GPVs, and small buses, with maximum laden weight not exceeding 3,500kg; while HCVs include HGVs, VHGVs, GPVs and buses, with maximum laden weight exceeding 3,500kg.² All registered goods vehicles have a lifespan of 20 years, at the end of which they must be deregistered.³

ENGINE-TYPE

There are different commercial vehicle engines available in Singapore:

- *Internal Combustion Engine (“ICE”)* – these are petrol/gasoline and diesel vehicles. Combustion emits carbon dioxide, which is considered harmful to the environment.
- *Hybrid and Electric Vehicles (“EVs”)* – Hybrids use ICE and another source of energy (e.g. electric motor), to power the engine, while EVs rely purely on electric power.

AUTHORISED DISTRIBUTOR VS. AUTHORISED DEALER

An authorised distributor works directly with the vehicle manufacturers, and has exclusive rights to distribute vehicles to the dealers, retailers, or directly to the customer; while authorised dealers purchase inventory from a distributor, and then sell it directly to the consumer.

¹ 24 March 2025, Land Transport Authority, One Monitoring, Commercial Vehicles, <https://onemotoring.lta.gov.sg/content/onemotoring/home/driving/commercial-vehicles.html>, Retrieved 26 March 2025

² 28 March 2025, Land Transport Authority, One Monitoring, Early Turnover Scheme, <https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/vehicle-types-and-registrations/commercial-vehicle/early-turnover.html>, Retrieved 7 April 2025

³ 28 March 2025, Land Transport Authority, One Motoring, Goods Vehicle and Engineering Plant, <https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/vehicle-types-and-registrations/commercial-vehicle/goods-vehicle-and-engineering-plant.html>, Retrieved 26 March 2025

APPENDIX E – INDEPENDENT MARKET REPORT

GOVERNMENT REGULATIONS AND INCENTIVES

In Singapore, the commercial vehicle leasing industry must abide by the regulations set by the Land Transport Authority (“LTA”). We highlight some of the important regulations set forth by the LTA.

Certificate of Entitlement (“COE”)⁴

All vehicles in Singapore require a Certificate of Entitlement (“COE”). To register a vehicle, one must first place a bid for a COE in the corresponding vehicle category. A successful COE bid gives the owner the right to own a vehicle that can be used in Singapore roads for 10 years. The COE prices fluctuate based on demand and supply, significantly influencing the overall cost of vehicle ownership. The supply of COEs is determined mainly by the number of vehicles deregistered. Potential vehicle owners in Singapore are required by the LTA to first obtain a COE before purchasing a new vehicle. COE bidding takes place twice a month. Meanwhile, the vehicle quota system (“VQS”), caps the number of new vehicles that can be registered in Singapore, which helps control the vehicle population given the country’s limited road space. There VQS classifies vehicles into five (5) COE categories and the two (2) COE categories applicable for commercial vehicles are⁵:

- *Category C*: Goods vehicle and bus
- *Category E*: Open category for all vehicles, except motorcycles

The transfer of COEs in Categories C and E can be undertaken only once if one bids for them as an individual. However, if the bid is undertaken by a company, business or organisation, the COEs cannot be transferred.

For commercial vehicles in Category C, the COE can be renewed every five (5) or 10 years, following its initial purchase where the COE is valid for 10 years. Usually, commercial vehicle owners would renew their COE close to the end of the 10-year period to minimise depreciation and renewal fee costs. Thereafter, they can decide to renew their COE for another five (5) or 10 years, until the commercial vehicle reaches its statutory lifespan of 20 years. The vehicle owner can no longer renew the COE after 20 years, and the commercial vehicle must be deregistered. If the vehicle’s COE was registered using Category E, the owner must renew its COE under the vehicle’s corresponding category, namely, Category A, Category B, or Category C. For example, a bus whose COE was previously bid under Category E, its COE renewal must be made under Category C.⁶

⁴ 24 December 2024, Land Transport Authority, One Motoring, https://onemotoring.lta.gov.sg/onemotoring/1m_maintenance/1M-maintenance.html#_COE_Vehicle_Categories

⁵ 24 December 2024, Land Transport Authority, One Motoring, https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/upfront-vehicle-costs/certificate-of-entitlement--coe-.html#_COE_Vehicle_Categories, Retrieved 14 April 2025

⁶ 7 February 2025, Land Transport Authority, One Motoring, Certificate of Entitlement (COE) Renewal, <https://onemotoring.lta.gov.sg/content/onemotoring/home/owning/coe-renewal.html>, Retrieved 28 March 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Prevailing Quota Premium

At the end of the COE period, the commercial vehicle owner can choose to renew the COE for another five (5) years, by paying the Prevailing Quota Premium (“PQP”) for their vehicle category. The PQP is the moving average of COE prices over the last three months.⁷

Early Turnover Scheme (“ETS”)⁸

The ETS encourages vehicle owners to replace their older, more pollutive diesel commercial vehicles (including buses) with cleaner-energy new vehicles. Instead of bidding for a new COE, vehicle owners can enjoy a discounted PQP for their replacement vehicle. Any COE rebate from an older vehicle will be transferred to the COE value of the replacement vehicle. To replace the vehicle under ETS, the owner must first deregister the existing vehicle and then register the replacement vehicle within a month.

The ETS for LCVs have ceased after 31 March 2025, while the ETS for HCVs has been extended till 31 December 2025. Existing Euro II, III and IV⁹ Category C diesel HCVs are eligible for the ETS incentive if the existing and replacement vehicles meet the eligibility criteria. The incentives will be based on the type of the existing vehicle and replacement vehicle registered under the ETS. Replacement vehicles without tailpipe emissions will enjoy the highest incentives. From 1 January 2026 to 31 December 2028, owners who register a zero-tailpipe emissions HGV, GPV or bus with MLW of more than 3,500kg will be eligible for a SGD40,000 incentive under the Heavy Vehicle Zero Emissions Scheme (“HVZES”)¹⁰.

Commercial Vehicle Emissions Scheme (“CVES”)¹¹

CVES is an emission incentive or surcharge applied to registered LGVs. Under the CVES, vehicles are classified into Bands A, B, or C based on their worst-performing pollutant among the following: carbon dioxide (CO₂), hydrocarbons (HC), carbon monoxide (CO), nitrogen oxides (NO_x), and particulate matter (PM) emissions. LGVs (maximum laden weight of not more than 3.5 metric tonnes) and registered from 1 April 2025 to 31 March 2027, may qualify for CVES incentives based on their emissions, regardless of whether they are replacement vehicles under ETS. LGVs under Band A, with CO₂ emission of 125g/km, but no emission for all other pollutants, i.e. HC, CO and NO_x (0g/km) and PM (0mg/km), is entitled to more than SGD15,000 incentive.

⁷ 7 February 2025, Land Transport Authority, One Motoring, Certificate of Entitlement (COE) Renewal, <https://onemotoring.lta.gov.sg/content/onemotoring/home/owning/coe-renewal.html>, Retrieved 28 March 2025

⁸ 28 March 2025, Land Transport Authority, One Motoring, Early Turnover, <https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/vehicle-types-and-registrations/commercial-vehicle/early-turnover.html>, Retrieved 28 March 2025

⁹ Limits of Diesel Engines are: Euro II (set at 1.0 g/km for CO, 0.7 g/km for HC+NO_x, and 0.08 g/km for PM); Euro III (limits of 0.64 g/km for CO, 0.56 g/km for a combination of HC+NO_x, 0.50 g/km for NO_x alone, and 0.05 g/km for PM) and Euro IV (0.50 g/km for CO, 0.30 g/km for a combination of HC and NO_x, 0.25 g/km for NO_x alone, and 0.025 g/km for PM)

¹⁰ 17 March 2025, Land Transport Authority, Transitioning to EVs, https://www.lta.gov.sg/content/ltagov/en/industry_innovations/technologies/electric_vehicles/transitioning_to_evs.html; https://www.lta.gov.sg/content/ltagov/en/newsroom/2025/3/news-releases/Strengthening_Singapore_EV_ecosystem.html; Retrieved 3 April 2025

¹¹ 28 March 2025, Land Transport Authority, One Motoring, Early Turnover, <https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/vehicle-types-and-registrations/commercial-vehicle/early-turnover.html>; <https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/upfront-vehicle-costs/tax-structure.html>; Retrieved 2 April 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Additional Flat Component Road Tax (“AFC”)¹²

As announced at the Budget 2025, the Singapore Government will introduce the AFC for electric HGVs, including Prime Movers (heavy-duty trucks). If the HGV is registered before 1 January 2026, the AFC is waived for three (3) years from 1 January 2026 to 31 December 2028. The full AFC amount will apply from 1 January 2029¹³.

1.2 Industry Structure

While there are several hundreds of companies offering commercial vehicle leasing in Singapore, fewer companies specialise only in commercial vehicle leasing. These specialist companies tend to have a significant number of ready-fleet of commercial vehicles available in various makes and models, and a range of end-to-end vehicle-related services and offerings, also known as “one-stop solutions”. We highlight some of these characteristics below.

- **Commercial Vehicle Fleet.** Having an extensive range and size of commercial vehicle fleet provides a competitive advantage, in offering a wider range and options of vehicles of various makes (e.g. light to heavy-duty trucks, vans and buses, as well as EVs) and models, that are readily available for their customers. However, not many companies are able to stock such a large inventory due to high capital investment. Commercial vehicle leasing companies with a large fleet will require a sizable number of customers to maximise their existing fleet inventory to remain profitable and productive. Furthermore, in managing their operations, they would also need to have a large infrastructure (e.g. parking space, vacant lot) to house their extensive fleet and cater for expansion, which can be expensive and challenging due to Singapore’s limited land space.
- **Leasing Services.** Commercial vehicle leasing companies offer businesses the flexibility of leasing a commercial vehicle for a fixed period of time (e.g. 12 to 60 months) at an agreed mileage, with an upfront one-month deposit and fixed monthly payments thereafter. The leasing company usually manages the maintenance, servicing and registration of the vehicle. Leasing can be short term (e.g. daily, weekly or monthly) and is ideal for small-to-medium enterprises (“SMEs”) that have seasonal business demand, while lower rates usually apply for long-term leases due to the long-term commitment.
- **Financing.** Purchasing a commercial vehicle is expensive for businesses in Singapore. Commercial vehicle leasing companies assist by offering finance through loans with flexible terms to suit their clients’ budgets. An example is Hire Purchase Financing, whereby the borrower will pay for the commercial vehicle in instalments plus interest, and the legal ownership of the vehicle is transferred once all payments are made. COE Loans is another common financing availed for businesses looking to renew the COEs on their commercial vehicles.

¹² 1 April 2025, Land Transport Authority, One Motoring, Vehicle Tax Structure, <https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/upfront-vehicle-costs/tax-structure.html>; Retrieved 2 April 2025

¹³ The corresponding AFCs applicable for each type of commercial vehicle can be viewed in LTA’s One Motoring website: <https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/upfront-vehicle-costs/tax-structure.html>

APPENDIX E – INDEPENDENT MARKET REPORT

- **Insurance.** Motor insurance helps to protect commercial vehicle owners/businesses from financial liabilities/expenses that can occur if and when their vehicles are damaged, stolen, been involved in accidents, or have incurred third party liability (e.g. damage or injury to others). As a service to their customers, this insurance can be arranged by the commercial vehicle leasing companies (in partnership with insurance firms) as part of the leasing agreement and factored into the monthly leasing payments.
- **Maintenance Services.** Regular maintenance, repair and overhaul (“MRO”) of commercial vehicles is important to ensure that commercial vehicles are in optimal condition, to assure safety, and to comply with regulatory requirements. The frequency of vehicle periodic inspection depends on the type and age of the commercial vehicle. For goods vehicles up to 10 years old, the periodic inspection is on an annual basis. Thereafter, goods vehicles that are more than 10 years old are subject to periodic inspection every six (6) months¹⁴. Therefore, it is essential that commercial vehicle leasing players have in-house MRO capabilities to ensure that their fleet complies with LTA’s regulations as well as to provide MRO service to their customers. Meanwhile, as part of MRO, some commercial vehicle leasing companies offer value-added services, such as:
 - *Customisation and Retrofit services* such as installation of lorry canopy, additional seat installation, and other custom transport solutions.
 - *Fleet management service* to ensure that the fleet of vehicles is well maintained (e.g. monitoring driver usage, vehicle tracking, fuel management, predictive maintenance etc.)
- **Other Support Services.** These are additional services offered by commercial vehicle leasing companies in Singapore, amongst which, the most common are 24/7-hour support (hotline for roadside assistance), towing and replacement of vehicles (due to vehicle breakdown) and administrative support (e.g. vehicle registration, COE renewals).

¹⁴ 4 February 2025, Land Transport Authority, One Monitoring, Inspection, <https://onemotoring.lta.gov.sg/content/onemotoring/home/owning/ongoing-car-costs/inspection.html>, Retrieved 14 April 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Figure 1: Commercial Vehicle Leasing Offering One-Stop Solutions



Source: Converging Knowledge

1.2.1 Brief Description of the Client in the Industry Structure

Founded in 2017, the Client is a one-stop commercial vehicle specialist, focused on delivering differentiated value and quality customer service through its commercial vehicle leasing, related vehicle credit and vehicle financing solutions and MRO services and engineering solutions. The Target Group has the following three (3) business segments:

- **Commercial Vehicle Leasing Business.** Under the commercial vehicle leasing business, the Client provides commercial vehicle leasing solutions to customers and leases a wide range of commercial vehicles to customers to cater to their mobility, transportation and logistics needs.
- **Credit Business.** Under the Credit Business, the Client offers vehicle financing solutions to customers for all types of vehicles through the provision of hire purchase loans to customers who wish to purchase or refinance their own vehicles.
- **Engineering Business.** Under the Engineering Business, the Client provides a wide range of MRO and engineering solutions, including design customisation and modification of the upper structures of commercial vehicles, so that customers can maximise the value from having commercial vehicles customised for their specific purposes.

APPENDIX E – INDEPENDENT MARKET REPORT

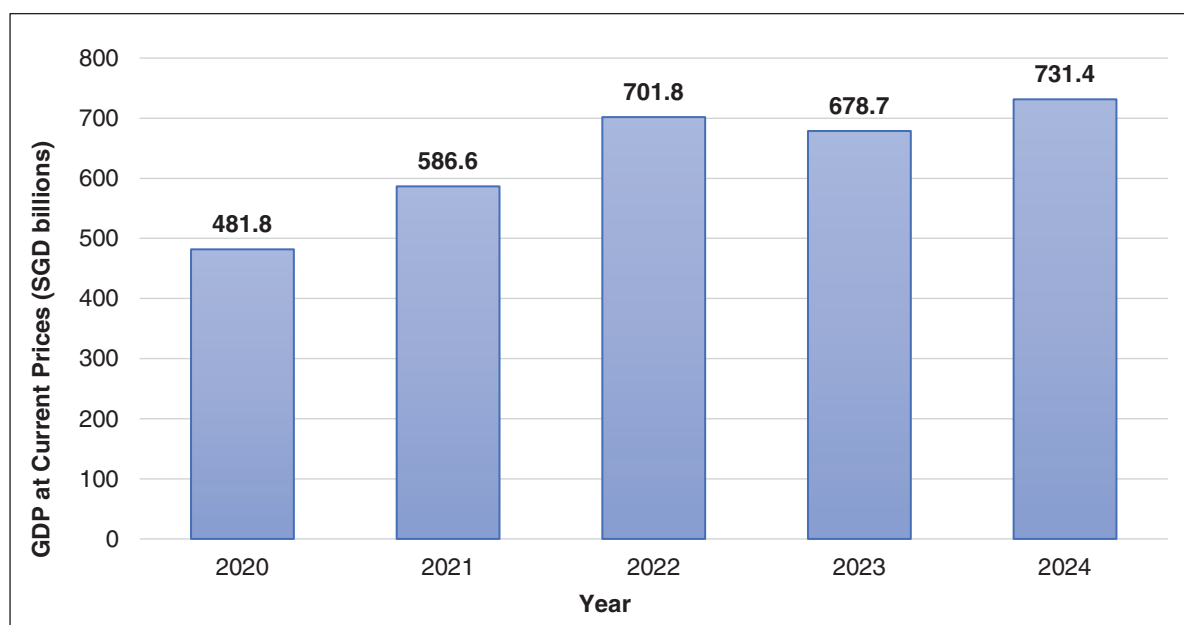
The three (3) business segments of Commercial Vehicle Leasing Business, Credit Business and Engineering Business form an ecosystem whereby the different businesses are complementary and synergistic.

1.3 Relevant Statistics in the Industry

Singapore's Growing Economy

Singapore's GDP has undergone significant growth over the past five years. The nominal GDP, at current prices, grew from SGD481.8 billion in 2020 to SGD731.4 billion in 2024. Despite the slight dip in 2023, which was affected by the decline of the manufacturing sector¹⁵, Singapore recorded an even higher GDP in 2024. It was also highlighted that transportation was one of the sectors that made up the most of Singapore's GDP in 2023.¹⁶ The GDP growth translates to higher consumer demand and increased business activities, including for SMEs. This situation would encourage SMEs that rely on transportation, such as those in logistics, construction, and retail, to increase their spending in areas like fleet renewal to expand operations and improve efficiency, thereby boosting demand for LCV in Singapore.

Figure 2: GDP at Current Prices, 2020 to 2024



Source: Compiled by Converging Knowledge based on data from the Singapore Department of Statistics¹⁷

¹⁵ Ministry of Trade & Industry, Economic Survey of Singapore 2023 – https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2023/Economic-Survey-of-Singapore-2023/FullReport_AES2023.pdf Retrieved 9 April 2025

¹⁶ Ministry of Trade & Industry, Economic Survey of Singapore 2023 – https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2023/Economic-Survey-of-Singapore-2023/FullReport_AES2023.pdf Retrieved 9 April 2025

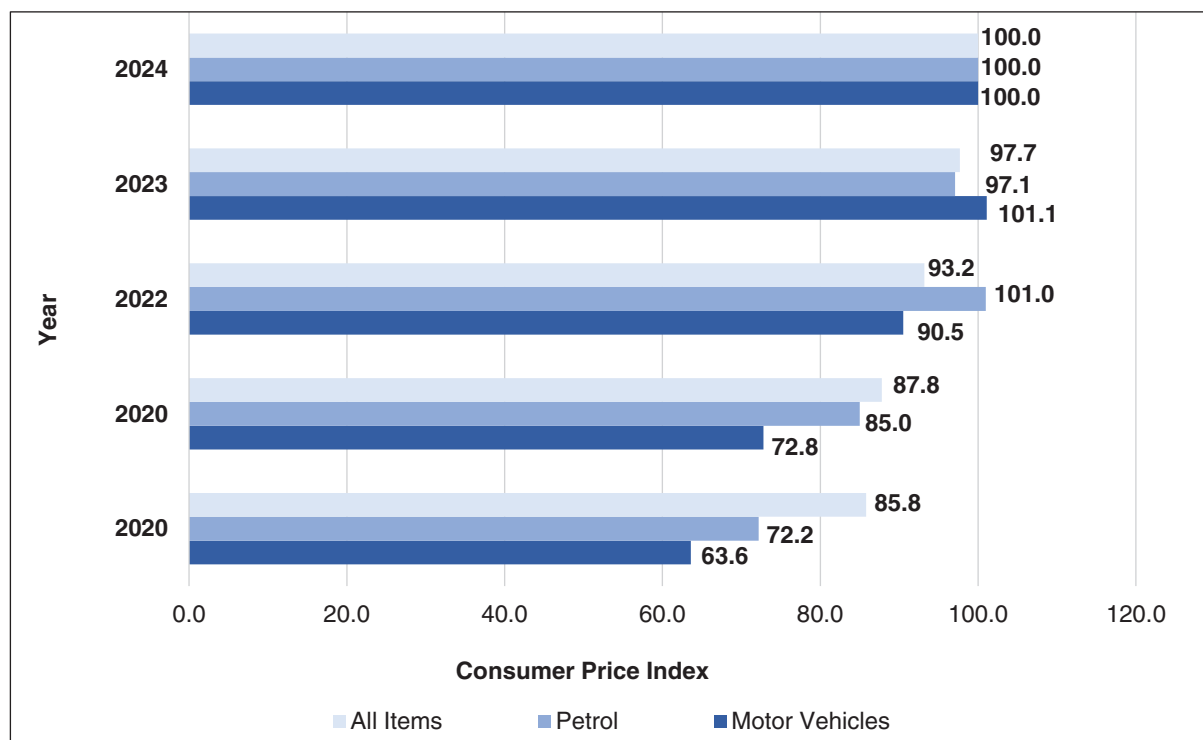
¹⁷ 14 February 2025, Singapore Department of Statistics, Gross Domestic Product At Current Prices, By Industry (SSIC 2020) – <https://tablebuilder.singstat.gov.sg/table/Ts/M015731> Retrieved 4 April 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Navigating Price Trends

In Singapore, the Consumer Price Index (“CPI”) on motor vehicles in the last five years (2020 to 2024) has been rising, which makes it expensive to buy commercial vehicles for leasing companies looking to expand their fleet. Meanwhile, the CPI on petrol has also been fluctuating, as shown in the figure below. Petrol is often one of the large expense items for fleet operators. The price increase on motor vehicles and the fluctuating price of oil has a ripple effect on commercial vehicle leasing. Due to market uncertainties, many businesses may opt to lease on shorter terms instead of longer terms.

Figure 3: Consumer Price Index, 2020 to 2024



Note:

- 2024 as the base year

Source: Compiled by Converging Knowledge based on data from the Singapore Department of Statistics¹⁸

¹⁸ 24 February 2025, Singapore Department of Statistics, Consumer Price Index (CPI), 2024 As Base Year – <https://tablebuilder.singstat.gov.sg/table/TS/M213801> Retrieved 9 April 2025

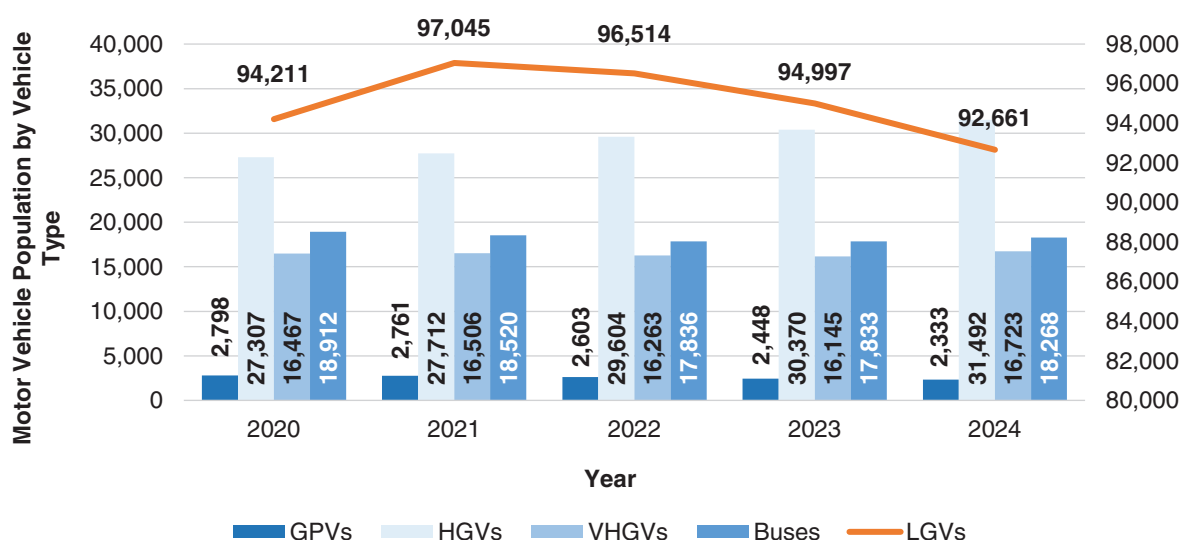
APPENDIX E – INDEPENDENT MARKET REPORT

Evolving Vehicle Needs

The total number of GPVs in Singapore declined from a total of 2,798 in 2020 to 2,333 in 2024, representing a 4.4% CAGR decrease. This decline suggests that these types of vehicles might be phased out in favour of more specialised vehicles, such as HGVs, which are shown to have a steady growth over the last five years. HGVs experienced a 3.6% CAGR increase, from 27,307 in 2020 to 31,492 in 2024. This trend signals a strong demand in the construction and logistics industry and is likely to continue expanding as more government and urban development projects are being launched in Singapore. Due to effective management of the COVID-19 pandemic, Singapore remains attractive as a prime location for major logistics firms, and as a supply chain and distribution hub for leading manufacturers in the electronics and chemicals industries, further driving demand for logistics-related support services.

As shown in the figure below, the total number of LGVs increased from 94,211 in 2020 to 97,045 in 2021, and declined to 92,661 in 2024. This growth reflects the sudden e-commerce boom that occurred during the COVID-19 pandemic, as a significant number of consumers turned to online shopping, and moderated as restrictions lifted. The sudden e-commerce boom required businesses to increase delivery capabilities in order to support fulfilment. Meanwhile, the number of VHGVs and buses fluctuated from 2020 to 2024. The number of VHGVs fluctuated as this type of vehicle is used in projects that are niche, large-scale, and in heavy industries. The fluctuations also might reflect the timing of major projects cycle, rather than lack of demand. The total number of buses is influenced by public sector upgrades. Despite the inconsistent trend, each wave of renewal is beneficial for vehicle manufacturers and maintenance providers.

Figure 4: Motor Vehicle Population by Vehicle Type, 2020 to 2024



Note: The data does not include tax-exempt vehicles.

Source: Compiled by Converging Knowledge based on data from LTA¹⁹

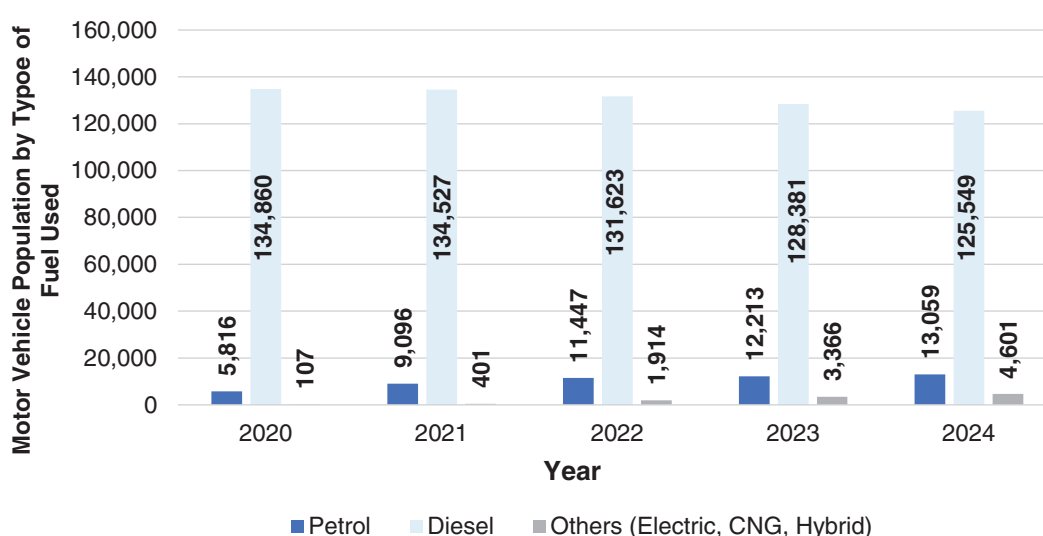
¹⁹ Annual Vehicle Statistics 2024, MOTOR VEHICLE POPULATION BY VEHICLE TYPE – https://www.lta.gov.sg/content/dam/ltgov/who_we_are/statistics_and_publications/statistics/pdf/MVP01-1_MVP_by_type.pdf Retrieved 7 April 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Majority of Commercial Vehicles Run on Diesel

While diesel continues to dominate the commercial vehicle market in Singapore, the number of vehicles using diesel declined from 134,860 in 2020 to 125,549 in 2024, representing a 1.8% CAGR decrease. This declining trend could be attributed to ETS, whereby the Singapore government encourages vehicle owners to replace their older, more pollutive diesel commercial vehicles with cleaner-energy vehicles. Meanwhile, the number of vehicles that use petrol has been increasing from 5,816 in 2020 to 13,509 in 2024, reflecting a 22.4% CAGR growth. Petrol vehicles are seen as less polluting than diesel as they emit lower levels of nitrogen oxide and particulate matter.

Figure 5: Motor Vehicle Population by Type of Fuel Used, 2020 to 2024



Note:

- The chart is only for the Goods and Other Vehicles, which include GPVs, LGVs, HGVs, and VHGVs.

Source: Compiled by Converging Knowledge based on data from LTA²⁰

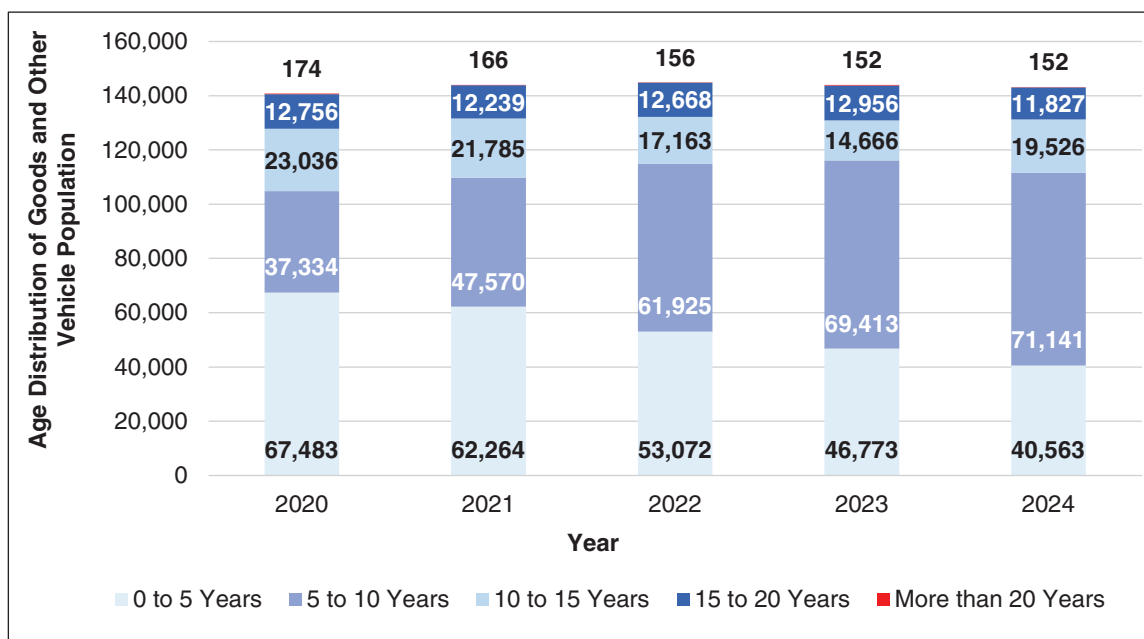
Ageing Vehicle Population

The total number of vehicles aged between zero and five years old has been steadily declining from 67,483 in 2020 to 40,563 in 2024, representing a CAGR decrease of 11.9%. Meanwhile, the population of vehicles aged five to ten years old increased from 37,334 in 2020 to 71,141 in 2024, representing a 17.5% CAGR. As vehicles age, there will be a higher demand for leasing and fleet management services as an attractive option for flexible ownership instead of buying new vehicles. In addition, the demand for MRO services will be positively impacted as more consumers seek to extend the longevity of their vehicles. Commercial vehicle leasing companies that offers such products and services will benefit from the demand in the market.

²⁰ Annual Vehicle Statistics 2024, MOTOR VEHICLE POPULATION BY VEHICLE TYPE – https://www.lta.gov.sg/content/dam/ltagov/who_we_are/statistics_and_publications/statistics/pdf/MVP01-4_MVP_by_fuel.pdf Retrieved 7 April 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Figure 6: Goods and Other Vehicle Population by Age Distribution, 2020 to 2024



Note:

- Goods and Other Vehicles include GPVs, LGVs, HGVs, and VHGVs.

Source: Compiled by Converging Knowledge based on data from LTA²¹

In general, the number of new registration of goods and other vehicles (6,382) was lower than the total number at de-registration (7,133) in 2024. As shown in the table below, the de-registration of LGVs almost doubled the new registered LGVs. This number can be seen as significant as LGVs made up about 64.7% of the whole goods and other vehicles population in 2024. This trend suggests that businesses may be cutting down, discarding older or less efficient cars in response to cost constraints, tighter rules, or increased COE costs. In such circumstances, leasing companies can still benefit by providing reconditioned or revalidated cars, allowing businesses to maintain operating capacity without incurring the cost of purchasing new vehicles. In addition, the total number of de-registrations exceeding the total number of new registrations could also reflect the trend of consumers opting for a more sustainable business model while retiring older vehicles.

²¹ Annual Vehicle Statistics 2024, AGE DISTRIBUTION OF GOODS AND OTHER VEHICLE POPULATION – https://www.lta.gov.sg/content/dam/ltgov/who_we_are/statistics_and_publications/statistics/pdf/MVP01-3-3_GVS_by_age.pdf, Retrieved 7 April 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Table 1: Number of New Registrations, De-Registrations, and Total Vehicle Population, 2024

	New Registrations	De-Registrations	Total Population
GPVs	71	186	2,333
LGVs	2,535	4,871	92,661
HGVs	2,410	1,288	31,492
VHGVs	1,366	788	16,723
Total (Goods and Other Vehicles)	6,382	7,133	143,209

*Note that the total population does not include tax-exempted vehicles

Source: Compiled by Converging Knowledge based on data from LTA²²

Fluctuating PQP Prices

Owning a commercial vehicle in Singapore is expensive because of high maintenance costs, taxes and COEs. Fluctuations of PQP prices, which is the amount paid to renew a COE, can have a significant impact on customer's purchasing decisions. In the last five (5) years (August 2020 to August 2025), PQP prices for the goods, vehicles and buses category recorded the highest point at SGD83,969 in April 2023, as shown in the figure below. Higher PQP prices can cause the purchase of new commercial vehicles to be very expensive, especially for start-up businesses and SMEs with limited capital. Thus, to avoid high upfront costs and PQPs, businesses are likely to prefer to lease vehicles. However, PQP prices are on a downward trend since February 2025, where the August 2025 PQP price stood at SGD64,678. This bodes well for leasing companies that are looking to upgrade their existing commercial vehicle fleet.

²² Annual Vehicle Statistics 2024, CUMULATIVE NEW REGISTRATION, DEREGISTRATION AND TOTAL VEHICLE POPULATION – https://www.lta.gov.sg/content/dam/ltagov/who_we_are/statistics_and_publications/statistics/pdf/MVP01-1_MVP_by_type.pdf

APPENDIX E – INDEPENDENT MARKET REPORT

Figure 7: Monthly Prevailing Quota Premium (PQP) of COE Bidding Results for Category C, August 2020 to August 2025 (5 Years)



Notes:

- PQP for existing vehicles is a moving average of the Quota Premium (“QP”) in the latest 3 months in which bidding exercises were conducted and varies monthly depending on the QP from those bidding exercises.
- Category C includes goods vehicles and buses.

Source: Compiled by Converging Knowledge based on data from LTA²³

2. MAJOR TRENDS AND CHALLENGES THAT WILL IMPACT THE INDUSTRY

2.1 Trends Driving the Industry

This section highlights key regional and local trends that would drive demand for the commercial vehicle leasing industry in Singapore.

The Growth of E-Commerce Driving Demand for Commercial Vehicles

The e-Commerce boom during the COVID-19 pandemic drove demand for more logistics services, boosting the demand for the commercial vehicle leasing industry. The lockdown measures during the ‘Circuit Breaker’ increased the popularity of online shopping, as Singaporeans ordered many items ranging from food, medicine, and daily necessities. As a result, e-commerce services grew by around 70% in 2024. Businesses that were unable to provide delivery services lost out. Therefore, e-Commerce led to a surge in Commercial Vehicle Leasing, especially LCVs, such as vehicles were used for courier and food delivery services. Following COVID-19, the trend has continued in line with the growth in e-Commerce, as people have grown accustomed to the convenience. This trend bodes well for the future growth of the commercial vehicle leasing industry.

²³ Annual Vehicle Statistics, COE BIDDING RESULTS 2024 and 2025 – https://www.lta.gov.sg/content/dam/ltagov/who_we_are/statistics_and_publications/statistics/pdf/M11-COE_Results_2020_2024.pdf; https://www.lta.gov.sg/content/dam/ltagov/who_we_are/statistics_and_publications/statistics/pdf/M11-COE_Results_2025.pdf; Retrieved 13 August 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Increased M&A and Strategic Partnerships Among Vehicle Leasing Companies

Vehicle leasing companies are undertaking merger and acquisition (“M&A”) activities or forming strategic partnerships to achieve economies of scale and position themselves in a highly competitive market. It is expected that these trends will continue in the commercial vehicle leasing industry due to rapidly changing business models, digital technologies, and vehicle electrification. In Singapore, examples include Pan Pacific Van & Truck Leasing Pte Ltd’s takeover of vehicle leasing firm, EVCo (also known as Strides DST), which includes its fleet of light commercial EVs and leasing business; vehicle leasing company Goldbell Group’s (“Goldbell”) acquisition of electric car-sharing player BlueSG; and Skylink Vehicle Rental’s acquisition of commercial vehicle fleet from other firms.

Digital Technologies Shaping the Future of Commercial Vehicles

Digital transformation is a key trend that is being adopted in the commercial vehicle leasing industry. These technological tools include fleet management technology (e.g. sensors to check driver behaviours, vehicle wear and tear, and GPS tracking), smart technologies (e.g. digital truck keys, biometrics, and voice control), and artificial intelligence (“AI”) (e.g. optimising route and cargo loads, and enabling autonomous driving), to name a few. The use of these technologies allows automotive dealers to manage their commercial vehicle fleet more efficiently, as well as offer value-added services to their customers who would find such technologies useful. Commercial vehicle leasing companies that are able to offer such services will have a better competitive advantage compared to other automotive dealers that are not able to do so.

Government Push for More Environment-Friendly Vehicles

Governments in various countries are pushing the agenda for decarbonisation and have been establishing regulations to promote the use of environment-friendly vehicles. Singapore is no exception.

In line with the Singapore Green Plan 2030 announced on 10 February 2021, Singapore businesses have been encouraged to meet and abide by sustainability targets for 2030, with a view to achieving net-zero emissions by 2050. Mandatory climate reporting for Scope 1, 2, and 3²⁴ emissions has been phased in from 2025, with different requirements for Singapore companies according to size of operations, and whether they are publicly listed. As such, fleet owners will also need to invest in training to equip staff with the necessary skills and experience to harness new technologies, handle the shift towards decarbonisation, support customers in complying with the regulatory guidelines, and manage electric commercial vehicles that are increasingly equipped with advanced software.

²⁴ Scope 1, 2, and 3 emissions categorise where a company’s emissions originate. Scope 1 covers an entity’s direct emissions; Scope 2 covers indirect emissions from electricity used to power a company’s operations; Scope 3 are also indirect emissions from the company’s supply chains.

APPENDIX E – INDEPENDENT MARKET REPORT

To continue encouraging the adoption of cleaner commercial vehicles, Singapore's LTA has provided incentives such as CVES and ETS to businesses. CVES was introduced in April 2021 to encourage the adoption of cleaner LCVs and will be extended until 31 March 2027. The incentive for LCVs in Band A (electric vehicles) will remain at SGD15,000, while incentive for Band B (mainly petrol vehicles) will be removed. The surcharge for Band C (mainly diesel vehicles), will be raised from the current SGD15,000 to SGD20,000, effective 1 April 2025 until 31 March 2027. These changes are in line with the Government's vision to have all vehicles run on cleaner energy by 2040. In addition to CVES, the ETS for HCVs had been extended till 31 December 2025.²⁵

Both factors above point towards heavier capital investment for fleet renewal, particularly for the commercial vehicle leasing industry, and companies in Singapore that own large commercial fleet.

The Use of Social Media and Online Platforms by Vehicle Leasing Players

Advertising via social media (e.g. Facebook, Instagram, and TikTok) and online platforms (e.g. SGCarMart, and Carousell) has revolutionised the way businesses are able to reach out to potential customers. The trend of "shopping online" and providing feedback on products and services is a norm, especially in Singapore, with its tech-savvy and digitally connected population. Many commercial vehicle leasing companies in Singapore go online to showcase their products and services, and those commercial vehicle leasing operators that go online also include established commercial vehicle leasing companies that already have a dedicated corporate website. By using social media as a marketing tool, they can reach out to more potential customers, especially if they have received good feedback from existing clients. Alternatively, online platforms offer commercial vehicle leasing players a cost-efficient way of promoting their commercial vehicles, leasing services and other offerings, on a larger scale as compared to a traditional shop space. This trend is expected to continue to benefit the commercial vehicle leasing industry in future.

More EVs from China Entering Singapore's Market

China brands are becoming increasingly common in the Singapore commercial vehicles market. EV commercial vehicle brands such as SRM, Maxus, Golden Dragon, KYC and Sany have entered the market recently. Singapore automotive dealer Hong Seh EVolution (under Hong Seh Group) was named as an authorised distributor for a fully electric lorry (SRM T3EV) produced by ShineRay Motors from China. Chinese vehicle manufacturer, SAIC Motor Co. Ltd, producer of Maxus brand, also launched its T90 pickup truck in Singapore, making it the first fully-electric pickup to be sold by Cycle & Carriage. Cycle & Carriage, the authorised distributor and dealer for Maxus in Singapore, has also launched another Maxus model, the Mifa multi-purpose vehicle, which is a fully-electric LCV. This trend could introduce more China EV brands into the commercial vehicle leasing industry in the future.

²⁵ Land Transport Authority and One Motoring, https://www.lta.gov.sg/content/ltagov/en/newsroom/2024/12/news-releases/cves_and_ets_extended.html, https://www.lta.gov.sg/content/dam/ltagov/news/press/2024/241230_Changes_in_Incentive_Quanta_AnnexA.pdf, <https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/upfront-vehicle-costs/tax-structure.html>, Retrieved 26 March 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Preference to Lease than Buy to Lower Fixed Costs

Demand for vehicle leasing in Singapore is rising as businesses across different industries such as cleaning, construction and logistics increasingly recognise the benefits of leasing over traditional vehicle ownership. Singapore is known for its high vehicle ownership costs, primarily due to COE premiums, and leasing provides a more affordable alternative. As vehicles are depreciating assets, business owners that opt to lease do not bear the risk of depreciation, leading to more predictable costs. In some cases, the monthly lease payments for commercial vehicles can be fully deducted as a business expense, potentially lowering the business owner's overall tax liability. Other benefits of commercial vehicle leasing include outsourced maintenance, repairs and vehicle replacement, as well as flexibility and scalability to meet fluctuating business demands. At the same time, businesses are able to access newer commercial vehicles and/or models, depending on their budget. Some commercial vehicle leasing companies even provide a simplified fleet management system and support to their customers. Fleet management is a growing trend as leasing companies provide comprehensive services, including insurance, road tax management, and roadside assistance, reducing the administrative complexities of managing a fleet of vehicles. As businesses focus more on flexibility and cost-efficiency, the trend of switching to commercial vehicle leasing is expected to grow.

2.2 Issues and Challenges

Rising Geopolitical Tensions and Trump's Trade Policies

The ongoing wars, political conflicts, and global trade tensions affecting supply chains will have a domino effect on the commercial vehicle leasing industry. Armed conflicts and political unrest are disrupting land, sea, and air routes, resulting in delays and increased shipping costs that are affecting many industries that rely on trade. Importation of commercial vehicles and availability of vehicle parts could be delayed, and thus, fleet availability and maintenance could be affected. In addition, the imposition of tariffs by the United States ("US") President Donald Trump's ("Trump") administration would also have a considerable effect on global trade flows. Notwithstanding rollbacks and exceptions of some earlier announced tariffs, the uncertainties are expected to continue to pose risks to trade growth. In turn, this will negatively affect commercial activities as import and exports become more expensive, weakening the logistics sector and thereby impacting the demand in the commercial vehicle leasing industry.

Difficulty to Attract and Retain Staff

Although the commercial vehicle leasing industry is important to provide transportation support for commercial and industrial activities, companies are finding it difficult to attract and retain local talent. Many amongst the younger generations do not find this industry appealing compared to a career in finance or information technology. Furthermore, the commercial vehicle leasing companies require manpower with the necessary skills and experience needed to maintain a fleet of vehicles, and the work can be labour-intensive and involve long hours. With few locals to employ, many businesses in the commercial vehicle leasing industry rely on foreign workers, but this is subject to a quota system for foreign worker employment in the country.

APPENDIX E – INDEPENDENT MARKET REPORT

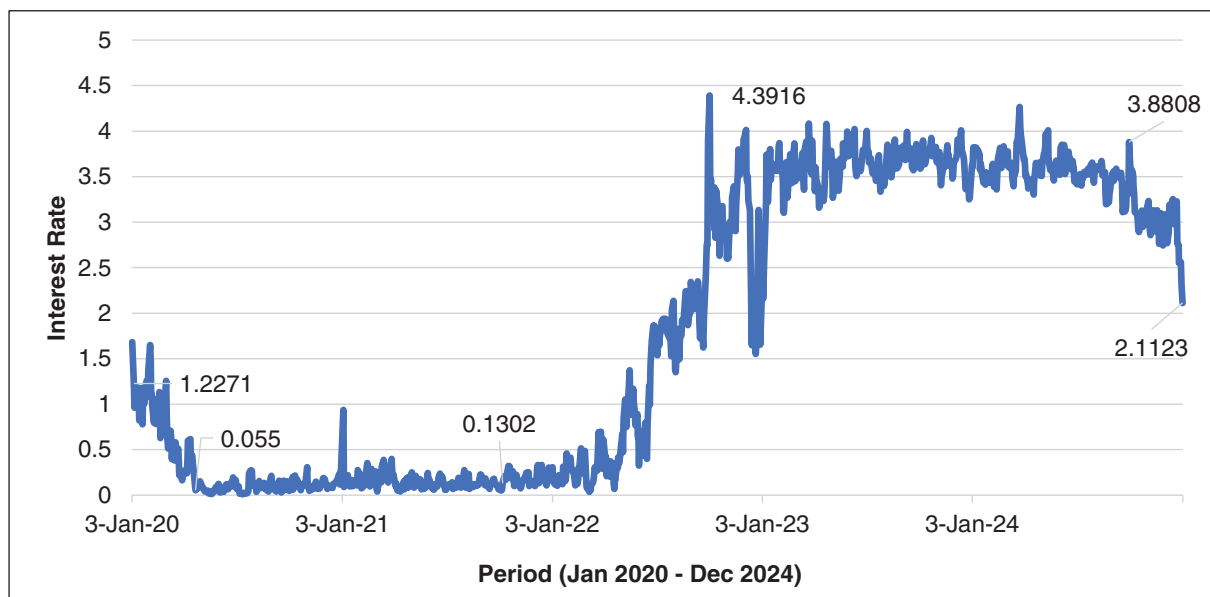
Many Businesses are Still Hesitant to Use Commercial EVs

The Singapore Green Plan 2030 charts ambitious targets to advance the nation's goal of sustainable development. Part of its targets is to have all vehicles run on cleaner energy by 2040²⁶. However, 80% of the commercial vehicles in Singapore still run on regular petrol or diesel, which reflects the dominance of ICE-powered vehicles in the market. Moreover, the second-hand market for commercial EVs is still relatively new and has yet to fully mature. Likewise, business owners may be hesitant to switch to EVs, for several reasons. First, they are used to driving ICE-powered commercial vehicles and changing to EVs may be difficult. Second, there is a limited range of commercial EV models available in Singapore; and thirdly, those that have used commercial EVs, find that EV for commercial vehicles requires more frequent charging due to its heavy use, which takes additional time. The limited number of charging stations in Singapore also contributes to inconvenience and delays in deliveries. More technological advancement needs to be achieved before businesses are convinced to completely switch to commercial EVs.

Fluctuating Interest Rates

The change in lending interest rates is a risk for commercial vehicle leasing players looking to expand their fleet as borrowing can be expensive. Singaporean banks and credit companies base their lending rate on the Singapore Overnight Rate Average ("SORA"), which is calculated and released by the Monetary Authority of Singapore. During the height of COVID-19 from 2020 to 2021, Singapore banks had to lower interest rates to revive the economy. However, following reopening and recovery, interest rates have been rising steadily from 2022 onwards, as shown in the Figure below. The increase in SORA will cause banks and credit companies to adjust their lending rates upwards, making it more expensive for businesses, including commercial vehicle leasing companies, to borrow and grow their business. Fortunately, there has been some reprieve as interest rates have started to decline towards the end of 2024, which bodes favourably for businesses in the commercial vehicle leasing industry.

Figure 8: SORA Interest Rates (%), 2020 to 2024



Source: Compiled by Converging Knowledge based on data from Monetary Authority of Singapore

²⁶ Singapore Green Plan, <https://www.greenplan.gov.sg/targets/>, Retrieved 3 April 2025

APPENDIX E – INDEPENDENT MARKET REPORT

2.3 Barriers To Entry

High Capital Outlay and Operational Costs

The upfront investment in establishing a commercial vehicle leasing company is high, especially in acquiring a fleet of commercial vehicles. Housing this fleet of vehicles will require large spaces, and with Singapore's limited land, rents for large industrial/commercial spaces can be very expensive, especially in prime areas. Aside from rent, there is also the MRO of commercial vehicles, which could be costly, in particular, pre-owned vehicles that require regular MRO. Commercial vehicle leasing companies that have their own in-house workshops will require more manpower to support their operations. Further challenges to manpower issues require companies in the commercial vehicle leasing industry to provide a higher competitive salary to employ local employees, or employ foreign workers and pay foreign worker levies, which inadvertently increases the already high operational costs.

High Risk and Liability

Commercial vehicles, especially HGVs, can be very expensive and leasing companies must have sufficient insurance coverage, which includes protecting against potential damage to assets, accidents, and environmental risks, all of which require significant financial outlay. Employers are also liable in the event of accidents, especially for workers that are providing MRO of these commercial vehicles. This MRO could be expensive especially if there are major accidents that might result in litigation suits or government fines. As such, there are high risks and liabilities that entail operating in the commercial vehicle leasing industry, which may be a deterrent for new entrants.

Industry Experience and Knowledge of Commercial Vehicles

The commercial vehicle leasing industry can be more complex to operate as compared to passenger vehicle leasing. Those that operate in the commercial vehicle leasing industry must have some knowledge of the different commercial vehicles that are appropriate for use in different industries and business practices. Compared to passenger vehicles, customisation of commercial vehicles is more common. Thus, the commercial vehicle leasing companies providing retrofitting services should have some basic understanding of whether such customisation requests are feasible depending on the type of commercial vehicle. Hence, it would be difficult for new entrants to be successful if they have very limited knowledge of the use of commercial vehicles for business in Singapore.

Regulatory Requirements

Operating commercial vehicles are subject to a lot of regulations, such as vehicle weight, size, driver license, emissions, and safety, as well as restrictions in goods transport, parking, and road use, amongst others. Lease agreements for commercial vehicles may address responsibility for compliance with these regulations, not just in the domestic market but also in cases where commercial vehicles need to deliver goods to other countries that may have different regulations. Moreover, commercial vehicles are also subject to more regular inspections due to higher mileage and more demanding usage, as compared to passenger vehicles. Compliance with all these regulations can be a deterrent for businesses looking to enter this industry.

APPENDIX E – INDEPENDENT MARKET REPORT

Restrictions on Transfer of COEs

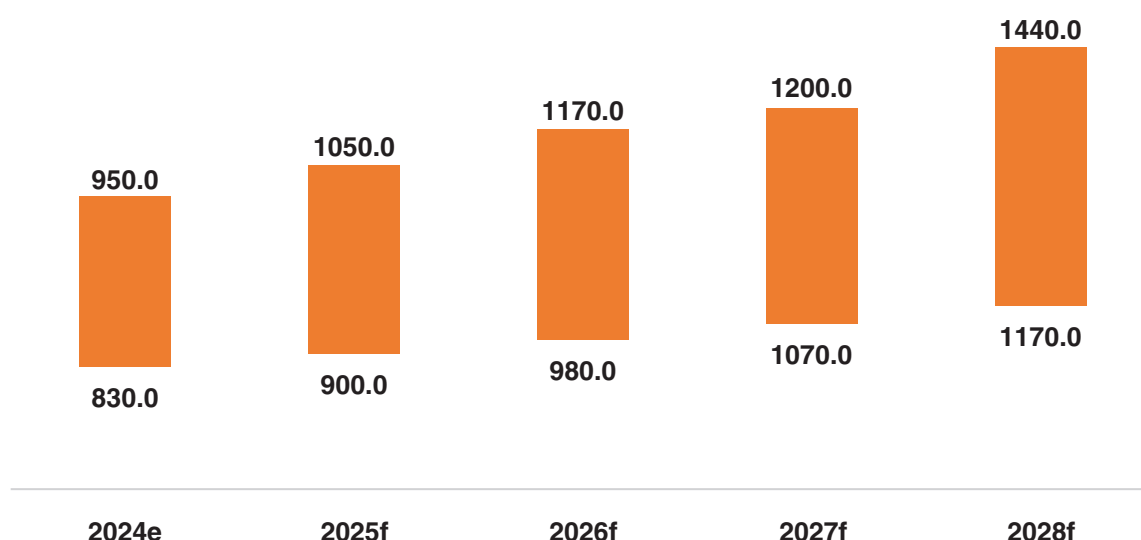
The COE grants the legal right of vehicle ownership and use. For companies/businesses and persons looking to own commercial vehicles, the transfer of COEs in Categories C and E can be undertaken only once if one bids for them as an individual. However, if the bid is undertaken by a company, business or organisation, the COEs cannot be transferred.²⁷ This restriction could discourage companies looking to enter the leasing business as COEs are costly, especially if they overbid on COEs and later do not have enough customers to lease their vehicles to. The leasing company is unable to transfer the COE costs as companies cannot transfer COE ownership for Category C. Thus, the restrictions on the transfer of COEs for commercial vehicles can be a barrier for companies that do not have the financial resources to support them.

3. MARKET SIZE AND COMPETITIVE LANDSCAPE IN SINGAPORE

3.1 Estimated Market Size and Forecast

In 2024, there were over a million vehicles registered with the LTA, and 16.6% comprise commercial vehicles, specifically those used for transporting goods. The market size of the commercial vehicle leasing industry in Singapore is estimated to range between SGD830.0 million and SGD950.0 million in 2024, and forecasted to range between SGD900.0 million and SGD1.05 billion in 2025. The market growth from 2024 to 2025 is approximately 8.4% to 10.5%. This could be attributed to the growth of HGVs in Singapore in the last five years (2020-2024) as well as the CPI increase on motor vehicles, making it more expensive and thus, businesses are opting to lease commercial vehicles. Singapore's commercial vehicle leasing industry is forecast to grow in the next three years (2026-2028), driven by growth in domestic construction, tourism and e-commerce. In 2025, the forecast growth is between SGD900.0 million to SGD1.05 billion, and is expected to reach between SGD1.17 billion to SGD1.44 billion by end of 2028, with a CAGR of 9.14 to 11.10%.

Figure 9: Estimated Market Size and Forecast of the Commercial Vehicle Leasing Industry in Singapore, 2024-2028 (SGD'millions)



Source: Converging Knowledge

²⁷ 24 December 2024, Land Transport Authority, One Motoring, <https://onemotoring.lta.gov.sg/content/onemotoring/home/buying/upfront-vehicle-costs/certificate-of-entitlement--coe-.html#:~:text=submitted%20by%20ESA-,Understanding%20COE,the%20road%20for%2010%20years>, Retrieved 14 April 2025

APPENDIX E – INDEPENDENT MARKET REPORT

3.2 Level of Competition in the Industry

The commercial vehicle leasing industry in Singapore is a fragmented market with a mix of large established companies and small operators. There are hundreds of companies engaged in the activity of commercial vehicle leasing in Singapore, but less than 25% of these companies have commercial vehicle leasing as their primary business activity. Furthermore, there are fewer than 10 companies in Singapore that have a fleet size of over 1,000 commercial vehicles, where the top five (5) players (in terms of fleet size) control slightly above a quarter of the total market size of the commercial vehicle leasing industry in Singapore.

In the table below, we have categorised the commercial vehicle leasing players in Singapore into two (2) major segments:

(1) Specialised Commercial Vehicle Leasing Players

- These are mid-sized and large established players whose main business is leasing commercial vehicles, and have a fleet of at least 200 commercial vehicles.

(2) Small-Scale Commercial Vehicle Leasing Operators

- These are small establishments that offer a limited range (mostly LCVs) and a small number (<100) of commercial vehicles for lease, and commercial vehicle leasing is not their primary business. It includes:
 - i. Passenger car dealers with commercial vehicle leasing services
 - ii. Automotive distributors offering commercial vehicle leasing services
 - iii. Businesses/Traders offering commercial vehicle leasing as a “side business”

The table below illustrates the segments and examples of commercial vehicle leasing in Singapore.

Table 2: Competition Segments in the Commercial Vehicle Leasing Industry in Singapore

SPECIALISED COMMERCIAL VEHICLE LEASING COMPANIES		
• Skylink Vehicle Rental Pte Ltd • Pan Pacific Van & Truck Leasing Pte Ltd • Goldbell Leasing Pte Ltd		
SMALL-SCALE COMMERCIAL VEHICLE LEASING OPERATORS		
Passenger Car Dealers with Commercial Vehicle Leasing Services	Automotive Distributors with Leasing Services	Businesses/Traders offering Commercial Vehicle Leasing as a “side-business”
• Popular Rent A Car Pte Ltd • Prime Motor & Leasing Pte Ltd • Bizlink Rent-A-Car Pte Ltd	• Cycle & Carriage Automotive Pte Ltd/ Cycle & Carriage Leasing Pte Ltd • Hong Seh Motors Pte Ltd	• Synergy Pacific Holdings Pte Ltd • Omni Global Pte Ltd • Ebenezer Holdings Pte Ltd

Source: Converging Knowledge

APPENDIX E – INDEPENDENT MARKET REPORT

Specialised commercial vehicle leasing companies are able to provide a comparatively larger fleet of commercial vehicles of various makes (brands) and models that cater to their clients' requirements. As they are focused on commercial vehicle leasing, they also have dedicated support staff that have in-depth knowledge of the different types of commercial vehicles for lease. As such, they are able to properly advise their clients on vehicles that are suitable to their business and/or industry.

This section focuses on the specialised commercial vehicle leasing companies, and how they complement their existing leasing business by offering one-stop solutions to their customers. One-stop solutions offer companies in the commercial vehicle leasing industry a competitive advantage over their peers.

ONE-STOP SOLUTIONS, A COMPETITIVE ADVANTAGE

The competitive advantage amongst commercial vehicle leasing companies is the ability to provide one-stop solutions to their customers. This advantage is evident due to the availability of ready stock commercial vehicles, MRO services, financing services, and a wide range of differentiated service offerings. The following points highlight factors that drive the competitive advantage of commercial vehicle leasing companies in Singapore.

Availability and Ready Stock of Vehicles

Fleet size is important as it gives the customer options whether they would like new or pre-owned commercial vehicles, LCVs, HCVs, buses; ICE-powered, EVs or hybrid-engine vehicles, as well as different brands of commercial vehicles, depending on needs. It is important for commercial vehicle leasing companies to have a well-stocked fleet that is readily available for leasing purposes. The ability to carry and replenish existing stock also makes a huge difference as many customers are not eager to wait for stock. Therefore, it is essential that commercial vehicle leasing companies have good relationships with automotive distributors and dealers, to be able to replenish their stocks.

MRO Services to Complement Fleet Leasing

Regular MRO of commercial vehicles, especially pre-owned ones, is important to ensure that they are in road-worthy condition as well as to pass regulatory checks from LTA. There are some commercial vehicle leasing companies that also provide retrofitting services, such as, adding a lorry canopy, installation of camera monitor system for HGVs, audio warning system for lorries with cranes. They can also offer other customisations, for example the installation of lifting equipment, additional storage compartment, tailgate installation and other customised transport solutions requested by their customers, as part of their business services. In Singapore, there are a few commercial vehicle leasing that are able to provide these services in-house, as it is an additional operational cost and they will need mechanical and technical experts to undertake these customisations.

APPENDIX E – INDEPENDENT MARKET REPORT

Supplementing the Business Through Financing and Capital

Commercial vehicles are expensive, and customers would opt for commercial vehicle leasing companies that are able to offer competitive rates and flexible payment terms. For example, hire purchase financing, which allows the buyer to buy a commercial vehicle in instalments, making it an attractive option for those who lack sufficient funds upfront. Likewise, commercial vehicle leasing companies that are able to secure financing, such as through block discounts, have an advantage. Block Discounting is a revolving credit facility primarily for auto dealers, credit and leasing companies. It allows them to raise funds against their future income, especially for hire purchase financing or leasing agreements on vehicles, to replenish their existing fleet. Commercial vehicle leasing companies that are able to provide credit as well as raise capital, will have a competitive advantage and scale.

Wide and Differentiated Service Offerings

Aside from leasing, commercial vehicle leasing companies differentiate themselves by offering value-added services. Such services include registration assistance, COE renewals, insurance, vehicle trade-ins, buy and leaseback, selling of vehicle parts and accessories, and fleet management, amongst others. Another important differentiating factor is personalised service. Regardless of whether the vehicle leasing company has an established name or is a small-sized commercial vehicle dealership, the level of service provided to customers is very important because it shows that they value their client. A satisfied customer is a good reference for future customers, and could result in increased revenues.

APPENDIX E – INDEPENDENT MARKET REPORT

3.3 Peer Benchmarking

In identifying the Client's closest competitors, we focused on players that have commercial vehicle leasing as their primary business and those that have a significant vehicle fleet size of at least 200 commercial vehicles. As a result, the following companies have been shortlisted and identified as the major players in the industry. The table highlights recognised players, their competencies and value-added services in Singapore. In terms of fleet size, the table below shows that Skylink Vehicle Rental Pte Ltd is one of the largest commercial vehicle leasing players in Singapore.

Table 3: Benchmarking of Industry Peers

Company/Brand	Established ¹	Estimated Fleet Size	LCV	HCV	EV/Hybrid	Hire Purchase Financing	MRO (In-House)
Skylink Vehicle Rental Pte Ltd	2017	VV	X	X	X	X	X
ABS Leasing Services Pte Ltd	2018	V	X	X	X	X	X
Abwin Leasing Pte Ltd	2012	V	X	X	X	X	X
A-Tec Leasing Pte Ltd	2022	V	X	X			X
Car (S) Leasing Pte Ltd	2017	V	X	X		X	
ETHOZ Auto Leasing Ltd ²	2016	VV	X	X	X		X
Goldbell Leasing Pte Ltd	1990	VVV	X	X	X	X	X
Lay Auto Leasing Pte Ltd	2013	V	X	X	X	X	X
MK Vehicle Rental Pte Ltd	2008	V	X	X		X	X
Pan Pacific Van & Truck Leasing Pte Ltd	2015	VV	X	X	X	X	X
Siang Hock Holding Pte Ltd	1984	V	X	X	X		

APPENDIX E – INDEPENDENT MARKET REPORT

Notes:

- The information in this table was compiled based on information that was publicly disclosed (e.g. Company website, social media, advertisements) as well as interviews. We cannot guarantee the accuracy of information that was disclosed.
- ¹The Established Year is based on the entity is incorporated in Singapore with the ACRA, and not the parent/holding company.
- ²Ethoz Auto Leasing Ltd is part of the Tan Chong Group (TCG). Under TCG, another subsidiary, Metaquip TC Industrial Pte Ltd also provides commercial vehicle leasing.

Legend:

The Estimated Fleet Size is represented as follows:

V = estimated commercial fleet size is more than 200 but less than 1,000

VV = estimated commercial vehicle fleet size range between 1,000 to 5,000

VVV = estimated commercial fleet size >5,000

Source: Converging Knowledge

APPENDIX E – INDEPENDENT MARKET REPORT

4. OUTLOOK OF THE COMMERCIAL VEHICLE LEASING INDUSTRY

4.1 Outlook of the Industry

The outlook on the commercial vehicle leasing industry is optimistic. We highlight some of the key developments that are likely to drive this industry forward.

More Opportunities to Support Construction Activities

The Singapore Government has identified future plans in the development of land and property as part of its Master Plan in the next 10 to 15 years. With several development plans in place, opportunities abound in the construction industry, such as the development of Jurong Lake District, the construction of Changi Airport Terminal 5 (to start in first half of 2025), the Marina Bay Sands IR2 expansion project (to start June 2025), as well as several HDB projects. All these construction activities will need commercial vehicle transport. The BCA projects total construction demand in 2025 is estimated to be in the range of SGD43 billion to SGD53 billion. Beyond 2025, the BCA projects total construction demand is predicted to be in the range of SGD39 billion to SGD46 billion annually in the next four years (2026-2029).²⁸ The future growth in the construction industry will drive the demand for the commercial vehicle leasing industry.

Buoyant Outlook in Tourism

Singapore is a vibrant city that attracts a growing number of tourists. The country's world-class infrastructure, hotels and safe environment, makes it an attractive destination for hosting meetings, conferences, and exhibitions ("MICE") events. Tourism is one of Singapore's robust sectors. In 2024, the tourism sector posted strong performance, with Tourism Receipts having reached SGD29.8 billion, setting a new record in tourist spending. International Visitor Arrivals also increased by 21% (compared to 2023) to 16.5 million, showing robust growth in visitor arrivals²⁹. The rising tourist arrivals can lead to an increased demand for Commercial Vehicle Leasing, such as coach and mini-bus services for the hospitality sector, and LCVs for delivering goods to support economic activities.

Continued Investments in Jurong Island

With over 100 leading global companies and over SGD50 billion worth of investments, Jurong Island has become a world-class energy and chemicals hub. It hosts major players in the oil and gas, petrochemicals, and specialty chemicals sectors, such as ExxonMobil, Shell, BASF, Dupont and Linde. Recent developments include companies looking to establish a presence on Jurong Island. For example, PacificLight Power announced in January 2025 that it will build a SGD1 billion hydrogen-ready power plant on Jurong Island, with operations slated to begin in 2029. Cosco Shipping held a groundbreaking ceremony for the second phase of development of its Jurong Island Logistics Hub, expected to be completed in 2026. Additionally, Keppel Sakra Cogen Plant, a gas turbine power plant, is being built on Jurong Island and is expected to be operational by 2026. The presence of companies providing logistics, storage, and other related services further enhances the island's role in facilitating international trade and thus, it will continue to provide stable revenue opportunities for commercial vehicle leasing companies.

²⁸ 23 January 2025, Building and Construction Authority, Construction Demand To Remain Strong For 2025 – <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2025/01/23/construction-demand-to-remain-strong-for-2025>, Retrieved 9 May 2025.

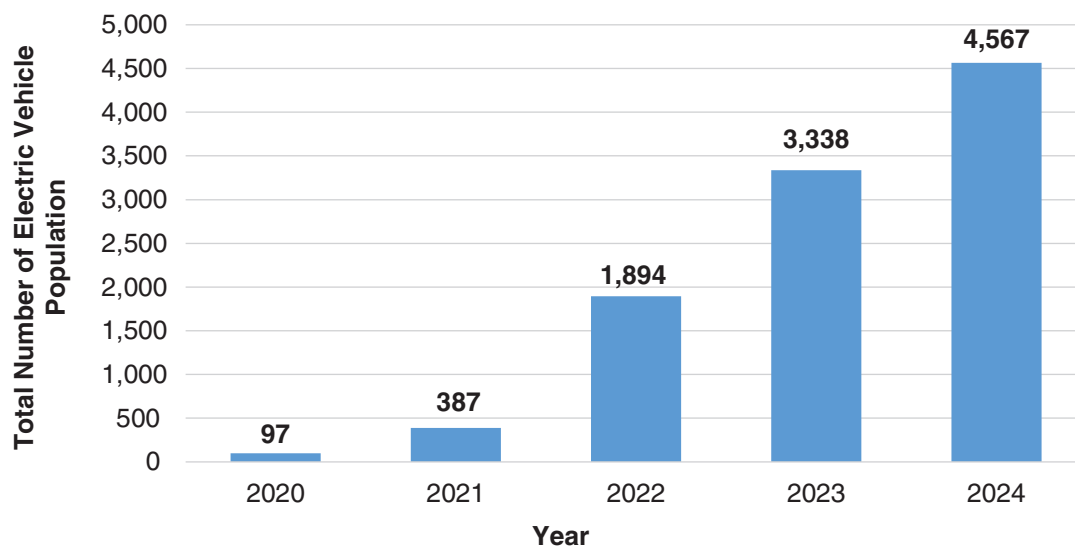
²⁹ 11 April 2025, Ministry of Trade and Industry, <https://www.mti.gov.sg/Newsroom/Speeches/2025/04/Speech-by-Minister-Grace-Fu-at-the-Tourism-Industry-Conference>, Retrieved 4 June 2025

APPENDIX E – INDEPENDENT MARKET REPORT

More Commercial EVs in Future

The EV population in Singapore is expanding rapidly. The total number of EVs recorded a massive CAGR growth of 161.9%, from 97 in 2020 to 4,567 in 2024, as shown in the Figure below. The Singapore Government is actively pushing for electrification of more commercial vehicles, and is committed to supporting the adoption of EVs, especially for businesses operating large commercial fleets. There are initiatives such as the Electric Vehicle Common Charger Grant, which aims to have 60,000 EV charging points by 2030; HVZES and the Electric Heavy Vehicle Charger Grant (“EHVCG”). The EHVCG aims to improve the electric heavy vehicle (“eHV”) charging network and support the installation of charging points for eHV owners. The EHVCG will co-fund up to 50% of eHV charger installation costs, capped at SGD30,000 per charger. All these developments will accelerate the shift to EVs. Commercial vehicle leasing companies with an existing EV fleet have a competitive advantage over those that do not.

Figure 10: Electric Vehicles Population, 2020 to 2024



Note:

- The chart is only for the Goods and Other Vehicles, which include GPVs, LGVs, HGVs, and VHGVs.

Source: Compiled by Converging Knowledge based on data from LTA³⁰

³⁰ Annual Vehicle Statistics 2024, MOTOR VEHICLE POPULATION BY VEHICLE TYPE – https://www.lta.gov.sg/content/dam/ltgov/who_we_are/statistics_and_publications/statistics/pdf/MVP01-4_MVP_by_fuel.pdf Retrieved 7 April 2025

APPENDIX E – INDEPENDENT MARKET REPORT

Government Infrastructure Support will Drive more E-Commerce

Singapore has a very active e-commerce industry and 60% of internet users in Singapore purchase an item online at least once a week. The country also hosts several fulfilment centres such as uParcel, iHub, ezyCommerce, SingPost, WhiteBox, Beehive and SP eCommerce; while two of the largest e-commerce operators, Shopee and Lazada, have their headquarters in Singapore. In 2024, the e-commerce industry in the country was estimated at around SGD7 billion and is projected to grow to around SGD25 billion in 2028. To support the growth of the e-commerce industry, the Singapore Government has recognised the need to design towns and neighbourhoods to facilitate deliveries and ensure a liveable environment. The Singapore Government's efforts to ease transportation of goods will drive more e-commerce, and thus, have a ripple effect on commercial vehicle leasing companies as it will provide future demand for their services.

APPENDIX F – CHANGES IN SHAREHOLDING STRUCTURE

	As at the Latest Practicable Date				After the issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares and the SAC Capital Shares but before the issue of the New Placement Shares, the Deferred Consideration Shares and the Conversion Shares and the sale of the Vendor Shares				After the issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares, the Deferred Consideration Shares and the Conversion Shares but before the issue of the Vendor Shares				After the issue of the Base Consideration Shares, Mr Chu's Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, the New Placement Shares, the Deferred Consideration Shares and the Conversion Shares and the sale of the Vendor Shares			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Existing Directors																
Mr Teh Wing Kwan ⁽¹⁾	26,670,536	78.40	–	–	–	–	26,670,536	16.53	–	–	26,670,536	15.12	–	–	26,670,536	10.49
Mr Lee Fang Wen ⁽⁶⁾	–	–	–	–	–	–	111,111	0.07	–	–	111,111	0.06	–	–	111,111	0.04
Proposed New Directors																
Mr Wesley Shen ⁽²⁾	–	–	–	–	–	–	–	–	–	–	116,222,222	65.90	–	–	171,777,777	67.59
Mr Tang Yeng Yuen	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mr Jackson Tay	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ms Vanessa Ng	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Substantial Shareholders (other than Existing Directors or Proposed New Directors)																
Vendor ⁽³⁾	–	–	–	–	122,222,222	75.75	–	–	116,222,222	65.90	–	–	171,777,777	74.07	–	–
Ms Grace Xue ⁽⁴⁾	–	–	–	–	–	–	122,222,222	75.75	–	–	116,222,222	65.90	–	–	171,777,777	67.59
Other Shareholders																
Mr Chu Ming Kin ⁽⁵⁾	–	–	176,971	0.52	–	–	–	–	4,236,879	2.63	–	–	4,236,879	1.83	–	4,236,879
Mr Tay Boon Zhuan ⁽⁶⁾	–	–	–	–	244,444	0.15	–	–	244,444	0.14	–	–	244,444	0.10	–	–
SAC Capital	–	–	–	–	444,444	0.28	–	–	444,444	0.25	–	–	444,444	0.17	–	–
Ms Ng Siew Thung ⁽⁶⁾	–	–	–	–	251,200	0.16	–	–	251,200	0.14	–	–	251,200	0.10	–	–
Other Existing Public Shareholders	7,172,453	21.08	–	–	7,172,453	4.45	–	–	7,172,453	4.07	–	–	7,172,453	2.82	–	–
New Public Shareholders ⁽⁷⁾	–	–	–	–	–	–	–	–	21,000,000	11.91	–	–	21,000,000	8.26	–	–
Convertible Bondholders ⁽⁸⁾	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total⁽⁹⁾	34,019,960	100.00	–	–	161,353,289	100.00	–	–	176,353,289	100.00	–	–	231,908,844	100.00	254,131,066	100.00

APPENDIX F – CHANGES IN SHAREHOLDING STRUCTURE

Notes:

- (1) Mr Teh Wing Kwan is the controlling shareholder of the Company with effect from 29 April 2025 following the Investor Subscription completed on 29 April 2025. He has been appointed as Non-Independent Non-Executive Director of the Company with effect from 16 June 2025.
- (2) As Mr Wesley Shen holds 56.5% of the shares in the Vendor, he has more than 20.0% interest in the Vendor and will be deemed to have an interest in all of the 116,222,222 Base Consideration Shares (after the sale of all 6,000,000 Vendor Shares) and the 55,555,555 Deferred Consideration Shares (assuming that the maximum Total Consideration of S\$42,300,000 is payable and the maximum 55,555,555 Deferred Consideration Shares are issued), held by the Vendor after SPA Completion by virtue of Section 4 of the SFA.
- (3) It is assumed that the maximum Total Consideration of S\$42,300,000 is payable, and the maximum of 55,555,555 Deferred Consideration Shares are issued.
- (4) As Ms Grace Xue holds 30.0% of the shares in the Vendor, she has more than 20.0% interest in the Vendor and will be deemed to have an interest all of the 116,222,222 Base Consideration Shares (after the sale of all 6,000,000 Vendor Shares) and the 55,555,555 Deferred Consideration Shares (assuming that the maximum Total Consideration of S\$42,300,000 is payable and the maximum 55,555,555 Deferred Consideration Shares are issued) held by the Vendor after SPA Completion by virtue of Section 4 of the SFA.
- (5) By virtue of Section 4 of the SFA, Mr Chu Ming Kin is deemed to be interested in the 176,971 Shares currently held through UOB Kay Hian Private Limited as nominee, and subsequently 4,236,879 Shares (after the issue of the Mr Chu's Settlement Shares).
- (6) Mr Lee Fang Wen, Mr Tay Boon Zhuan and Ms Ng Siew Thung will be receiving Other Settlement Shares upon SPA Completion.
- (7) Pursuant to the Proposed Compliance Placement (assuming that the maximum 15,000,000 New Placement Shares are issued and all 6,000,000 Vendor Shares are sold).
- (8) It is assumed that the maximum 22,222,222 Conversion Shares are issued.
- (9) Including the interests of Mr Chu Ming Kin, which are separately disclosed under deemed interests.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

The following is a summary of the main laws and regulations of Singapore that are relevant to the business of the Target Group, apart from those generally applicable to companies and businesses incorporated and/or operating in Singapore, as at the Latest Practicable Date.

1. Laws Relating to Ownership and Use of Motor Vehicles

1.1 Overview

The ownership and usage of motor vehicles in Singapore are regulated primarily by the RTA and subsidiary legislations promulgated thereunder. The RTA is jointly administered by the Ministry of Home Affairs of Singapore and the LTA, which is a statutory board established under the Land Transport Authority of Singapore Act 1995 and comes under the purview of the Ministry of Transport of Singapore. The LTA spearheads land transport developments in Singapore, and plans, designs, builds and maintains Singapore's land transport infrastructure and systems. Its functions and duties include, among other things:

- (a) developing and implementing road traffic management strategies and practices;
- (b) providing registration and licensing procedures and systems for road transport in accordance with the RTA and performing other functions conferred by the RTA; and
- (c) promoting and regulating the safe use of EVs in Singapore, and regulating the development and maintenance of the EVs charging infrastructure.

Section 10(1) of the RTA provides that, except as otherwise provided by the RTA and the rules made under the RTA, no person shall keep or use a vehicle unless it has been registered under the RTA and its registration under the RTA has not been cancelled. Section 10A(1) of the RTA further provides that no vehicle may be registered or, except as otherwise provided by the RTA and the rules, continue to be registered unless there is in force a permit authorising the registration of the vehicle. This requirement for a permit before a vehicle may be registered under the RTA is regulated under the Road Traffic (Motor Vehicles, Quota System) Rules by way of the VQS, as described further below.

1.2 VQS and COEs

To regulate the rate of growth of the motor vehicle population in land-scarce Singapore, the VQS was implemented to limit the number of new vehicles in Singapore through the control of the number of COEs available, which are required for motor vehicles to be registered in Singapore.

A COE represents the right to own a particular motor vehicle and road usage for a period of 10 years and is generally non-transferable (subject to limited exceptions). COEs are released through open bidding exercises conducted twice a month in which bidders submit their bids in the form of a reserve price, which is the maximum bid amount that the bidder is prepared to pay for the COE. At the end of the 10-year COE period, motor vehicle owners may choose to deregister their motor vehicle or to renew their COEs for another five (5) or 10 years by paying the PQP, which is the moving average of COE prices in the preceding three (3) months.

The VQS classifies motor vehicles into five (5) COE categories. A quota is established for each category of motor vehicle, depending on the engine capacity and general use for the motor vehicle.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

COE Category	COE obtained from the first COE bidding exercise in May 2022 onwards	COE obtained before the first bidding exercise in May 2022
A	Non-fully electric cars with engines up to 1,600 cc and maximum power output up to 97kW (130 bhp) Fully electric cars with maximum power output up to 110kW (147 bhp)	Car with engine capacity up to 1,600 cc and maximum power output up to 97kW (130 bhp)
B	Non-fully electric cars with engines above 1,600 cc or maximum power output above 97 kW (130 bhp) Fully electric cars with maximum power output above 110 kW (147 bhp)	Car with engine capacity above 1,600 cc or maximum power output above 97 kW (130 bhp)
C	Goods vehicle and bus	
D	Motorcycle	
E	Open (all vehicles except motorcycle)	

The COE quota is updated every three (3) months. The COE quota takes into account factors such as the provision for vehicle growth rate, the number of replacement COEs from vehicles deregistered over the preceding 12 months, and adjustments for changes in the taxi population, expired temporary COEs, ETS for commercial vehicles and redistribution from guaranteed de-registrations.

The vehicle growth rate from February 2018 has been set at zero per annum for Categories A, B and D, while the rate for Category C will remain at 0.25% per annum from 1 February 2025 until 31 January 2028.

In October 2024, LTA announced that given the recent vehicle usage trends and improved capabilities of ERP2.0, LTA will progressively inject up to about 20,000 additional COEs across the vehicle categories from February 2025, over the next few years.

The fleet of commercial vehicles of the Target Group fall within the Category C COE. Commercial vehicles have a maximum lifespan of 20 years and the COE for commercial vehicles may not be renewed beyond 20 years.

1.3 ARF and PARF

The ARF is a tax payable upon each registration of a vehicle, in addition to other fees and taxes. The ARF is calculated based on a tiered structure, as a percentage of the OMV of the motor vehicle. For cars registered with COEs obtained from the second COE bidding exercise in February 2023 onwards, or cars that do not need to bid for COEs registered on or after 15 February 2023, the ARFs range from 100% to 320% of the amount of OMV, depending on the amount of the OMV.

Motor vehicle owners may be eligible for a PARF rebate of between 50% and 75% of the ARF paid when they deregister their motor vehicles, if their motor vehicles meet certain criteria, including being not more than 10 years old at the time of deregistration. This rebate is based

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

on the age of the car which is calculated since the date of its first registration, whether within Singapore or overseas, and the actual ARF paid. For cars registered with COEs obtained from the second COE bidding exercise in February 2023 onwards, or cars that do not need to bid for COEs registered on or after 15 February 2023, the PARF rebate is subject to a cap of S\$60,000.

The tiered ARF structure and the PARF rebate described above do not apply to commercial vehicles under Category C COE. The ARF for commercial vehicles is computed at the flat rate of 5% of the OMV of the commercial vehicles. The commercial vehicles will not be eligible for PARF rebate if deregistered early.

1.4 Vehicular emission standards and schemes

The Environmental Protection and Management (Vehicular Emissions) Regulations apply to all motor vehicles whose whole weight is transmitted to the road surface by means of its wheels that are in contact with the ground when the motor vehicle is in motion. Under these Regulations, all motor vehicles in use or to be registered in Singapore have to comply with the relevant prescribed standards for exhaust emission, depending on when the vehicles were registered and its class of registration.

As Singapore transitions towards a low carbon emissions economy, the Singapore Government has introduced policies to encourage the purchase of vehicles with lower emissions of carbon and other pollutants. In so far as commercial vehicles are concerned, the key policies include the following:

(a) *ETS:*

The ETS was introduced in April 2013 to promote the replacement of older, more pollutive commercial vehicles with new commercial vehicles which are more environmentally friendly, subject to satisfaction of the qualifying criteria. The vehicle owner would enjoy a discount off the PQP payable for registration of the replacement vehicles.

While the ETS for LCVs was ceased after 31 March 2025, the ETS for heavy commercial vehicles has been extended till 31 December 2025. For heavy commercial vehicles, the ETS applies to existing heavy goods vehicles, very heavy goods vehicles, goods-cum-passenger vehicles and buses, with maximum laden weight exceeding 3,500 kg, under Category C COE that are propelled by diesel, diesel-compressed natural gas or diesel-electric engines. In terms of the replacement vehicle, it must be a Category C COE vehicle that meets certain prescribed emission standards.

(b) *CVES:*

The CVES was introduced in April 2021 to encourage the adoption of cleaner LCVs. The CVES applies to all new and used imported LCVs, including light goods vehicles, goods-cum-passenger vehicles, and small buses, with maximum laden weight not exceeding 3,500 kg. Under the CVES, vehicles are classified into Bands A, B or C based on their worst-performing pollutant among carbon dioxide, hydrocarbons, carbon monoxide, nitrogen oxides and particulate matter emissions. Incentives are granted to less pollutive vehicles, while surcharges are imposed on the more pollutive vehicles. The CVES encourages the adoption of cleaner LCVs by lowering acquisition costs of EVs.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

In December 2024, the LTA announced that the CVES has been extended for two (2) years till 31 March 2027. The incentive for commercial vehicles in CVES – Band A remains at S\$15,000, while incentive for CVES – Band B was removed. The surcharge for CVES – Band C was raised from S\$15,000 to S\$20,000.

(c) *HVZES:*

In March 2025, the LTA announced the launch of the HVZES. Under the HVZES, owners who register a zero-tailpipe emissions heavy goods vehicle or bus, including goods-cum-passenger vehicles, with maximum laden weight of more than 3,500 kg will receive an incentive of S\$40,000. The incentive will be automatically disbursed in tranches to the vehicle owner over three (3) years, i.e. S\$13,000 upon vehicle registration, S\$13,000 on the first anniversary, and S\$14,000 on the second anniversary. The scheme will commence from 1 January 2026 and will be available for three (3) years until 31 December 2028.

(d) *EHVCG:*

In March 2025, the LTA announced the launch of the EHVCG to improve the electric heavy vehicle charging network and support the installation of charging points for electric heavy vehicle owners. The EHVCG will co-fund up to 50% of electric heavy vehicle charger installation costs, capped at S\$30,000 per charger. The grant will be applicable to the first 500 chargers, with a limit of up to three (3) chargers per site. Companies will need to purchase at least one (1) electric heavy vehicle with each charger and the charger must be deployed at the owner's place of business. The charger must be installed at designated lorry or coach lots and have a minimum power rating of 50kW. The scheme will commence from 1 January 2026 and will be available for three (3) years until 31 December 2028.

In addition, as part of the Singapore Green Plan 2023, new registration of diesel cars and taxis has ceased from 2025, and the target is for all new car and taxi registrations to be of cleaner-energy models from 2030, and for all vehicles to run on cleaner energy by 2040.

1.5 Road tax

All motor vehicle owners are required to have a valid road tax for their motor vehicles and must renew it every six (6) or 12 months. Motor vehicle owners must fulfil the prerequisites (such as obtaining motor insurance coverage for the new road tax renewal period, passing the periodic motor vehicle inspection, clearing any outstanding fines) at least three (3) working days prior to the renewal of their motor vehicles' road taxes. The road tax is calculated based on the engine capacity of the motor vehicle.

1.6 ERP

The ERP is a system used to manage road congestion in Singapore by imposing charges on motorists for the usage of ERP-priced roads during certain peak hours of the day. The ERP charges are levied on motorists based on a pay-as-you-use principle. ERP rates vary for different time periods and roads and are determined by taking into account projected local traffic conditions and the tendency for traffic congestion to occur at certain hours and/or locations.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

1.7 Motor vehicle loan financing restrictions

MAS imposes vehicle loan financing restrictions to moderate demand for private vehicles in Singapore. Under current restrictions, the maximum LTV ratio for private vehicles with OMV of more than S\$20,000 is 60% of the purchase price and the maximum LTV ratio for motor vehicles with OMV of less than or equal to S\$20,000 is 70% of the purchase price. The maximum tenure of motor vehicle loan financing is seven (7) years. These LTV restrictions do not apply to the financing of commercial vehicles.

Please also refer to Section 2 titled “*Laws relating to Provision of Hire Purchase Financing*” of this Appendix G in relation to the restrictions under the HPR.

In view of the foregoing, these LTV restrictions apply only to the provision by the Target Group of hire purchase financing for passenger vehicles, but not for commercial vehicles.

1.8 Motor Vehicles (Third Party Risks and Compensation) Act 1960

The Motor Vehicles (Third Party Risks and Compensation) Act 1960 (“**MVA**”) ensures that motorists are insured against liability for third party risks and the payment of compensation in respect of death or bodily injury arising out of and/or from the use of motor vehicles in Singapore or in any of the territories specified in the schedule to the MVA (“**Third Party Risks**”).

Pursuant to the MVA, a motor vehicle owner in Singapore is required to possess a valid policy of insurance or security in respect of Third Party Risks in accordance with the prescribed requirements, and the insurer of such policy will be liable to indemnify the third party injured victims in respect of any Third Party Risks. Further, while an injured victim is not a party to the insurance contract, under the MVA, such injured victim is granted an enforceable right to claim damages from the insurer if he first obtains judgment against the motorist.

2. **Laws relating to Provision of Hire Purchase Financing**

The Target Group provides hire purchase financing to customers for the purchase of all types of vehicles or for renewal of the COEs on their vehicles. Under such hire purchase financing model, the Target Group purchases motor vehicles which are then let to customers for hire for an agreed period in return for instalment payments.

Hire purchase agreements for the provision by the Target Group of hire purchase financing for motor vehicles below the prescribed value (as explained below) are regulated by the HPA. However, the Target Group is not required to obtain any specific licence for the provision of hire purchase financing to customers.

Under the HPA, all hire purchase agreements relating to goods specified in the First Schedule to the HPA (which include any motor vehicle the value of which does not exceed S\$55,000 including GST and import and excise duties but excluding the cost of its COE) must contain certain information prescribed in the Second Schedule to the HPA. These details include the price of the COE, the applied and effective interest rates and total interest, the date of commencement of instalment payments, the due dates for each instalment payment, the amount of each instalment, the number of instalments, the processing fees and other fees and charges, the total amount payable, the additional charges for assignment and early settlement, and the interest rate for overdue instalments.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

In relation to hire purchase agreements for motor vehicles subject to regulation under the HPA as described above, the hirer must also be given notification of his rights under the Third Schedule to the HPA, such as being able to make a notice in writing to the owner to require the owner to assign his right, title and interest under the hire purchase agreement to another person.

Under the HPR, the minimum amount of deposit to be paid by the hirer under a hire purchase agreement for a motor vehicle is: (i) 30% of the purchase price of the motor vehicle if the applicable value of the motor vehicle does not exceed S\$20,000; or (ii) 40% of the purchase price of the motor vehicle if the applicable value of the motor vehicle exceeds S\$20,000. In addition, the maximum tenure of a hire purchase agreement for a motor vehicle shall be seven (7) years unless the tenure was extended in accordance with the requirements under the HPR (i.e. the hire purchase agreement was made on or before 5 May 2020, an extension of the tenure of the hire purchase agreement is requested by the hirer between 18 February 2020 and the expiry date (both dates inclusive) and an extension of the tenure for a period not exceeding 12 months is granted by the owner). These requirements do not apply to commercial vehicles (as defined in the HPR).

Under the HPA, the exercise of the right to repossess the motor vehicle for failure by the hirer to pay instalments when due must comply with certain requirements. Specifically, the owner shall not exercise the right of repossession unless notice in writing in the prescribed form has been given to the hirer, and the period fixed by the notice (which shall not be less than seven (7) business days after the service of the notice) has expired.

Upon repossession of the motor vehicle, the owner is required to (among other things) deliver on the hirer personally a document acknowledge receipt of the motor vehicle and, within seven (7) business days of such repossession, to serve on the hirer and every guarantor of the hirer a notice in writing in the prescribed form. The purpose of the notice is to notify the hirer of the terms under which the hirer is entitled to get the motor vehicle, failing which the hirer will be liable for the owner's loss unless the value of the motor vehicle repossessed is sufficient to cover the hirer's liability.

3. General Laws relating to the Business of the Target Group

3.1 Workplace Safety and Health Act 2006

- (a) The Workplace Safety and Health Act 2006 of Singapore ("**WSHA**") regulates the safety, health and welfare of persons at work in workplaces. For this purpose, the term "workplace" means any premises where a person is at work or is to work, for the time being works, or customarily works, and includes a factory. The WSHA is administered by the Ministry of Manpower of Singapore ("**MOM**").

The WSHA provides, among other things, that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of the employer's employees at work.

These measures include, among other things:

- (i) providing and maintaining a work environment which is safe, without risk to health, and adequate as regards to the facilities and arrangements for the employee's welfare at work;

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

- (ii) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees;
- (iii) ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace or under the control of the employer;
- (iv) developing and implementing procedures for dealing with emergencies that may arise while employees are at work; and
- (v) ensuring that the employees have adequate instruction, information, training and supervision as is necessary for them to perform their work.

In addition, under section 17(1) of the WSHA, a person who erects, installs or modifies any machinery or equipment for use at work must ensure, so far as is reasonably practicable, that the machinery or equipment is erected, installed or modified in such a manner that it is safe, and without risk to health, when properly used.

The Workplace Safety and Health (General Provisions) Regulations, which are promulgated under the WSHA, also impose more specific duties on employees in relation to the safety and health of employees in the workplace, including requirements relating to the use of hoists or lifts, lifting gears and lifting appliances and lifting machines.

Subject to the provisions of the WSHA, any person who is in breach of its duty under the WSHA shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S\$500,000, and if the contravention continues after the conviction, shall be guilty of a further offence and shall be liable to a fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction.

For repeat offenders, where a person has on at least one previous occasion been convicted of an offence under the WSHA that causes the death of any person and is subsequently convicted of the same offence that causes the death of another person, the court may punish the person, in the case of a body corporate, with a fine not exceeding S\$1 million and, in the case of a continuing offence, with a further fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction.

Compliance with the Code of Practice on Chief Executives' and Board of Directors' Workplace Safety and Health Duties may be used as a mitigating factor for the Court's consideration in the event of the commission of an offence under the WSHA.

Under the WSHA, the Commissioner of Work, Safety and Health ("**WSH Commissioner**"), who is appointed by the Minister of Manpower of Singapore pursuant to the WSHA, may serve a remedial order or a stop-work order in respect of a workplace if the WSH Commissioner is satisfied that:

- (A) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of the persons at work;

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

- (B) any person has contravened any duty imposed by the WSHA; or
- (C) any person has done any act, or has refrained from doing any act which, in the opinion of the WSH Commissioner, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

The stop-work order must, among other things, direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the WSH Commissioner have been taken to his satisfaction to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The remedial order must, among other things, direct the person served with the order to take such measures, to the satisfaction of the WSH Commissioner, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

- (b) Under the Workplace Safety and Health (Risk Management) Regulations, which are promulgated under the WSHA, the employer in a workplace is required to, among other things, conduct a risk assessment in relation to the safety and health risks posed to any person who may be affected by his undertaking in the workplace, take all reasonably practicable steps to eliminate or minimise foreseeable risks, implement measures/safety procedures to address the risks, and to inform workers of the same, maintain records of such risk assessments and measures/safety procedures for a period of not less than three (3) years, and submit such records to the WSH Commissioner from time to time when required.
- (c) Under the Workplace Safety and Health (Registration of Factories) Regulations 2008 (“**WSH Factories Regulations**”), which are promulgated under the WSHA, among other things, any person who desires to occupy or use any premises as a factory (other than those falling within the classes of factories described in Parts I, II and III of the First Schedule) is required to give notification to the Commissioner before commencement of operation. If the factory falls within the classes of factories described in Parts I, II and III of the First Schedule, then the premises would have to be registered with the WSH Factories. For this purpose, “factory” is defined in the WSHA to mean any premises:
 - (i) within which persons are employed in (among other things) the repair, construction or manufacturing of any vessel or vehicle; and
 - (ii) which is specified in the Fourth Schedule. One of the premises listed in the Fourth Schedule of the WSHA is any premises where the construction, reconstruction or repair of locomotives, aircraft, vehicles or other plant for use for transport purposes is carried on as ancillary to a transport undertaking or other industrial or commercial undertaking, not being any premises used for the purpose of housing locomotives, aircraft or vehicles where only cleaning, washing, running repairs or minor adjustments are carried out.

Pursuant to Regulation 3 of the WSH Factories Regulations, a premise will be exempted from the registration or notification requirement if: (a) the number of persons at work within the premises is ordinarily less than 10 (whether or not they are all at work at those premises at the same time); and (b) the premise does not use or create any mechanical power, steam boiler, steam container, steam receiver, air receiver, refrigerating plant pressure receiver or gas plant, or any highly flammable or noxious substance.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

Where the requirement applies, operating a factory without notifying or registering is an offence, and the person in default may be subject to a fine not exceeding S\$5,000.

- (d) The Workplace Safety and Health (Noise) Regulations 2011 (“**WSH Noise Regulations**”) set out the duties of employers in respect of workplaces where a person is exposed or is likely to be exposed to excessive noise caused by any machinery or equipment used in the workplace, or any process, operation or work carried out in the workplace. Under the WSH Noise Regulations, among other things, the occupier of such workplace has a duty to take, so far as is reasonably practicable, such measures to reduce or control the noise from any machinery or equipment used, so that no person at work in the workplace is exposed or is likely to be exposed to excessive noise (as prescribed under the WSH Noise Regulations). Further, the duties of the occupier include limiting the duration of exposure of such persons at work to excessive noise and providing suitable hearing protectors.

Further, the Environmental Protection and Management (Boundary Noise Limits for Factory Premises) Regulations prescribe the maximum permissible noise level for factory premises. “Factory premises” means *inter alia*, any premises used for any industrial or manufacturing purposes and includes any repair or processing workshop, and warehouse.

3.2 Work Injury Compensation Act 2019 of Singapore

The Work Injury Compensation Act 2019 of Singapore (“**WICA**”) regulates (among other things) the payment of compensation to employees for injury suffered arising out of and in the course of their employment as well as providers of insurance for liability under the WICA. The WICA is administered by the MOM.

The WICA applies to all employees who have entered into or works under a contract of service with an employer (save for the classes of individuals not covered under the Third Schedule of the WICA), in respect of injury suffered by them arising out of and in the course of their employment and sets out, among other things, the amount of compensation that they are entitled to and the method(s) of calculating such compensation.

Under the WICA, subject to the provisions therein, where personal injury is caused to an employee by an accident arising out of and in the course of employment, the employer of the employee shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation will be computed in accordance with a fixed formula as set out in the WICA, subject to maximum and minimum limits.

Further, the WICA provides, among other things, that where any person (referred to as the principal) in the course of or for the purpose of the principal’s trade or business contracts with any other person (referred to as the employer) for the execution by the employer of the whole or any part of any work, or for the supply of labour to carry out any work, undertaken by the principal, the Commissioner for Labour, who is appointed by the Minister of Manpower of Singapore under the EA, may direct the principal to fulfil the obligations of the employer under the WICA in relation to any employee of the employer employed in the execution of the work. In such event, the principal will, subject to the provisions of the WICA, be liable to pay the employee any compensation payable under the WICA as if that employee had been immediately employed by the principal.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

Under the WICA, read with the Work Injury Compensation (Insurance) Regulations 2020 (“**WIC Insurance Regulations**”), employers are required to maintain work injury compensation insurance for all employees, excluding certain prescribed classes of employees, in accordance with the requirements under the WICA. The excluded classes of employees (as prescribed in the Second Schedule of the WIC Insurance Regulations) include employees who are employed otherwise than by way of manual labour, and employees whose salary (within the meaning of the EA) received from the employer exceeds S\$2,600 a month.

3.3 Employment Act 1968 of Singapore

The Employment Act 1968 of Singapore (“**EA**”) is Singapore’s main labour law and, among other things, provides for the basic terms and conditions of employment, and the rights and responsibilities of employers as well as employees who are covered under the EA. The EA is administered by the MOM, which is responsible for all labour and workforce-related matters in Singapore.

The term “employee” is defined in the EA to mean a person who has entered into or works under a contract of service with an employer and includes, among other things, a workman, but does not include certain specified categories of employees including, among other things, any seafarer or domestic worker.

The EA regulates certain aspects of the contract of service or employment, including the termination, dismissal, right to join, participate in or organised trade unions, change of employer, the transfer of employment, public holiday and sick leave entitlements, minimum days of annual leave, payment of salary and allowable deductions. Section 8 of the EA provides that every term of a contract of service which provides a condition of service which is less favourable to an employee than any of the conditions of service prescribed by the EA is illegal and void to the extent that it is so less favourable. In addition, a contravention of any of the provisions may also be an offence, the penalties for which depend on the particular provision that is contravened.

Part 4 of the EA, in particular, sets out conditions of service that are applicable only to: (a) workmen who receive salaries not exceeding S\$4,500 a month (or such other amount prescribed by the Minister for Manpower); and (b) employees (other than workmen or a person employed in a managerial or an executive position) who receive salaries not exceeding S\$2,600 a month (or such other amount prescribed by the Minister for Manpower). Under the EA, a “workman” is defined under the EA to mean, among other things: (i) any person, skilled or unskilled, who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, including any artisan or apprentice, but excluding any seafarer or domestic worker; (ii) any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and throughout the performance of his work; and (iii) certain persons specified in the First Schedule to the EA, including construction workers, machine operators and lorry and van drivers.

Part 4 of the EA regulates, among other things, working hours, overtime, rest days, payment of retrenchment benefit, priority of retirement benefit, annual wage supplements and other conditions of work or service in relation to employees covered under Part 4.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

Generally, in terms of working hours: (a) an employee must not be required to work more than six (6) consecutive hours without a period of leisure, or more than eight (8) hours in one day or more than 44 hours in one (1) week, subject to certain exceptions; (b) an employee must not under any circumstances work for more than 12 hours in any one day except in specified circumstances, such as in the case of accident, actual or threatened, or work the performance of which is essential to the life of the community, or work essential for defence or security, or urgent work to be done to machinery or plant, or an interruption of work which it was impossible to foresee; and (c) an employee must not be permitted to work overtime for more than 72 hours a month.

Under the EA, the Commissioner for Labour may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by written order exempt an employee or any class of employees from the overtime limits subject to such conditions as the Commissioner thinks fit.

Any employer who employs any person as an employee who is covered under Part 4 of the EA and fails to comply with Part 4 of the EA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

3.4 Employment of Foreign Manpower Act 1990

The Employment of Foreign Manpower Act 1990 of Singapore (“**EFMA**”) regulates the employment of foreign manpower in Singapore. The EFMA is administered by the MOM.

Section 5(1) of the EFMA provides that no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him in accordance with the conditions of the foreign employee’s work pass.

Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- (a) be liable on conviction to a fine of at least S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction:
 - (i) in the case of an individual, be punished with a fine of at least S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or
 - (ii) in any other case, be punished with a fine of at least S\$20,000 and not more than S\$60,000.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

In addition, under Section 25(1) of the EFMA, where any employer (a) makes, or causes to be made to the Controller of Work Passes (“**Controller**”), an application for a work pass on the basis of the employer’s foreign employee entitlement; and (b) commits, or causes or permits to be committed, any act or omission which facilitates, or which results in, the inflation of the employer’s foreign employee entitlement, the Controller may impose on the employer a financial penalty of an amount, not exceeding S\$20,000, as the Controller may determine.

There are several categories of work passes that may be granted by the Controller, including the following:

- (A) Employers can apply for a ‘Work Permit’ to employ semi-skilled or unskilled foreign workers. Employers can apply for a ‘S Pass’ to employ foreign mid-level skilled workers, if the minimum qualifying salary is met. For existing qualifying salary for new applications and renewals, the minimum qualifying salary for all sectors except financial services is S\$3,150 (with the qualifying salary increasing progressively with age from age 23, up to S\$4,650 at age 45 and above) and for financial services, S\$3,650 (with the qualifying salary increasing progressively with age from age 23, up to S\$5,650 at age 45 and above). For new applications submitted from 1 September 2025 or renewals of passes expiring from 1 September 2026, the minimum qualifying salary for all sectors except financial services is S\$3,300 (with the qualifying salary increasing progressively with age from age 23, up to S\$4,800 at age 45 and above) and for financial services, S\$3,800 (with the qualifying salary increasing progressively with age from age 23, up to S\$5,650 at age 45 and above). The MOM regulates (among other things) the number of foreign workers that a company may employ with a Work Permit or a S Pass in Singapore through a sector-based quota system.
- (B) Employers can apply for an ‘Employment Pass’ to employ foreign professionals if the minimum qualifying salary is met. For renewals of passes expiring from 1 January 2025 to 31 December 2025, the minimum qualifying salary for an Employment Pass is at least S\$5,000 for all sectors except financial services (with the qualifying salary increasing progressively with age from age 23, up to S\$10,500 at age 45 and above) and at least S\$5,500 for the financial services sector (with the qualifying salary increasing progressively with age from age 23, up to S\$11,500 at age 45 and above). For new applications submitted from 1 January 2025 or renewals of passes expiring from 1 January 2026, the minimum Employment Pass qualifying salary for all sectors except financial services is S\$5,600 (with the qualifying salary increasing progressively with age from age 23, up to S\$10,700 at age 45 and above) and for financial services, S\$6,200 (with the qualifying salary increasing progressively with age from age 23, up to S\$11,800 at age 45 and above). The employment of Employment Pass holders is not subject to a quota system.

The Fair Consideration Framework sets out requirements for all employers in Singapore to consider the workforce in Singapore fairly for job opportunities. According to the MOM, save for employers that are exempted from the advertising requirement, employers submitting Employment Pass and S Pass applications must first advertise on MyCareersFuture, an online government-initiated job portal and consider all candidates fairly. The MOM sets out certain advertising requirements, which includes the duration and accuracy of the advertisement. Failure to comply with the MOM’s advertising requirements may lead to the MOM rejecting Employment Pass and S Pass applications and potential work pass application debarments.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

Further, unless exempted, the Complementarity Assessment Framework (“**COMPASS**”) applies to new Employment Pass applications from 1 September 2023, in addition to renewal Employment Pass applications from 1 September 2024 onwards. The COMPASS is a new points-based framework that considers both individual and firm-related attributes to holistically evaluate an Employment Pass applicant’s complementarity to Singapore’s workforce. The foundational criteria considered includes the candidate’s salary and qualifications, as well as the diversity and support for local employment in the candidate’s firm, while the bonus criteria considered includes skills bonus and strategic economic priorities bonus. Candidates will require a minimum of 40 points to pass the COMPASS.

Under the First Schedule and Fourth Schedule of the Employment of Foreign Manpower (Work Passes) Regulations 2012 (“**EFM Work Passes Regulations**”), employers of work permit holders are required, among other things, to:

- (1) bear the costs of medical treatment (in excess of the amounts payable by an insurer under any medical insurance required to be purchased and maintained by the employer in certain instances);
- (2) provide safe working conditions and take such measures as are necessary to ensure the safety and health of the foreign employee;
- (3) provide acceptable accommodation consistent with any law or governmental regulations;
- (4) purchase and maintain medical insurance with prescribed coverage for inpatient care and day surgery, for each 12-month period (or for such shorter period where the foreign employee’s period of employment is less than 12 months); and
- (5) (compulsory only for work permit holders who are residents of a licensed dormitory or an unregulated dormitory and/or whose work permit specifies that they are employed in the construction sector, marine shipyard sector or process sector) purchase and maintain a primary care plan (where a medical provider provides basic healthcare services and enrol the foreign worker as a member of the plan).

Under the Second Schedule and Fifth Schedule of the EFM Work Passes Regulations, employers of S Pass holders are required, among other things, to:

- (1) bear the costs of medical treatment (in excess of the amounts payable by an insurer under any medical insurance required to be purchased and maintained by the employer in certain instances);
- (2) purchase and maintain medical insurance with prescribed coverage for inpatient care and day surgery, for each 12-month period (or for such shorter period where the foreign employee’s period of employment is less than 12 months); and
- (3) (compulsory only for S Pass holders who are residents of a licensed dormitory or an unregulated dormitory and/or whose S Pass specifies that they are employed in the work in construction sector, marine shipyard sector or process sector) purchase and maintain a primary care plan (where a medical provider provides basic healthcare services and enrol the foreign worker as a member of the plan).

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

An employer of foreign workers is also subject to, among others, the Employment Act and the Immigration Act 1959.

3.5 Tripartite Guidelines on Fair Employment Practices

The Tripartite Guidelines on Fair Employment Practices (“**Guidelines**”), formulated by the Tripartite Alliance for Fair and Progressive Employment Practices (“**TAFEP**”), sets out fair employment practices that should be adopted by employers to help prevent discrimination at the workplace. The MOM and TAFEP make reference to the Guidelines in promoting fair and responsible employment practices.

Employers are expected to abide by the principles of fair employment and adopt the recommended good practices. The five principles of fair employment practices are:

- (a) Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- (b) Treat employees fairly and with respect and implement progressive human resource management systems.
- (c) Provide employees with fair opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential.
- (d) Reward employees fairly based on their ability, performance, contribution and experience.
- (e) Abide by labour laws and adopt the Guidelines.

The Guidelines set out fair employment practices in respect of, among other things, selection criteria, recruitment process, remuneration, performance appraisal and promotion, posting and training, disciplinary actions, and dismissals and retrenchments. For instance, the Guidelines provide that, in respect of the recruitment process, objective and fair selection criteria should be consistently applied at all stages of the process, and in respect of remuneration, employers should remunerate employees fairly, taking into consideration factors such as ability, performance, contribution, skills, knowledge and experience.

3.6 Central Provident Fund Act 1953

The Central Provident Fund Act 1953 (“**CPF Act**”) governs the contributions made by employers and employees into the Central Provident Fund (“**CPF**”). The CPF Act is administered by the Central Provident Fund Board.

Under section 7 of the CPF Act:

- (a) every employer of an employee who is a Singapore citizen or permanent resident and employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, unless owners of the vessel have been exempted), shall pay to the Fund monthly in respect of such employee contributions at the appropriate rates set out in the First Schedule of the CPF Act. CPF contributions are not applicable for foreigners who hold Work Permits, S Passes or Employment Passes; and

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

- (b) notwithstanding the provisions of any written law or any contract to the contrary, an employer who has made such contribution to the Fund of an employee is allowed to recover from the monthly wages of that employee the amount shown in the First Schedule of the CPF Act as so recoverable from the employee.

Under section 9(1) of the CPF Act, where the amount of the contributions which an employer is liable to pay under section 7 of the CPF Act in respect of any month is not paid within such period as may be prescribed, the employer shall be liable to pay interest on the amount for every day the amount remains unpaid commencing from the first day of the month succeeding the month in respect of which the amount is payable and the interest is to be calculated at the rate of 1.5% per month or the sum of S\$5, whichever is the greater.

Under section 7(3) of the CPF Act, where any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPF Act fails to pay the contributions to the CPF within such time as may be prescribed, the employer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Section 61(1) of the CPF Act provides that except as otherwise provided in section 61(2) of the CPF Act, any person convicted of an offence under the CPF Act for which no penalty is provided shall be liable on conviction:

- (i) to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six (6) months or to both; and
- (ii) if that person is a repeat offender in relation to the same offence, to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Section 61(2) of the CPF Act provides that where any person:

- (A) is guilty of an offence under Section 7(5), 8A(5) or 58(1)(b) of the CPF Act; or
- (B) being a director, manager or secretary or any other officer of a body corporate, is guilty of an offence under Section 60 of the CPF Act by virtue of the fact that an offence under Section 7(3) or (5), 8A(3) or (5) or 58(1)(b) of the CPF Act has been committed by that body corporate and is found to have been committed with the consent or connivance of or to be attributable to any act or default on the part of that person,

that person shall be liable on conviction:

- (1) to a fine of not less than S\$1,000 and not more than S\$5,000 or to imprisonment for a term not exceeding six (6) months or to both; and
- (2) if that person is a repeat offender in relation to the same offence, to a fine of not less than S\$2,000 and not more than S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

3.7 Personal Data Protection Act 2012

The PDPA establishes the Singapore regime for the protection of personal data (i.e. data, whether true or not, about an individual who can be identified from that data, or from that data and other information to which the organisation has or is likely to have access) and seeks to ensure that organisations comply with a baseline standard of protection for personal data of individuals. Some of the 10 data protection obligations are summarised as follows:

- (a) *Purpose limitation obligation*: personal data must be collected, used or disclosed only for purposes that a reasonable person would consider appropriate in the circumstances, and for which the individual has given consent;
- (b) *Notification obligation*: individuals must be notified of the purposes for the collection, use or disclosure of their personal data, on or prior to such collection, use or disclosure;
- (c) *Consent obligation*: the consent of individuals must be obtained for any collection, use or disclosure of their personal data, unless exceptions apply. Additionally, an organisation must allow the withdrawal of consent which has been given or is deemed to have been given;
- (d) *Access and correction obligations*: when requested by an individual and unless exceptions apply, an organisation must: (i) provide that individual with access to his personal data in the possession or under the control of the organisation and information about the ways in which his personal data may have been used or disclosed within a year before such request; and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organisation as soon as practicable and send the corrected data to every other organisation to which the personal data was disclosed (or to selected organisations that the individual has consented to) within a year before the correction is made;
- (e) *Accuracy obligation*: an organisation must make reasonable efforts to ensure that personal data collected by it or on its behalf is accurate and complete, especially if such data is likely to be used to make a decision affecting the individual to whom the personal data relates, or if such data is likely to be disclosed to another organisation;
- (f) *Protection obligation*: an organisation must implement reasonable security arrangements for the protection of personal data in its possession or under its control to prevent unauthorised access, collection, use, disclosure or similar risks;
- (g) *Retention limitation obligation*: an organisation must not keep personal data for longer than it is necessary to fulfil: (i) the purposes for which it was collected; or (ii) a legal or business purpose;
- (h) *Transfer limitation obligation*: personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the PDPA and applicable regulations, unless exempted by the Personal Data Protection Commission of Singapore (“**Commission**”);
- (i) *Accountability obligation*: an organisation must implement the necessary policies and procedures in order to meet the obligations under the PDPA, designate a data protection officer and shall make business contact information and information about its policies and procedures publicly available; and

APPENDIX G – SUMMARY OF APPLICABLE SINGAPORE LAWS

- (j) *Data breach notification obligation:* an organisation must assess if a data breach will result in, or is likely to result in, significant harm to an affected individual, or is, or is likely to be, of a significant scale. If so, the organisation must notify the Commission as soon as is practicable, but in any case, no later than three (3) calendar days after the organisation makes that assessment.

The organisation must also notify each affected individual in any manner that is reasonable in the circumstances.

Non-compliance may lead to financial penalties or to a term of imprisonment, or both. The Commission also has broad powers to direct the organisations to comply with the provisions of the PDPA.

This page has been intentionally left blank.

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

The discussion below provides information about certain provisions of the Existing Constitution and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and the Existing Constitution.

The instrument that constitutes and defines the Company is the Existing Constitution.

The following summarises certain Regulations of the Existing Constitution relating to:

- (a) power of a Director to vote on a proposal, arrangement or contract in which he or she is interested:

Regulation 94

DIRECTORS MAY CONTRACT WITH COMPANY. *No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement or transaction with the Company either as vendor, purchaser or otherwise nor shall such contract, arrangement or transaction or any contract, arrangement or transaction entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being interested not be liable to account to the Company for any profit realised by any such contract, arrangement or transaction by reason only of such Director holding that office or of the fiduciary relation thereby established; PROVIDED ALWAYS THAT every Director and Chief Executive Officer (or person(s) holding an equivalent position) shall observe the provisions of the Act relating to the disclosure of the interests of the Directors and Chief Executive Officers (or person(s) holding an equivalent position) in transactions or proposed transactions with the Company or of any office or property held by a Director or a Chief Executive Officer (or person(s) holding an equivalent position) which might create duties or interests in conflict with his duties or interests as a Director or a Chief Executive Officer (or an equivalent position), as the case may be. No Director shall vote as a Director in respect of any contract, arrangement or transaction, or proposed contract, arrangement or transaction in which he has directly or indirectly a personal material interest, although he shall be counted in the quorum present at the meeting in relation to any resolution on which he is debarred from voting.*

- (b) power of a Director to vote on remuneration (including pension or other benefits) for himself or herself or for any other Director, and whether the quorum at a meeting of the board of directors to vote on directors’ remuneration may include the director whose remuneration is the subject of the vote:

Regulation 59

SPECIAL BUSINESS. *All business that is transacted at an Extraordinary General Meeting shall be deemed special, and also all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of (a) declaring a dividend, (b) the consideration and adoption of the financial statements, the Directors’ statements and Auditors’ report and any other accounts and documents required to be attached to the financial statements, (c) the election or re-election of Directors in the place of those retiring by rotation or otherwise, (d) the fixing of the remuneration of the Directors, and (e) the appointment or re-appointment of the Auditors and fixing of the remuneration of the Auditors (or determining the manner in which such remuneration is to be fixed).*

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

Regulation 83(2)

An alternate Director so appointed may be reimbursed by the Company such expenses as might properly be reimbursed to him if he were a Director and he shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointer and such appointer may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company.

Regulation 83(4)

Any fee paid by the Company to the alternate Director shall be deducted from the remuneration payable to his appointor.

Regulation 84(1)

DIRECTORS’ REMUNERATION. *Fees payable to the Directors shall from time to time be determined by the Company in General Meeting and such fees shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting. Unless otherwise directed, such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that if a Director has held office for part only of the period in respect of which such fees are payable, such a Director shall be entitled only to that proportion of the fees as is related to the period during which he has held office. Fees payable to non-executive directors shall be by a fixed sum and not by way of commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover. The Directors shall also be paid such travelling, hotel and other expenses as may reasonably be incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at meetings of Directors, or of any committee or any General Meeting or otherwise in the course of the Company’s business. If by arrangement with the other Directors any Director shall perform or render any special duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration, in addition to his ordinary remuneration, and such special remuneration may be by way of additional salary or otherwise, as may be arranged; PROVIDED ALWAYS THAT such special remuneration, if payable by way of fees to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover, and if payable by way of salaries to executive directors may not include a commission on or percentage of turnover.*

Regulation 84(2)

Subject to the provisions of the Statutes, the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Regulation 85

DIRECTOR MAY BE INTERESTED IN OTHER COMPANIES. *A Director of the Company may be or become a director of or hold any office or place of profit (other than as Auditor), or otherwise be interested in, any company which the Company may be interested as vendor,*

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

purchaser, shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.

Regulation 87

CHAIRPERSON. *The Directors may from time to time elect one of their body to be the Chairperson of the Company. Without prejudice to any claim a Director so appointed may have for damages for breach of any contract of service between him and the Company, his appointment shall be subject to determination ipso facto if he ceases from any cause to be a Director, or if the Directors resolve that his term of office be determined. A Director holding such office as aforesaid shall receive such remuneration as the Directors may determine but shall not under any circumstances be remunerated by a commission on or percentage of turnover.*

Regulation 88(3)

A Chief Executive Officer or Managing Director (or person holding an equivalent position) shall receive such remuneration as the Directors may determine but shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Regulation 95

DIRECTORS MAY HOLD OTHER OFFICE OF PROFIT. *A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.*

Regulation 96

DIRECTORS MAY ACT PROFESSIONALLY. *A Director may act by himself or his firm in any professional capacity for the Company (except as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.*

Regulation 122(3)

In addition and without prejudice to the power to capitalise profits and other moneys provided for by this Regulation 122, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares on terms that such shares shall, upon issue, (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or (b) be held by or for the benefit of non-executive Directors as part of their remuneration under Regulation 84(1) approved by Members in General Meeting in such manner and on such terms as the Directors shall think fit. The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation authorised pursuant to this Regulation 122.

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

- (c) the borrowing powers exercisable by the Directors and how such borrowing powers may be varied:

Regulation 90(1)

DIRECTORS’ BORROWING POWERS. *Subject to the provisions of the Act or any other written law, the Directors may exercise all the powers of the Company to borrow or raise money from time to time for the purposes of the Company or secure the payment of such sums, debt, liability or obligation of the Company as they may think fit, and may secure the repayment or payment of any such sums by mortgage or charge upon all or any of the property or assets of the Company or by the issue of debentures (whether at par or at discount or premium) or otherwise as they may think fit.*

The borrowing powers exercisable by the Directors under Regulation 90(1) of the Existing Constitution may be varied by way of alteration of Regulation 90(1) by special resolution passed at a general meeting of shareholders of the Company.

- (d) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in the Existing Constitution relating to the retirement or non-retirement of a Director under an age limit requirement.

- (e) the number of shares, if any, required for the qualification of a Director:

Regulation 82

NO SHARE QUALIFICATION. *A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at General Meetings.*

- (f) the rights, preferences and restrictions attaching to each class of shares:

Regulation 4(1)

ISSUE OF SHARES WITH PREFERRED, QUALIFIED, DEFERRED OR OTHER SPECIAL RIGHTS. *Subject to the provisions of the Statutes, the Listing Rules and such other restrictions and limitations as may be imposed by law or prescribed by any Securities Exchange, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine; PROVIDED ALWAYS THAT the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares of the Company.*

Regulation 4(2)

ISSUE OF FURTHER PREFERENCE SHARES. *The Company shall also have the power to issue further preference shares ranking equally with or in priority to any preference shares already issued.*

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

Regulation 5

REDEEMABLE PREFERENCE SHARES. Subject to the provisions of the Statutes, the Listing Rules and such other restrictions and limitations as may be imposed by law or prescribed by any Securities Exchange, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine.

Regulation 6

RIGHTS OF PREFERENCE SHAREHOLDERS. Holders of preference shares shall have the same rights as ordinary shareholders as regards receiving notices, reports, financial statements and attending General Meetings of the Company. They shall have the right to vote at any General Meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company, or where the proposition to be submitted to the General Meeting directly affects their rights and privileges, or when the dividends on the preference shares are in arrears for more than six (6) months.

Regulation 7

MODIFICATION OF RIGHTS OF PREFERENCE SHAREHOLDERS. Subject to the provisions of the Statutes, the Listing Rules and such other restrictions and limitations as may be imposed by law or prescribed by any Securities Exchange, the repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders’ rights, may only be made pursuant to a Special Resolution passed by the preference shareholders concerned at a General Meeting called for the foregoing purpose; PROVIDED ALWAYS THAT where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing, if obtained from the holders of three fourths of the preference shares concerned within two (2) months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.

Regulation 8

RIGHTS NOT VARIED BY ISSUE OF ADDITIONAL SHARES. The rights conferred upon holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Regulation 52

TREASURY SHARES. The Company shall not exercise any right in respect of the Treasury Shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by or prescribed pursuant to the Act.

Regulation 53

RIGHTS OF SHAREHOLDERS MAY BE ALTERED. Subject to the Statutes and the Listing Rules, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three fourths of the

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the Members of that class. To any such separate General Meeting all the provisions of this Constitution as to General Meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be Members of the class holding or representing by proxy one-third of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one vote for every such share held by him.

Regulation 57

NOTICE OF MEETING. *Subject to the provisions of the Statutes, the Listing Rules and such other requirements as may be imposed by law or prescribed by the Securities Exchange, any General Meeting at which it is proposed to pass a Special Resolution or a resolution of which special notice has been given to the Company, shall be called by at least twenty-one (21) clear days’ notice in writing and any other General Meeting by at least fourteen (14) clear days’ notice in writing, provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above, shall be deemed to have been duly called if it is so agreed (a) in the case of an Annual General Meeting, by all the Members entitled to attend and to vote thereat (b) in the case of an Extraordinary General Meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority which holds not less than 95% of the total voting rights of all the Members having a right to vote at that meeting. Every notice calling a General Meeting shall specify the place and the day and the hour of meeting and be given in a manner hereinafter mentioned to such persons as are under the provisions of this Constitution entitled to receive notices of General Meetings from the Company. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Subject to the provisions of the Statutes, the Listing Rules and such other requirements as may be imposed by law or prescribed by the Securities Exchange, at least fourteen (14) days’ notice of every such General Meeting shall be given by advertisement in the daily press and in writing to the Securities Exchange. The accidental omission to give such notice to, or the non-receipt of such notice by, any Member shall not invalidate the proceedings or any resolution passed at any such General Meeting.*

Regulation 69(1)

NUMBER OF VOTES. *A holder of ordinary shares of the Company shall be entitled to be present and to vote at any General Meeting in respect of any share or shares upon which all calls due to the Company have been paid. Subject to any rights or restrictions for the time being attached to any class or classes of shares, every Member present in person or by proxy shall have one vote on a show of hands, provided that in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by the Member or, failing such determination, by the Chairperson of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands, and in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands, and on a poll, every Member present in person or by proxy shall have one vote for each share which he holds or represents.*

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

Regulation 114

DIVIDEND. Subject to the rights of holders of shares with special rights as to dividend (if any) and except as otherwise permitted under the Act, all dividends in respect of shares shall be declared and paid in proportion to the number of shares held by a Member, but where shares are partly paid, all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid-up shares. For the purposes of this Regulation only, no amount paid or credited as paid on a share in advance of calls shall be treated as paid on the share.

Regulation 132

DISTRIBUTION IN SPECIE. If the Company shall be wound up, the liquidators may, with the sanction of a Special Resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved on otherwise than in accordance with such rights the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to (but not limited to) Section 178 of the Insolvency, Restructuring and Dissolution Act 2018 of Singapore. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidators amongst the Members otherwise than in accordance with their existing rights, and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.

- (g) any change in capital:

Regulation 3(1)

ISSUE OF SHARES. Subject to the Statutes, this Constitution and the Listing Rules, no shares may be issued without the prior approval of the Company in General Meeting but subject thereto and to these Regulations, and to any special right attached to any share for the time being issued, the Directors may allot and issue, grant options over or otherwise dispose of the same to such persons on such terms and conditions and at such times as the Directors think fit, provided always that the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in this Constitution.

Regulation 10

OFFER OF NEW SHARES. Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the Listing Rules, all new shares of whatever kind shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined and, after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

Regulation 47

COMPANY MAY INCREASE ITS CAPITAL. *Subject to the Statutes, the provisions of the Listing Rules and this Constitution, the Company in General Meeting may from time to time increase its capital by the creation and issue of new shares, such aggregate increase to be of such number and as the Company by the resolution authorising such increase directs.*

Regulation 48

POWER TO ISSUE INSTRUMENTS. *Subject to the Statutes, the Listing Rules and this Constitution, the Company may by Ordinary Resolution in General Meeting give to the Directors general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:*

- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or*
- (ii) Make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*
- (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while the Ordinary Resolution was in force;*

provided that:

- (1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Securities Exchange;*
- (2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Rules for the time being in force (unless such compliance is waived by the Securities Exchange) and this Constitution; and*
- (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the ordinary resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

Regulation 49(1)

COMPANY MAY ALTER ITS CAPITAL. *Subject to the Statutes, the Listing Rules and this Constitution, the Company may by Ordinary Resolution:–*

- (a) consolidate and/or divide all or any of its share capital; or*
- (b) cancel any shares which at the date of the passing of the resolution have not been taken, or agreed to be taken, by any person, or which have been forfeited, and diminish the amount of its share capital by the number of shares so cancelled; or*
- (c) subdivide its shares, or any of them, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived. The resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights, or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or*
- (d) convert its share capital or any class of shares from one currency to another currency.*

Regulation 49(2)

POWER TO CONVERT SHARES. *Subject to the provisions of the Statutes and the Listing Rules and such limitations thereof as may be prescribed by the Securities Exchange, the Company may, by Special Resolution, convert its share capital or any class of shares into any other class of shares.*

Regulation 50

COMPANY MAY REDUCE ITS CAPITAL. *The Company may by Special Resolution reduce its share capital or any other undistributable reserves in any manner authorised and subject to any conditions prescribed by the Statutes.*

Regulation 51

SHARE REPURCHASE. *Subject to and in accordance with the provisions of the Act, the Listing Rules, and other written law, the Company may purchase or otherwise acquire its issued shares on such terms as the Company may think fit and in the manner prescribed by the Act.*

Any share which is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition by the Company or, subject to the provisions of the Act, be held and dealt with by the Company as Treasury Shares. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Act.

APPENDIX H – SUMMARY OF THE COMPANY’S EXISTING CONSTITUTION

- (h) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

Regulation 8

RIGHTS NOT VARIED BY ISSUE OF ADDITIONAL SHARES. *The rights conferred upon holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.*

Regulation 53

RIGHTS OF SHAREHOLDERS MAY BE ALTERED. *Subject to the Statutes and the Listing Rules, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the Members of that class. To any such separate General Meeting all the provisions of this Constitution as to General Meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be Members of the class holding or representing by proxy one-third of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one vote for every such share held by him.*

- (i) any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates:

Regulation 115(2)

UNCLAIMED DIVIDENDS. *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable.*

- (j) any limitation on the right to own Shares:

Singapore law and the Existing Constitution do not impose any limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights attached to the Shares.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SINCAP GROUP LIMITED

(Company Registration Number: 201005161G)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of **SINCAP GROUP LIMITED** (“Company”) will be held at 10 Anson Road, #31-06 International Plaza, Singapore 079903 on Thursday, 11 September 2025 at 10:00 a.m. (Singapore time), for the purpose of considering and, if thought fit, passing (with or without any modifications) the Resolutions set out below.

Unless otherwise defined, all capitalised terms in this Notice have the same meanings given to them in the circular to shareholders dated 20 August 2025 issued by the Company (“Circular”).

Shareholders should note that:

- (a) Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7, 9, 11, 12 and 16 and the Special Resolution (“Key Resolutions”) are inter-conditional upon each other; and**
- (b) Ordinary Resolutions 8, 10, 13, 14, 15, 17 and 18 (“Conditional Resolutions”) are conditional upon the passing of the Key Resolutions.**

This means that if any of the Key Resolutions is not approved, the other Key Resolutions would not be duly passed, and if any of the Key Resolutions is not approved, all the Conditional Resolutions would not be duly passed.

AS ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1: PROPOSED ACQUISITION

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) approval be and is hereby given for the Company to undertake the Proposed Acquisition in accordance with the terms of the SPA; and
- (2) the Directors be and are hereby authorised to (a) carry out and implement the Proposed Acquisition in accordance with the SPA; and (b) complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to this Ordinary Resolution 1 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 2: PROPOSED ISSUE OF CONSIDERATION SHARES

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the allotment and issue to the Vendor of an aggregate of up to 177,777,777 Consideration Shares, credited as fully paid-up, at the Issue Price of S\$0.225 per Consideration Share upon and subject to the terms and conditions of the SPA, be and is hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to this Ordinary Resolution 2 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 3: PROPOSED WHITEWASH RESOLUTION

THAT subject to and contingent upon the passing of the other Key Resolutions, the Independent Shareholders of the Company hereby, on a poll taken, unconditionally and irrevocably waive their rights under Rule 14 of the Singapore Code on Take-Overs and Mergers to receive a mandatory general offer from the Vendor for all the shares in the capital of the Company not already owned, controlled or agreed to be acquired by the Vendor and parties acting in concert with it, as a result of the allotment and issue of the Base Consideration Shares upon SPA Completion.

ORDINARY RESOLUTION 4: PROPOSED ISSUE OF MR CHU'S SETTLEMENT SHARES

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the allotment and issue to Mr Chu Ming Kin of 4,059,908 Mr Chu's Settlement Shares, credited as fully paid-up, at the Issue Price of S\$0.225 per Mr Chu's Settlement Share in full and final settlement of Mr Chu's Loan and Mr Chu's Assumed Amount, be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to this Ordinary Resolution 4 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 5: PROPOSED ISSUE OF IDS SETTLEMENT SHARES TO MR LEE FANG WEN

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the proposed allotment and issue to Mr Lee Fang Wen of 111,111 IDs Settlement Shares, credited as fully paid-up, at the Issue Price of S\$0.225 per IDs Settlement Share in full and final settlement of IDs Outstanding Fees of S\$25,000 owing to Mr Lee Fang Wen, be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 5 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 6: PROPOSED ISSUE OF IDS SETTLEMENT SHARES TO MR TAY BOON ZHUAN

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the proposed allotment and issue to Mr Tay Boon Zhuan (who was an Independent Director of the Company until he stepped down on 20 June 2025) of 244,444 IDs Settlement Shares, credited as fully paid-up, at the Issue Price of S\$0.225 per IDs Settlement Share in full and final settlement of IDs Outstanding Fees of S\$55,000 owing to Mr Tay Boon Zhuan, be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 6 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 7: PROPOSED ISSUE OF CONSULTANT SETTLEMENT SHARES TO MS NG SIEW THUNG

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the proposed allotment and issue to Ms Ng Siew Thung of 251,200 Consultant Settlement Shares, credited as fully paid-up, at the Issue Price of S\$0.225 per Consultant Settlement Share in full and final settlement of Consultant Outstanding Fees of S\$56,520 owing to Ms Ng Siew Thung, be and is hereby approved; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 7 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 8: PROPOSED ISSUE OF SAC CAPITAL SHARES

THAT subject to and contingent upon the passing of all Key Resolutions:

- (1) the allotment and issue to SAC Capital of 444,444 SAC Capital Shares, credited as fully paid-up, at the Issue Price of S\$0.225 per SAC Capital Share; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to this Ordinary Resolution 8 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 9: PROPOSED ISSUE OF NEW PLACEMENT SHARES

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) the Directors be and are hereby authorised to allot and issue up to 15,000,000 New Placement Shares at the Placement Price of S\$0.20 per Placement Share in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to this Ordinary Resolution 9 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 10: PROPOSED CONVERTIBLE BOND ISSUE

THAT subject to and contingent upon the passing of all Key Resolutions:

- (1) approval be and is hereby given, for the purposes of Chapter 8 of the Catalist Rules of the SGX-ST, to the Directors to create and issue the Convertible Bonds with up to an aggregate principal amount of S\$5,000,000, such Convertible Bonds to be convertible into Conversion Shares at the Conversion Price in accordance with the terms of the Convertible Bonds;
- (2) approval be and is hereby given pursuant to section 161 of the Companies Act and Rule 805(1) of the Catalist Rules to the Directors to subsequently allot and issue to holders of the Convertible Bonds:
 - (a) such number of Conversion Shares as may be required or permitted to be allotted and issued on the conversion of the Convertible Bonds, at the Conversion Price and on the terms of the Convertible Bonds; and
 - (b) such further Conversion Shares as may be required to be allotted and issued on the conversion of the Convertible Bonds upon the adjustment of the Conversion Price in accordance with the terms of the Convertible Bonds; and
- (3) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider expedient or necessary to give effect to this Ordinary Resolution 10 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 11: PROPOSED CHANGE OF CORE BUSINESS

THAT subject to and contingent upon the passing of the other Key Resolutions:

- (1) approval be and is hereby granted for the Company for the Proposed Change of Core Business subject to compliance with the Catalist Rules requiring approval from shareholders in certain circumstances, the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of from time to time, any such assets, businesses, investments and shares/interests in any entity that is in the Enlarged Group for the purpose of or in connection with the Proposed Change of Core Business on such terms and conditions as the Directors deem fit; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to any such investment, purchase, acquisition or disposal or to this Ordinary Resolution 11 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 12: APPOINTMENT OF MR SHEN WENDE AS A PROPOSED NEW DIRECTOR

THAT subject to and contingent upon the passing of the other Key Resolutions and SPA Completion, Mr Shen Wendé be and is hereby appointed as a director of the Company with effect from SPA Completion.

ORDINARY RESOLUTION 13: APPOINTMENT OF MR TANG YENG YUEN AS A PROPOSED NEW DIRECTOR

THAT subject to and contingent upon the passing of all Key Resolutions and SPA Completion, Mr Tang Yeng Yuen be and is hereby appointed as a director of the Company with effect from SPA Completion.

ORDINARY RESOLUTION 14: APPOINTMENT OF MR TAY ENG KIAT JACKSON AS A PROPOSED NEW DIRECTOR

THAT subject to and contingent upon the passing of all Key Resolutions and SPA Completion, Mr Tay Eng Kiat Jackson be and is hereby appointed as a director of the Company with effect from SPA Completion.

ORDINARY RESOLUTION 15: APPOINTMENT OF MS NG LI-MAY, VANESSA AS A PROPOSED NEW DIRECTOR

THAT subject to and contingent upon the passing of all Key Resolutions and SPA Completion, Ms Ng Li-May, Vanessa be and is hereby appointed as a director of the Company with effect from SPA Completion.

ORDINARY RESOLUTION 16: THE PROPOSED IPT GENERAL MANDATE

That subject to and contingent upon the passing of the other Key Resolutions:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9 of the Catalist Rules, or any of them, to enter into any of the Mandated Transactions with the Mandated Interested Persons, provided that such transactions are carried out on normal commercial terms, will not be prejudicial to the interests of the Company and its minority Shareholders and in accordance with the guidelines and review procedures for such interested person transactions;
- (b) the Proposed IPT General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to the Proposed IPT General Mandate or to this Ordinary Resolution 16 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 17: PROPOSED NEW SHARE ISSUE MANDATE

THAT subject to and contingent upon the passing of all Key Resolutions and SPA Completion:

- (1) the Proposed New Share Issue Mandate be and is hereby approved and that authority be and is hereby given to each of the Directors pursuant to section 161 of the Companies Act, Rule 806 of the Catalist Rules, and subject to and in accordance with the terms of the Existing Constitution, to allot and issue Shares at any time and upon such terms and conditions, and to such persons, as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of new Shares to be issued pursuant to such authority shall not exceed 100% of the then existing issued share capital of the Company, and that the aggregate number of shares to be issued other than on a pro-rata basis to the then existing Shareholders shall not exceed 50% of the then existing issued share capital of the Company, and unless revoked or varied by the Shareholders in general meeting, such authority shall continue in full force until the conclusion of the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to this Ordinary Resolution 17 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 18: PROPOSED CHANGE OF INDEPENDENT AUDITOR FROM FOO KON TAN LLP TO FORVIS MAZARS LLP

THAT subject to and contingent upon the passing of all Key Resolutions and SPA Completion:

- (1) the resignation of Foo Kon Tan LLP as the auditor be and is hereby noted and that Forvis Mazars LLP, having consented to act, be and are hereby appointed as the auditor in place of Foo Kon Tan LLP, to hold office until the conclusion of the next annual general meeting of the Company at a fee and on such terms as may be agreed by the Directors with Forvis Mazars LLP; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to this Ordinary Resolution 18 as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

AS SPECIAL RESOLUTION

SPECIAL RESOLUTION: PROPOSED CHANGE OF NAME

THAT subject to and contingent upon the passing of the other Key Resolutions and SPA Completion:

- (1) the name of the Company be changed to “Skylink Holdings Limited” and that the name “Skylink Holdings Limited” shall be substituted for “Sincap Group Limited”, wherever the latter name appears in the Company’s Existing Constitution; and
- (2) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents and approving any amendments, alterations or modifications to any documents as may be required) as they may consider necessary or expedient to give effect to this Special Resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

BY ORDER OF THE BOARD

SINCAP GROUP LIMITED

Teh Wing Kwan

Non-Independent Non-Executive Chairman

20 August 2025

Explanatory note to Ordinary Resolution 17

The phrase “then existing issued share capital of the Company” in Ordinary Resolution 17 shall mean the enlarged share capital of 176,353,289 Shares, being the enlarged issued and paid-up share capital of the Company immediately after SPA Completion, being after the allotment and issue of the Base Consideration Shares, Mr Chu’s Settlement Shares, the Other Settlement Shares, the SAC Capital Shares, and the New Placement Shares (but before the allotment and issue of the Deferred Consideration Shares, if any, and the Conversion Shares pursuant to the conversion of the Convertible Bonds, if any).

Explanatory note to Ordinary Resolution 18 for compliance with Rule 712(3) of the Catalist Rules

Shareholders should note that in accordance with the requirements of Rule 712(3) of the Catalist Rules:

- (a) Rule 712(3)(a) – Confirmation from the outgoing auditor

The outgoing auditor, Foo Kon Tan LLP, via its professional clearance letter dated 3 July 2025, has confirmed that they are not aware of any professional reasons why Forvis Mazars LLP should not accept appointment as auditor of the Company.

- (b) Rule 712(3)(b) – Confirmation from the issuer as to whether there were disagreements with the outgoing auditor

The Company confirms that there were no disagreements with Foo Kon Tan LLP on accounting treatments within the last twelve (12) months.

- (c) Rule 712(3)(c) – Confirmation from the issuer on circumstances connected with the change

The Company confirms that it is not aware of any circumstances connected with the Proposed Change of Independent Auditor that should be brought to the attention of the Shareholders which has not been disclosed in this Circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

(d) Rule 712(3)(d) – Specific reasons for the change of auditor

The Company confirms that the specific reasons for the Proposed Change of Independent Auditor are disclosed in Section 12.1 of the Circular titled “*Background and Rationale for the Proposed Change of Independent Auditor*”. The Proposed Change of Independent Auditor was not due to the dismissal of Foo Kon Tan LLP, Foo Kon Tan LLP declining to stand for re-election or any direction by SGX-ST for the existing auditor to be replaced under Rule 305(1)(eb) of the Catalist Rules.

(e) Rule 712(3)(e) – Compliance with Rule 712 and Rule 715

The Company confirms that it complies with Rule 712 and Rule 715 of the Catalist Rules in relation to the proposed appointment of Forvis Mazars LLP as the new auditor.

Important Notes:

Participation in the EGM

1. The members of the Company are invited to physically attend the Extraordinary General Meeting (“EGM”). There will not be an option for Shareholders to participate virtually.
2. The Circular, the Notice of EGM and the accompanying Proxy Form have been published on SGXNet at URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the Notice of EGM, the accompanying Proxy Form and the Request Form will be despatched to Shareholders. Printed copies of the Circular will not be despatched to Shareholders. A Shareholder who wishes to request a printed copy of the Circular may do so by completing and returning the Request Form to the Company by Friday, 29 August 2025 at 6:00 p.m. (Singapore time).
3. A Shareholder who is not a Relevant Intermediary (as defined below) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such Shareholder’s Proxy Form appoints more than one (1) proxy, the proportion of his/her/its shareholding concerned to be represented by each proxy shall be specified in the Proxy Form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company’s discretion to treat the Proxy Form as invalid.
4. A Shareholder who is a Relevant Intermediary (as defined below) is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder. Where such Shareholder’s Proxy Form appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
5. A “**Relevant Intermediary**” is:
 - (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Questions at the EGM and submission prior to the EGM

6. Shareholders and duly-appointed proxy or proxies will be able to ask questions relating to the resolutions to be tabled for approval at the EGM. The Company will endeavour to respond to and address substantial and relevant questions as far as reasonably practicable during the EGM. Where there are substantially similar questions, the Company will consolidate such questions and consequently not all questions may be individually addressed.
7. Alternatively, Shareholders may submit questions relating to the resolutions to be tabled for approval at the EGM, in advance of the EGM either via:
 - (a) electronic mail to: ir@sincapgroup.com; or

NOTICE OF EXTRAORDINARY GENERAL MEETING

(b) the questions portal at the URL: <https://forms.gle/dBkWdG9vbrVo6ZWu7>

Shareholders submitting questions are requested to state (i) his/her/its full name as it appears on his/her/its CDP/CPF/SRS share records, (ii) contact number, (iii) NRIC/Passport/UEN number and (iv) the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS) for verification purposes.

8. Shareholders are encouraged to submit their questions via one of the foregoing means on or before Friday, 29 August 2025 at 6:00 p.m. (Singapore time), as this will allow the Company sufficient time to address and respond to these questions on or before Friday, 5 September 2025 (at least 48 hours prior to the closing date and time for the submission of the Proxy Form).
9. Where substantial and relevant questions submitted by Shareholders are unable to be addressed prior to the EGM, including any questions received by the Company after Friday, 29 August 2025 at 6:00 p.m. (Singapore time), the Company will address them during the EGM. Please note that individual responses will not be sent to Shareholders. The minutes of the EGM will be published on SGXNet and the Company's website at <https://www.sgx.com/securities/company-announcements> within one (1) month after the date of the EGM.

Appointment of Proxies

10. A Shareholder (whether individual or corporate) may vote in person at the EGM or appoint proxy(ies) (including the Chairman of the Meeting) to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the proxy form. The proxy form may be accessed on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
11. Duly completed proxy forms must be submitted in the following manner:
 - (a) if submitted by post, to be deposited at 33 Ubi Avenue 3, The Vertex #02-22, Singapore 408868; or
 - (b) if submitted electronically, via email to the Company at ir@sincapgroup.com,in either case, not less than 72 hours before the time appointed for holding the EGM, i.e. no later than Monday, 8 September 2025 at 10:00 a.m. (Singapore time).
12. A Shareholder who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Shareholders are encouraged to submit a completed proxy form electronically via email.
13. An investor holding shares through the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may vote at the EGM if they are appointed as proxies by their respective CPF agent banks or SRS operators and should contact their respective CPF agent bank or SRS operator if they have any queries regarding their appointment as proxies. CPF or SRS investors who wish to appoint the Chairman of the EGM as proxy to vote on their behalf should approach their respective CPF agent bank or SRS operator at least seven (7) working days before the EGM (i.e. by Tuesday, 2 September 2025 at 6:00 p.m. (Singapore time)), in order to allow sufficient time for their respective CPF agent bank or SRS operator to submit the proxy form.
14. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where a proxy form is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
15. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with its constitution and Section 179 of the Companies Act, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PERSONAL DATA PRIVACY

“**Personal data**” in this Notice of EGM has the meaning ascribed to it pursuant to the Personal Data Protection Act 2012 of Singapore, which includes your name, address and NRIC/Passport number. By submitting (a) details for the registration to observe or participate in the proceeding of the EGM, or (b) an instrument appointing the Chairman of the EGM (or any person other than the Chairman) as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, (c) any questions prior to the EGM in accordance with this Notice of EGM, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman (or any person other than the Chairman) as proxy for the EGM, processing the registration for purpose of granting access to members (or their appointed proxies) to observe and participate in the proceedings of the EGM, addressing relevant and substantial questions from members received before the EGM and if necessary, following-up with the relevant member(s) in relation to such questions, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Use of Data Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Use of Data Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

Photographic, sound and/or video recordings at the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the EGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purposes.

*This Notice of EGM has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”). This Notice of EGM has not been examined or approved by the Singapore Exchange Securities Limited (“**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Notice of EGM, including the correctness of any of the statements or opinions made or reports contained in this Notice of EGM. The contact person for the Sponsor is Ms Charmian Lim, Telephone: +65 6232 3210, 1 Robinson Road, #21-01 AIA Tower, Singapore 048542.*

PROXY FORM

SINCAP GROUP LIMITED

(“Company”)
(Incorporated in the Republic of Singapore)
Company Registration No. 201005161G

EXTRAORDINARY GENERAL MEETING

PROXY FORM

IMPORTANT

1. The Extraordinary General Meeting of the Company (“EGM”) is being convened and will be held physically at 10 Anson Road, #31-06 International Plaza, Singapore 079903 on Thursday, 11 September 2025 at 10:00 a.m. (Singapore time). The Notice of EGM, Proxy Form, Request Form and the Circular will be sent to members by electronic means via publication on the SGXNet at <https://www.sgx.com/securities/company-announcements>. Printed copies of the Notice of EGM, Proxy Form and Request Form (to request for a copy of the Circular) will also be sent by post to members.

2. Please read the notes overleaf before completing this Proxy Form.

3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by Central Provident Fund (“CPF”) and Supplementary Retirement Scheme (“SRS”) investors. CPF and SRS Investors (i) may vote at the EGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; and(ii) may appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by Tuesday, 2 September 2025 at 6:00 p.m. (Singapore time).

*I/We, _____ (name), *NRIC/Passport number/Company registration number _____ of _____ (address) being *a member/members of SINCAP GROUP LIMITED (the “Company”), hereby appoint:

Name	Email Address	NRIC/Passport No.	Proportion of Shareholding	
			No. of Shares	%

*and/or

Name	Email Address	NRIC/Passport No.	Proportion of Shareholding	
			No. of Shares	%

or failing the person, or either or both of the persons referred to above, the Chairman of the EGM, as my/our* proxy to attend and vote for me/us and on my/our* behalf, by poll, at the EGM of the Company to be held physically at 10 Anson Road, #31-06 International Plaza, Singapore 079903 on Thursday, 11 September 2025 at 10:00 a.m. (Singapore time) and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, against or to abstain from voting in respect of the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and/or at any adjournment thereof, the *proxy/proxies may vote or abstain from voting at his/her discretion.

Please indicate your vote “For”, “Against” or “Abstain” with an “X” within the boxes provided below. Alternatively, please indicate the number of votes as appropriate. If you indicate an “X” within the “Abstain” box for a particular resolution, you are directing your proxy(ies) not to vote on that resolution and your votes will not be counted in computing the required majority on a poll.

No.	Resolution	For ⁽¹⁾	Against ⁽¹⁾	Abstain ⁽¹⁾
1.	Ordinary Resolution 1: Proposed Acquisition			
2.	Ordinary Resolution 2: Proposed Issue of Consideration Shares			
3.	Ordinary Resolution 3: Proposed Whitewash Resolution			
4.	Ordinary Resolution 4: Proposed Issue of Mr Chu’s Settlement Shares			
5.	Ordinary Resolution 5: Proposed Issue of IDs Settlement Shares to Mr Lee Fang Wen			
6.	Ordinary Resolution 6: Proposed Issue of IDs Settlement Shares to Mr Tay Boon Zhuan			
7.	Ordinary Resolution 7: Proposed Issue of Consultant Settlement Shares to Ms Ng Siew Thung			
8.	Ordinary Resolution 8: Proposed Issue of SAC Capital Shares			
9.	Ordinary Resolution 9: Proposed Issue of New Placement Shares			
10.	Ordinary Resolution 10: Proposed Convertible Bond Issue			
11.	Ordinary Resolution 11: Proposed Change of Core Business			
12.	Ordinary Resolution 12: Appointment of Mr Shen Wende as a Proposed New Director			
13.	Ordinary Resolution 13: Appointment of Mr Tang Yeng Yuen as a Proposed New Director			
14.	Ordinary Resolution 14: Appointment of Mr Jackson Tay Eng Kiat as a Proposed New Director			
15.	Ordinary Resolution 15: Appointment of Ms Ng Li-May, Vanessa as a Proposed New Director			
16.	Ordinary Resolution 16: The Proposed IPT General Mandate			
17.	Ordinary Resolution 17: Proposed New Share Issue Mandate			
18.	Ordinary Resolution 18: Proposed Change of Independent Auditor from Foo Kon Tan LLP to Forvis Mazars LLP			
19.	Special Resolution: Proposed Change of Name			

Dated this _____ day of _____ 2025

Total Number of Shares in:	No. of Shares
(i) CDP Register	
(ii) Register of Members	
Total	

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF.

* Delete where inapplicable

PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Persons who holds shares through Relevant Intermediaries (as defined below) and who wish to participate in the EGM by (a) observing the EGM proceedings in person, (b) submitting questions in advance or at the EGM, and/or (c) appointing the Chairman of the EGM (or any other person other than the Chairman of the EGM) as proxy to attend, speak and vote on their behalf at the EGM, should contact the Relevant Intermediary through which they hold such shares as soon as possible to make the necessary arrangements.
3. The duly executed proxy form appointing the Chairman of the EGM (or any other person other than the Chairman of the EGM) as proxy to vote on their behalf at the EGM must be submitted in hard copy form or electronically via email:
 - (a) if submitted by post, to be deposited at 33 Ubi Avenue 3, The Vertex #02-22, Singapore 408868; or
 - (b) if submitted electronically, via email to the Company at ir@sincapgroup.com,in either case, not less than 72 hours before the time appointed for the holding of the EGM, i.e. no later than Monday, 8 September 2025 at 10:00 a.m. (Singapore time).
4. A Shareholder who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Shareholders are encouraged to submit a completed proxy form electronically via email.
5. The proxy form must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. **Where a proxy form is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy(ies), failing which the instrument may be treated as invalid.**
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with its constitution and section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

A “Relevant Intermediary” is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy or proxies, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 20 August 2025.

GENERAL

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM (or any other person other than the Chairman of the EGM) as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time fixed for holding the EGM.

