VCPLUS LIMITED

VCPLUS LIMITED
(Formerly known as Anchor Resources Limited)
(Company Registration Number 201531549N)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF THE COMPANY'S WHOLLY-OWNED SUBSIDIARY, GGTM SDN. BHD.

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1. INTRODUCTION

1.1. The board of directors (the "**Board**" or the "**Directors**") of VCPlus Limited (formerly known as Anchor Resources Limited) (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the following:

(a) its announcement on 13 January 2022 in relation to, *inter alia*, the entry into a supplemental agreement with Perbadanan Memajukan Iktisad Negeri Terengganu (Terengganu State Economic Development Corporation) ("**PMINT**");

(b) its announcement on 3 November 2021 in relation to, *inter alia*, the reduction of mining concession area (this announcement and the announcement above collectively the "**Mining Announcements**");

(c) its circular to shareholders dated 7 April 2021 in relation to, *inter alia*, the diversification of the existing business of the Group (the "**Diversification Circular**"); and

(d) its circular to shareholders dated 11 December 2020 in relation to, *inter alia*, the disposal of 100% of the entire issued share capital of Angka Alamjaya Sdn. Bhd. ("**AASB**") (the "**Disposal Circular**"),

(collectively the "**Previous Announcements and Circulars**").

Copies of the Previous Announcements and Circulars are available on SGXNET at https://www.sgx.com/securities/company-announcements.

1.2. The Board wishes to announce that the Company has on 14 March 2022 entered into a sale and purchase agreement (the "**SPA**") with Lim Chiau Woei (the "**Purchaser**") for the sale of 2,999,076 ordinary shares (the "**Sale Shares**") in GGTM Sdn. Bhd. (the "**Target**"), constituting the entire issued and paid-up share capital of the Target, to the Purchaser (the "**Proposed Disposal**").

1.3. Upon completion of the Proposed Disposal ("**Completion**"), the Target shall cease to be a subsidiary of the Company and the Group, and will exit from the business of exploration, mining, production and processing of granite dimension stone, marble aggregates and related products for sale as well as interior fit-out (the "**Granite Dimension Stone Business**").

1.4. The Proposed Disposal constitutes:

(a) a "discloseable transaction" under Chapter 10 of Section B: Rules of Catalist of the Listing Manual (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Please refer to paragraph 7 (*Catalist Rule 1006 Figures for the Proposed Disposal*) for further details on the relative figures in respect of the Proposed

Disposal computed on the bases set out in Catalist Rule 1006; and

(b) an "interested person transaction" as defined under Chapter 9 of the Catalist Rules. Please refer to paragraph 8 (*The Proposed Disposal as an Interested Person Transaction*) for further details on the Proposed Disposal as an interested person transaction.

1.5. The Proposed Disposal is subject to the approval of the shareholders of the Company (the "**Shareholders**") who are deemed independent under the Catalist Rules in respect of the Proposed Disposal (the "**Independent Shareholders**"). The Company intends to convene an extraordinary general meeting (an "**EGM**") to seek the approval of the Independent Shareholders for the Proposed Disposal and further information on, *inter alia*, the Proposed Disposal will be provided in a circular to be issued by the Company (the "**Circular**") in due course.

2. INFORMATION ON THE TARGET AND THE PURCHASER

2.1. The Target

The Target was incorporated in Malaysia on 4 April 2010 and has an issued and paid-up share capital of RM22,505,326 comprising 2,999,076 shares. The principal activities of the Target are the Granite Dimension Stone Business. Its directors are the Purchaser, Peter Ling Sie Wuong and Tengku Muhammad Ashman Bin Tengku Baharuddin.

The Target holds concession rights to the Bukit Machang mine. In addition, the Target holds the entire issued and paid-up share capital of Stonetrade Sdn. Bhd. ("**STSB**"), a company which is incorporated in Malaysia and is the sole subsidiary of the Target. The Target and STSB shall collectively be known as the "**Disposal Group**".

Selected financial information which are extracted from the audited accounts of the Disposal Group for the financial year ended 31 December 2019 ("**FY2019**"), the financial year ended 31 December 2020 ("**FY2020**") and the financial year ended 31 December 2021 ("**FY2021**") are set out in the table below.

Malaysian Ringgit (RM)	Audited FY2019 (Restated)	Audited FY2020 (Restated)	Audited FY2021
Profit and Loss Statement			
Revenue	245,653	133,985	23,982
Other Income	12,042	216,940	2,577,171
General Expenses	(5,223,151)	(2,552,269)	(3,632,160)
Loss before tax	**(4,965,456)**	**(2,201,344)**	**(1,031,007)**
Balance Sheet			
Cash	1,659,079	1,372,691	1,318,724
Other Assets	8,986,635	8,640,570	2,603,217
Total Liabilities	7,589,998	9,158,889	2,099,500
Net Assets	**3,055,716**	**854,372**	**1,822,441**

2.2. The Purchaser

The Purchaser is the Managing Director of the Board and a substantial shareholder of the Company. He was appointed to the Group's Board on 12 August 2015 and was re-elected as Director on 29 April 2021.

As Managing Director, he oversees the overall strategic directions and expansion plans for the growth and development of the Group, including sourcing for investment opportunities to promote the growth of the Group's business. He is also a director of the Target.

As the Purchaser is a Director of the Company, the Proposed Disposal constitutes an interested person transaction as defined under Chapter 9 of the Catalist Rules.

2.3. Independent valuation of the Target

For the purposes of the Proposed Disposal, the Company has commissioned Mazars LLP as an independent valuer (the "**Independent Valuer**") to assess and determine the market value of the Sale Shares as at 31 December 2021 (the "**Business Valuation**"). The Independent Valuer has relied on the Revalued Net Asset Value ("**RNAV**") method for the purpose of the Business Valuation. The RNAV method is a common Cost Approach valuation method which provides an indication of the value of the subject company by the total market value of assets less the liabilities.

Based on the preliminary valuation conducted by the Independent Valuer, the indicative market value of the Sale Shares as at 31 December 2021 is RM2,022,000 (the "**Indicative Valuation**"). The finalised valuation report for the Business Valuation will be issued by the Independent Valuer and included in the Circular.

3. CONSIDERATION

3.1. The consideration for the Sale Shares shall be RM2,022,000 (the "**Aggregate Consideration**"), which shall be satisfied by the Purchaser in cash on Completion.

3.2. The Aggregate Consideration was arrived at on an arm's length and a "willing buyer willing seller" basis and taking into consideration: (a) the audited net tangible assets of the Disposal Group for FY2021 of RM1,822,441; and (b) the Indicative Valuation.

3.3. Payment by the Purchaser to the Company of the Aggregate Consideration shall be effected by crediting the account specified in the Payment Account Details (as defined in the SPA) by way of telegraphic transfer on or before the due date for payment.

4. RATIONALE FOR THE PROPOSED DISPOSAL

4.1. Exit from loss-making business segment

The Company had previously disposed of the entire issued share capital of AASB, a subsidiary carrying out the business of exploration, mining and production of gold for sale in Malaysia and overseas, to Luminor Pacific Fund 2 Ltd, Gan Huai Shi and Koh Ah Luan as detailed in the Company's announcements dated 29 April 2020 and 28 December 2020 and the Disposal Circular. In addition, the Target had reduced its mining concession area and returned the mining concession rights to the Bukit Chetai granite quarry site to PMINT as detailed in the Mining Announcements, resulting in the Company's only mining asset being the green field Bukit Machang mine.

The Proposed Disposal allows the Group to now exit from the Granite Dimension Stone Business entirely, as it is a loss-making business segment. The Target has recorded loss before tax amounting to RM1,031,007 in FY2021 and the Granite Dimension Stone Business has been halted since November 2019 due to the COVID-19 pandemic. Following the return of the Bukit Chetai granite quarry site to PMINT, the Company's only mining asset is the green field Bukit Machang mine which requires significant capital investment to commence production. In addition, in view of the challenging sentiments in the mining sector, there is no certainty that such investment in the Bukit Machang mine will generate positive return on investment and when this return will crystalise.

4.2. Focus on other viable business

The Proposed Disposal is in line with the Company's diversification into the provision of custodian services for digital assets and the provision of advisory, consultancy and/or management services relating to financial technology regulation and licencing as well as adoption of FinTech strategies and technology (the "**FinTech Business**") as set out in the

Diversification Circular.

The Proposed Disposal allows the Company to eliminate its ongoing operational costs in relation to the Granite Dimension Stone Business and exit from its investment in the Target, so that all of its resources can be deployed to focus on growing and developing its portfolio within the FinTech Business. In recognition that technology in the financial industry and blockchain have entered into an era of accelerated growth, both on a domestic and international scale, the Board is of the view that the exit from the Granite Dimension Stone Business and focus on the FinTech Business will help the business of the Company and Group scale and grow, maximising Shareholder value.

4.3. **Preferred method of disposal**

The Purchaser is the Managing Director of the Board and one of the founder Shareholders of the Group. He was instrumental in establishing the Granite Dimension Stone Business and hence, is well positioned to take over the Target and its business with least disruption to operational, financial and human resource needs of the Target. More importantly, given his involvement in the operations of the Target since the mining concession rights to the Bukit Machang mine were granted by PMINT, the Proposed Disposal to the Purchaser requires no approval from PMINT while any divestment of the Sale Shares by the Company to any other third parties would require approval from PMINT, hence introducing completion and other antecedent risks. For the foregoing reasons and taking into consideration the Purchaser's offer to acquire the Sale Shares at fair market value, the Board is of the view that the sale of the Sale Shares to the Purchaser on the terms of the SPA is the preferred method of disposal. The Purchaser did not participate in the deliberation of the Board in respect of the Proposed Disposal and abstained from voting on the resolution of the Board approving the Proposed Disposal.

5. MATERIAL TERMS OF THE SPA

5.1. **Sale and purchase of shares**

The sale and purchase of the Sale Shares shall be free from all Encumbrances and with all rights as from the Completion Date (as defined below) attaching thereto including the right to all dividends hereafter paid, declared or made in respect thereof.

The Sale Shares will also be sold by the Company to the Purchaser on an "as is where is" basis without the benefit of any representations or warranties (save as provided herein) and that the Purchaser has actual knowledge at all times of the business and prospects of the Target, the risks (whether past, present or future) associated with the business of the Target and all other relevant information associated with the foregoing. The Purchaser acknowledges that he has been involved in the business of the Target from its very inception and is aware of all information in respect of the Target.

5.2. **Conditions**

Completion is conditional upon the several conditions (the "**Conditions**") being satisfied or waived (as the case may be) on or before four (4) months after the SPA or such other time and date as the Company and the Purchaser (collectively the "**Parties**" and each a "**Party**") may from time to time agree (the "**Longstop Date**"), including without limitation:

(a) approval of the board of directors and independent shareholders of the Company having been obtained for, amongst others, the Proposed Disposal by the Company as an interested person transaction under Chapter 9 of the Catalist Rules;

(b) if required, the approval of the SGX-ST for the transactions contemplated under the SPA having been obtained and not having been withdrawn, suspended, amended or revoked as at the Completion Date (as defined below), and, where such approval is subject to any conditions, to the extent that such conditions are required to be fulfilled on or before Completion Date (as defined below), they are so fulfilled; and

(c) an opinion from the independent financial adviser appointed by the Company in connection with the Proposed Disposal (the "**IFA**") stating that the terms of the Proposed Disposal, being an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and minority shareholders of the Company.

5.3. **Longstop Date**

If all of the Conditions have not been fulfilled or waived on or before the Longstop Date, the SPA (other than the Surviving Provisions (as defined in the SPA)) shall lapse and no Party shall have any claim against any other Party under it, save for any claim arising from antecedent breaches of the SPA.

5.4. **Striking off of the Subsidiaries**

As part of the SPA, the Parties have also agreed that three (3) companies in Malaysia which are wholly owned by the Company, being ARS Consolidated Sdn. Bhd., ARG Consolidated Sdn. Bhd. and AAKG Mining Sdn. Bhd. (collectively the "**Subsidiaries**" and each a "**Subsidiary**") shall be struck off the register of companies in Malaysia.

The Subsidiaries are alike the Target in the Granite Dimension Stone Business. As such, in order to make a clean exit from the Granite Dimension Stone Business, and since the Subsidiaries (a) are dormant, are not carrying on any business and are not in operation, and (b) have no current or contingent assets or liabilities of any nature whatsoever, including any outstanding tax liabilities, the Parties have agreed to strike off the Subsidiaries from the register of companies in Malaysia.

The Purchaser has agreed to be fully and solely responsible for the striking off of the Subsidiaries at his cost and expense and to use all best endeavours to complete and to procure the completion of the striking off of the Subsidiaries as soon as reasonably practicable and within six (6) months from the date of the SPA. The Purchaser has also agreed that the striking off of the Subsidiaries is not conditional on Completion and is a separate obligation to be performed by the Purchaser regardless of Completion.

6. USE OF PROCEEDS

Under the Proposed Disposal, it is estimated that the Company will receive net proceeds of approximately RM1,552,000, taking into account tax expenses, legal fees and other transaction costs of approximately RM470,000 incurred in connection with the Proposed Disposal (the "**Net Proceeds**").

The Company intends to use the Net Proceeds for general working capital requirements of the Group. Pending the deployment for the uses identified above, the Net Proceeds may be deposited with banks and/or financial institutions or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

7. CATALIST RULE 1006 FIGURES FOR THE PROPOSED DISPOSAL

7.1. Based on the latest unaudited consolidated financial results of the Group for FY2021 (“**Unaudited FY2021**”) and the latest audited financial results of the Target for FY2021, the relative figures of the Proposed Disposal computed on the bases set out in Catalist Rule 1006 are set out below:

Rule 1006	Bases of calculation	Relative figure for the Proposed Disposal
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	9.56%(1)
(b)	Net profits attributable to the assets disposed of, compared with the Group’s net profits/losses	13.17(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	2.52%(3)
(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(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount	Not applicable(5)

Notes:

(1) The audited net asset value of the Target as at 31 December 2021 was approximately RM1,822,000, which represents approximately 9.56% of the Group's unaudited net asset value of approximately RM19,058,000 as at 31 December 2021.

(2) The audited net losses attributable to the Target in FY2021 was approximately RM1,031,000 which represents approximately 13.17% of the Group's unaudited net losses of approximately RM7,829,000 as at 31 December 2021.

(3) The Aggregate Consideration of RM2,022,000 which represents approximately 2.52% of the Company's market capitalisation of approximately S$80,081,000 on 11 March 2022, being the last full market day preceding the date of the SPA on which shares were last traded on the SGX-ST. The Company's market capitalisation was determined by multiplying the number of shares in issue (4,550,082,101 shares) by the weighted average price of such shares transacted on 11 March 2022 (S$0.0176).

(4) The Proposed Disposal is a disposal of assets for cash consideration.

(5) The Company's only mining asset is the green field Bukit Machang mine. Based on the independent qualified person's report prepared by Wrightech Engineering as at 31 December 2021 (the "**Qualified Person's Report**"), the Bukit Machang mine is classified as an Exploration Target according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**") as it has not been investigated with any boreholes drilled. As such, there has been insufficient exploration to estimate the mineral resources and reserves at the Bukit Machang mine.

7.2. Net gain on disposal

Based on the latest audited financial results of the Disposal Group for FY2021, the consolidated net assets value and net losses of the Disposal Group were approximately RM1,822,000 and RM(1,031,000) respectively.

The Company expects to recognise a net gain on disposal of approximately RM200,000 from the Proposed Disposal.

7.3. Approvals for Proposed Disposal

As the relative figures of Catalist Rule 1006 do not exceed 50.0% and the Proposed Disposal will result in a net gain on disposal not exceeding 10.0% of the consolidated net loss of the

Company, no Shareholders' approval is required in relation to Chapter 10 of the Catalist Rules. However, in consideration of the Granite Dimension Stone Business having been a core business segment of the Company and as discussed further below in paragraph 8.2, the approval of the Independent Shareholders at an EGM will be sought for the Proposed Disposal.

8. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

8.1. Interested person transaction

The Purchaser is a Director of the Company, and hence is an interested person as defined in the Catalist Rules. Pursuant to Catalist Rule 906, an issuer must obtain shareholders' approval for an interested person transaction of a value equal to, or more than 5.0% of the Group's latest audited net tangible assets ("**NTA**") value.

8.2. Value of the interested person transaction

Having considered Rule 909 of the Catalist Rules, which considers the value of the transaction to be the amount at risk to the Group, the Company has considered the value of the interested person transaction to be the following:

The Aggregate Consideration of RM2,022,000 which represents 35.58% of the audited net tangible liabilities ("**NTL**") of the Group for FY2020 amounting to approximately RM5,683,000.

The value of the interested person transaction exceeds 5.0% of the Group's latest audited NTL, the computation which involves negative numbers. Giving regard to Catalist Rule 906(3) and having considered the substance of the transaction under Catalist Rule 902 in consultation with the Sponsor, the Company will be seeking Independent Shareholders' approval for the Proposed Disposal.

8.3. Total value of interested person transactions for the financial year

As at the date of this announcement and since the current financial year beginning 1 January 2022, save for the Proposed Disposal there are no discloseable interested person transactions entered into by the Group with the Purchaser or any other interested persons.

8.4. Audit Committee statement

The Audit Committee of the Company will obtain an opinion from the IFA before forming its view in relation to the interested person transaction, which will be included in the circular to be issued to the Shareholders.

8.5. Abstention from voting

Pursuant to Catalist Rule 919, the Purchaser and his associates shall abstain from exercising their voting rights in respect of all existing issued shares owned by them and shall not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Disposal.

9. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

9.1. The *pro forma* financial effects of the Proposed Disposal on the Company's share capital and the Group's NTA per share and loss per share (the "**LPS**") as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the Proposed Disposal.

The *pro forma* financial effects have been prepared based on the Unaudited FY2021, on the following bases and assumptions:

(a) the Proposed Disposal had been completed on 31 December 2021 for the purpose of illustrating the financial effects on the NTA;

(b) the Proposed Disposal had been completed on 1 January 2021 for the purpose of illustrating the financial effects on the LPS; and

(c) the issued and paid-up share capital of the Company as at the date of this announcement comprising 4,550,082,101 shares.

9.2. **NTA per share**

Assuming that the Proposed Disposal was completed on 31 December 2021, the *pro forma* financial effects on the Group's NTA per share would be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA[1] of the Company (RM'000)	7,551	7,281
Number of issued ordinary shares in the capital of the Company	4,550,082,101	4,550,082,101
NTA per share (RM sen)	0.17	0.16

Note:

(1) NTA means total assets less the sum of total liabilities, intangible assets and goodwill.

9.3. **LPS**

Assuming that the Proposed Disposal was completed on 1 January 2021, the *pro forma* financial effects on the Group's LPS would be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
(Loss) after income tax (RM'000)	(7,826)	(7,065)
Weighted average number of ordinary shares	4,078,501,821	4,078,501,821
LPS (RM sen)	(0.19)	(0.17)

10. EXTRAORDINARY GENERAL MEETING TO BE CONVENED

10.1. The Company will convene an EGM in due course to seek the approval from its Independent Shareholders for the Proposed Disposal.

10.2. In compliance with the Catalist Rules, the Circular containing, *inter alia*, further details on the Proposed Disposal (as an interested person transaction), an opinion from the IFA, the finalised valuation report issued by the Independent Valuer, the Qualified Person's Report, the independent VALMIN valuation report prepared by the Independent Valuer, and a notice of the EGM to be held, will be issued to the Shareholders in due course to seek approval for the Proposed Disposal as an interested person transaction.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders or their respective associates have any interest, direct or indirect, in the Proposed Disposal, other than in their capacity as Director or Shareholder.

12. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal and accordingly, no service contracts in relation thereto will be entered into by the Company.

13. DOCUMENTS AVAILABLE FOR INSPECTION

13.1. Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of the SPA will be available for inspection by the Shareholders at the registered office of the Company at 138 Robinson Road #26-03 Oxley Tower Singapore 068906 during normal office hours for three (3) months from the date of this announcement.

13.2. Shareholders who wish to inspect the aforementioned documents should contact the Company at enquiry@vcplus.sg or +65 62437067 to make an appointment so that the relevant arrangements can be made in view of the current COVID-19 situation and related safe distancing measures.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

15. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Disposal.

16. CAUTIONARY STATEMENT

Shareholders should note that the completion of the Proposed Disposal is subject to, amongst others, the fulfilment of the Conditions under the SPA. There is no certainty or assurance that the Conditions can be fulfilled or that the Proposed Disposal will be undertaken at all. Shareholders, securityholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the shares and securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares or securities of the Company.

By Order of the Board

Mr. Chua Ser Miang
Non-Executive Chairman and Lead Independent Director

14 March 2022

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*This announcement has been prepared by VCPlus Limited (formerly known as Anchor Resources Limited) (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not drawn on any specific technical expertise in its review 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 accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this announcement.

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