

APPENDIX B DATED 15 APRIL 2024

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

This Appendix is circulated to the shareholders of GSS Energy Limited (the “**Company**”) together with the annual report for the financial year ended 31 December 2023 (the “**Annual Report**”). Its purpose is to provide information on the Proposed Diversification (as defined herein) to be tabled at the AGM (as defined herein) of the Company to be held at Block 4012 Ang Mo Kio Ave 10, #05-01 Techplace 1, Singapore 569628 on 15 April 2024 at 10.00 a.m. The notice of AGM (the “**Notice of AGM**”), the proxy form (the “**Proxy Form**”), and Appendix A to the Notice of AGM in relation to the renewal of the share buy-back mandate by the Company, are enclosed with the Annual Report.

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

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

This Appendix has been reviewed by the Company’s sponsor, Stamford Corporate Services Pte. Ltd. (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. Bernard Lui (Tel: 6389 3000 or email: bernard.lui@morganlewis.com).

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



GSS ENERGY LIMITED
(Company Registration Number: 201432529C)
(Incorporated in the Republic of Singapore)

APPENDIX B TO THE NOTICE OF AGM IN RELATION TO

THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO INCLUDE

THE BATTERY PACKING AND EV CHARGING BUSINESSES

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	27 April 2024, 10.00 a.m.
Date and time of the AGM	:	30 April 2024, 10.00 a.m.
Place of the AGM	:	Block 4012 Ang Mo Kio Ave 10, #05-01 Techplace 1, Singapore 569628

CONTENTS

	PAGE
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS	B-3
DEFINITIONS	B-4
LETTER TO SHAREHOLDERS	B-7
1. INTRODUCTION	B-7
2. THE PROPOSED DIVERSIFICATION.....	B-7
3. RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION.....	B-15
4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS.....	B-26
5. DIRECTORS' RECOMMENDATION	B-28
6. ADVICE TO SHAREHOLDERS	B-28
7. ACTION TO BE TAKEN BY SHAREHOLDERS.....	B-28
8. DIRECTORS' RESPONSIBILITY STATEMENT	B-28
9. LEGAL ADVISER	B-28
10. DOCUMENTS AVAILABLE FOR INSPECTION	B-29

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Appendix, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

These forward-looking statements, including but not limited to, statements as to revenue and profitability, any expected growth, any expected industry prospects and trends, planned strategy and future expansion plans, any other matters that are not historical facts; and any other matters discussed in this Appendix, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s and/or the Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risk factors and uncertainties are discussed in more detail in this Appendix, in particular at section 3 (*Risk Factors Relating to the Proposed Diversification*) of this Appendix.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. The Group and the Directors are not representing or warranting to you that the actual future results, performance or achievements of the Company and/or the Group will be as those discussed in those statements. The respective actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Further, the Company disclaims any responsibility, and undertakes no obligation to update or revise any forward-looking statements contained in this Appendix to reflect any change in the Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

DEFINITIONS

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

“Aggregated Transactions”	:	Has the meaning ascribed to it in section 2.5 of this Appendix
“AGM”	:	An annual general meeting of the Company. Unless the context otherwise requires, “AGM” shall refer to the annual general meeting of the Company to be held on 30 April 2024 at Block 4012 Ang Mo Kio Ave 10 #05-01 Techplace 1 Singapore 569628 at 10.00 am
“Annual Report”	:	The Company’s annual report for the financial year ended 31 December 2023
“Appendix”	:	This appendix B to the Notice of AGM dated 15 April 2024
“Asahi Kasei Singapore”	:	Asahi Kasei Plastics Singapore Pte Ltd
“Audit Committee”	:	The audit committee of the Company as at the Latest Practicable Date
“Board”	:	The board of Directors of the Company as at the Latest Practicable Date
“Catalist Rules”	:	The SGX-ST’s Listing Manual Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	GSS Energy Limited
“Conflicted Individual”	:	Has the meaning ascribed to it in section 2.9 of this Appendix
“Constitution”	:	The Constitution of the Company (being the constitutive document of the Company, which was previously known as the memorandum and articles of association), as amended, modified or supplemented from time to time
“Designated Locations”	:	Has the meaning ascribed to it in section 2.3 of this Appendix
“Director(s)”	:	The director(s) of the Company as at the Latest Practicable Date
“EV”	:	Electric vehicle
“EVCA”	:	The Electric Vehicles Charging Act 2022, as amended, modified or supplemented from time to time
“Existing Business”	:	Has the meaning ascribed to it in section 2.1 of this Appendix
“First Major Transaction”	:	Has the meaning ascribed to it in section 2.5 of this Appendix
“FY” or “Financial Year”	:	Financial year of the Company ended or ending 31 December (as the case may be)
“Giken Mobility”	:	Giken Mobility Pte. Ltd.

DEFINITIONS

“Giken Sakata”	:	Giken Sakata (S) Limited
“Greater Bay Area”	:	The Guangdong Greater Bay Area Region of the People’s Republic of China
“GRES”	:	Giken Renewable Energy Solutions Pte. Ltd.
“Group”	:	The Company and its subsidiaries, collectively
“HKSE”	:	The Stock Exchange of Hong Kong Limited
“JVA”	:	Has the meaning ascribed to it in section 2.3 of this Appendix
“JV Company”	:	Has the meaning ascribed in section 2.3 of this Appendix
“Last Practicable Date”	:	2 April 2024, being the latest practicable date prior to the issuance of this Appendix
“MECOM”	:	MECOM Power and Construction Limited
“MECOM Group”	:	MECOM and its subsidiaries, collectively
“MOU”	:	Has the meaning ascribed to it in section 2.3 of this Appendix
“MUCharging”	:	MUCharging (Macau) Limited
“New Businesses”	:	The battery packing and EV charging businesses as described in section 2.2 of this Appendix
“Notice of AGM”	:	The Notice of AGM dated 15 April 2024
“OEM”	:	Original equipment manufacturer
“Proposed Diversification”	:	The proposed diversification of the Group’s business to include the New Businesses
“Proxy Form”	:	The proxy form attached to the Notice of AGM
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGXNet”	:	A broadcast network utilised by companies listed on the SGX-ST for the purposes of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is the CDP, the term “ Shareholder ” shall, in relation to those Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the issued share capital of the Company

DEFINITIONS

“ Substantial Shareholder ”	:	A person who has an interest or interests in one or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
“ HK\$ ”	:	Hong Kong dollars and cents, respectively the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“ S\$ ” and “ cents ”	:	Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
“ US\$ ”	:	United States of America dollars and cents, respectively the lawful currency of the United States of America
“ % ” or “ per cent ”	:	Per centum or percentage

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

The term “**subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act. The term “**treasury shares**” shall have the same meaning ascribed to it in Section 4 of the Companies Act. The term “**subsidiary holdings**” is defined in the Catalist Rules to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

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

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, where applicable, shall include corporations.

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

Any reference in this Circular to “**Rule**” or “**Chapter**” is a reference to the relevant rule or chapter in the Catalist Rules.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

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

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

LETTER TO SHAREHOLDERS

GSS ENERGY LIMITED

(Company Registration Number: 201432529C)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr Kuek Eng Chye, Anthony (Non-Executive Chairman)
Mr Yeung Kin Bond, Sydney (Group CEO, Executive Director)
Mr Ng Say Tiong (Executive Director)
Mr Lee Kok Beng (Executive Director)
Mr Fung Kau Lee, Glenn (Non-Independent Non-Executive Director)
Mr Wong Quee Quee, Jeffrey (Independent Non-Executive Director)

Registered Office:

141 Cecil Street #07-06
Tung Ann Association Building
Singapore 069541

15 April 2024

To: The Shareholders of GSS Energy Limited

Dear Sir/Madam

THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE BATTERY PACKING AND EV CHARGING BUSINESS

1. INTRODUCTION

1.1. Annual General Meeting

Reference is made to the Notice of AGM of the Company dated 15 April 2024, accompanying the Annual Report of the Company for the financial year ended 31 December 2023, convening the AGM of the Company which is scheduled to be held on 30 April 2024 and the Ordinary Resolution 8 in relation to the proposed diversification of the Group's business to include battery packing and the charging businesses, under the heading "Special Business" set out in the Notice of AGM.

1.2 Purpose of this Appendix

The purpose of this Appendix is to explain to the Shareholders the rationale and to provide information relating to the Proposed Diversification, to be tabled at the AGM to be held on 30 April 2024 at Block 4012 Ang Mo Kio Ave 10, #05-01 Techplace 1, Singapore 569628 at 10.00 a.m.

This Appendix has been prepared solely for the purposes set out herein and may not be relied upon by any person (other than the Shareholders to whom this Appendix is addressed) or for any other purpose.

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

2. THE PROPOSED DIVERSIFICATION

2.1 Existing Business

The Group is currently primarily engaged in the following businesses:

- (a) the precision engineering business, comprising the manufacture and sale of micro shafts and other precision parts and assembly of mechanisms used in computers and a range of electronic products, including the manufacture of basic precious and non-ferrous metal products;

LETTER TO SHAREHOLDERS

- (b) the oil and gas business;¹ and
- (c) the EV mobility business which consists of end-to-end development and production of electric motorcycles and other EVs, and related components and peripherals, and which comprises the following activities: (i) engaging in research, ideation, engineering and prototyping of electric motorcycles and other EVs and related components and peripherals; (ii) engaging in the development, manufacture, production assembly and distribution of electric motorcycles and other EVs and related components and peripherals including but not limited to battery solution for electric motorcycles and other EVs; (iii) holding investments in the EV mobility sector (including without limitation investments or participation in units, securities, partnership interests or any other form of economic participating in any trust, entity or unincorporated association that carries on or invests, directly or indirectly in the EV mobility business); (iv) engaging in the marketing and promotion of total solutions in the EV mobility sector, including the provision of advisory or other solutions in relation to the development, manufacture, production assembly and distribution of electric motorcycles and other EVs and software development for electric motorcycles and other EVs; and (v) any other ancillary activities related to the EV mobility business;²

(collectively, the “**Existing Business**”).

2.2 Scope of New Businesses

The Group proposes to expand the scope of its Existing Business to include the battery packing and EV charging businesses (the “**New Businesses**”) which may comprise one or more of the following activities:

- (a) engaging in the development, testing, design, manufacture, production, assembly, packaging, marketing and distribution of battery packs and related battery components and peripherals in the EV industry and other industries;
- (b) engaging in the development, testing, design, manufacture, production, assembly, installation, packaging, operation, maintenance, marketing and distribution of (i) EV charging systems including but not limited to EV charging stations, facilities, infrastructure and other hardware and software; and (ii) EV battery swapping systems including but not limited to EV battery swapping stations, facilities, infrastructure and other hardware and software;
- (c) engaging in the development, research, ideation, engineering, operation, marketing and distribution of battery solutions including but not limited to battery charging, swapping, packing and recycling systems;
- (d) holding investments in the battery packing and EV charging sectors (including without limitation, investments or participation in units, securities, partnership interests or any other form of economic participation in any trust, entity or unincorporated association that carries on or invests, directly or indirectly, in the New Businesses); and

¹ In 2019, the Group farmed out its oil and gas asset to Oakhurst Investments Pte. Ltd. (“**Oakhurst**”) in order to focus its resources on its precision engineering business. For further details of the farming out of its oil and gas asset, please refer to (i) the Company’s announcement dated 18 June 2019 in relation to the disposal of 80% of the issued and paid-up capital of GSS Energy Trembul Limited (“**GETL**”); and (ii) the annual report of the Company for the financial year ended 31 December 2019 (“**2019 AR**”). As at the Latest Practicable Date, the Group retains a non-operational effective 17.8% interest in the oil and gas business through the Company’s associate, GETL and its subsidiary, P.T. Sarana GSS Trembul (Indonesia) (“**PTSGT**”). In December 2022, PTS GT received a letter from PT Pertamina terminating the Co-operative Agreement for the Trembul Operating Area (“**KSO Agreement**”) with effect from 26 September 2022. PTS GT and Oakhurst were unable to successfully obtain an appeal against the termination by 31 December 2022 and the Group had recorded a full impairment loss on its exploration and evaluation assets as at 31 December 2022. An appeal was sent by PTS GT to PT Pertamina in early February 2023 and a reply from PT Pertamina is still pending as at the Latest Practicable Date. For more information on the termination of the KSO Agreement by PT Pertamina, please refer to (i) the Company’s announcement dated 28 December 2022; and (ii) the annual report of the Company for the financial year ended 31 December 2022.

² At the annual general meeting held on 29 April 2022, the Company sought and obtained shareholders’ approval for the proposed diversification of the Group’s business to include the EV mobility business. For further details of the Company’s diversification into the EV mobility business, please refer to (i) the annual report of the Company for the financial year ended 31 December 2021 (“**2021 AR**”); and (ii) Appendix B dated 14 April 2022 circulated together with 2021 AR.

LETTER TO SHAREHOLDERS

- (e) any other ancillary activities related to the New Businesses.

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 its continuity is in the best interest of the Group.

2.3 Information on the New Businesses

(a) Battery packing business

The Group operates its battery packing business through GRES, a wholly-owned subsidiary of Giken Sakata, which is in turn a wholly-owned subsidiary of the Company. GRES specialises in the design, manufacturing and assembly of battery packs, including battery packs for two-wheeler and three-wheeler EVs, with a focus on the market in Asia. The Group commenced battery packing operations in 2023, leveraging on the resources and capabilities of its precision engineering business and EV mobility business. As at the Latest Practicable Date, GRES runs and operates a battery packing assembly factory in Batam. As part of its battery pack operations, GRES partakes in in-house research and development and design of battery packs, and there are plans to apply for patents in respect of GRES' inventions in the areas of heat management and modularity of battery packs.

Since the commencement of its battery packing operations, GRES has also established business ties with various industry players including Asahi Kasei Singapore. Asahi Kasei Singapore is a wholly-owned subsidiary of Asahi Kasei Corporation, a Japanese conglomerate established in 1922 primarily in the business of manufacturing chemicals, fibres, electronics, and healthcare and is known for its innovation, offering advanced materials, engineering plastics and EV components.

In June 2023, GRES entered into a joint development agreement with Asahi Kasei Singapore to jointly develop certain components for GRES' 'Swappable Battery', a lithium secondary battery designed by GRES for 2-wheeler EVs including its Iso-branded³ electric motorcycles, with the use of Asahi Kasei Singapore's XYRON™ material. Following the joint development, the Group's Iso UNO-X electric motorcycles now incorporates both Asahi Kasei Singapore's XYRON™ material and LEONA™ material for the housing of its battery packs.⁴ These materials help to enhance the safety and durability of the battery packs manufactured by GRES, by, *inter alia*, providing the necessary water-resistance, electrical insulation and flame retardance required of such battery packs. Besides the supply of materials, Asahi Kasei Singapore also provides GRES with expertise in plastics processing and design through data sharing and computer-aided engineering simulation. The collaboration helps GRES in overcoming certain engineering challenges faced in its battery packing operations, and in accelerating product development and the delivery of high-performance battery solutions to its customers.

The Group anticipates that the battery packing business, as operated through GRES, will continue to grow and develop as it leverages on the potential collaborations with partners in this diversified business stream. As at the Latest Practicable Date, GRES has yet to generate sales and revenue in the battery packing business and is exploring sales to potential customer(s), subject to their evaluation processes of the Group's battery packing products.

³ In early 2020, Giken Mobility entered into a global licensing agreement with Town Life Veicoli S.R.L. which is part of the Lamborghini family helmed by Mr Ferruccio Lamborghini of Tonino Lamborghini S.p.A. of the international motorcycle brand "Iso" until 2044.

⁴ For more information on GRES' collaboration with Asahi Kasei Singapore, please refer to <https://www.asahi-kasei-plastics.com/en/topics/press-16/> and <https://www.asahi-kasei-plastics.com/en/topics/interview-4/>.

LETTER TO SHAREHOLDERS

(b) EV charging business

On 2 February 2023, the Company announced the entry into a non-binding memorandum of understanding (the “**MOU**”) with MECOM, a company listed on the Main Board of the HKSE. The MOU sets out the understanding of MECOM and the Company with respect to the strategic cooperation between the MECOM Group and the Group in relation to the development of the EV business in Southeast Asia. The strategic cooperation between the MECOM Group and the Company includes, among others, the design, production, installation, maintenance, marketing and sale of EV charging systems in the designation locations of Singapore, Thailand, Indonesia and Malaysia (collectively, the “**Designated Locations**”). For further details on the Company’s entry into the MOU, please refer to the Company’s announcement dated 2 February 2023.

On 31 May 2023, the Company announced that pursuant to the MOU, Giken Mobility, a wholly-owned subsidiary of the Company has entered into a joint venture agreement (the “**JVA**”) with MUCharging, a wholly-owned subsidiary of MECOM. MUCharging is principally engaged in the provision of EV batteries, charging solution and system services, including but not limited to open charge point protocol (OCPP 2.0) ready software systems and load management systems on the electricity consumption by EVs recognised by the Hong Kong Productivity Council.

Under the terms of the JVA, Giken Mobility and MUCharging will incorporate a joint venture company in Singapore (the “**JV Company**”) which will principally be engaged in the EV business in Southeast Asia, with business activities including but not limited to: (a) the installation and operation of EV charging systems in the Designated Locations; (b) the installation and operation of the EV battery swapping systems in the Designated Locations; (c) the distribution of EVs; and (d) the distribution of Giken Mobility’s Iso-branded electric motorcycles in the Greater Bay Area. For further details on Giken Mobility’s entry into the JVA with MUCharging, please refer to the Company’s announcement dated 31 May 2023. As the Latest Practicable Date, Giken Mobility and MUCharging are in the midst of finalising certain aspects of the joint venture and the JV Company has yet been incorporated.

The Proposed Diversification is in line with the Group’s strategy to continue its expansion of its EV mobility and precision engineering business and to explore further opportunities and synergies in the precision engineering and EV markets in Singapore and other countries. The New Businesses which involves, among others, the design and development of battery and charging solutions and systems for EVs, will be complementary to the Group’s existing precision engineering and EV mobility business.

The Group does not plan to restrict the New Businesses to any specific geographical market as each investment will be evaluated and assessed by the Board on its merits. The Board will ensure that each investment will be undertaken by the Group in compliance with all relevant rules and regulations, including but not limited to the Catalist Rules.

The Group may also, as part of the New Businesses, invest in or acquire or dispose of shares or interests in any entity whose principal business is in the New Businesses. The Group may also explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the New Businesses. The decision on whether a project should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, including but not limited to the nature and scale each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time that is required to complete the project and conditions in the market, taking into account the opportunities available.

LETTER TO SHAREHOLDERS

2.4 Rationale for the Proposed Diversification

Notwithstanding the risks associated with the New Businesses as set out in section 3 (*Risk Factors Relating to the Proposed Diversification*) of this Appendix, the Board believes that the Proposed Diversification is in the interest of the Shareholders for the following reasons:

(a) **The Proposed Diversification is expected to provide additional and recurrent revenue streams with a view to achieving long-term growth.**

The Proposed Diversification is expected to allow the Group to have diversified returns and long-term growth which would reduce the Group's reliance on the Existing Business through additional and recurrent revenue streams. By venturing in to the New Businesses, the Group will be able to tap on further synergies within the precision engineering and EV mobility markets to gain access to new business opportunities and collaborations with different business partners in the region. The Group believes that this would serve to improve future prospects and better support the growth of the Group.

In line with the increasing demand for EVs in the region,⁵ it is expected that demand for EV battery solutions and products, including that of battery packing and EV charging, will correspondingly increase in various countries in the region. The Group intends to capitalise on such rising trends in the EV market with the Proposed Diversification. Beyond the EV market, the battery packing business can also cater to the growing needs of other industries including consumer electronics and renewable energy systems.

(b) **There are synergies between the Existing Business and the New Businesses.**

Potential synergies are expected to be realised between the Existing Business and the New Businesses, in particular with the Group's existing precision engineering and EV mobility business. The Proposed Diversification will be complementary to the Group's existing precision engineering and EV mobility business, and allows the Group to leverage upon its existing industry knowledge, expertise, production channels and business networks in these industries, to further expand its scope of products, services and solutions to consumers in the New Businesses. The Proposed Diversification further allows the Group to maximise the usage of the Group's resources in the precision engineering and EV mobility business, and add synergy to the Group's operations in terms of the utilisation of manpower and assets.

In respect of the EV charging business, the Group's joint venture with the MECOM Group and the proposed installation and operation of EV charging and battery swapping stations in the Designated Locations by the JV Company will be complementary, and is expected to provide further business opportunities, to the Group's existing EV mobility business. The products and solutions offered in the EV charging business may go towards supporting the EVs which the Group intends to launch in the region, including its Iso-branded electric motorcycles.

The Group's partnership with Asahi Kasei Singapore, in respect of its battery packing business is also expected to complement, add synergy to, and provide further business opportunities in the Group's existing business in the precision engineering and EV mobility sectors. Among others, the battery packing business includes the design, assembly and manufacture of EV battery packs which can be supplied in conjunction with the EVs the Group intends to launch and distribute in the region.

⁵ <https://www.statista.com/outlook/mmo/electric-vehicles/asia>

LETTER TO SHAREHOLDERS

- (c) **The Proposed Diversification will give the Group the flexibility to enter into transactions relating to the New Businesses in the ordinary course of business.**

Upon receipt of approval from Shareholders for the Proposed Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the New Businesses without having to seek Shareholders' approval, subject to compliance with the relevant Catalist Rules referred to in section 2.5 below. This can be done as long as such transactions do not change the Group's risk profile, and will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the New Businesses arise. This will allow the Group greater flexibility to pursue business opportunities relating to the New Businesses which may be time-sensitive in nature and will substantially reduce the expenses associated with the convening of general meetings from time to time.

2.5 Requirements under the Catalist Rules

Upon receipt of approval from Shareholders for the Proposed Diversification, the New Businesses together with the Existing Business, will constitute the Group's ordinary course of business. **Any acquisition which is in or in connection with the New Businesses may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may possibly, in its ordinary course of business, enter into transactions relating to the New Businesses which do not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the New Businesses arise, even when they cross the threshold of a "major transaction" (as defined under Chapter 10 of the Catalist Rules, for which Shareholders' approval is required).** As set out in Practice Note 10A of the Catalist Rules, 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 of the Catalist Rules (except for Part VIII on very substantial acquisitions or reverse takeovers). An acquisition can be regarded to be in, or in connection with, the ordinary course of an issuer's business, if: (a) the asset to be acquired is part of the issuer's existing principal business; and (b) the acquisition does not change the issuer's risk profile. This will substantially reduce the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

Pursuant to Rule 1014 of the Catalist Rules, a "major transaction" is a transaction (as defined in Rule 1002(1) of the Catalist Rules) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules (a) exceeds 75% but is less than 100% (for an acquisition); or (b) exceeds 50% (for a disposal or the provision of financial assistance), and must be made conditional upon approval by shareholders in a general meeting.

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 Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 20%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

For the avoidance of doubt, notwithstanding the Proposed Diversification into the New Businesses, in respect of transactions:

- (a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or more or results in a change of control of the issuer, Rule 1015 of the Catalist Rules will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting;

LETTER TO SHAREHOLDERS

- (b) which constitute an “interested person transaction” as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply and the Company will comply with the provisions of Chapter 9 of the Catalist Rules;
- (c) the First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders’ approval, if applicable; and
- (d) Paragraph 2 of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, among others, made conditional upon approval by Shareholders at a general meeting.

Rule 1005 of the Catalist Rules states that “the sponsor may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction. The SGX-ST retains the discretion to determine whether the aggregation was correctly applied, and/or direct the sponsor to aggregate other transactions.”

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

2.6 Management of the New Businesses

It is currently envisaged that the management of the New Businesses will be led by Mr. Yeung Kin Bond, Sydney, the Company’s Group CEO and Executive Director . Mr. Yeung Kin Bond, Sydney currently leads the management of the EV mobility business and has gained considerable market knowledge and business in the EV industry. He is further assisted by the Group’s personnel in its precision engineering business who have experience in battery packing and relevant qualifications in areas such as materials science and engineering. The Group will, at all times, ensure that the management leading the New Businesses will comprise individuals with the relevant experience and expertise required to provide consistent strategic vision and policy on the New Businesses. Where necessary, the Group will consider expanding the Management relating to the New Businesses.

The Group may enter into other joint ventures and/or foster partnerships with third parties in the relevant industries to undertake the New Businesses more effectively. Such partnerships may either be on a case-by-case basis or on a longer-term basis. In selecting prospective partners, the Group will consider the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party and/or parties concerned.

Where necessary, the Group will hire external consultants, industry experts and professionals. The Group may also outsource certain functions where appropriate and in doing so, the Group will take into account the specific expertise and competences necessary for the New Businesses.

2.7 Funding for the New Businesses

The Group intends to fund the diversification into the New Businesses through a combination of internal sources of funds or borrowings from financial institutions or a combination of both. As and when necessary and deemed appropriate, the Group may also explore secondary fund-raising exercises by tapping the capital markets, including but not limited to rights issues, share placements and/or issuance of convertible and/or debt instruments.

The Group will remain prudent and take into account the financial condition of the Group in deciding the types of projects and related investments it undertakes and the amounts thereof.

LETTER TO SHAREHOLDERS

2.8 Risk management procedures and safeguards

The Board recognises the importance of internal controls and risk management for the smooth running of the New Businesses. The external and internal risks presented by the New Businesses to the Group will be managed under the existing system of internal controls and risk management of the Group, which will determine the nature and extent of risks which the Board may take in achieving the strategic objectives of the Group. The Board will review such risk management and internal controls systems periodically to assess their adequacy and effectiveness to ensure that there are sufficient guidelines and procedures in place to monitor the operations of the New Businesses. Where necessary to better manage the Group's external and internal risks from the Proposed Diversification, the Group will implement a set of policies and procedures to govern the New Businesses.

Where necessary, the Audit Committee and the Board will:

- (a) review with the management, and external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the New Businesses; and
- (b) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Group's operating results and/or financial position.

The Board currently does not have a separate risk committee as it is currently assisted by the Audit Committee, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

Before undertaking any investment in the New Businesses, the management of the Company will prepare a proposal containing a cost-benefit analysis, credentials of the management of the New Businesses, joint venture partners or co-investor partners (if any) and will, if necessary, seek the advice of external consultants and experts. The Board will also assess and consider whether the Group has sufficient financial resources to invest in the project and the gearing ratios and liquidity of the Group as a result of such a project. Further, the Board will assess whether the management team has the relevant experience and expertise to manage such a project and, if not, whether any lack of such experience can be supplemented by professional advisers. In evaluating any new projects or investments based on the aforementioned factors, the Board is guided by the overarching consideration of whether the project will be able to generate revenue for the Group and optimise returns to Shareholders. Investments above an internally-determined threshold (as approved by the Board) must be specifically approved by the Audit Committee. In addition, the Board and the Audit Committee, which review the risk exposure of the businesses of the Group at regular intervals, will review the risk exposure of the New Businesses at intervals of not less than annually.

Before undertaking any investment activity into a new jurisdiction for any new project or investment under the New Businesses, the Group will conduct market research and analysis and carry out due diligence. As and where necessary and if required, the Group will apply for the requisite licences and/or permits required in relation to any project or investment under the New Businesses.

The risk management and internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Therefore, 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 Group and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and operational results.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the Audit Committee comprises Wong Quee Quee, Jeffrey (Chairman), Kuek Eng Chye, Anthony (Member)⁶ and Fung Kau Lee, Glenn (Member).

2.9 Conflict of interest

When the Company identifies a potential opportunity in respect of the New Businesses, each of the Directors and key management personnel will be obliged to disclose to the Board where he/she and/or any of his/her associates has an interest (and the full extent thereof) in the transaction (“**Conflicted Individual**”).

A Conflicted Individual shall not (a) vote in respect of matters in relation to the New Businesses; (b) will not, directly or indirectly, make any executive decisions in respect of the New Businesses; and (c) will not, directly or indirectly, influence or participate in the operations and management of the New Businesses.

2.10 Changes to the Board arising from the Proposed Diversification

There will be no new appointment to the Board arising from the Proposed Diversification.

2.11 Financial effects of the Proposed Diversification

As at the Latest Practicable Date, the Company has no affirmative and binding plans in relation to the New Businesses that is expected to materially impact the net profit, earnings per Share, or net tangible assets of the Group.

Should there be any material impact on the Group’s net tangible assets per Share and earnings per Share as a result of any developments relating to the New Businesses, the Company will make the necessary announcements at the appropriate time.

2.12 Disclosure of financial results of the New Businesses

The New Businesses will be accounted for under the EV business segment in the Group’s financial statements in line with the Singapore Financial Reporting Standards (International) and accordingly, the Group will disclose the financials results of the New Businesses with the Group’s financial statements.⁷ The financial results of the New Businesses together with the Group’s financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Catalist Rules. In these periodic announcements, the Group will provide segmented financial results relating to the New Businesses under any applicable accounting standards and the Catalist Rules.

3. RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

To the best of the Directors’ knowledge and belief, all the pertinent risk factors that are material to the Shareholders in making an informed judgment on the Proposed Diversification have been set out below. 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 that are currently not deemed to be material, which could turn out to be material. Should these risks occur and/or turn to be material, they could materially and adversely affect the New Businesses as well as the Group’s business, financial performance, financial condition and prospects. New risk factors may emerge from time to time and it is not possible for 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.

⁶ Pursuant to the retirement of Kuek Eng Chye, Anthony as a Director of the Company and relinquishment of his position as a Non-Executive Chairman of the Board at the upcoming AGM, the Nominating Committee and the Board are, as at the Latest Practicable Date, in the process of reviewing its composition and the memberships of the relevant Board and Board Committees, including appointing a potential candidate as a replacement for Kuek Eng Chye, Anthony and will endeavour to do so within two (2) months from the date of retirement of Kuek Eng Chye, Anthony, but in any case not later than three (3) months.

⁷ As at the Latest Practicable Date, the battery packing operations carried out by the Group are within the EV industry and thus will be accounted for under the EV mobility business segment. However, the Group does not intend to restrict the battery packing business to any specific industry, and should its battery packing business expand beyond the EV industry, the Group will reassess the accounting for, and disclosure of, the financial results of the battery packing business in accordance with the applicable accounting standards and the Catalist Rules.

LETTER TO SHAREHOLDERS

The Group could be affected by a number of risks that may relate to the Proposed Diversification. Risks may arise from, among others, economic, business, market and political factors. Shareholders should carefully consider and evaluate the following risk factors and all other information contained in this Appendix before deciding on whether to vote in favour of the Proposed Diversification. Shareholders should seek professional advice from their accountant, stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

This Appendix may contain projections or other forward-looking statements regarding future events or financial performance relating to the New Businesses. 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 (including but not limited to SGXNet announcements) by the Company.

3.2 Risks associated with the New Businesses

(a) **The EV and battery industries are inherently cyclical and any downturn in general economic conditions may materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses**

While several countries in the region have introduced regulatory reforms in recent years to promote the use of EVs, the EV market is inherently cyclical and sensitive to changes in general economic conditions including consumer spending and preferences, employment levels, the global credit markets, interest rates and the availability of consumer credit. Production and sales in EVs, and correspondingly, EV battery packing and charging solutions and systems, can be affected by economic, social and political conditions including the outbreak of public health crises like the COVID-19 pandemic, fuel prices, regulatory requirements, government initiatives, tax rates, trade agreements, the availability of critical components needed to complete the production of vehicles, changing consumer attitudes towards vehicle ownership and usage and other factors in the relevant markets. Likewise, the battery packing industry at large can be affected by similar economic, social and political conditions depending on the industries for which such battery packs are manufactured and sold in.

To the extent that economic or financial conditions weaken in any of the Group's intended operating markets, demand for battery packing and EV charging products and solutions could be negatively affected. Adverse changes to economic conditions could have a material and adverse effect on the Group's business, financial condition, operating results and prospects in respect of the New Businesses.

(b) **The future growth of the EV industry is dependent upon the continued acceptance and adoption of EVs by consumers.**

The future growth of the EV industry, including the EV battery packing and charging sectors, is highly dependent upon the adoption by consumers of alternative fuel vehicles and EVs in particular. The market for EVs is still rapidly evolving, characterised by fast-changing technologies, competitive pricing, shifting industry standards and changing user demands and behaviours. Although the demand for EVs and related EV products (including EV battery packing and charging products and solutions) has grown in recent years, there is no guarantee of continuing growth for future demand. Demand for EVs is affected by various factors such as (i) consumers' environmental consciousness; (ii) perceptions about EV features, quality, safety, performance and cost; (iii) concerns regarding the stability of the electrical grid and the availability and stability of EV charging facilities; (iv) development of EV charging technologies; and (v) concerns regarding the convenience and cost of charging EVs.

LETTER TO SHAREHOLDERS

If the EV market evolves at a slower pace than anticipated, or if there is a decline in the demand for EVs, the demand for products and solutions in respect of EV battery packing and charging may be affected. This could adversely affect the Group's business, financial condition, operating results and prospects in respect of the New Businesses.

- (c) **Changes in laws, government policies and incentives relating to the EV and battery industries may materially and adversely affect the Group's business, financial condition, operating results and prospects in respect of the New Businesses.**

The EV industry currently benefits from government subsidies, economic incentives and favourable policies in several countries which bolster the growth of the industry as a whole, including the EV battery packing and charging sectors. The Thai government, for example, has introduced far-ranging incentives to boost the EV industry in the country. This includes measures specific to the EV charging sector with the introduction of 5-year corporate income tax exemptions for EV operators with at least 40 EV charging stations, and 3-year corporate income tax exemptions for other EV operators of a smaller scale.⁸

However, such government incentives and policies are subject to change. The cessation or termination of any governmental laws, regulations or policies that support the EV industry can have a material and adverse impact on the Group's business, financial condition, operating results and prospects in respect of the New Businesses.

Furthermore, the imposition of new regulations, including those which may be stricter or more onerous on market players, applicable to the New Businesses can lead to greater costs of compliance and negatively impact the New Businesses. The Group may need additional time and resources to meet new or enhanced regulatory requirements applicable to the New Businesses. For instance, the Electric Vehicles Charging Act 2022 (the "EVCA") recently took effect on 8 December 2023 in Singapore. The EVCA is introduced to regulate the safe charging of EVs in Singapore and to ensure the provision of reliable EV charging services in Singapore. Among others, the EVCA established a licensing regime for EV charging operators in Singapore. Under the licensing regime, EV charging operators in Singapore will require a licence to operate EV charging services or operate EV charging stations in Singapore. Licensees will be subject to licensing requirements and conditions such as purchasing public liability insurance to cover their EV charging operations.⁹

If the Group is unable to adapt to the changing regulations or laws surrounding the New Businesses in a timely manner, such changes could have a material and adverse impact on the Group's business, financial condition, operating results and prospects in respect of the New Businesses.

- (d) **Failure to keep up with technological changes and evolving technological landscape in the battery packing and EV charging markets may materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.**

The battery packing and EV charging industries are characterised by rapid technological changes, and it is evolving quickly in terms of technological innovation. Frequent introduction of new products and models in battery packing and EV charging systems has shortened product life cycles and may render certain battery packing and EV charging products and solutions offered in the New Businesses less competitive or even obsolete or unmarketable. As battery packing and EV charging technologies progress, such technologies, products and services offered in the New Businesses may need to be upgraded or updated to ensure compatibility with new battery packing and EV charging technologies. The cost of upgrading or implementing new battery packing and EV charging technologies and systems, or upgrading existing equipment or expanding capacity in respect of the New Businesses could

⁸ <https://www.reuters.com/world/asia-pacific/thailand-approves-enhanced-incentives-boost-ev-use-2022-04-07/>

⁹ https://www.lta.gov.sg/content/ltagov/en/newsroom/2023/12/news-releases/commencement_of_EVCA22.html#:~:text=The%20Electric%20Vehicles%20Charging%20Act.commence%20on%208%20December%202023.

LETTER TO SHAREHOLDERS

be significant and may adversely affect the New Businesses if the Group is unable to pass on such costs to its customers. Failure to respond to technological changes effectively and in a timely manner may adversely affect the Group's business, financial condition, operating results and prospects in respect of the New Businesses.

The Group's ability to adapt and respond to evolving technological standards in a timely and cost-effective manner, and to anticipate future standards and market trends, will be a significant factor in maintaining and improving its competitive position and prospects for growth in the battery packing and EV charging space. Any delays in the development or adoption of new battery packing and EV charging technologies could make solutions offered in the New Businesses less competitive in the market, adversely affecting market acceptance of the Group's products and services. An inability to devote adequate resources to innovate technologies in the battery packing and EV charging space and introduce sufficiently competitive products and services to meet customer requirements on a timely basis may result in a loss of market share or decline in revenue, in which case the Group's business, financial condition, operating results and prospects may be materially and adversely affected.

The level of economic benefit that can be derived from newly developed technologies or products may also be affected by the ability of its competitors to replicate such technologies or products or develop more advanced or cheaper alternatives. If the Group's technologies or products in respect of the New Businesses are replicated, replaced or made redundant, or if the demand for the Group's electric mobility products is not as anticipated, the Group's operating income associated with such technologies and products may not offset the costs that it incurs in developing such new technologies and products. If any of the aforesaid occurs, it may have a material adverse effect on its business, financial condition, operational results and prospects in respect of the New Businesses.

- (e) **Battery packing and EV charging products and solutions are subject to health and safety risks, and any accidents or damage caused by such products and services may expose the Group to ability which may materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.**

The provision of battery packing and EV charging products and solutions involves inherent safety and operational risks such as equipment defects, malfunctions and other safety hazards, to the Group's customers, employees or third-party service providers.

The employees and third party service-providers of the Group in respect of the New Businesses may work in potentially dangerous conditions, which exposes the Group to potential liability, in line with applicable occupational safety standards, for personal injury and other accidents, business interruptions and the damage or destruction of property. The Group's safety protocols and training may not be adequate to prepare its employees and third party service providers to perform the necessary activities during the provision of battery packing and EV charging products and solutions without causing damage or accidents. Any inability to conduct comprehensive training, compliance and response and recovery programs, including internal safety protocols in accordance with the applicable legal and regulatory requirements, may lead to accidents or regulatory infringements.

Accidents, injuries or property damage involving the battery packing and EV charging products and solutions may adversely affect the Group's business and subject the Group to potential litigation and investigations by local authorities, with possible imposition of fines or other penalties. Further, a major safety accident may bring enhanced scrutiny and regulation of the New Businesses, with a corresponding increase in operating expense. Any accidents that occur during the performance of the Group's services may damage the Group's reputation and result in significant costs and, consequently, adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.

LETTER TO SHAREHOLDERS

The Group's insurance coverage may not be adequate to cover all of the potential liability in respect of accidents, injuries or property damages occurred in respect of the New Businesses.

- (f) **There may be barriers to entry to developing a network of charging infrastructure in respect of the EV charging business which may materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.**

There may be various barriers to entry in developing a network of charging infrastructure for EVs in respect of the EV charging business which could materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses. Such barriers to entry include the substantial capital investment required in equipment, infrastructure development, installation, maintenance and other attendant costs. Depending on the area and country which the EV charging business is operating in, there can also be other upfront costs such as for land acquisition, obtaining the necessary permits and licences, electrical grid upgrades and equipment procurement.

Depending on the jurisdiction, the EV charging business can also be subject to a complex regulatory environment with varying local regulations, permits and standards to be fulfilled. Obtaining the necessary permits, approvals or licences, as the case may be, can be time-consuming and costly.

Scaling up the network of EV charging infrastructure can also be challenging as it may require sufficient electrical grid capacity and infrastructure upgrades to support increased electricity demand. Factors such as electrical grid constraints, aging infrastructure and limited capacity in certain areas or countries may pose challenges for deploying high-power EV charging stations and meeting future demands in the EV charging sector, and therefore adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses

- (g) **High labour costs and inflation may adversely affect the provision of installation and after-sales services in respect of the New Businesses, and therefore materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.**

Rising labour costs driven by factors such as inflation, changes in minimum wage regulations, labour market dynamics, or increased competition for skilled labour in the industry, could exert upward pressure on the fees that installation and after-sales service providers charge in respect of the New Businesses, which may increase the costs in the provision of value-added services such as the installation and after-sales service, and therefore adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.

While the impact of these rising labour costs may be mitigated through operational efficiencies, process improvements, or technological innovations, these measures may not be sufficient to maintain the Group's competitiveness and financial performance. There is no guarantee that the Group will succeed in effectively managing the impact of rising labour costs. Furthermore, the increased costs for labour might necessitate adjustments in the service pricing in respect of the New Businesses, potentially making the products and services less competitive in the market. If the Group attempts to pass on these increased labour costs to its customers through higher service fees, it may affect demand for the products and services to be offered in respect of the New Businesses.

- (h) **Inability to meet customer expectations in respect of the New Businesses, or failure to increase sales of battery packing and EV charging products and solutions in respect of the New Businesses, may materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.**

LETTER TO SHAREHOLDERS

The Group's ability to provide high-quality and competitive battery packing and EV charging products and services will depend on factors including the ability to innovate on product design, maintain a widespread service network, handle customer complaints properly or offer appropriate after-sale services if there are technical errors or other incidents affecting its battery packing and EV charging products and services. If such issues are not quickly resolved, the Group's ability to retain customers or sell additional battery packing and EV charging products and services to existing customers could suffer. Furthermore, the battery packing and EV charging market is highly scenario-specific and the Group's ability to offer functions that tailor to different charging needs is critical in its ability to attract and retain customers. If the Group cannot offer functions that cater to its customers' evolving demand, or its competitors in the battery packing and EV charging space are better at addressing these requirements, the Group may lose customers or business in respect of the New Businesses. In addition to failing to provide satisfactory products and services to customers, the Group may not be able to maintain its relationship with the customers for various other reasons and factors, which include, but not limited to, the customers' own business model and the change thereof, the availability of comparable solutions from competitors at a lower cost, and any macroeconomic factors. Any adverse development in these respects may adversely affect the Group's customer base, and in turn affect the Group's business, financial condition, operational results and future development in respect of the New Businesses.

- (i) **The Group may not be able to effectively protect its intellectual property used for its battery packing business, and this may materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.**

The Group's intellectual property, including patents, trademarks, copyrights, designs, and trade secrets related to its battery packing business, is expected to play an important role in maintaining its competitive position in the battery packing industry. The Group is expected to expend resources to protect and manage its intellectual property in respect of its battery packing business, including but not limited to the patent applications which the Group may make in respect of certain inventions in the areas of heat management and modularity of battery packs. However, not all patents applied for may be registered as the Group's intellectual property. In addition, the Group's competitors may develop technologies that are similar or superior to the Group's proprietary technologies or design around the patents the Group may own or license in future. Further, the Group's competitors may duplicate its proprietary technologies despite the efforts it undertakes to protect them, especially in jurisdictions where the protection of intellectual property rights is less robust. Even if the Group pursues legal action against competitors for infringement of its intellectual property rights, there is no assurance that any remedy the Group obtains will be sufficient to compensate it for such infringement, and the Group may be required to undertake significant costs and expend internal resources in pursuing such legal actions.

- (j) **Disruptions, shortages or price increases in the supply of raw materials, components and energy that are necessary to produce the Group's products or those of its customers in respect of the New Businesses may materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.**

The Group sources a broad range of materials and components necessary for its battery packing business from a variety of third-party suppliers, including but not limited to Asahi Kasei Singapore. Although the Group has contractual arrangements with its suppliers in order to secure a stable supply of key raw materials and components, any significant disruption or shortage in the supply of these materials and components could adversely affect the Group's ability to manufacture and deliver its battery packing products to its customers in a timely manner. In such cases, there is no assurance that the Group will be able to secure a replacement supply of raw materials and components on acceptable pricing or other terms, or at all. In addition, any disruptions to the supply of energy to the Group's current production facility for the battery packing business located in Batam and any other

LETTER TO SHAREHOLDERS

future production facilities of the Group used for the New Businesses could cause production delays, and the Group's ability to operate its facilities could be affected for significant periods of time. A disruption or shortage in the supply of raw materials, components or energy could be caused by a variety of factors affecting one or more of the Group's suppliers, including epidemics like the COVID-19 pandemic, strikes or other labour issues, mechanical breakdowns, electrical outages, fires, explosions, increased tariffs or political upheaval, as well as logistical complications due to weather, global climate change or other natural disasters, mechanical failures, delayed customs processing and other factors. The lack of a single sub-component necessary to manufacture one of the Group's products could cause an increase in the Group's costs or force the Group to cease production entirely. Similarly, a potential quality issue with any of the Group's raw materials or components could force the Group to halt deliveries. Even where products are ready to be shipped, or have been shipped, delays may arise before they ultimately reach the Group's customers.

Additionally, increases in the price of raw materials and components that the Group uses in its products or in energy costs that the Group incurs to produce and deliver its products may also have a negative impact on the Group's business and operational results. Higher material or energy costs around the world may offset the Group's efforts to reduce its cost structure, and it is uncertain to what extent the Group would be able to pass on such increases in costs to its customers, if at all. As a result, higher material and commodity costs or energy costs, as well as any hedging of such costs during periods of decreasing prices, could result in declining margins to the extent the Group is unable to pass along the increased costs through increasing prices for its products.

- (k) **Any material disruption to the Group's production facilities may materially and adversely affect its business, financial condition, operational results and prospects in respect of the New Businesses.**

If operations at the Group's current facility for the battery packing business located in Batam or the operations at any of the Group's future production facilities used for the New Businesses were to be materially disrupted as a result of equipment failure, natural disasters, diseases, power outages, explosions, adverse weather conditions, strikes, civil unrest or other factors, its business, financial condition, operational results and prospects in respect of the New Businesses may be materially and adversely affected. The occurrence of any of these significant events could also require the Group to make significant unanticipated capital expenditures. Interruptions in production may limit the Group's production capacity and cause a reduction or delay in its sales. The insurance policies that the Group procures may not cover lost sales or increased costs incurred as a result of disruption of operations, and prolonged business disruptions could result in a loss of customers. If any of the aforesaid events were to materialise, the Group's business, financial condition, operational results and prospects in respect of the New Businesses may be materially and adversely affected.

- (l) **Work stoppages or other labour issues at the Group's existing production facility used for the battery packing business (or any of the Group's future production facilities used for the New Businesses) or the facilities of its customers or those in its supply chain could have a material and adverse effect on its business, financial condition, operational results and prospects in respect of the New Businesses.**

While the Group has no reason to believe that it will be materially impacted by work stoppages or other labour matters in respect of the New Businesses, there can be no assurance that future issues with its labour unions will be resolved favourably or that the Group will not encounter future strikes, work stoppages or other types of conflicts with its employees. Any of these consequences may have an adverse effect on the Group or may limit its flexibility in dealing with its workforce. Work stoppages or slowdowns experienced by the Group's customers or suppliers could result in slowdowns or closures that would have a material and adverse effect on its business, financial condition, cash flow, operational results and prospects in respect of the New Businesses.

LETTER TO SHAREHOLDERS

- (m) **The Group may not be able to find partners to work with for future collaborations or joint ventures or be successful in working with such partners in respect of the New Businesses.**

From time to time, depending on available opportunities, feasibility and market conditions, the Group may consider that it would benefit from the entry into collaborations or joint ventures with third parties in connection with the New Businesses. There is, however, no guarantee as to whether the Group would be able to find partners to work with at such time or, even if the Group were able to find partners to work with, whether the Group would be successful in working with such partners. Accordingly, even if the Group identifies strategic business opportunities with potential for growth that, in its view, would complement the Group's business, there is no assurance that these opportunities would be successfully executed and the Group may from time to time have to forgo potential business opportunities.

- (n) **The Group may not be able to successfully integrate future collaborations or acquisitions with the New Businesses.**

Further to the Proposed Diversification, the Board and management may consider it to be in the best interests of the Group to enter collaborations or make acquisitions in respect of the New Businesses. The success and profitability of such collaborations and acquisitions may depend on the Group's ability to successfully integrate such collaborations or acquisitions with the Group's business at the respective point in time, including to employ cost-cutting measures and to derive synergies. There is, however, no assurance that the Group would be able to successfully integrate such collaborations or acquisitions with the New Businesses. In the event the Group is not able to successfully integrate such collaborations or acquisitions effectively, the business, financial condition, operational results and prospects of the Group in respect of the New Businesses may be materially and adversely affected.

- (o) **The Group may be subject to potential litigation or the Group may need to incur additional costs or liquidated damages in the event of disputes, claims, defects or delays in connection with the New Businesses.**

The Group may encounter disputes with its business partners and customers in respect of the New Businesses. For instance, the Group's business partners and customers may demand for compensation in respect of non-compliance with contract specifications or non-fulfilment of contractual obligations. There can be no assurance that any of such disputes and claims will not result in protracted litigation. In the event that the Group is unable to reach a settlement with its business partner or customer, the Group may have to incur additional expenses related to such claims and compensation, which will have a negative impact on the Group's profits, cash flow and financial position in respect of the New Businesses. In the event of such occurrence, the Group may have to incur expenses related to such claims and compensation, which may materially and adversely affect the Group's business, financial condition, operation results and prospects in respect of the New Businesses.

- (p) **The New Businesses is subject to competition risks.**

The EV battery and charging markets in the region are developing rapidly and the competition landscape is constantly evolving. There is frequent introduction of new products and price competition from competitors in the battery and EV charging space. Some current or potential competitors have greater resources which could put the Group at a competitive disadvantage. The success of the New Businesses will, to a large extent, depend on the Group's ability to establish itself in the battery and EV charging market in a sufficiently price-competitive manner, on an economically viable scale and in line with the Group's business objectives.

LETTER TO SHAREHOLDERS

As a new entrant to the battery packing and EV charging sectors, the Group will have to compete with existing and new competitors operating in the same field. There is no assurance that the Group's plan to penetrate these markets will be commercially successful. The Group will need to increase its marketing activities to develop market awareness and relationships with potential clients and/or investee companies. Such activities will increase the Group's expenses, and such expenditure without a corresponding increase in revenue may have an adverse impact on the Group's growth prospects and financial performance.

3.3 General risks relating to the New Businesses

(a) **The Group may be exposed to a range of economic risks relating to the New Businesses in the countries in which the Group may operate.**

The New Businesses can be 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 or invests such as (1) legal and regulatory changes; (2) government policies; (3) economic and political conditions; (4) level and volatility of liquidity and risk aversion; (5) concerns about natural disasters, terrorism and war; (6) the level and volatility of equity, debt, property, commodity and other financial markets; (7) the level and volatility of interest rates and foreign currency exchange rates; (8) concerns over inflation; and (9) changes in investor confidence levels. Any of the foregoing factors could adversely impact the performance of the New Businesses, which in turn may materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.

The performance of the New Businesses depends largely on the economic situation in the geographical markets which the Group proposes to enter. There is no assurance that the EV mobility and battery sectors in such other geographical markets will continue to grow. Other geographical markets in which the Group seeks to operate may be adversely affected by political, economic, regulatory, social or diplomatic developments. Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors affecting such other geographical markets, or adverse developments in the supply, demand and prices of resources in such countries, may have an adverse effect on the New Businesses. This may also materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.

(b) **The New Businesses may be subject to general risks associated with operating businesses outside Singapore.**

The Group intends to expand its operation of the New Businesses in countries across Asia, but does not plan to restrict the New Businesses to any specific geographical market. There are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Group's overseas operations and, consequently, its business, financial performance, financial condition and operating cash flow in respect of the New Businesses. In addition, if the governments of countries in which the New Businesses operates tighten or otherwise adversely change their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Group's overseas operations to repatriate profits and, accordingly, the cash flow of the Group in respect of the New Businesses will be adversely affected.

LETTER TO SHAREHOLDERS

- (c) **The New Businesses is subject to risks relating to the economic, political, legal or social environment in the overseas market that the Group may operate in.**

The Group's business, earnings, asset values, prospects in relation to the New Businesses may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, taxation, expropriation, social instability and other political, legal, economic or diplomatic developments in or affecting the overseas markets that the Group may operate in. The Group does not have control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material and adverse effect on the Group's business, financial condition, operational results and prospects in respect of the New Businesses.

- (d) **The operations of the New Businesses may be subjected to disruptions caused by uncontrollable and unforeseen events and influences.**

The Group may face severe disruption in operations of its New Businesses from events or circumstances not within its control which, sustained over time, may negatively impact the Group's financial condition and performance. Examples of these events or circumstances include conflicts, wars, terrorism, global pandemics (including the COVID-19 pandemic) and other social disruptions, adverse weather and natural disasters including floods and earthquakes, increased costs, unexpected delays from the engagement of third-party contractors and service providers, accidents or fires which may result in injuries, damages to critical equipment, power supply or infrastructure and disruptions caused by members of the local community. Any of these events or conditions could materially and adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses.

- (e) **The Group may be subjected to fluctuations in foreign exchange rates that could resulting in the Group incurring foreign exchange losses.**

As the Group's functional and presentation currency is denominated in S\$, and the revenue from the New Businesses may be generated from overseas markets and in foreign currencies, and there may be timing differences between invoicing and collection of payment, any depreciation in foreign exchange rates against the S\$ may adversely affect the Group's business, financial condition, operational results and prospects in respect of the New Businesses. There is no assurance that the Group will be able to successfully manage its foreign exchange risks and any significant adverse foreign currency fluctuations may adversely affect its business, financial condition, operational results and prospects in respect of the New Businesses.

- (f) **The Group does not have a proven track record in carrying out the New Businesses.**

The Group does not have a proven track record in carrying out the New Businesses and as such will face the usual risks, uncertainties and problems associated with the entry into any new business which it has limited prior experience or track record in, notwithstanding the Group's experience and track record in complementary sectors such as that of precision engineering. These risks, uncertainties and problems include the inability to manage the operations and costs, the failure to attract customers, the failure to provide the results, level of revenue and margins the Group is expecting, the failure to identify, attract, retain and motivate qualified personnel, and the inability to find the suitable joint venture, strategic or other business partners.

There is no assurance that the New Businesses will be commercially successful and that the Group will be able to derive sufficient revenue to offset the investment or operating costs arising from the New Businesses. If the Group does not derive sufficient revenue from or does not manage the costs of the New Businesses effectively, the Group's business, financial condition, operational results and prospects in respect of may be materially and adversely affected.

LETTER TO SHAREHOLDERS

- (g) **The Group is exposed to a range of risks relating to emerging and developing markets which the Group may operate its New Businesses in.**

While the Group does not plan to restrict the New Businesses to any specific geographic market, the JV Company to be established pursuant to Giken Mobility's joint venture with MUCharging is expected to operate in the Designated Locations, being that of Singapore, Thailand, Indonesia and Malaysia. Majority of these Designated Locations are emerging and developing markets which generally carry a greater risk than developed markets. Market operating and supervision rules may differ from standards applicable in developed markets. Exposure to emerging markets is also subject to risk factors including the market's greater volatility, potentially lower trading volumes, a risk of economic or political instability, uncertain or variable legal regimes and regulatory environment, and possible government restrictions on foreign investments.

- (h) **The Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances in respect of the New Businesses.**

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the New Businesses may involve acquisitions, joint ventures or strategic alliances with third parties. Participation in joint ventures, strategic alliances, acquisitions, or other investment opportunities in relation to the New Businesses involves numerous risks, including the possible diversion of attention of management from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisition or opportunities. In such events, the Group's business, financial condition, operational results and prospects in respect of the New Businesses may be materially and adversely affected.

- (i) **The Group may be exposed to material litigation relating to the New Businesses.**

Notwithstanding that there is no ongoing litigation as at the Latest Practicable Date in respect of the New Businesses, the New Businesses may be subject to complex legal and regulatory environments in the future. Further, the Group may be involved from time to time in disputes with various parties arising from the operations of the New Businesses. Any litigation brought against the Group or disagreements with regulatory bodies in the course of its operations (resulting in administrative proceedings and unfavourable decrees that causes financial losses) in the future in relation to the New Businesses could have a material adverse effect on the Group's reputation, business, financial conditions, operational results and prospects in respect of the New Businesses.

- (j) **The Group may be faced with limited availability of funds and is subject to financing risks relating to the New Businesses.**

The availability of financing may be essential to the Group's ability to undertake and/or expand the New Businesses. However, the Group cannot assure that it will have sufficient funds at its disposal for the operations and expansion of the New Businesses, and be able to secure adequate financing, if at all, or obtain or renew credit facilities granted by banks and financial institutions for the projects in question when the need arises. Furthermore, the incurrence of debt will increase the Group's financing costs and obligations and could result in operating and financial covenants imposed by financial institutions that restrict its operations and its ability to pay dividends to Shareholders. In such event, the Group's business, financial condition, operational results and prospects may be materially and adversely affected in respect of the New Businesses.

LETTER TO SHAREHOLDERS

- (k) **The Group may be exposed to risk of loss and potential liabilities relating to the New Businesses that may not be covered by insurance.**

While the Group will, where appropriate, obtain insurance policies to cover losses for its New Businesses, the insurance obtained may not be sufficient to cover all potential losses. Examples of such potential losses include losses arising out of extraordinary events such as natural disasters like earthquakes or floods. Losses arising out of damages not covered by insurance policies in excess of the amount that is being insured would affect the Group's profitability in respect of the New Businesses. The Group may also have to commit additional resources to meet the uninsured losses which would also adversely affect the financial performance of the Group in respect of the New Businesses.

- (l) **The success of the New Businesses is dependent on the Group's reputation. Any adverse publicity could have an adverse effect on the Group's business and financial performance.**

The success of the New Businesses may, in part, depend on the market's perception of the Group. Negative publicity or adverse reputational events (whether or not justified) associated with the Group or any of its officers or employees may adversely impact the Group's reputation and result in a loss of clients. Therefore, any perception of, or alleged mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations may have a material and adverse effect on the Group's business, financial condition, operational results and prospects in respect of the New Businesses.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.4 Directors' Interests

The interests of the Directors, direct or deemed, as extracted from the Company's Register of Directors' Shareholdings, as at the Latest Practicable Date, are as set out below:

Shares

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Yeung Kin Bond, Sydney	90,333,499	14.33%	1,400,001 ⁽²⁾	0.22%
Kuek Eng Chye, Anthony	—	—	—	—
Ng Say Tiong	—	—	—	—
Fung Kau Lee, Glenn	—	—	72,700,000 ⁽³⁾	11.54%
Wong Quee Quee, Jeffrey	800,000	0.13%	—	—
Lee Kok Beng	905,000	0.14%	—	—

Notes:

- (1) Based on 630,191,957 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) Roots Capital Limited holds 1,400,001 Shares. As at the Latest Practicable Date, Mr. Yeung Kin Bond, Sydney is the sole director of Roots Capital Limited and he holds 100% of the issued share capital of Roots Capital Limited. Accordingly, he is deemed to have an interest in the Shares held by Roots Capital Limited.
- (3) Sundan Pacific Limited holds 72,700,000 Shares. As at the Latest Practicable Date, Mr. Fung Kau Lee, Glenn is the managing director of Sundan Pacific Limited and he holds 100% of the issued share capital of Sundan Pacific Limited. Accordingly, he is deemed to have an interest in the Shares held by Sundan Pacific Limited.

LETTER TO SHAREHOLDERS

4.5 Substantial Shareholders' Interests

The interests of the Substantial Shareholders (excluding Directors), direct or deemed, as extracted from the Company's Register of Substantial Shareholders, as at the Latest Practicable Date, are as set out below:

Shares

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Sundan Pacific Limited	72,700,000	11.54%		
AP Capital Ltd	33,333,300	5.29%	—	—
Noside Holding Pte. Ltd.	50,000,000	7.93%	—	—
Phuripong Mangkornkanok	—	—	50,000,000 ⁽²⁾	7.93%
Nataphat Lertviriyasawat	—	—	50,000,000 ⁽²⁾	7.93%
Vikram Ahuja	—	—	50,000,000 ⁽²⁾	7.93%

Options in respect of Shares

	Direct Interest		Deemed Interest	
	Number of share options	% ⁽¹⁾	Number of share options	% ⁽¹⁾
Vikram Ahuja	1,000,000 ⁽³⁾	0.16%	—	—

Warrants

	Direct Interest		Deemed Interest	
	Number of warrants	% ⁽¹⁾	Number of warrants	% ⁽¹⁾
Noside Holding Pte. Ltd.	40,500,000	6.43%	—	—
Phuripong Mangkornkanok	—	—	40,500,000 ⁽⁴⁾	6.43%
Nataphat Lertviriyasawat	—	—	40,500,000 ⁽⁴⁾	6.43%
Vikram Ahuja	—	—	40,500,000 ⁽⁴⁾	6.43%

Notes:

- (1) Based on 630,191,957 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) Noside Holding Pte. Ltd holds 50,000,000 Shares. As at the Latest Practicable Date, each of Phuripong Mangkornkanok, Nataphat Lertviriyasawat and Vikram Ahuja holds 33.33%, 33.33% and 33.33% respectively, of the issued share capital of Noside Holding Pte. Ltd. Accordingly, Phuripong Mangkornkanok, Nataphat Lertviriyasawat and Vikram Ahuja are each deemed to have an interest in the Shares held by Noside Holding Pte. Ltd.
- (3) Vikram Ahuja, an employee of the Group, was granted the share options pursuant to GSS Energy Limited 2018 Scheme ("GEL 2018 Scheme") on 9 March 2022. The GEL 2018 Scheme was approved on 23 April 2018 by the members of the Company and is a share incentive scheme. Under the GEL 2018 Scheme, (a) full time employees of the Company and its related Group companies; (b) executive directors of the Company and its related Group companies; and (c) non-executive directors (including independent directors) of the Company and its related Group companies are eligible to participate in the GEL 2018 Scheme.
- (4) Noside Holding Pte. Ltd holds 40,500,000 warrants in the Company. As at the Latest Practicable Date, each of Phuripong Mangkornkanok, Nataphat Lertviriyasawat and Vikram Ahuja holds 33.33%, 33.33% and 33.33% respectively, of the issued share capital of Noside Holding Pte. Ltd. Accordingly, Phuripong Mangkornkanok, Nataphat Lertviriyasawat and Vikram Ahuja are each deemed to have an interest in the warrants in the Company held by Noside Holding Pte. Ltd.

Save as disclosed in this Appendix, none of the Directors, and to the best of the Directors' knowledge, none of the Substantial Shareholders has any interest, direct or indirect, in the Proposed Diversification.

LETTER TO SHAREHOLDERS

5. DIRECTORS' RECOMMENDATION

After having considered the information and rationale relating to the Proposed Diversification, the Directors are of the opinion that the Proposed Diversification is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of Ordinary Resolution 8 in respect of the Proposed Diversification as set out in the Notice of AGM.

6. ADVICE TO SHAREHOLDERS

As different Shareholders would have different investment objectives and profiles with specific investment objectives, financial situation, tax position or unique needs or constraints, the Board recommends that any individual Shareholder who may require specific advice in relation to its/his/her specific investment portfolio should consult its/his/her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers. Shareholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy or proxies to attend and vote at the AGM on their behalf should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbour Front Avenue, #14-07 Keppel Tower, Singapore 098632 or email to gssagm2024@boardroomlimited.com not less than seventy-two (72) hours before the time fixed for the AGM. The completion and lodgment of a Proxy Form by a Shareholder does not preclude him/her from attending and voting in person at the AGM in place of his/her proxy/proxies if he/she finds that he/she is able to do so. In such event, the Proxy Form will be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register, as certified by CDP at least seventy-two (72) hours before the time appointed for the AGM.

8. 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 Group, 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.

9. LEGAL ADVISER

The Company has appointed Solitaire LLP as the legal adviser to the Company in relation to the Proposed Diversification.

LETTER TO SHAREHOLDERS

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 141 Cecil Street, #07-06 Tung Ann Association Building, Singapore 069541 (with prior appointment) during normal business hours from the date of this Appendix up to and including the date of the AGM:

- (a) the Constitution; and
- (b) the Annual Report.

Yours faithfully

For and on behalf of the Board of Directors of
GSS Energy Limited

Kuek Eng Chye, Anthony
Chairman