

ENTRY INTO LONG TERM LEASE AGREEMENT

The Board of Directors ("**Board**") of Amplefield Limited (the "**Company**" and together with its subsidiaries the "**Group**") wishes to announce that its subsidiary company, Amplefield Development Inc, (the "**Lessee**") has on 23rd December 2021 entered into a long term lease agreement ("**Agreement**") with Lima Land, Inc., a member of the Aboitiz Group, Philippines (the "**Lessor**" or "**LLI**"), pursuant to which the Lessee has agreed to lease from the Lessor and the Lessor has agreed to lease out to the Lessee, 3 parcels of freehold land totaling approximately 54,821 sq. m. located within the Lima Technology Center – Special Economic Zone ("LTC-SEZ") ("**Lease Assets**"), for a period of 50 years from 23rd December 2021 ("**Proposed Lease Arrangement**"). The lease term may be extended for another term of 25 years, upon the mutual agreement of the parties and subject to the necessary government approvals, if any, being obtained.

Under the terms of the Agreement, the consideration for the Lease Assets shall be Php306,997,600 or approximately SGD8,291,023 ("**Lease Consideration**").

Information on the Lessor

The Lessor is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with business address at Building B, Lima Square Arcade, Business Loop, LTC-SEZ, Malvar, Batangas, Philippines. The Lessor is the developer and operator of LTC-SEZ, an industrial estate and economic zone located in the City of Lipa and the Municipality of Malvar, Province of Batangas, designated by the Philippine Economic Zone Authority ("**PEZA**") as a Special Economic Zone.

Lease Consideration

The Lease Consideration has been agreed on a willing-seller willing-buyer basis based on, *inter alia*, the current market price for the lease or sale of similar asset in the locality.

No independent valuation was carried out for the Lease Assets, *inter alia*, as the Agreement does not involve an acquisition of real properties or assets. Furthermore, the management is familiar with the prices in the locality as we have been operating our Amplefield SME Park, which is also within LTC-SEZ, for more than 10 years and the lease consideration comprised only about 12% of the Net Tangible Assets of the Group.

Settlement and Satisfaction of Lease Consideration

Pursuant to the terms of the Agreement, the parties have agreed that the Lease Consideration shall be settled and satisfied through cash by the Lessee to the Lessor.

The payment terms is subjected to the achievement of certain milestone such as 20% on or before the signing of the Agreement, 70% upon notice of completion of ground works and the Lease Assets being ready for delivery or handover by the Lessor to the Lessee and balance 10% upon notice of availability of the option to purchase ("**Option**") or within 30 days after written notice of the availability of Transfer Certificate of Title, whichever comes first. Meanwhile, in the event that the transfer certificate of title covering the Leased Assets reflects an area that is more or less than the area indicated in the Agreement, the consideration will be adjusted accordingly.

The Lessor may terminate this Agreement if within 30 days from the date of written demand by the Lessor and the Lessee does not pay the amounts due.

The Group plans to fund the Proposed Lease Arrangement by internal funds as well as borrowings. The Board is of the opinion that the increase in borrowings after the Proposed Lease Agreement would not result in a material change to the Group's risk profile as the gearing ratio of the Group is only 0.18.

Other Terms & Conditions

The Lessee is given an option to purchase ("**Option**") the Lease Assets either directly or through its affiliated companies. This Option may be exercised provided that the Lessor obtains the transfer certificate of title and all necessary licenses to sell the same and subject to the full payment by the Lessee to the Lessor of the Lease Consideration and other relevant fees and costs and the Lessee becomes qualified by law to acquire and own the Lease Assets or a Philippine company which is qualified to acquire and own the Lease Assets is

incorporated, of which the Lessee is a shareholder of at least 39% of its voting shares. There is no additional consideration to pay to the Lessor to exercise the Option.

The entry of the Proposed Lease Arrangement under the Agreement will enable the Group to acquire a long-term economic interest in respect of the Lease Assets before further acquiring the ownership of the Lease Assets, inter alia, when the qualified Philippine company with the necessary approvals, licenses and incentives is ready for such acquisition. With the long term lease, the Group's interest in the Lease Assets is secure for a longer duration and provides more certainty and value to potential buyers of the Development Project as well as tenants.

Rationale for the Proposed Lease Arrangement

The Proposed Lease Arrangement presents an attractive opportunity for the Company to further expand its construction and property development business through the Lease Assets with the potential for an industrial development project in the Philippines with prospects for profitability for the Group in the mid to long term.

Due to the demand for factory buildings and warehouses, the Group plans to construct such buildings for lease to small and medium size enterprises on the Lease Asset. The total build up area of the factory/warehouse buildings is approximately 37,000 square meter ("Development Project"). The Group will fund the construction by borrowings, and if necessary, raise funds through the capital markets. The development project will complement our existing Amplefield SME Park in LTC-SEZ and give us greater economies of scale.

The Company deems the entry of the Agreement as part of the ordinary course of business following the receipt of approval from the shareholders pursuant to its 2014 diversification mandate. There are no net profits attributable to the Lease Assets being acquired nor any service contracts with any directors proposed to be appointed to the Company in connection with the transaction.

Financial Effects Of The Proposed Lease Arrangement

The financial effects of the Proposed Lease Arrangement set out below are strictly for illustrative purposes only and should not be taken as an indication of the actual financial performance of the Group following the Proposed Lease Arrangement nor a projection of the future financial performance or position of the Group after completion of the Proposed Lease Arrangement.

Assumptions

The financial effects of the Proposed Lease Arrangement set out below were prepared based on the audited consolidated accounts of the Group for the most recently completed financial year, being the financial year ended 30 September 2020) after excluding treasury shares, subject to the following assumptions:

- (a) for purposes of computing the effect of the net tangible assets ("**NTA**") per share of the Group, it is assumed that the Proposed Lease Arrangement was completed on 30 September 2020;
- (b) for purposes of computing the effect of the Proposed Lease Arrangement on the earnings per share ("**EPS**"), it is assumed that the Proposed Lease Arrangement was completed on 1 October 2019; and
- (c) the expenses in connection with the Proposed Lease Arrangement have been excluded.

Pro Forma NTA

FOR ILLUSTRATION PURPOSES ONLY: The financial effects of the Proposed Lease Arrangement on the Group's NTA are set out below:

	Before the Proposed Lease Arrangement	After the Proposed Lease Arrangement
NTA attributable to equity holders of the Company (S\$'000)	66,714	66,714
Number of ordinary shares in issue (excluding treasury shares)	898,117,536 ⁽⁵⁾	898,117,536
NTA per Share (Singapore cents)	7.43	7.43

Note:

(5) As at 30 September 2020 (excluding treasury shares, which are deemed to be acquired on 30 September 2020).

Pro Forma EPS

FOR ILLUSTRATION PURPOSES ONLY: The financial effects of the Proposed Lease Arrangement on the Group's EPS are set out below:

	Before the Proposed Lease Arrangement	After the Proposed Lease Arrangement
Profits attributable to equity holders of the Company (S\$'000)	348	348
Number of ordinary shares in issue ('000) (excluding treasury shares)	898,117,536 ⁽⁶⁾	898,117,536
EPS (Singapore cents)	0.039	0.039

Note:

(6) As at 1 October 2019 (excluding treasury shares, which are deemed to be acquired on 1 October 2019).

Interest of Directors and controlling shareholders

Save as disclosed in this announcement, none of the directors or controlling shareholders of the Company, and/or their respective associates has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Lease Arrangement.

Documents for Inspection

A copy of the Long Term Lease Agreement is available for inspection at the Company's registered office at 101A, Upper Cross Street #11-16 People's Park Centre, Singapore 058358, for a period of three (3) months from the date of this announcement.

By Order of the Board

Woon Ooi Jin
Executive Director

28th December 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Joseph Au, Continuing Sponsorship, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.