

ALPINA HOLDINGS LIMITED
(Company Registration No.: 202138650H)
(Incorporated in the Republic of Singapore on 8 November 2021)

**ENTRY INTO A (1) JOINT VENTURE AGREEMENT AND (2) CONDITIONAL PUT AND CALL
OPTION AGREEMENT WITH TERRENUS ENERGY PTE. LTD.**

1 INTRODUCTION

The board of directors (the “**Board**”) of Alpina Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 23 March 2022 (“**23 March Announcement**”) in relation to the joint award of the sixth solar leasing tender (the “**Project**”), with a solar capacity of 70 megawatt-peak (MWp), by the Housing & Development Board (“**HDB**”) to Digo Corporation Pte. Ltd. (“**Digo Corporation**”), a wholly-owned subsidiary of the Company, and Terrenus Energy Pte. Ltd. (“**Terrenus Energy**”, and together with Digo Corporation, the “**Parties**” or each a “**Party**”). All capitalised terms used herein, unless otherwise defined or where the context otherwise requires, shall bear the same meaning ascribed to them in the 23 March Announcement.

Further to the 23 March Announcement, the Company wishes to announce that Digo Corporation had on 17 May 2022 entered into a joint venture agreement (the “**JVA**”) and a conditional put and call option agreement (the “**PCOA**”) with Terrenus Energy in relation to the Project.

2 THE JOINT VENTURE

2.1 INFORMATION ON TERRENUS ENERGY

Terrenus Energy is a renewable energy systems developer and solutions provider established in September 2016. Terrenus Energy develops, operates, and innovates real estate systems and technologies to generate green electricity for the modern power grid.

Terrenus Energy and its shareholders are independent and unrelated parties to the Group, the Group’s directors, officers, controlling shareholders or their respective associates.

2.2 SALIENT TERMS OF THE JVA

2.2.1 Formation of the JV Company and its share capital

Under the JVA, the Parties shall jointly incorporate and establish a joint venture company in Singapore (the “**JV Company**”) to carry out the business of design, supply, installation, testing, commissioning and operation of the Grid-Tied Solar Photovoltaic System as contemplated under the Project, or such other businesses as the Parties may agree from time to time (the “**Joint Venture**”).

Pursuant to the terms of the JVA, each of the Parties will subscribe for such number of new shares in the JV Company (the “**Subscription Shares**”) such that on completion of the subscription, the JV Company will have an initial issued and paid-up share capital of S\$100.00 comprising 100 ordinary shares, of which S\$51.00 shall be contributed by Digo Corporation and S\$49.00 shall be contributed by Terrenus Energy, and the shareholding proportion of the JV Company shall be as follows:

Party	Number of Subscription Shares	Shareholding Proportion
Digo Corporation	51	51.0%
Terrenus Energy	49	49.0%

Subject to prior mutual agreement by the Parties, each Party may contribute further capital contributions ("**Capital Call**") based on the needs of the Project, on a pro-rata basis, in accordance with the shareholding proportion as set out above. Where such Capital Call is made, new shares in the JV Company will be allotted and issued to each Party accordingly.

It is also agreed under the JVA that the board of directors of the JV Company, which will be responsible for the management, direction and control of the JV Company, will comprise primarily of representatives from Terrenus Energy.

Pursuant to the terms of the JVA, the Parties agree that neither the Company, Digo Corporation nor any member of the Group is required to provide or create any indemnity or collateral warranty, or any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of the JV Company or any other agreement or arrangement having a similar effect, in respect of the Project and/or the JV Company.

2.2.3 *Rationale for the JVA*

The Parties are entering into the JVA for the purposes of establishing the JV Company for executing the Project.

2.3 SALIENT TERMS OF THE PCOA

2.3.1 In connection with the Joint Venture, the Parties had also entered into the PCOA to regulate certain put and call option arrangements in relation to the shares in the JV Company to be held by Digo Corporation.

Pursuant to the terms of the PCOA:

- (a) Terrenus Energy will grant to Digo Corporation and Digo Corporation will obtain an option (the "**Put Option**") from Terrenus Energy pursuant to which Digo Corporation will have the right to require Terrenus Energy to purchase 46 of the 51 Subscription Shares to be held by Digo Corporation, representing 46.0% of the issued and paid-up share capital in the JV Company immediately upon incorporation (the "**Option Shares**").
- (b) Digo Corporation will grant to Terrenus Energy and Terrenus Energy will obtain an option (the "**Call Option**") from Digo Corporation, pursuant to which Terrenus Energy will have the right to purchase the Option Shares from Digo Corporation.
- (c) Each of the Put Option and the Call Option is exercisable during the period commencing from the date of incorporation of the JV Company to the date falling eighteen (18) months from the date of award of the Project (both dates inclusive) (the "**Option Period**"). In the event Digo Corporation or Terrenus Energy fail to exercise the Put Option or the Call Option, respectively, prior to the expiry of the Option Period, the Put Option and the Call Option (as the case may be) shall be deemed to be automatically lapsed on the day immediately after the last day of the Option Period.
- (d) The Put Option may be exercised by Digo Corporation by issuing a put option notice to Terrenus Energy, and the Call Option may be exercised by Terrenus Energy by issuing a call option notice to Digo Corporation. The exercise of the Put Option shall extinguish Terrenus Energy's Call Option, and the exercise of the Call Option shall extinguish Digo Corporation's Put Option.
- (e) The exercise price for the Put Option and the Call Option is fixed at S\$350,000 ("**Exercise Price**"), payable upon completion of the exercise of the Put Option or the Call Option.

The Exercise Price was agreed between Digo Corporation and Terrenus Energy on a willing buyer, willing seller basis based on, *inter alia*, the following considerations:

- (i) the short tenure of the Option Period which is up to only eighteen (18) months from the date of award of the Project, which means the transfer of the Option Shares, to the extent the Put Option or Call Option is exercised, would be undertaken at an early stage of the Project;
 - (ii) the management of the JV Company and the Project is contemplated to be primarily undertaken by Terrenus Energy;
 - (iii) Digo Corporation's investment in the JV Company is anticipated to be only S\$51.00 during the Option Period without any further capital injection or borrowings to be provided by Digo Corporation or the Group to the JV Company; and
 - (iv) the fair value of the Project as at 30 June 2022 based on an independent valuation, details of which are set out under section 2.4 of this announcement.
- (f) In the event Digo Corporation is to hold more than 51 ordinary shares in the JV Company prior to the exercise of the Put Option or the Call Option, the Put Option and the Call Option shall not be capable of being exercised by Digo Corporation or Terrenus Energy, respectively. In such event, the terms of the PCOA, including the inclusion of any such additional shares in the JV Company as Option Shares and the Exercise Price, shall be re-negotiated between the Parties subject to, *inter alia*, the applicable requirements under Chapter 10 of the Catalist Rules.
- (g) On completion of the exercise of the Put Option or the Call Option, the Parties will enter into an addendum to the JVA, pursuant to which Digo Corporation will no longer enjoy any veto rights in respect of issuance of new shares in the JV Company, but will retain the right of first refusal to be offered such new shares at the same price per share offered to other subscriber(s) and on a pro-rata basis in accordance with its shareholding proportion in the JV Company.

2.3.2 Conditional PCOA

- (a) The PCOA is conditional upon the JV Company being incorporated in accordance with the terms of the JVA. If the JV Company is not incorporated, the PCOA will be deemed terminated and has no further effect.
- (b) The completion of the exercise of the Put Option or the Call Option shall in all cases be subject to the receipt of approvals, consents, and/or authorisations as may be relevant or required under applicable law from the relevant authorities.

2.3.3 Rationale for entry into the PCOA

The Group had intended for Digo Corporation to hold a majority stake in the JV Company upon incorporation because of its L6 grading in the BCA Workhead: ME05-Electrical Engineering which is required for the Project. Upon the exercise of the Put Option or the Call Option, it is expected that Digo Corporation's shareholding interest in the JV Company will be reduced to 5.0%.

The Company plans to eventually reduce its shareholding interest in the JV Company to that of a passive minority investment and minimise the Group's exposure to the capital requirements and risks associated with undertaking the Project as the Group's core expertise does not lie in the overall management of the Project. Further, to the extent that the Group is successful in being engaged as the engineering, procurement and construction contractor of the Project, the Company intends, in such a scenario, to focus on the development of the Project in such capacity which is of greater relevance to the core expertise of the Group.

Taking into consideration the above, the Board considers it to be in the best interests of the Group to only have a minority stake in the Joint Venture. As such, Digo Corporation has entered into the PCOA to provide certainty for the divestment of the Group's majority stake in the JV Company at an early stage of the Project during the Option Period.

2.3.4 Rule 1006 of the Catalyst Rules

For the purposes of Chapter 10 of the Catalyst Rules, the relative figures for the exercise of the Put Option or the Call Option, computed on the bases set out under Rule 1006 of the Catalyst Rules and based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2021, do not exceed 5%. Accordingly, the exercise of the Put Option or the Call Option as contemplated under the PCOA constitutes a "non-discloseable" transaction and approval from shareholders of the Company will not be required.

2.4 FINANCIAL EFFECTS OF THE JVA AND THE PCOA

The subscription of the Subscription Shares by Digo Corporation under the JVA, including the Capital Call in the future (if any), will be funded by the Group through its internal resources. As at the date of this announcement, the JV Company has not been incorporated and had not commenced operations nor own any assets. Accordingly, the book value and net tangible assets value of the Subscription Shares is nil. Based on the independent valuation report dated 10 May 2022 ("**Valuation Report**") commissioned by Terrenus Energy, the fair value of the Project as at 30 June 2022, based on the "Income Method – Discounted Cashflows" methodology, was approximately S\$0.72 million.

The incorporation of the JV Company is therefore not expected to have any material impact on the net tangible assets and earnings per share of the Group for the financial year ending 31 December 2022 ("**FY2022**").

As the Project would be at an early stage during the Option Period and Digo Corporation's investment in the JV Company is anticipated to be only S\$51.00 during the Option Period without any further capital injection or borrowings to be provided by Digo Corporation or the Group to the JV Company, the PCOA and the exercise of the Put Option or the Call Option is also not expected to have a material impact on the earnings per share and net tangible assets per share of the Group for FY2022.

3 **INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS**

None of the directors, controlling shareholders or substantial shareholders of the Company, or their respective associates, has any interest, direct or indirect, in the JVA and the PCOA, other than through their respective shareholdings in the Company.

4 **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the JVA, the PCOA and the Valuation Report are made available for inspection during normal business hours at the registered office of the Company at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Mr Low Siong Yong

Executive Chairman and Chief Executive Officer

Date: 17 May 2022

*This announcement has been prepared by the Company and has been reviewed by the Company's sponsor ("**Sponsor**"), United Overseas Bank Limited, for compliance with Rules 226(2)(b) and 753(2) of the Catalist Rules. This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contract person for the Sponsor is Mr Lim Hoon Khia, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 48624, telephone: +65 6533 9898.*