

SINOPIPE HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200411382N)

**SALE AND PURCHASE AGREEMENT
IN RESPECT OF THE PROPOSED ACQUISITION OF
TEN-LEAGUE ENGINEERING & TECHNOLOGY PTE. LTD. (THE “TARGET”)**

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Sinopipe Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that further the binding but conditional memorandum of understanding dated 18 May 2020 (the “**MOU**”) entered into between the Company and Ten-League Corporations Pte. Ltd. (the “**Vendor**”) in respect of the proposed acquisition by the Company of all (and not some only) of the issued and fully paid up shares (ordinary or otherwise) in the capital of Ten-League Engineering & Technology Pte. Ltd. (the “**Target**”) legally owned by the Vendor (the “**Sale Shares**”), the parties have on 29 December 2020 further entered into a definitive share purchase agreement for the aforesaid proposed acquisition (the “**SPA**”).

The Board hereby draws the attention of Shareholders to the following announcements that were previously made by the Company:

- (a) Announcement dated 18 May 2020 in relation to the entry by the Company into the MOU in connection with the above-stated proposed acquisition of the Sale Shares (the “**Proposed Acquisition**”);
- (b) Announcement dated 27 July 2020 in relation to, among others, the grant of approval by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the extension of time to meet the requirements for a new listing under Rule 1018(2) under Chapter 10 of the Listing Manual of the SGX-ST, Section A: Rules of Mainboard (the “**SGX-ST Mainboard Rules**”);
- (c) Announcement dated 7 December 2020 in relation to, among others, the grant of approval by the SGX-ST for the further and final extension of time to complete the Proposed Acquisition and the proposed reverse takeover of the Company as defined under Chapter 10 of the SGX-ST Mainboard Rules (“**RTO**”),

collectively, the “**Previous Announcements**”.

Capitalised terms and expressions used herein, unless otherwise defined, shall have the meaning ascribed to each of them in the Previous Announcements.

As noted in the Previous Announcements, the Proposed Acquisition shall be subject to, among others: (i) the approval from the SGX-ST for the transfer of listing of the Company from the Mainboard of the SGX-ST to the Catalist board of the SGX-ST (the “**SGX-ST Catalist**”); (ii) the

provisions of the Listing Manual of the SGX-ST, including Section B: Rules of Catalist (the “**SGX-ST Catalist Rules**”), in particular, Catalist Rule 803 and Catalist Rule 1015 thereof; and (iii) the terms and conditions of the SPA.

If undertaken and completed, the Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the SGX-ST Mainboard Rules.

In accordance with Chapter 10 of the SGX-ST Mainboard Rules, the Proposed Acquisition will be subject to, amongst others, the approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting of Shareholders (“**EGM**”) to be convened pursuant to Rule 1015 of the SGX-ST Mainboard Rules.

2. INFORMATION ON THE PROPOSED ACQUISITION

The information on the Target and the Vendor was provided by the Vendor. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1 Information on the Vendor

The Vendor is a Singapore-incorporated company and owns the total issued and paid-up share capital of the Target.

The Vendor as well as each of its directors and shareholders are not related to the Directors, controlling Shareholders, or their respective associates. As at the date of this announcement, the Vendor does not hold any shares in the share capital of the Company (“**Shares**”).

2.2 Information on the Target

The Target is a Singapore-incorporated company whose primary business, as of the date of the SPA, is that of a heavy equipment engineering solution provider that serves primarily the construction and foundation industries (the “**Business**”).

2.3 Rationale for and benefits of the Proposed Acquisition

The Company has been deemed a cash company, with trading in its Shares suspended since 2 April 2012. Through the Proposed Acquisition and the injection of the new business of the Target, it will allow for the Group to resume trading in its Shares and provide a major additional revenue stream. The Company also believes that the Proposed Acquisition will have the potential to increase the market capitalisation and widen the investor base of the Company, thereby enabling the Company to increase investors’ interest in the Shares. The Company is of the view that it would be in the longer term interest of the Shareholders to explore the injection of new businesses with good prospects such as those carried on by the Target. The Company further wishes to note that the alternative to the Proposed Acquisition is a delisting and liquidation of the Company and in such liquidation scenario (especially after taking into consideration the Company’s current cash position as well as the total liabilities owing by the Company), Shareholders are not likely to receive any distribution arising from the liquidation.

Upon completion of the sale and purchase of the Sale Shares ("**Completion**"), the Target will become a wholly-owned subsidiary of the Company, and the core business of the Company will be that of the Target (the Group and the Target upon Completion shall herein be collectively referred to as the "**Enlarged Group**").

2.4 Principal terms of the SPA

2.4.1 Proposed Acquisition

The Company shall, on the terms and subject to the conditions set out in the SPA, purchase from the Vendor and the Vendor shall, in consideration of the Purchase Consideration (as defined below), as legal and beneficial owner, transfer to the Company, all and not only some of the Sale Shares free from all claims, liens, charges, pledges, mortgages, trusts, equities and other encumbrances, and with the benefit of all rights, benefits and entitlements attaching thereto, with effect from the date of Completion ("**Completion Date**"), subject to and upon satisfaction of the conditions precedent in the SPA.

2.4.2 Purchase Consideration

Pursuant to the terms of the SPA, the purchase consideration for the Sale Shares payable by the Company (the "**Purchase Consideration**") shall be deemed to be satisfied in full by the allotment and issuance of new Shares (credited as fully paid) by the Company to the Vendor (and/or its designated nominees), such new Shares to be allotted and issued at an issue price to be determined by mutual agreement between the Company and the Vendor (the "**Issue Price**") to satisfy the Purchase Consideration (fractional entitlements disregarded) (the "**Consideration Shares**"). For the avoidance of doubt, the Vendor may, in its absolute discretion, renounce all or any part of the Consideration Shares in favour of any other person or persons as the Vendor may, in its absolute discretion, deem fit.

The Purchase Consideration for the Sale Shares payable by the Company shall be determined by mutual agreement in writing between the Company and the Vendor within two (2) weeks from the issue of the report produced in connection with the Proposed Acquisition valuing the business of the Target by an independent business valuer or such other person (acceptable to the financial adviser of the Company) to be appointed by the Company pursuant to Rule 1015(2) of the SGX-ST Catalist Rules ("**Business Valuation Report**"). In arriving at the Purchase Consideration, the Company and the Vendor agree to take into account the following:

- (a) The Valuation of the Target (as defined below);;
- (b)
 - (i) On the basis that the Valuation of the Target is determined to be not less than S\$25 million but not more than S\$50 million, the total number of Consideration Shares to be allotted and issued to the Vendor (or to its order) shall constitute 92% of the total issued capital of the Company on a fully enlarged basis immediately following Completion, with the Shares held by or for the existing Shareholders of the Company and any other parties designated by the Company (including any introducer who is entitled to payment of fee) constituting the balance 8%.
 - (ii) Where the Valuation of the Target is determined to be more than S\$50 million, the Vendor and the Company agree that the total number of Consideration Shares to

be allotted and issued to the Vendor (or to its order) shall constitute a percentage of the total issued capital of the Company on a fully enlarged basis immediately following Completion ("**Entitled Percentage**") determined as follows:

$$\text{Entitled Percentage (\%)} = \frac{V_T - S_v}{V_T} \times 100$$

Where:

V_T = Valuation of the Target

S_v = S\$4 million

- (c) Where the Valuation of the Target is determined to be less than S\$25 million, either of the Vendor and the Company may exercise its right of termination under the SPA provided always that prior to the exercise of such termination, the Vendor and the Company (each acting reasonably) shall enter into good faith discussion and negotiations to determine if parties can reach mutual agreement to continue with the Proposed Acquisition and if so, agree on the total number of Consideration Shares to be allotted and issued to the Vendor (or to its order) as well as the percentage shareholding that such Consideration Shares would constitute in respect of the total issued capital of the Company on a fully enlarged basis immediately following Completion. For the avoidance of doubt, where the Vendor and the Company are not able to reach mutual agreement as aforesaid within 30 days after the Valuation of the Target has been determined, either party shall be entitled to exercise its right of termination under the SPA without further reference to the other.
- (d) Where new Shares or securities convertible into new Shares are issued prior to Completion for valuable consideration (other than in connection with the Proposed Acquisition) with the mutual agreement of the Vendor and the Company, the Vendor and the Company (both acting reasonably) shall enter into good faith discussion and negotiations to arrive at a mutually acceptable adjustment to the Purchase Consideration and the number of Consideration Shares to be allotted and issued to the Vendor (or to its order).

The Consideration Shares shall be issued as fully-paid shares and shall rank *pari passu* in all respects with and carry all rights similar to the Shares in issue then, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

In this announcement, the "**Valuation of the Target**" shall mean the market value of equity of the Target as determined and reported in the Business Valuation Report, which value shall: (i) include and take into account the financial statements of the Target in respect of the most recent completed financial year or financial period (as agreed between the Vendor and the Company) and as audited and reported by the reporting accountant and the order book of the Target; and (ii) be based on a price earnings multiple of not less than 10 times (or, if less than 10 times, such multiple (if not less than 9 times) that is acceptable to the Vendor (acting reasonably) or (if less than 9 times) that is acceptable to the Vendor in its absolute discretion.

Shareholders should note that the number of Consideration Shares and the Issue Price may be adjusted to take into consideration any share consolidation.

2.4.3 Conditions Precedent

Completion of the Proposed Acquisition shall be subject to, amongst others, the fulfillment and satisfaction of the following conditions precedents (collectively, the “**Conditions Precedent**”) on or prior to the Completion Date:

- (a) the completion of the legal, financial and commercial due diligence conducted by the Company in respect of the accounts, assets, liabilities and businesses of the Target to be carried out by the Company and/or its appointed advisers on the Target (the “**Due Diligence Investigations**”) and the results of such due diligence being satisfactory in the reasonable opinion of the Company provided that the Company shall not deem the outcome of the Due Diligence Investigations unsatisfactory without reasonable cause and without first giving the Vendor and the Target a reasonable period to remedy any default in respect thereof;
- (b) the completion of the Due Diligence Investigations to be carried out by the Vendor and/or its appointed advisers on the Company and the results of such due diligence being satisfactory in the reasonable opinion of the Vendor provided that the Vendor shall not deem the outcome of the Due Diligence Investigations unsatisfactory without reasonable cause and without first giving the Company a reasonable period to remedy any default in respect thereof;
- (c) the rectification, or the procurement of such rectification, to the reasonable satisfaction of the Company by the Vendor, of all issues or irregularities uncovered by the Company during the Due Diligence Investigations on the Target;
- (d) the rectification, or the procurement of such rectification, to the reasonable satisfaction of the Vendor by the Company, of all issues or irregularities uncovered by the Vendor during the Due Diligence Investigations on the Company;
- (e) the Securities Industry Council of Singapore (the “**SIC**”) having granted the Vendor and its concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) for the Shares of the Company not held by the Vendor and its concert parties and from having to comply with the requirements of Rule 14 of the Code subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Vendor; and (ii) the Independent Shareholders (as defined herein) approving at a general meeting of the Company the proposed ordinary resolution of the Company which if passed by such Independent Shareholders would result in a waiver by such Independent Shareholders of their right to receive a mandatory general offer from the Vendor and parties acting in concert with the Vendor in connection with the issue of the Consideration Shares under the Proposed Acquisition (the “**Whitewash Resolution**”);
- (f) the Company receiving the following approvals from its Shareholders (and in the case of the Whitewash Resolution, the Independent Shareholders) at an extraordinary general meeting to be convened, for:
 - (i) the proposed share consolidation of existing Shares;

- (ii) the Proposed Acquisition;
 - (iii) the Whitewash Resolution;
 - (iv) if required by the Vendor, the change of name of the Company;
 - (v) the proposed new general share issue mandate;
 - (vi) the proposed appointment of new Directors;
 - (vii) the proposed change of the financial year end of the Company, if necessary as subsequently notified to the Company by the Vendor in writing;
 - (viii) the proposed change of auditors if necessary as notified to the Company by the Vendor in writing;
 - (ix) the capitalisation of all debts and liabilities owing by the Company (whether or not currently or then due) as of the date of the SPA and any additional debts and liabilities arising after the date of the SPA up to and including the Completion Date (but other than debts and liabilities owing to governmental authorities, regulators (such as the SGX-ST) and certain professionals providing on-going services which are essential to the continuing subsistence of the Company), such capitalisation being on terms and subject to conditions acceptable to the Vendor, acting reasonably (the “**Capitalisation of the Debts**”); and
 - (x) such other corporate action(s) in connection with the Proposed Acquisition, as may be necessary;
- (g) the Capitalisation of the Debts having been duly completed no later than the Completion Date and, in any event, before the Completion;
 - (h) there being no delisting of the existing Shares of the Company from the Mainboard of the SGX-ST on or prior to the Completion Date, and there being no order or threat of such delisting post-Completion;
 - (i) the appointment of such directors nominated by the Vendor to form the Company's Board on the Completion Date provided always that the directors so nominated by the Vendor are qualified to hold such directorships under applicable laws;
 - (j) the Company and Vendor not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
 - (k) the Vendor having obtained all consents, approvals and authorisation of any bank, financial institutions, landlord, government, statutory or regulatory authorities or any relevant third party in Singapore or any other jurisdiction in which the Target operates (if any) which are necessary or desirable in connection with the transactions contemplated under the SPA,

and such consents, approvals and authorization has not been amended or revoked prior to Completion Date, and if subject to conditions, on such conditions acceptable to the Company;

- (l) the Company having obtained all consents, approvals and authorisation of any bank, financial institutions, landlord, government, statutory or regulatory authorities or any relevant third party in Singapore or any other jurisdiction in which the Company operates (if any) which are necessary or desirable in connection with the transactions contemplated under the SPA, and such consents, approvals and authorization has not been amended or revoked prior to Completion Date, and if subject to conditions, on such conditions acceptable to the Vendor;
- (m) there being no material breach by the Vendor of the representations, warranties, covenants and indemnities given by the Vendor as set out in the SPA and such other agreements to be entered into by parties in connection with the Proposed Acquisition;
- (n) there being no material breach by the Company of the representations, warranties, covenants and indemnities given by the Company as set out in the SPA and such other agreements to be entered into by parties in connection with the Proposed Acquisition;
- (o) there being no material adverse change, or events, acts or omissions likely to lead to such a change, in the business, assets, prospects, performance, financial position or results of operations of Target from the date of the SPA provided always any such adverse change arising from or directly contributed by the COVID-19 situation (including any circuit breaker or lock-down orders issued by any governmental authority or body) shall not be covered by this sub-clause;
- (p) approval in principle being received from the SGX-ST for the dealing in and quotation for the Consideration Shares as well as the resumption of trading, such approval not being revoked, rescinded or cancelled prior to Completion and, where such approval in principle is obtained subject to any conditions, such conditions being reasonably acceptable to the Vendor and the Company;
- (q) the delivery of a disclosure letter (in such form to be agreed by the Company and the Vendor in writing) by the Vendor to the Company and the Company being reasonably satisfied with the contents thereof of the disclosure letter as on the Completion Date (which shall include, by reference, any disclosures pertaining to the Target and the Business as will be found in the shareholders' circular to be issued by the Company in connection with the Proposed Acquisition);
- (r) the Company being free from all liabilities, contingent or otherwise, save for:
 - (i) costs and expenses incurred in the ordinary course of the Company's business;
 - (ii) the usual administrative and operational costs and expenses for the maintenance of the Company as a company listed on the SGX-ST Catalist upon and following the Completion;

- (iii) the costs and expenses in connection with the proposed transactions contemplated in the SPA and/or in connection with the Proposed Acquisition and other transaction costs; and
- (iv) debts and liabilities owing to governmental authorities, regulators (such as the SGX-ST) and certain professionals providing on-going services which are essential to the continuing subsistence of the Company;
- (s) the Target meeting and complying with all the requirements for listing on the SGX-ST Catalist;
- (t) the receipt of a notification by each of the SGX-ST and the SGX-ST Catalist sponsor confirming that it has no further comments to the Company's draft shareholders' circular prepared in relation to the Proposed Acquisition, and the compliance by the Company of all the conditions which may be imposed by the SGX-ST in connection thereto;
- (u) the allotment, issue and subscription of the Consideration Shares, the Capitalisation of the Debts and other corporate action(s) not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Target and/or the Company;
- (v) approval in principle being received from the SGX-ST for the Proposed Acquisition, the Capitalisation of the Debts, the transfer of the listing status from the Mainboard of the SGX-ST to the SGX-ST Catalist and such other corporate action(s) in connection with the Proposed Acquisition, the Capitalisation of the Debts and the transfer of the listing status from the Mainboard of the SGX-ST to the SGX-ST Catalist, as may be necessary, and where such approval is obtained subject to any conditions, such conditions being reasonably acceptable to the Vendor and the Company; and
- (w) the two British Virgin Islands subsidiaries of the Company (namely, Best Connect Resources Limited and Eagle Super Associates Limited) having been sold, wound-up, deregistered or otherwise disposed of from the books of the Company on or before the Completion on terms and conditions that are reasonably acceptable to the Vendor.

If any of the Conditions Precedent is not fulfilled or waived by mutual consent of the Company and the Vendor by the date falling 12 months from the date of the SPA or such later date as the Company and the Vendor shall determine in their discretion (the "**Long Stop Date**"), the SPA shall cease and determine and (save as provided in the SPA, or for any antecedent breach of the SPA) none of the parties to the SPA shall have any claim against any other party to the SPA for costs, damages, compensation or anything whatsoever.

For the purpose of this announcement, "**Independent Shareholders**" shall mean the Shareholders other than (a) the Vendor; (b) persons acting in concert with the Vendor; (c) persons not considered independent of the persons mentioned in (a) and (b) of this definition for the purpose of the Whitewash Resolution; and (d) persons ruled by the SIC as not independent for the purposes of the Whitewash Resolution.

2.4.4 Undertakings

(a) Vendor's Undertakings

Save with the written consent of the Company (such consent not to be unreasonably withheld), or for the purposes of the Capitalisation of the Debts, the Vendor and Target jointly and severally agree with and undertake to the Company, from the date of the SPA to the Completion Date, that the Vendor or the Target (as the case may be) shall:

- (i) carry on its Business in its usual and normal course and that Target shall not enter into any contract or commitment or do anything which is not in the ordinary and usual course of its business of the Target carried on as of the date of the SPA (the "**Business**";
- (ii) preserve and maintain in full force and effect its corporate existence and: (i) in the case of the Target, carry on its Business in the ordinary course of business so as to maintain the same as a going concern;
- (iii) not acquire the whole or any substantial part of the undertaking, assets or business of any other company or any firm or person or enter into any joint venture or partnership with any other person save with the mutual agreement of the parties (such agreement not to be unreasonably withheld);
- (iv) not make any loans or grant any credit (other than given in the ordinary course of trading and advances made to employees against expenses incurred by them on its behalf), save where it is furtherance of or to carry out the Business;
- (v) not enter into any guarantee, indemnity or surety or otherwise create any contingent liabilities, save where it is in furtherance of or to carry out the Business;
- (vi) not enter into any transaction of a financial nature (comprising one or more transactions) including incurrence of any borrowing under any existing or future banking and credit facilities and granting of any guarantee, indemnity, performance bond, lien, pledge, charge (including fixed and floating charge), mortgage or other security and the incurrence of any other form of indebtedness, save where it is in furtherance of or to carry out the Business;
- (vii) not take or omit to take or agree or commit to take or omit to take any action that would make any representation and warranties set out in the SPA inaccurate in any material respect as of any time prior to the Completion Date;
- (viii) not commence, compromise or discontinue any legal or arbitration proceedings (other than routine debt collection) of a material nature;
- (ix) not incur any capital expenditure or commitments exceeding S\$50,000 which is not in the ordinary course of its Business;
- (x) not issue, allot or transfer or grant to any person the right (whether conditional or otherwise) to call for the issue, allotment or transfer of any shares or debentures

in Target (including any options or right of pre-emption or conversion) and that Target will not enter into any agreement or arrangement for the foregoing;

- (xi) not enter into any negotiation, arrangement, agreement, memorandum of understanding or other relationships with any third party:
 - (I) in relation to or in connection with the sale of major assets and undertakings of the Target, save for transactions in the ordinary course of its Business; or
 - (II) which may materially and adversely affect the Vendor's ability to perform its obligations under and carry out the transactions contemplated by the SPA,

without the prior written consent of the Company, such consent not to be unreasonably withheld or delayed;

- (xii) allow the Company and only persons authorised by the Company access, by prior appointment, to the premises, books, documents, correspondences and records of Target for the purposes of carrying out the Due Diligence Investigations;
- (xiii) not take or omit to take any action or step which may materially adversely affect the business, condition (financial or otherwise) or prospect of the Target;
- (xiv) provide and further agree to procure the provision of all information and documents as may be reasonably requested by the Company and/or its professional advisers for the purpose of, inter alia, applying to the SGX-ST for the Consideration Shares to be admitted to, and listed for, quotation on the Catalist and preparing the Circular to be forwarded to the Shareholders;
- (xv) take all necessary steps to convene a meeting of the board of directors of Target to approve the registration of the transfer of the Sale Shares in favour of the Company;
- (xvi) the Vendor shall use its best endeavours to fulfil the relevant Conditions Precedent on or before the Long Stop Date;
- (xvii) the Vendor shall use its best efforts to give effect to the completion of the Proposed Acquisition; and
- (xviii) the Vendor shall comply in all material respects with applicable laws.

The Vendor and the Target further jointly and severally agree with and undertake to the Company that each of them shall do all things necessary such that the Target maintains and/or meets the listing criteria and other criteria for the purpose of carrying out a reverse takeover exercise provided under the SGX-ST Mainboard Rules and SGX-ST Catalist Rules from the date of the SPA to the Completion Date.

(b) The Company's Undertakings

- (i) The Company agrees and undertakes to the Vendor that it will ensure the completion of the Capitalisation of the Debts on or before the Completion Date.
- (ii) The Company agrees with and undertakes to the Vendor that on or before the Completion Date:
 - (I) it shall use its best endeavours to fulfil the relevant Conditions Precedent;
 - (II) it will take all necessary steps to convene an extraordinary general meeting as soon as practicable to approve the transactions contemplated under the SPA, in this regard the Company shall use its best endeavours to procure irrevocable undertakings from a majority of the Shareholders, to vote in favour of the transactions contemplated under the SPA at the extraordinary general meeting to be convened as set out above;
 - (III) it will submit an additional listing application to the SGX-ST for the listing and quotation of the Consideration Shares and that it will at all times promptly furnish any undertakings and do all such acts and things as may be within its powers and required for such purposes and use its best endeavours to maintain such listing and comply with all requirements and procedures of the SGX-ST and the Central Depository (Pte) Limited relating to the listing and quotation of the same;
 - (IV) it shall: (i) conduct its business in the ordinary course and not carry out any cause of action that may diminish the value of the Company; and (ii) maintain its listing status on the Mainboard of the SGX-ST;
 - (V) it shall ensure that there shall not be any amendment to the Constitution of the Company, unless otherwise required pursuant to the Proposed Acquisition and/or the Capitalisation of the Debts;
 - (VI) it shall, subject to the signing of the customary non-disclosure agreements, procure that each of the Company and its subsidiaries shall promptly give to the Vendor, its agents, representatives and professional advisers at their request, such information relating to the relevant company that the Vendor or its professional advisers may reasonably require in connection with the Vendor's Due Diligence Investigations on the Company;
 - (VII) it shall comply in all material respects with applicable laws;
 - (VIII) it shall not take or omit to take or agree or commit to take or omit to take any action that would make any representation or warranty of the Company hereunder inaccurate in any material respect;
 - (IX) it shall use its best efforts to effect the completion of the Proposed Acquisition;

- (X) it shall not carry on any business, operations, enter into any agreement, contract (whether orally or in writing) or enter into any contractual commitments without the prior consent of the Vendor, save where it is for the purpose of effecting any transaction contemplated under the SPA or in connection with the Proposed Acquisition or in furtherance of or to carry out the Company's existing business;
- (XI) it shall not provide or give any guarantee or indemnity to secure the debts or liabilities of any of its subsidiaries or any third party, or otherwise create any contingent liability. The Company agrees and undertakes to the Vendor that it shall discharge in full existing guarantees and any other guarantee and indemnity that may arise subsequent to the date of the SPA and up to (and including) the Completion Date prior to the date falling one (1) week after the Completion Date;
- (XII) it shall not issue, allot or grant to any person the right (whether conditional or otherwise) to call for the issue or allotment of any shares or debentures in the Company (including any options or right of pre-emption or conversion) and that the Company will not enter into any agreement or arrangement for the foregoing, save for and as provided under the SPA;
- (XIII) it shall not do anything to cause the delisting of the Shares on the Mainboard of the SGX-ST; and
- (XIV) it shall, as at Completion, be free of all liabilities (contingent or otherwise) save for such being set out in the SPA.

Pending Completion, the Company shall consult with and obtain consent from the Vendor in relation to any matters which may have a material effect upon the Company in the context of the Proposed Acquisition.

2.4.5 Termination

- (a) Notwithstanding anything contained in the SPA and without prejudice to its other rights or remedies under the SPA, either of the Company or the Vendor may (but is not obliged to) by notice to the other parties given at any time prior to Completion, terminate the SPA if there shall have come to the notice of the first mentioned party whether as a result of its due diligence exercise or otherwise of any material breach of the representations, warranties and/or undertakings contained in the SPA and such breach is not capable of remedy, or if capable of remedy is not remedied to the reasonable satisfaction of the first mentioned party within 21 calendar days, or such other time period to be mutually agreed between parties in writing, after its receipt of a written notice from the first mentioned party demanding for the remedy of such breach.
- (b) In the event that (i) the SGX-ST rejects the application for dealing in and quotation of the Consideration Shares or fails to approve the Proposed Acquisition, for whatever reason; or (ii) a condition imposed by the SIC (see paragraph 2.5 below) or by SGX-ST are deemed unreasonable; or (iii) any of the Conditions Precedent cannot be fulfilled through no fault of any of the parties (provided that the exercise of rights by any party according to those

conferred under the SPA shall not be considered a fault of that party, if attributable to or caused by factors beyond the control of the parties) and has not been waived by the relevant parties in accordance with the terms of the SPA; or (iv) the SGX-ST issues a notification of delisting to the Company, the parties shall in good faith discuss and explore possible ways to restructure the transactions contemplated in the SPA within three (3) months thereof or such later date to be agreed between the parties. In the event that the parties fail to restructure the transactions contemplated in the SPA, the SPA shall *ipso facto* cease and determine at the sole option of the Company or the Vendor, as the case may be, and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise except for antecedent breaches of the terms hereof including the undertakings contained in the SPA, save for provisions that are stated to survive the termination of the SPA.

- (c) In the event that the Valuation of the Target is determined to be less than S\$25 million (but subject to the Vendor and the Company (each acting reasonably) having entered into good faith discussion and negotiations to determine if parties could reach mutually agreement to continue with the Proposed Acquisition), either of the Company or the Vendor may (but is not obliged to) by notice to the other parties given at any time prior to Completion, terminate the SPA, save for provisions that are stated to survive the termination of the SPA.

2.4.6 Costs and Expenses; Vendor Funding

- (a) Each party to the SPA shall bear and pay for its own costs and expenses incurred in connection with the negotiation, preparation and execution of the SPA and the completion of the transactions contemplated under the SPA.
- (b) The Vendor has agreed to advance or procure the advancement of such amount of funding (“**Vendor Funding**”) that is required by the Company to pay for the Company’s own costs and expenses incurred in connection with the negotiation, preparation and execution of the SPA and the completion of the transactions contemplated under the SPA (including but not limited to the Proposed Acquisition, the Capitalisation of the Debts, the convening of the extraordinary general meeting to obtain requisite approvals of the Shareholders as well as the fees and expenses relating to the appointment and engagement of professional advisers to the Company). The Vendor Funding shall be repaid on the Completion Date either in cash or in Shares, at the option of the Vendor but subject to the receipt of approval-in-principle from the SGX-ST for the listing and quotation of such Shares, such Shares to be issued at the same Issue Price as that for the Consideration Shares.

2.5 **Waiver from the SIC**

Based on the terms of the SPA, it is anticipated that upon Completion, the Vendor and parties acting in concert with the Vendor will incur an obligation to make a mandatory general offer for all the remaining issued Shares not already owned, controlled or agreed to be acquired by them pursuant to Rule 14 of the Code. As such, the Vendor will be seeking a waiver of the obligation of the Vendor and parties acting in concert with them to make a mandatory general offer under Rule 14 of the Code from the SIC as a result of the Proposed Acquisition.

2.6 Transfer of Listing

Based on the terms of the SPA, the Proposed Acquisition will be subject to, among others, approval from the SGX-ST for the transfer of listing of the Company from the Mainboard of the SGX-ST to the SGX-ST Catalist at or immediately following Completion.

3. PROPOSED SHARE CONSOLIDATION

Under Rule 1015(3)(c) of the SGX-ST Catalist Rules, where the consideration for the acquisition of assets by the issuer is to be satisfied by the issue of shares, the price per share after adjusting for any share consolidation must not be lower than S\$0.20. Accordingly, in conjunction with the Proposed Acquisition and subject to Shareholders' approval being obtained, the Company will undertake a share consolidation exercise based on such ratio as may be mutually agreed between the Company and the Vendor, which shall satisfy the aforementioned requirements of Rule 1015(3)(c) of the SGX-ST Catalist Rules (the **"Proposed Share Consolidation"**) on or before Completion. The details of the Proposed Share Consolidation will be set out in the shareholders' circular (the **"Circular"**) to be despatched to Shareholders in due course.

4. PROPOSED COMPLIANCE PLACEMENT

Pursuant to Rule 724 of the SGX-ST Catalist Rules, the SGX-ST may suspend trading of the Shares if the percentage of Shares held in public hands falls below 10.0%. The SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10.0%. In addition, the Company will be required to comply with Rule 1015(3)(a) read with Rules 406(1)(a) and (c) of the SGX-ST Catalist Rules, where at least 15.0% of the enlarged share capital of the Company (excluding treasury shares) (the **"Enlarged Share Capital"**) must be held by at least 200 public Shareholders (the **"Public Float Requirement"**). Rule 406(1)(b) of the SGX-ST Catalist Rules further provides that in the computation of Shares held in public hands, existing public Shareholders may be included, subject to an aggregate limit of 5.0% of the Enlarged Share Capital and provided such Shares are not under moratorium.

Accordingly, in connection with the Proposed Acquisition, the Company will be required to place out Shares to satisfy the Public Float Requirement (the **"Proposed Compliance Placement"**) and the issue price for any new Shares to be placed out pursuant to the Proposed Compliance Placement shall not be less than S\$0.20. The details of the Proposed Compliance Placement will be set out in the Circular to be despatched to Shareholders in due course.

5. RELATIVE FIGURES UNDER RULE 1006

As the Purchase Consideration will only be determined at a later stage, the Company is currently unable to determine the relative figures under Rule 1006. It is envisioned that the relative figures under Rules 1006(b), 1006(c) and/or 1006(d) of the Catalist Rules will exceed 100.0%, and given that the Consideration Shares to be issued to the Vendor pursuant to the Proposed Acquisition shall constitute no less than 15.0% of the Enlarged Share Capital, the Proposed Acquisition will result in a change in control of the Company on Completion, and would constitute a "Reverse Takeover" transaction pursuant to Rule 1015 of the Catalist Rules. Accordingly, the Proposed Acquisition shall be conditional upon, amongst others, the approval of the SGX-ST and the Shareholders.

The relative figures will be announced as soon as the Purchase Consideration is determined.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION, HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP AND PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The Company will provide the financial effects of the Proposed Acquisition, the historical financial information of the Target and one (1) year of *pro forma* financial information of the Enlarged Group by way of a further announcement or the Circular to be issued in due course.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial Shareholders or their respective associates has any interests, direct or indirect, in the Proposed Acquisition, the Capitalisation of the Debts, the Proposed Share Consolidation and the Proposed Compliance Placement, other than through their respective shareholding interests in the Company, if any.

Mr Wang Sen, Chairman and Non-Independent Non-Executive Director of the Company, is a creditor to the Company in respect of debts due and owing to him from the Company amounting in aggregate to a sum of S\$1,371,371.14 as of 29 December 2020, which debts form part of the subject-matter of the Capitalisation of the Debts.

8. SERVICE CONTRACTS

As at the date of this announcement, the Company has not entered into any service agreement with any person proposed to be appointed as a Director or executive officer in connection with the Proposed Acquisition. It is envisaged that the Company will, on or prior to Completion, enter into service agreements on terms acceptable to the Company and the Vendor. The details of such appointments and service agreements (if any) will be set out in the Circular to be despatched to Shareholders in due course.

9. APPOINTMENT OF FINANCIAL ADVISER AND FULL SPONSOR

The Company has appointed Hong Leong Finance Ltd as the financial adviser and full sponsor for the purposes of the Proposed Acquisition and the RTO.

10. APPOINTMENT OF REPORTING ACCOUNTANTS AND INDEPENDENT FINANCIAL ADVISER

The Company has appointed Foo Kon Tan LLP as the reporting accountants for the purposes of the Proposed Acquisition and the RTO.

The Company will be appointing an independent financial adviser ("**IFA**") to advise the Directors who are considered independent of the Whitewash Resolution. The Company will in due course announce the appointment of the IFA, and the advice of the IFA will be set out in the Circular to be despatched to Shareholders.

11. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

11.1 Circular

The Circular setting out, amongst others, the terms of the Proposed Acquisition, the Capitalisation of the Debts, the Proposed Share Consolidation, the Proposed Compliance Placement, and the opinion and/or recommendations of the IFA in relation to the Whitewash Resolution, together with a notice of EGM, will be despatched by the Company to the Shareholders in due course.

11.2 SPA available for inspection

A copy of the SPA will be made available for inspection during normal business hours at the Company's place of business at 16 Ayer Rajah Crescent #07-04 Singapore 139965 for a period of 3 months from the date of this announcement.

12. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for the information on the Target and the Vendor in paragraphs 2.1 and 2.2 of this announcement) and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading (save that in respect of information relating to the Target and the Vendor in paragraphs 2.1 and 2.2 of this announcement, such information is given based on information available to the Company as at the date of this announcement and is subject to further due diligence investigation and verification). Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their Shares as the Proposed Acquisition is subject to the terms of the SPA, which contains certain conditions, and there is no certainty or assurance as at the date of this announcement that such conditions will be fulfilled and, if fulfilled, the Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Mr Wang Sen
Non-Executive Chairman
30 December 2020