

APPENDIX TO THE NOTICE OF AGM DATED 9 APRIL 2024 (“APPENDIX”)

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is issued by Heeton Holdings Limited (“**Company**”). Its purpose is to provide shareholders of the Company (“**Shareholders**”) with information relating to, and to seek Shareholder’s approval for, the proposed renewal of the Share Buy-Back Mandate (as defined herein) to be tabled at the AGM (as defined herein) on 24 April 2024 at 10.00 a.m.

This Appendix, together with the Notice of AGM (as defined herein), has been made available on the SGX website and may also be accessed at the Company’s website at <https://www.heeton.com>. No printed copies of this Appendix will be despatched to the Shareholders.

If you are in any doubt about the contents of this Appendix or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Heeton Holdings Limited, you should immediately forward this Appendix and the Notice of AGM to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The SGX-ST (as defined herein) assumes no responsibility for the contents of this Appendix, including the accuracy or correctness of any of the statements or opinions made or reports contained in this Appendix.



HEETON

HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197601387M)

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

Last date and time for lodgement of Proxy Form	:	21 April 2024 at 10.00 a.m.
Date and time of AGM	:	24 April 2024 at 10.00 a.m.
Place of AGM	:	The Emerald Suite, Orchid Country Club, 1 Orchid Club Road, Singapore 769162

CONTENTS

	Page
DEFINITIONS.....	3
1. INTRODUCTION.....	6
2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE	6
3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	18
4. DIRECTORS' RECOMMENDATION	19
5. ANNUAL GENERAL MEETING	19
6. DIRECTORS' RESPONSIBILITY STATEMENT	20
7. COMPLIANCE WITH GOVERNING LAWS, REGULATIONS AND THE CONSTITUTION	20
8. DOCUMENTS AVAILABLE FOR INSPECTION	20

DEFINITIONS

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

“ACRA”	:	Accounting & Corporate Regulatory Authority of Singapore
“AGM”	:	The annual general meeting of the Company to be held on 24 April 2024 at 10.00 a.m. at The Emerald Suite, Orchid Country Club, 1 Orchid Club Road, Singapore 769162
“Appendix”	:	Means this appendix to the Notice of AGM dated 9 April 2024
“Approval Date”	:	Has the meaning ascribed to it in Section 2.3.1 of this Appendix
“Associate”	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:– (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; or (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“Average Closing Price”	:	Has the meaning ascribed to it in Section 2.3.4 of this Appendix
“Board”	:	The Board of Directors of the Company, as at the Latest Practicable Date
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Heeton Holdings Limited
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
“Constitution”	:	The constitution of the Company, as amended from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company (the SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder); or (b) in fact, exercises control over the Company
“Director”	:	A director of the Company as at the Latest Practicable Date
“EPS”	:	Earnings per Share
“FY2023”	:	Financial year ended 31 December 2023

“Group”	:	The Company, its subsidiaries, and associated companies (if any) collectively
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent.
“Latest Practicable Date”	:	26 March 2024, being the latest practicable date prior to the despatch of this Appendix
“Listing Rules”	:	The Listing Manual of the SGX-ST and its relevant rule(s), as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“month”	:	A calendar month
“NAV”	:	Net asset value
“Notice of AGM”	:	The notice of the AGM dated 9 April 2024
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix
“On-Market Share Purchase”	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix
“Relevant Period”	:	The period commencing from the date on which the ordinary resolution relating to the Share Buy-Back Mandate is passed in a general meeting and expiring on the earliest of the conclusion of the next annual general meeting is held or is required by law to be held, or the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate, or the date the Share Buy-Back Mandate is varied or revoked by the Company in a general meeting
“Rule 14”	:	Has the meaning ascribed to it in Section 2.12.1 of this Appendix
“Securities Accounts”	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Share Buy-Back Mandate”	:	The general and unconditional mandate given by Shareholders at a general meeting to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire issued Shares within the Relevant Period, in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Companies Act and the Listing Rules
“Share(s)”	:	Ordinary share(s) in the capital of the Company
“Shareholders”	:	Registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
“SIC”	:	The Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who has an interest or interests in one or more voting Shares in the Company and the total vote attached to that Share, or those Shares, is not less than 5% (directly or indirectly) of the total votes attached to all voting Shares in the Company

“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as modified, supplemented or amended from time to time
“Treasury Shares”	:	Shares purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate and held by the Company in accordance with Section 76H of the Companies Act
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%”	:	Per cent. or percentage

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

The terms “**subsidiary**”, “**subsidiary holdings**” and “**related company**” shall have the meaning ascribed to them respectively in the Companies Act.

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

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Rules or any statutory modification thereof and used in this Appendix but not defined herein, shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA, the Listing Rules or any modification thereof, as the case may be, unless the context otherwise provides.

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any term defined under the Companies Act or the Listing Rules, or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Rules, or such modification thereof, as the case may be, unless otherwise provided.

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

Any discrepancies in the figures included in this Appendix between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Harry Elias Partnership LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the proposed renewal of the Share Buy-Back Mandate.

HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197601387M)

Directors

Mr. Toh Giap Eng (Chairman, Executive Director)
Mr. Hoh Chin Yiep (Executive Director & Chief Executive Officer)
Mr. Tan Chuan Lye (Non-Executive, Independent Director)
Er. Dr. Lee Bee Wah (Non-Executive, Independent Director)
Mr. Li Hiaw Ho (Non-Executive, Independent Director)
Mr. Toh Gap Seng (Alternate Director to Mr Toh Giap Eng)

Registered Office

60 Paya Lebar Road
#08-36, Paya Lebar Square
Singapore 409051

9 April 2024

To: The Shareholders of Heeton Holdings Limited

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

Dear Shareholder,

1. INTRODUCTION

We refer to the (a) Notice of AGM; and (b) ordinary resolution number 8 (“**Ordinary Resolution**”) under the heading of “Special Business” set out in the Notice of AGM which relates to the proposed renewal of the Share Buy-Back Mandate.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for, the proposed renewal of the Share Buy-Back Mandate at the AGM.

The SGX-ST assumes no responsibility for the contents of this Appendix, including the accuracy or correctness of any of the statements or opinions made or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Introduction

Under the Companies Act, a Singapore-incorporated company may purchase or acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company’s constitution. Any purchase or acquisition of shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and such other laws and regulations as may, for the time being, be applicable.

It is a requirement under the Companies Act and the Listing Rules for a company that wishes to purchase or otherwise acquire its own shares should obtain the approval of its shareholders. Accordingly, approval is being sought from the Shareholders for the proposed renewal of the Share Buy-Back Mandate. An ordinary resolution will be proposed, pursuant to which the Share Buy-Back Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares according to the terms of the Share Buy-Back Mandate, as well as the rules and regulations set forth in the Companies Act and the Listing Rules.

2.2 Rationale for the proposed renewal of the Share Buy-Back Mandate

The Share Buy-Back Mandate will provide the Directors with the ability to enhance Shareholders’ value by providing them with the flexibility to purchase or acquire Shares as and when they are of the view that this would be in the best interests of the Company. In addition, the Share Buy-Back Mandate will allow the Directors to improve the return on equity and will, depending on the market conditions, lead to an enhancement of the EPS and the NTA per Share of the Company. The Share Buy-Back Mandate will also allow the Directors to exercise greater control over the Company’s share capital structure and dividend payout.

The Share Buy-Back Mandate would give the Company a relatively expedient and cost effective mechanism to facilitate the return of surplus cash reserves over and above its ordinary capital requirements. The Directors are also of the view that the Share Buy-Back Mandate will provide them with the means to mitigate short-term volatility in the price of the Shares, offset the effects of short-term speculation and bolster the confidence of investors and Shareholders.

Shares which are purchased or acquired may be held as treasury shares which have the added benefit of being used for prescribed purposes, such as selling treasury shares for cash. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

The Directors will only purchase or acquire Shares as and when the circumstances permit and provided that it will be beneficial to the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Company as a whole and/or affect the listing status of the Company on the SGX-ST.

It should be noted that there is no assurance that the proposed Share Buy-Back Mandate will achieve the desired effect, nor is there assurance that such effect (if achieved) can be sustained in the longer term.

2.3 Authority and Limitations

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

2.3.1 Maximum number of Shares

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

Pursuant to Rule 882 of the Listing Rules, the total number of Shares that may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than ten per cent. (10%) of the issued share capital of the Company, ascertained as at the date of the AGM at which the Share Buy-Back Mandate is approved (the “**Approval Date**”), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered after such capital reduction. For purposes of calculating the percentage of issued Shares above, treasury shares and subsidiary holdings will be disregarded.

The Company currently holds 250,000 treasury shares and there are no subsidiary holdings as at the Latest Practicable Date.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 487,484,735 Shares, and assuming that no further Shares are issued on or prior to the AGM, not more than 48,748,473 Shares (representing ten per cent. (10%) of the Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

2.3.2 Duration of authority

The purchase or acquisition of Shares may be made, at any time and from time to time, on and from the Approval Date up to the earliest of:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;

- (b) the date on which the Share Buy-Backs are carried out to the full extent mandated pursuant to the Share Buy-Back Mandate; or
- (c) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders in a general meeting.

The authority conferred on the Directors by the Share Buy-Back Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next annual general meeting or such other general meeting of the Company. When seeking the approval of Shareholders for the renewal of the Share Buy-Back Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 Manner of Share Buy-Backs

Pursuant to Rule 882 of the Listing Rules, Share Buy-Backs may be made by way of:

- (a) on-market purchases (“**On-Market Purchase**”), transacted through the SGX-ST’s trading system or on another stock exchange on which the Company’s equity securities are listed; and/or
- (b) off-market share purchases (“**Off-Market Share Purchase**”) effected in accordance with an equal access scheme pursuant to Section 76C of the Companies Act. The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Companies Act and the Listing Rules as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme.

An Off-Market Share Purchase scheme must, however, satisfy all the following conditions:

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

In addition, Rule 885 of the Listing Rules provides that, in making an Off-Market Share Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptance;
- (c) the reasons for the proposed share buy-back;

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

2.3.4 Maximum purchase price

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

However, the purchase price to be paid for the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares (as defined below),

(the “**Maximum Price**”) in either case, excluding related expenses of the On-Market Share Purchase or Off-Market Share Purchase (as the case may be).

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the day of the making of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period.

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

2.4 **Status of Purchased or Acquired Shares**

Shares that are purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act (as set out below), be deemed cancelled immediately upon purchase or acquisition, and all rights and privileges attached to those Shares will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

The Company may decide to cancel Shares which have been purchased or acquired by the Company or hold such Shares as treasury shares, depending on whether it is in the interests of the Company to do so.

2.5 Treasury Shares

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

2.5.1 Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares. In the event that the Company holds more than ten per cent. (10%) of the total number of its Shares as treasury shares, the Company shall cancel or dispose of the excess treasury shares in the manner set out under Section 2.5.3 below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2 Voting and other rights

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

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distributions of assets to members on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed.

A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and cancellation

Where Shares are held as Treasury Shares, the Company may at any time (but subject always to the Take-over Code):

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

Under Rule 704(28) of the Listing Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

The Board shall lodge with ACRA within 30 days of the cancellation or disposal of treasury shares the notice of the cancellation or disposal of treasury shares in the prescribed form with such particulars as may be required in the form, together with payment of the prescribed fee.

2.6 Source of Funds

The Company may only apply funds for Share Buy-Backs as provided in the Constitution and in accordance with the applicable laws in Singapore. Only funds legally available for purchasing Shares in accordance with the Companies Act shall be utilised. Under the Companies Act, any purchase or acquisition of the Shares may be made only if the Company is solvent and out of the Company's distributable profits which are available for payment as dividends or capital.

Pursuant to Section 76F(4) of the Companies Act, a company is solvent if at the date of the payment the following conditions are satisfied:

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

In determining that the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimates of liabilities that are reasonable in the circumstances. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any claims the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company intends to use internal resources and/or external borrowings to finance the Company's purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. The Board will principally consider the availability of internal resources, and also the availability of external financing. However, in considering the option of external financing, the Board will particularly consider the prevailing gearing level of the Company. The Board will only make purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect on the financial condition of the Company. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Company and the prevailing market conditions.

The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity, gearing levels and capital adequacy position of the Group would be materially adversely affected.

2.7 Financial Effects

2.7.1 General

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**") paid by the Company for the purchase or acquisition of Shares is made out of profits, such Purchase Price will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the Purchase Price paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the Company chooses not to hold the purchased Shares in treasury, such Shares shall be cancelled. The Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the Purchase Price paid by the Company for the Shares cancelled. Where the purchased Shares are held in treasury, the total number of issued Shares will remain unchanged. Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2023 and are not necessarily representative of future financial performance of the Group. Although the proposed Share Buy-Back Mandate would authorise the Company to buy-back up to ten per cent. (10%) of the Company's issued Shares, the Company may not necessarily buy back, or be able to buy back, ten per cent. (10%) of the issued Shares in full.

2.7.2 Financial Effects of the Share Buy-Back Mandate

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Buy-Back Mandate on the NTA and EPS as the resultant effect would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased or acquired are held in treasury or cancelled.

The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

Purely for illustrative purposes, on the basis of 487,484,735 Shares in issue (excluding shares held as treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued and no reduction of the share capital of the Company is effected on or prior to the AGM, the purchase by the Company of ten per cent. (10%) of its issued Shares will result in the purchase of 48,748,473 Shares.

In the case of an On-Market Share Purchase by the Company and assuming that the Company purchases or acquires 48,748,473 Shares at the Maximum Price of S\$0.282 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition is approximately S\$13,747,069.

In the case of an Off-Market Share Purchase by the Company and assuming that the Company purchases or acquires 48,748,473 Shares at the Maximum Price of S\$0.323 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition is approximately S\$15,745,757.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (a) the Share Buy-Back Mandate had been effective on 31 December 2023; and
- (b) such Share purchases are funded solely by internal resources and/or borrowings and are paid entirely out of capital;

the financial effects on the audited consolidated financial results of the Group and the Company for FY2023, are set out below:

Scenario 1: Purchases made entirely out of capital and cancelled

	Group			Company		
	After Share Buy-Back			After Share Buy-Back		
	Before Share Buy-Back	Market Purchase	Off-Market Purchase	Before Share Buy-Back	Market Purchase	Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 31 December 2023						
Share Capital and Reserves	424,949	411,202	409,203	105,318	91,571	89,572
Treasury Shares	(63)	–	–	(63)	–	–
Total equity	418,102	404,355	402,356	105,318	91,571	89,572
NTA	417,993	404,246	402,247	105,318	91,571	89,572
Current Assets	159,145	145,398	143,399	343,840	330,093	328,094
Current Liabilities	(128,110)	(128,110)	(128,110)	(193,241)	(193,241)	(193,241)
Working Capital	31,035	17,288	15,289	150,599	136,852	134,853
Total Borrowings	401,441	401,441	401,441	55,746	55,746	55,746
Cash and Cash Equivalents	62,323	48,576	46,577	30,452	16,705	14,706
Total issued number of Shares ('000)	487,485	438,736	438,736	487,485	438,736	438,736
Profit/(Loss) attributable to owner of the company for the year	(3,180)	(3,180)	(3,180)	3,673	3,673	3,673
Financial Ratios						
NTA per Share (cents)	85.74	92.14	91.68	21.60	20.87	20.42
Gearing (times)	0.96	0.99	1.00	0.53	0.61	0.62
Current Ratio (times)	1.24	1.13	1.12	1.78	1.71	1.70
Basic EPS (cents)	(0.65)	(0.72)	(0.72)	0.75	0.84	0.84

Scenario 2: Purchases made entirely out of capital and held as Treasury Shares

	Group			Company		
	After Share Buy-Back			After Share Buy-Back		
	Before Share Buy-Back	Market Purchase	Off-Market Purchase	Before Share Buy-Back	Market Purchase	Off-Market Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 31 December 2023						
Share Capital and Reserves	424,949	424,949	424,949	105,318	105,318	105,318
Treasury Shares	(63)	(13,747)	(15,746)	(63)	(13,747)	(15,746)
Total equity	418,102	404,355	402,356	105,318	91,571	89,572
NTA	417,993	404,246	402,247	105,318	91,571	89,572
Current Assets	159,145	145,398	143,399	343,840	330,093	328,094
Current Liabilities	(128,110)	(128,110)	(128,110)	(193,241)	(193,241)	(193,241)
Working Capital	31,035	17,288	15,289	150,599	136,852	134,853
Total Borrowings	401,441	401,441	401,441	55,746	55,746	55,746
Cash and Cash Equivalents	62,323	48,576	46,577	30,452	16,705	14,706
Total issued number of Shares ('000)	487,485	438,736	438,736	487,485	438,736	438,736
Total issued number of Treasury Shares ('000)	250	48,998	48,998	250	48,998	48,998
Profit/(Loss) attributable to owner of the company for the year	(3,180)	(3,180)	(3,180)	3,673	3,673	3,673
Financial Ratios						
NTA per Share (cents)	85.74	92.14	91.68	21.60	20.87	20.42
Gearing (times)	0.96	0.99	1.00	0.53	0.61	0.62
Current Ratio (times)	1.24	1.13	1.12	1.78	1.71	1.70
Basic EPS (cents)	(0.65)	(0.72)	(0.72)	0.75	0.84	0.84

Notes:

- (1) NTA equals share capital and reserves less goodwill and other intangible assets.
- (2) Total borrowings refer to borrowings from financial institutions, including bonds.
- (3) Gearing ratio equals total borrowings divided by total equity.
- (4) Current ratio means current assets divided by current liabilities.
- (5) Basic EPS equals profit attributable to owners of the Company divided by the total issued number of ordinary shares in issue.

2.7.3 Tax implications

Shareholders who are in doubt as to their respective tax positions or tax implications of a Share Buy-Back by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.8 Reporting Requirements

The Companies Act and the Listing Rules require the Company to make reports in relation to the Share Buy-Back Mandate as follows:

- (a) within 30 days of the passing of a Shareholders' resolution to approve purchases or acquisitions of Shares by the Company, the Company must lodge a copy of such resolution with ACRA;

- (b) the Company must notify ACRA, within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification in the form as may be prescribed by ACRA shall include details of the purchase or acquisition, including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase or acquisition of Shares, the Company's issued share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required; and
- (c) purchases of Shares must be reported to the SGX-ST in the forms prescribed by the Listing Rules and announced to the public in the case of On-Market Share Purchases, not later than 9.00 a.m. on the Market Day following the day of purchase or acquisition of any of its Shares and in the case of Off-Market Share Purchases, not later than 9.00 a.m. on the second Market Day after the close of acceptances of the offer made by the Company pursuant to Rule 886 of the Listing Rules.

2.9 Suspension of Buy-Back of Shares

The Listing Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time(s). However, as the Company would be considered an "insider" in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, in observing the best practices on securities dealings under Rule 1207(19) of the Listing Rules, the Company will not purchase any Shares during the period commencing two (2) weeks before the announcement of the Company's results for each of the first three (3) quarters of the financial year, and one (1) month before the announcement of the Company's annual (full-year) results, as the case may be, and ending on the date of announcement of the relevant results.

2.10 Listing Status

The Listing Rules require a listed company to ensure that at least ten per cent. (10%) of the total number of issued Shares excluding treasury shares (excluding preference shares and convertible equity securities) are at all times held by the public. The "public", as defined in the Listing Rules, are persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, there is a public float of 112,968,491 Shares representing approximately 23.17% of the issued Shares (excluding treasury shares). Assuming the Company exercises the Share Buy-Back Mandate in full and purchases the maximum of ten per cent. (10%) of its Shares through On-Market Share Purchases from the public, the public float would be reduced to approximately 14.64% of the issued Shares (excluding treasury shares). Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake Share Buy-Backs up to the full ten per cent. (10%) limit pursuant to the Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares.

In undertaking any Share Buy-Back, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share Buy-Backs will not:

- (a) adversely affect the listing status of the Shares on the SGX-ST;
- (b) cause market illiquidity; or
- (c) adversely affect the orderly trading of Shares.

2.11 Share Buy-Backs during the last 12 months

In the last 12 months immediately preceding the Latest Practicable Date, the Company purchased or acquired an aggregate of 250,000 Shares, by way of one (1) Market Purchases effected on the SGX-ST and held them as treasury shares. The price paid was S\$0.25 per Share respectively. The total consideration paid (including stamp duties, clearing charges and other related expenses) for the purchases was approximately S\$62,675.88.

2.12 Take-over Code implications

2.12.1 Obligation to make a take-over offer

Pursuant to Appendix 2 of the Take-over Code, an increase of a shareholder's proportionate interest in the voting rights of the Company as a result of any purchase or acquisition of Shares by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

Under Rule 14, a person will incur an obligation to make a mandatory take-over offer for the Company if, inter alia, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than one per cent. (1%) in any period of six (6) months.

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

2.12.2 Persons acting in concert

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

Unless the contrary is established, the Take-over Code presumes, inter alia, the following persons to be acting in concert, namely:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;

- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of the above, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

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

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

The effect of Rule 14 and Appendix 2 of the Take-over Code is that:

- (a) unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and persons acting in concert with them would increase to 30% or more, or if the voting rights of such Directors and persons acting in concert with them fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and persons acting in concert with them would increase by one per cent. (1%) in any period of six (6) months; and
- (b) a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

The statements in this Appendix do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

2.14 Application of the Take-over Code

The interests of the Directors and Substantial Shareholders of the Company in the Shares are disclosed in Section 3 below.

As at the Latest Practicable Date,

- (a) Mr. Toh Giap Eng, a Director, holds 63,519,373 Shares, representing approximately 13.03% of the issued Shares.
- (b) Mr. Toh Gap Seng, an alternate Director, holds 26,652,555 Shares, representing approximately 5.47% of the issued Shares.
- (c) Mr. Toh Khai Cheng, a Substantial Shareholder, holds 34,126,588 Shares, representing approximately 7.00% of the issued Shares.

- (d) New Paradigm Legacies Pte. Ltd., a Substantial Shareholder, holds 134,781,838 Shares, representing approximately 27.65% of the issued Shares.
- (e) Hong Heng Company Private Limited, a Substantial Shareholder, holds 81,984,600 Shares, representing approximately 16.82% of the issued Shares.
- (f) Each of Mr. Toh Khai Cheng and Mr. Toh Giap Eng are deemed to be interested in the 134,781,838 Shares held by New Paradigm Legacies Pte. Ltd.. In addition, Mr. Toh Khai Cheng is also deemed to be interested in the 81,984,600 Shares held by Hong Heng Company Private Limited.
- (g) Mr. Toh Giap Eng is the son of Mr. Toh Khai Cheng and the brother of Mr. Toh Gap Seng.

Accordingly, the above parties are presumed to be persons acting in concert with each other (collectively the “**Concert Parties**”), unless the contrary is established.

As at the Latest Practicable Date, the Concert Parties collectively hold an aggregate of 341,064,954 Shares representing approximately 69.96% of the issued Shares.

As set out above, under the Take-over Code, Shareholders (including Directors) and their concert parties who hold more than 50% of the Company’s voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares. Accordingly, based on the shareholdings of the Concert Parties, as at the Latest Practicable Date, Rule 14 will not be triggered and no take-over offer is required to be made pursuant to any acquisition or purchases of Shares under the Share Buy-Back Mandate.

Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, and save as disclosed above, none of the Directors or Substantial Shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 as a result of the Share Buy-backs by the Company of the maximum limit of 10% of the total number of issued Shares as at the Latest Practicable Date.

Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share buy-backs or acquisitions by the Company pursuant to the Share Buy-back Mandate.

3. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company in the Shares before and after the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate, assuming (a) the Company purchases or acquires the maximum amount of ten per cent. (10%) of the total number of issued Shares, and (b) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or in which they are deemed interested, are as follows:

Name of Director	Before Share Buy-Back (Number of Shares)		Before Share Buy-Back based on Direct Interest (%) ⁽¹⁾	After Share Buy-Back based on Direct Interest (%) ⁽²⁾	Before Share Buy-Back based on Deemed Interest (%) ⁽¹⁾	After Share Buy-Back based on Deemed Interest (%) ⁽²⁾
	Direct interest	Deemed Interest				
Mr. Toh Giap Eng ⁽³⁾	63,519,373	136,361,838	13.03	14.48	27.97	31.08
Mr. Toh Gap Seng ⁽⁴⁾	26,652,555	1,883,200	5.47	6.07	0.39	0.43
Name of Substantial Shareholders (other than Directors)						
New Paradigm Legacies Pte. Ltd.	134,781,838	–	27.65	30.72	–	–
Hong Heng Company Private Limited	81,984,600	–	16.82	18.69	–	–
Mr. Toh Khai Cheng ⁽⁵⁾	34,126,588	216,766,438	7.00	7.78	44.47	49.41
Kim Seng Holdings Pte Ltd	27,000,000	–	5.54	6.15	–	–
Tan Fuh Gih ⁽⁶⁾	–	27,000,000	–	–	5.54	6.15
Tan Hoo Lang ⁽⁶⁾	–	27,000,000	–	–	5.54	6.15
Tan Kim Seng ⁽⁶⁾	–	27,000,000	–	–	5.54	6.15

Notes:

- (1) As a percentage of the total number of issued Shares before the Share Buy-Back and as at the Latest Practicable Date, comprising 487,484,735 Shares (excluding treasury shares).
- (2) As a percentage of the total number of issued Shares after the Share Buy-Back, comprising 438,736,262 Shares (excluding treasury shares), assuming the Company purchased the maximum number of 48,748,473 Shares, being ten per cent. (10%) of the total number of issued Shares (excluding treasury shares).
- (3) Toh Giap Eng is deemed to be interested in the 134,781,838 ordinary shares held by New Paradigm Legacies Pte. Ltd. and 1,580,000 ordinary shares held by his children.
- (4) Toh Gap Seng is deemed to be interested in the 1,883,200 ordinary shares held by his spouse and children.
- (5) Toh Khai Cheng is deemed to be interested in the 134,781,838 ordinary shares held by New Paradigm Legacies Pte. Ltd. and the 81,984,600 ordinary shares held by Hong Heng Company Private Limited.
- (6) Each of Tan Fuh Gih, Tan Hoo Lang and Tan Kim Seng is deemed to be interested in the 27,000,000 ordinary shares held by Kim Seng Holdings Pte Ltd.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution, relating to the proposed renewal of the Share Buy-Back Mandate as set out in the Notice of AGM.

5. ANNUAL GENERAL MEETING

The AGM will be held at The Emerald Suite, Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on Wednesday, 24 April 2024, at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of AGM, including the Ordinary Resolution in relation to the proposed renewal of the Share Buy-Back Mandate.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

7. COMPLIANCE WITH GOVERNING LAWS, REGULATIONS AND THE CONSTITUTION

The Company confirms that the terms of the Share Buy-Back Mandate do not contravene any laws and regulations governing the Company and its Constitution.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Company's Constitution and the Annual Report for the financial year ended 31 December 2023 are available for inspection during normal office hours at the registered office of the Company at 60 Paya Lebar Road, #08-36, Paya Lebar Square, Singapore 409051 from the date of this Appendix up to and including the date of the AGM.

Shareholders who wish to inspect these documents at the registered office of the Company are required to send an email request to ir@heeton.com to make an appointment in advance. The Company will arrange a date when each shareholder can come to the registered office to inspect accordingly. The inspection of documents will be arranged with each shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

Yours faithfully
For and on behalf of the Board of Directors of
Heeton HOLDINGS LIMITED

Hoh Chin Yiep
Executive Director & Chief Executive Officer