GRAND VENTURE TECHNOLOGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201222831E)

ANNOUNCEMENT

PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ACP METAL FINISHING PTE LTD

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1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Grand Venture Technology Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 30 November 2023 entered into a conditional sale and purchase agreement (the "**SPA**") with Ardille Pte Ltd (the "**Seller**" and together with the Company, the "**Parties**" and each a "**Party**") in relation to the proposed acquisition by the Company of the entire issued and paid-up share capital of ACP Metal Finishing Pte Ltd (the "**Target**"), from the Seller for an aggregate consideration of S$17,000,000 on the terms and subject to the conditions of the SPA (the "**Proposed Acquisition**"). On completion of the Proposed Acquisition ("**Completion**"), the Target will become a direct wholly-owned subsidiary of the Company.

The Proposed Acquisition is subject to the approval of the shareholders of the Company (the "**Shareholders**") and the Company will be convening an extraordinary general meeting (the "**EGM**") to seek such required approval. Further information on, *inter alia*, the Proposed Acquisition will be provided in a circular to be issued by the Company to the Shareholders in due course (the "**Circular**").

2. THE PROPOSED ACQUISITION

2.1. Information on the Target

The Target is a private company limited by shares incorporated in Singapore on 19 July 1988. The principal activity of the Target is the provision of customised electro-plating and surface treatment services. In particular, the Target is a surface treatment specialist involved in various electrochemical/chemical processes coating a wide range of metals, serving precision engineering manufacturers in the aerospace, life sciences, optics, medical and semi-conductor industries. The Company was introduced to the Target through its business associates.

The executive director of the Target and the Seller is Oxborrow Michael Anthony.

As of the date of this announcement, the Target has an issued and paid-up share capital of S$250,000 comprising of 250,000 ordinary shares. The Seller is the sole shareholder of the Target and holds the entire paid-up and issued share capital of the Target.

2.2. Information on the Seller

The Seller is a private company limited by shares incorporated in Singapore on 18 November 1999. It is a holding company and its shareholders are Budleigh Engineering Pte Ltd (which holds 62.5% of the issued and paid-up share capital of the Seller) and Chip Eng Seng Corporation Ltd. (which holds the remaining 37.5% of the issued and paid-up share capital of the Seller). The principal activity of Budleigh Engineering Pte Ltd is to invest in precision engineering companies. Its sole director and shareholder is Oxborrow Michael Anthony, who is the director and chief executive officer of the Target. Chip Eng Seng Corporation Ltd. is a multinational conglomerate company with businesses in construction, civil infrastructure, precast technology, environmental, property development and investment, hospitality, as well as education.

As at the date of this announcement, the Seller and its direct and indirect shareholders (a) do not have any existing interest (whether direct or deemed) in ordinary shares of the Company (the "**Shares**"); and (b) are not related to any of the Directors, substantial shareholders of the Company, or their respective associates. In addition, there is no connection (including business relationship) between the Seller (including its direct and indirect shareholders), and the Directors or substantial shareholders of the Company.

2.3. Principal Terms of the Proposed Acquisition

2.3.1. <u>The Proposed Acquisition</u>

On and subject to the terms of the SPA, the Seller agrees to sell, and the Company, relying on, *inter alia*, the representations, warranties and undertakings contained in the SPA, agrees to purchase, the entire issued and paid-up share capital of the Target, being 250,000 ordinary shares (the "**Sale Shares**").

The Sale Shares shall be sold by the Seller free from Encumbrances (as defined in the SPA) and together with all rights and advantages attaching to them as at Completion (including the right to receive all dividends or distributions declared, made or paid on or after Completion).

The obligation of the Company to purchase any Sale Share is conditional and interdependent on the purchase by the Company of all the Sale Shares, and the Company is not obliged to purchase any Sale Share unless it completes the purchase of all the Sale Shares.

2.3.2. <u>Consideration</u>

The consideration for the Proposed Acquisition is S$17,000,000 (the "**Consideration**") to be satisfied in cash and shall be payable by the Company to the Seller in the following manner:

(a) 90.0% of the Consideration being, S$15,300,000, to be payable on the Completion Date (as defined below); and

(b) the remaining 10.0% of the Consideration being, S$1,700,000 (the "**Retention Amount**"), to be payable on the date falling 12 months from the Completion Date (as defined below) (the "**Retention Payment Date**").

The Company shall pay the Retention Amount to an escrow agent, being a financial institution licensed or approved by the Monetary Authority of Singapore as mutually agreed to between the Parties (the "**Escrow Agent**") on the Completion Date (as defined below), to be held and fully distributed to the Seller on the Retention Payment Date, or to be held and distributed in such reduced amounts pursuant to the terms of the SPA, in each case, pursuant to the terms of the escrow agreement to be entered into between the Parties and the Escrow Agent.

The Consideration for the Proposed Acquisition was arrived at after an arms' length negotiation on a willing buyer willing seller basis, and taking into consideration factors such as the technical performance and niche capabilities of the Target for the aerospace sector, the net asset value of the Target, the revenue of the Target, the net book value of the property of the Target as at 30 June 2023, and other potential benefits that may accrue to the Group.

2.3.3. Reduction of Consideration

The Parties agree that if any payment is to be made by the Seller to the Company in respect of any claim for any breach of the SPA or pursuant to an indemnity under the SPA (or any agreement entered into under the SPA), the payment shall be made by way of adjustment of the Retention Amount payable by the Company for the Sale Shares under the SPA and the Consideration shall be deemed to have been reduced by the amount of such payment.

2.3.4. Source of Funds

The Consideration of S$17,000,000 is intended to be funded by the Group's internal resources and bank borrowings.

2.3.5. Conditions Precedent

The agreement to sell and purchase the Sale Shares under the SPA is conditional upon the satisfaction or waiver (as the case may be) of the following conditions, or their satisfaction subject only to Completion (the "**Conditions Precedent**"):

(a) the approval of the shareholders of the Company being obtained at an extraordinary general meeting to be duly convened for the entry into the SPA and all transactions contemplated therein and in connection therewith, and such approval not having been revoked or amended;

(b) the entry into an escrow agreement between the Parties and the Escrow Agent in relation to the escrow arrangements contemplated under the SPA in respect of the Retention Amount; and

(c) no relevant government authority having taken, instituted, implemented or threatened to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps to do so, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:

i. make the transactions contemplated under the SPA void, illegal and/or unenforceable or otherwise frustrate or be adverse to the same; and/or

ii. render the Company being unable to acquire all of the Sale Shares.

If any of the Conditions Precedent are not satisfied or waived on or before 31 March 2024 (or such other date as may be agreed in writing between the Company and the Seller), being the longstop date, save as expressly provided, the SPA (other than certain surviving provisions) shall lapse and be deemed terminated and no Party shall have any claim against any other Party under it, save for any claim arising from antecedent breaches of the SPA.

2.3.6. Completion

Completion shall take place at the Seller's registered office on the first (1st) business day falling 14 business days following notification of the satisfaction or waiver of the last of the Conditions Precedent, or at such other location, time or date as may be agreed in writing between the Parties (the "**Completion Date**").

2.3.7. Seller's Indemnities

The Seller shall indemnify and save harmless the Company or at its option, the Target, from and against any and all losses which the Company or the Target (as the case may be) may at any time and from time to time sustain, incur or suffer by reason of any breach of representation, warranty or undertaking given by the Seller under the SPA.

The aggregate liability of the Seller in respect of all breaches of the Seller's representations and/or warranties and/or undertakings in the SPA shall not exceed 10% of the Consideration, being S$1,700,000.

2.3.8. Non-Competition and Non-Solicitation

The Seller and certain of its Affiliates (as defined in the SPA) are subject to non-compete and non-solicit restrictions for a period of 24 months commencing on the Completion Date.

2.4. Rationale for the Proposed Acquisition

The Proposed Acquisition will expand the Group's capabilities to include surface treatment which is a critical process required by many of the Group's customers, especially in the aerospace, semiconductor, life sciences and medical segments. The Proposed Acquisition is in line with the Group's strategy to provide a full suite of services to better serve its customers and reduce its external reliance for surface treatment services.

The Proposed Acquisition, together with the previous acquisition of J-Dragon Tech (Suzhou) Co., Ltd, will enhance the Group's competencies in the aerospace segment and expand its customer touchpoints in this segment from mainly China to include Singapore and the region. In addition, the Proposed Acquisition is essential for our long-term competency build to further penetrate the front-end semiconductor segment and equip the Group with a differentiated advantage.

Given the potential benefits that the addition of surface treatment capabilities is expected to bring, the Board is of the view that the Proposed Acquisition will be synergistic to the Group's business. The Proposed Acquisition will allow the Group to provide a full suite of services to its existing customers, including those in the front-end semiconductor segment, as well as gain access to new customers, business opportunities and new markets in the Southeast Asian region. This is in line with the long-term objectives of the Group, to build a lasting precision engineering business with sustainable growth.

2.5. Financial Information Relating to the Sale Shares

Based on the unaudited financial statements of the Target, the net tangible asset value and book value of the Target was S$14,410,000 as at 30 June 2023.

2.6. Relative Figures under Rule 1006 of the Listing Manual

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section A: Rules of Mainboard (the "**Listing Manual**") are as follows:

Rule 1006		Relative Figures
(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(1)
(b)	The net losses attributable to the assets acquired or disposed of, compared with the Group's net profits(2)	17.6%(3)
(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	10.0%(4)
(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	Not applicable(5)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable(6)

Notes:

(1) Not applicable as the Proposed Acquisition does not relate to a disposal of assets.

(2) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(3) Based on the net losses attributable to the Sale Shares of S$714,000 based on the unaudited accounts of the Target for the financial period from 1 January 2023 to 30 June 2023 and the Group's net profits of S$4,062,000 based on the Group's unaudited financial statements for the half-year ended 30 June 2023.

(4) Based on the Consideration of S$17,000,000 and the Company's market capitalisation of S$169,339,356 as at 29 November 2023, being the last trading day prior to the signing of the SPA. The market capitalisation of the Company is determined by multiplying the number of Shares in issue (being 339,289,432 Shares, excluding treasury shares) by the VWAP of S$0.4991 of the Shares transacted on 29 November 2023 (being the last trading day prior to the signing of the SPA).

(5) Not applicable as the Consideration in relation to the Proposed Acquisition does not involve the issuance of equity securities by the Company.

(6) Not applicable as the Proposed Acquisition does not relate to a disposal of mineral, oil or gas assets by a mineral, oil

and gas company.

Pursuant to Rule 1007(1) of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1 (*Acquisitions and Realisations*) to the Listing Manual ("**Practice Note 10.1**"), or if not so provided, at the discretion of the SGX-ST, in which case, the Company should consult the SGX-ST. Based on the relative figures computed above and given that the net loss attributable to the Target as compared to the net profit of the Company is 17.6%, the Proposed Acquisition does not fall within any of the situations in paragraphs 4.3 and 4.4 of Practice Note 10.1. Accordingly, Rule 1014 of the Listing Manual applies to the Proposed Acquisition and the Company will be seeking Shareholders' approval for the Proposed Acquisition as a major transaction at the EGM to be convened.

2.7. Service Contracts

No person is proposed to be appointed as a Director in connection with the Proposed Acquisition and no service contracts in relation thereto are proposed to be entered into by the Company.

3. FINANCIAL EFFECTS

3.1. Assumptions

The *pro forma* financial effects of the Proposed Acquisition are based on the (i) unaudited financial statements of the Target for the 12 month period beginning on 1 January 2022 and ending on 31 December 2022; (ii) unaudited financial statements of the Target for the financial period from 1 January 2023 to 30 June 2023; (iii) audited consolidated financial statements of the Group for the financial year ended 31 December 2022 ("**FY2022**"); and (iv) unaudited consolidated financial statements of the Group for the six (6)-month financial period ended 30 June 2023 ("**1HFY2023**").

The financial effects on the net tangible assets ("**NTA**") per share are computed based on the assumption that the Proposed Acquisition was completed on 31 December 2022 for illustrating the *pro forma* financial effects for FY2022, and 30 June 2023 for illustrating the *pro forma* financial effects for 1HFY2023. The *pro forma* financial effects on NTA per share have taken into account the declaration and payment of the agreed dividends.

The financial effects on the earnings per share ("**EPS**") are computed based on the assumption that the Proposed Acquisition was completed on 1 January 2022 for illustrating the *pro forma* financial effects for FY2022, and 1 January 2023 for illustrating the *pro forma* financial effects for 1HFY2023.

The *pro forma* financial effects set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Company and the Group after the Proposed Acquisition.

3.2. NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA(1) as at 31 December 2022 (S$'000)	107,893	105,714
Number of issued Shares as at 31 December 2022	339,289,432	339,289,432
NTA per Share as at 31 December 2022 (S$ cents)	31.80	31.16
NTA(1) as at 30 June 2023 (S$'000)	107,373	104,483
Number of issued Shares as at 30 June 2023	339,289,432	339,289,432
NTA per Share as at 30 June 2023 (S$ cents)	31.65	30.79

Note:

(1) NTA after the Proposed Acquisition is calculated based on the Group's NTA before the Proposed Acquisition and the NTA of the Target, each as at 31 December 2022 and 30 June 2023 (as the case may be), less estimated transaction costs of S$300,000 and the Consideration.

3.3. EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to Shareholders as at 31 December 2022 (S$'000)	13,325	14,129
Weighted average number of issued Shares as at 31 December 2022	337,964,000	337,964,000
EPS as at 31 December 2022 (S$ cents)	3.94	4.18
Profit attributable to Shareholders as at 30 June 2023 (S$'000)	3,403	2,389
Weighted average number of issued Shares as at 30 June 2023	339,289,432	339,289,432
EPS as at 30 June 2023 (S$ cents)	1.00	0.70

4. EXTRAORDINARY GENERAL MEETING

4.1. EGM to be Convened and Circular to be issued to Shareholders

The Company will convene the EGM in due course to seek the shareholder approval for the Proposed Acquisition. In this connection and in compliance with the Listing Manual, the Circular containing, *inter alia*, further details on the Proposed Acquisition together with a notice of EGM to be held, will be issued to the Shareholders in due course.

4.2. Irrevocable Undertakings

To demonstrate support for the Proposed Acquisition, each of Mr. Lee Tiam Nam (Executive Deputy Chairman of the Company), Mr. Ng Wai Yuen Julian (CEO and Executive Director) and NT SPV 12 (Controlling Shareholder (as defined under the Listing Manual) of the Company) have, on 30 November 2023, provided irrevocable undertakings pursuant to which they had each irrevocably undertaken to the Company that they shall, *inter alia*, cast, or where applicable, procure the casting of, all votes in respect of all of the voting rights attached to their Shares in the Company as at 30 November 2023 in favour of the ordinary resolution in respect of the Proposed Acquisition and any other matter necessary or proposed to be implemented together with the Proposed Acquisition, and any other matter required by the SGX-ST at the EGM, save in the event that they are required to abstain from voting for such resolution under applicable laws and regulations.

As at 30 November 2023, Mr. Lee Tiam Nam, Mr. Ng Wai Yuen Julian and NT SPV 12 hold Shares representing approximately 15.37%, 3.55% and 26.68% of the issued and paid-up share capital of the Company, respectively.

In addition, under the terms of the SPA, the Company has undertaken to the Seller that it will procure irrevocable undertakings from certain of its shareholders (such that shareholders holding not less than a majority of its Shares have provided such irrevocable undertakings by the date of the EGM) to vote in favour of the resolutions pertaining to the transactions contemplated in the SPA, at the EGM.

5. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and their respective associates, and to the best of knowledge of the Directors, none of the substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the SPA and transactions contemplated therein, other than through their respective directorships and/or shareholding interests, if any, in the Company.

6. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 2 Changi North Street 1, GVT Building, Singapore 498828, for a period of three (3) months from the date of this announcement.

7. 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 and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any

statement in this announcement misleading. 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.

8. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Acquisition.

9. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action in respect of securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Completion of the Proposed Acquisition is subject to fulfilment of the conditions in the SPA and, as at the date of this announcement, there is no certainty or assurance that the Proposed Acquisition will proceed to Completion. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

BY ORDER OF THE BOARD

LEE TIAM NAM
Executive Deputy Chairman
30 November 2023