

ACCRELIST LTD. (亚联盛控股公司)

(Company Registration No. 198600445D)
(Incorporated in the Republic of Singapore)

NON-BINDING MEMORANDUM OF UNDERSTANDING FOR THE PROPOSED DISPOSAL OF WE COMPONENTS PTE. LTD.

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of Accrelist Ltd. (the “**Company**”), and together with its subsidiaries (the “**Group**”) wishes to announce that the subsidiary of the Company, Jubilee Industries Holdings Ltd. (“**JIH**”) had on 26 November 2021 entered into a non-binding memorandum of understanding (“**MOU**”) with 杭州宇晔科技有限公司 (the “**Purchaser**”) in relation to a disposal of the JIH’s 100% shareholding interest in We Components Pte. Ltd. (the “**Target**”) (the “**Proposed Disposal**”).
- 1.2 The Proposed Disposal, if undertaken and completed, is expected to constitute a “major transaction” under Chapter 10 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). The relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules and the financial effects of the Proposed Disposal will be set out in the announcement in relation to the signing of the Sale and Purchase Agreement (as hereinafter defined), should the Proposed Disposal proceed to fruition.
- 1.3 Accordingly, the Proposed Disposal, if undertaken, is subject to the approval of shareholders of JIH by way of an ordinary resolution at an extraordinary general meeting of JIH to be convened. Shareholders of the Company (“**Shareholders**”) should note that the MOU is not intended to be legally binding between JIH and the Purchaser, except for certain provisions relating to, *inter alia*, confidentiality. Subject to, *inter alia*, satisfactory commercial, tax, financial, and legal due diligence, JIH and the Purchaser (collectively, the “**Parties**”) shall enter into definitive agreements, including the sale and purchase agreement for the sale and purchase of the 100% of the entire issued and paid-up share capital of the Target (the “**Sale and Purchase Agreement**”).

2. INFORMATION ON THE PURCHASER

The information on the Purchaser provided below is available on the Purchaser’s website. The Board has not conducted an independent review or verification of the accuracy of the statements and information below.

- 2.1 The Purchaser is incorporated in the People’s Republic of China. The main business of the Purchaser is the promotion and distribution of products and solutions of semiconductor manufacturers in the People’s Republic of China and overseas.

2.2 Shareholders can refer to the Purchaser's website (<http://www.hzyygroup.com/home/about.html>) for more information on the Purchaser.

3. INFORMATION ON THE TARGET

3.1 The Target, We Components Pte. Ltd. (UEN: 199707469R), is a private company incorporated in Singapore and its principal business includes the wholesale distribution of electronic parts and electronic communications equipment.

3.2 The Target owns the following wholly-owned subsidiaries, all of which have the principal business of trading in electronic components:

- (a) WE Microelectronics Pte. Ltd., a company incorporated in Singapore;
- (b) WE Components (Penang) Sdn. Bhd., a company incorporated in Malaysia;
- (c) WE Components (Shanghai) Co. Ltd., a company incorporated in the People's Republic of China;
- (d) WE Components (Shenzhen) Co. Ltd., a company incorporated in the People's Republic of China, which as of the date of this announcement, is dormant;
- (e) WE Components (Hong Kong) Limited, a company incorporated in Hong Kong;
- (f) WE Components India Pvt. Ltd., a company incorporated in India;
- (g) WE Components Co. Ltd, a company incorporated in Thailand; and
- (h) Kin Wai Technology Ltd, a company incorporated in the People's Republic of China, which as of the date of this announcement, is dormant.

4. PRINCIPAL TERMS AND CONDITIONS OF THE MOU

4.1 The Proposed Disposal shall be subject to Parties executing the Sale and Purchase Agreement and all third party, regulatory or other consents or approvals required for the Proposed Disposal being received on terms satisfactory to both Parties including, in particular from the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), such consents and approvals remaining in full force and effect up to the completion date of the Sale and Purchase Agreement ("**Completion**").

4.2 The Parties shall negotiate in good faith with a view towards signing of the Sale and Purchase Agreement within one (1) month from the signing of the MOU or such other date as may be agreed in writing by the Parties.

4.3 The aggregate consideration for 100% of the entire issued and paid-up share capital of the Target is US\$4,000,000.00 (the "**Consideration**"). The Consideration was arrived at on a willing-buyer-willing-seller basis. The Consideration will be paid in the following manner:

- (a) after the execution of the MOU, each Party shall immediately commence due diligence on the other Party. After the completion of the due diligence exercise, both Parties shall execute the Sale and Purchase Agreement and procure the necessary approvals for and in relation to the Sale and Purchase Agreement from the relevant authorities and government of the People's Republic of China within three (3) months from the date of the execution of the Sale and Purchase Agreement. The Purchaser shall pay US\$2,000,000.00 to JIH within ten (10) working days after receiving the aforementioned approvals from the relevant authorities and government of the People's Republic of China; and

(b) upon written notice by JIH to the Purchaser that it has received an email or letter from the principals confirming that the distribution of semiconductor chips will not be disrupted, the Purchaser shall pay the balance of the Consideration, amounting to US\$2,000,000.00, to JIH.

4.4 After the necessary approvals for and in relation to the Sale and Purchase Agreement from the relevant authorities and government of the People's Republic of China have been received, the Parties will proceed to carry out stock-taking of the Target's inventory. Within 14 days from the date of the completion of the stock-taking and valuation of the inventory held by the Target, the Purchaser shall pay to JIH such amount of consideration for all the stock held by the Target as determined by both Parties based on the valuation. As at 30 September 2021, the book value of the Target's inventory was approximately US\$7,000,000.

5. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

The Proposed Disposal will allow the Group to capitalise on growth opportunities, unlock the value of the assets in the Target and re-strategise its financial and capital resources. With the net proceeds, the Group will have more working capital to fund and expand its business and undertake projects and opportunities that may arise in the future, which could in turn increase the Group's revenue. JIH intends to utilise the entirety of the proceeds of the Proposed Disposal for general working capital purposes for the aforementioned reasons.

6. FURTHER ANNOUNCEMENTS

The Company will make an announcement disclosing further details of the Proposed Disposal upon execution of the Sale and Purchase Agreement and will make appropriate update announcement(s) on the Proposed Disposal at the relevant time.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, save for their shareholdings in the Company, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

8. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading the shares in the Company as there is no certainty or assurance as at the date of this announcement that the Sale and Purchase Agreement will be entered into, the terms and conditions of the Proposed Disposal will not differ from that set out in the MOU, or the Proposed Disposal will be undertaken at all.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dr. Terence Tea
Executive Chairman and Managing Director
27 November 2021

This Announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this Announcement.

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.

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