

ENTRY INTO A SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP SHARES IN THE CAPITAL OF ROOTS COMMUNICATIONS PTE LTD

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of iWOW Technology Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement made by the Company on 22 September 2022 (the “**Term Sheet Announcement**”) in respect of the Company’s entry into a non-binding term sheet in relation to a proposed acquisition.

Further to the Term Sheet Announcement, the Board wishes to announce that the Company has, on 21 December 2022, entered into a sale and purchase agreement (the “**SPA**”) with Funtec Resources Pte Ltd (the “**Vendor**”), Mr. Tio Ngi Hin @ Teo Lai Seng (“**Mr. Teo**”) and Mr. Chan Kin Kok (“**Mr. Chan**” and together with Mr. Teo, shall be referred to as the “**Controlling Shareholders**”, and collectively with the Vendor and the Company, the “**Parties**”, and each a “**Party**”) in relation to the proposed acquisition of 2,200,002 ordinary shares (the “**Sale Shares**”) that are held by the Vendor, representing 100.0% of the total issued and paid-up share capital of Roots Communications Pte Ltd (the “**Target Company**”) (the “**Proposed Acquisition**”). Following the completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

The aggregate consideration for the Sale Shares shall be calculated based on six (6) times multiple of the audited annual average consolidated net profit after tax for the operating business of the Target Company and the Malaysia Subsidiary in the ordinary course of business (the “**NPAT**”), the computation of which shall exclude (a) interest on borrowings and other finance costs, (b) management fees and (c) external and internal audit fees and expenses in excess of S\$35,000 for each financial year during the 3-year period commencing from 1 April 2023 to 31 March 2026 (both dates inclusive) (the “**Relevant Period**”) (the “**Forward Average NPAT**”), provided that it shall be capped at S\$18,000,000 (the “**Consideration**”), of which, (i) not less than S\$10,800,000 (representing sixty per cent. (60.0%) of the Consideration) shall be satisfied in cash and (ii) up to S\$7,200,000 (representing forty per cent. (40.0%) of the Consideration) shall be satisfied by allotment and issuance of new ordinary shares in the share capital of the Company (the “**Consideration Shares**”). Pursuant to the SPA, 12,960,000 1st Tranche Consideration Shares (as defined in paragraph 3.1.1(a) below) shall be allotted and issued by the Company to the Vendor at the issue price of S\$0.25 per Consideration Share as part of the initial tranche payment of S\$8,100,000 to the Vendor for the Sale Shares. The issue price of S\$0.25 per Consideration Share represents a premium of approximately 4.17% to the volume weighted average price (“**VWAP**”) of S\$0.24 for trades done on the shares of the Company (the “**Company Shares**”) on 19 December 2022, being the full market day¹ on which the Company Shares were traded immediately preceding the date of the SPA.

The Consideration is arrived at on a willing-seller willing-buyer basis after arm’s length negotiations between the Controlling Shareholders, the Vendor and the Company, taking into account the audited consolidated average annual NPAT of the Target Group of approximately

¹ Pursuant to the SPA, “**market day**” means a day on which the SGX-ST is open for trading in securities.

S\$1,350,000 for the financial year ended 31 December 2019 (“**FY2019**”), the financial year ended 31 December 2020 (“**FY2020**”) and the financial year ended 31 December 2021 (“**FY2021**”) (the “**Historical Average NPAT**”), the Profit Guarantee (as defined in paragraph 3.2.1 below) and the NLAT Undertaking (as defined in paragraph 3.2.2 below) given by the Vendor and each Controlling Shareholder to the Company as well as the rationale for, and benefits of, the Proposed Acquisition as set out in paragraph 4 of this announcement.

Further details on the Consideration, the Profit Guarantee and the NLAT Undertaking are set out in paragraphs 3.1 and 3.2 of this announcement.

On the basis of the relative figures computed on the bases pursuant to Rule 1006 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), as the relative figures computed under Rules 1006(b), 1006(c) and 1006(d) of the Catalist Rules exceed 5% (but not exceed 75%), the Proposed Acquisition constitutes a “discloseable transaction” for the purposes of Chapter 10 of the Catalist Rules. Accordingly, the Shareholders’ approval is not required for the Proposed Acquisition. Please refer to paragraph 7 of this announcement for further details on the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules.

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Term Sheet Announcement.

2. INFORMATION ON THE TARGET GROUP, THE VENDOR AND THE CONTROLLING SHAREHOLDERS

2.1 Information on the Target Group

The Target Company is a private company limited by shares incorporated in Singapore on 25 April 1997, and is wholly-owned by the Vendor. The Target Company is principally engaged in manufacture of telecommunications apparatus and communications and power line construction (the “**Target Company Business**”) and is a Singapore-based telecommunication solutions provider and regional value-added distributor with proven track records in serving telcos and enterprise clients with mission-critical infrastructure.

As at the date of this announcement, the Target Company has an issued and paid-up share capital of S\$2,200,002 comprising 2,200,002 ordinary shares (i.e., the Sale Shares). The Target Company currently has a wholly-owned subsidiary, Roots Communications Sdn Bhd, a company incorporated in Malaysia (the “**Malaysia Subsidiary**”, and collectively with the Target Company, the “**Target Group**”). The Malaysia Subsidiary was incorporated on 14 February 2007 and is principally involved in the trading of wireless broadband equipment, test and measurement products as well as the provision of wireless engineering services (the “**Malaysia Subsidiary Business**”, and collectively with the Target Company Business, the “**Target Group Business**”).

The book value and net tangible asset (“**NTA**”) value of the Target Group was approximately S\$15.3 million as at 31 December 2021 based on the consolidated audited accounts of the Target Group for FY2021. There is no open market value for the Sale Shares as they are not publicly traded. No independent valuation on the Sale Shares was carried out for the purpose of the Proposed Acquisition, as it involves an acquisition of shares and not assets. Pursuant to the SPA, subject to the applicable laws and regulations, the Company agrees that for the period from the date of the SPA and up to completion of the Proposed Acquisition (the “**Completion**”), the Target Company shall be entitled to declare amounts payable to its shareholder resulting from dividend declaration by the Target Company up to an aggregate amount of S\$8,000,000 using the cash

available to the Target Company (the “**Pre-Completion Dividends**”), and the Vendor and each Controlling Shareholder represent and warrant to the Company that (i) the Pre-Completion Dividends will not result in the NTA of the Target Company being less than S\$6,000,000 based on the Target Company’s management accounts as at 31 December 2022 (the “**NTA Requirement**”) and (ii) the Pre-Completion Dividends not otherwise having a materially adverse impact to the continuation of the Material Contracts².

The net profits after tax attributable to the Sale Shares is approximately S\$0.9 million, based on the consolidated audited accounts of the Target Group for FY2021.

2.2 Information on the Vendor and the Controlling Shareholders

The Vendor was incorporated in Singapore on 13 January 1995 and is principally engaged in bank / financial holding companies (including insurance holding company) and wholesale trade of a variety of goods without a dominant product. As at the date of this announcement, the Vendor has an issued and paid-up share capital of S\$2,000,000 comprising 2,000,000 ordinary shares.

As at the date of this announcement, the shareholders of the Vendor are Mr. Teo, Mr. Chan and Mr. Teng Peng Chuan (Tang Bingchuan) (“**Mr. Teng**”), who each owns 60%, 36% and 4% in the issued and paid-up share capital of the Vendor respectively. Mr. Teo and Mr. Chan are Singapore citizens and as at the date of this announcement, each a director of the Vendor, the Target Company and the Malaysia Subsidiary respectively. Mr. Teng is currently the Vice President of Wireless Engineering Solutions department of the Target Company.

As at the date of this announcement, based on the information provided by and/or representations made by the Target Company, the Vendor and/or the Controlling Shareholders, to the best knowledge of the Directors, save that Mr. Teo’s wife holds approximately 0.28% shareholding in the Company, each of the Vendor, Mr. Teo, Mr. Chan and Mr. Teng does not have any shareholding interest, direct or indirect, in the Company, nor are any of them related to any of the Directors, chief executive officer or the Company’s controlling shareholders (as defined in the Catalist Rules of the SGX-ST), or their respective associates (as defined in the Catalist Rules).

3. PRINCIPAL TERMS OF THE SPA

The principal terms of the SPA are set out below.

3.1 Consideration for the Proposed Acquisition

3.1.1 Subject to paragraph 3.1.3 of this announcement, the Consideration which is capped at S\$18,000,000 shall be satisfied by a combination of cash and issuance of the Consideration Shares in the following manner:

- (a) the Company shall make an initial payment of S\$8,100,000 (the “**Initial Tranche Payment**”) to the Vendor on the Completion Date (as defined in paragraph 3.4 below) comprising the following:

² Pursuant to the SPA, “**Material Contracts**” means any agreement, arrangement, understanding or commitment that the Target Company or the Malaysia Subsidiary (as the case may be) is a party to or bound by, that is of material importance to the respective business, profits or assets of the Target Company or the Malaysia Subsidiary (as the case may be).

- (i) S\$4,860,000 (representing sixty per cent. (60.0%) of the Initial Tranche Payment) which shall be satisfied in cash (the “**1st Tranche Cash Payment**”); and
 - (ii) S\$3,240,000 (representing forty per cent. (40.0%) of the Initial Tranche Payment) which shall be satisfied by the allotment and issuance by the Company to the Vendor (and/or its nominee(s) as it may direct) of the Consideration Shares (the “**1st Tranche Consideration Shares**”) at an issue price per Consideration Share which shall be equivalent to the higher of:
 - (A) the agreed issue price of S\$0.25 per Consideration Share; or
 - (B) ten per cent. (10.0%) discount to the VWAP of the Company Shares for trades done on the SGX-ST for the full market day on which the SPA is signed, or on the preceding market day up to the date of the SPA if trading in the Company Shares is not available for a full market day; and
- (b) the balance of the Consideration of up to S\$9,900,000 (the “**Post-Completion Tranche Payment**”) shall be payable by the Company to the Vendor, subject to paragraph 3.1.2 of this announcement, within thirty (30) calendar days after the Forward Average NPAT for the Relevant Period is determined, comprising the following:
- (i) not less than sixty per cent. (60.0%) of the Post-Completion Tranche Payment (i.e., not less than S\$5,940,000 where the Post-Completion Tranche Payment is S\$9,900,000) shall be satisfied in cash (the “**2nd Tranche Cash Payment**”); and
 - (ii) the remaining forty per cent. (40.0%) or less of the Post-Completion Tranche Payment (i.e., S\$3,960,000 or less where the Post-Completion Tranche Payment is S\$9,900,000) shall be satisfied by the allotment and issuance by the Company to the Vendor (and/or its nominee(s) as it may direct) of the Consideration Shares (the “**2nd Tranche Consideration Shares**”) at an issue price per Consideration Share which shall be equivalent to the higher of:
 - (A) ten per cent. (10.0%) discount to the VWAP of the Company Shares for trades done on the SGX-ST for the twenty (20) market days or whatever number of market days there were within the thirty (30) calendar days up to and including the last day of the Relevant Period (i.e., 31 March 2026); or
 - (B) ten per cent. (10.0%) discount to the VWAP of the Company Shares for trades done on the SGX-ST for the full market day on which the SPA is signed, or on the preceding market day up to the date of the SPA if trading in the Company Shares is not available for a full market day.

For the avoidance of doubt, the Company shall have the sole discretion to decide to increase the amount payable (if any) in cash under the Post-Completion Tranche Payment, and accordingly reduce the amount payable (if any) in the form of Consideration Shares under the Post-Completion Tranche Payment.

3.1.2 The Controlling Shareholders, the Vendor and the Company agree that the final amount payable (if any) by the Company to the Vendor under the Post-Completion Tranche Payment shall be determined not later than 120 calendar days after the end of the Relevant Period, by taking into account six (6) times multiple of the Forward Average NPAT actually achieved by the Target

Group over the Relevant Period (the “**Valuation**”), assessed against the Initial Tranche Payment made by the Company to the Vendor in accordance with the formula set out below:

$$\text{Post-Completion Tranche Payment (S\$)} = \frac{\text{Forward Average NPAT achieved by the Target Group over the Relevant Period (S\$)}}{\text{Initial Tranche Payment}} \times 6 - \text{Initial Tranche Payment}$$

For the avoidance of doubt, the formula set out above shall only apply where the Forward Average NPAT achieved by the Target Group over the Relevant Period is equal to or more than S\$1,000,000.

Solely for illustrative purposes only

- (i) If the Valuation is equal to the Initial Tranche Payment (being S\$8,100,000), the Company shall not be required to pay any amount to the Vendor under the Post-Completion Tranche Payment.

Solely for illustrative purposes only, assuming that the Forward Average NPAT achieved by the Target Group over the Relevant Period is S\$1,350,000, the amount payable by the Company to the Vendor under the Post-Completion Tranche Payment, applying the formula in this paragraph 3.1.2 above, shall be as follows:

Forward Average NPAT achieved by the Target Group over the Relevant Period (S\$)	Post-Completion Tranche Payment (Capped at S\$9,900,000)
S\$1,350,000	S\$1,350,000 X 6 - S\$8,100,000 = S\$0

- (ii) If the Valuation is more than the Initial Tranche Payment (being S\$8,100,000), the amount payable by the Company to the Vendor under the Post-Completion Tranche Payment shall be equivalent to the difference between the Valuation and the Initial Tranche Payment, which shall be capped at S\$9,900,000.

Solely for illustrative purposes only, assuming that the Forward Average NPAT achieved by the Target Group over the Relevant Period is, respectively, S\$1,500,000, S\$3,000,000 or S\$3,100,000, the amount payable by the Company to the Vendor under the Post-Completion Tranche Payment, applying the formula in this paragraph 3.1.2 above, shall be as follows:

Forward Average NPAT achieved by the Target Group over the Relevant Period (S\$)	Post-Completion Tranche Payment (Capped at S\$9,900,000)
S\$1,500,000	S\$1,500,000 X 6 - S\$8,100,000 = S\$900,000
S\$3,000,000	S\$3,000,000 X 6 - S\$8,100,000 = S\$9,900,000
S\$3,100,000	S\$3,100,000 X 6 - S\$8,100,000 = S\$9,900,000 (capped)

- (iii) If the Forward Average NPAT achieved by the Target Group over the Relevant Period is equal to or more than S\$1,000,000, but the Valuation is less than the Initial Tranche Payment (being S\$8,100,000) (the “**Shortfall Amount**”), the Company shall not be required to pay any amount to the Vendor under the Post-Completion Tranche Payment, and instead, each Controlling Shareholder and the Vendor shall be collectively and individually liable to pay to the Company an amount equivalent to the Shortfall Amount in cash within thirty (30) calendar days after the Forward Average NPAT for the Relevant Period is determined.

Solely for illustrative purposes only, assuming that the Forward Average NPAT achieved by the Target Group over the Relevant Period is, respectively, S\$1,200,000 or S\$1,000,000, the Shortfall Amount payable by the Controlling Shareholders and the Vendor to the Company, applying the formula in this paragraph 3.1.2 above, shall be as follows:

Forward Average NPAT achieved by the Target Group over the Relevant Period (S\$)	Shortfall Amount payable by the Controlling Shareholders and the Vendor				
S\$1,200,000	S\$1,200,000	X	6	-	S\$8,100,000 = (S\$900,000)
S\$1,000,000	S\$1,000,000	X	6	-	S\$8,100,000 = (S\$2,100,000)

- (iv) If the Forward Average NPAT achieved by the Target Group over the Relevant Period is less than S\$1,000,000 (including an Average NLAT (as defined in paragraph 3.2.2 below)), the Company shall not be required to pay any amount to the Vendor under the Post-Completion Tranche Payment, and instead, each Controlling Shareholder and the Vendor shall be collectively and individually liable to compensate the Company in accordance with paragraph 3.2 (*Profit Guarantee & NLAT Undertaking*) below.

- 3.1.3 Notwithstanding any other provision in the SPA, if the Company Shares have been de-listed or it is disclosed at any time before any date of allotment of Consideration Shares that the Company Shares is or likely to be de-listed, the Vendor shall be entitled to require the Company to satisfy all Consideration by cash.
- 3.1.4 The Consideration Shares, when allotted and issued, shall be credited as fully paid-up and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Company Shares, the record date for which falls on or after the Completion Date (in respect of the 1st Tranche Consideration Shares) or the date of issuance of the 2nd Tranche Consideration Shares (as the case may be), and in all other respects shall rank *pari passu* with the existing Company Shares then in issue. For this purpose, “**record date**” means the date fixed by the Company for the purposes of determining entitlements to dividends, rights, allotments or other distributions of holders of the Company Shares.
- 3.1.5 All cash payments to be made by the Company to the Vendor under the SPA shall be made by way of cashier’s order, or bank transfer to such bank account as the Vendor shall notify the Company in writing no later than ten (10) Business Days³ prior to the relevant payment date, or in such other manner as may be agreed in writing between the Company and the Vendor. For the avoidance of doubt, the paying party shall bear any bank charges that may be imposed by the paying party’s bank and the receiving party shall bear any bank charges that may be imposed by the receiving party’s bank.

³ Pursuant to the SPA, “**Business Day**” means a day (other than a Saturday, Sunday or gazetted public holiday in Singapore) on which commercial banks are open for business in Singapore.

3.2 Profit Guarantee & NLAT Undertaking

3.2.1 Profit Guarantee

Subject to the Company complying with its post-Completion undertakings as set out in paragraph 3.5.2 of this announcement, each Controlling Shareholder and the Vendor undertake to the Company that the Forward Average NPAT to be achieved by the Target Group over the Relevant Period shall not be less than S\$1,000,000 (the “**Profit Guarantee**”).

In the event that the Forward Average NPAT achieved by the Target Group over the Relevant Period is less than the Profit Guarantee but not negative, each Controlling Shareholder and the Vendor recognise that the Company is acquiring the Sale Shares at a six (6) times multiple of the Profit Guarantee, and shall be collectively and individually liable to pay in cash to the Company a sum equivalent to the shortfall which shall be capped at S\$2,100,000, based on the following formula:

$$\begin{array}{l} \text{Amount payable by the} \\ \text{Controlling Shareholders} \\ \text{and the Vendor to the} \\ \text{Company under the Profit} \\ \text{Guarantee (S\$)} \end{array} = \text{Initial Tranche} \\ \text{Payment} - \left(\frac{\text{Forward} \\ \text{Average NPAT} \\ \text{over the} \\ \text{Relevant Period}}{\text{(S\$)}} \times 6 \right)$$

3.2.2 NLAT Undertaking

Further to the paragraph 3.2.1 above (subject to the Company complying with its post-Completion undertakings as set out in paragraph 3.5.2 of this announcement), in the event that the Target Group incurs an audited annual average consolidated net loss after tax for the operating business of the Target Company and the Malaysia Subsidiary in the ordinary course of business, the computation of which shall exclude (a) interest on borrowings and other finance costs, (b) management fees and (c) external and internal audit fees and expenses in excess of S\$35,000 for each financial year during the Relevant Period (the “**Average NLAT**”) over the Relevant Period, each Controlling Shareholder and the Vendor undertake to the Company that, in addition to the amount payable under the Profit Guarantee which shall be capped at \$2,100,000, each Controlling Shareholder and the Vendor shall be collectively and individually liable to pay in cash to the Company an amount equivalent to the Average NLAT over the Relevant Period incurred by the Target Group (the “**NLAT Undertaking**”), provided that the aggregate amount payable by the Controlling Shareholders and the Vendor to the Company under the Profit Guarantee and the NLAT Undertaking shall be capped at S\$3,100,000.

Solely for illustrative purposes only, assuming that the Average NLAT incurred by the Target Group over the Relevant Period is, respectively, S\$500,000, S\$1,000,000 or S\$1,500,000, the aggregate amount payable by the Controlling Shareholders and the Vendor to the Company under the Profit Guarantee and the NLAT Undertaking shall be as follows:

Average NLAT incurred by the Target Group over the Relevant Period (S\$)	Aggregate amount payable by the Controlling Shareholders and the Vendor to the Company under the Profit Guarantee and the NLAT Undertaking (Capped at S\$3,100,000)			
S\$500,000	(S\$2,100,000)	+	(S\$500,000)	= (S\$2,600,000)
S\$1,000,000	(S\$2,100,000)	+	(S\$1,000,000)	= (S\$3,100,000)
S\$1,500,000	(S\$2,100,000)	+	(S\$1,500,000)	= (S\$3,100,000) (Capped)

- 3.2.3 For the avoidance of doubt, the total amount payable (if any) by the Controlling Shareholders and/or the Vendor to the Company under the Profit Guarantee and the NLAT Undertaking (as the case may be) shall be assessed by the auditors of the Company (the “**Company Auditors**”) not later than 90 calendar days after the end of the Relevant Period, and shall be paid by the Controlling Shareholders and/or the Vendor in cash to the Company within thirty (30) calendar days after the Forward Average NPAT or the Average NLAT (as the case may be) for the Relevant Period is determined.
- 3.2.4 All cash payments to be made by the Controlling Shareholders and/or the Vendor to the Company under the Profit Guarantee and the NLAT Undertaking shall be made by way of cashier's order, or bank transfer to such bank account as the Company shall notify the Controlling Shareholders and/or the Vendor in writing no later than ten (10) Business Days prior to the relevant payment date, or in such other manner as may be agreed in writing between the Company and the Controlling Shareholders and/or the Vendor. For the avoidance of doubt, the paying party shall bear any bank charges that may be imposed by the paying party's bank and the receiving party shall bear any bank charges that may be imposed by the receiving party's bank
- 3.2.5 The Parties agree that the Forward Average NPAT or the Average NLAT (as the case may be) shall be determined by the Company Auditors from the audited accounts of the Target Group during the Relevant Period prepared in accordance with the applicable accounting standards adopted by the Company that are prevailing when each set of relevant accounts is drawn up. Within 120 calendar days after the end of the Relevant Period, the Company shall inform the Vendor in writing of the computation of the Average NPAT or the Average NLAT (as the case may be) determined by the Company Auditors. The Vendor shall within seven (7) Business Days from receipt of the aforesaid notice confirming in writing whether it agrees with the computation of the Average NPAT or the Average NLAT (as the case may be), failing which, the Vendor shall be deemed to agree with the computation of the Average NPAT or the Average NLAT (as the case may be) determined by the Company Auditors. If the Company and the Vendor fail to agree with the computation of the Average NPAT or the Average NLAT (as the case may be), the dispute shall be referred to an independent accountant (the “**Expert**”) for determination appointed by the Company and the Vendor. The Expert shall be deemed to act as experts and not as arbitrators and save in the event of fraud or manifest error, their determination shall be final and binding on all persons concerned. The Company and the Vendor shall each bear and pay its own costs incurred in connection with the Expert's determination. The Expert's fees and any costs or expenses incurred in making their determination (including the fees and costs of any advisers appointed by the Expert) shall be borne equally between the Company and the Vendor.

3.3 **Conditions Precedent for the Proposed Acquisition**

Completion of the sale and purchase of the Sale Shares is conditional upon the following conditions precedent (the “**Conditions Precedent**”) being fulfilled (or waived) (as the case may be) on or before the date falling six (6) months from the date of the SPA, or such other date as the Parties may agree in writing (the “**Long-Stop Date**”):

- (a) all consents, approvals, actions or filings, or giving of notices to, any Governmental Authority⁴ or any other person required in connection with the transactions contemplated

⁴ Pursuant to the SPA, “**Governmental Authority**” means any Singapore or foreign national, state or local, statutory, regulatory, judicial or quasi-judicial or governmental authority, department or instrumentality or court, including any political subdivision thereof, any authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, any securities exchange or body or authority regulating such securities exchange.

in the SPA or the entry into and completion of the SPA being obtained or made (as the case may be) without any restriction or limitation which is unacceptable to the Company (in the Company's reasonable opinion), in full force and effect, and not withdrawn, suspended, amended or revoked, and if granted or obtained subject to any condition(s), and where such condition(s) affect any of the Parties, such condition(s) being acceptable to the Party concerned and if such condition(s) are required to be fulfilled before Completion, such condition(s) being fulfilled before Completion, and the Company being furnished with evidence satisfactory to it of the same including, in particular, and without limitation:

- (i) the receipt of listing and quotation notice (the "**LQN**") from the SGX-ST for approving the listing and quotation of the 1st Tranche Consideration Shares on the Catalist Board of the SGX-ST and such approval not having been revoked or withdrawn by the SGX-ST and, if the LQN is subject to conditions, such conditions being reasonably acceptable to the Parties and, if any such condition is required to be fulfilled on or before Completion, such condition being fulfilled on or before Completion to the satisfaction of the SGX-ST unless otherwise waived by the SGX-ST, and the SGX-ST not having made any ruling the effect of which is to restrict or impede the listing of and quotation for the 1st Tranche Consideration Shares;
 - (ii) the Target Company and the Malaysia Subsidiary having each obtained all the third-party prior written consents for the sale and transfer of the Sale Sales from the Vendor to the Company as required by its respective existing bank facilities, Material Contracts and lease agreements; and
 - (iii) the Malaysia Subsidiary having obtained the certificate of registration issued by the Construction Industry Development Board for two (2) of its ongoing projects as set out in the SPA;
- (b) there not having occurred any material breach of the representations and warranties on the part of the Vendor and each Controlling Shareholder under or pursuant to the SPA (the "**Warranties**");
 - (c) there not having occurred any material breach by the Vendor and/or each Controlling Shareholder of the covenants, undertakings and agreements required to be performed or caused to be performed by each of them under the SPA;
 - (d) no relevant statute, order, rule or regulation, directive, guideline or request (whether or not having the force of law) has been promulgated by any legislative, executive or regulatory body or other authority of Singapore or any other relevant jurisdiction after the date of the SPA which prohibits or restricts the execution and performance of the SPA by the Parties;
 - (e) there not having occurred any Material Adverse Change⁵;

⁵ Pursuant to the SPA, "**Material Adverse Change**" means any changes in the operations of the Target Company and the Malaysia Subsidiary, or any financial circumstances having occurred on or before Completion Date, which has or may have a material adverse effect on the financial position or operations of each of the Target Company and the Malaysia Subsidiary which results or is reasonably likely to result in a reduction in EBITDA by more than twenty-five per cent. (25%) relative to the EBITDA for FY2021, provided, however that in no event shall any of the following constitute a Material Adverse Change: (a) payment of the Pre-Completion Dividends made in accordance with the terms of the SPA; (b) the Employment Payments; (c) any change or effect resulting from changes in general economic, regulatory or political conditions in Singapore and/or Malaysia; (d) any change or effect that affects the industry in Singapore and/or Malaysia in which the Target Company and/or the Malaysia Subsidiary operate, including general changes in general market prices and regulatory changes, provided that such changes do not have a disproportionate effect on each of the Target Company and the Malaysia Subsidiary as compared

- (f) following the declaration of the Pre-Completion Dividends, the Target Company satisfying its NTA Requirement based on the Target Company's management accounts as at 31 December 2022;
- (g) absence of the loss of any of the major customers and/or vendors of the Target Group which has entered into a Material Contract with the Target Company or the Malaysia Subsidiary (as the case may be); and
- (h) the execution of a new service or employment contracts between each of (i) Mr. Chan, (ii) Mr. Chong Wen Loong (Vice President (Datacomm Enterprise Solutions)), and (iii) Mr. Teng (the "**Key Management Personnel**") and the Target Company for a minimum period of three (3) years of service, commencing from the Completion Date and on such terms that may be mutually agreed between each of the said Key Management Personnel and the Company.

3.4 Completion

Unless the SPA has been terminated in accordance with its terms, subject to the satisfaction or waiver (as the case may be) of the Conditions Precedent, Completion shall take place on the date falling fourteen (14) calendar days after the last in time of the Conditions Precedent is fulfilled or deemed fulfilled pursuant to the terms of the SPA (or if not fulfilled, such conditions are waived by a Party (as appropriate) in accordance with the terms of the SPA) provided that any Material Adverse Change or breach of any Warranty that has occurred has been waived by the Company, or such other date as may be agreed in writing by the Parties but in any event, being not later than the Long-Stop Date (the "**Completion Date**") at such time and place as may be mutually agreed by the Parties in writing.

On the Completion Date, legal title of the Sale Shares shall be transferred from the Vendor to the Company notwithstanding that full payment of the Consideration has not been made.

3.5 Post-Completion Undertakings

3.5.1 Non-Compete Undertakings

The Vendor and each Controlling Shareholder undertake to each of the Company, the Target Company and the Malaysia Subsidiary that the Vendor and each Controlling Shareholder shall

to other participants in such industry; (e) changes in applicable laws or accounting rules or principles except such changes which result in the Proposed Acquisition being illegal; or (f) any act of God, earthquake, flood or fire. For the avoidance of doubt, this exclusion in (f) does not apply to exclude the COVID-19 pandemic or its effects for the period between the date of the SPA and Completion. Further, pursuant to the SPA, "**EBITDA**" means the consolidated earnings of the Target Company and the Malaysia Subsidiary before the deduction of interest, taxes, depreciation and amortisation for a financial year excluding all direct income or value constituted by government grants, subsidies, contributions, benefits, reliefs, concessions, support and measures received or to be received in response to the COVID-19 pandemic. For the avoidance of doubt, EBITDA shall be determined in accordance with Singapore Financial Reporting Standards, consistently applied; and "**Employment Payments**" means any payments made to the employees or directors of each of the Target Company and the Malaysia Subsidiary for their respective salaries, employment benefits and reimbursement for expenses incurred by them in the course of discharge of their duties as employees or directors of each of the Target Company and the Malaysia Subsidiary (as the case may be), solely in the ordinary course of business and in accordance with the terms of their respective employment contracts. For the avoidance of doubt, this includes contractual bonuses or contractual commissions, but excludes the payment of non-contractual bonuses or other discretionary payment to any employee or director of each of the Target Company and the Malaysia Subsidiary (as the case may be).

not, and shall use reasonable endeavours to procure that their respective Affiliate(s)⁶ and directors of any of their respective Affiliate(s) which is a corporation shall not, in any Relevant Capacity⁷ during the period commencing on the Completion Date and ending on the date falling twenty-four (24) months from the Completion Date (both dates inclusive) (the "**Restricted Period**"), directly or indirectly:

- (a) carry on in, or be engaged, concerned or interested in any business or activity which is same or similar to any business carried on by the Target Group as at the date of the SPA including the Target Group Business (the "**Restricted Business**") or is reasonably likely to be in competition with the Restricted Business in Singapore and Malaysia (the "**Restricted Territory**");
- (b) canvass, solicit or otherwise seek the custom of any person who is as at the Completion Date, or who has been at any time during the Relevant Period a client or customer of, or in the habit of dealing with, the Target Company and/or the Malaysia Subsidiary (the "**Restricted Customer**") or any person who is as at the Completion Date, or who has been at any time during the Relevant Period in discussions with the Target Company and/or the Malaysia Subsidiary with a view to becoming a client or customer of the Target Company and/or the Malaysia Subsidiary (the "**Prospective Customer**") with a view to providing goods or services to them in competition with the Restricted Business in the Restricted Territory;
- (c) induce or attempt to induce a Restricted Customer or Prospective Customer to cease or refrain from conducting business with, or to reduce the amount of business conducted with, or to vary adversely the terms upon which it conducts business with, the Target Company and/or the Malaysia Subsidiary in the Restricted Territory, or do any other thing which is reasonably likely to have such an effect;
- (d) have any business dealings with a Restricted Customer or a Prospective Customer in connection with the provision of goods or services to them in competition with the Restricted Business in the Restricted Territory;
- (e) have any business dealings with, or solicit, entice or attempt to entice away, any person who is as at the Completion Date, or has been at any time during the period of twelve (12) months immediately preceding the Completion Date a supplier of goods or services to the Target Company and/or the Malaysia Subsidiary, if such dealings, solicitation or enticement is intended to procure or cause such supplier to cease supplying, or to reduce its supply of goods or services to, the Target Company and/or the Malaysia Subsidiary in the Restricted Territory; and/or
- (f) offer employment to, enter into a contract for the services of, or otherwise entice or attempt to entice away from the Target Company and/or the Malaysia Subsidiary in the Restricted Territory, any person who is on Completion Date, or has been at any time during the period of twelve (12) months immediately preceding the Completion Date any person who is at

⁶ Pursuant to the SPA, "**Affiliates**" in relation to any person, means any other person that directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, that first-mentioned person or any of the first mentioned person's Affiliates and where such person is an individual, the expression "**Affiliate**" shall include the spouse, children, siblings and parents of such individual.

⁷ Pursuant to the SPA, "**Relevant Capacity**" means, directly or indirectly, whether itself/himself or together with any other person, firm or company (other than the Company, the Target Company or the Malaysia Subsidiary) or in any other manner and whether through the medium of any company controlled by it/him or as principal, owner, investor, partner, director, employee, consultant or agent.

Completion employed or directly or indirectly engaged by the Target Company and/or the Malaysia Subsidiary, or procure or facilitate the making of any such offer or attempt by any other person.

3.5.2 Company's Post-Completion Undertakings

- (a) The Company undertakes to the Vendor that:
- (i) it shall, not later than seven (7) calendar days after the issue price of the 2nd Tranche Consideration Shares is determined, submit an application to the sponsor of the Company for its onward submission to the SGX-ST on behalf of the Company for the listing and quotation of the 2nd Tranche Consideration Shares on the Catalist Board of the SGX-ST; and
 - (ii) upon receipt of the LQN from the SGX-ST as regards the listing and quotation of the 2nd Tranche Consideration Shares, pay or cause to be paid to the Vendor the Post-Completion Tranche Payment (including the 2nd Tranche Cash Payment and the 2nd Tranche Consideration Shares) in accordance with the terms of the SPA.
- (b) Provided that the overall business strategy of the Target Group shall not be impeded, the Company undertakes to each of the Vendor and the Controlling Shareholders that at all times following Completion and during the Relevant Period:
- (i) the business of the Target Company and the Malaysia Subsidiary shall be carried on independently of any other business carried on by the Company;
 - (ii) it shall use its reasonable endeavours to maximise the profits generated by the Target Company and the Malaysia Subsidiary;
 - (iii) it shall not, directly or indirectly, take any action, or cause or permit anything to be done that could distort the financial performance of the Target Company or the Malaysia Subsidiary, or with the principal purpose of avoiding or reducing the amount of the Post-Completion Tranche Payment;
 - (iv) it shall not sell, transfer or otherwise dispose of, or grant any Encumbrance⁸ over, any of the shares in the capital of the Target Company and the Malaysia Subsidiary (or enter into any agreement to do so), except with the prior written consent of the Vendor and the Controlling Shareholders;
 - (v) it shall procure that the Target Company and the Malaysia Subsidiary shall not sell, transfer or otherwise dispose of all or a material part of its business, assets or undertaking (or enter into an agreement to do so), except with the prior written consent of the Vendor and the Controlling Shareholders;
 - (vi) it shall not cause or permit any of the following, except with the prior written consent of the Vendor and the Controlling Shareholders:
 - (A) a change to the scope or nature of the business of the Target Company or the Malaysia Subsidiary, or the manner in which any such business is carried on;

⁸ Pursuant to the SPA, "Encumbrance" means any claim, charge, mortgage, lien, option, power of sale, hypothecation, retention of title, right of pre-emption, right of first refusal or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing.

- (B) the proposal or passing of a resolution to wind up the Target Company or the Malaysia Subsidiary;
 - (C) all transactions between the Target Company and the Company as well as between the Malaysia Subsidiary and the Company shall be undertaken on an arm's length basis and upon reasonable commercial terms;
 - (D) it shall not cause or permit the Target Company or the Malaysia Subsidiary to cease to carry on all or a material part of its business, except with the prior written consent of the Vendor and the Controlling Shareholders; and
 - (E) it shall not divert or redirect any trading, business opportunities or revenues or any customer, client or supplier away from the Target Company or the Malaysia Subsidiary, or establish, acquire, or develop any business that competes with or is similar to the business of the Target Company and the Malaysia Subsidiary as carried on at the date of Completion.
- (c) The Company further undertakes that it shall procure that the Target Company and the Malaysia Subsidiary shall not do any of the below following Completion and during the Relevant Period, except with the prior written consent of the Vendor and the Controlling Shareholders:
- (i) enter into any transaction other than in the ordinary course of its business, at arm's length and on reasonable commercial terms;
 - (ii) acquire any shares or other membership interest in another entity or all (or a material part) of the assets or undertaking of another entity; and
 - (iii) create any Encumbrance over any of its assets or undertaking, or enter into any guarantee, indemnity, counter-indemnity, surety or letter of comfort, in respect of any indebtedness, liability or other obligation of the Company.

4. RATIONALE FOR THE PROPOSED ACQUISITION

As disclosed in the Term Sheet Announcement, the Proposed Acquisition is in line with the Group's expansion plans which include:

- (a) expansion through mergers and acquisitions, which focus on acquiring complementary solutions to expand the Group's suite of product and solutions offerings;
- (b) enlarging its customer base and product offerings, which focus on acquiring new B2B customer bases and cross selling of the Group's enhanced suite of products and solutions; and
- (c) expanding its market reach, which focus on accelerating the Group's growth by scaling via offering the Group's products and solutions beyond Singapore.

The Company believes that the Proposed Acquisition, if completed, would present a good opportunity for the Group to:

- (a) enhance its capabilities and credibility to pursue large-scale national information and communications technology infrastructure opportunities;
- (b) exploit the enlarged customer-base through cross-selling of the Group's enhanced suite of products and solutions;
- (c) inherit a proven service-operation team;
- (d) extend its regional presence;
- (e) tap on regional opportunities arising from the 5G roll-out; and
- (f) better position itself to meet the exponential demand for Smart City Internet of Things (IoT) solutions from both the public and private sectors.

Following the completion of the Proposed Acquisition, the Company is expected to leverage on the Target Group's expertise, experience and solutions to support the Group's expansion plans and accelerate growth. Accordingly, the Proposed Acquisition has the potential to enhance shareholders' value in the Company and contribute positively to the growth, financial position and long-term prospects of the Group.

5. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

As stated above, part of the Consideration will be satisfied by the allotment and issue of the Company Shares (i.e., the Consideration Shares). The cash portion of the Consideration as well as the professional and other fees and expenses incurred or to be incurred in connection with the Proposed Acquisition will be financed with a combination of the IPO proceeds, internal funds, bank borrowings and/or subsequent fund raising in the capital markets, if required.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *pro forma* financial effects of the Proposed Acquisition on the Group as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the completion of the Proposed Acquisition.

For illustrative purposes only, the *pro forma* financial effects of the Proposed Acquisition have been computed based on the three (3) scenarios below.

Minimum Consideration Scenario

Assuming that the Company makes the Initial Tranche Payment of S\$8,100,000 to the Vendor (comprising (i) cash payment of S\$4,860,000 and (ii) 12,960,000 1st Tranche Consideration Shares issued at S\$0.25 per Consideration Share, which is equivalent to S\$3,240,000), and the Company is not required to pay any amount to the Vendor under the Post-Completion Tranche Payment, and instead, the Controlling Shareholders and the Vendor collectively and individually compensate the Company an aggregate amount of \$3,100,000, and accordingly, the final aggregate consideration for the Proposed Acquisition is S\$5,000,000 (the "**Minimum Consideration Scenario**").

Base Consideration Scenario

Assuming that the Company makes the Initial Tranche Payment of S\$8,100,000 to the Vendor (comprising (i) cash payment of S\$4,860,000 and (ii) 12,960,000 1st Tranche Consideration Shares issued at S\$0.25 per Consideration Share, which is equivalent to S\$3,240,000), and the Company is not required to pay any amount to the Vendor under the Post-Completion Tranche Payment, and the Controlling Shareholders and the Vendor are also not required to pay any amount to the Company under the Profit Warranty and/or the NLAT Undertaking (the “**Base Consideration Scenario**”).

Maximum Consideration Scenario

Assuming that the Company makes the Initial Tranche Payment of S\$8,100,000 to the Vendor (comprising (i) cash payment of S\$4,860,000 and (ii) 12,960,000 1st Tranche Consideration Shares issued at S\$0.25 per Consideration Share, which is equivalent to S\$3,240,000), and the Company further makes the Post-Completion Tranche Payment of S\$9,900,000 to the Vendor (comprising (i) cash payment of S\$5,940,000 and (ii) 18,333,333 2nd Tranche Consideration Shares issued at S\$0.216 per Consideration Share (based on the assumption that the issue price is 10.0% discount to the VWAP (being S\$0.24) of the Company Shares for trades done on the SGX-ST for the full market day immediately preceding the date on which the SPA is signed (i.e., 19 December 2022), since as at the date of this announcement, the Company is unable to determine the issue price and the number of the 2nd Tranche Consideration Shares), which is equivalent to S\$3,960,000), and accordingly, the final aggregate consideration for the Proposed Acquisition is S\$18,000,000 (the “**Maximum Consideration Scenario**”).

Based on the Group’s latest audited consolidated financial statements for the financial year ended 31 March 2022 (“**FY2022**”), the *pro forma* financial effects of the Proposed Acquisition are as follows:

6.1 **Effect on NTA per Share**

For illustrative purposes only, assuming that the Proposed Acquisition had been completed on 31 March 2022 and based on the audited consolidated financial statements of the Group for FY2022, the Proposed Acquisition would have had the following effects on the NTA per Share of the Company:

(a) **Minimum Consideration Scenario**

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ⁽¹⁾	5,372,000	9,612,000 ⁽²⁾
Number of issued Company Shares (excluding treasury shares)	224,430,260 ⁽³⁾	237,390,260
NTA per share (Singapore cents)	2.39	4.05

(b) **Base Consideration Scenario**

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ⁽¹⁾	5,372,000	6,512,000 ⁽²⁾
Number of issued Company Shares (excluding treasury shares)	224,430,260 ⁽³⁾	237,390,260
NTA per share (Singapore cents)	2.39	2.74

(c) **Maximum Consideration Scenario**

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ⁽¹⁾	5,372,000	572,000 ⁽²⁾
Number of issued Company Shares (excluding treasury shares)	224,430,260 ⁽³⁾	255,723,593
NTA per share (Singapore cents)	2.39	0.22

Notes:

- (1) NTA is computed based on total assets (net of intangible assets, including goodwill) less total liabilities.
- (2) The NTA after the Proposed Acquisition for all the three (3) scenarios above are computed based on the assumption that the NTA of the Target Company will be S\$6,000,000 as at 31 December 2022.

In the case of the **Minimum Consideration Scenario**, the Proposed Acquisition would have resulted in the recognition of a S\$1,000,000 negative goodwill, which is assumed as a gain on bargain purchase.

In the case of the **Base Consideration Scenario**, the Proposed Acquisition would have resulted in the recognition of a S\$2,100,000 goodwill.

In the case of the **Maximum Consideration Scenario**, the Proposed Acquisition would have resulted in the recognition of a S\$12,000,000 goodwill. Notwithstanding the foregoing, the Company is of the view that the NTA after the Proposed Acquisition in the case of the Maximum Consideration Scenario is not meaningful, taking into account (i) the Post-Completion Tranche Payment payable in 2026 is wholly contingent on exceptional future performance by the Target Group during the Relevant Period, (ii) assuming such a large consideration on the onset would result in the recognition of an artificially inflated goodwill, which was excluded from the NTA computation as it is an intangible asset; and (iii) should the maximum Post-Completion Tranche Payment (i.e., S\$9,900,000) materialise, the Target Group would have positively contribute to the Group's NTA by at least S\$9,000,000 at the end of the Relevant Period.

- (3) This refers to the issued and paid-up Company Shares as at 31 March 2022. The Company has no treasury shares as at 31 March 2022.

6.2 Effect on EPS

For illustrative purposes only, assuming that the Proposed Acquisition had been completed on 1 April 2021 and based on the audited consolidated financial statements of the Group for FY2022, the Proposed Acquisition would have had the following effects on the earnings per Share (“EPS”) of the Group:

(a) **Minimum Consideration Scenario**

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit ⁽¹⁾⁽²⁾	3,866,000	2,866,000
Weighted average number of Company Shares	224,430,260 ⁽³⁾	237,390,260
EPS (Singapore cents)	1.72	1.21

(b) **Base Consideration Scenario**

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit ⁽¹⁾⁽²⁾	3,866,000	5,216,000
Weighted average number of Company Shares	224,430,260 ⁽³⁾	237,390,260
EPS (Singapore cents)	1.72	2.20

(c) **Maximum Consideration Scenario**

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit ⁽¹⁾⁽²⁾	3,866,000	6,866,000
Weighted average number of Company Shares	224,430,260 ⁽³⁾	255,723,593
EPS (Singapore cents)	1.72	2.68

Notes:

- (1) Net profit means profit or loss after income tax.
- (2) The Consideration for acquiring the Sale Shares is derived from the Forward Average NPAT over the Relevant Period, as elaborated in paragraph 3.1 of this announcement. As such, the respective net profit or loss targets are utilised in the illustrative post-acquisition EPS computation, instead of historical net profit of the Target Group.

Reference may be made to the **Base Consideration Scenario** however, to illustrate the post-acquisition EPS taking into account the historical performance of the Target Group, as the Target Group’s average annual NPAT of approximately S\$1,350,000 for the last three (3) financial years (i.e., FY2019, FY2020 and FY2021) (i.e., the Historical Average NPAT) was utilised to determine the consideration for the scenario.

In the case of the **Minimum Consideration Scenario**, the Target Group’s net loss is assumed to be S\$1,000,000, which is the basis for determining the consideration of S\$5,000,000.

In the case of the **Base Consideration Scenario**, the Target Group's net profit is assumed to be S\$1,350,000, which is the basis for determining the consideration of S\$8,100,000.

In the case of the **Maximum Consideration Scenario**, the Target Group's net profit is assumed to be S\$3,000,000, which is the basis for determining the consideration of S\$18,000,000.

- (3) For comparative purposes, the computation of the pre-acquisition weighted average number of Company Shares has been assumed to be the issued and paid-up Company Shares of 224,430,260 as at 31 March 2022.

In the case of the **Minimum Consideration Scenario**, 12,960,000 1st Tranche Consideration Shares is added to the pre-acquisition weighted average number of Company Shares to determine the post-acquisition weighted average number of Company Shares.

In the case of the **Base Consideration Scenario**, 12,960,000 1st Tranche Consideration Shares is added to the pre-acquisition weighted average number of Company Shares to determine the post-acquisition weighted average number of Company Shares.

In the case of the **Maximum Consideration Scenario**, 12,960,000 1st Tranche Consideration Shares and 18,333,333 2nd Tranche Consideration Shares are added to the pre-acquisition weighted average number of Company shares to determine the post-acquisition weighted average number of Company Shares.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the unaudited financial statements of the Group for the financial period ended 30 September 2022 (being the latest announced consolidated financial statements of the Group) and the unaudited financial statements of the Target Group for the corresponding financial period, the relative figures in respect of the Proposed Acquisition computed on the applicable bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule	Bases of Computation	Relative Figures (%)
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable ⁽¹⁾
Rule 1006(b)	The net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group's net profits	10.8% ⁽³⁾
Rule 1006(c)	The aggregate value of the consideration ⁽⁴⁾ given or received, compared with the issuer's market capitalisation ⁽⁵⁾ based on the total number of issued shares excluding treasury shares	8.1% ⁽⁶⁾ (<i>Minimum Consideration Scenario</i>) or 30.5% ⁽⁶⁾ (<i>Maximum Consideration Scenario</i>)

Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	5.2% ⁽⁷⁾ (<i>Minimum Consideration Scenario</i>) or 12.5% ⁽⁷⁾ (<i>Maximum Consideration Scenario</i>)
Rule 1006(e)	The 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount	Not applicable ⁽⁸⁾

Notes:

- (1) This basis under Rule 1006(a) of the Catalist Rules is not applicable as the Proposed Acquisition is not a disposal of assets.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, "**net profits**" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Under Rule 1002(3)(c) of the Catalist Rules, the net asset and net profit figures used for comparison with the transaction(s) under consideration will be taken from the latest announced consolidated accounts. The Exchange may allow the issuer's net asset value or net profit to be adjusted to take into account any transaction(s) completed subsequent to the latest announced consolidated accounts provided that adequate information about such transaction(s) has already been announced to shareholders.
- (3) The relative figure computed on the basis under Rule 1006(b) of the Catalist Rules is determined by dividing the Target Group's unaudited net profit of approximately S\$295,000 for the 6 months ended 30 September 2022 by the Group's unaudited net profit of approximately S\$2.7 million for the six (6) months ended 30 September 2022.
- (4) Pursuant to Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher. Under Rule 1002(4) of the Catalist Rules, "**market value**" means the weighted average price of the issuer's shares transacted on the market day preceding the date of the sale and purchase agreement.
- (5) Under Rule 1002(5) of the Catalist Rules, "**market capitalisation**" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement. The market capitalisation of the Company of approximately S\$60.1 million (determined by multiplying the number of 250,430,260 Company Shares in issue as at the date of this announcement by the VWAP of S\$0.24 of the Company Shares transacted on 19 December 2022 (being the full market day on which the Company Shares were traded immediately preceding the date of SPA). As at the date of this announcement, the Company does not have any treasury shares.

- (6) For illustrative purposes, the computation of the relative figures on the bases under Rule 1006(c) of the Catalist Rules is based on the Minimum Consideration Scenario and the Maximum Consideration Scenario (as illustrated in paragraph 6 of this announcement).

In the case of the **Minimum Consideration Scenario**, for the purpose of Rule 1003(3) of the Catalist Rules, the market value of 12,960,000 1st Tranche Consideration Shares is S\$3,110,400, based on the VWAP of S\$0.24 of the Company Shares transacted on 19 December 2022 (being the full market day on which the Company Shares were traded immediately preceding the date of SPA), and the net asset value (“NAV”) attributable to the 12,960,000 1st Tranche Consideration Shares is approximately S\$778,000, based on the latest announced unaudited financial statements of the Company as at 30 September 2022. Accordingly, as the market value is higher than the NAV, in accordance with Rule 1003(3) of the Catalist Rules, the aggregate consideration used for the computation under Rule 1006(c) of the Catalist Rules is S\$4,870,400 (comprising (i) S\$3,110,400 and (ii) the cash payment of S\$1,760,000 (being S\$4,860,000 payable under the Initial Tranche Payment minus the maximum amount of S\$3,100,000 payable in cash by the Vendor and the Controlling Shareholders to the Company under Profit Guarantee and the NLAT Undertaking)).

Therefore, the relative figure under Rule 1006(c) of the Catalist Rules is determined by dividing the aggregate consideration of S\$4,870,400 by the market capitalisation of the Company of approximately S\$60.1 million.

In the case of the **Maximum Consideration Scenario**, for the purpose of Rule 1003(3) of the Catalist Rules, the total market value of 12,960,000 1st Tranche Consideration Shares and 18,333,333 2nd Tranche Consideration Shares is S\$7,510,400, based on the VWAP of S\$0.24 of the Company Shares transacted on 19 December 2022 (being the full market day on which the Company Shares were traded immediately preceding the date of SPA), and the NAV attributable to the 12,960,000 1st Tranche Consideration Shares and 18,333,333 2nd Tranche Consideration Shares is approximately S\$1.9 million, based on the latest announced unaudited financial statements of the Company as at 30 September 2022. Accordingly, as the market value is higher than the NAV, in accordance with Rule 1003(3) of the Catalist Rules, the aggregate consideration used for the computation under Rule 1006(c) of the Catalist Rules is S\$18,310,400 (comprising (i) S\$7,510,400 and (ii) the cash payment of S\$10,800,000 (being S\$4,860,000 payable under the Initial Tranche Payment plus S\$5,940,000 payable under the Post-Completion Tranche Payment)).

Therefore, the relative figure under Rule 1006(c) of the Catalist Rules is determined by dividing the aggregate consideration of S\$18,310,400 by the market capitalisation of the Company of approximately S\$60.1 million.

- (7) For illustrative purposes, the computation of the relative figures on the bases under Rule 1006(d) of the Catalist Rules is based on the Minimum Consideration Scenario and the Maximum Consideration Scenario (as illustrated in paragraph 6 of this announcement).

In the case of the **Minimum Consideration Scenario**, the relative figure under Rule 1006(d) of the Catalist Rules is determined by dividing 12,960,000 1st Tranche Consideration Shares by 250,430,260 Company Shares in issue.

In the case of the **Maximum Consideration Scenario**, the relative figure under Rule 1006(d) of the Catalist Rules is determined by dividing 12,960,000 1st Tranche Consideration Shares plus 18,333,333 2nd Tranche Consideration Shares by 250,430,260 Company Shares in issue.

- (8) This basis is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed under Rules 1006(b), 1006(c) and 1006(d) of the Catalist Rules exceed 5% (but not exceed 75%), the Proposed Acquisition constitutes a “discloseable transaction” for the purposes of Chapter 10 of the Catalist Rules.

8. PROPOSED ISSURANCE AND ALLOTMENT OF CONSIDERATION SHARES AND ADDITIONAL LISTING APPLICATION

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. In the case of the Maximum Consideration Scenario, the total number of Consideration Shares to be issued to the Vendor will be approximately 31,293,333 Company Shares in the Company, representing approximately 12.5% of the existing issued and paid-up share capital of the Company of 250,430,260 Company Shares as at the date of this announcement and will represent approximately 11.1% of the enlarged issued and paid-up share capital of the Company of 281,723,593 Company Shares following the issuance of the 2nd Tranche Consideration Shares, assuming that no further shares in the capital of the Company were issued prior thereto.

Upon Completion and subsequent to the issuance of the 2nd Tranche Consideration Shares, assuming the Company does not otherwise issue any new Company Shares from the date of this announcement up to the issuance of the 2nd Tranche Consideration Shares, the Vendor will hold 31,293,333 Company Shares, representing approximately 12.5% of the issued Company Shares of the Company as at the date of this announcement and which shall represent approximately 11.1% of the enlarged issued share capital of the Company subsequent to the issuance of the 2nd Tranche Consideration Shares. Accordingly, the issuance of the Consideration Shares will not result in a transfer of controlling interest of the Company to the Vendor.

The Company will be relying on the general mandate previously obtained from shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 30 August 2022 for the issue and allotment of the 1st Tranche Consideration Shares.

An additional listing application will be made to the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist of the SGX-ST in due course and the Company will make the necessary announcements upon the receipt of the approval in-principle of the listing and quotation of the Consideration Shares from the SGX-ST.

9. DISCLOSURE UNDER RULE 1013 OF THE CATALIST RULES

In view of the Profit Guarantee set out in paragraph 3.2.1 of this announcement, the Company provides the following information in accordance with Rule 1013(1) of the Catalist Rules:

9.1 Rule 1013(1)(a) of the Catalist Rules: The views of the Board in accepting the Profit Guarantee and the factors taken into consideration and basis for such a view

The Board’s view on the Profit Guarantee is that the Profit Guarantee is reasonable and is beneficial to the Company, and helps to safeguard the interests of the Company and the Shareholders. In accepting the Profit Guarantee from the Vendor and the Controlling Shareholders in the SPA, the Board took into account factors including:

- (a) the intrinsic potential for the Target Group’s business to grow and Target Group’s order book;
- (b) the potential for growth in the regional telecommunication solutions markets in the near future;
- (c) the experience and track record of the Target Group and its key management in the business of telecommunication solutions;

- (d) the rationale for and benefits of the Proposed Acquisition, as elaborated in paragraph 4 of this announcement;
- (e) the principal assumptions made relating to the Profit Guarantee, as elaborated in paragraph 9.2 of this announcement below;
- (f) the reasonableness and achievability of the Profit Guarantee, in consideration of the Historical Average NPAT of the Target Group of approximately S\$1,350,000 for the last three (3) financial years (i.e., FY2019, FY2020 and FY2021) respectively; and
- (g) safeguards to ensure the Company's right of recourse in the event that the Profit Guarantee is not met, details of which are set out in paragraph 9.4 of this announcement below.

9.2 Rule 1013(1)(b) of the Catalist Rules: The principal assumptions including commercial bases and assumptions upon which the quantum of the Profit Guarantee is based

The principal assumptions, including commercial bases upon which the quantum of the Profit Guarantee is based, include, *inter alia*, the following:

- (a) operating expenses will either remain constant or that there will be a corresponding increase in revenue when operating expenses increase;
- (b) there will be no material changes in the existing political, legal (including changes in legislation or regulations or rules), fiscal, market or economic conditions in Singapore and Malaysia;
- (c) there will be no material changes in the bases or rates of taxation or duties applicable to the Target Group in Singapore or Malaysia;
- (d) there will be no material loss of major customers, major suppliers, strategic partners which are essential for the operations of the Target Group;
- (e) there will be no material capital expenditure during the period of the Profit Guarantee, beyond those included in the Target Group's annual budget;
- (f) there will be no interruption of the operations that will adversely affect the Target Group as a result of a shortage in supply of labour and/or telecommunication products or any other circumstances such as natural disasters, or changes in the regulatory regime in Singapore or Malaysia which are beyond the control of the Target Group's management;
- (g) there will be no material changes in the borrowings of the Target Group and the prevailing interest rates; and
- (h) there will be no material changes in the key personnel of the Target Group.

9.3 Rule 1013(1)(c) of the Catalist Rules: The manner and amount of compensation to be paid by the Vendor and/or the Controlling Shareholders in the event that the Profit Guarantee is not met and the conditions precedent, if any, and the detailed basis for such a compensation

The Consideration of up to S\$18,000,000 is calculated based on six (6) times multiple of the Forward Average NPAT, taking into account, *inter alia*, the Historical Average NPAT of approximately S\$1,350,000, the Profit Guarantee and the NLAT Undertaking given by the Vendor and each Controlling Shareholder to the Company. In particular, the Initial Tranche Payment of S\$8,100,000 has been determined taking into account the NTA of the Target Company as at 31 December 2022 shall not be less than S\$6,000,000.

As mentioned in paragraph 3.3 of this announcement, one of the Conditions Precedent is that the Target Company must satisfy the NTA Requirement (being not less than S\$6,000,000) as at 31 December 2022, and the Company will only proceed with Completion and make the Initial Tranche Payment (being S\$8,100,000) on Completion if all the Conditions Precedent (including the NTA Requirement) have been fulfilled.

Paragraph 3.1 of this announcement further provides that, if the Forward Average NPAT achieved by the Target Group over the Relevant Period is equal to or more than S\$1,000,000, but the Valuation is less than the Initial Tranche Payment (being S\$8,100,000) (i.e., the Shortfall Amount), the Company shall not be required to pay any amount to the Vendor under the Post-Completion Tranche Payment, and instead, the Controlling Shareholders and the Vendor shall be collectively and individually liable to pay back an amount equivalent to the Shortfall Amount in cash within thirty (30) calendar days after the Forward Average NPAT for the Relevant Period is determined.

As mentioned in paragraph 3.2 of this announcement, under the SPA, subject to the Company complying with its post-Completion undertakings following Completion and during the Relevant Period as stated in paragraph 3.5.2 of this announcement, in the event that the Forward Average NPAT achieved by the Target Group over the Relevant Period is less than the Profit Guarantee but not negative, the Controlling Shareholders and the Vendor recognise that the Company is acquiring the Sale Shares at a six (6) times multiple of the Profit Guarantee, and shall be collectively and individually liable to pay in cash to the Company a sum which shall be S\$2,100,000; and in the event that the Target Group incurs an Average NLAT over the Relevant Period, each Controlling Shareholder and the Vendor undertake to the Company that, in addition to the amount payable under the Profit Guarantee which shall be capped at \$2,100,000, each Controlling Shareholder and the Vendor shall be collectively and individually liable to pay in cash to the Company an amount equivalent to the Average NLAT over the Relevant Period incurred by the Target Group, provided that the aggregate amount payable by the Controlling Shareholders and the Vendor to the Company under the Profit Guarantee and the NLAT Undertaking shall be capped at S\$3,100,000.

The total amount payable (if any) by the Controlling Shareholders and/or the Vendor to the Company under the Profit Guarantee and the NLAT Undertaking (as the case may be) shall be assessed by the Company Auditors not later than 90 calendar days after the end of the Relevant Period, and shall be paid by the Controlling Shareholders and/or the Vendor in cash to the Company within thirty (30) calendar days after the Forward Average NPAT or the Average NLAT (as the case may be) for the Relevant Period is determined.

The Company considers that such a compensation mechanism is fair and in the interests of the Company.

9.4 Rule 1013(1)(d) of the Catalist Rules: The safeguards put in place to ensure the Company's right of recourse in the event that the Profit Guarantee is not met, if any

To safeguard the interests of the Company and the Shareholders, the Post-Completion Tranche Payment (i.e., up to S\$9,900,000) will only be paid at the end of the Relevant Period and if any, within thirty (30) calendar days after the Forward Average NPAT for the Relevant Period is determined, as illustrated by the formula in paragraph 3.1 of this announcement. The Company is of the view that this is a reasonable safeguard in the event that the Forward Average NPAT falls below the Historical Average NPAT, which was the basis utilised in the determination of the Initial Tranche Payment.

Furthermore, as the Company has, in addition to the Vendor, required each Controlling Shareholders to provide a warranty to make good in cash to the Company in the event that the Forward Average NPAT achieved by the Target Group over the Relevant Period is less than the Historical Average NPAT or the Profit Guarantee, the Company does not see a need for any additional safeguards.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS OF THE COMPANY

As at the date of this announcement, none of the Directors or the Company's controlling shareholders (as defined in the Catalist Rules) has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective directorship and shareholding interests (if any) in the Company.

11. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Acquisition.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 1004 Toa Payoh North, #02-17, Singapore 318995 for a period of three (3) months from the date of this announcement.

Shareholders who wish to inspect the SPA at the registered office of the Company are required to send an email request to investor_relations@iwow.com.sg to make an appointment in advance. The Company will arrange a date when each Shareholder can come to the registered office to inspect accordingly. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

13. CAUTION IN TRADING

Shareholders and potential investors should note that the Proposed Acquisition is subject to the fulfilment of certain conditions precedent as set out above, and are advised to exercise caution when trading in the Company Shares as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed.

The Company will keep Shareholders updated on any material developments in relation to the Proposed Acquisition by way of announcements as and when appropriate. Shareholders and potential investors are advised to read this announcement and any further announcements made 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

Bo Jiang Chek Raymond
Chief Executive Officer and Executive Director
22 December 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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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