HEATEC JIETONG HOLDINGS LTD.
(Company Registration No. 200717808Z)
Incorporated in the Republic of Singapore

PROPOSED ACQUISITION OF 60% OF THE SHARES IN THE ISSUED AND PAID-UP CAPITAL OF SETYA ENERGY PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A DISCLOSEABLE TRANSACTION

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1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Heatec Jietong Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 17 May 2022, pursuant to which the Company announced that it had entered into a non-binding term sheet (the "**Term Sheet**") with Megane Marine Pte. Ltd. (the "**Vendor**", and the Vendor and the Company collectively, the "**Parties**" and each or any of them a "**Party**"), being the sole shareholder of Setya Energy Pte. Ltd. (the "**Target Company**") for the acquisition of 100% of the shareholding interests in the Target Company. The Term Sheet was an expression of intent by the Parties relating to the transaction and was subject to Parties entering into a definitive agreement in relation thereto.

The Board wishes to update that following further negotiations between Parties, the Company has on 4 October 2022 entered into a definitive sale and purchase agreement (the "**SPA**") with the Vendor for the acquisition of 60% (as opposed to 100%) of the shareholding interests in the Target Company (the "**Sale Shares**") (the "**Proposed Acquisition**"). Following completion of the Proposed Acquisition ("**Completion**"), the Company will hold 60% of the shareholding interests in the Target Company, and the Target Company will become a direct subsidiary of the Company.

2. INFORMATION ON THE TARGET COMPANY, THE VENDOR AND THE SALE SHARES

2.1 The Target Company

2.1.1 The Target Company is a private company limited by shares incorporated in Singapore on 25 March 2017. The Target Company has an existing issued and paid-up capital of S$500,000 represented by 500,000 ordinary shares, which are entirely held by the Vendor. As at the date of this announcement, the Target Company has one director, being Mr. Mo Jingxiong, Nicholas ("**Nicholas**") who is also a shareholder of the Vendor. Please refer to paragraph 2.2.1 below for further details.

2.1.2 The Target Company is an independent trader of marine petroleum products with operations within the Southeast Asian ("**SEA**") region. As at the date of this announcement, the Target Company does not have any subsidiaries or associated companies.

2.1.3 The Target Company is in partnership with various licensed bunker suppliers in Singapore to provide marine petroleum products services within the inner port limits and outer port limits. Information on the business of the Target Company will also be set out in the circular to be issued to shareholders of the Company (the "**Shareholders**") in due course in relation to, among others, the Proposed Acquisition (the "**Circular**").

2.2 **The Vendor**

2.2.1 The Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of the Target Company. The Vendor is a company incorporated under the laws of the Republic of Singapore in the business of, among others, port, shipping and maritime-related consultancy services. As at the date of this announcement, the persons stated below are the legal and beneficial owners of the entire issued and paid-up share capital of the Vendor (with their respective shareholdings in the Vendor set out below).

Name	Proportion of shareholding in the Vendor (%)
Mo Jingxiong, Nicholas	30.0
Soon Jeffrey	70.0

2.2.2 Mr. Soon Jeffrey is the Executive Director and Chief Executive Officer of the Company. Mr. Soon Yeow Kwee ("**Mr. Johnny Soon**"), the Executive Chairman of the Company, is the father of Mr. Soon Jeffrey. Mr. Johnny Soon is also a controlling shareholder of the Company, holding both direct and deemed interests in the shares of the Company (each a "**Share**") (such deemed interests being in the Shares held by his spouse).

2.2.3 As Mr. Soon Jeffrey (being immediate family of Mr. Johnny Soon) has an interest of more than 30% in the Vendor, the Vendor constitutes an associate of:

(a) Mr. Soon Jeffrey, being a Director of the Company; and

(b) Mr. Johnny Soon, being a Director and controlling shareholder of the Company,

and is thus an interested person of the Company under Rule 904(4)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**" and reference herein to a "**Rule**" shall refer to any Catalist Rule unless otherwise specified).

2.2.4 Save as disclosed above, the Vendor does not have any connection (including business relationship or dealings) with the Company, its Directors and (as far as the Company is aware) the substantial Shareholders of the Company. As at the date of this announcement, the Vendor does not have any interest, direct or indirect, in the Shares of the Company.

2.3 **The Sale Shares**

2.3.1 Number of Sale Shares

The Sale Shares comprise 300,000 ordinary shares in the Target Company and represent 60% of the entire issued and paid-up share capital of the Target Company. The Sale Shares are entirely held by the Vendor.

2.3.2 Net Profit

Based on the audited financial statements of the Target Company for the financial year ended 31 December 2021, the Target Company has a net profit before tax of approximately S$509,465 and the net profit before tax attributable to the Sale Shares was approximately S$305,679.

2.3.3 Asset Value

Based on the audited financial statements of the Target Company for the financial year ended 31 December 2021, the book value and net tangible asset value of the Target Company is approximately S$942,347 and S$942,347, respectively. Based on the foregoing, the book value and net tangible asset value attributable to the Sale Shares for that financial year was

approximately S$565,408 and S$565,408, respectively.

2.3.4 Valuation

There is no open market value for the Sale Shares as they are not publicly traded. The Company has, however, commissioned an independent valuer, Chay Corporate Advisory Pte. Ltd. (the "**Valuer**"), to assess and determine the value of the Sale Shares. Based on the valuation report dated 5 May 2022 (the "**Valuation Report**"), the range of implied equity values for 100% of the Target Company as at 31 December 2021 is between S$5,600,000 and S$8,600,000, with a base value of S$6,700,000. The Valuer has adopted the discounted cash flow as the primary valuation methodology and the comparable companies analysis as a reference cross-check in deriving the aforesaid valuation. The Valuation Report will be included in the Circular to be issued by the Company in due course.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Company is currently loss-making and is constantly looking for expansion opportunities to boost growth and enhance its Shareholders' value. The Proposed Acquisition represents a good opportunity for the Group to broaden the range of services currently offered by diversifying its existing businesses to include trading of marine petroleum products. As Singapore is one of the world's premier hub ports, following Completion, the Company is expected to be able to leverage on the Target Company's expertise and experience to tap into numerous opportunities to provide maritime services to vessels within the SEA region.

The business of the Target Company also potentially provides various synergies, which include cross-selling between the customers and suppliers of the Group and the Target Company and the potential expansion of the Group's services offerings to include tank cleaning, de-slopping, gas freeing and de-mucking and sludge disposal services. The business operations of the Target Company are expected to provide the enlarged Group with regular revenue streams, which will, in turn contribute positively to the earnings of the enlarged Group.

The satisfaction of the consideration for the Proposed Acquisition by way of the allotment and issuance of Shares in the Company will also reduce the cash outlay to be incurred by the Company in relation to the Proposed Acquisition.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1 The Proposed Acquisition

Subject to the terms and conditions of the SPA, the Company shall purchase from the Vendor, and the Vendor agrees to sell to the Company the Sale Shares which represent 60% of the Target Company's entire issued and paid-up share capital.

4.2 Consideration

4.2.1 Consideration

The consideration for the Proposed Acquisition (the "**Consideration**") is S$2,700,000.

4.2.2 Consideration to be satisfied in Shares

The Consideration shall be satisfied entirely by way of issuance and allotment of such number of new Shares in the issued share capital of the Company (each a "**Consideration Share**") in favour of the Vendor.

All Consideration Shares to be issued and allotted will be credited as fully paid and rank *pari passu* with the then existing Shares of the Company, save for any dividends, rights, allotments,

or other distribution (if any) the record date of which falls on or before the date of issue of such Consideration Shares.

The issue of the Consideration Shares is conditional upon the approval of the SGX-ST for the listing and quotation of the Consideration Shares on the SGX-ST. The Company will be making an application to the SGX-ST for the listing and quotation of the Consideration Shares in due course and will announce the receipt of the in-principal approval of the Consideration Shares from the SGX-ST.

4.2.3 Issue Price

The Consideration Shares shall be issued at a price of S$0.033 per Share (the "**Issue Price**"). The Issue Price of S$0.033 represents a premium of approximately 8.6% to the volume weighted average price ("**VWAP**") of S$0.03 per Share for trades done on the SGX-ST for the 120-day period prior to and up to the date of the SPA.[1]

4.2.4 Number of Consideration Shares

Based on the Issue Price of S$0.033 per Consideration Share, an aggregate of 81,818,181 Consideration Shares will be issued as satisfaction of the Consideration.

4.2.5 Basis for Consideration

The Consideration was arrived at after arm's length negotiations between the Company and the Vendor and on a "willing-buyer willing-seller" basis after taking into consideration the following factors:

(a) the book value of the Target Company as at 31 December 2021 of approximately S$942,347;

(b) the net profit after tax of the Target Company for the financial year ended 31 December 2021 of approximately S$440,381;

(c) the rationale for and benefits to the Group arising from undertaking the Proposed Acquisition as described in paragraph 3; and

(d) the valuation conducted by the Valuer on the Sale Shares as described in paragraph 2.3.4.

4.3 Conditions Precedent

Completion of the Proposed Acquisition is conditional upon, among others, the following conditions having been fulfilled (each a "**Condition Precedent**"):

(a) the Company having received the relevant approvals from Shareholders at an extraordinary general meeting ("**EGM**") to be convened in respect of the following:

(i) such approval(s) pursuant to Chapter 9 of the Catalist Rules;

(ii) specific Shareholders' approval for the issuance and allotment of the Consideration Shares to the Vendor pursuant to Chapter 8 of the Catalist Rules;

(iii) the approval of a whitewash resolution from independent Shareholders for the waiver of their rights to receive a mandatory general offer from the Vendor and/or

[1] A 120-day VWAP value is being used as a reference as there has been few trades in the Shares. In particular, there have been two transactions where the Shares were traded at an unusually high price, as compared with the previous trades carried out in the Shares. As such, the Company believes that using a 120-day VWAP as a reference would be more reflective for Shareholders' information.

their concert parties pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Takeover Code**") arising from the issuance of the Consideration Shares; and

(iv) such other approval(s) required under the Catalist Rules and any other applicable laws in connection with the Proposed Acquisition and such other transactions contemplated in the SPA as may be necessary, and where any such approval is subject to any conditions, such condition(s) being complied with;

and such approvals having been obtained (each on terms and conditions acceptable to the Parties, each acting reasonably), remaining in full force and effect and not being revoked or amended;

(b) the Company's receipt from the SGX-ST of the listing and quotation notice ("**LQN**") for the listing and quotation of the Consideration Shares, such LQN remaining in full force and effect and not having been revoked or amended, and where such LQN is subject to any condition(s), such condition(s) being acceptable to the Parties (acting reasonably);

(c) the Vendor (and any other persons acting in concert with the Vendor under the Takeover Code (the "**Concert Parties**")) having obtained a waiver from the Securities Industry Council (the "**SIC**") in respect of the obligation by the Vendor and their Concert Parties to make a mandatory general offer under Rule 14 of the Takeover Code for all the Company's Shares in issue not already owned, controlled or agreed to be acquired by the Vendor and their Concert Parties as a result of the allotment and issuance of the Consideration Shares to the Vendor, such waiver having been obtained on terms and conditions acceptable to the Company and the Vendor, each acting reasonably, and not being revoked or amended;

(d) all third party approvals, consents and notices as may be required for or in connection with the Proposed Acquisition and the transactions contemplated in the SPA have been obtained from all relevant parties and governmental bodies and are not withdrawn/revoked, and where any such approval and consent are obtained subject to any condition(s), such condition(s) being acceptable to the Company and, if such condition(s) is/are required to be fulfilled before Completion, such conditions being fulfilled before Completion;

(e) each of the representations and warranties of the Company and the Vendor made pursuant to the SPA remaining true, complete, accurate and not misleading at all times from the date of the SPA;

(f) the Proposed Acquisition and any transaction contemplated under the SPA not being prohibited by any applicable laws promulgated or issued after the date of the SPA, which is applicable to any Party;

(g) the Company being satisfied in its discretion that there has been no material adverse change in, and there are no events, change, acts or omissions that has happened or is likely to happen which would have or could reasonably be expected to have, a material adverse effect on, the Target Company's business, assets, prospects, performance, financial position, results of operations and/or conditions (financial or otherwise), or the ability of the Vendor to perform the Vendor's obligations under the SPA and any other agreement entered into pursuant to or in connection with the SPA which the Vendor is a Party to;

(h) the Company and its advisers having completed business and operational, financial and legal due diligence on the Target Company and the results of such due diligence investigations being satisfactory to the Company and its advisers in their sole and absolute discretion;

(i) the Vendor having rectified, or having procured that the Target Company rectifies, to the Company's satisfaction, all issues, irregularities and any other matter uncovered by the Company and its advisers during the business and operational, financial and legal due diligence on the Target Company;

(j) the Company having received confirmations from the relevant parties in respect of the form of (*i*) the service agreement to be entered into by the Target Company with Nicholas, the current sole director of the Target Company, and (*ii*) the shareholders' agreement to be entered into by, among others, the Company and the Vendor in respect of their shareholdings in the Target Company, each of such agreements to be effective upon Completion. Further details on these agreements are set out in paragraph 4.7 below;

(k) full repayment of all amounts as may be due and owing by the Vendor and Nicholas to the Target Company; and

(l) consent from the principal bank for the change of shareholding in the Target.

4.4 Completion

Completion of the Proposed Acquisition shall take place within 14 days after the fulfilment or waiver of the last Condition Precedent, or such other date as Parties may agree in writing.

4.5 Long Stop Date

The Parties have agreed that the long stop date for the Completion of the Proposed Acquisition shall be 12 months from the date of the SPA or such other date as the Parties may mutually agree in writing.

4.6 Source of Funds

The Consideration for the Proposed Acquisition shall be funded entirely by the allotment and issuance of the Consideration Shares.

4.7 Service Agreement and Shareholders' Agreement

The current sole director of the Target Company, Nicholas, and the Target Company shall on Completion enter into a service agreement in respect of Nicholas' appointment as a director of the Target Company and the services to be provided by Nicholas to the Target Company in respect thereof (the "**Service Agreement**"). The Service Agreement will provide for, among others, (*a*) Nicholas' obligations and duties in respect of his appointment, (*b*) the term of Nicholas' appointment which shall be for 2 years from the date of Completion, and (*c*) non-compete undertakings by Nicholas.

In addition, the Company, the Vendor and the Target Company shall on Completion enter into a shareholders' agreement to govern their respective rights and obligations relating to the Target Company (the "**Shareholders' Agreement**").

5. MANDATE FOR ISSUE OF SHARES – SPECIFIC SHAREHOLDERS' APPROVAL

Section 161 of the Companies Act 1967 of Singapore and Rule 805(1) provide, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue

of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless such issue of shares or convertible securities or such grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer at a general meeting as provided in Rule 806.

The Company will not be relying on the general mandate previously obtained from Shareholders at the latest annual general meeting of the Company held on 29 April 2022 for the allotment and issue of the Consideration Shares. The allotment and issue of the Consideration Shares will be made pursuant to a specific mandate. As such, the Company will be seeking specific shareholder's approval for the allotment and issue of the Consideration Shares in accordance with Rules 803, 805(1) and 812(2) of the Catalist Rules at an EGM of the Company to be convened.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

6.1 Relative Figures

Based on the unaudited consolidated interim financial statements of the Group for the six month period ended 30 June 2022 ("**HY2022**") (being the latest announced consolidated accounts of the Group as at the date of this announcement) and the unaudited management accounts of the Target Company for HY2022, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(a) to (e) of the Catalist Rules are set out in the table below.

Rule	Base	Relative Figure (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
1006(b)	The net profits or net loss attributable to the assets acquired, compared with Group's net profits or net loss (1)	-35.1% (2)
1006(c)	The aggregate value of the consideration given or received (3), compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	74.5% (4)
1006(d)	The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	66.5% (5)
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with 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.	Not applicable

Notes:

(1) For the purpose of computation of these figures, "**net profits**" or "**net loss**" means profit or loss (as the case may be) including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(2) The relative figure computed on the basis in Rule 1006(b) in respect of the Proposed Acquisition is derived by computing (*a*) the net profit of approximately S$189,596 attributable to the Sale Shares based on 60% of the Target Company's net profit of S$315,993 based on its unaudited management accounts for HY2022, and (*b*) the Group's net loss of S$539,683 for HY2022.

(3) Pursuant to Rule 1003(3), where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares (being the VWAP of such shares transacted on the market day preceding the date of the sale and purchase agreement) or the net asset value

("**NAV**") represented by such shares, whichever is higher. For purpose of Rule 1003(3):

(a) the 81,818,181 Consideration Shares has a market value of approximately S$6,545,454 based on the VWAP per Share of S$0.08 on 30 June 2022, being the last full market day preceding the date of the SPA on which Shares were traded; and

(b) the NAV attributable to the 81,818,181 Consideration Shares is approximately S$7,330,139 as at 30 June 2022.

In accordance with Rule 1003(3), the aggregate value of the Consideration Shares is therefore approximately S$7,330,139 (being the NAV attributable to the Consideration Shares which is higher than the market value of such Consideration Shares).

(4) The relative figure computed on the basis of Rule 1006(c) in respect of the Proposed Acquisition is derived by computing (*a*) the value of the consideration for the Proposed Acquisition of S$7,330,139 and (*b*) the Company's market capitalisation of approximately S$9,836,748 derived by multiplying the issued share capital of the Company as at the date of this announcement of 122,959,345 Shares by the VWAP of S$0.08 per Share on 30 June 2022, being the last full market day preceding the date of the SPA on which Shares were traded. The Company does not have any treasury shares.

(5) The relative figure computed on the basis in Rule 1006(d) in respect of the Proposed Acquisition is derived by computing (*a*) the number of Consideration Shares, being 81,818,181 Shares, and (*b*) the number of Shares in the issued Share capital of the Company, being 122,959,345 Shares as at the date of this announcement.

6.2 The Proposed Acquisition as a discloseable transaction

6.2.1 Having regard to the above, as the relative values computed based on Rule 1006(b) to (d) of the Catalist Rules exceed 5%, but does not exceed 75%, the Proposed Acquisition is deemed to be a discloseable transaction under Rule 1010 of the Catalist Rules. However, the relative figure in Rule 1006(b) above is negative. Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules ("**Practice Note 10A**"). Under paragraph 4.4(b) of Practice Note 10A, an issuer must, in relation to the transaction, immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 in relation to the acquisition of a profitable asset by a loss-making issuer, where:

(a) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 75%; and

(b) the net profit attributable to the asset to be acquired exceeds 5% of the consolidated net loss of the issuer (taking into account only the absolute value).

If the transaction does not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10A, Rule 1014 of the Catalist Rules shall apply to the transaction.

6.2.2 As: (i) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 75%; and (ii) the absolute value of the relative figure in Rule 1006(b) is more than 5%, the Company is required under paragraph 4.4(b) of Practice Note 10A to immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013. Notwithstanding the aforesaid, as the Proposed Acquisition constitutes an "interested person transaction" under Chapter 9 of the Catalist Rules which value exceeds the relevant thresholds under Chapter 9 of the Catalist Rules, the Proposed Acquisition will be subject to the specific approval of Shareholders.

7. CHANGE IN RISK PROFILE AND FUTURE PLANS OF THE GROUP

The Group currently operates in 3 principal business segments: (1) provision of heat exchanger services which includes designing, selling and fabricating heat exchanges and providing related services to major players in the offshore marine, oil and gas and shipping industries; (2)

provision of chemical cleaning services; and (3) provision of piping services where such piping works are used in, among others, offshore structures such as floating, production, storage and offloading conversions, oil rigs and other types of ship conversions and ship lengthening (collectively, the "**Existing Business**"). Meanwhile, the Target Company is in the business of trading marine petroleum products. While such business is related to the marine and oil and gas and shipping industries, it does not fall within the scope of the Group's Existing Business.

Accordingly, given the nature of the Target Company's business, upon Completion, it is envisaged that the Group's Existing Business will be expanded to include trading of marine petroleum products. In addition, with the Target Company's expertise and experience in the provision of maritime services to vessels in the SEA region, the Group's customer/ client base is also expected to be more diversified following Completion.

Due to the foregoing, the Company will be seeking Shareholders' approval for the expansion and diversification of the Group's Existing Business at the EGM to be convened. Further information on the risk factors in respect of the aforesaid expansion and diversification will be set out in the Circular to be issued to Shareholders in due course.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

8.1 Bases and Assumptions

8.1.1 The financial effects of the Proposed Acquisition on the share capital, loss per Share ("**LPS**") and net tangible assets ("**NTA**") per Share of the Group have been prepared based on (*a*) the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 ("**FY2021**") (being the most recently completed financial year of the Group) and (*b*) the audited accounts of the Target Company for the 12-month financial period ended 31 December 2021. The *pro forma* financial effects of the Proposed Acquisition are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following completion of the Proposed Acquisition.

8.1.2 For illustration purposes only, the financial effects of the Proposed Acquisition have been computed based on the following assumptions:

(a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the Proposed Acquisition was completed on 31 December 2021, being the end of the most recently completed financial year;

(b) the financial effects on the Group's loss attributable to the Shareholders and LPS have been computed assuming that Proposed Acquisition was completed on 1 January 2021, being the beginning of the most recently completed financial year;

(c) any costs and expenses in connection with the Proposed Acquisition have been disregarded; and

(d) the Company's acquisition of shares in Chem Grow Engineering Pte. Ltd. and Chem Grow Pte. Ltd. which was completed on 18 May 2022, resulting in the foregoing entities being wholly owned subsidiaries of the Company, has no material financial effect on the LPS and NTA of the Group.

8.2 Share Capital

	Before Completion	**After Completion [(1)]**
Number of Shares	122,959,345	204,777,526
Issued and paid-up share capital (S$)	11,554,627	14,254,627

Note:

(1) Based on the Issue Price of S$0.033 per Consideration Share, an aggregate of 81,818,181 Consideration Shares will be issued as satisfaction of the Consideration following Completion.

8.3 NTA per Share

The financial effects of the Proposed Acquisition on the consolidated NTA per Share for FY2021, assuming Completion (and the issuance of the 81,818,181 Consideration Shares) had taken place on 31 December 2021 (being the end of FY2021) are set out below.

	Before Completion	After Completion
Consolidated NTA attributable to Shareholders	S$11,218,615	S$11,784,023
Number of Shares	122,959,345	204,777,526
Consolidated NTA per Share attributable to Shareholders (Singapore cents)	9.12	5.75

8.4 LPS

The financial effects of the Proposed Acquisition on the consolidated LPS for FY2021, assuming Completion (and the issuance of the 81,818,181 Consideration Shares) had taken place on 1 January 2021 (being the beginning of FY2021) are set out below.

	Before Completion	After Completion
Consolidated net loss attributable to shareholders	S$(2,690,239)	S$(2,426,010)
Weighted average number of issued Shares (excluding treasury shares)	122,959,345	204,777,526
Consolidated LPS (Singapore cents)	(2.19)	(1.18)

9. INTERESTED PERSON TRANSACTION

9.1 The Proposed Acquisition as an IPT

Mr. Soon Jeffrey is the Executive Director and Chief Executive Officer of the Company. Mr. Johnny Soon, the Executive Chairman of the Company, is the father of Mr. Soon Jeffrey. Mr. Johnny Soon is also a controlling shareholder of the Company, holding both direct and deemed interests in an aggregate of 27,089,677 Shares, representing 22.0% of the issued Share capital of the Company as at the date of this announcement. Such deemed interests arise from the Shares held by his spouse.

As Mr. Soon Jeffrey (being an immediate family member of Mr. Johnny Soon) has an interest of more than 30% in the Vendor, the Vendor constitutes an associate of:

(a) Mr. Soon Jeffrey, being a Director of the Company; and

(b) Mr. Johnny Soon, being a Director and controlling shareholder of the Company,

and is thus an interested person of the Company within the meaning of Chapter 9 of the Catalist Rules vis-a-vis the Company, which is regarded as an “entity at risk” pursuant to Chapter 9 of the Catalist Rules.

Accordingly, the Proposed Acquisition constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

9.2 NTA of the Group

Based on the Group's latest audited consolidated financial statements for FY2021, as at 31 December 2021, the latest audited consolidated NTA of the Group was approximately S$11,218,615 and 5% of the latest audited consolidated NTA of the Group was approximately S$560,931.

9.3 Value of interested person transaction

The Consideration of S$2,700,000 for the Proposed Acquisition represents approximately 24.1% of the latest audited consolidated NTA of the Group. Accordingly, as the value of the Consideration represents more than 5% of the latest audited consolidated NTA of the Group, approval of the Shareholders will be required for the Proposed Acquisition, in accordance with Chapter 9 of the Catalist Rules.

Pursuant to Rule 919 of the Catalist Rules, Mr. Soon Jeffrey, Mr. Johnny Soon and their associates must not vote on the resolution nor accept appointments as proxies unless specific instruction as to voting are given.

9.4 Total value of interested person transaction

As at the date of this announcement and since the current financial year beginning 1 January 2022, save for the Proposed Acquisition, there are no interested person transactions over $100,000 entered into by the Group with the Vendor (as an interested person).

The aggregate value of all interested person transactions entered into by the Group for the current financial year beginning 1 January 2022 up to the date of this announcement (excluding transactions which are less than S$100,000 and the Proposed Acquisition) is nil.

9.5 Independent Financial Adviser and Opinion of Audit Committee

In accordance with Rule 921 of the Catalist Rules, the Company has appointed W Capital Markets Pte. Ltd. as its independent financial adviser ("**IFA**") to opine on whether the Proposed Acquisition is on normal commercial terms and prejudicial to the interests of the Company and minority Shareholders.

The IFA's opinion will be included in the Circular to be issued to Shareholders in connection with the EGM to seek Shareholders' approval for the Proposed Acquisition.

The Company's Audit and Risks Management Committee (the "**Audit Committee**") will form its view as to whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders upon receipt of the IFA's opinion referred to above. The Audit Committee's view will be set out in the Circular.

10. THE WHITEWASH WAIVER

The issuance of the Consideration Shares to the Vendor will result in an obligation on the part of the Vendor (and its Concert Parties) to make a mandatory general offer under Rule 14 of the Takeover Code for all the Company's Shares in issue not already owned, controlled or agreed to be acquired by the Vendor and their Concert Parties. An application will be made to the SIC for a waiver of such obligation (the "**Waiver**"). Subject to the receipt of the Waiver, the Company will also seek approval from independent Shareholders in respect of a whitewash resolution for the waiver of their rights to receive such a mandatory general offer from the Vendor and/or their Concert Parties pursuant to Rule 14 of the Takeover Code. W Capital Markets Pte. Ltd. has been appointed as the IFA to advise independent Shareholders on the whitewash resolution.

For the purposes of the Takeover Code, as the Vendor is a company controlled by Mr. Soon Jeffrey and Nicholas (by virtue of the definition of "control" under the Takeover Code), the following persons will be presumed to be parties acting in concert with each other unless the contrary is established:

(a) the Vendor, Mr. Soon Jeffrey and his close relatives (which include Mr. Johnny Soon); and

(b) the Vendor, Mr. Soon Jeffrey and Nicholas.

11. DIRECTOR'S SERVICE CONTRACT

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

However, the current sole director of the Target Company, Nicholas, will remain to be a director of the Target Company following Completion and will also be entering into the Service Agreement with the Target Company in respect of his appointment as a director of the Target Company. Further information on the Service Agreement is set out in paragraph 4.7 above.

12. CIRCULAR TO SHAREHOLDERS

As the Proposed Acquisition is conditional upon the Company having obtained the relevant Shareholders' approval under, among others, Chapters 8 and 9 of the Catalist Rules, and as the Company is seeking Shareholders' approval for the diversification of business of the Group arising from Completion, as well as approval in respect of the Waiver, the Circular to the Shareholders containing, among others, information in respect thereof will be issued to Shareholders in due course.

13. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective directorships and/or shareholding interests in the Company and/or its subsidiaries (as the case may be) and save as disclosed in this announcement, none of the Directors or their associates or, as far as the Company is aware, controlling Shareholders or their associates, has any interest, direct or indirect, in the Proposed Acquisition.

14. 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 Acquisition, 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. Where information in the 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 the announcement in its proper form and context.

15. TRADING CAUTION

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Completion of the Proposed Acquisition is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms

thereof. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

16. FURTHER ANNOUNCEMENTS

The Company will make further announcements to keep Shareholders informed as and when there are further material updates and developments in respect of the Proposed Acquisition.

17. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the SPA and the Valuation Report is available for inspection by Shareholders of the Company at the Company's registered office at 10 Tuas South Street 15, Singapore 637076 during normal business hours for a period of 3 months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Tan Wei Yang
Company Secretary

4 October 2022

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.