

## METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 198804700N)

### PROPOSED PLACEMENT OF AN AGGREGATE OF 14,477,018 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.05526 FOR EACH PLACEMENT SHARE

#### 1. INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of Metal Component Engineering Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 12 July 2021, entered into a conditional placement agreement (“**Placement Agreement**”) with five (5) placees (collectively, the “**Placees**” and each a “**Placee**”).

Pursuant to the Placement Agreement, the Placees agreed to subscribe for, and the Company agreed to allot and issue to the Placees, an aggregate of 14,477,018 new ordinary shares in the capital of the Company (“**Placement Shares**”) at an issue price of S\$0.05526 per Placement Share (“**Issue Price**”), for an aggregate subscription amount of approximately S\$800,000 (“**Placement Consideration**”) (the “**Placement**”). The names of each of the Placees, the number of Placement Shares placed to each Placee and the placement consideration to be received from each Placee are set out in paragraph 2 below.

The Placement Shares will be issued under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore (“**SFA**”). As such, no prospectus, offer document or offer information statement will be lodged with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) acting as agent on behalf of the Monetary Authority of Singapore in connection with the Placement.

#### 2. THE PLACEMENT

2.1 Information on each of the Placees, the number of Placement Shares subscribed and paid for by each of the Placees, as well as each Placee’s percentage shareholding in the Company before and after completion of the Placement, is set out below:

Name of Placee	Number of Placement Shares	Placement Consideration (S\$)	% shareholding in the Company	
			As at the date of the Placement Agreement and before completion of the Placement <sup>(1)</sup>	After completion of the Placement <sup>(2)</sup>
Ahillan Pupalasingam <sup>(3)</sup>	5,428,882	300,000	1.43	2.68
Tan Hock Choon (Chen Fucun) <sup>(4)</sup>	3,619,255	200,000	0.47	1.32
Marc Robert Bonnici <sup>(5)</sup>	1,809,627	100,000	0.06	0.49
Prasad K K Viswambharan <sup>(6)</sup>	1,809,627	100,000	0.04	0.47
Colin Maximilian Rozario <sup>(7)</sup>	1,809,627	100,000	-	0.43
<b>Total</b>	<b>14,477,018</b>	<b>800,000</b>	<b>2.00</b>	<b>5.39</b>

**Notes:**

- (1) Based on the existing issued and paid-up share capital of the Company as at the date of this announcement, comprising 404,216,526 Shares ("**Existing Share Capital**").
- (2) Based on the enlarged issued and paid-up share capital of the Company of 418,693,544 ordinary shares ("**Enlarged Share Capital**"), after the allotment and issuance of the 14,477,018 Placement Shares.
- (3) Ahillan Pupalasingam, a Malaysian, is a licensed financial advisor advising family offices in Malaysia. He is currently engaged as a consultant of the Company, assisting the Company on public and investor relations and fund-raising activities. In June 2021, he has been appointed as the Chief Investment Officer of the Company. For the avoidance of doubt, he is not an executive officer of the Company as defined under the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").
- (4) Tan Hock Choon (Chen Fucun), a Singaporean, is a business owner in the retail sector.
- (5) Marc Robert Bonnici, a British national, is the Chief Executive Officer ("**CEO**") of Tullet Prebon (Singapore) Limited, a financial consultancy company.
- (6) Prasad K K Viswambharan, a Singaporean, is the CEO of BGC Partners (Singapore) Limited ("**BGC Partners**"), a financial consultancy company.
- (7) Colin Maximilian Rozario, a Singaporean, is the Director of BGC Partners, a financial consultancy company.

*Shareholders should note that information relating to the Placees in this sub-paragraph was provided by each of the Placees. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.*

2.2 Each of the Placees has confirmed, represented and warranted to the Company, *inter alia*, that:

- (a) the Placee is subscribing for the Placement Shares purely for the purposes of investment and does not have any connections/relationships with Gainhealth Pte Ltd and Gainhealth Pte Ltd's existing shareholders;
- (b) the Placee is subscribing for the Placement Shares solely for the Placee's own beneficial account, and is not subscribing for any of the Placement Shares as an agent for or otherwise on behalf of any other person;
- (c) the Placee, save for Ahillan Pupalasingam as disclosed in paragraph 2.1 footnote (3) above, does not have any connections/relationships (including business relationships) with any other Placee, the Company, any of the Directors or substantial shareholders of the Company, or their respective associates;
- (d) the Placee does not fall within the class of restricted persons to whom placements must not be made by the Company pursuant to Rule 812(1)(a) to (d) of the Catalist Rules;
- (e) there is no agreement, arrangement or understanding between any of the Placees or any Shareholder to acquire Shares to obtain or consolidate effective control of the Company, and each of the Placees is not a party acting in concert, as defined in The Singapore Code on Take-overs and Mergers, with any Shareholder or any of the Placees or any other party in relation to the Shares and/or any Placement Shares; and
- (f) no share borrowing arrangement has been entered into to facilitate the Placement.

2.3 As at the date of this announcement, save for Colin Maximilian Rozario, all of the other Placees hold shares in the capital of the Company ("**Shares**"). Upon completion of the Placement, none of the Placees will be interested in more than 5.0% of the Enlarged Share Capital of the Company.

- 2.4 Pursuant to Rule 803 of the Catalist Rules, the Company confirms that it will not, pursuant to the Placement, issue the Placement Shares to transfer a controlling interest in the Company without prior approval of the shareholders of the Company (“**Shareholders**”) in a general meeting.
- 2.5 No placement agent has been appointed in respect of the Placement. The Company was introduced to the Placees through Ahillan Pupalasingam. No introducer fee or commission is paid or payable by the Company in connection with the Placement.
- 2.6 The Placement Shares shall be issued free from all claims and encumbrances whatsoever, are uniform and shall rank *pari passu* in all respects with and carry all rights and entitlements similar to the existing issued Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Placement Shares.
- 2.7 **Issue Date.** The Company will allot and issue the Placement Shares at the Issue Price to each Placee within seven (7) market days from the date on which the last condition precedent of the Placement Agreement (as set out in paragraph 4.1 of this announcement) is satisfied, or on such other date as the relevant parties may agree in writing.
- 2.8 **Issue Price.** The Issue Price of S\$0.05526 represents a discount of approximately 10% to the volume-weighted average price of S\$0.0614 for each Share, based on the trades done on the SGX-ST on 12 July 2021, being the last full market day prior to the signing of the Placement Agreement. The Issue Price was agreed upon based on arm’s length negotiations between the Placees and the Company and taking into account historical trading performance of the Company and prevailing market conditions.
- 2.9 In accordance to Rule 811(1) of the Catalist Rules, the Issue Price is priced at no more than 10% discount to the weighted average price for trades done on the SGX-ST on 12 July 2021, being the last full market day on which the Shares were traded prior to the signing of the Placement Agreement on 12 July 2021 (after SGX-ST’s trading hours).

### **3. MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES**

- 3.1 The Placement Shares are intended to be allotted and issued pursuant to the general share issue mandate (“**General Mandate**”) obtained from Shareholders at the annual general meeting of the Company held on 28 April 2021 (“**2021 AGM**”). Pursuant to the General Mandate, the Directors are authorised to, *inter alia*, allot and issue new Shares not exceeding one hundred per cent (100%) of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2021 AGM, of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company must not exceed fifty per cent (50%) of the total number of Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2021 AGM.
- 3.2 As at the date of the 2021 AGM, being the date the General Mandate was approved by Shareholders, the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) was 400,574,026 Shares. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the total number of Shares that may be issued other than on a *pro-rata* basis pursuant to the General Mandate is 200,287,013 Shares. The allotment and issuance of 14,477,018 Placement Shares will fall within the limits of the General Mandate. The Company does not have any treasury shares or subsidiary holdings. The Placement Shares, when allotted and issued in full, will represent (i) approximately 3.6% of the Existing Share Capital; and (ii) approximately 3.5% of the Enlarged Share Capital, assuming no other new Shares are issued by the Company prior to the allotment and issuance of the Placement Shares.

### **4. SALIENT TERMS OF THE PLACEMENT AGREEMENT**

#### **4.1 Conditions Precedent**

The completion of the Placement (“**Completion**”) is conditional upon, *inter alia*:

- (a) the Company obtaining the approval in-principle from the SGX-ST for the listing of and quotation for the Placement Shares on the Catalist of the SGX-ST, and not having been revoked or amended and, where such approval is subject to conditions, such conditions being acceptable to the Company and, to the extent that any conditions for the listing and quotation of the Placement Shares on Catalist are required to be fulfilled on or before the completion date, they are so fulfilled;
- (b) the Company obtaining the approval of the Board, the Shareholders and/or the SGX-ST, where necessary, in respect of the issue and allotment of the Placement Shares, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the Company and the Placees;
- (c) there not having been any event or discovery of any fact or circumstance which would affect, render untrue, incorrect or inaccurate or give rise to a material breach in any respect of any of the representations, warranties, agreements or undertakings on the part of the Placees contained or referred to in the Placement Agreement deemed to be repeated on each day hereafter, down to Completion in all respects with reference to the facts and circumstances existing on each such day; and
- (d) the subscription, allotment and issue, and offering (if any) of the Placement Shares being in compliance with the SFA in connection with offers of securities and not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company and/or the Placees, save that if the allotment, issue or placement of the Placement Shares is so prohibited against one or more of the Placees, the Company may at its discretion choose to proceed with the Placement Agreement with the other Placees.

If any of the conditions precedent are not satisfied and/or waived (as the case may be) on or before the date falling not later than three (3) months from the date of the Placement Agreement, the Placement Agreement shall *ipso facto* cease and determine thereafter, and the parties agree that the Company shall not be under any liability to any and/or all of the Placees in respect of the Placement Agreement.

- 4.2 The Company will make an application to the SGX-ST through its sponsor, ZICO Capital Pte. Ltd., for the dealing in, listing of and quotation for the Placement Shares on the Catalist of the SGX-ST. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

## 5. RATIONALE FOR THE PLACEMENT AND USE OF PROCEEDS

- 5.1 The estimated net proceeds to be raised from the Placement, if and when completed, after deducting estimated expenses to be incurred in connection with the Placement of S\$30,000 (“**Expenses**”), would be S\$770,000 (“**Net Proceeds**”).
- 5.2 The Company intends to use the Net Proceeds in the manner set out below:

Intended Uses	Amount (\$)	As a percentage of Net Proceeds
To fund the acquisition of Gainhealth Pte Ltd <sup>(1)</sup>	600,000	77.9%
For general working capital requirements <sup>(2)</sup>	170,000	22.1%
<b>Total</b>	<b>770,000</b>	<b>100%</b>

**Notes:**

- (1) Please refer to the Company's circular to Shareholders dated 23 June 2021 in relation to, *inter alia*, the Acquisition (as defined herein) for further details. The Acquisition was approved by Shareholders at an extraordinary general meeting held on 8 July 2021.
  - (2) Includes the payment of professional fees, salaries and other operating expenses of the Group.
- 5.3 Pursuant to Rule 704(30) and Rule 1204(22) of the Catalist Rules, the Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed or utilised, and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full year financial statements and the annual report of the Company. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce for such deviation. Where the Net Proceeds are to be used for working capital, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in its announcements and annual reports.
- 5.4 Pending deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments or debt instruments or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.
- 5.5 The Directors are of the opinion that after taking into consideration:
- (a) the Group's present banking facilities, the working capital available to the Group is sufficient to meet its present requirements; and
  - (b) the Group's present banking facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

On 8 June 2021, the Company announced that it had entered into a sale and purchase agreement with certain vendors to acquire approximately 85.07% of the total issued and paid-up share capital of Gainhealth Pte Ltd ("**Acquisition**"). Pursuant thereto, the Company propose to carry on operating in its existing business and at the same time expand the scope of its existing business through the proposed diversification into the healthcare business and e-commerce business. Please refer to the Company's circular to Shareholders dated 23 June 2021 for further details on the Acquisition. The Acquisition and the aforesaid business diversification was approved by Shareholders at an extraordinary general meeting held on 8 July 2021.

Accordingly, notwithstanding the sufficiency of the Group's present working capital as set out in paragraph 5.5 (a) above, the Board is of the view that the Placement is in the best interests of the Company as the Company is able to utilise the Net Proceeds to fund the Acquisition, as well as to provide for general corporate requirements in anticipation of challenging market conditions.

**6. FINANCIAL EFFECTS**

The financial effects of the Placement are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the Completion.

The financial effects of the Placement have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**"), and on the following assumptions:

- (i) the financial effect on the consolidated net tangible asset ("**NTA**") per Share is computed based on the assumption that the Placement was completed on 31 December 2020;

- (ii) the financial effect on the loss per Share (“LPS”) is computed based on the assumption that the Placement was completed on 1 January 2020;
- (iii) the Company’s allotment and issuance of 26,455,026 placement shares to certain placees completed on 20 April 2021 has been assumed to be completed as at 31 December 2020;
- (iv) the Company’s allotment and issuance of 3,642,500 shares pursuant to the exercise of share options under the MCE Share Option Scheme 2014 and the MCE Share Option Scheme 2003 during the period from 16 June 2021 to 9 July 2021 has been assumed to be completed as at 31 December 2020; and
- (v) the expenses to be incurred in respect of the Placement amounted to approximately S\$30,000.

**Share capital and NTA per Share**

<b>As at 31 December 2020</b>	<b>Before the Placement</b>	<b>After the Placement</b>
Number of issued Shares	404,216,526	418,693,544
Share capital (S\$’000)	22,539	23,309
NTA attributable to Shareholders (S\$’000)	16,232	17,001
NTA per Share (Singapore cents)	4.02	4.05

**LPS**

<b>FY2020</b>	<b>Before the Placement</b>	<b>After the Placement</b>
Net loss attributable to Shareholders (S\$’000)	(1,960)	(1,960)
LPS (Singapore cents)	(0.48)	(0.47)
Weighted average number of Shares	404,216,526	418,693,544

**7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- 7.1 None of the Directors and their respective associates, and to the best of the knowledge of the Directors, none of the substantial shareholders of the Company, as well as their respective associates, has any interest, whether direct or indirect, in the Placement (other than in his capacity as Director or shareholder of the Company, as the case may be).
- 7.2 None of the Directors and their respective associates, and to the best of the knowledge of the Directors, none of the substantial shareholders of the Company, as well as their respective associates, have any connection (including business relationship) with any of the Placees.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Placement Agreement is available for inspection during normal business hours from 9 a.m. to 5 p.m. at the registered office of the Company at 7030 Ang Mo Kio Avenue 5, #08-85 Northstar @ AMK, Singapore 569880 for a period of three (3) months commencing from the date of this announcement.

## 9. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in trading their Shares. The Placement is subject to certain conditions pursuant to the Placement Agreement. As at the date of this announcement, there is no certainty or assurance that the Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Where in any doubt as to the action they should take. Shareholders and potential investors should consult their stockbrokers, bank managers, financial, tax, legal or other professional advisers.

## 10. 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 Placement, 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 this 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 this announcement in its proper form and context.

BY ORDER OF THE BOARD

Lee Wei Hsiung  
Company Secretary  
13 July 2021

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

*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 Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*