

METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 198804700N)

PROPOSED SALE OF MCE INDUSTRIES (SHANGHAI) CO., LTD – FURTHER UPDATES ON PAYMENT OF CONSIDERATION

1. INTRODUCTION

- 1.1 The board of directors (“**Board**” or “**Directors**”) of Metal Component Engineering Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the following announcements of the Company:
- (a) dated 29 January 2020 (the “**Announcement**”), in relation to the signing of a conditional sale and purchase agreement in respect of the proposed sale of 100% equity interest in 美 特 尔 金 属 工 业 (上 海) 有 限 公 司 (MCE Industries (Shanghai) Co., Ltd) (“**MCE Industries**”) held by the Company to Hong Sheng Holding (Singapore) Pte. Ltd (the “**Buyer**”) (“**Proposed Sale**”);
 - (b) dated 10 March 2020, in relation to the updates on payment of consideration for the Proposed Sale (the “**Deferred Payment Arrangement**”); and
 - (c) dated 13 March 2020, in relation to the receipt of first tranche payment under the Deferred Payment Arrangement.
- 1.2 Unless otherwise defined, all capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Announcement.

2. UPDATES ON THE PAYMENT OF CONSIDERATION

- 2.1 Pursuant to the Deferred Payment Arrangement (details as set out in paragraph 2.2(b) of the Company’s announcement dated 10 March 2020), the Buyer shall pay the Company, the Second Tranche of RMB37.0 million within 30 days from the lifting of the 14-day quarantine and travel bans to Chinese nationals/residents from entering Hong Kong and Singapore due to Covid-19.
- 2.2 The Board wishes to update that the Company had received a written notification from the Buyer that due to Covid-19 affecting travels from China to Hong Kong and Singapore, the Buyer (who is based in China) is not able to make the Second Tranche payment in accordance with the terms and conditions of the Deferred Payment Arrangement, and has requested the Company to agree to a further amendment of the payment terms of the Second Tranche and the Third Tranche (“**Revised Payment Arrangement**”).
- 2.3 Accordingly, on 22 January 2021, the Company, the Buyer, Shanghai Shunsheng Construction Group Co. Ltd (上海舜晟建设集团有限公司) (“**Guarantor**”) (being the guarantor of the Buyer), and MCE Technologies (Suzhou) Co., Ltd, (a wholly-owned subsidiary of the Company, “**MCE Technologies**”) entered into an agreement in relation to the Revised Payment Arrangement (“**Revised Payment Agreement**”) whereby the Guarantor will make a deposit payment of the aggregate sum of the Second Tranche and Third Tranche (amounting to RMB50.5 million) (“**Deposit**”) to MCE Technologies (who will be holding the Deposit on behalf of the Company in MCE Technologies’ bank account in the PRC).
- 2.4 The Guarantor is an unrelated third party and has no existing connection with the Company, the Group, the Directors, substantial shareholders and controlling shareholders, or their

respective associates. The sole shareholder of the Buyer is a director and shareholder of the Guarantor. Please refer to Section 2 of the Announcement for further information on the Guarantor.

3. SALIENT TERMS OF THE REVISED PAYMENT AGREEMENT

3.1 The salient terms of the Revised Payment Agreement is as follows:

- (a) within 10 days after the signing of the Revised Payment Agreement, the Guarantor shall pay MCE Technologies, a deposit of RMB37.0 million, and the Company and the Buyer shall complete the company equity transfer change registration procedure of MCE Industries (“**Transfer Registration**”) within 30 days from the date of such payment by the Guarantor;
- (b) within 55 days after the signing of the Revised Payment Agreement, and after the Buyer has received the certificate of completion of the Transfer Registration issued by the Administration of Market Regulation of Qingpu District, the Guarantor shall pay MCE Technologies a deposit of RMB13.5 million, and the Company shall complete all closing procedures in accordance with the original agreement on the same day of such payment;
- (c) the Company and the Buyer agree that the Buyer shall pay the Company the entire Second Tranche and Third Tranche within a reasonable time after the Covid-19 pandemic has stabilized (there being no travel bans to Chinese nationals/residents entering Hong Kong and/or Singapore), and not later than 30 September 2021;
- (d) if the Buyer fails to make the payment or fails to make the full payment of the Second Tranche and the Third Tranche by 30 September 2021, the Company shall have the right to choose whether to directly offset the outstanding Consideration with the Deposit ; and
- (e) when the Company receives the respective payments of the Second Tranche and Third Tranche, MCE Technologies shall return the deposit of the same amount to the Guarantor. If such return of deposit by MCE Technologies to the Guarantor is delayed, MCE Technologies shall pay a liquidated damage equal to 0.05% per day of such unpaid amount to the Guarantor.

2.3 Having considered that the Covid-19 pandemic will continue to restrict travels from China to Hong Kong and Singapore, resulting in the uncertainty of the Deferred Payments being made by the Buyer to the Company, the Board is of the view that it is in the interest of the Company and its shareholders to accept and agree to the request by the Buyer for the Revised Payment Arrangement.

3. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Proposed Sale is subject to the fulfilment of the conditions precedent set out in the Announcement, and there is no certainty or assurance that the Proposed Sale will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are further developments in respect of the Proposed Sale. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should exercise caution when trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Lee Wei Hsiung
Company Secretary
22 January 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 Catalyst.*

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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