

CPH LTD.

(Co. Reg. No. 199804583E)

(Incorporated in the Republic of Singapore)

**PROPOSED DISPOSAL OF THE SINGAPORE FACTORY AT 8 FIRST LOK YANG ROAD,
SINGAPORE 629731 – GRANT AND ACCEPTANCE OF OPTION TO PURCHASE**

1. INTRODUCTION

The board of directors (the “**Board**”) of CPH Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its previous announcements dated 18 June 2020, 17 July 2020, 14 August 2020, 15 September 2020 and 15 October 2020 (the “**Monthly Updates**”) in respect of its monthly valuation of assets and utilisation of cash and update on disposal of assets pursuant to Rule 1017 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).

The Company previously stated in its announcement dated 15 October 2020 that it had, on 13 October 2020, received an offer from a third party which was under consideration by the Board. On 12 November 2020, the Company announced its unaudited half-year financial results announcement for the financial period ended 30 September 2020, and it further stated, amongst others, that the Group had received an offer to purchase the Property and was in the final stages of negotiating with the purchaser on the terms of the binding option to purchase. Further to this announcement, the Company wishes to announce that Circuits Plus Pte Ltd (“**CPPL**” or the “**Vendor**”), a wholly-owned subsidiary of the Company, has, on 13 November 2020, granted an option to purchase (the “**Option**”) to Asiapac Trading Pte. Ltd. (the “**Purchaser**”) to purchase its leasehold property located at 8 First Lok Yang Road, Singapore 629731 (the “**Property**”), at a consideration of S\$6,500,000 (the “**Consideration**”), and on the terms and subject to the conditions of the Option (the “**Proposed Disposal**”).

The Option has been accepted by the Purchaser on 13 November 2020, and the exercise of the Option by the Purchaser shall constitute a binding contract for the Proposed Disposal at the Consideration. Pursuant to the Option, the completion of the Proposed Disposal (“**Completion**”) is subject to fulfilment of the conditions precedent as set out in the section headed “Condition Precedent and Completion” below.

Based on the foregoing, the Proposed Disposal is considered a “major transaction” of the Company as defined under Chapter 10 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). In accordance with Chapter 10 of the Catalist Rules, the Proposed Disposal will be subject to, amongst others, the approval of the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting of the Shareholders (the “**EGM**”) to be convened pursuant to Rule 1014 of the Catalist Rules.

2. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Singapore and its principal activities involve the wholesale of solid, liquid and gaseous fuels and related products. The sole director of the Purchaser is Teo Meng Meng. The shareholders of the Purchaser are (i) Cheong Yit Fan, (ii) Teo Meng Meng, and (iii) Liew Kok Keong Benny. The Purchaser is an independent and unrelated third party. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its beneficial owners are third parties

independent of the Company, its Directors and controlling shareholders, and are not related to the Company.

3. INFORMATION ON THE PROPERTY

The Property is a leasehold property of thirty (30) years commencing from 1 November 2007 pursuant to an instrument of lease made between the beneficial owner of the Property, Jurong Town Corporation (“JTC”) and the Vendor. The Property is currently being used by the Vendor as its corporate head office as well as to generate rental income for the portion sub-leased to tenants.

The Property is being sold subject to the existing tenancy agreements made between the Vendor and each of the respective tenants. The tenants will remain in occupation and will pay rent to the Purchaser upon Completion. The aggregate rental income of these existing tenancies amount to S\$32,562 per month.

4. MATERIAL TERMS OF THE PROPOSED DISPOSAL

A summary of the material terms and conditions of the Proposed Disposal as set out in the Option include, *inter alia*, the following:

4.1 Consideration

The Consideration was arrived at after arm’s length negotiations and on a willing-buyer and willing-seller basis, after taking into consideration *inter alia*, (i) the prevailing market conditions, (ii) the indicative valuation of S\$6,500,000 of the Property as at 30 September 2020; (iii) the existing tenancy agreements; and (iv) that the offer made by the Purchaser constitutes the most favourable sale terms which the Company has received to-date.

Pursuant to Rule 1014(5) of the Catalist Rules, the Company has appointed GB Global Pte Ltd as the competent and independent valuer to value the Property (the “**Valuation**”). Further details on the Valuation will be set out in the Circular to be despatched to shareholders in due course. Nonetheless, the Company wishes to highlight that the Option does not provide for any adjustments, based on the Valuation, to be made to the Consideration.

Upon the Purchaser’s acceptance of the Option, the Purchaser shall pay to CPPL an option fee of S\$65,000 (the “**Option Fee**”) (together with GST thereon), which represents 1% of the Consideration. Following which, upon the Purchaser’s exercise of the Option, the Purchaser shall pay to CPPL’s solicitors a deposit equivalent to the amount of 5% of the Consideration less the Option Fee (together with GST thereon). The balance of the Consideration, together with GST thereon, shall be paid twelve (12) weeks from the date of exercise of the Option, or four (4) weeks from the date of (i) the Shareholders’ Approval (as defined below), or (ii) the Purchaser’s receipt of the JTC Confirmation (as defined below), whichever is later.

4.2 Conditions Precedent and Completion

The Proposed Disposal is subject to, *inter alia*, (i) CPH procuring the approval of the Shareholders at an EGM to be convened pursuant to Rule 1014 of the Catalist Rules (the “**Shareholders’ Approval**”), as it is considered a major transaction under Rule 1006 of the Catalist Rules, (ii) the Vendor and the Purchaser obtaining the written in-principal approval from JTC for the Vendor to sell and the Purchaser to purchase the Property, and (iii) the Vendor and the Purchaser obtaining the written confirmation from JTC that JTC has no objection to the execution of the Deed of Assignment / Instrument of Transfer (as the case may be), or such other confirmation of similar nature (the “**JTC Confirmation**”).

4.3 Sale Subject to Existing Tenancies

The Property shall be sold subject to and with the benefit of existing tenancies, the terms of which are comprised in the tenancy agreements made between the Vendor and each of the respective tenants.

5. RATIONALE AND USE OF PROCEEDS

The Group had ceased operations of its core printed circuit boards business in November 2019 and has since been searching for a new viable business. As previously announced by the Company, the Company has, on 29 September 2020, executed a conditional sale and purchase agreement to acquire Shanaya Environmental Services Pte. Ltd. (the **“Proposed Acquisition”**), which is principally engaged in the provision of waste management, recycling and disposal services to industrial and commercial clients and operates from its own facilities. As announced in its Monthly Updates, the Group has been intending to dispose of the Property. Further, as announced on 29 September 2020, the Company plans to pay the cash consideration of S\$3.0 million within twelve (12) months from the completion of the Proposed Acquisition with the proceeds to be received from the intended disposal of the Property. The Group intends to utilise the remaining proceeds of the Proposed Disposal for general working capital, which may include the repayment of existing borrowings.

The Group also wishes to highlight that, as announced on 8 June 2020, the net proceeds from the Proposed Disposal must be placed into an escrow account upon Completion, which cannot be drawn down until the completion of the acquisition of a business which satisfies SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distribution to shareholders.

Based on the latest announced unaudited consolidated financial statements of the Group for the half-year financial period ended 30 September 2020 (**“1H2021”**), the book value of the Property was S\$6,500,000 as at 30 September 2020. As the Consideration is at the book value of the Property, there will not be any excess or deficit of the proceeds over the book value upon disposal of the Property, or any gain or loss on the Proposed Disposal.

6. RELATIVE FIGURES UNDER RULE 1006

Based on the Group's financial statements for 1H2021, the relative figures of the Proposed Disposal as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases of Computation	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	110.52% ⁽¹⁾
(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	(8.39%) ⁽²⁾
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	132.20% ⁽³⁾

(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	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	Not applicable ⁽⁵⁾

Notes:

- (1) The carrying value of the Property as at 30 September 2020 was S\$6,500,000 and the net asset value of the Group was S\$5,881,237 as at 30 September 2020.
- (2) The net income derived from rental receipts after deducting direct operating expenses was S\$132,998 in 1H2021 and the Group's net losses for 1H2021 was S\$1,584,656.
- (3) Based on the Consideration of S\$6,500,000 and the Company's market capitalisation of approximately S\$4,916,904, being the issued ordinary share capital of the Company of 1,229,226,124 shares ("**Shares**") at the volume weighted average price of the Shares of S\$0.004 on 12 November 2020, which is the market day preceding the date of the Option.
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

Notwithstanding the negative relative figure computed under Rule 1006(b) of the Catalist Rules, the relative figures computed under Rule 1006(a) and (c) of the Catalist Rules exceeds 50%. As such, the Proposed Disposal constitutes a "major transaction" pursuant to Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is subject to the approval of the Shareholders under Chapter 10 of the Catalist Rules.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The unaudited *pro forma* financial effects of the Proposed Disposal are purely for illustrative purposes only and do not necessarily reflect the actual financial performance or position of the Group following Completion.

The unaudited *pro forma* financial effects of the Proposed Disposal set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2020, as well as the following bases and key assumptions:

- (a) the financial effects of the Proposed Disposal on the Group's net tangible assets (the "**NTA**") per share, it is assumed that transaction took place on 31 March 2020; and
- (b) the financial effects of the Proposed Disposal on the Group's loss per share are computed based on the assumption that the Proposed Disposal was completed on 1 April 2019.

NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	7,466	6,266
Total number of issued shares	1,229,226,124	1,229,226,124
NTA per share (Singapore cents)	0.61	0.51

Loss per Share

	Before the Proposed Disposal	After the Proposed Disposal
Loss after tax (S\$'000)	(2,726)	(3,926)
Weighted average number of shares	1,229,226,124	1,229,226,124
Loss per share (Singapore cents)	(0.22)	(0.32)

Note: Based on the book value of the Property of S\$7,700,000 as at 31 March 2020, the disposal at the Consideration of S\$6,500,000 will give rise to a loss of S\$1,200,000, as reflected in the NTA and loss after tax after the Proposed Disposal in the illustrations above.

8. WAIVER FROM RULE 1018 OF THE CATALIST RULES

Pursuant to Rule 1018(1) of the Catalist Rules, the Company notes that it is required to obtain the approval of Shareholders at the time of grant of the Option. As such, the Company had on 13 November 2020 submitted an application to the SGX-ST to seek its approval for a waiver in this regard.

The Company had sought the Waiver for the following reasons:

(i) No significant adverse impact to Shareholders

The Option is a customary document used in the context of commercial property sale and purchase transactions, which is to be provided by the Vendor to the Purchaser prior to consummation of the actual transaction. This ensures that the Vendor's interests in proceeding with the Proposed Disposal will be safeguarded by way of receipt of an option fee or deposit from the Purchaser.

The Company will nonetheless be required to seek the Shareholders' approval in respect of the Proposed Disposal in due course pursuant to Rule 1014 of the Catalist Rules, as the Proposed Disposal is considered a major transaction pursuant to Chapter 10 of the Catalist Rules. Accordingly, the Option has specifically provided that the Proposed Disposal is subject to, *inter alia*, the Company procuring the approval of the Shareholders at a general meeting, failing which CCPL shall be at liberty to terminate and/or rescind the Proposed Disposal.

The Company has, since June 2020, been providing updates in relation to, *inter alia*, the intended disposal on the Property, and informed Shareholders that viewing by several interested parties have been arranged but no definite offers have been received. As mentioned above, it was stated in the announcement dated 15 October 2020 that the Company had informed its Shareholders that it had, on 13 October 2020, received an offer from a third party, which was under consideration by the Board. The Company further announced on 12 November 2020 that the Group had, amongst others, received an offer to purchase the Property and was in the final stages of negotiating with the purchaser on the terms of the binding option to purchase.

On the above basis, the Waiver will not be materially prejudicial to the interests of Shareholders, taking into account that Shareholders will still be provided with an opportunity to vote on the Proposed Disposal prior to Completion.

(ii) Terms of the Option are favourable

The Consideration under the Option is at the book value of the Property.

Upon grant of the Option, the Purchaser will have to provide the Option Fee to CCPL, which shall be forfeited to CCPL in the event of non-exercise of the Option.

Accordingly, the Company is of the view that the salient terms of the Option are favourable, and it is in the interests of the Company for CCPL to grant the Option to the Purchaser.

(iii) Time is of the essence

Having to first convene an EGM to obtain the approval of Shareholders at the time of grant of the Option would likely result in considerable delay to the grant of the Option, and potentially jeopardise the Proposed Disposal.

In view that the terms of the Option are favourable, it is in the interests of the Company for CCPL to grant the Option as expeditiously as possible to secure the Purchaser's commitment to purchase the Property and to safeguard the Company's interests in proceeding with the Proposed Disposal.

As both the Company and the Purchaser are keen to pursue the Proposed Disposal without delay, the Waiver sought will help to expedite both parties' commercial intentions.

(iv) In furtherance of obtaining a new business

The Company, having ceased operations of its printed circuit board business by the end of November 2019, is currently a cash company as defined under Rule 1017 of the Catalist Rules.

As stated in the Company's announcement dated 29 September 2020, the Company had, on 29 September 2020, announced that it has entered into a conditional sale and purchase agreement for the proposed acquisition of a Singapore registered company, Shanaya Environmental Services Pte. Ltd., for a purchase consideration of S\$22,000,000 to be satisfied by a combination of (i) S\$3,000,000 in cash, and (ii) the issuance and allotment of 3,166,666,667 new ordinary shares in the capital of the Company.

In view of the foregoing, the Company wishes to proceed with the Proposed Disposal as soon as practicable for the purposes of the realization of the Property to cash and other receivables and in furtherance of obtaining a new business.

The Company will announce the outcome of the application in relation to the Waiver once it is notified by the SGX-ST of the same.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company, if any).

10. SERVICE CONTRACTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. Accordingly, no service contracts will be entered into with any new director of the Company in connection with the Proposed Disposal.

11. CIRCULAR

A circular to Shareholders (the “**Circular**”) setting out, amongst others, further information on the Proposed Disposal, together with the notice of EGM, will be despatched by the Company to Shareholders in due course.

12. DOCUMENTS FOR INSPECTION

A copy of the Option and the Valuation report (as and when finalised) shall be made available for inspection at the registered office of the Company at 8 First Lok Yang Road, Singapore 629731 during normal business hours for a period of three (3) months from the date of this announcement.

13. FURTHER ANNOUNCEMENTS

The Company will make subsequent announcements to update Shareholders when there are material updates as may be necessary or appropriate.

14. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that Proposed Disposal will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and 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

Ong Kian Soon
Company Secretary

13 November 2020

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange 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 document.

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