
NON-BINDING TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SETYA ENERGY PTE. LTD.

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Heatec Jietong Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 17 May 2022 entered into a non-binding term sheet (the “**Term Sheet**”) with Megane Marine Pte. Ltd. (the “**Vendor**”, and the Vendor and the Company collectively, the “**Parties**”) for the proposed acquisition by the Company of the entire issued and paid-up share capital of Setya Energy Pte. Ltd. (the “**Target Company**”), a company incorporated under the laws of the Republic of Singapore (the “**Proposed Acquisition**”).

Subject to the final terms to be agreed by the Parties, the Proposed Acquisition, if undertaken and completed, is expected to constitute:

- (a) a “very substantial acquisition” (“**VSA**”) pursuant to Rule 1015 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and
- (b) an interested person transaction as defined under Chapter 9 of the Catalist Rules,

and in such circumstances will be subject to, *inter alia*, the approval of shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting to be convened (the “**EGM**”) and the approval of the SGX-ST.

The Term Sheet is not intended to be legally binding between the Parties, except for certain provisions relating to, (a) due diligence, (b) exclusivity, (c) confidentiality, and (d) governing law and jurisdiction. As such, the Proposed Acquisition remains subject to the entry into the subsequent definitive documentation for the Proposed Acquisition, including without limitation the sale and purchase agreement (the “**Definitive SPA**”) and such other documents required in connection with the Proposed Acquisition (collectively, the “**Definitive Documents**”).

The Proposed Acquisition is subject to the relevant rules under Chapters 8, 9 and 10 of the Catalist Rules. The Company will make the appropriate announcement with the requisite disclosures, including the relative figures for the Proposed Acquisition computed on the basis set out in Rule 1006 of the Catalist Rules, upon entry into the Definitive SPA.

2. INFORMATION ON THE VENDOR AND THE TARGET COMPANY

2.1. Vendor

The Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of the Target Company. The Vendor is a company incorporated under the laws of the Republic of Singapore in the business of, among others, port, shipping and maritime-related consultancy services. As at the date of this announcement, the persons stated below are the legal and beneficial owners of the entire issued and paid-up share capital of the Vendor, and their respective shareholdings in the Vendor are set out below:

Name	Proportion of shareholding in the Vendor (%)
Mo Jingxiong Nicholas	30.0

Name	Proportion of shareholding in the Vendor (%)
Soon Jeffrey	70.0

Mr. Soon Jeffrey is the Executive Director and Chief Executive Officer of the Company. Mr. Soon Yeow Kwee ("**Mr. Johnny Soon**"), the Executive Chairman of the Company, is the father of Mr. Soon Jeffrey. Mr. Johnny Soon is also a controlling shareholder of the Company, holding both direct and deemed interests in the shares of the Company (each a "**Share**") (such deemed interests being in the Shares held by his spouse).

As Mr. Soon Jeffrey (being an immediate family of Mr. Johnny Soon) has an interest of more than 30% in the Vendor, the Vendor constitutes an associate of:

- (a) Mr. Soon Jeffrey, being a Director of the Company; and
- (b) Mr. Johnny Soon, being a Director and controlling shareholder of the Company,

and is thus an interested person of the Company under Rule 904(4)(b) of the Catalist Rules.

2.2. Target Company

The Target Company is a company incorporated under the laws of the Republic of Singapore with an issued and paid-up share capital of S\$500,000. The Target Company is an independent trader of marine petroleum products with operations within the Southeast Asian ("**SEA**") region and is mainly engaged in the trading of marine gas oil (DMA), marine fuel oil 180CST and marine fuel oil 380CST (RMG). As at the date of this announcement, the Target Company does not have any subsidiaries or associated companies.

The Target Company is in partnership with various licensed bunker suppliers in Singapore to provide marine petroleum products services within and outside Singapore's port limits as may be notified by the relevant authority in the Maritime and Port Authority of Singapore (Port Limits) Notification 2010 from time to time.

3. PRINCIPAL TERMS OF THE TERM SHEET

3.1. The Proposed Acquisition

Subject to the terms and conditions of the Definitive SPA to be entered into by and between the Parties, the Company shall purchase from the Vendor and the Vendor shall agree to sell to the Company all of the Vendor's interest in the issued and paid-up share capital of the Target Company, representing 100% of the total issued and paid-up share capital of the Target Company.

3.2. Consideration

Subject to due diligence, including legal and financial due diligence, and all relevant approvals to be sought and obtained, the consideration for the Proposed Acquisition is expected to be between S\$5,000,000 to S\$7,000,000 (the "**Consideration**"), which will be fully satisfied by the issuance and allotment of such number of new ordinary shares in the Company (the "**Consideration Shares**") to the Vendor or the Vendor's nominee(s). The indicative Consideration was arrived at based on a preliminary valuation carried out by an independent valuer ("**Independent Valuer**") to assess and determine the value of the entire issued and paid-up share capital of the Target Company.

Shareholders should note that the actual Consideration payable for the Proposed Acquisition is subject to negotiation and final agreement between Parties (after taking into consideration among others the valuation by the Independent Valuer).

Further information relating to the Independent Valuer, together with the independent valuation report (which will include the basis of the valuation and date of the independent valuation report), will be included in the circular to be issued by the Company following entry into the Definitive Documents.

The Consideration Shares shall be issued at a price to be agreed by the Parties, subject to the requirements under the Catalist Rules.

3.3. Conditions Precedent

Pursuant to the Term Sheet, the completion of the Proposed Acquisition is subject to, but not limited to, the following conditions precedent:

- (a) the Target Company having obtained all relevant approvals in respect of the change in shareholding of the Target Company and the transactions contemplated under the Proposed Acquisition;
- (b) the Target Company having obtained all relevant licences and permits in connection with the conduct of its business;
- (c) the Company (and its relevant professional advisors) having completed all relevant due diligence (whether legal, operational, financial or otherwise) on the Target Company, including, where necessary, meetings with the Target Company's key stakeholders, customers, suppliers and partners, and being satisfied with the results of such due diligence investigations;
- (d) the Company having obtained, at the EGM, all relevant approvals from its Shareholders as required under the Catalist Rules and the Singapore Code on Take-overs and Mergers (the "**Takeover Code**") including but not limited to the following:
 - (i) such approval(s) pursuant to Chapter 10 of the Catalist Rules;
 - (ii) such approval(s) pursuant to Chapter 9 of the Catalist Rules;
 - (iii) such approval(s) pursuant to Chapter 8 of the Catalist Rules;
 - (iv) specific Shareholders' approval for the issuance and allotment of the Consideration Shares to the Vendor and/or its nominees;
 - (v) (if required) the approval of a whitewash resolution from independent Shareholders for the waiver of their rights to receive such a mandatory general offer from the Vendor and/or their concert parties pursuant to Rule 14 of the Takeover Code; and
 - (vi) such other approval(s) required under the Catalist Rules and any other applicable laws and regulations,in connection with the Proposed Acquisition and the transactions contemplated therein as may be necessary, and where any such approval is subject to any conditions, such condition(s) being complied with;
- (e) the Company having obtained all relevant approvals from the relevant authorities in connection with the Proposed Acquisition and the transactions contemplated therein,

including the receipt of the listing and quotation notice from the SGX-ST pursuant to the Catalist Rules for the listing and quotation of the Consideration Shares;

- (f) (if required) the Vendor (and any other relevant parties including any concert parties of the Vendor) having obtained a waiver from the Securities Industry Council (“**SIC**”) in respect of the obligation by the Vendor and its concert parties to make a mandatory general offer under Rule 14 of the Takeover Code for all the Company’s shares in issue not already owned, controlled or agreed to be acquired by the Vendor and its concert parties as a result of the allotment and issuance of the Consideration Shares to the Vendor and/or its nominees (the “**Whitewash Waiver**”), such waiver having been obtained on terms and conditions acceptable to the Company and the Vendor, each acting reasonably) and not being revoked or amended;
- (g) the representations and warranties of the Vendor and relating to the Target Company remaining true, accurate and not misleading in all material respects up to completion; and
- (h) there being no material adverse change in the Target Company’s business, assets, prospects, performance, financial position, results of operations and/or conditions (financial or otherwise).

3.4. Completion

The completion date shall be the date falling within 14 calendar days after the fulfilment of all of the conditions precedent in respect of the Proposed Acquisition, unless they are waived by the relevant parties in accordance with the terms of the Definitive Documents, or such other date as the Parties may agree in writing.

3.5. Definitive Documents

The Parties will in good faith proceed expeditiously to do all acts and things necessary or desirable to negotiate and agree on the terms of the Definitive Documents by 31 December 2022 (or such other date as may be agreed to in writing by the Parties).

3.6. Termination and Exclusivity

The Term Sheet will terminate on 30 June 2023 (or such other date as may be mutually agreed in writing by the Parties) or upon the signing of the Definitive SPA, whichever is earlier.

Until the termination of the Term Sheet, the Vendor shall not directly or indirectly solicit, participate in or knowingly encourage any negotiations or discussions with any third-party regarding any sale of any shares in the Target Company or any sale of any part of the business and/or assets of the Target Company or provide non-public information with respect to the Proposed Acquisition.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Company is constantly looking for expansion opportunities to boost growth and enhance its Shareholders’ value. The Proposed Acquisition represents a good opportunity for the Group to broaden the range of services currently offered by diversifying its existing businesses to include trading of marine petroleum products. As Singapore is one of the world’s premier hub ports, following completion of the Proposed Acquisition, the Company is expected to be able to leverage on the Target Company’s expertise and experience to tap into numerous opportunities to provide maritime services to vessels within the SEA region.

The business of the Target Company also potentially provides various synergies which include cross selling between the customers and suppliers of the Group and the Target Company and the potential expansion of the Group’s services offerings to include tank cleaning, de-slopping,

gas freeing and de-mucking and sludge disposal services. The business operations of the Target Company are expected to provide the enlarged Group with regular revenue streams which will in turn contribute positively to the earnings of the enlarged Group.

The satisfaction of the Consideration by way of the allotment and issuance of the Consideration Shares will also reduce the cash outlay to be incurred by the Company in relation to the Proposed Acquisition.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr. Soon Jeffrey is the Executive Director and Chief Executive Officer of the Company. Mr. Johnny Soon, the Executive Chairman of the Company, is the father of Mr. Soon Jeffrey. Mr. Johnny Soon is also a controlling shareholder of the Company, holding both direct and deemed interests in the Shares of the Company (such deemed interests being in the Shares held by his spouse).

As Mr. Soon Jeffrey (being an immediate family of Mr. Johnny Soon) has an interest of more than 30% in the Vendor, the Vendor constitutes an associate of:

- (a) Mr. Soon Jeffrey, being a Director of the Company; and
- (b) Mr. Johnny Soon, being a Director and controlling shareholder of the Company,

and is thus an interested person of the Company.

Accordingly, the Proposed Acquisition will be regarded as an interested person transaction for the purposes of Chapter 9 of the Catalist Rules. Based on the minimum indicative Consideration amount of S\$5,000,000 which represents approximately 44.57% of the Group's latest audited consolidated net tangible assets ("NTA") as at 31 December 2021, Shareholders' approval is required for the Proposed Acquisition pursuant to Rule 906(1)(a) of the Catalist Rules.

The Company will also be appointing an independent financial adviser to opine on whether the Proposed Acquisition is on normal commercial terms and prejudicial to the interests of the Company and minority Shareholders.

Pursuant to the Term Sheet, the Consideration will be fully satisfied by the issuance and allotment of Consideration Shares to the Vendor or the Vendor's nominee(s). For the purposes of the Takeover Code, as the Vendor is a company controlled by Mr. Soon Jeffrey, and as such, Mr. Soon Jeffrey, Mr. Johnny Soon and the Vendor will, among others, be presumed to be parties acting in concert with each other unless the contrary is established. Depending on the number of Consideration Shares to be issued in connection with the Proposed Acquisition, the foregoing concert party group (and any other persons presumed to be acting in concert with them under the Takeover Code) may be required to obtain a Whitewash Waiver from the SIC.

Save for their respective directorships and/or shareholding interests in the Company and save as disclosed herein, none of the Directors or, as far as the Company is aware, controlling Shareholders of the Company, has any interest, direct or indirect, in the Proposed Acquisition.

6. TERM SHEET AVAILABLE FOR INSPECTION

A copy of the Term Sheet will be available for inspection by Shareholders of the Company during normal business hours at the Company's registered office at 10 Tuas South Street 15, Singapore 637076 for a period of 3 months from the date of this announcement.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that,

to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in the announcement 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 the announcement in its proper form and context.

8. FURTHER UPDATES

The Company will make further announcements where necessary upon the signing of the Definitive SPA, or as and when there any material developments in relation to the Proposed Acquisition.

9. CAUTIONARY STATEMENT

The Company wishes to highlight that completion of the Proposed Acquisition is subject to the Parties entering into the Definitive SPA and the relevant conditions precedent being fulfilled. There is no certainty or assurance as at the date of this announcement that the Parties will enter into the Definitive SPA or that the Proposed Acquisition will be completed or that no changes will be made to the terms of the Proposed Acquisition. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants and other professional advisers.

BY ORDER OF THE BOARD

Lee Yi Han
Company Secretary

17 May 2022

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.