

**THE PROPOSED DISPOSAL OF SHARES IN THE CAPITAL OF MANHATTAN PROPERTY DEVELOPMENT PTE. LTD. AND PROPOSED ENTRY INTO THE LOAN AGREEMENT WITH ONWARD CAPITAL PTE. LTD.**

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**A. OVERVIEW**

**1. INTRODUCTION**

1.1 The board of directors (the “**Directors**” or the “**Board**”) of Metis Energy Limited (“**Company**”, together with its subsidiaries, the “**Group**”) refers to:

- (a) the circular to the Company’s shareholders (“**Shareholders**”) dated 17 April 2020 (“**2020 Circular**”) in relation to the proposed material dilution of the Company’s shareholding interest in Manhattan Property Development Pte. Ltd. (“**MPDPL**”) from 51% to as low as 30%, which was duly approved and passed by the Shareholders at the extraordinary general meeting of the Company held on 11 May 2020;
- (b) the circular to the Shareholders dated 22 February 2022 (“**2022 Circular**”) in relation to, amongst others, the proposed diversification of the Group’s existing business to include the Renewal Energy Business (as defined below);
- (c) the Company’s announcement dated 5 August 2022 in relation to, amongst others, the increase in share capital of MPDPL on 14 January 2022 and the dilution of the Company’s shareholding interest in MPDPL to 33.20%; and
- (d) the Company’s announcement dated 19 August 2022 (the “**Announcement**”) in relation to, amongst others, the increase in share capital of MPDPL and the dilution of the Company’s shareholding interest in MPDPL to approximately 30.18% (such 42,177,051 ordinary shares in the capital of MPDPL, the “**Sale Shares**”).

1.2 Further to the above, the Board wishes to announce that the Company has on 2 September 2022:

- (a) entered into a conditional sale and purchase agreement (“**SPA**”) with Kaiyi Investment Pte. Ltd. (“**Kaiyi**”), pursuant to which the Company has agreed to sell, and Kaiyi has agreed to purchase, the Sale Shares (“**Proposed Disposal**”); and
- (b) entered into a loan agreement (“**Loan Agreement**”) with Onward Capital Pte. Ltd. (“**OCPL**”), pursuant to which OCPL has agreed to extend to the Company a loan facility up to a maximum principal amount of US\$30 million to finance the Group’s capital expenditure for renewable energy projects and general working capital requirements, to be disbursed in one or more tranches (“**Proposed Loan**”),

(collectively, the “**Proposed Transactions**”).

## **B. PROPOSED DISPOSAL**

### **2. INFORMATION ON MPDPL AND THE BUYER**

#### **2.1 Information on MPDPL**

As set out in, amongst others, the 2020 Circular, the Company had on 25 September 2014 entered into a joint venture agreement with Kaiyi in connection with the incorporation of MPDPL. Kaiyi is deemed to be an “interested person” under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”) and the Company had entered into the joint venture in reliance on the exemption set out under Rule 916(2) of the Listing Manual.

As at the date of this announcement, MPDPL is 30.18% held by the Company and 69.82% held by Kaiyi. The principal asset of MPDPL is its wholly-owned subsidiary, Manhattan Resources (Ningbo) Property Limited (“**MRN**”), which carries on the Group’s property development business in the People’s Republic of China (“**PRC**”), primarily being the development of the real estate project, Ningbo Yinzhou Manhattan Tower (“**Ningbo Project**”).

#### **2.2 Information on the Buyer**

The buyer, Kaiyi, is a private limited company incorporated in Singapore and its principal business activity is investment holding. Kaiyi is deemed to be an “interested person” under Chapter 9 of the Listing Manual. Please see paragraphs 7.1 and 7.2 further details.

#### **2.3 Value of the Sale Shares**

Based on the latest consolidated audited financial statements of the Group for the financial year ended 31 December 2021 (“**FY2021**”):

- (a) the book value of the Sale Shares is approximately S\$60,436,000; and
- (b) the net tangible asset value attributable to the Sale Shares is approximately S\$56,866,000.<sup>1</sup>

In connection with the Proposed Disposal, the Company had appointed the valuer, Yinxin (Ningbo) Asset Appraisal Co., Ltd. (“**Valuer**”), as an independent valuer to assess the value of the shares in the capital of MRN (“**MRN Shares**”). The valuation conducted by the Valuer was based on an asset-based approach. Based on the Valuer’s report (“**Valuation Report**”), the indicative value of the MRN Shares attributable to the Company as at 30 April 2022 was estimated to be approximately RMB311,219,000 (which is approximately US\$45,096,000<sup>2</sup> or S\$63,184,000<sup>3</sup>). Consequently, based on the assessed value of the MRN Shares as at 30 April 2022 as set out in the Valuation Report, the valuation of the Sale Shares as at 30 April

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<sup>1</sup> MPDPL is an investment holding company, and its principal asset is the MRN Shares. The book value of the Sale Shares and the net tangible asset value attributable to the Sale Shares are derived mainly from the book value and net tangible asset value attributable to the MRN Shares, with some accounting contribution from MPDPL.

<sup>2</sup> For the purposes of this announcement, the foreign exchange rate between Renminbi (“**RMB**”) and United States Dollars (“**US\$**”) is based on a foreign exchange rate of RMB1: US\$0.1449 as at 1 September 2022, as extracted from the website of Bloomberg.

<sup>3</sup> For the purposes of this announcement, the foreign exchange rate between US\$ and S\$ is based on a foreign exchange rate of US\$1: S\$1.4011 as at 1 September 2022 as extracted from the website of the Monetary Authority of Singapore (“**Exchange Rate**”).

2022 is estimated to be approximately US\$44,641,000 (which is approximately S\$62,547,000).<sup>4</sup>

### 3. SALIENT TERMS OF THE SPA

#### 3.1 Conditions Precedent

The Proposed Disposal is conditional upon the approval of the Shareholders to the sale of the Sale Shares by the Company to Kaiyi as required under the Listing Manual having been obtained (the “**Condition**”).

The Company shall use all reasonable endeavours to ensure the satisfaction of the Condition as soon as reasonably practicable and in any event no later than 31 October 2022 or such later date as the Company and Kaiyi may mutually agree in writing (“**Long Stop Date**”). In the event that the Condition is not satisfied on or before the Long Stop Date, the SPA (other than the surviving clauses) shall lapse.

#### 3.2 Sale Consideration

The aggregate consideration for the sale of the Sale Shares under the SPA is US\$45,700,000 (which is approximately S\$64,030,000) (the “**Sale Consideration**”).

Kaiyi is required under the SPA to pay a deposit of US\$5,000,000 in cash to the Company within two months from the date of the SPA. The deposit is refundable in full and without interest within five business days of the Long Stop Date if the completion of the sale of the Sale Shares does not take place and the SPA (other than the surviving clauses) lapses.

The Sale Consideration (less any deposit paid to the Company) will be paid by Kaiyi to the Company in cash by way of bank transfer on the completion of the sale of the Sale Shares pursuant to the SPA.

The Sale Consideration was arrived at on a willing-buyer, willing-seller basis, after taking into account prevailing market conditions, the value of the Sale Shares as disclosed in paragraph 2.3 and the rationale for the Proposed Disposal as disclosed in paragraph 4.1.

### 4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

4.1 The Board is of the view that the Proposed Disposal is in the best interests of the Company and its Shareholders as:

- (a) the Proposed Disposal is in line with the Company’s intention to diversify into the renewable energy business comprising on-grid and off-grid renewable energy business segments and selective clean energy power projects, with a focus on the Asia (primarily in Vietnam, Indonesia, the Philippines and Bangladesh) and Australia in the initial years between 2022 and 2025 (the “**Renewable Energy Business**”); and

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<sup>4</sup> As at 30 April 2022, the Company’s shareholding interest in MPDPL was approximately 33.20%. Further to the Announcement, the Company’s shareholding interest in MPDPL was diluted to approximately 30.18%. The valuation of MPDPL as at 30 April 2022 was based on the capital structure of MPDPL as at 30 April 2022 and did not take into account the subsequent increased capital contributions by Kaiyi in MPDPL in June 2022 and 19 August 2022. As the valuation was over all of the MRN Shares, and as the Company had not contributed any capital contribution to MPDPL since 30 April 2022, the Company had, in deriving the indicative value of the Sale Shares, applied a factor of 33.20% (the Company’s shareholding interest in MPDPL as at 30 April 2022) as opposed to 30.18% (the Company’s current shareholding interest in MPDPL). This approach was adopted for alignment and consistency with the same time period as the Valuation Report.

- (b) as highlighted in section 2.1(c)(ii)(A) of the 2022 Circular, the Company will not inject any additional funds for the property development segment. Accordingly, Kaiyi has taken the lead in funding the construction projects for property development in the Ningbo Project. Given that onshore project financing in the PRC has been delayed, instead of seeking Shareholders' approval for further dilution of its stake in MPDPL, the Company is seeking a full exit from its investment in MPDPL, as the proceeds from the Proposed Disposal will also provide another source of capital expenditure, development cost, and working capital for the Renewal Energy Business.

#### 4.2 Use of Proceeds

It is intended that the proceeds from the Proposed Disposal will be deployed as capital expenditure, development cost, and working capital for the Renewal Energy Business.

### 5. CHAPTER 10 OF THE LISTING MANUAL

#### 5.1 Relative figures

The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006 of the Listing Manual and based on the Group's latest announced consolidated financial statements, being the unaudited interim financial statements for the six months ended 30 June 2022 are set out below:

Rule 1006	Bases	Relative Figures (%) <sup>(1)</sup>
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	54.6%
(b)	Net loss attributable to the assets disposed of, compared with the Group's net profits	(1.3)% <sup>(2)</sup>
(c)	Aggregate value of the consideration <sup>(3)</sup> received compared with the Company's market capitalisation <sup>(4)</sup> of approximately S\$174,000,000 based on the total number of issued shares in the Company, excluding treasury shares.	36.8%
(d)	Number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in issue	Not applicable <sup>(5)</sup>
(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	Not applicable <sup>(6)</sup>

#### Notes:

- (1) Percentage figures are rounded to the nearest one (1) decimal place.
- (2) The relative figure is derived from the net loss attributable to the assets to be disposed of, being approximately S\$202,000, divided by the Group's net profit as at 30 June 2022, being approximately S\$15,204,000.
- (3) The Sale Consideration is approximately S\$64,030,000 based on the Exchange Rate.

- (4) “**market capitalisation**” is calculated by the number of ordinary shares in the capital of the Company (excluding treasury shares) multiplied by the volume weighted average market price of S\$0.058 per share as at 1 September 2022, being the market day immediately preceding the date of the SPA.
- (5) Not applicable, as the Company is not issuing any equity securities as consideration.
- (6) Not applicable, as the Company is not a mineral, oil and gas company.

As at least one of the relative figures computed based on Rule 1006(a) of the Listing Manual for the Proposed Disposal exceeds 20%, the Proposed Disposal would constitute a “major transaction” under Chapter 10 of the Listing Manual. Accordingly, the approval of Shareholders is required in respect of the Proposed Disposal.

## 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 6.1 Illustrative Nature of Financial Effects

The financial effects of the Proposed Disposal on the net tangible assets (“**NTA**”) per share and earnings per share (“**EPS**”) of the Company have been prepared based on the Group’s audited financial statements for FY2021. The financial effects below are purely for illustrative purposes and are not intended to reflect the actual future financial performance or position of the Group after completion of the Proposed Disposal.

### 6.2 NTA

Assuming that the Proposed Disposal had been effected on 31 December 2021 (being the end of the most recently completed financial year of the Group), the effects on the NTA per share of the Company would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$ million)	81.91	85.51
Number of ordinary shares (million)	3,001	3,001
NTA per ordinary share (cents)	2.73	2.85

### 6.3 EPS

Assuming that the Proposed Disposal had been effected on 1 January 2021 (being the beginning of the most recently completed financial year of the Group), the effects of the Proposed Disposal on the EPS of the Company would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to shareholders (S\$ million)	(1.70)	1.90

Weighted average no. of ordinary shares – Basic (million)	3,001	3,001
EPS (cents) – Basic	(0.06)	0.063

#### 6.4 Profit on the Proposed Disposal

Based on the audited consolidated financial statements of the Group for FY2021, the net profit attributable to the Sale Shares for FY2021 is S\$3,206,000. MPDPL and MRN have not generated operating profit as the Ningbo Project is still under development and has not started the sale process yet. As of 31 December 2021, the Group recorded a gain of approximately S\$10,622,000 in MPDPL, mainly due to a valuation conducted and a gain of approximately S\$12,991,000 was recognised arising from a gain on fair value adjustment on the property under development, investment property under construction and property, plant and equipment arising from dilution of interest in the investment.

The Sale Consideration constitutes an excess of approximately S\$3,594,000 over the book value of the Sale Shares as at 31 December 2021.

The Proposed Disposal will result in a gain on disposal of approximately S\$3,594,000.

### 7. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

#### 7.1 Details of the Interested Persons

As at the date of this announcement, Kaiyi has a total direct interest of 33.97% of the total issued share capital of the Company, is therefore considered a “controlling shareholder” of the Company under the Listing Manual and hence an “interested person” under Chapter 9 of the Listing Manual.

#### 7.2 Interested Person Transaction

Accordingly, the Proposed Disposal, which is a transaction between Kaiyi (an “interested person”) and the Company (being an “entity at risk”), constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.

The value of the Proposed Disposal, which is the Sale Consideration of US\$45,700,000 (which is approximately S\$64,030,000), represents approximately 78% of the Group’s latest audited NTA as at 31 December 2021. As the value of the Proposed Disposal exceeds 5% of the Group’s latest audited NTA, the Proposed Disposal is, pursuant to Rule 906 of the Listing Manual, subject to the approval of the independent Shareholders being obtained at an extraordinary general meeting of the Company to be convened.

#### 7.3 Total Value of All Interested Person Transactions for the Current Financial Year

- (a) Kaiyi Investment Pte. Ltd.

The total value of all interested person transactions entered into by the Group with Kaiyi (excluding the Proposed Disposal) for the current financial year beginning 1 January 2022 and up to the date of this announcement is approximately S\$352,000.

- (b) All

The total value of all interested person transactions entered into by the Group (excluding the Proposed Transactions) for the current financial year beginning 1 January 2022 and up to the date of this announcement is approximately S\$30,104,000 (such interested person transactions include the disposal of two land parcels in East Kalimantan to PT Dermaga Perkasapratama which was completed on 15 March 2022, as announced by the Company on 16 March 2022).

## **8. DIRECTORS' SERVICE CONTRACTS**

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

## **C. PROPOSED LOAN**

### **9. THE PROPOSED LOAN AS AN INTERESTED PERSON TRANSACTION**

#### **9.1 Details of the Interested Persons**

As at the date of this announcement:

- (a) Ms. Elaine Low is deemed interested in (i) the 830,046,700 shares in the capital of the Company held by Energy Resource Investment Pte Ltd (“**ERI**”) through her 33.3% shareholding interest in ERI; and (ii) the 1,019,475,000 shares in the capital of the Company held by Kaiyi through her 34.22% shareholding interest in Kaiyi and she is therefore considered a “controlling shareholder” of the Company under the Listing Manual; and
- (b) OCPL, which is wholly owned by Ms. Elaine Low, is therefore deemed to be an associate of Ms. Elaine Low and hence an “interested person” under Chapter 9 of the Listing Manual.

#### **9.2 Interested Person Transaction**

Accordingly, the Proposed Loan, which is a transaction between OCPL (an “interested person”) and the Company (being an “entity at risk”), constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.

Pursuant to Rule 909 of the Listing Manual, the value at risk to the Company under the Proposed Loan is the interest payable on the Proposed Loan. Based on the Group’s audited financial statements for FY2021, the Group’s consolidated audited NTA as at 31 December 2021 was approximately S\$81,914,000. Pursuant to Rule 906(1) of the Listing Manual, the Company must obtain shareholder approval for any interested person transaction of a value equal to, or more than 5% of the Group’s consolidated audited NTA, being approximately S\$4,096,000.

The interest rate under the Loan Agreement is the rate per annum fixed for the applicable SOFR Interest Period<sup>5</sup> (calculated monthly on the basis of the actual number of days elapsed and a 365-day year) fixed at 2 percent (2%) above the secured overnight financing rate administered by the Federal Reserve Bank of New York (or any other person who takes over the administration of that rate) published (before any correction, recalculation or republication by the administrator) by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate (“**SOFR Rate**”) as at the start of the SOFR Interest Period. Assuming the maximum principal amount of US\$30 million is fully drawn down on the date of this announcement and the interest rate under the Loan Agreement remains constant at 4.29%<sup>6</sup> per annum, the total interest payable by the Company to OCPL under the Loan Agreement will exceed S\$4,096,000 in about 2 years.

Consequently, notwithstanding that the value at risk to the Company under the Proposed Loan, being the interest payable under the Proposed Loan, does not currently exceed 5% of the Group’s consolidated audited NTA, given (a) that interest rates are expected to increase in the short-to-medium term (which may result in the value at risk to the Company to exceed 5% of the Group’s consolidated audited NTA); and (b) it is possible for the total interest payable under the Loan Agreement to exceed 5% of the Group’s consolidated audited NTA, for good order and so that the Company will not be required to seek the approval of independent Shareholders in the event that the 5% threshold is subsequently crossed, the Company intends to seek the approval of the independent Shareholders for the Proposed Loan at an extraordinary general meeting of the Company to be convened, pursuant to Rule 906 of the Listing Manual.

### 9.3 **Details and Rationale for the Proposed Loan**

Under the terms of the Loan Agreement, OCPL has agreed to extend to the Company a loan facility up to a maximum principal amount of US\$30 million to finance the Group’s capital expenditure for renewable energy projects and general working capital requirements, to be disbursed in one or more tranches.

If there should be any disposal of any of the Company’s subsidiary(ies) after the date of the Loan Agreement, the maximum principal amount of the loan facility shall be reduced by an amount equal to the aggregate proceeds received by the Company from all such disposal(s) in accordance with the Loan Agreement.

The Proposed Loan is interest-bearing and unsecured. The Company has agreed to use its reasonable endeavours to repay the Proposed Loan and accrued interest progressively on an annual basis in accordance with the terms of the Loan Agreement, with the first payment to be made on 15 December 2027 and the final payment to be made on 15 December 2031.

Upon the occurrence of any fund raising exercise by the Company, unless otherwise agreed in writing between the Company and OCPL, the Proposed Loan, together with accrued interest, and all other amounts accrued under the Loan Agreement will be immediately due and payable in full within 10 days of the date of the Company’s receipt of proceeds from such

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<sup>5</sup> “**SOFR Interest Period**” is defined in the Loan Agreement to mean, in relation to (a) a particular tranche of drawdown (“**Drawdown**”) (other than the final Drawdown), the period commencing from the date of disbursement of such Drawdown and ending on the date immediately preceding the date of the next Drawdown and (b) the final Drawdown, the period commencing from the date of disbursement of such final Drawdown and ending on the date the loan under the Loan Agreement has been fully repaid by the Company.

<sup>6</sup> Calculated based on the SOFR Rate as at the date of this announcement of 2.29%.



fund raising exercise (or such other date as may be required by OCPL in its absolute discretion), and the facility under the Loan Agreement will be immediately cancelled.

The Company is of the view that the Proposed Loan will benefit and finance the Group's capital expenditure for new solar projects, general working capital requirements and expenses relating to the Renewable Energy Business.

Moreover, the Company is of the view that the terms of the Loan Agreement are more attractive compared to other financing options which generally required (a) the provision of security at high interest rates of more than 2.4% per annum above the SOFR Rate for non-recourse loan; and (b) the provision of security, joint and several guarantees by the Company. In comparison, the Loan Agreement is unsecured and the interest rate per annum of 2% above the SOFR Rate as at the start of the SOFR Interest Period is within the range of several secured loans which the Group currently has, and of which are lower than the other financing options currently available. Therefore, the Loan Agreement is considered the most viable option, as it will give the Group the ability and flexibility to quickly tap on the funds should the need arises, without the need to provide any security, charge or mortgage over assets.

**Shareholders should note that in the event the Proposed Loan is not approved by Shareholders, there is no assurance that the Group will be able to obtain alternative funding for the Renewable Energy Business on comparable terms or at all, or that any such alternative funding will be obtained in a timely manner to enable the Group to meet its financial obligations relating to the Renewable Energy Business.**

#### 9.4 **Total Value of All Interested Person Transactions for the Current Financial Year**

(a) OCPL

The total value of all interested person transactions entered into by the Group with OCPL (excluding the Proposed Loan) for the current financial year beginning 1 January 2022 and up to the date of this announcement is approximately S\$0.

(b) All

The total value of all interested person transactions entered into by the Group (excluding the Proposed Transactions) for the current financial year beginning 1 January 2022 and up to the date of this announcement is approximately S\$30,104,000 (such interested person transactions include the disposal of two land parcels in East Kalimantan to PT Dermaga Perkasapratama which was completed on 15 March 2022, as announced by the Company on 16 March 2022).

#### **D. OTHER MATTERS**

#### **10. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Company has appointed W Capital Markets Pte. Ltd. as its independent financial adviser (“**IFA**”) to advise the Directors of the Board who are independent for the purposes of the Proposed Transactions (the “**Independent Directors**”) and the audit committee of the Company (the “**Audit Committee**”) on the Proposed Transactions as interested person transactions.

A copy of the letter from the IFA to the Independent Directors will be included in the Circular (as defined below).

**11. AUDIT COMMITTEE STATEMENT**

The Audit Committee will be obtaining an opinion from the IFA before forming its view on whether each of the Proposed Transactions as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

**12. CIRCULAR TO SHAREHOLDERS**

A circular to Shareholders containing further information on, amongst others, the Proposed Disposal as a major transaction and an interested person transaction and the Proposed Loan as an interested person transaction (“**Circular**”), together with a notice of extraordinary general meeting of the Company, will be despatched or disseminated (as the case may be) to Shareholders in due course.

**13. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed in this announcement, none of the Directors or the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Transactions, otherwise than through their respective shareholdings (if any) in the Company.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the SPA and the Valuation Report are available for inspection at the registered office of the Company at 133 New Bridge Road, #18-09, Chinatown Point, Singapore 059413, during normal business hours on any weekday for three (3) months from the date of this announcement.

To minimise physical interactions and COVID-19 transmission risks, Shareholders should provide their name, contact number, proposed date and time of inspection to the receptionist at 6345 0777 at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the SPA and/or the Valuation Report.

**15. CAUTIONARY STATEMENT**

Shareholders should note that there is no certainty or assurance that any of the Proposed Transactions will be completed. Accordingly, Shareholders are advised to exercise caution when trading in the shares of the Company. The Company will make the necessary announcements when there are further material developments on the Proposed Transactions. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

**BY ORDER OF THE BOARD**

Tang Kin Fei  
Board Chairman  
4 September 2022