OIO HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201726076W)

ENTRY INTO A SALE AND PURCHASE AGREEMENT WITH MR FAN CHEE SENG IN RELATION TO THE PROPOSED DISPOSAL OF SHARES IN DLF ENGINEERING PTE. LTD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY

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1. INTRODUCTION

The board of directors (the "**Board**") of OIO Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that it has on 1 August 2022 entered into a sale and purchase agreement ("**SPA**") with Mr. Fan Chee Seng (the "**Purchaser**") for the sale of 80,000 issued ordinary shares in the share capital of DLF Engineering Pte. Ltd. (the "**Sale Shares**") representing the entire issued and paid-up share capital of DLF Engineering Pte. Ltd. ("**DLFE**") for a total consideration of S$5,000 (the "**Sale Consideration**"), upon the terms and subject to the conditions of the SPA (the "**Proposed Divestment**"). The Purchaser is an Executive Director of the Company and holds 12.20% of the total issued and paid-up shares of the Company ("**Shares**").

2. INFORMATION RELATING TO DLFE

2.1. DLFE is a private company incorporated in Singapore on 14 October 1999. As at the date of this announcement, DLFE has an issued and paid-up share capital of S$80,000 comprising 80,000 issued ordinary shares and is wholly owned by the Company.

2.2. DLFE has one (1) subsidiary incorporated in Singapore, namely ACMES-Kings Corporation Pte. Ltd. Both DLFE and ACMES-Kings Corporation Pte. Ltd. ("**ACMES-Kings**") are in the business of providing mechanical and electrical engineering services ("**M&E Engineering Services**"). In addition, as announced on 21 February 2022, the Company had placed ACMES-Kings into creditors' voluntary liquidation and it is currently under the process of liquidation managed by the appointed liquidators.

2.3. Based on DLFE's audited consolidated financial statements as at 31 December 2021 as well as unaudited consolidated financial statements as at 31 March 2022, it recorded net loss before and after tax of approximately S$115,622 and S$128,528 respectively for the financial year ended 31 December 2021 and net loss before and after tax of approximately S$97,877 and S$97,877 respectively for the financial period ended 31 March 2022, and net tangible assets and net book value of approximately S$(1,735,292) and S$(584,501) respectively as at 31 March 2022[1].

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[1] After adjusting for the waiver of amounts owed by DLFE to entities in the Group (other than DLFE and its subsidiaries) of S$1,150,791, which were waived by such Group entities on 1 August 2022. For the avoidance of doubt, the waiver of the amounts owed are not a condition of the Proposed Divestment.

2.4. Following the Proposed Divestment, the Group will no longer be actively involved in the M&E Engineering Services business segment. While two (2) subsidiaries of the Company, DLF Pte Ltd and DLF Prosper Pte Ltd, remain in the M&E Engineering Services business segment, both entities are dormant, and are intended to be wound up by the Group in the near future, in line with the Group's plans to exit from the M&E Engineering Services business segment entirely.

3. PRINCIPAL TERMS OF THE SPA

3.1. Sale Consideration

The Sale Consideration of S$5,000 payable by the Purchaser to the Company was arrived at after negotiations on an arm’s length basis and on a willing-buyer and willing-seller basis, after taking into account, *inter alia*:

(i) the past financial results of DLFE with continuous net losses since the financial year ended 31 December 2018 until the period ended 31 March 2022, together with the future outlook and projection of DLFE;

(ii) the negative net tangible asset of DLFE as of 31 March 2022;

(iii) the valuation of DLFE as set out in the valuation report issued by Cushman and Wakefield ("**Independent Valuer**"), an independent firm of professional valuers which had been commissioned by the Company to conduct an independent valuation on the Sale Shares ("**Valuation Report**") as at 25 July 2022. The valuation was based on a Cost Approach and had taken into account the waiver of amounts owed by DLFE to entities in the Group as mentioned above. Based on the Valuation Report, the value of the Sale Shares as at 31 May 2022 is S$ nil.

Notwithstanding the above, the waiver of amounts owed by DLFE to entities in the Group (other than DLFE and its subsidiaries) amounting to S$1,150,791 have been included in the Sale Consideration for the purpose of computing the relative figure under Rule 1006(c), further details of which are set out in paragraph 5 below.

Pursuant to the SPA and subject to the satisfaction (or waiver) of certain conditions precedent stipulated therein (“**Conditions Precedent**”), the Sale Consideration shall be fully satisfied by the Purchaser in the following manner:

(a) upon execution of the SPA, the Purchaser shall pay a deposit of $2,500 (the "**Deposit**"), which Deposit shall be applied towards satisfaction of the Sale Consideration upon completion of the Proposed Divestment ("**Completion**"); and

(b) the balance payment of S$2,500 shall be paid by the Purchaser to the Company on Completion.

As at the date hereof, the Deposit has been paid to the Company.

The excess of the sale proceeds over the book value of the Sale Shares is S$5,000. The Group intends to apply the sale proceeds towards the professional fees incurred for the Proposed Divestment.

3.2. Conditions Precedent

The Proposed Divestment is conditional upon the satisfaction (or waiver) of, *inter alia*, the following Conditions Precedent:

(a) the satisfaction by Company of any approvals required for the sale of the Sale Shares under the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") if required; and

(b) the sale of the Sale Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after 1 August 2022 by any legislative, executive, or regulatory body or authority of Singapore which is applicable to the Group.

Completion is intended to take place on 12 August 2022 (the “**Completion Date**”).

4. RATIONALE FOR THE PROPOSED DIVESTMENT

DLFE has been in the business of M&E Engineering Services since its incorporation in 1999. DLFE was acquired by the Company before the Company’s initial public offering (“**IPO**”) on the SGX Catalist in 2018. Subsequent to the IPO, the construction industry was adversely impacted by, amongst others, unfavourable market conditions, business activity disruptions, severe labour shortages and high costs of materials. As a result, DLFE’s profitability and cash flow declined and DLFE lost its financial capacity to accept large-scale projects. In addition, the Covid-19 pandemic further exacerbated the impact on DLFE’s business, with continuous net losses being recorded since the financial year ended 31 December 2018 until the period ended 31 March 2022.

The Board believes that the Proposed Divestment is in the interests of the Company for the following reasons:

(i) DLFE has been a loss-making company since the financial year ended 31 December 2018 and has continued to record net losses up till the financial period ended 31 March 2022. Accordingly, the Proposed Divestment is expected to improve the financial position of the Group;

(ii) DLFE has a negative net tangible assets and net book value of approximately S$(1,735,292) and S$(584,501) respectively as at 31 March 2022[2], and the Proposed Divestment will improve the Group’s balance sheet;

(iii) DLFE is not expected to generate any future economic benefit for the Group in the foreseeable future, as it does not have any material projects in the pipeline;

(iv) The operations of the M&E business has impacted the overall performance of the Group and will continue if the Group does not proceed with the Proposed Divestment. For avoidance of doubt, although the overall M&E business indicated a profit before tax amounting to S$188,965 based on the unaudited consolidated financial statements of the

[2] After adjusting for the waiver of amounts owed by DLFE to entities in the Group (other than DLFE and its subsidiaries) of S$1,150,791, which were waived by such Group entities on 1 August 2022. For the avoidance of doubt, the waiver of the amounts owed are not a condition of the Proposed Divestment.

Group as at 31 March 2022, the profits was due to a one-off gain amounting to S$292,784 (non-cash in nature) arising due to the creditors' voluntary liquidation of ACMES-Kings Corporation Pte Ltd; and

(v) The Proposed Divestment is in line with the Group's plans to exit from the M&E Engineering Services business segment entirely in order to focus its resources wholly on its growing blockchain technology business moving forward.

5. CHAPTER 10 OF THE CATALIST RULES

5.1. Relative Figures under Rule 1006 of the Catalist Rules

The relative figures for the Proposed Divestment computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value(1) of the assets to be disposed of, compared with the group's net asset value.	(6.45)
(b)	The net profits(2) attributable to the assets acquired or disposed of, compared with the group's net profits.	39.25(3)
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	2.49(4)
(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.	Not applicable(5)
(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(6)

Notes:

(1) The net asset value of DLFE includes the waiver of amounts owed by DLFE to entities in the Group (other than DLFE and its subsidiaries) of S$1,150,791, which were waived by such Group entities on 1 August 2022.

(2) Net profits is defined to be profit or loss before income tax, non-controlling interests and extraordinary items.

(3) The relative figure for Rule 1006(b) has been computed based on (a) DLFE's unaudited net loss for the first quarter ended 31 March 2022 ("**1QFY2022**") of approximately S$97,877; and (b) the Group's unaudited consolidated net loss for 1QFY2022 of approximately S$249,361.

(4) The aggregate value of the consideration includes the waiver of amounts owed by DLFE to entities in the Group (other than DLFE and its subsidiaries) of S$1,150,791, which were waived by such Group entities on 1 August 2022. The Company's market capitalisation of approximately S$46,337,586 is based on its total number of issued ordinary shares ("**Shares**") of 187,222,569 and the weighted average price of $0.2475 per Share on 29 July 2022, being the last traded market day prior to the date of the SPA.

(5) This basis is not applicable as the Proposed Divestment does not involve an acquisition.

(6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

Pursuant to paragraph 4.4(c) read with paragraph 4.4(e) of the Practice Note 10A of the Catalist Rules, as:

(i) the absolute relative figure computed on the basis of each of Rule 1006(a), 1006(b) and Rule 1006(c) does not exceed 50%; and

(ii) the disposal results in a gain on disposal on the Group’s profit and loss statement for the year ending December 2022.

the Proposed Divestment will be classified as a disclosable transaction under Rule 1010 of the Catalist Rules not requiring the approval of shareholders of the Company ("**Shareholders**").

6. FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

The unaudited pro forma financial effects of the Proposed Divestment on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Divestment.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2021 and the unaudited consolidated financial statements of DLFE for 1QFY2022, as well as the following bases and assumptions:

(a) the financial effects on the consolidated net tangible asset ("**NTA**") per Share is computed based on the assumption that the Proposed Divestment had been completed on 31 December 2021;

(b) the financial effects on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Divestment had been completed on 1 January 2021;

(c) expenses to be incurred in respect of the Proposed Divestment are estimated to be approximately S$40,000; and

(d) the disposal is expected to result in a gain of S$128,805 based on the balance sheet of DLFE as of 31 May 2022, before deducting the expenses mentioned in section 6(c).

6.1. NTA per Share

As at 31 December 2021	Before the Proposed Divestment	After the Proposed Divestment

NTA (S$'000)	(4,097) [3]	(4,009)
NTA per Share (cents)	(2.19)	(2.15)

6.2. EPS

As at 1 January 2021	**Before the Proposed Divestment**	**After the Proposed Divestment**
Net profit attributable to the Shareholders for FY2021 (S$'000)	(1,106)	(1,017)
Weighted average number of Shares	156,732,688	156,732,688
EPS (cents)	(0.71)	(0.65)

7. CHAPTER 9 OF THE CATALIST RULES

7.1. Proposed Divestment as an Interested Person Transaction

The Purchaser, being the Executive Director of the Company, is considered an interested person pursuant to Chapter 9 of the Catalist Rules. The Purchaser is also a Shareholder, and as at 1 August 2022, holds 12.20% of the Company's Shares. Accordingly, the Proposed Divestment constitutes an interested person transaction ("**IPT**") and is subject to Chapter 9 of the Catalist Rules.

Under Rule 905(1) of the Catalist Rules, the Company is required to make an immediate announcement of any IPT of a value equal to, or more than 3% of the Group's latest audited NTA. It is further provided under Rule 906(1)(a) that if such transaction value exceeds 5% of the Group's latest audited NTA, Shareholders' approval must be obtained.

Notwithstanding the above, Shareholders' approval will not be required for the Proposed Divestment as an IPT as:

(i) Rule 905 and Rule 906 of the Catalist Rules do not apply to transactions below S$100,000; and

(ii) save for the Proposed Divestment, the Company has not entered into any transactions with the Purchaser and his associates during the current financial year.

7.2. Statement of the Audit Committee

The audit committee of the Company is of the view that the Proposed Divestment is on an arm’s length basis, on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

[3] The NTA is calculated excluding the amount of the Group’s intangible assets of S$13,550,097, based on the Group’s audited financial statements as on 31 December 2021.

8. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Mr. Fan Chee Seng, the Purchaser, is an Executive Director of the Company. In his capacity as Executive Director of the Company, he has abstained from all decisions of the Board in respect of the Proposed Divestment.

Save as disclosed above, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Divestment (other than through their respective shareholdings in the Company, if any).

9. SERVICE CONTRACTS

There will be no person(s) proposed to be appointed as director(s) of the Company in connection with the Proposed Divestment and accordingly, there will be no service agreements to be entered with any person in connection with the Proposed Divestment.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in 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 Divestment and the SPA, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and the Valuation Report will be made available for inspection during normal business hours at the registered office of the Company at 140 Paya Lebar Road, #08-07 AZ @ Paya Lebar, Singapore 409015 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Yusaku Mishima
Executive Director
1 August 2022
