Metal Component Engineering Limited

(Incorporated in the Republic of Singapore)
(Company Registration 198804700N)

I. ENTRY INTO A SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF GAINHEALTH PTE. LTD.

II. PROPOSED DIVERSIFICATION INTO THE HEALTHCARE BUSINESS AND E-COMMERCE BUSINESS

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1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Metal Component Engineering Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 7 June 2021 entered into a sale and purchase agreement (the "**SPA**") with Ms. Jagannathan Padmaja Sakthi ("**JPS**"), Mr. Fu Yijie ("**FYJ**") and Mr. Yeo Kang Nian ("**YKN**") (collectively, the "**Vendors**") in relation to, *inter alia*, the Company's proposed acquisition of an aggregate of 1,715 ordinary shares ("**Sale Shares**") in the share capital of Gainhealth Pte. Ltd. (the "**Target**") (being 1,669 Sale Shares from JPS, 20 Sale Shares from FYJ and 26 Sale Shares from YKN), representing approximately 85.07% of the total issued and paid-up share capital of the Target (collectively, the "**Proposed Acquisition**"). Pursuant to the SPA, the aggregate consideration for the Sale Shares amounted to S$4,250,000 ("**Consideration**"), with performance bonus of up to S$5,100,000 (the "**Performance Bonus**") payable by the Company to the Vendors, subject to JPS procuring the Target's fulfilment of the Performance Conditions (as defined at **Paragraph 7**).

2. INFORMATION ON THE VENDORS

The information on the Vendors provided below was provided to the Company by the Vendors. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board's responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

2.1 JPS is a Singapore Citizen and has more than 12 years of experience in healthcare businesses covering operations, sales and digital marketing. She is the founder and sole director of the Target holding 1,950 ordinary shares in the share capital of the Target as at the date of this announcement.

2.2 FYJ is a Chinese national and YKN is a Singapore Citizen. As at the date of this announcement, FYJ and YKN hold 20 ordinary shares and 26 ordinary shares respectively, in the share capital of the Target as seed round investors.

2.3 Each of the Vendor is an independent third party and is not related to any of the Directors or controlling shareholders of the Company and their respective associates. As at the date of this announcement, the Vendors do not have any interest in the shares of the Company.

3. INFORMATION ON THE TARGET

The information on the Target provided below was provided to the Company by the Target. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board's responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

3.1 Corporate Information

Gainhealth Pte. Ltd. is an exempt private company limited by shares incorporated in the Republic of Singapore on 26 June 2020, and as at the date of this announcement, has an issued and paid-up share capital of S$140,020 comprising 2,016 ordinary shares. The shareholders of the Target are JPS (96.73%), FYJ (0.99%), YKN (1.29%), Farah Feroz Abdullah (0.5%) and Jasmond Oh Jun Jie (0.5%). The sole director of the Target is JPS. Upon completion of the Proposed Acquisition, the shareholders of the Target shall be the Company (85.07%), JPS (13.93%), Farah Feroz Abdullah (0.5%) and Jasmond Oh Jun Jie (0.5%).

Gainhealth Pte. Ltd. is principally in (a) the healthcare business operating a general practitioner clinic with in-house pharmacy known as "Gainhealth Clinic and Homecare", providing clinic-based services, with homecare nursing, carer support and retail of healthcare products; and (b) healthcare technology business through its e-commerce arm that operates multiple online e-commerce portals which is a high growth omnichannel health and wellness digital platform. It has a regionally expanding team of 15 staff operating currently in Singapore and Malaysia, with its key management team comprising a regional manager experienced in wholesale pharma distribution, a digital marketing director with prior healthcare industry experience, and 3 doctors licenced in Singapore with prior online healthcare services experience.

The Target is vertically integrated with licenced clinic with pharmacy, online self-branded e-commerce portals, and product placements on proven regional ecommerce portals like Lazada, Shopee and Foodpanda. This allows the Target to provide better value to its customers by avoiding several middle layers in distribution costs, and bundling healthcare services like online medical consultations and health coaching for its members. The Target is positioned to cover the South East Asian markets with a data driven approach to gather customer health profiles into a disease management platform and provide personalised customer engagement in niche chronic conditions and personalised product placements.

3.2 Financial Information

Based on the management accounts of the Target as at 30 April 2021:

(a) the book value of the Sale Shares, representing in aggregate 85.07% of the issued and paid-up share capital of the Target, was approximately S$19,484 as at 30 April 2021;

(b) the net tangible asset ("**NTA**") value represented by the Sale Shares, representing in aggregate 85.07% of the issued and paid-up share capital of the Target, was approximately S$19,484 as at 30 April 2021; and

(c) the net loss attributable to the Sale Shares, representing in aggregate 85.07% of the issued and paid-up share capital of the Target, amounted to approximately S$99,630 for the period from the date of incorporation of 26 June 2020 to 30 April 2021.

3.3 Valuation

For the purpose of the Proposed Acquisition, the Company commissioned Cushman & Wakefield VHS Pte Ltd ("**Independent Valuer**") to conduct an independent valuation on 100% equity interest in the capital of the Target ("**Valuation**"). Based on discussions with the Independent Valuer, the indicative Valuation based primarily on the income approach with reference to the market approach is between S$3.9 million to S$5.2 million as at 31 March 2021.

Shareholders should note that the final Valuation is subject to the Independent Valuer finalising its valuation report (the "**Independent Valuation Report**"). Details of the Valuation (including the basis of the Valuation) will be set out in the Independent Valuation Report which will be a document for inspection with its summary provided in the Circular (as defined below) to be issued by the Company to the shareholders of the Company (the "**Shareholders**") in due course.

4. INFORMATION ON THE ARRANGER

4.1 JPS was introduced to the Company by Ms. Tan Ker Sin (the "**Arranger**"). As confirmed by the Arranger, the Arranger knew JPS through business associates. The Arranger is a Singapore Citizen and a private investor previously working in the oil and gas industry.

4.2 The Arranger has confirmed that the Arranger knew the Company through Hong Shieh Yung Travis ("**Travis**"), a Singapore Citizen and a business development manager in the commodities industry. Travis has confirmed that he knew the Company through a business associate.

4.3 Pursuant to the Arranger Fee Agreement (as defined under **Paragraph 10**), the Arranger is responsible for co-ordinating and liaising with JPS and to ensure the successful completion of the Proposed Acquisition.

4.4 The Arranger has confirmed that the Arranger is an independent third party and is not related to the Company, the Directors or controlling shareholders of the Company or any of their respective associates.

5. RATIONALE

5.1 The Board believes that the Proposed Acquisition is of commercial benefits to the Group for the following reasons:

(a) The existing business of the Group is to provide mechanical manufacturing solutions focusing on data storage, office automation peripherals, automated teller machines and kiosk products. As set out in the Company's annual report for the financial year ended 31 December 2020, the Group has been exploring potential strategic acquisitions to augment and extend existing business operations, and to enhance the overall financial performance of the Group. The Company has been concerned about the impact of the on-going Sino-US trade war on the Group's plant in China, as well as the anxiety and uncertainty caused by the COVID-19 pandemic on the global economy. The outbreak of COVID-19 is expected to have a significant impact on the global economy caused by the acute shortage of key supplies from China for the next couple of quarters, and the outbreak may have an adverse impact on the Group's business operations and consequently have an adverse effect on the Group's financial condition and operating results. The Proposed Acquisition is part of the Company's plans in exploring potential and suitable acquisitions, joint ventures and strategic alliances, which generate sustainable revenue streams for the Group and represent a strategic diversification strategy for the Group towards improving its financial performance and position over a longer term.

(b) The Proposed Acquisition is in line with the Company's intention to seek out and explore new business opportunities to improve shareholders' value, and to engage in investments to generate new revenue streams and operating cash flow for the Group.

(c) The Proposed Acquisition is aligned with the Board's vision to diversify into the Healthcare Business (as defined in **paragraph 14.2(a)**) and the E-commerce Business (as defined in **paragraph 14.2(b)**) to gain access to new markets, customers and business opportunities in the healthcare and wellness industry. It also presents an opportunity for the Group to acquire a controlling stake in the Target which will enable the Group to make its first foray into the healthcare and wellness industry. The successful venture into the healthcare and wellness industry will enhance the financial performance of the Group.

(d) In particular, with the coronavirus pandemic, preventive health has become important for families. Chronic diseases and weight gain are seen as risk factors for lowered immunity and these would have to be managed remotely beyond regular supply of prescription medication. The Proposed Acquisition would be an opportunity for the Group to address these concerns and increasing needs to supply prescribed medication remotely.

(e) While riding on the expanding digital economy wave during the pandemic within the fast-growing trend of digital health space in South-East Asia over the last year, the Target has been working with research and development partners on self-branded health food and supplements segment to provide its members with increased products for preventive health. The Proposed Acquisition would enable the Group to expand its business beyond Singapore and into a wider region in South-East Asia.

(f) Existing retail pharmacy chains have been slow to progress online and have been plagued with delivery delays and struggle with targeted product placements and worry about competing with their own stores which have high operating costs. Whereas pharmacy on virtual platforms have been successful in Asia. The Proposed Acquisition would enable the Group to explore new business opportunity where there is an increase in demand for pharmacy on virtual platforms in Asia.

(g) The Proposed Acquisition enables the Company to diversify and expand into the growing digital ecosystem platform in pharmacy to focus on the healthcare industry with increased awareness and volume growth during the pandemic for digital healthcare and e-commerce. The Board is of the view that Singapore is an e-commerce and hub for regional digital economy in healthcare. The Company believes the Proposed Acquisition presents a good opportunity for the Group to diversify its business and strengthen its competitive advantage and provide a source of recurring income and value to the Group.

(h) Based on the Valuation, the Board notes that the business model of the Target is designed with clear revenue goals. As such, the Company believes that the Proposed Acquisition is in the interests of the Group and will enhance shareholders' value in the long term.

Accordingly, based on the abovementioned reasons, the Board is of the view that the Proposed Acquisition will bring value to Shareholders, and is of the view that the Proposed Acquisition is the best interest of the Company and its shareholders.

6. CONSIDERATION AND PERFORMANCE BONUS

6.1 Pursuant to the terms and conditions of the SPA, the Consideration of S$4,250,000 shall be paid in the following manner:

(a) S$3,769,000 in cash to be paid to JPS by way of cashier's order, cheque, telegraphic transfer or such other payment method as the Company and JPS may agree in writing;

(b) S$481,000 by way of allotment and issuance of up to 13,000,000 new ordinary shares in the share capital of the Company ("**Consideration Shares**") to the Vendors at an issue price per Consideration Share to be determined based on the higher of either S$0.037 or the volume weighted average price per share of the Company ("**VWAP**") for the full trading day prior to the date of the SPA, being S$0.0364, and in the following manner:

(i) up to 9,916,562 Consideration Shares to JPS;
(ii) up to 1,340,625 Consideration Shares to FYJ; and
(iii) up to 1,742,813 Consideration Shares to YKN.

Accordingly, the issue price of the Consideration Shares ("**Issue Price**") has been determined to be S$0.037 for each Consideration Share. The Issue Price represents a discount of approximately 44.78% to the VWAP of S$0.067 per Share for trades done on the Catalist of the SGX-ST on 7 June 2021 (being the last trading day of the Shares on Catalist prior to the signing of the SPA) ("**Last VWAP**"). The Issue Price was determined with reference to (i) the net asset value of the Group of approximately S$15,331,000 as at 31 December 2020 (based on the audited financial statements of the Company for FY2020) and the net asset value per Share of approximately S$0.041 (where the Issue Price represents a 9.8% discount to the Group's net asset value per Share), and (ii) the existing issued and paid-up share capital of the Company of 400,574,026 Shares as at the date of the SPA. In determining the Issue Price, the Board and the Vendors also took into account the daily trading range of the Shares at or around the time negotiations took place and prior to 7 June 2021.

The Company will be seeking its shareholders' approval for the allotment and issuance of the Consideration Shares pursuant to Rule 805(1) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

6.2 Subject to JPS procuring the Target's fulfilment of the Performance Conditions (as defined at **Paragraph 7**), the Company has agreed to pay the Performance Bonus of up to S$5,100,000 to the Vendors in the following manner :

(a) up to S$4,360,000 in cash to be paid to JPS by way of cashier's order, cheque, telegraphic transfer or such other payment method as the Company and JPS may agree in writing and

(b) up to S$740,000 by way of allotment and issuance of up to 20,000,000 new ordinary shares in the share capital of the Company (the "**Performance Shares**") to the Vendors at an issue price per Performance Share to be determined based on the higher of either S$0.037 or the VWAP for the full trading day prior to the date of the SPA, being S$0.0364, and in the following manner:

(i) up to 16,305,406 Performance Shares to JPS;
(ii) up to 1,606,345 Performance Shares to FYJ; and
(iii) up to 2,088,248 Performance Shares to YKN.

Accordingly, the issue price for the Performance Shares has been determined to be S$0.037 for each Performance Share, representing a discount of approximately 44.78% to the Last VWAP, which is on the same basis as the Issue Price (as set out under **Paragraph 6.1** above). The Company will be seeking its shareholders' approval for the allotment and issuance of the Performance Shares pursuant to Rule 805(1) of the Catalist Rules.

6.3 The Consideration was arrived at arm's length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:

(a) the Valuation on the Target conducted by the Independent Valuer (details as set out in **Paragraph 3.3**);

(b) prevailing economic conditions which had an impact on the Valuation; and

(c) potential growth outlook of the Target, including several channel partnerships developed regionally by the Target.

7. PERFORMANCE CONDITIONS

7.1 The payment of the Performance Bonus under **Paragraph 6.2** above shall be subject to the satisfaction of the following conditions (the "**Performance Conditions**") by the Company and JPS:

(a) JPS shall procure the fulfilment by the Target of achieving a valuation of not less than S$11,600,000 within 12 months from the date falling 14 business days after the satisfaction or waiver of the conditions precedent under the SPA ("**Completion Date**") (the "**Performance Condition**"). The valuation shall be called by JPS and conducted by a valuer appointed by the Company ("**Second Valuation**"). The Performance Bonus shall be paid subject to the following conditions:

(i) In the event that the upper limit of the Second Valuation is not less than S$11,600,000, the Performance Bonus shall be S$5,100,000 to be paid to the Vendors, on a *pro rata* basis, in accordance with the allocation of Performance Bonus payable to JPS, FYJ and YKN under **Paragraphs 6.2(a) and 6.2(b)**. For the avoidance of doubt, the Company shall have the sole discretion to determine the proportion of Performance

Bonus to be paid in cash and in the form of Performance Shares to each Vendor as long as the aggregate total cash to be paid and Performance Shares to be allotted and issued are within the total maximum limits as set out under **Paragraph 6.2** regardless of the allocation of cash and number of Performance Shares to each Vendor set out in **Paragraph 6.2**;

(ii) In the event that the upper limit of the Second Valuation is less than S$11,600,000, the Performance Bonus shall be adjusted accordingly based on the formula set out below, to be paid to the Vendors, on a *pro-rata* basis, in accordance with the allocation of Performance Bonus payable to JPS, FYJ and YKN under **Paragraph 6.2(a) and 6.2(b)**. For the avoidance of doubt, the Company shall have the sole discretion to determine the proportion of Performance Bonus to be paid in cash and in the form of Performance Shares to each Vendor as long as the aggregate total cash to be paid and Performance Shares to be allotted and issued are within the total maximum limits as set out under **Paragraph 6.2** regardless of the allocation of cash and number of Performance Shares to each Vendor set out in **Paragraph 6.2**.

[(95% of the upper limit of the Second Valuation) x (85%)] – S$4,250,000

(b) the Company obtaining such approval from the SGX-ST for the listing and quotation of the Performance Shares and such approval not having been amended or revoked.

8. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

8.1 The costs and expenses incurred or to be incurred in connection with the Proposed Acquisition shall be funded through the Group’s internal resources.

9. PRINCIPAL TERMS OF THE SPA

9.1 According to the SPA:

(a) The obligations of the Company and the Vendors (collectively, the “**Parties**”, and each a “**Party**”) are conditional upon, and completion shall not take place until, all of the following conditions have been fulfilled on or prior to the Completion Date (“**Conditions Precedent**”):

(i) JPS obtaining such approvals from the board of directors and/or shareholders of the Target in connection with the SPA and the transactions contemplated therein as may be necessary;

(ii) the Company obtaining approval(s) from its board of directors and/or shareholders in connection with the SPA and the transactions contemplated therein as may be necessary;

(iii) the Company obtaining such approval from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing and quotation of the Consideration Shares and such approval not having been amended or revoked before the Completion Date;

(iv) each of the representations, warranties and undertakings remaining true, not misleading, correct and accurate in any respects at completion, as if repeated on the Completion Date, and at all times between the date of the SPA and completion of the SPA;

(v) the rectification, or the procurement of such rectification, as reasonably determined by and to the reasonable satisfaction of the Company by JPS of all issues and/or irregularities uncovered by the Company and/or its professional advisers during their due diligence carried out on the Target which are capable of rectification, unless waived by the Company in its absolute discretion;

(vi) the Company being satisfied in its absolute discretion that there has been no material adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, condition (financial or otherwise), assets, prospects, performance, financial position, results or operations of the Target between the date of the SPA and the Completion Date; and

(vii) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated in the SPA (including the waiver of any right of pre-emption or other restriction on the transfer of the Sale Shares conferred on any person under the constitution of the Target or otherwise, if necessary) having been obtained by JPS and/or the Target (as the case may be), and such consents, approvals and waivers not having been amended or revoked before Completion Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company and being fulfilled on or before the Completion Date.

(b) If any of the Conditions Precedent are not fulfilled by any Party on or before the Completion Date and such non-fulfilment is not waived by the other Party, the SPA shall *ipso facto* cease, lapse and determine. In that event, the Parties shall be released and discharged from their respective obligations under the SPA, other than the provisions of the SPA which survive the termination of the SPA and no Party shall have any claim against the other Parties for costs, damages, compensation or otherwise under the SPA, save for any claim by any Party against the other Parties in respect of any antecedent breach of the SPA.

(c) JPS shall procure that the medical director licencing the medical clinic of the Target as at the date of the SPA will remain under the employment of the Target for a period of three (3) years from the Completion Date.

(d) The Company obtaining such approval from the SGX-ST for the listing and quotation of the Performance Shares and such approval not having been amended or revoked.

(e) The SPA shall be governed and construed in accordance with the laws of Singapore.

10. PRINCIPAL TERMS OF THE ARRANGER FEE AGREEMENT

10.1 The Company has on 7 June 2021 entered into an agreement (the "**Arranger Fee Agreement**") with the Arranger pursuant to which the Company agreed to pay the Arranger consideration for her services in the following manner:

(a) S$212,500 (the "**Arranger Fee**") equivalent to 5% of S$4,250,000 (being the Consideration), payable by way of the allotment and issuance of 5,743,243 new ordinary shares of the Company ("**Arranger Shares**") at an issue price per Arranger Share determined based on the higher of either S$0.037 or the VWAP for the full trading day prior to the date of Arranger Fee Agreement, being S$0.0364 upon completion of the Proposed Acquisition; and

(b) up to S$255,000 (the "**Additional Arranger Fee**") equivalent to 5% of the actual Performance Bonus of up to S$5,100,000 (determined based on **Paragraph 7.1**)), payable by way of the allotment and issuance of up to 6,891,892 new ordinary shares of the Company ("**Additional Arranger Shares**") at an issue price per Additional Arranger Share determined based on the higher of either S$0.037 or the VWAP for the full trading day prior to the date of Arranger Fee Agreement, being S$0.0364, upon fulfilment of the Performance Condition.

Accordingly, the issue price of the Arranger Shares and Additional Arranger Shares has been determined to be S$0.037, representing a discount of approximately 44.78% to the Last VWAP of S$0.067, on the same basis as the Issue Price (as set out under **Paragraph 6.1** above). The Company will be seeking its shareholders' approval for the allotment and issuance of the Arranger Shares and Additional Arranger Shares pursuant to Rule 805(1) of the Catalist Rules.

Taking into consideration the work done and commercial rates, the Board is of the view that the Arranger Fee and the Additional Arranger Fee is reasonable and commensurate to the services provided by the Arranger.

11. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

11.1 The relative figures computed for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules and the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**") are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not Applicable(1)
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	5.53%(2)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	65.03%(3)
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	8.24%(4)
(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 SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable(5)

Notes:

(1) Rule 1006(a) is not applicable to an acquisition of assets.

(2) Under Rule 1002(3)(b), "**net profit**" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The relative figure under Rule 1006(b) is computed based on (i) the Group's net loss for FY2020 of approximately S$1,935,000, and (ii) the Target's unaudited net loss for the period from 26 June 2020 (date of incorporation) to 31 December 2020 where net loss attributable to the Sale Shares was approximately S$106,630.

(3) As the net asset value of the Consideration Share and Performance Share of S$0.041 is higher than the Issue Price of S$0.037, the basis for valuing the aggregate consideration pursuant to Rule 1003(3) is the maximum aggregate number of shares to be issued pursuant to the Proposed Acquisition (being 13,000,000 Consideration Shares and 20,000,000 Performance Shares), multiplied by the net asset value of S$0.041 per Share. Therefore, the total aggregate consideration, including the cash payment of S$3,769,000 (in respect of the Consideration) and S$4,360,000 in respect of the Performance Bonus, the aggregate consideration used for the computation under Rule 1006(c) is S$9,482,000. The Company's market capitalisation of approximately S$14,580,894 million, computed based on the

issued share capital of the Company as at the date of the announcement ("**Shares**") of 400,574,026 Shares and the VWAP of S$0.0364 per Share based on shares transacted on 4 June 2021, being the full trading day preceding the date of the SPA.

(4) Computed based on (i) an aggregate of 33,000,000 Shares to be issued (which consists 13,000,000 Consideration Shares, up to 20,000,000 Performance Shares), and (ii) the Company's issued Shares of 400,574,026 as at the date of this announcement.

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

11.2 As each of the relative figures computed under Rules 1006(b), (c) and (d) of the Catalist Rules exceeds 5% but is less than 75%, the Proposed Acquisition constitutes a "discloseable transaction" under Rule 1010 of the Catalist Rules. Notwithstanding that the Proposed Acquisition constitutes a discloseable transaction and is not subject to Shareholders' approval under the Catalist Rules, the Company seek its shareholders' approval for the Proposed Acquisition at a general meeting given that it is the Group's first foray into a new business sector.

12. FINANCIAL EFFECTS

12.1 The financial effects of the Proposed Acquisition are presented for illustrative purposes only and are not intended to reflect the actual future financial performance and position of the Company or the Group after the completion of the Proposed Acquisition.

12.2 The financial effects set out below have been computed based on the latest audited consolidated financial statements of the Group for FY2020 and the latest management accounts of the Target for the period from 26 June 2020 (being the date of incorporation) to 30 April 2021, as well as on the following bases and key assumptions:

(a) the financial effects on the NTA per Share of the Group are computed assuming that the Proposed Acquisition was completed on 31 December 2020 which includes the (i) satisfaction of the Performance Conditions by JPS under Paragraph 7.1(a)(i) and the Performance Bonus of S$5,100.000 is paid to the fullest extent in accordance with Paragraph 6.2, (ii) the payment of the Arranger Fees of S$212,500 by allotment and issuance of Arranger Shares and (iii) the payment of the Arranger Fees of S$255,000 by allotment and issuance of the Additional Arranger Shares;

(b) the financial effects on the loss per Share ("**LPS**") of the Group are computed assuming that the Proposed Acquisition was completed on 1 January 2020 which includes the (i) satisfaction of the Performance Conditions by JPS under Paragraph 7.1(a)(i) and the Performance Bonus of S$5,100,000 is paid to the fullest extent in accordance with Paragraph 6.2, (ii) the payment of the Arranger Fees of S$212,500 by allotment and issuance of Arranger Shares and (iii) the payment of the Arranger Fees of S$255,000 by allotment and issuance of the Additional Arranger Shares;

(c) the Company's allotment and issuance of 26,455,026 placement shares to certain placees completed on 20 April 2021 has been assumed to be completed as at 31 December 2020; and

(d) expenses incurred to be incurred in connection with the Proposed Acquisition are expected to be approximately S$600,000. For the avoidance of doubt, such expenses included the Arranger Fee and the Additional Arranger Fee of an aggregate sum of up to S$467,500 (assuming satisfaction of the Performance Conditions by JPS under Paragraph 7.1(a)(i) and the Performance Bonus of S$5,100,000 is paid to the fullest extent in accordance with Paragraph 6.2).

12.3 Share Capital

	Before the Proposed Acquisition	After the Proposed Acquisition
Issued and paid-up share capital of the Company (S$'000)	22,409	24,507
Total number of Shares ('000)	400,574,026	446,209,161

12.4 NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA as at 31 December 2020 (S$'000)	16,101	7,797
Total number of Shares ('000)	400,574,026	446,209,161
NTA per Share (Singapore cents)	4.02	1.75

12.5 LPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to shareholders (S$'000)	1,960	2,670
Weighted average number of Shares ('000)	400,574,026	446,209,161
LPS (Singapore cents)	0.49	0.60

13. APPROVALS FOR LISTING AND QUOTATION OF SHARES

13.1 The Company will be applying to the SGX-ST for listing and quotation of the Consideration Shares, Performance Shares, the Arranger Shares and the Additional Arranger Shares on the Catalist of the SGX-ST (and subject to the approval of the Company's shareholders on the Proposed Acquisition) and will make the necessary announcements once the approval has been obtained from the SGX-ST.

14. PROPOSED DIVERSIFICATION INTO THE HEALTHCARE BUSINESS AND THE E-COMMERCE BUSINESS

Introduction

14.1 Upon completion of the acquisition of the Sale Shares, the Target will become a subsidiary of the Company and the business of the Target will form part of the business of the Group. It is envisaged that the Proposed Acquisition would change the existing risk profile of the Group and pursuant to Practice Note 10A of the Catalist Rules, shareholders' approval is required.

14.2 Accordingly, in connection with the Proposed Acquisition, the Company intends to expand its existing scope of business to include the following ("**Proposed Diversification**"):

(a) healthcare business which would include the business of developing, training, distributing (via retail, direct selling, network marketing or e-commerce) healthcare products and/or services and including but not limited to (a) general health and wellness; (b) homecare nursing and carer support; (c) supply of medication for chronic diseases; (d) direct to home and consumer personalised care; and (e) training on home based medical procedures (the "**Healthcare Business**"); and

(b) e-commerce business which would include online self-branded e-commerce portals and growth stage digital ecosystem platform and including but not limited to (a) operating of technology and digital payment applications that enable digital and mobile payments; (b) identify and invest in or build (whether through expertise in the Group and/or suitably qualified external personnel) proven business models relating to e-commerce or the internet of things and seek to scale them into market leading online companies (the "**E-commerce Business**").

"E-commerce" relates to a transaction of buying or selling online and it draws on technologies such as mobile commerce, electronic funds transfer, internet marketing, online transaction processing and electronic data interchange. The internet of things is the network of physical devices, vehicles, home appliances or other items embedded with electronics, software, sensors, and connectivity which enables these objects to connect and exchange data.

14.3 The Healthcare Business and the E-Commerce Business will not be restricted to any particular business sector, industry or geographical area but the Company will consider any business sector, industry or country that presents growth opportunities for the Group.

14.4 The Group may also collaborate with external consultants and/or advisers for the Healthcare Business. These collaborations may be done on a profit-sharing basis or on such other terms acceptable to the Group.

14.5 The Group may also explore joint ventures, partnerships and/or strategic alliances with third parties (including interested persons) who have the relevant expertise and resources to carry out the Healthcare Business and the E-commerce Business as and when opportunities arise. Such alliances may be carried out on a case-by-case basis and in selecting its strategic partners, the following factors will be taken into account: (a) the specific expertise and competencies necessary for the projects or deals in question and the experience; (b) track record; and (c) financial standing of the party and/or parties concerned. In the event that the Group proposes to enter into a joint venture, partnership or strategic alliance with an interested person (as defined under the Catalist Rules), the Company will comply with the relevant provisions of Chapter 9 of the Catalist Rules.

Management of the Healthcare Business and the E-commerce Business

14.6 The Company is intending to diversify into the Healthcare Business and E-Commerce Business through its wholly-owned subsidiary, Metal Precision Services Pte. Ltd.. As such, the Company may acquire the Sale Shares through Metal Precision Services Pte. Ltd.. As the Company's plan is not definitive at the moment, the Company will keep the shareholders updated in this regard.

Rationale for the Proposed Diversification

14.7 The Group has consistently sought to improve Shareholders' long-term return. As part of the Group's strategy to broaden its stream of revenue and income, the Group intends to pursue the Proposed Diversification for the following reasons:

(a) The Proposed Diversification would enable the Group to have a wider network of contacts and business opportunities

The Board believes that the Proposed Diversification represents an opportunity to explore, evaluate and establish new and profitable business segments for the Group, and exponentially increasing the Group's network of contacts. The diversification of the Group's business into the Healthcare Business and E-commerce Business is one of the Group's strategies to diversify and expand its revenue streams by tapping into the growing healthcare and wellness industry and the growing demands in e-commerce as part of its future business direction.

(b) The Proposed Diversification would provide the Group with a diversity of business and income base, and reduced reliance on the Group's existing business

The Proposed Diversification will be beneficial to the Group's efforts to sustained performance in the future. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reduce reliance on the Group's existing business. The Proposed Diversification into the Healthcare Business and E-commerce Business may provide the Group with a more diversified business and income base for future growth. The Board also believes that the Proposed Diversification creates the opportunity for geographical diversification. The Group intends to explore business opportunities with no geographical limit. This allows the Group to be flexible in seeking out and capturing such opportunities and to be adaptable to the fluidity of the current global economic outlook.

(c) The Proposed Diversification would provide flexibility to enter into transactions relating to the Healthcare Business and the E-commerce Business

The principal object of the Target is to operate an integrated online to offline healthcare and wellness ecosystem across the region. Upon completion of the Proposed Acquisition, the Target will become a subsidiary of the Company and the business of the Target will form part of the business of the Group.

14.8 Upon the approval by Shareholders of the Proposed Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the Healthcare Business and E-commerce Business without having to seek Shareholders' approval. The Proposed Diversification would eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the Healthcare Business and E-commerce Business arise. This will allow the Group greater flexibility to pursue business opportunities which may be time-sensitive in nature, and will reduce the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

15. REQUIREMENTS UNDER THE CATALIST RULES

15.1 In accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first Major Transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

15.2 Notwithstanding that the Proposed Acquisition constitutes a discloseable transaction and is not subject to Shareholders' approval under the Catalist Rules, the Company will be seeking shareholders' approval of the Proposed Acquisition at a general meeting given that it is the Group's first foray into a new business sector.

15.3 For the avoidance of doubt, notwithstanding the Proposed Diversification, in respect of transactions:

(a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or more or results in a change in control of the issuer, Rule 1015 of the Catalist Rules will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting;

(b) which constitute an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply and the Company will comply with the provisions of Chapter 9 of the Catalist Rules; and

(c) Paragraph 2 of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, among others, made conditional upon approval by Shareholders at a general meeting.

15.4 Rule 1005 of the Catalist Rules states that "the sponsor may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction. The SGX-ST retains the discretion to determine whether the aggregation was correctly applied, and/or to direct the sponsor to aggregate other transactions".

16. SERVICE CONTRACTS

16.1 No person is proposed to be appointed as a director of the Company in connection with the SPA and the Arranger Fee Agreement and no service contracts in relation thereto is proposed to be entered into by the Company.

17. RULE 803 OF THE CATALIST RULES CONFIRMATION

17.1 The Company confirms that the issuance of the Consideration Shares, Performance Shares, Arranger Shares and the Additional Arranger Shares does not result in a transfer of controlling interest of the Company to any of JPS, FYJ, YKN or the Arranger.

	JPS	**FYJ**	**YKN**	**Arranger**
No. of Consideration Shares to be issued	9,916,562	1,340,625	1,742,813	Nil
No. of Performance Shares to be issued	16,305,406	1,606,345	2,088,248	Nil
No. of Arranger Shares	Nil	Nil	Nil	5,743,243
No. of Additional Arranger Shares	Nil	Nil	Nil	6,891,892
% of enlarged Shares held by Vendors to enlarged total share capital of the Company	5.88%	0.66%	0.86%	2.83%

18. SHAREHOLDERS' APPROVAL

18.1 The Company will be convening an extraordinary general meeting to seek shareholders' approval for the Proposed Acquisition, the allotment and issuance of the Consideration Shares, Performance Shares, Arranger Shares and the Additional Arranger Shares and the Proposed Diversification, notice of which will be announced in due course. A circular to Shareholders ("**Circular**") containing, *inter alia*, further information on the Proposed Acquisition and the Proposed Diversification will be despatched to Shareholders in due course.

19. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

19.1 Save as disclosed in this announcement, none of the Directors and/or the substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition and the Proposed Diversification, other than through their respective shareholdings in the Company, if any.

20. DOCUMENTS AVAILABLE FOR INSPECTION

20.1 A copy of the SPA and the Arranger Fee Agreement will be made available for inspection at the registered office of the Company located at 7030 Ang Mo Kio Avenue 5 #08-85 Northstar@AMK Singapore 569880 during normal business hours for three months from the date of this announcement.

21. CAUTIONARY STATEMENT

21.1 **Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. In particular, the SPA and the Arranger Fee Agreement is subject to conditions which may or may not be fulfilled.**

21.2 **Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

By Order of the Board

Lee Wei Hsiung
Company Secretary
8 June 2021

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

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 Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.