

SERIAL SYSTEM LTD
(Company Registration No. 199202071D)
(Incorporated in the Republic of Singapore on 22 April 1992)

**THE PROPOSED DISPOSAL BY THE GROUP OF THE ENTIRE SHAREHOLDING INTEREST IN
ACHIEVA TECHNOLOGY SDN. BHD.**

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of Serial System Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that on 2 September 2022, Serial I-Tech (Far East) Pte. Ltd. (“**SIFE**”), a wholly-owned subsidiary of the Group, has entered into a sale and purchase agreement (the “**SPA**”) with Axington Inc. (the “**Purchaser**”), for the disposal by SIFE of all of the ordinary shares of Achieva Technology Sdn. Bhd. (“**Achieva Technology**”) held by SIFE (the “**Sale Shares**”), representing 100% of the issued and paid-up share capital of Achieva Technology, on the terms and conditions of the SPA (the “**Proposed Disposal**”).
- 1.2. The Proposed Disposal is considered a “disclosable transaction” of the Company as defined under Chapter 10 of the Listing Manual Section A: Mainboard Rules (the “**Mainboard Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

2. INFORMATION RELATING TO THE ACHIEVA TECHNOLOGY AND THE PURCHASER

2.1. Information relating to Achieva Technology

Achieva Technology, an entity incorporated in Malaysia, carries out the business of distribution of information technology, computer peripherals, parts, software and related products (the “**Business**”) in Malaysia. It is intended for a new entity to be set up in Thailand by the Completion Date (as defined below) to take over the Business carried out by the Group in Thailand (the “**Target Thai Company**”) and collectively with Achieva Technology, the “**Target Group Companies**”, and each a “**Target Group Company**”).

The Target Group Companies’ extensive network provides suppliers from multiple market segments an easy solution for extensive distribution of their products in Malaysia and Thailand. The Target Group Companies boost an established and international supplier portfolio which includes brands such as AMD, Intel, Gigabyte, MSI, AOC, Philips, ViewSonic, ASRock, Apacer, Thermaltake and DynaBook. The Target Group Companies work closely with partner brands to fulfil their distribution needs and provide a one-stop solution for their customers.

2.2. Information relating to the Purchaser

The Purchaser is incorporated in the Federal Territory of Labuan under the Labuan Companies Act 1990 and is listed on the Catalyst Board of the SGX-ST (the “**Catalist Board**”).

As announced by the Purchaser on 6 April 2021, the Purchaser does not currently have any revenue generating business and is deemed to be a cash company as defined under Rule 1017 of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) as the Purchaser’s assets currently consist substantially of cash. Pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove the Purchaser from the list of issuers maintained by SGX-ST in relation to the Catalist Board if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company.

On 31 March 2022, the Purchaser announced that it will have until 30 September 2022 to sign a definitive sale and purchase agreement and to submit a reverse takeover (“**RTO**”) application to Singapore Exchange Regulation Pte. Ltd..

The Purchaser does not have any shareholding interest, direct or indirect, in the Company, and the Company does not have any shareholding interest, direct or indirect, in the Purchaser.

As far as the Company is aware, the directors and/or substantial shareholders of the Purchaser are not related to any of the directors, the chief executive officer, or substantial shareholders of the Company.

3. MATERIAL TERMS OF THE PROPOSED DISPOSAL

A summary of the material terms and conditions of the Proposed Disposal as set out in the SPA is as follows.

3.1. Disposal of the Sale Shares

Subject to the terms and conditions contained in the SPA, the Purchaser shall purchase, and SIFE shall sell to the Purchaser all and not part only of the legal and beneficial interest in the Sale Shares, free from all encumbrances and with all the rights, benefits and entitlements now or hereafter attaching thereto.

The consideration for the sale and purchase of the Sale Shares shall be the lower of:

- (a) a sum of S\$27,000,000; or
- (b) the valuation ascribed to the Sale Shares pursuant to the independent valuation report obtained at the Purchaser's own cost and expense in respect of the valuation of the Target Group Companies, the Business and/or any real property owned by a Target Group Company (if required) (the "**Purchaser's Independent Valuation**"),

(the "**Sale Shares Consideration**").

3.2. Consideration Shares

The Sale Shares Consideration shall be fully satisfied by the issuance and allotment to SIFE (or to such nominee as SIFE may direct) of new ordinary shares in the capital of the Purchaser (collectively, the "**Consideration Shares**", and each share a "**Consideration Share**") at an issue price per Consideration Share (the "**Issue Price**") as determined below. The Consideration Shares shall be computed at the Completion Date based on the following formula:-

$$\text{Number of Consideration Shares} = \frac{\text{Sale Share Consideration}}{\text{Issue Price}},$$

where the Issue Price shall be determined based on the following formula:-

$$\text{Issue Price} = \frac{\text{Purchaser Ascribed Value}}{\text{Total Number of Shares}},$$

where:

- (a) The "Purchaser Ascribed Value" means S\$5,500,000 (or such other lower amount to be mutually agreed between the Purchaser and SIFE), being the indicative ascribed value of the Purchaser as agreed between the parties to the SPA; and
- (b) The "Total Number of Shares" means the total number of ordinary shares in the capital of the Purchaser (the "**Shares**") in issue immediately preceding the Completion Date, subject to adjustment in the event of a Share Consolidation (as defined below).

The Consideration Shares shall be credited as fully paid and free from all encumbrances and ranking *pari passu* in all respects with the ordinary shares in the capital of the Purchaser existing as at the Completion Date, including the right to receive in full all dividends and other distributions declared, paid or made as from the Completion Date.

The Sale Shares Consideration was arrived at after arms' length negotiations and on a willing-buyer willing-seller basis and other commercial factors including, *inter alia*, the historical performance and business prospects of the Target Group Companies and prevailing market conditions and will be determined based on the lower of S\$27,000,000 or the Purchaser's Independent Valuation.

A fee of S\$500,000 will be payable to Kho Wed Hong George (the "**Introducer**") on Completion (as defined below) (the "**Introducer Fee**"), and such payment shall be satisfied by an allotment and issuance of new Shares by the Purchaser to the Introducer at the Issue Price on Completion (the "**Introducer Shares**").

3.3. Conditions Precedent

The obligation of the parties to the SPA to complete the Proposed Disposal is subject to the fulfilment on or prior to the Completion Date of the following conditions (collectively, the "**Conditions Precedent**"):

- (a) **Extension of time**: procurement by the Purchaser of the extension of the deadline beyond 30 September 2022 as imposed by the SGX-ST on the Purchaser for the signing of a sale and purchase agreement and submission of a reverse takeover application, failing which the SPA shall automatically lapse;
- (b) **Shareholders' undertaking**: the procurement and delivery by the Purchaser of an irrevocable undertaking to SIFE by 30 September 2022 (in such form and substance reasonably satisfactory to SIFE) signed and delivered by Oon Su Sun and Lin Yueh Hung of RSM Corporate Advisory Pte Ltd (the "**Joint Receivers**"), being the joint and several receivers appointed by DBS Bank Ltd. of the 148,335,700 Shares held by Dorr Global Healthcare International Pte Ltd that is the subject of a share charge dated 2 June 2020 between Dorr Global Healthcare International Pte Ltd and DBS Bank Ltd (the "**Charged Shares**"). The Joint Receivers' irrevocable undertakings shall state that the Joint Receivers will vote in favour of all the resolutions at the EGM (as defined below) and not to sell or otherwise dispose of the Charged Shares until the conclusion of the EGM;
- (c) **Appointment of Catalyst Sponsor by the Purchaser**: appointment of a Catalyst Sponsor (which means RHT Capital Pte. Ltd. or such other firm as agreed upon by the Purchaser and SIFE to be appointed as the Catalyst Sponsor prior to Completion) as approved by SIFE;
- (d) **Satisfactory due diligence by the Purchaser**: the Purchaser being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Purchaser and/or its advisers on the Target Group Companies, including without limitation, the title to and the status and condition of any properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations (including management meetings and site visits), records, financial position, accounts, results, tax, legal and corporate structure, and any other information disclosed to the Purchaser (the "**Purchaser's Due Diligence**");

- (e) Satisfactory due diligence by SIFE: SIFE being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by SIFE and/or its advisers on the Purchaser and subsidiaries of the Purchaser which are dormant as at the date of the SPA, including (i) Axington Singapore Pte. Ltd.; (ii) Axington Lao Co., Ltd.; (iii) Axcelasia Vietnam Co., Ltd.; and (iv) Audex Governance Sdn. Bhd. (collectively, the **“Purchaser Subsidiaries”**, and collectively with the Purchaser, the **“Purchaser Group”**, to the extent a Purchaser Subsidiary remains a subsidiary of the Purchaser), including without limitation, the title to and the status and condition of any properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations (including management meetings and site visits), records, financial position, accounts, results, tax, legal and corporate structure, and any other information disclosed to SIFE, including the satisfactory settlement of the independent review on the Purchaser which had been carried out of the nature and circumstances relating to the unpaid placement shares and the Purchaser’s announcement dated 18 August 2020 and the satisfactory settlement of the proposed cancellation of 3,750,000 shares held by Kerrigan Medical Supplies Pte. Ltd.;
- (f) Net asset value of Purchaser Group: the Purchaser Group shall have (i) positive net asset value; or (ii) negative net asset value of no more than S\$250,000 on Completion;
- (g) Rectification: (if applicable) the rectification by SIFE, or the procurement by SIFE of such rectification to the reasonable satisfaction of the Purchaser of all material issues or irregularities uncovered in the Purchaser’s Due Diligence which has an adverse impact of more than 10.0% to the aggregate net asset value, aggregate revenue or total net profit of the Target Group Companies based on the audited financial statements for the financial year ended 31 December 2021;
- (h) Purchaser’s Independent Valuation: the Purchaser having obtained the Purchaser’s Independent Valuation;
- (i) Securities Industry Council (“SIC”) waiver: the SIC having granted SIFE and its concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the **“Code”**) for the Shares not owned or controlled by SIFE and its concert parties and from having to comply with the requirements of Rule 14 of the Code, subject to (i) any conditions or restrictions that the SIC may impose, Provided That such conditions or restrictions are reasonably acceptable to SIFE and its concert parties; and (ii) the independent shareholders approving at a general meeting of the Purchaser the proposed ordinary resolution of the Purchaser which if passed by the independent shareholders would result in a waiver by the independent shareholders of their right to receive a mandatory general offer from SIFE and parties acting in concert with SIFE in connection with the issue of the Consideration Shares under the Proposed Disposal (the **“Whitewash Resolution”**);
- (j) SGX-ST approval: the approval of SGX-ST and/or any other relevant authorities being obtained by the Purchaser and the Company, where necessary, for the Proposed Disposal upon the terms of the SPA and where such approval is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the parties to the SPA and if required by the SGX-ST and/or any other relevant authorities, such conditions being fulfilled or satisfied on or before Completion, and such approval remaining in full force and effect;

- (k) Circular approval: approval in-principle being obtained from the SGX-ST for the circular to be dispatched to the shareholders of the Purchaser in connection with the extraordinary general meeting of the Purchaser ("**EGM**") to be convened to approve, *inter alia*, the Proposed Disposal, the issue and allotment of the Consideration Shares and the Whitewash Resolution (the "**Circular**") and the compliance by the Purchaser of all the conditions or restrictions which may be imposed by the SGX-ST in connection thereto;
- (l) Listing approval: approval-in-principle being received from the SGX-ST for the dealing in and quotation for the Consideration Shares and the Introducer Shares (and, if necessary, for the Shares to be allotted and issued in connection with the compliance placement as described in paragraph 3.6) on the Catalist Board, such approval not being revoked, rescinded or cancelled prior to Completion and, where such listing and quotation notice is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the parties to the SPA;
- (m) EGM approval: the Purchaser receiving the following approvals from its shareholders at an EGM to be convened, for:-
- (i) the Proposed Disposal;
 - (ii) the allotment and issue of the Consideration Shares to SIFE (or to such nominee as SIFE may direct) and the Introducer Shares;
 - (iii) the Whitewash Resolution;
 - (iv) the proposed consolidation of Shares at such ratio as may be agreed between the Purchaser and SIFE, if necessary, to allow the Purchaser to comply with the requirements under Catalist Rule 1015(3)(b) (the "**Share Consolidation**"), if necessary;
 - (v) the change of name of the Purchaser to a name which does not include the words "Axington Inc." or any derivative thereof;
 - (vi) proposed appointment of new directors who are nominated by SIFE;
 - (vii) all such other approvals required from the Purchaser's shareholders pursuant to applicable laws and regulations; and
 - (viii) in connection with the SPA and the transactions contemplated therein as may be necessary or agreed between the parties to the SPA in writing
- (n) Achieva Technology and Company board and/or shareholder approval: Achieva Technology and the Company obtaining such approval(s) from their board of directors and their shareholders, if necessary, in connection with the SPA and the transactions contemplated therein as may be necessary, including for the acquisition of the Sale Shares by the Purchaser;
- (o) No injunction: SIFE and Purchaser 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 and no governmental authority or court of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, executive order or award having the effect of making the Proposed Disposal illegal or otherwise prohibiting consummation thereof on or prior to the Completion Date;

- (p) No material breach: there is no material breach by any party to the SPA of the representations, warranties, covenants and indemnities contained in the SPA;
- (q) No material adverse change: there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change, in the business, assets, prospects, financial position or results of operations of the Target Group Companies and the Purchaser Group, save for the fulfilment of paragraph 3.3(y);
- (r) Audit: if required pursuant to applicable laws, regulations or listing rules, the completion of a financial audit on the Achieva Technology conducted by a public accounting firm reasonably accepted to the Purchaser;
- (s) Resumption of trading: the Shares remaining listed on the Catalist Board and the Purchaser obtaining the in-principle approval of the SGX-ST for the resumption of trading of the existing Shares of the Purchaser on the Catalist Board prior to or upon Completion;
- (t) Incorporation of Target Thai Company: the due incorporation of Target Thai Company and the Target Thai Company having taken over the Business carried out in Thailand to the reasonable satisfaction of the Purchaser;
- (u) Service agreements: the receipt by the Purchaser of service agreements duly executed by key members of the management of Achieva Technology who are currently or will be employed or engaged by Achieva Technology (the "**Key Management Team**") with the Purchaser, providing for a minimum employment duration following the Completion of the Proposed Disposal covering at least three (3) financial years. The Key Management Team shall include Kenny Sim (to be appointed as the executive director of the Purchaser pursuant to the EGM) and Soh Wei Keong Jason;
- (v) Warranties: each of the warranties and undertakings remaining true in all material respects and not misleading in any material respect at Completion, as if repeated at Completion;
- (w) Change of control: where the terms of any Material Contract (as defined below) to which any Target Group Company is subject contain any restriction or prohibition on the change in the shareholding and/or the boards of directors of any Target Group Company or include any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA, written approval or consent or written confirmation of the waiver from third parties of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate having been obtained or fulfilled. "Material Contract" means an agreement or arrangement to which any of the Target Group Companies is a party or is bound by and which contributes to more than 10.0% of the aggregate net asset value, aggregate revenue or total net profit of the Target Group Companies;
- (x) Third party consents: all other necessary consents and approvals for the SPA and the transactions contemplated therein, if required and applicable, being granted and not withdrawn or revoked by third parties (including without limitation, the Catalist Sponsor, any government body, stock exchange and other relevant authority in any jurisdiction) and if such consents are obtained subject to any condition(s) and where such condition(s) affect any of the parties to the SPA, such condition(s) being acceptable to the party to the SPA concerned and, if such condition(s) are required to be fulfilled before Completion, such condition(s) being fulfilled before Completion; and

- (y) Completion of winding up of or disposal of interests in the Purchaser Subsidiaries: the Purchaser having (a) completed the disposal of the whole of its shares or legal or beneficial interest in each of the Purchaser Subsidiaries; or (b) commenced such steps as may be reasonably satisfactory to SIFE to effect a winding-up (including a member's voluntary winding up) or a striking off, of each Purchaser Subsidiary; and
- (z) Completion of disposal of Achieva Technology subsidiary: Achieva Technology having completed its disposal of the whole of its shares or legal or beneficial interest in its wholly-owned subsidiary, Straitsmart Sdn. Bhd., on terms reasonably satisfactory to the Purchaser.

3.4. Completion

The completion of the sale and purchase of the Sale Shares and the allotment and issuance of the Consideration Shares (the "**Completion**") shall take place on such date falling seven (7) business days after the date of the fulfilment of all of the Conditions Precedent provided in the SPA unless they are waived by the relevant party to the SPA in accordance with the provisions set out in the SPA (the "**Completion Date**").

3.5. Undertakings, Representations and Warranties

The Proposed Disposal is subject to such further undertakings, representations and warranties from each of SIFE and the Purchaser respectively as are customary for transactions of similar nature.

3.6. Compliance Placement

If required, in order to meet the shareholding spread and distribution requirements set out in the Catalist Rules, and/or for working capital purposes, SIFE may, on a best efforts basis, effect a placement of new Shares by way of an allotment and issue of new Shares at an issue price of not less than S\$0.20 per Share and on such terms as may be mutually agreed between SIFE and the Purchaser, following the Completion of the Proposed Disposal.

3.7. Fees and Expenses

3.7.1 The parties to the SPA agree to bear the costs and expenses incurred or to be incurred in connection with the Proposed Disposal (the "**Transaction Expenses**") in the following manner, subject to paragraphs 3.7.2 and 3.7.3 of this Announcement, and the aggregate Transaction Expenses to be borne by the Purchaser shall not exceed S\$1.2 million:-

- (a) SIFE agrees and undertakes to bear the fees and expenses of:-
 - (1) its own legal advisers to be appointed in connection with the Proposed Disposal; and
 - (2) the internal auditor to be appointed in connection with the Proposed Disposal.
- (b) The Purchaser agrees and undertakes to bear the fees and expenses of:-
 - (1) the financial adviser (being the Catalist Sponsor) to be appointed in connection with the Proposed Disposal;
 - (2) the independent auditors and reporting accountants to be appointed in connection with the Proposed Disposal;

- (3) its own legal advisers to be appointed in connection with the Proposed Disposal (including, for the avoidance of doubt, any foreign legal advisers appointed in connection with the Proposed Disposal);
- (4) the fees of the independent valuer(s) for the Purchaser's Independent Valuation;
- (5) the independent financial adviser to be appointed by the Purchaser in relation to the Whitewash Resolution; and
- (6) any other expenses incurred or to be incurred in connection with the Proposed Disposal,

provided that the Purchaser's prior written consent has been sought in relation to the amount and payment terms of such fees.

3.7.2 In the event that:

- (a) Completion does not take place in the situation where all the conditions precedent in the SPA required to be performed or fulfilled by the Purchaser on or prior to Completion are duly satisfied and the Purchaser fulfils all its obligations hereunder and is not otherwise in breach or default of the terms and conditions of the SPA, but notwithstanding this, SIFE decides not to proceed with the Proposed Disposal for whatever reason or is in wilful breach or default of the terms and conditions of the SPA, the full amount of the Transaction Expenses shall be equally borne by SIFE and the Purchaser; or
- (b) Completion does not take place or the SPA is terminated at any time where the Purchaser is in breach or default of the terms and conditions of the SPA, Clause 3.7.1 shall continue to apply.

3.7.3 In the event that the SPA is terminated at any time or Completion does not take place for whatever reason, save in the case as set out in paragraph 3.7.2 above, paragraph 3.7.1 will continue to apply.

4. RATIONALE FOR THE PROPOSED DISPOSAL

Upon the completion of the Proposed Disposal, the Group will receive the Consideration Shares which is estimated to constitute more than 50% of the share capital of the Purchaser, allowing the Group to continue to grow the Business via the Catalist listing platform. The Board is of the view that the Proposed Disposal is in the best interests of the Company and the shareholders as it will, *inter alia*:

- (a) allow the Business to be financially independent from the Company and raise the funds required for its new growth opportunities without relying on the Group for financing or financial support; and
- (b) incentivise senior management personnel of the Business to deliver the best possible value to shareholders.

As the Proposed Disposal amounts to an RTO for the Purchaser, the Proposed Disposal is subject to, amongst others, the approval of the SGX-ST and the shareholders of the Purchaser. The Company will announce any material developments on the Proposed Disposal as and when appropriate.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

5.1. NTA, Book Value and Net Profit Figures

Based on the audited consolidated financial statements of the Group ("**Financial Statements**") for the financial year ended 31 December 2021 ("**FY2021**"), the net tangible asset ("**NTA**") and book value of Achieva Technology as at 31 December 2021 are both MYR10,091,000 (US\$2,417,000), and the net profit after tax for FY2021 is MYR7,593,000 (US\$1,827,000).

The *pro forma* financial effects of the Proposed Disposal as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Company and the Group following the completion of the Proposed Disposal. The *pro forma* financial effects have been prepared based on the Group's FY2021 Financial Statements, subject to the following assumptions:

- (a) the financial effects of the Proposed Disposal on the NTA per share of the Company for FY2021 are computed assuming that the Proposed Disposal had been completed on 31 December 2021;
- (b) the financial effects of the Proposed Disposal on the earning per share ("**EPS**") of the Company for FY2021 are computed assuming that the Proposed Disposal had been completed on 1 January 2021; and
- (c) the costs and expenses in connection with the Proposed Disposal are disregarded for the purposes of calculating the financial effects.

5.2. Effects on NTA per share

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$'000)	147,428	148,487 ⁽¹⁾
Number of shares	904,841,914	904,841,914
NTA per share (US\$ cents)	16.29	16.41

5.3. Effects on EPS

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to equity holders of the Company (US\$'000)	11,139	10,210 ⁽²⁾
Number of shares ⁽³⁾	900,083,010	900,083,010
EPS (US\$ cents)	1.24	1.13

Notes:

- (1) The attributable NTA of the Purchaser based on its audited consolidated financial statements for FY2021 has been adjusted to account for the proposed cancellation of 3,750,000 ordinary shares held by Kerrigan Medical Supplies Pte. Ltd., the proposed reduction of share capital by S\$11.903 million and the proposed dividend of S\$14.097 million as announced by the Purchaser on SGXNET on 10 August 2022.

- (2) The net loss attributable to the Proposed Disposal of US\$929,000 arose from US\$332,000, being the Purchaser's 18.18% non-controlling interests' share of the net profit after tax of Achieva Technology and US\$597,000, being 81.82% share of the net loss of the Purchaser based on the audited financial statements of Achieva Technology and the Purchaser for FY2021.
- (3) The weighted average number of shares in issue during the financial year ended 31 December 2021.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE MAINBOARD RULES

6.1 Relative Figures Pursuant to Rule 1006 of the Mainboard Rules

Based on the latest announced consolidated financial statements of the Group (being the financial statements for the six months ended 30 June 2022), the relative figures in relation to the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Mainboard Rules are as follows:

Rule	Bases of computation	Relative figures (%)
Rule 1006(a)	Net asset value (" NAV ") ⁽¹⁾ of the assets to be disposed of US\$329,000 compared with the Group's NAV of US\$155,338,000. This basis is not applicable to an acquisition of assets.	0.2
Rule 1006(b)	Net loss ⁽²⁾ attributable to the Sale Shares to be disposed of US\$92,000, compared with the Group's net profit of US\$1,227,000.	-7.5
Rule 1006(c)	Aggregate value of the attributable consideration deemed received of S\$4,909,000, compared with the Company's market capitalisation ⁽³⁾ of approximately S\$96,014,000.	5.1
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as the transaction is not an acquisition.
Rule 1006(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 and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as this transaction is not a disposal of mineral, oil and gas assets.

Notes:

- (1) Under Rule 1002(3)(a) of the Mainboard Rules, "net assets" means total assets less total liabilities.
- (2) Under Rule 1002(3)(b) of the Mainboard Rules, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Under Rule 1002(5) of the Mainboard Rules, "market capitalisation" of the Company is determined by multiplying 904,841,914 shares in issue by the volume weighted average price of such shares transacted on 1 September 2022, being the market day immediately preceding the date of the SPA, of S\$0.106 per share.

6.2 As the relative figure computed pursuant to Rule 1006(b) is a negative figure, the Company will be consulting the SGX-ST, in accordance with Rule 1007(1) of the Mainboard Rules, on whether shareholders' approval will be required for the Proposed Disposal.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, none of the directors of the Company (collectively, the "**Directors**", and each a "**Director**") or the controlling shareholders of the Company has any direct or indirect interest in the Proposed Disposal, other than through their respective shareholding interests in the Company (if any).

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Disposal.

9. 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 Disposal and the Group, 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.

10. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company's registered office at 8 Ubi View #05-01 Serial System Building Singapore 408554 for a period of three (3) months from the date of this Announcement.

11. CAUTIONARY STATEMENTS

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of the Conditions Precedent including those set out above and accordingly are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Disposal will be completed.

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

The Company will make the necessary announcements, in compliance with the requirements of the Mainboard Rules, as and when there are material developments in respect of the Proposed Disposal, the SPA and other matters contemplated in this Announcement.

BY ORDER OF THE BOARD

Derek Goh Bak Heng
Group CEO
2 September 2022