

OLIVE TREE ESTATES LIMITED
(Company Registration No. 200713878D)
(Incorporated in the Republic of Singapore)

PROPOSED SUBSCRIPTION OF 47,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF OLIVE TREE ESTATES LIMITED AT THE SUBSCRIPTION PRICE OF S\$0.15 FOR EACH SUBSCRIPTION SHARE BY SEVERAL INVESTORS PURSUANT TO THE SUBSCRIPTION AGREEMENT.

1. INTRODUCTION

- 1.1. The Board of Directors (the "**Board**") of Olive Tree Estates Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 25 August 2022 entered into a subscription agreement (the "**Subscription Agreement**"), pursuant to which Tham Keng Chuen and Kim Kyoo Chul (collective, the "**Investors**" and each, an "**Investor**") have agreed to subscribe for, and the Company has agreed to allot and issue to the Investors, an aggregate of 47,000,000 new Shares (the "**Subscription Shares**") at the Subscription Price of S\$0.15 (the "**Subscription Price**"), for an aggregate consideration of S\$7,050,000, on and subject to, the terms of the Subscription Agreement (the "**Proposed Subscription**").
- 1.2. The Subscription Shares will be issued as fully paid Shares, free from all and any charges, liens, encumbrances and shall rank *pari passu* in all respects with and will carry all rights similar to the existing Shares as at the date of allotment and issue of the Subscription Shares, except that they will not rank for, including, without limitation, any dividends, rights, allotments or other distributions for which the date for determining entitlements to such dividends, rights, allotments or other distributions falls on or before the date of allotment and issue of the Subscription Shares.
- 1.3. There is no placement agent appointed for the purpose of the Proposed Subscription and no introducer fee or placement commission has been paid or will be payable by the Company in connection with the Proposed Subscription.
- 1.4. The Proposed Subscription is being undertaken by way of a private placement exemption under Section 272B of the Securities and Futures Act 2001. As such, no prospectus or offer information statement will be issued by the Company and lodged with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") acting as agent on behalf of the Monetary Authority of Singapore in connection with the Proposed Subscription.

2. THE SUBSCRIPTION SHARES

- 2.1. As at the date of this announcement, the Company has an issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of 68,845,211 Shares. The 47,000,000 Subscription Shares will represent approximately 40.57% of the enlarged issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company immediately after the issue of the Subscription Shares. On the completion of the Proposed Subscription, in accordance with the terms and conditions of the Subscription Agreement ("**Completion**"), the Company's issued and paid-up share capital (excluding treasury shares and subsidiary holdings) will increase from 68,845,211 Shares to 115,845,211 Shares.

- 2.2. As the Proposed Subscription will result in a transfer of a controlling interest to the Investors, the Company will, pursuant to Rule 803 of the Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time (the "**Catalist Rules**"), be convening an extraordinary general meeting ("**EGM**") to seek the approval of its shareholders for, amongst others, the allotment and issue of the Subscription Shares to the Investors. A circular to the Company's shareholders containing details of the Proposed Subscription and the notice of the EGM, will be despatched in due course.
- 2.3. Details of the shareholding of each Investor in the Company immediately following Completion, as well as the number of Subscription Shares to be subscribed for and the relevant consideration payable by each Investor is set out below:

Name of Investor	Number of Subscription Shares	Aggregate Consideration (S\$)	Shareholding percentage immediately following Completion (%)
Tham Keng Chuen	23,500,000	3,525,000	20.29
Kim Kyoo Chul	23,500,000	3,525,000	20.29

3. ISSUE PRICE

- 3.1. S\$0.15, being the issue price payable by the Investors for each Subscription Share (the "**Issue Price**"), represents a premium of approximately 56.25% to the volume weighted average price of S\$0.096 per Share for trades done on the Catalist of the SGX-ST on 25 August 2022, being the full trading day on which the Subscription Agreement was signed.

The Issue Price was arrived at after arm's length negotiations between the Company and the Investor and on a willing buyer willing seller basis.

4. CONDITIONS PRECEDENT

- 4.1. The completion of the Proposed Subscription is conditional upon, inter alia:

- (a) the approval of the SGX-ST in respect of the application to be submitted to the SGX-ST for the admission of all the Subscription Shares to the Official List of the SGX-ST and for the admission to the Catalist Board of the SGX-ST and quotation of all the Subscription Shares on the Catalist Board of the SGX-ST and the issuance of a listing and quotation notice from the SGX-ST for the admission of the Subscription Shares to the Official List of the SGX-ST on Catalist for the dealing and quotation of the Subscription Shares on Catalist by the SGX-ST and such notice not having been revoked or amended on or before the date on which completion of the Subscription Agreement takes place (the "**Completion Date**"), and if such notice is subject to any conditions that are required to be fulfilled, such conditions are so fulfilled or waived by the SGX-ST;

- (b) the approval of the Company's shareholders for the allotment and issue of the Subscription Shares pursuant to the Agreement, and such approval not having been withdrawn or revoked and remaining in full force and effect on the Completion Date;
- (c) the grant of a waiver by the Securities Industry Council of Singapore (the "**SIC**") for the Investors and any person acting in concert with it with respect to the control of the Company (the "**Concert Parties Group**") to make a mandatory offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") as a result of the subscription of the Subscription Shares (the "**Whitewash Waiver**");
- (d) the approval of the majority of the Company's shareholders (other than the Concert Parties Group and parties not independent of them) who are deemed to be independent for the purpose of the Whitewash Resolution (as defined below) (the "**Independent Shareholders**") to waive their rights to receive a mandatory takeover offer from the Concert Parties Group under Rule 14 of the Code as a result of the subscription of the Subscription Shares having been obtained; and
- (e) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Investors.

5. DETAILS OF THE INVESTORS

- 5.1. Tham Keng Chuen is the chairman and Kim Kyoo Chul is an executive director of National Housing Organization JSC ("**NHO**"). NHO is a reputable developer of social and affordable housing in Vietnam.
- 5.2. On 18 March 2019, the Company, NHO and Emerging Markets Affordable Housing Fund Pte Ltd ("**EMAHF**") entered into a Covenant Partnership Agreement ("**CPA**") which expresses the Company's, NHO's and EMAHF's mutual understanding regarding the proposed co-development of four projects in Ho Chi Minh City, Binh Duong, Ha Long and Hai Phong, Vietnam ("**Initial Development Plan**"). The Company also announced on 6 February 2020 that in addition to the CPA, the Company had entered into various definitive investment agreements with NHO and EMAHF for the purposes of acquiring an additional 1.3 hectares of land in Binh Duong province to build circa 1,100 affordable housing units (the "**1.3ha Binh Duong Project**"). The Company has since funded its investments in the Initial Development Plan and the 1.3ha Binh Duong Project, committing a total of US\$4.8 million. With its emphasis on Environmental Social and Governance imperatives, the Company is of the view that NHO would be an excellent strategic partner to allow it to deliver on its mission to provide a holistic social impact and community development solution for the masses with quality affordable housing.
- 5.3. Apart from his role at NHO, Tham Keng Chuen also provides consultancy services to Eastport Maritime Pte Ltd ("**Eastport**"), a shipbroking company based in Singapore. Tham Keng Chuen is the founder of Eastport and was its chairman until he stepped down in 2010. He has also invested in housing development projects in Malaysia and China since 1989.
- 5.4. Kim Kyoo Chul co-founded NHO with Tham Keng Chuen. Kim Kyoo Chul has more than 15 years of experience in consulting, architecture, project management and real estate development in Vietnam, Korea, Thailand and Cambodia. He provides management oversight to NHO and its affiliates and is also responsible for originating land acquisition opportunities for NHO and other strategic investors.

- 5.5. Through its dealings with NHO pursuant to the CPA, the Company got to know the Investors well. To further cement the Company's strategic and long-term partnership with NHO, the Investors agreed in-principle to accept the Company's invitation to support the Proposed Subscription.
- 5.6. As at the date of this announcement, none of the Investors holds, directly or indirectly, any Shares or any instruments convertible into, rights to subscribe for and options in respect of Shares and none of them are persons to whom the Company is prohibited from issuing Shares to, as provided for by Rule 812 of SGX-ST Listing Manual Section B: Rules of Catalyst.

6. INTERESTS OF DIRECTORS AND SHAREHOLDERS

- 6.1 None of the Directors and substantial Shareholders or their respective associates has any interest, whether direct or indirect, in the Proposed Subscription (other than through their respective direct and indirect shareholdings and/or directorships in the Company).
- 6.2 Our Director and Chief Executive Officer, Mr. Long Chee Tim Daniel, came to be acquainted with the Investors in the course of exploring and assessing business development opportunities in Vietnam, which subsequently resulted in the Company entering into the CPA with NHO and EMAHF.
- 6.3 Save as disclosed in paragraph 6.2 above, none of the Directors or substantial Shareholders have, to the best of their knowledge, any connection (including business relationships) with the Investors.

7. WAIVER OF MANDATORY OFFER OBLIGATION ARISING FROM THE PROPOSED SUBSCRIPTION

- 7.1 In connection with the Proposed Subscription, the Company intends to also seek the approval of Independent Shareholders for a whitewash resolution (the "**Whitewash Resolution**") pursuant to the Code at the EGM.
- 7.2 As at the date of this announcement, the Investors regard themselves as acting in concert with each other in relation to their interests in the Company. As a result of the Proposed Subscription, immediately following the completion thereof, the voting rights held by the Investors in the Company will be as follows:

	Immediately following the completion of the Proposed Subscription	
	Number of Shares	% of issued share capital ⁽¹⁾
Tham Keng Chuen	23,500,000	20.29
Kim Kyoo Chul	23,500,000	20.29
Other Shareholders	68,845,211	59.43
Total	115,845,211	100.00

Note:

- (1) The percentage may not add up to 100.00% due to rounding.

7.3 Accordingly, if the Proposed Subscription completes, the Investors will trigger a mandatory offer for the Shares not already owned or controlled by them pursuant to Rule 14 of the Code.

7.4 An application will be made to the Council for a waiver (the "**Whitewash Waiver Application**") of the obligations of the Investors and their respective concert parties to make a mandatory offer for the Company under Rule 14.1(a) or Rule 14.1(b) of the Code, as the case may be, as a result of the subscription of the Subscription Shares. The Company proposes to appoint Zico Capital Pte. Ltd. as the independent financial adviser to advise its independent Directors in respect of the Whitewash Resolution. An appropriate announcement on the outcome of the Whitewash Waiver Application will be made in due course.

8. LISTING AND QUOTATION

8.1. An application will be submitted by the Sponsor to the SGX-ST, for and on behalf of the Company for the approval of the listing and quotation of the Subscription Shares on the Catalist. The Company will make the relevant announcement(s) to notify the Shareholders when the listing and quotation notice(s) from the SGX-ST is obtained.

8.2. The listing approval from the SGX-ST is not to be taken as an indication of the merits of the Subscription Shares, the Company and/or its subsidiaries.

9. RATIONALE

9.1 The Company has decided to undertake the Proposed Subscription in order to increase resources available to the Group. The Directors are of the opinion that the Proposed Subscription is beneficial for the Group as it will improve the Group's cash flow to further support the working capital requirements of the Group, including the proposed repayment of banking facilities. Furthermore, the Directors are of the opinion that as the Company is constrained from securing additional banking lines by its current level of borrowings to effect new investments, the Proposed Subscription will increase the Company's capital base and provide strategic equity-based funding on attractive and preferential terms to the Company and Shareholders to effect the Group's objectives.

10. USE OF PROCEEDS

10.1. The total consideration payable for the Subscription Shares is S\$7,050,000. The net proceeds of the Proposed Subscription of approximately S\$6,900,000, after deducting estimated expenses of approximately S\$150,000 (the "**Net Proceeds**"), will be used for the following purposes:

- (i) approximately S\$2,100,000 will be used for general working capital; and
- (ii) approximately S\$4,800,000 will be used for debt servicing requirements.

10.2. Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets, marketable securities and/or debt instruments, as the Directors may deem appropriate in the interests of the Group.

10.3. The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such funds are materially disbursed, and provide a status report on the utilisation

of the Net Proceeds in the Company's annual report and financial results announcement. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been utilised in its announcements and its annual reports. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

11. DIRECTORS' CONFIRMATION

11.1. The Directors are of the opinion that after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements, and the reason for the Proposed Subscription is as disclosed in Section 9 above. The Directors are of the opinion that after taking into consideration the Group's present bank facilities and Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the Directors are of the opinion that the Net Proceeds will further strengthen and supplement the Group's financial position and capital base.

12. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

12.1. The financial effects of the Proposed Subscription set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Proposed Subscription.

12.2. The financial effects of the Proposed Subscription on the Group have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 ("FY2021") and the following bases and assumptions:

- (a) the expenses incurred in connection with the Proposed Subscription amount to be approximately S\$150,000;
- (ii) the financial effect on the consolidated net tangible assets ("NTA") per Share is computed based on the assumption that the Proposed Subscription was completed, on 31 December 2021; and
- (iii) the financial effect on the loss per Share ("LPS") is computed based on the assumption that the Proposed Subscription was completed on 1 January 2021.

NTA per Share

Audited as at 31 December 2021	Before completion of Proposed Subscription	After completion of Proposed Subscription
NTA of the Group (S\$)	5,991,000	12,891,000
Number of Shares	68,845,211	115,845,211
NTA per Share (Singapore cents)	8.7	11.1

LPS

FY2021	Before completion of Proposed Subscription	After completion of Proposed Subscription
Loss attributable to the shareholders of the Group (S\$)	1,168,000	1,168,000
Number of Shares	68,845,211	115,845,211
LPS (Singapore cents)	(1.7)	(1.0)

BY ORDER OF THE BOARD

Olive Tree Estates Limited

Long Chee Tim Daniel
Chief Executive Officer
25 August 2022

Important Notice

Notification under Section 309B of the Securities and Futures Act 2001: The Subscription Shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement. The details of the contact person for the Sponsor are as follows:*

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