ACCRELIST LTD. (亚联盛控股公司)

(Company Registration No. 198600445D)
(Incorporated in the Republic of Singapore)

ENTRY INTO SHAREHOLDERS' AGREEMENT BETWEEN JUBILEE INDUSTRIES HOLDING LTD AND UPC ELECTRONICS PTE LIMITED

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1. INTRODUCTION

1.1 The Board of Directors (the "**Board**") of Accrelist Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement of the Company dated 21 June 2022, pursuant to which the subsidiary of the Company, Jubilee Industries Holdings Ltd ("**JIH**") and UPC Electronics Pte Limited ("**UPC**") entered into a sale and purchase agreement (the "**SPA**") for the sale of the Company's 14% shareholdings in We Components Pte. Ltd ("**WEC**") (the "**Disposal**"). The Disposal has not been completed.

1.2 Pursuant to the SPA, the Board wishes to announce that JIH had on 11 October 2022 entered into a shareholders' agreement (the "**SHA**") with UPC to govern the respective rights and obligations, and regulate the parties' relationships in the conduct of the business and related affairs of WEC.

2. SALIENT TERMS OF THE SHA

2.1. Management of WEC

The board of WEC shall consist of three directors. Upon UPC having at least 14% shareholding in WEC, it shall be entitled to appoint one Director while JIH shall have the right to appoint two Director and the Chief Executive Officer to manage WEC.

Upon UPC having at least 70% shareholding in WEC, it shall be entitled to appoint two Director and the Chief Executive Officer to manage WEC, and the right to change the bank signatories of WEC while JIH shall have the right to appoint one Director who shall be the chairman of the Board of WEC.

2.2. Call and Put options

Pursuant to the SHA, JIH has granted UPC:

i. the right to acquire from JIH of 15,387,006 shares in WEC representing 56% of the issued and paid up share capital of WEC for the consideration of US$8.4 million (calculated based on the Disposal for US$2.1 million) ("**Call Option 1**"); and

ii. the right to acquire from JIH of 8,243,040 shares in WEC representing 30% of the issued and paid up share capital of WEC for the consideration of USD5.4 million

(calculated based on 30% of the sum of WEC's FY2022 Price-to-Earnings Ratio of USD1 million multiplied by 8 and its stock of US$10 million) ("**Call Option 2**"),

(collectively the "**Call Options**").

Meanwhile, UPC has granted JIH:

(i) the right to sell to UPC of 15,387,006 shares in WEC representing 56% of the issued and paid up share capital of WEC for the consideration of US$8.4 million (calculated based on the Disposal for US$2.1 million) ("**Put Option 1**");

(ii) the right to sell to UPC of 8,243,040 shares in WEC representing 30% of the issued and paid up share capital of WEC for the consideration of US$5.4 million (calculated based on 30% of the sum of WEC's FY2022 Price-to-Earnings Ratio of US$1 million multiplied by 8 and its stock of US$10 million) ("**Put Option 2**"),

(collectively the "**Put Options**"); and

(iii) the right to acquire from UPC of 19,233,757 shares in WEC representing 70% of the issued and paid up share capital of WEC for the consideration of US$10.5 million (calculated based on the consideration of Disposal and Call Option 1) ("**Buyback Option**").

2.3. **Corporate guarantee**

UPC shall assume or indemnify and hold harmless all corporate guarantees previously made by JIH and/or its Affiliates in relation to WEC on a *pro rata* basis.

3. FINANCIAL EFFECTS

3.1 **Bases and Assumptions**

The pro forma financial effects of the exercise of the Call Options or Put Options have been prepared based on:

(a) the unaudited consolidated financial statements for the Group for financial year ended 31 March 2022 ("**FY2022**"),

and are purely for illustrative purposes only and do not reflect the future actual financial position of the Group following completion of various transactions.

The pro forma financial effects have also been based on, inter alia, the following assumptions:

(a) The exercise of the Call Options or Put Options had been effected on 31 March 2022, being the end of the most recently completed financial year of the Group and of which the statement of financial position of the Group has been publicly announced, for illustrating the financial effects of the consolidated NTA of the Group;

(b) The exercise of the Call Options or Put Options had been effected on 1 April 2021, being the beginning of the most recently completed financial year of the Group and of which the profit and loss of the Group has been publicly announced, for illustrating the financial effects of the consolidated earnings of the Group; and

(c) assuming a sale consideration of US$13.8 million (equivalent to approximately S$18.7 million), based on Call Options 1 and Put Options 2.

Share Capital

	The Group		
	As at 31 March 2022	**After Call / Put Option 1**	**After Call / Put Option 1 and 2**
Share Capital (S$ '000)	74,315	74,315	74,315
Number of issued and paid-up Shares ('000)	303,727	303,727	303,727

Net Tangible Assets ("NTA") per share

	Before the Options	**After Call / Put Option 1**	**After Call / Put Option 1 and 2**
Consolidated NTA attributable to shareholders of the Company (S$'000)	41,516	33,449	30,342
Weighted average number of issued share ('000)	293,422	293,422	293,422
NTA per share (S$ cents)	14.15	11.40	10.34

Loss per share

	Before the Options	**After Call / Put Option 1**	**After Call / Put Option 1 and 2**
Loss for the period attributable to equity holders of the Group (S$'000)	1,921	9,988	13,095
Weighted average number of issued share ('000)	293,422	293,422	293,422
Loss per share (S$ cents)	0.65	3.40	4.46

Gearing

	Before the Options	After Call / Put Option 1	After Call / Put Option 1 and 2
Total Borrowings (S$'000)	13,866	13,866	13,866
Consolidated NTA attributable to shareholders of the Company (S$'000)	41,516	33,449	30,342
Gearing Ratio	33.40%	41.45%	45.70%

4. DISCLOSURE UNDER CHAPTER 10 OF THE CATALIST RULES

4.1 Rule 1002(1) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") states, inter alia, that a "transaction" refers to the acquisition or disposal of assets by an issuer or subsidiary that is not listed on the Exchange or an approved exchange. As the disposal is made by JIH, which is listed on the Catalist Board of the SGX-ST, therefore the transaction should not be subject to Chapter 10 of the Catalist Rule.

For the purpose of adequate disclosure to the Shareholders, the Company has shown the computation of relative figures and the classification of the transaction under Rule 1006 of the Catalist Rules below, based on the assumption that Chapter 10 of the Catalist Rules are applicable.

4.2 Chapter 10 of the Catalist Rules classifies transactions by Group into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, inter alia, the following bases:

Rule 1006(a)	net asset value of the assets to be disposed of S$10,642,000, compared with the group's net asset value of S$27,132,000(1)	39.22%
Rule 1006(b)	net profits attributable to the assets acquired or disposed of S$155,000, compared with the group's net loss of S$3,813,000(2)	(4.07%)
Rule 1006(c)	aggregate value of the Consideration of S$18,630,000 compared with the Company's market capitalization(3) of S$12,452,819	149.60%
Rule 1006(d)	number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006(e)	aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Notes:-

(1) based on the Group's latest announced unaudited condensed interim financial statements for FY2022.

(2) based on the Group's latest announced unaudited condensed interim financial statements for FY2022. There is a loss on disposal of S$8,067,000 in relation to Call / Put Option 1, and a loss on disposal of S$11,174,000 in relation to Call / Put Option 1 and 2.

(3) "market capitalisation" is calculated by the number of shares of the Company (excluding treasury shares) multiplied by the volume weighted average market price of S$0.041 of the Company's shares as at 10 October 2022, being the market day preceding the date of the SHA, the Group's market capitalization calculated based on the total number of issued shares excluding treasury shares is approximately S$12,452,819.

4.3 Under the Rule 1007(1) of the Catalist Rules states, inter alia, that if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances.

Under paragraph 4.4(d) of Practice Note 10A, an issuer must immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules in relation to the disposal of a profitable asset by a loss-making issuer. As the relative figures in Rule 1006(c) is more than 50%, the exemption under paragraph 4.4(d) of Practice Note 10A will not apply. If the transaction does not fall within all the situations in paragraph 4.4(d), Rule 1014 of the Catalist Rules shall apply to the transaction. Under Rule 1014 of the Catalist Rules, where, in respect of a disposal, any of the relative figures as computed on the bases set out in Rule 1006 exceed 50%, the transaction is classified as a major transaction and must be made conditional upon approval by shareholders in general meeting. Notwithstanding the aforesaid, the transaction should not be subject to Chapter 10 of the Catalist Rule as the disposal is made by JIH, which is listed on the Catalist Board of the SGX-ST pursuant to Rule 1002 of the Catalist Rules. Furthermore, the transaction will be subject to the specific approval of JIH Shareholders.

5. JIH SHAREHOLDERS' APPROVAL

5.1 Pursuant to Rule 1018 (1) of the Catalist Rules, the grant of an option which is not exercisable at the discretion of the issuer is required to be approved by its shareholders at the time of the grant of the option.

5.2 Pursuant to the SHA, the exercise of the Call Option 1 and Call Option 2 is not at the discretion of JIH as UPC may exercise the respective Call Option 1 and Call Option 2 in accordance with the terms of the SHA without the consent of the Company. Accordingly, pursuant to Rule 1018(1) of the Catalist Rules, the grant of the Call Option 1 and Call Option 2 by JIH in favour of UPC is required to be approved by the Shareholders.

5.3 Pursuant to Rule 1018(2) of the Catalist Rules, shareholder approval must be obtained at the time of the grant of the option if the grant of the option is exercisable at the discretion of the issuer and the exercise terms are fixed at the time of the grant.

5.4 Pursuant to the SHA, the exercise of the respective Put Option 1, Put Option 2 and Buyback Option is at the discretion of JIH in accordance with the terms of the SHA. Accordingly, pursuant to Rule 1018(2) of the Catalist Rules, the approval by the Shareholders is required at the time of the grant.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

6.1 As at the date of this announcement, save for their shareholdings in the Company, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the SHA.

7. DIRECTORS' RESPONSIBILITY STATEMENT

7.1 The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement) have collectively and individually reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts

stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that 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.

8. FURTHER ANNOUNCEMENT

8.1 As the Disposal together with Call Options, Put Options and Buyback Option are subject to JIH Shareholders' approval, the circular to JIH Shareholders containing, among others, information on the Call Options, Put Options and Buyback Option will be despatched to JIH Shareholders in due course ("**Circular**"). Please refer to the Circular in due course for more information.

8.2 The Company will make an announcement disclosing further details of the Disposal and SHA and will make appropriate update announcement(s) at the relevant time.

9. DOCUMENTS AVAILABLE FOR INSPECTION

9.1 A copy of the SHA is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 10 Ubi Crescent, Ubi Techpark Lobby E, #03-94/95/96, Singapore 408564 for three (3) months from the date of this announcement.

10. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading the shares in the Company as there is no certainty or assurance as at the date of this announcement that the Conditions Precedent will be fulfilled.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dr. Terence Tea
Executive Chairman and Managing Director
12 October 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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.

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