

Metal Component Engineering Limited

(Incorporated in the Republic of Singapore)

(Company Registration 198804700N)

ENTRY INTO CONDITIONAL SALE AND PURCHASE AGREEMENT RELATING TO INVESTMENT IN PT GAIDO DIGITAL MEDIKA

1. INTRODUCTION

The board of directors (the “**Board**”) of Metal Component Engineering Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Company's announcement dated 2 September 2021 (“**Announcement**”) relating to the signing of a term sheet in respect of the Group's investment in PT Gaido Digital Medika (“**GDM**”) (the “**Proposed Investment**”).

Further to the Announcement, the Board wishes to update shareholders of the Company (the “**Shareholders**”) that 5Digital Pte. Ltd. (“**5Digital**”, or the “**Investor**”), a wholly-owned subsidiary of the Company, has on 14 October 2021 entered into a conditional sale and purchase agreement (“**CSPA**”) with GDM, whereby 5Digital has agreed to subscribe for, and GDM has agreed to issue to 5Digital, 7,000 new shares in GDM, constituting 70% of the enlarged share capital of GDM upon completion of the Proposed Investment, for an aggregate consideration of IDR 7 billion (equivalent to approximately S\$668,769 based on an exchange rate of S\$1 : IDR 10,467) (“**Investment Amount**”) (“**Proposed Investment**”).

2. INFORMATION ON THE PROPOSED INVESTMENT

2.1. Information on GDM

GDM is a company newly incorporated in Indonesia in March 2021, with an initial paid-up capital of IDR 3 billion, comprising 3,000 shares. It has not commenced business since its incorporation. GDM was set up by the Gaido Group in Indonesia as its digital health arm. The Gaido Group, founded by Mr. H. Muhamad Hasan, has a diversified portfolio of travel, retail, education, banking and real estate businesses. Mr. H. Muhamad Hasan is currently the President of Indonesia-Saudi Arabia Business Council (ISABC).

The shareholders of GDM and their respective shareholding interest in GDM before and after the Proposed Investment is as follows:

Name of shareholder	Before the Proposed Investment		After the Proposed Investment	
	Number of shares	%	Number of shares	%
PT Gaido Group	1,650	55.0	1,650	16.5
Ahmad Murtadha Methahhari	1,350	45.0	1,350	13.5
5Digital	-	-	7,000	70.0
Total	3,000	100.0	10,000	100.0

Each of the book value and the net tangible assets of GDM amounted to IDR 1.71 billion as at 30 September 2021. No independent valuation was commissioned on GDM for the purpose of the Proposed Investment.

2.2. Rationale for the Proposed Investment

Indonesia has a burgeoning online economy with digital health opportunities extending to its provinces, spurred by the COVID-19 pandemic. The Group has assessed the opportunity and has identified smart hospital segments, and has been engaged in discussions with medical groups in Indonesia that provide consumers access to an integrated diagnostic, telemedicine, ePharmacy and remote monitoring platform. The Proposed Investment is expected to create

specific opportunities in the West Java region for the Group's smart hospital and ePharmacy segments, which allows the Group to enter into the Indonesian healthcare market much faster than working alone as a Singapore company. Given the immediate requirements for digital health to lessen the burden of the current COVID-19 pandemic and the long term strong fundamentals for growth in an exciting and large market like Indonesia, the Board is of the view that the Proposed Investment is in the interest of the Company and Shareholders.

2.3. Key terms of the CSPA

Pursuant to the CSPA, the Investor shall subscribe for 7,000 new shares in the capital of GDM, which will result in the Investor holding 70% of the enlarged share capital of GDM upon completion of the Proposed Investment. Upon completion of the Proposed Investment, GDM will be a 70%-subsidiary of the Company, held through 5Digital.

The Investment Amount of IDR 7 billion was derived based on arm's length negotiations between the Investor and GDM, taking into consideration the initial subscription amount paid by the existing shareholders of GDM for their shares in GDM (being IDR 1 billion per 1,000 shares in the capital of GDM).

Based on the terms of the CSPA, a deposit of IDR 2 billion shall be payable in cash to GDM upon signing of the CSPA. On the date of completion of the Proposed Investment ("**Completion**"), the balance of the Investment Amount of IDR 5 billion shall be payable in cash to GDM no later than seven (7) business days from the date of signing of the Deed of Sale and Purchase of Shares before the notary.

Completion is conditional upon satisfaction of conditions precedent set out in the CSPA ("**Conditions Precedent**"), which includes, *inter alia*, the following:

- a) GDM obtaining corporate approvals relating to the Proposed Investment, including waivers of the right of first refusal and other pre-emptive rights from its existing shareholders;
- b) GDM publishing an announcement of the Proposed Investment in a local newspaper in Indonesia, and GDM obtaining a certificate of no claim from its creditors or employees;
- c) GDM paying off any existing indebtedness in full;
- d) no material corporate actions performed by GDM that may affect the Investor's consideration and decision to complete the Proposed Investment pursuant to the CSPA; and
- e) there shall be no issuance and sale of new shares, convertible bonds into shares or other commitments in relation to shares in GDM, or changes in rights/obligations of different classes of shares in GDM.

Completion of the Proposed Investment shall take place within three (3) business days after all the Conditions Precedent have been fulfilled or waived by the relevant party. The Conditions Precedent shall be fulfilled or waived on or before the longstop date, being 12 months from the date of the CSPA.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL SECTION B: RULES OF CATALIST ("CATALIST RULES")

Based on the unaudited financial statements of the Group for the half year ended 30 June 2021 ("**HY2021**"), the relative figures of the Proposed Investment computed on the bases set out in Rule 1006 of the Catalist Rules are set out as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(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
(b)	The net profits attributable to the assets acquired or disposed of, compared with Group's net profits	Not applicable ⁽¹⁾
(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	3.2% ⁽²⁾
(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 ⁽³⁾
(e)	The aggregate volume of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves	Not applicable ⁽⁴⁾

Notes:

- (1) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined to be profit or loss before income tax, non-controlling interests and extraordinary items. This is not applicable as GDM was newly incorporated in March 2021 and has not, as at todate, commenced business operations.
- (2) Computed based on the Investment Amount of IDR 7 billion (equivalent to approximately S\$669,000), and the Company's market capitalisation of approximately S\$21.05 million. The market capitalisation of the Company was computed based on the issued share capital of the Company ("**Shares**") of 437,643,787 Shares (excluding treasury shares) and the volume weighted average price of S\$0.0481 per Share on 13 October 2021, being the last market day on which the Shares were traded prior to the signing of the CSPA.
- (3) This is not applicable as the Investment Amount will be fully funded by cash, and no Shares will be issued in connection with the Proposed Investment.
- (4) This is not applicable as the Company is not a mineral, oil and gas company.

As none of the relative figures computed under Rule 1006 of the Catalist Rules exceeds five per cent. (5%), the Proposed Investment constitutes a "non-discloseable transaction" within the meaning of Chapter 10 of the Catalist Rules. Accordingly, approval of Shareholders is not required for the Proposed Investment.

4. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, substantial shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the Proposed Investment (other than in their capacity as Directors or Shareholders, as the case may be).

5. DOCUMENT FOR INSPECTION

A copy of the CSPA is available for inspection during normal business hours at the registered office of the Company at 7030 Ang Mo Kio Avenue 5, #08-85 Northstar@AMK, Singapore 569880 for a period of three (3) months from the date of this announcement.

In light of the prevailing regulations due to the COVID-19 situation, any Shareholder who wishes to inspect the CSPA should contact the Company at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the document.

6. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Investment and other matters contemplated in this announcement.

7. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. In the event of any doubt as to the action they should take, shareholders and potential investors should consult their financial, tax, legal or other professional advisers.

By Order of the Board

Lee Wei Hsiung
Company Secretary
14 October 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.