APPENDIX DATED 9 OCTOBER 2024

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

This Appendix is issued by Aedge Group Limited (the "Company" and together with its subsidiaries, the "Group"). If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or any other professional adviser(s) immediately.

Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.

This Appendix is circulated to the shareholders of the Company ("**Shareholders**") together with the Company's annual report for the financial year ended 30 June 2024 ("**Annual Report**"). This Appendix, together with the Notice of AGM and the accompanying Proxy Form and Request Form, has been made available on the Company's website at https://www.aedge.com.sg/ and on the SGXNET at https://www.sgx.com/securities/company-announcements. A hard copy of this Appendix will not be sent to Shareholders (as defined herein) pursuant to the provisions on electronic communications under the Company's constitution and the Catalist Rules (as defined herein). Accordingly, only hard copies of the Notice of AGM, the accompanying Proxy Form and Request Form will be mailed to all Shareholders. Shareholders who wish to obtain a printed copy of the Appendix should complete the Request Form and return it to the Company by post no later than 16 October 2024.

If you have sold or transferred all your shares in the capital of the Company, you should immediately inform the purchaser, transferee, bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Appendix (together with the Notice of AGM and accompanying Proxy Form) may be accessed at the Company's website at the URL https://www.aedge.com.sg.

This Appendix has been reviewed by the Company's Sponsor, UOB Kay Hian Private Limited (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix. The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



AEDGE GROUP LIMITED

(Company Registration Number: 201933214E)
(Incorporated in the Republic of Singapore)

APPENDIX TO SHAREHOLDERS

in relation to

THE PROPOSED DIVERSIFICATION OF THE GROUP'S EXISTING BUSINESS TO INCLUDE THE PROPOSED PROPERTY BUSINESS

CONTENTS

		PAGE
DEFINITIONS		2
1.	INTRODUCTION	6
2.	THE PROPOSED DIVERSIFICATION	7
3.	INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	24
4.	ANNUAL GENERAL MEETING	25
5.	DIRECTORS' RECOMMENDATION	25
6.	DIRECTORS' RESPONSIBILITY STATEMENT	25
7.	DOCUMENTS AVAILABLE FOR INSPECTION	26

DEFINITIONS

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

"**AGM**"	:	The Annual General Meeting of the Company to be held on 24 October 2024 at 10.00 a.m.
"**Audit and Risk Committee**"	:	The audit and risk committee of the Company for the time being
"**Board**"	:	Board of Directors of the Company
"**Business Days**"	:	A day on which the banks in Singapore are open for business (excluding Saturdays, Sundays and gazetted public holidays)
"**Catalist**"	:	Catalist, the sponsor Board of the SGX-ST
"**Catalist Rules**"	:	The SGX-ST Listing Manual Section B: Rule of Catalist, as may be amended, modified or supplemented from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEO**"	:	Chief Executive Officer
"**Companies Act**"	:	The Companies Act 1967, as amended or modified from time to time
"**Company**"	:	Aedge Group Limited
"**Cut-off Time**"	:	Has the meaning ascribed to it in Section 6.2 of this Appendix
"**Directors**"	:	The directors of the Company
"**Dormitories**"	:	Dormitories and workers' accommodation
"**EPS**"	:	Earnings per Share
"**Existing Business**"	:	Has the meaning ascribed to it in Section 2.1 of this Appendix
"**FEDA Licence**"	:	Licence under the Foreign Employee Dormitories Act 2015
"**First Major Transaction**"	:	Has the meaning ascribed to it in Section 2.4 of this Appendix
"**FY**"	:	Financial year ended 30 June
"**GPF**"	:	GPF Holdings Pte. Ltd.

"**Group**"	:	The Company and its subsidiaries
"**Latest Practicable Date**"	:	25 September 2024, being the latest practicable date prior to the issuance of this Appendix
"**Licences**"	:	Licences, permits, accreditations and/or approvals
"**MOM**"	:	The Ministry of Manpower of Singapore
"**Notice of AGM**"	:	The notice of AGM dated 9 October 2024
"**NTA**"	:	Net tangible assets
"**Ordinary Resolution**"	:	Has the meaning ascribed to it in Section 1.1 of this Appendix
"**Property Related Assets**"	:	Has the meaning ascribed to it in Section 1.1 of this Appendix
"**Proposed Diversification**"	:	The proposed diversification of the Group's Existing Business to include the Proposed Property Business, as set out in Section 2 of this Appendix
"**Proposed Property Business**"	:	Has the meaning ascribed to it in Section 1.1 of this Appendix
"**Proxy Form**"	:	The proxy form(s) in respect of the AGM
"**Register of Directors**"	:	Register of directors' shareholding of the Company
"**Register of Members**"	:	The register of members of the Company
"**Register of Substantial Shareholders**"	:	Register of Substantial Shareholders of the Company
"**relevant intermediary**"	:	Shall have the meaning ascribed to it in Section 181(6) of the Companies Act, being: (a) a banking corporation licensed under the Banking Act 1970 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; (b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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

"**Securities Account**"	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account 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
"**Shareholders**"	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
"**Shares**"	:	Ordinary shares in the capital of the Company
"**SGXNET**"	:	The SGXNET Corporate Announcement System, being 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
"**Substantial Shareholder**"	:	A person (including a corporation) who has an interest in one or more voting shares (excluding treasury shares) in the Company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares (excluding treasury shares) in the Company
"**Summer Garden**"	:	Summer Garden Restaurant Pte. Ltd.
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the currency of Singapore
"**%**" or "**per cent.**"	:	Per centum or percentage

The terms "**depositor**", "**depository agent**" and "**Depository Register**" shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

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 gender and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules or any modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

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

This Appendix may contain projections or other forward-looking statements regarding future events or financial performance relating to the Proposed Property Business. Such projections and statements are only predictions and actual events or results may differ materially. Such projections and statements may be subject to various risks and uncertainties. Accordingly, there may be factors that could affect actual outcomes or cause results to differ materially from those indicated in these statements. These factors should be read in conjunction with other cautionary statements included in this Appendix and other filings by the Company.

For the purposes of this Appendix, Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company in relation to Singapore law.

AEDGE GROUP LIMITED

(Company Registration Number: 201933214E)
(Incorporated in the Republic of Singapore)

Directors:

Poh Soon Keng *(Executive Chairman and CEO)*
Ng Choon Beng *(Executive Director)*
Lim Tai Toon *(Lead Independent Non-Executive Director)*
Goh Joon Lian *(Independent Non-Executive Director)*
Guok Chin Huat Samuel *(Independent Non-Executive Director)*

Registered Office:

Block 4009 Ang Mo Kio Avenue 10
#04-33 Techplace 1
Singapore 569738

9 October 2024

To: Shareholders of the Company

Dear Sir

THE PROPOSED DIVERSIFICATION OF THE GROUP'S EXISTING BUSINESS TO INCLUDE THE PROPOSED PROPERTY BUSINESS

1. INTRODUCTION

1.1 The Board wishes to refer to (i) the Notice of AGM dated 9 October 2024, accompanying the Company's Annual Report to convene the AGM; and (ii) Resolution 9 being the ordinary resolution ("**Ordinary Resolution**") for the Proposed Diversification of the Group's Existing Business to include the Proposed Property Business.

The Board is convening an AGM to be held at 293 Lor 6 Toa Payoh, Singapore 319387 SAFRA Toa Payoh, Level 3 Conference Room on 24 October 2024 at 10.00 a.m. to seek Shareholders' approval for, *inter alia*, the Proposed Diversification of the Group's Existing Business, by way of an ordinary resolution, to include:

(a) property development activities including the acquisition, development, disposal and/or leasing of various types of properties, including but not limited to hospitality, commercial (retail and office), industrial, foreign workers' dormitories and student dormitories ("**Property Related Assets**");

(b) the redevelopment of existing buildings and undertaking asset enhancement works to add value to the properties acquired for the purposes of increasing capital value and realising such increased capital value with the objective of achieving the sale and/or leasing of the properties;

(c) the investment or acquisition or otherwise disposal of:– (i) any Property Related Assets; and/or (ii) investments, shares and/or other interests in any entity that holds Property Related Assets and/or is in the business of property development, property investment and property management, including but not limited to holding of Property Related Assets as long term investment for the collection of rent, capital growth potential and/or provision of property related services and facilities; and

(d) the management of Property Related Assets

(collectively, the "**Proposed Property Business**").

1.2 The purpose of this Appendix is to provide Shareholders with information relating to the Proposed Diversification and to seek the approval of Shareholders for the same at the AGM.

1.3 The SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements made or opinions expressed or reports contained in this Appendix. If any Shareholder is in any doubt as to the action he should take, he should consult his bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED DIVERSIFICATION

2.1 Existing Business of the Group

The Company was incorporated in Singapore on 3 October 2019 and was listed on the Catalist board of the SGX-ST in December 2020. The principal activities of the Group consist of three main strategic divisions (the "**Existing Business**"), comprising:

(a) **Engineering services**: through which the Group engages in the sales and installation of scaffolding equipment, insulation and passive fire protection systems, and the provision of workers on contract or ad-hoc basis for electrical engineering services;

(b) **Transport services**: through which the Group provides bus services for private bus chartering service routes, schools, corporates and ad hoc charters; and

(c) **Security and manpower services**: through which the Group provides security services, cleaning services, manpower staffing for aviation technicians.

As stated in the Company's annual report for FY2024, the Company had undertaken a comprehensive review of the Group's assets, leading to a rationalisation that has made the Group leaner and more efficient. As a result, the Group posted a smaller net loss of S$593,000 as compared to net loss of S$2.2 million in FY2023, mainly due to better gross profit margins, higher government grants received and lower administrative expenses. The Group also posted a positive Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") of S$2.10 million, a significant improvement from a negative EBITDA position in FY2023.

In terms of the outlook of the Group's Existing Business:

(i) The Group's engineering business may benefit from the steady demand for construction sector in 2024, as projected by BCA.[1] The Group remains focused on executing existing projects and tendering for new ones with multi-national clients in Singapore. In addition, the Group has invested in an industrial space at 9 Tuas South in FY2024, which could enhance its engineering or manufacturing capabilities, support its organic business growth and the conversion of workers' dormitory which could help mitigate its workforce costs and management.

(ii) The Group expects a stable demand for its transport services, and will remain focused on securing better quality contracts for its transportation business.

(iii) The Group's security and manpower business may face cost pressures from the progressive wage model implemented by the Ministry of Manpower. The Group will be strategic in securing new projects that maintain or improve its margins.

1 Media Release issued by BCA dated 15 January 2024 entitled "Steady demand for the Construction Sector Projected for 2024", accessible via the following URL: https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024

2.2 **Rationale for the Proposed Diversification**

Taking into consideration the Group's prospects and performance as outlined in Section 2.1, the Company has proposed to include the Proposed Property Business as part of its core business.

The Board proposes to undertake the Proposed Diversification as it will reduce the Company's business risks through the additional revenue streams, such as rental income and management fees which would entail a more stable revenue stream as compared to the Company's Existing Business of which a significant percentage is project-based. The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth and build sustainable and scalable businesses in various industries and markets.

For the avoidance of doubt, the Group remains committed to the continuance of its Existing Business for so long as its Existing Business remains viable and that its continuity is in the best interest of the Group. The Board is of the view that the construction phase of the Proposed Property Business can be complementary and synergistic to the Existing Business of the Group. The Proposed Diversification would also allow the Group to have better prospects of profitability and ensure long term growth by enabling the Group to have access to new business opportunities which in turn could potentially enhance the return on the Group's assets and improve Shareholders' value in the long run.

2.3 **Description of the Proposed Property Business**

(a) <u>The Group's plans relating to venturing into the Proposed Property Business</u>

The Group intends to venture into the Proposed Property Business, if deemed commercially advantageous, by submitting bids to acquire appropriate land parcels for purposes of the Proposed Property Business.

The Group will also proceed with future projects, if any, under the Proposed Property Business by submitting tenders to the relevant authorities for the construction, management and operation of Property Related Assets. The Group may also enter into contracts for the management and operation of completed properties constructed and developed by other companies.

In the initial phase of the Proposed Diversification, the Group intends to undertake developing, constructing, managing and operating dormitories and workers' accommodation ("**Dormitories**"). Please refer to Section 2.3(d) on the Group's growth strategy and upcoming plans.

(b) <u>Management of the Proposed Property Business</u>

The Group may take on some of the infrastructural works that serve the Property Related Assets in order to speed up and optimise the construction phase. For example, the Group is well-positioned to take on infrastructural work such as installation of scaffolding equipment, insulation and passive fire protection systems, which are in line with the Group's core competence as an engineering services provider and fall within the scope of the Existing Business of the Group.

Save for the aforesaid, the Group itself does not otherwise have prior experience or track record in the Proposed Property Business. The management and operations of the Proposed Property Business will initially be spearheaded by the Executive Chairman of the Company. Additionally, the Board believes the Group can leverage on the relevant industry knowledge and skillset of the Directors and management team. As and when the Proposed Property Business expands, the Group will, as and when required, recruit and employ new employees with the necessary relevant expertise and experience to satisfy its manpower requirements.

The Company intends to engage qualified third party operators to oversee the management and operation of the Property Related Assets so as to assist the Company in undertaking the Proposed Property Business more effectively and efficiently. For instance, the Group may sub-contract the design and construction of the Property Related Assets to third party sub-contractors. In selecting third party operators, the Company will take into account the specific expertise and competencies required for the operation of the properties acquired by the Group, and the experience, historical track record and financial standing of the party concerned. In making decisions, the management will, where necessary and appropriate, seek the advice of qualified external consultants and experts. While working closely with the service providers, the management will provide the strategic vision and policy for the Proposed Property Business and develop the expertise required for the Proposed Property Business.

(c) The Group's geographical and sectorial focus

The Group currently intends to restrict the Proposed Diversification into the Proposed Property Business to Singapore for the time being.

The Group does not intend to restrict the business to any specific business sector or industry. The allocation of resources under the Proposed Property Business will instead be evaluated and assessed by the Board on the individual merits of each category. In making its assessment, the Group will consider the relevant market conditions, the rationale, growth potential, projected returns, value enhancements, and potential risks of such resource allocation to the Group.

(d) The Group's growth strategy and upcoming plans/projects

The Group intends to work with strategic partners and/or business contacts to ensure there is a steady demand for such properties and tap on their experience and connections. The Group may also collaborate with them as external consultants and/or advisers for the Proposed Property Business. These collaborations may be on a profit-sharing basis, fee-based, or on such other terms acceptable to the Group. In agreeing on the terms with the external consultants and/or advisers, the Group will take into consideration various factors including the adequacy of the Group's working capital and projected returns.

In this regard, the Company intends to work with Summer Garden Restaurant Pte. Ltd. ("**Summer Garden**"), an independent third party, to undertake the Proposed Property Business through a special purpose vehicle, GPF Holdings Pte. Ltd. ("**GPF**"). Please refer to Section 2.3(e) below for more information on GPF and Summer Garden.

As mentioned in Section 2.1 above, the Group completed the acquisition of a property located at No. 9 Tuas South Street 11 Singapore 636897 on 9 October 2023, with an intention to repurpose the building to suit the Group's engineering growing needs which will include a secondary workers' dormitory subject to obtaining all relevant government authorities approvals.

In addition, as announced by the Company on 15 August 2024, GPF has exercised an option to purchase the balance of the lease for Lot No. 4829X of Mukim 7 together with the buildings and structures erected thereon known as No. 4 Tuas South Street 11 Singapore 636896. The Group intends to utilise such property mainly for its own use with the additional remaining space being tenanted out. The proposed acquisition is slated to complete by 15 December 2024 and will form the first of GPF's portfolio of Property Related Assets.

(e) Information on GPF and Summer Garden

GPF was incorporated in Singapore on 12 April 2024, with an issued and paid-up share capital of S$400,000, comprising 400,000 ordinary shares.

Aedge Technologies Pte Ltd (a wholly-owned subsidiary of the Group) holds 204,000 ordinary shares in the capital of GPF, representing 51% of the total number of issued shares of GPF, while the remaining 49% shares are held by Summer Garden. GPF's directors are Mr Poh Soon Keng and Mr Foo Tiang Ann. The shareholders of GPF did not enter into any shareholders' agreement or similar arrangement in relation to GPF.

Summer Garden was incorporated in Singapore on 31 January 2012, with an issued and paid-up share capital of S$500,000, comprising 500,000 ordinary shares. Its directors are Mdm Tan Kim Cheng and Mr Foo Tiang Ann and they each hold 50% of the share capital of Summer Garden. Summer Garden is principally engaged in operating restaurants. Summer Garden is a business contact of the Group, having met through Singapore business networks, but do not currently otherwise have any business relationship with the Group. Summer Garden is expected to contribute capital to GPF as a fellow shareholder in proportion to its stake in GPF, and this also proportionately reduces the capital required from the Group for each potential project under the Proposed Property Business. It is envisaged that alongside with the Group, Summer Garden will identify and assess the Property Related Assets and viable projects in line with the Proposed Property Business, and co-investing in the same through GPF.

Each of Summer Garden, its shareholders and directors is an independent third party who is not related to any of the Directors, CEO, controlling shareholders and their associates.

(f) Licences, permits, accreditations, and/or approvals ("**Licences**") to operate the Proposed Property Business

As part of the Proposed Property Business, the Group may be required to obtain various Licences to operate such business. In particular, the Group is required to obtain a licence under the Foreign Employee Dormitories Act 2015 ("**FEDA Licence**") to manage and maintain dormitory premises for migrant workers in Singapore. Currently, the Group is in the process of acquiring the required written permission from the MOM to submit the application for the FEDA Licence.

2.4 **Requirements under the Catalist Rules**

Pursuant to Rule 1002(1) and Practice Note 10A of the Catalist Rules, a "transaction" excludes an acquisition or disposal which is in, or in connection with, the ordinary course of its business or of a revenue nature. As such, an acquisition that is regarded to be in, or in connection with, the ordinary course of an issuer's business, is not subject to the requirements under Chapter 10 (except for Part VIII on very substantial acquisitions or reverse takeovers). Notwithstanding the foregoing, Practice Note 10A of the Catalist Rules provides that an acquisition that changes the issuer's risk profile would not be regarded to be in, or in connection with, the ordinary course of an issuer's business.

As the Proposed Property Business is substantially different from the Existing Business, it is envisaged that the Proposed Diversification will not be part of the Group's existing principal business, and will change the existing risk profile of the Group. Accordingly, the Company will seek Shareholders' approval to approve the Proposed Diversification at the AGM.

With the Proposed Diversification, any acquisition or disposal which is in or in connection with the Proposed Property Business may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group will, in its normal course of business, be able to enter into any transaction relating to the Proposed Property Business without the need for further Shareholders' approval even though such transaction constitutes a Major Transaction, unless such transaction changes the risk profile of the Group. As such, the Company need not convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions which are Major Transactions relating to the Proposed Property Business arise, thereby substantially reducing the administrative time and expenses in convening such meetings and consequently, facilitating the Group's pursuit of its corporate objectives and increasing the Group's responsiveness to business opportunities that avail to the Group.

In accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first major transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Listing Manual in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

For the avoidance of doubt, notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained, in respect of transactions relating to the Proposed Property Business:

(a) Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company's ordinary course of business (which will include the Proposed Property Business) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the Company and such acquisitions must be, amongst others, made conditional upon approval by Shareholders at a general meeting;

(b) Practice Note 10A of the Catalist Rules will apply to acquisition of assets (including an option to acquire assets) which will change the risk profile of the Company (other than as detailed in this Appendix), such as where the proposed acquisition will result in an expansion into a new jurisdiction that will expose the Company to significant new risks, will be subject to the approval of Shareholders at a general meeting;

(c) the First Major Transaction or last of the Aggregated Transactions involving the Proposed Property Business, as the case may be, entered into by the Group will be made conditional upon approval by Shareholders in a general meeting; and

(d) transactions which constitute an "interested person transaction" as defined under the Listing Manual, Chapter 9 of the Catalist Rules will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

2.5 **Funding for the Proposed Diversification**

The Proposed Diversification will be funded primarily through a combination of internal sources of funds available at the point in time and borrowings from external parties (including financial institutions). The Board will determine the optimal mix of internal funding and external funding, taking into account the financial position and cash flow requirements of the Group and the prevailing financing costs.

Additionally, as and when necessary and deemed appropriate, the Company may consider tapping the capital markets in the future, to fund the Proposed Property Business in various ways including but not limited to the issuance of securities for cash by way of rights issues and placements and/or issuance of debt instruments.

The Group will remain prudent and take into account the financial condition of the Group in deciding the transactions it undertakes under the Proposed Property Business and the fund requirements thereof.

2.6 **Risk management procedures**

The Board is currently assisted by the Audit and Risk Committee, internal and external auditors in carrying out its responsibility for overseeing the Group's risk management framework and policies.

To address the risks presented by the Proposed Diversification, the Group will endeavour to ensure that the risk management systems implemented commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the Proposed Property Business, and will review such risk management systems periodically to assess adequacy.

Further, the Group will only undertake new projects in a conservative manner, and only when the cash flow of the Group from its Existing Business is strong. The Group estimates that it will undertake approximately one project a year based on current cash flow projections. This is in addition to the fact that each project will be discussed on its own merits at the Board before execution.

The risk management and internal control systems, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Company and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

2.7 **Risk factors**

The Group could be affected by a number of risks that may relate to the Proposed Diversification or risks that may relate to the markets in which the Proposed Diversification is made. Risks may arise from *inter alia* economic, business, market and political factors, including the risks set out below.

Shareholders should carefully consider and evaluate the following risk factors and all other information contained in this Appendix in light of your own investment objectives and financial circumstances and should seek professional advice from your accountant, stockbrokers, bank managers, solicitors or other professional advisers if you have any doubt about the actions you should take.

To the best of the Directors' knowledge and belief, all the pertinent risk factors that are material to Shareholders in making an informed judgement on the Proposed Diversification have been set out below. Should these risks occur and/or turn out to be material, they could materially and adversely affect the Proposed Diversification, and consequently the Proposed Property Business, the Group's overall financial performance, financial condition and prospects.

The risks described below are not intended to be exhaustive and are not presented in any order of importance. There may be additional risks not presently known to the Company or are currently not deemed to be material, which could turn out to be material and as such have not been included in the paragraphs below. New risk factors may emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the Proposed Diversification or the extent to which any factor or combination of factors may affect the Group.

Risk Factors generally relating to the Proposed Property Business

(a) ***The Company does not have any prior track record and operating experience in the Proposed Property Business***

As the Company does not have a proven track record in the areas of the Proposed Property Business, there is no assurance that the Proposed Property Business will be commercially successful and that the Company will be able to derive sufficient revenue to offset the initial investments as well as operating costs arising from the Proposed Property Business. The Proposed Property Business may require high capital commitments and may expose the Company to unforeseen liabilities or risks associated with its entry into the Proposed Property Business or new markets. If the Company does not derive sufficient revenue from or does not manage the capital investments in the Proposed Property Business effectively, the overall financial position and profitability of the Company may be adversely affected.

The Company's future plans with regard to the Proposed Property Business may not achieve profitability that justify the investments made and may take a substantial period of time before the Company can realise any return. Further, such future plans and new initiatives could result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debts and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance and financial condition of the Group.

(b) ***The Company and its personnel may not have the ability or sufficient expertise to execute the Proposed Diversification into the Proposed Property Business***

The Company's ability to successfully diversify into the Proposed Property Business is dependent on the ability of its management to adapt its existing knowledge and expertise to understand and navigate the Proposed Property Business. There is no assurance that the Company's or its personnel's existing knowledge and expertise will be sufficient for the Proposed Property Business, or that the Company will be able to hire employees or adequately outsource its manpower requirements to third parties with the relevant experience and knowledge. The Company may also appoint third party professionals, third party contractors, and/or foster partnerships with various third parties to assist it in undertaking the Proposed Property Business more effectively and efficiently. However, there is no assurance that these third parties will be able to deliver and/or that these partnerships will be successful. The Company may not be able to successfully implement the Proposed Property Business and this may adversely affect the Group's financial performance and financial condition.

(c) ***The Proposed Property Business operates in a capital intensive industry that relies on the availability of sizeable amounts of capital for the acquisition or development of properties***

Upon entry into the Proposed Property Business, the Group's resources may increasingly be committed to the development of the Property Related Assets which is capital intensive. One of the major factors that could affect the Group's ability to complete its development of the Property Related Assets as planned is the adequacy of financing. The Company plans to finance projects relating to the Proposed Property Business through a combination of its internal resources, bank borrowings, revenue generated from the Proposed Property Business and may also consider participation by other parties in the business.

Additionally, the Property Related Assets may need to undergo renovation or redevelopment works from time to time to retain its/their competitiveness. This may then involve capital expenditure beyond the Company's current estimate for refurbishment, renovation and improvements.

Future credit facilities can be subject to interest payments, interest rate fluctuations and may contain covenants that require the creation of security interests over assets or limit the Company's flexibility in its operations or financing activities. Further, additional debt financing may include conditions that could restrict the Company's freedom to operate its business, such as conditions that:

(i) limit the Company's ability to pay dividends or require the Company to seek the lenders' consent for payment of dividends;

(ii) impose restrictions on acquisitions of new businesses;

(iii) require the Company to set aside a portion of cash flow from business operations towards repayment of debt, thereby reducing the availability of the Company's cash flow to fund capital expenditures, working capital and other general corporate purposes;

(iv) increase the Company's vulnerability to general adverse economic and industry conditions; and/or

(v) limit the Company's flexibility in planning for, or reacting to, changes in its business and its industry.

The Company cannot ensure that it will be able to obtain any additional financing on terms that are acceptable to it, or at all, when required to meet its business requirements. Failure to obtain financing for projects or subsequent renovation or refurbishment works or refinancing of debt facilities on commercially acceptable terms when required may result in the Company not having adequate funds to fund its operations, refurbish or renovate the Property Related Assets, or to service its financing obligations which would have a material adverse effect on the Group's financial position, results of operations, cash flows and prospects. This would also limit the Company's ability to pursue its growth plans and increase the Company's vulnerability to general adverse economic and industry conditions.

(d) ***The Group's ability to borrow from the bank or raise funds from capital markets may be adversely affected by a financial crisis***

The Group's ability to borrow from banks or raise funds from the capital markets to meet its financial requirements is dependent on favourable market conditions. Financial crises in Singapore and particular geographical regions, industries or economic sectors have, in the recent past, led and could in the future lead to sharp declines in the currencies, stock markets and other asset prices in Singapore, industries or economic sectors, in turn threatening affected companies, financial systems and economies.

Any market slowdown may adversely impact the Group's ability to borrow from the bank or raise funds from capital markets and may significantly increase the costs of such borrowing and/or fundraising. If sufficient sources of financing are not available in future for these or other reasons, the Group's business, financial condition, results of operations and prospects may be adversely affected.

(e) ***The Company is exposed to the risk of banks enforcing their security over the Company's properties, assets and/or undertakings***

As security for the grant of banking facilities in connection with the Proposed Property Business, the Group may be required to execute a charge or encumbrance over its existing properties, assets and/or undertakings in favour of the lending financial institution. In an event of default, the financial institution may enforce the security over the Group's properties, assets and/or undertakings. Such enforcement of the security may lead to a significant disruption to the business and operations of the Group's operations, and the Group's financial performance would accordingly be adversely affected.

(f) ***The Proposed Property Business is dependent on the availability of land suitable for the development of Property Related Assets***

The Proposed Property Business is dependent, in part, on the availability of land suitable for the development of Property Related Assets. The local government may implement measures to adjust macroeconomic policies to prevent and curtail the overheating of its economy, which may affect the real estate market that the Group is operating in. Additionally, the Group's ability to acquire land or licencing rights to develop such land for future development and the acquisition costs of such land will be affected by the policies of the local government toward land supply. There can be no assurance that the Group will be able to identify and acquire attractive sites in the future at commercially acceptable prices, or at all. If the Group is not able to identify and acquire attractive new sites at commercially acceptable prices, this could impair the Group's ability to compete with other property developers and materially and adversely affect the Group's business and financial performance.

(g) ***The Group is subject to various government regulations for the Proposed Property Business and may be required to obtain and maintain the necessary Licences to operate the Proposed Property Business***

The property development industry is subject to various laws and government regulations. In particular, regulatory approvals may be required for, among other things, land and title acquisition or divestment, development planning and design, construction, renovation and asset enhancement, and mortgage financing and refinancing. Such approvals may stipulate, among other things, maximum periods for the commencement of development of land. The laws and regulations in Singapore, in which the Group intends to operate the Proposed Property Business, may also restrict the level, percentage and manner of foreign ownership and investment in property. Some of these laws and regulations are at times ambiguous, and their interpretations and applications can be inconsistent or uncertain, making compliance with them challenging, which may be potentially detrimental to the Group.

Furthermore, as a result of the conditions stipulated under Singapore's regulations, the Group may be required to obtain various Licences to operate specific businesses, such as the management of Dormitories.

If the Group fails to obtain the relevant Licences, or comply with the laws and regulations applicable to the relevant Licences, the Group may be subject to penalties, have its Licences revoked, and as a result, lose its right to own, develop or manage its properties.

In addition, in order to develop and complete a property development, a property developer may be required to obtain permits such as land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance from the relevant statutory boards, for example the Jurong Town Corporation or Housing Development Board in Singapore.

Such permits are dependent on the satisfaction of certain conditions; in some circumstances, the Group may apply or may have applied for permits in parallel with preliminary construction activities. The Group cannot give assurance it is able to fulfil the conditions required for obtaining the permits, especially as new laws, regulations or policies may come into effect from time to time with respect to the property industry in general or the particular processes with respect to the granting of permits. If the Group fails to obtain relevant permits for the Proposed Property Business, any proposed investment may not proceed as scheduled, and the Group's business, financial condition, results of operations and prospects may be adversely affected.

Further, any changes in applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group. There is no assurance that any changes in the applicable laws and regulations will not have an adverse effect on the financial performance and financial condition of the Group.

(h) ***The Proposed Property Business may be affected by the Singapore government's exercise of the right to compulsorily acquire land in accordance with law***

Under Singapore law, the Singapore government may compulsorily acquire all or any part of a property or properties for public purposes or various other reasons, and compensate the Group in respect of the properties, or part thereof, being compulsorily acquired. There is a risk that the compensation in respect of any such compulsory acquisition by the relevant regulatory authority will be less than the market value of the relevant property and/or the purchase consideration paid by the Group for the property or the carrying amount of the relevant property. This may adversely affect the Group's financial condition and the Group's results of operations and profitability. Further, there can be no assurance that the Group will be able to find a suitable alternative investment to replace the income loss in a timely manner, or at all, and this may have an adverse effect on the financial condition, results of operations and profitability of the Group.

(i) ***The Group's financial condition will be affected by property valuations and fluctuations in property values***

Valuations of the Group's Property Related Assets conducted by professional valuers are based on certain assumptions and are not intended to be a prediction of, and may not accurately reflect, the actual values of these assets. The inspections of the Property Related Assets and other works undertaken in connection with a valuation exercise may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation.

In addition, unfavourable changes to the economic or regulatory environment or other relevant factors may negatively affect the premises upon which the valuations are based and hence, the conclusions of such valuations may be adversely affected. As such, the Property Related Assets of the Group may not retain the price at which they may be valued or be realised at the valuations or property values which were recorded.

The Group may apply fair value accounting standards in valuing its Property Related Assets. The value of the Property Related Assets of the Group may fluctuate from time to time due to market and other conditions. Such adjustments to the Group's shares of the fair value of the Property Related Assets in the Group's portfolio could have an adverse effect on the net asset value and profitability of the Group.

(j) ***The Company faces the risk of delays in the development of properties for the Proposed Property Business***

The time required for the complete construction of the Property Related Assets depends on the size of the property being developed, prevailing market conditions and when the third party contractors engaged by the Company commence construction. Delays can arise due to several factors, including adverse weather conditions, shortage of construction materials, equipment and/or labour, accidents, cessation of business of the Company's contractors, disputes with the Company's contractors and longer than expected time being taken for any necessary approvals. Such delays may result in costs overruns and increased financing costs and accordingly affect the Company's profitability.

Time is of the essence with regards to the development of the property as the Company may only start collecting rental income after obtaining the necessary approvals from authorities for the change of usage.

Although the Company will usually ensure that it would be able to seek reimbursements for most of the consequent costs and damages from the contractors responsible for the delay, in certain circumstances the Company may nevertheless remain liable in the event the contractors are unable to meet the Company's demands or become insolvent.

The Company's earnings and financial performance may accordingly be adversely affected.

(k) ***The Proposed Property Business will increase the Company's exposure to a shortage in supply of raw materials, labour and/or equipment***

The progress of the development of properties for the Proposed Property Business may be affected by a shortage or reduction of allocation of raw materials and/or construction equipment to the Company from the Company's suppliers for a variety of reasons. Although the Company is not expecting a shortage in the supply of raw materials, labour and/or equipment, the Company acknowledges that this is an inherent risk of the construction industry. The numerous construction activities which may take place in Singapore from time to time may also lead to a temporary shortage of construction equipment such as piling machines, and a sudden spike in the demand for construction labourers. Additionally, the price of raw materials may increase globally. As a result, the cost of such raw materials, equipment and labour may increase and the Company's costs of development may exceed its initial projections, thereby negatively affecting the Company's profitability.

(l) ***The Proposed Property Business will increase the Company's exposure to potential liability and loss arising from damages, injury or death due to accidents at construction worksites***

Due to the nature of building construction, the Company faces the risk of accidents involving its employees or third parties on its development sites. In the event that any accidents occur which are not covered by the Company's insurance policies, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Company will be required to pay compensation and its financial performance may be adversely affected. Such insurance claims may also result in higher insurance premiums payable by the Company in the future. These may have an adverse effect on the Company's financial results.

Additionally, such accidents could also have an adverse impact on the Company's operations if the Company is required by regulatory manpower authorities to suspend its operations for a period of time. This may result in fines or delays in project completion and possibly, cost overruns or liquidated damages, which will in turn negatively affect the Company's profitability.

(m) ***The Group may be subject to environment liability as a result of its role as a property manager of real estate***

In relation to the Proposed Property Business, various laws and regulations impose liability on real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at a property. In the Group's role as a property manager, if or when applicable, the Group could be held liable as an operator for such costs. This liability may be imposed without regard to the legality of the original actions and without regard to whether the Group knew of, or were responsible for, the presence of the hazardous or toxic substances. If the Group fails to disclose environmental issues, the Group may also be liable to a buyer or lessee of a property. If the Group incurs any such liability, the Group's business could suffer significantly as it could be difficult for the Group to develop or sell such properties, or borrow funds using such properties as collateral. In the event of a substantial liability, the Group's insurance coverage may be insufficient to pay the full damages, or the scope of available coverage may not cover certain of these liabilities. Additionally, liabilities incurred to comply with more stringent future environmental requirements could adversely affect the Group's business.

(n) ***The Company may face competition from its competitors and new entrants***

The Proposed Property Business is highly competitive and such competition may increase in the near future due to the entry of new players. In the event the Company's competitors are able to provide comparable or better products or services at lower prices or respond to changes in market conditions more swiftly or effectively than the Company does, such that they are more successful at attracting and retaining tenants, the Company's operations and the results of its business and financial performance may be adversely affected. There is no assurance that the Company will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by the Company to remain competitive will adversely affect the demand for the Company's products or services and the results of its business and financial performance.

(o) ***The Group may be subject to poor demand for the lease and related services for the Property Related Assets***

The Group's performance for the Proposed Property Business segment will be largely dependent on its ability to secure and retain tenants for its available properties for lease. In the event that the Group is unable to secure sufficient tenants, its financial performance may be affected.

(p) ***The Group may be affected by a loss of tenants***

The Group's performance for the Proposed Property Business segment may be adversely affected by the downturn in the business of the Group's key tenants, including the key tenants' decision to not renew any lease or to terminate any lease before it expires. The renewal of the Group's lease agreements with its tenants will also depend on its ability to negotiate lease terms acceptable to both parties. There is no assurance that all or any of the Group's clients and/or tenants, including its key tenants, will renew or continue to renew their lease agreements with the Group, or that the new or renewed lease terms will be as favourable to the Group as the existing lease.

In the event that any tenant does not renew its lease, the Group will need to find a replacement tenant or tenants, which could subject the Group to periods of vacancy and/or refitting for which the Group would not receive rental income.

(q) ***The Group is subject to risks of late payment or non-payment by purchasers of its properties***

The Group faces uncertainties over the timeliness of purchasers' payments and their solvency or creditworthiness in respect of purchases of the properties developed by the Group. There is no assurance that the Group will be able to collect any progress payments on a timely basis, or at all.

In the event that there are defaulting purchasers or a significant delay in collecting progress payments from purchasers, the Group may face stress on its cash flow and a material increase in bad and doubtful debts, which will have an adverse impact on the Group's financial performance.

(r) ***Losses or liabilities from latent building or equipment defects may adversely affect the Group's Proposed Property Business and financial performance***

The Group may require additional capital expenditure, special repair or maintenance costs or the payment of damages or other obligations to third parties for any design, construction or other latent property or equipment defects in the Group's Property Related Assets from time to time. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on the Group's earnings and cash flows.

Further, statutory representations, warranties and indemnities given to the Group by any vendor of the Property Related Assets or statutory or contractual representations, warranties and indemnities given to the Group by any supplier of equipment for the Property Related Assets may not accord satisfactory protection from costs or liabilities arising from such property or equipment defects.

If the Group is unable to repair any latent defects in the Property Related Assets or carry out structural repairs, there may be an adverse impact on its ability to lease out spaces and/or units at the Property Related Assets, which will have an adverse impact on the Group's business and financial performance.

(s) ***Renovation or redevelopment works or physical damage to the Company's Property Related Assets may disrupt the Group's operations***

The Group's Property Related Assets may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs required by new planning laws or regulations. The business and operations of the Company's Property Related Assets may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

Additionally, physical damage to the Company's Property Related Assets resulting from fire or other causes may lead to a significant disruption to the business and operation of the Company's Property Related Assets, and together with the foregoing, may impose unbudgeted costs on the Company and result in an adverse impact on the financial condition and results of operations of the Company.

(t) ***The Company may not be able to put in place or maintain adequate insurance in relation to the Property Related Assets and its potential liabilities to third parties***

The Company's Property Related Assets face the risk of suffering physical damage caused by fire, acts of God such as natural disasters or other causes, as well as potential third party liability claims, including claims arising from the operations of the Company's Property Related Assets.

However, should an uninsured loss or a loss in excess of insured limits occur, the Company could be required to pay compensation and/or lose capital invested in the affected Property Related Assets as well as anticipated future revenue from that property. The Company will also be liable for any debt or other financial obligation related to that property. There can be no assurance that material losses in excess of insurance proceeds will not occur.

(u) ***The Proposed Property Business may be exposed to increases in property expenses and other operating costs***

Factors that could increase the Proposed Property Business' property expenses and other operating expenses include but are not limited to:

- increases in property taxes and other statutory charges;
- changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increase in insurance premiums;
- increase in the rate of inflation;
- increase in labour costs;
- increase in repair and maintenance costs; and
- increase in management costs and utility charges.

Any increase in the Proposed Property Business' property expenses and other operating expenses may have an adverse impact on the Group's business and financial performance.

(v) ***The Group faces risks associated with acquisitions, joint ventures and strategic alliances***

As mentioned in Section 2.3(d), the Group is undertaking the Proposed Property Business through its subsidiary, GPF, in which Aedge Technologies Pte Ltd and Summer Garden owns 51% and 49% of the total number of issued shares, respectively. Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Proposed Property Business may involve further acquisitions, joint ventures or strategic alliances with third parties. There is no assurance that such joint ventures, strategic alliances or the joint management of such enterprises will be successful. Participation in joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of management attention from existing business operations and loss of capital or other investments deployed in such ventures, alliances, acquisitions or opportunities. In such event, the Group's financial performance may be adversely affected.

Save for GPF, the Company has not identified or formalised any definitive plans in connection with any projects in the Proposed Property Business. While the Group will actively seek for opportunities for projects in the Proposed Property Business, there is no assurance that it will be able to identify such suitable projects which suit its risk and returns profile. In the event that the Group is not able to identify suitable projects, it will not undertake any projects in the Proposed Property Business. Further, there is no assurance that such projects undertaken will be profitable or successful.

(w) ***The Group may be involved in legal or other proceedings arising from its operations in the Proposed Property Business***

The Group may be involved from time to time in disputes with various parties involved in the property development projects that the Group undertakes. These parties include contractors, sub-contractors, suppliers, construction companies, purchasers of the Group's properties and other partners. These disputes may lead to legal and other proceedings. The Group may also have disagreements with regulatory bodies and these may subject it to administrative proceedings.

In the event that unfavourable judgments are passed by the courts or unfavourable rulings are made by the regulatory bodies, the Group may suffer not only financial losses but also a delay in the construction or completion of the Group's property development projects.

(x) ***Natural disasters, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Company***

The operations of the Proposed Property Business, in particular during the construction segment of projects and the day to day operations of the properties, may be adversely affected by natural disasters, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Company.

Such events could adversely affect the economies and financial markets of many countries including those in Singapore and may have a material adverse effect on the Proposed Property Business. These could include disruptions to the transportation of raw materials, as well as temporary closure of the Company's business.

The day-to-day operations of the Property Related Assets may also be adversely affected by such events. Riots or the outbreak of communicable diseases could result in the closure of the property temporarily or even permanently and this may negatively impact the Company's income stream and revenue generated from the Proposed Property Business.

The occurrence of such events would therefore have a material adverse effect on the Proposed Property Business and adversely affect the Company's financial condition and results of operations.

(y) ***The Group's performance following the Proposed Diversification will be subject to exposure to macro-economic risks***

The markets in which the Group will operate the Proposed Property Business are affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates:

- legal and regulatory changes;
- economic and political conditions;
- the level and volatility of liquidity and risk aversion;
- concerns about natural disasters, terrorism and war;
- the level and volatility of equity, debt, property, commodity and other financial markets;
- the level and volatility of interests rates and foreign currency exchange rates; and
- concerns over inflation.

Any of the above-mentioned factors could adversely impact the performance of the Proposed Property Business, which in turn may affect the Group's revenue, results of operations and/or financial condition.

Risk Factors relating to the operation of Dormitories

(z) ***The success of the Proposed Property Business is to an extent dependent on local government policies regarding the employment of foreigners***

It is foreseen that the Proposed Property Business will involve the provision of housing for foreign workers. As such, demand for the Group's services and properties will be dependent upon the number of foreign workers.

The employers of such foreign workers may have to comply with rules, regulations and conditions imposed by the immigration and other authorities. For example, the MOM oversees certain policies that includes several work pass options with regards to the employment of foreigners to work in Singapore.

Any future changes to the immigration policies of any country that restricts travel and employment for a particular nationality may adversely affect the number of foreigners of that nationality who are given approvals to be employed and allowed to work in Singapore.

In the event that such changes resulted in the decline in the overall number of foreign workers in Singapore, the occupancy rate of the Group's housing for foreign workers may be negatively affected, which will in turn adversely affect the Group's business and financial performance.

(aa) ***The Company is exposed to the risk of illegal immigrants found at its Property Related Assets***

Under the Immigration Act 1959, any person who is found guilty of harbouring illegal immigrants shall be subject to imprisonment or fine, or both. In the event that the Proposed Property Business involves providing housing for foreign workers, landlords who rent out their premises to foreign tenants are required by law to ensure that these tenants have valid permits and/or passes to stay in Singapore before renting out their premises and landlords are required to perform checks to ensure that the premises are not let out to illegal immigrants. Upon the entry into the Proposed Property Business, the Company would be required to ensure that the foreigners residing in the properties are not illegal immigrants and have valid work passes or permits. The Company will take the necessary precautions to ensure that persons residing at the Company's property have the necessary work passes or permits such as conducting regular checks on the validity of their work passes or permits. However, there is no assurance that such measures are foolproof and that no illegal immigrants will be found in any Property Related Asset.

In the event the Company is found to be harbouring illegal immigrants and the Company's procedures in relation to verifying the immigration status of persons at the properties are found by the authorities to be inadequate, the Company and its officers may be subject to fines or imprisonment, or both.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 Interests of Directors and CEO

The interests of the Directors in the Shares, based on information as recorded in the Register of Directors' and CEO's Shareholdings of the Company as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
Directors	**No. of Shares**	**% of Issued Shares[1]**	**No. of Shares**	**% of Issued Shares[1]**	**No. of Shares**	**% of Issued Shares[1]**
Poh Soon Keng (also the CEO)[2]	9,161,820	8.64	67,500,000	63.68	76,661,820	72.32
Ng Choon Beng	3,409,090	3.22	–	–	3,409,090	3.22
Lim Tai Toon	–	–	–	–	–	–
Goh Joon Lian	–	–	–	–	–	–
Guok Chin Huat Samuel	–	–	–	–	–	–

Notes:

(1) Percentages are calculated based on the issued number of shares of the Company of 106,000,000 shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

(2) Mr Poh Soon Keng is deemed interested in the 63.68% shareholding owned by PTCC Holdings Pte. Ltd. ("**PTCC**"). PTCC is owned by Mr Poh Soon Keng (26.7%), his spouse Mdm Tan Siew Lan (26.7%), and his children Ms Poh Pei Chi (33.3%) and Mr Poh Cher Ying (13.3%). Mr Poh Soon Keng, Mdm Tan Siew Lan and Ms Poh Pei Chi are deemed interested in the shares held by PTCC in the Company pursuant to Section 4 of the Securities and Futures Act.

3.2 **Interests of Substantial Shareholders**

The interests of the Substantial Shareholders (who are not also Directors and the CEO) of the Company in the Shares, based on information as recorded in the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date are as follows

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% of Issued Shares[(1)]	No. of Shares	% of Issued Shares[(1)]	No. of Shares	% of Issued Shares[(1)]
PTCC Holdings Pte. Ltd.[(2)]	67,500,000	63.68	–	–	67,500,000	63.68
Tan Ah Hwa[(2)]	9,000,000	8.49	–	–	9,000,000	8.49
Tan Siew Lan[(2)]	–	–	67,500,000	63.68	67,500,000	63.68
Poh Pei Chi[(2)]	–	–	67,500,000	63.68	67,500,000	63.68

Notes:

(1) Percentages are calculated based on the issued number of shares of the Company of 106,000,000 shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

(2) PTCC Holdings Pte. Ltd. is owned by the Executive Chairman and CEO of the Company, Mr Poh Soon Keng (26.7%), the Company's Human Resource and Administration Director, Ms Tan Siew Lan (26.7%), Ms Poh Pei Chi (33.3%) and Mr Poh Cher Ying (13.3%). Ms Poh Pei Chi and Mr Poh Cher Ying are the children of Mr Poh Soon Keng and Ms Tan Siew Lan. Mr Poh Soon Keng, Ms Tan Siew Lan and Ms Poh Pei Chi are deemed to have an interest in the Shares held by PTCC Holdings Pte. Ltd. in the Company pursuant to Section 4 of the Securities and Futures Act.

3.3 None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Diversification, other than by reason only of being a Director or a holder of Shares.

4. ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 24 October 2024, 10.00 a.m. at 293 Lor 6 Toa Payoh, Singapore 319387 SAFRA Toa Payoh, Level 3 Conference Room, for the purpose of considering, and if thought fit, passing with or without any modifications the ordinary resolution in relation to the Proposed Diversification.

5. DIRECTORS' RECOMMENDATION

Having considered the rationale for the Proposed Diversification, the Directors are of the opinion that the Proposed Diversification is in the interests of the Company and accordingly, recommend that Shareholders **vote in favour of the Ordinary Resolution** relating to the Proposed Diversification to be proposed at the AGM.

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 Diversification, 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. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines which may be issued by the relevant authorities, copies of the following documents may be inspected at the registered office of the Company at Block 4009 Ang Mo Kio Avenue 10, #04-33 Techplace 1, Singapore 569738, during normal business hours from the date hereof up to and including the date of the AGM:

(a) the Constitution of the Company; and

(b) the annual report of the Company for FY2024.

Yours faithfully

For and on behalf of
Board of Directors of
AEDGE GROUP LIMITED

Poh Soon Keng
Executive Chairman and Chief Executive Officer