

PROPOSED ACQUISITION OF ACHIEVA TECHNOLOGY SDN. BHD.

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**" or "**Directors**") of Axington Inc. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 2 September 2022, entered into a conditional sale and purchase agreement ("**SPA**") with Serial I-Tech (Far East) Pte. Ltd. (the "**Vendor**", and together with the Company, the "**Parties**" and each, a "**Party**").
- 1.2 Pursuant to the SPA, the Company will acquire from the Vendor 100% of the ordinary shares in the issued and paid-up share capital of Achieva Technology Sdn. Bhd. (the "**Target Company**" and such shares the "**Sale Shares**"), subject to the terms and conditions of the SPA (the "**Proposed Acquisition**").
- 1.3 The Proposed Acquisition will constitute a "reverse takeover" transaction pursuant to Chapter 10 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and is subject to, *inter alia*, the approval of the SGX-ST and the approval of the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened.

2. THE PROPOSED ACQUISITION

2.1 The Vendor

The Vendor is an investment holding company incorporated in Singapore on 16 November 1984. Its principal activities involve (i) investment holding; and (ii) trading and distribution of consumer products, information technology and photographic products. The Vendor is a wholly-owned subsidiary of Serial Systems Ltd (the "**Parent Company**"), whose shares are listed on the Mainboard of the SGX-ST. The Vendor is the legal and beneficial owner of all the issued share capital of the Target Company. The directors of the Vendor are: Goh Su Teng and Soh Wei Keong Jason.

2.2 The Target Group

The Target Company, incorporated in Malaysia on 8 June 1996, is a private company limited by shares and is wholly-owned by the Vendor as at the date of the SPA. The directors of the Target Company are Goh Su Teng, Soh Wei Keong Jason and Ng Kee Hoe. The Target Company is in the business of distribution of information technology, computer peripherals, parts, software and related products ("**Business**") in Malaysia.

Prior to Completion¹ (a) the Target Company will incorporate a new entity in Thailand (the

¹ "**Completion**" means the completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the SPA.

"**Target Thai Company**", and together with the Target Company, the "**Target Group**", and each a "**Target Group Company**") to take over the Business in Thailand (the "**Thai Business**"); and (b) the Target Company will dispose of the whole of its shares or legal or beneficial interest in its wholly-owned subsidiary, Straitsmart Sdn. Bhd.

As at the date of this announcement, the Vendor and the Target Group do not have any shareholding interest, direct or indirect, in the Company, and the Company does not have any shareholding interest, direct or indirect, in the Vendor or the Target Group.

2.3 **Rationale for the Proposed Acquisition**

As previously disclosed in the announcement dated 6 April 2021, the Company no longer has any revenue generating business and had notified SGX-ST on 1 April 2021 of its cash company status pursuant to Rule 1017 of the Catalist Rules. Pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove the Company from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company.

On 31 March 2022, the Company announced that SGX-ST had no objection to the Company's application for an extension of time. Pursuant to such application, the Company must sign a definitive sale and purchase agreement and submit a reverse takeover application to Singapore Exchange Regulation Pte. Ltd. by 30 September 2022.

The Proposed Acquisition comes as an opportunity for the Company to acquire a new business, thus meeting the requirements under Rule 1017 of the Catalist Rules and thereby enhancing value for Shareholders. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, and the business of the Company will be that of the Target Group.

The Board believes that the Proposed Acquisition is beneficial to the Company and its Shareholders, as it will position the Company to meet the requirements under Rule 1017 of the Catalist Rules and enable Shareholders to participate in business areas that have potential for significant growth. The Board also believes that the Proposed Acquisition will have the potential to increase the market capitalisation and widen the investor base of the Company, thereby enabling the Company to attract more extensive analyst coverage and increase investors' interest in the Company's securities.

2.4 **Consideration**

Subject to the terms and conditions of the SPA, the consideration payable by the Company to the Vendor for the Sale Shares shall be the lower of (a) a sum of S\$27,000,000; or (b) the valuation ascribed to the Sale Shares pursuant to the Independent Valuation to be commissioned (as defined in paragraph 2.6(h) below) (the "**Purchase Consideration**").

The Purchase Consideration was based on arm's length negotiations between the Company and the Vendor on a willing-buyer and willing-seller basis and other commercial factors including, *inter alia*, the historical performance and business prospects of the Target Group and prevailing market conditions.

The Purchase Consideration shall be fully satisfied on Completion by the issuance and allotment to the Vendor (or such nominee as the Vendor may direct) of new ordinary shares in the capital of the Company ("**Consideration Shares**") to be computed as at the Completion

Date (as defined herein) based on the following formula:

$$\text{Number of Consideration Shares} = \frac{\text{Purchase Consideration}}{\text{Issue Price}^2}$$

The Parties have also agreed that a sum of S\$500,000 will be payable by the Company to Kho Wed Hong George (the "**Introducer**") on Completion, and such payment shall be satisfied by an allotment and issuance of new Shares to the Introducer at the Issue Price on Completion (the "**Introducer Shares**"). In determining the fees paid to the Introducer, the Company considered the dearth of appropriate and quality targets in the market and the historical performance and business prospects of the Target Group. The Company views that the fees paid to the introducer are reasonable.

As at the date of this announcement and as far as the Company is aware, the Introducer is not related to the Group, the Directors, the Company's substantial Shareholders, and/or their respective associates.

2.5 **Status of Consideration Shares**

The Consideration Shares shall be credited as fully paid and free from all Encumbrances (as defined in the SPA) and ranking *pari passu* in all respects with the ordinary shares in the capital of the Company existing as at the Completion Date (as defined herein) ("**Shares**") including the right to receive in full all dividends and other distributions declared, paid or made as from the Completion Date (as defined herein).

2.6 **Conditions Precedent**

The obligation of the Company and the Vendor to complete the Proposed Acquisition is subject to the fulfilment on or prior to the Completion Date (as defined herein) of customary conditions ("**Conditions Precedent**"), including but not limited to the following:

- (a) **Extension of Time:** procurement by the Company of the extension of the deadline beyond 30 September 2022 as imposed by the SGX-ST on the Company for the signing of a sale and purchase agreement and submission of a reverse takeover application, failing which the SPA shall automatically lapse;
- (b) **Shareholders' Undertaking:** procurement and delivery by the Company of the Shareholders' Undertaking (as defined below) to the Vendor by 30 September 2022;
- (c) **Appointment of Catalyst Sponsor by the Company:** appointment of a Catalyst Sponsor (as defined in the SPA) as approved by the Vendor;
- (d) **Satisfactory Due Diligence by the Company:** the Company being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Company and/or its advisers on the Target Group, including without limitation, the title to and the status and condition of any properties

² "**Issue Price**" shall be the Purchaser Ascribed Value divided by the total number of Shares (as defined in paragraph 2.5). For the avoidance of doubt, the total number of Shares do not include the Consideration Shares to be issued and allotted to the Vendor. The "**Purchaser Ascribed Value**" means S\$5,500,000 (or such other lower amount to be mutually agreed between the Parties), being the indicative ascribed value of the Company as agreed between the Parties.

(whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations (including management meetings and site visits), records, financial position, accounts, results, tax, legal and corporate structure, and any other information disclosed to the Company (the "**Purchaser's Due Diligence**");

- (e) **Satisfactory Due Diligence by the Vendor:** the Vendor being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Vendor and/or its advisers on the Group, including without limitation, the title to and the status and condition of any properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations (including management meetings and site visits), records, financial position, accounts, results, tax, legal and corporate structure, and any other information disclosed to the Vendor, including the satisfactory settlement of the independent review on the Company which had been carried out of the nature and circumstances relating to the unpaid placement shares and the Company's announcement dated 18 August 2020 and the satisfactory settlement of the proposed cancellation of 3,750,000 shares held by Kerrigan Medical Supplies Pte. Ltd. (the "**Proposed Shares Cancellation**");
- (f) **Net Asset Value of Group:** the Group shall have (a) positive net asset value or (b) negative net asset value of no more than S\$250,000 on Completion;
- (g) **Rectification:** (if applicable) the rectification by the Vendor, or the procurement by the Vendor of such rectification to the reasonable satisfaction of the Company of all material issues or irregularities uncovered in the Purchaser's Due Diligence which has an adverse impact of more than 10.0% to the aggregate net asset value, aggregate revenue or total net profit of the Target Group based on the audited financial statements for the financial year ended 31 December 2021;
- (h) **Independent Valuation:** the Company having obtained at its own cost and expense an independent valuation report in respect of the valuation of the Target Group, the business and/or any real property owned by a Target Group Company (if required) (the "**Independent Valuation**") and being reasonably satisfied with the results or outcome of such valuation exercise;
- (i) **Securities Industry Council's ("SIC") Waiver:** the SIC having granted the Vendor and its concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") for the Shares not owned or controlled by the Vendor and its concert parties and from having to comply with the requirements of Rule 14 of the Code (the "**Whitewash Waiver**"), subject to (i) any conditions or restrictions that the SIC may impose, provided that such conditions or restrictions are reasonably acceptable to the Vendor and its concert parties; and (ii) the independent Shareholders approving at a general meeting of the Company the Whitewash Resolution³;
- (j) **SGX-ST Approval:** the approval of SGX-ST and/or any other relevant authorities being

³ "**Whitewash Resolution**" means the proposed ordinary resolution of the Company which if passed by the independent Shareholders would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Vendor and parties acting in concert with the Vendor in connection with the issue of the Consideration Shares under the Proposed Acquisition.

obtained by the Company and the Parent Company, if necessary, for the Proposed Acquisition upon the terms of the SPA and where such approval is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties and if required by the SGX-ST and/or any other relevant authorities, such conditions being fulfilled or satisfied on or before Completion, and such approval remaining in full force and effect;

- (k) **Circular Approval:** approval in-principle being obtained from the SGX-ST for the Circular (as defined in paragraph 2.9 below) and the compliance by the Company of all the conditions or restrictions which may be imposed by the SGX-ST in connection thereto;
- (l) **Listing Approval:** approval-in-principle being received from the SGX-ST for the dealing in and quotation for the Consideration Shares and the Introducer Shares (and, if necessary, for the Shares to be allotted and issued in connection with the Compliance Placement as described in paragraph 2.10) on the Catalist Board, such approval not being revoked, rescinded or cancelled prior to Completion and, where such listing and quotation notice is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties;
- (m) **EGM Approval:** the Company receiving the following approvals from its shareholders at an EGM to be convened, for:
 - (1) the Proposed Acquisition;
 - (2) the allotment and issue of the Consideration Shares to the Vendor (or to such nominee as the Vendor may direct) and the Introducer Shares;
 - (3) the Whitewash Resolution;
 - (4) the Proposed Share Consolidation⁴;
 - (5) the change of name of the Company to a name which does not include the words "Axington Inc." or any derivative thereof;
 - (6) proposed appointment of new directors who are nominated by the Vendor;
 - (7) all such other approvals required from the Company's shareholders pursuant to applicable laws and regulations; and
 - (8) in connection with the SPA and the transactions contemplated therein as may be necessary or agreed between the Parties in writing;
- (n) **Target Company and Parent Company Board and/or Shareholders' approval:** the Target Company and the Parent Company obtaining such approval(s) from their board of directors and their shareholders, if necessary, in connection with the SPA and the transactions contemplated herein as may be necessary, including for the acquisition of

⁴ "**Proposed Share Consolidation**" means a proposed consolidation of Shares at such ratio as may be agreed between the Company and the Vendor, if necessary, to allow the Company to comply with the requirements under Rule 1015(3)(c) of the Catalist Rules.

the Sale Shares by the Company;

- (o) **No Injunction:** the Vendor and Company not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened and no governmental authority or court of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, executive order or award having the effect of making the Proposed Acquisition illegal or otherwise prohibiting consummation thereof on or prior to the Completion Date (as defined herein);
- (p) **No Material Breach:** there is no material breach by any Party of the representations, warranties, covenants and indemnities contained in the SPA;
- (q) **No Material Adverse Change:** there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change, in the business, assets, prospects, financial position or results of operations of the Target Group and the Group;
- (r) **Audit:** if required pursuant to applicable laws, regulations or Catalist Rules, the completion of a financial audit on the Target Company conducted by a public accounting firm reasonably accepted to the Company;
- (s) **Resumption of Trading:** the Shares remaining listed on the Catalist Board and the Company obtaining the in-principle approval of the SGX-ST for the resumption of trading of the existing Shares of the Company on the Catalist Board prior to or upon Completion;
- (t) **Incorporation of Target Thai Company:** the due incorporation of the Target Thai Company and the Target Thai Company having taken over the Business carried out in Thailand to the reasonable satisfaction of the Company;
- (u) **Service Agreements:** the receipt by the Company of service agreements duly executed by the Key Management Team (as defined in the SPA) with the Company, providing for a minimum employment duration following the Completion covering at least three (3) financial years;
- (v) **Warranties:** each of the warranties and undertakings given under the SPA remaining true in all material respects and not misleading in any material respect at Completion, as if repeated at Completion;
- (w) **Change of Control:** where the terms of any material contract⁵ to which any Target Group Company is subject contain any restriction or prohibition on the change in the shareholding and/or the boards of directors of any Target Group Company or include any right to terminate exercisable prior to or as a result of any matter contemplated by

⁵ An agreement or arrangement to which any of Target Group Company is a party or is bound by and which contributes to more than 10.0% of the aggregate net asset value, aggregate revenue or total net profit of the Target Group.

the SPA, written approval or consent or written confirmation of the waiver from third parties of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate having been obtained or fulfilled;

- (x) **Third Party Consents:** all other necessary consents and approvals for the SPA and the transactions contemplated therein, if required and applicable, being granted and not withdrawn or revoked by third parties (including without limitation, the Catalist Sponsor, any government body, stock exchange and other relevant authority in any jurisdiction) and if such consents are obtained subject to any condition(s) and where such condition(s) affect any of the Parties, such condition(s) being acceptable to the Party concerned and, if such condition(s) are required to be fulfilled before Completion, such condition(s) being fulfilled before Completion;
- (y) **Completion of Winding Up of or Disposal of Interests in the Company's Subsidiaries:** the Company having (a) completed the disposal of the whole of its shares or legal or beneficial interest in each of its subsidiaries; or (b) commenced such steps as may be reasonably satisfactory to the Vendor to effect a winding-up (including a member's voluntary winding up) or a striking off, of each of its subsidiaries; and
- (z) **Completion of Disposal of Target Company's Subsidiary:** the Target Company having completed its disposal of the whole of its shares or legal or beneficial interest in its wholly-owned subsidiary, Straitsmart Sdn. Bhd., on terms reasonably satisfactory to the Company.

If any of the Conditions Precedent is not fulfilled and the fulfilment of such conditions is not waived by the relevant party by 30 June 2023 (or such other date as may be mutually extended by the Parties in writing), the SPA shall *ipso facto* cease and determine and save for certain provisions in the SPA and in respect of any breach of certain clauses in the SPA, none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise.

2.7 Completion

Completion shall take place on such date falling seven (7) business days after the date of the fulfilment of all of the Conditions Precedent provided in the SPA unless they are waived by the relevant Party in accordance with the provisions set out in the SPA (the "**Completion Date**").

2.8 Undertakings, Representations and Warranties

The Proposed Acquisition is subject to such further undertakings, representations and warranties from each of the Company and the Vendor respectively as are customary for transactions of similar nature.

2.9 Proposed Share Consolidation

Under Rule 1015(3)(c) of the Catalist Rules, where the consideration for the acquisition of assets by the issuer is to be satisfied by the issue of shares, the price per share after adjusting for any share consolidation must not be lower than S\$0.20. Accordingly, in conjunction with the Proposed Acquisition and subject to Shareholders' approval being obtained, the Company will undertake a share consolidation based on such ratio as may be mutually agreed between the Company and the Vendor and to be advised by the financial adviser in respect of the Proposed

Acquisition, which shall satisfy the aforementioned requirements of Rule 1015(3)(c) of the Catalist Rules on or before Completion (the "**Proposed Share Consolidation**"). Details of the Proposed Share Consolidation will be announced by the Company and set out in the circular to Shareholders ("**Circular**") containing salient information on the Proposed Acquisition, together with, amongst others, a notice of an EGM, to be despatched by the Company to Shareholders in due course.

2.10 **Compliance Placement**

If required, in order to meet the shareholding spread and distribution requirements set out in the Catalist Rules, and/or for working capital purposes, the Vendor may, if required, effect a placement of new Shares by way of an allotment and issue of new Shares at an issue price of not less than S\$0.20 per Share and on such terms as may be mutually agreed between the Vendor and the Company, following the Completion (the "**Compliance Placement**").

2.11 **Shareholders' Undertakings**

As a condition to Completion, the Company shall procure the delivery to the Vendor of a written irrevocable undertaking (in such form and substance reasonably satisfactory to the Vendor) signed and delivered by Oon Su Sun and Lin Yueh Hung of RSM Corporate Advisory Pte Ltd, being the joint and several receivers appointed by DBS Bank Ltd. of the 148,335,700 Shares held by Dorr Global Healthcare International Pte. Ltd. (the "**Joint Receivers**"), which represents approximately 79% of the issued and paid-up share capital of the Company as at the date hereof (the "**Shareholders' Undertaking**"). The Shareholders' Undertaking to the Company shall state that the Joint Receivers will vote in favour of the resolutions to be tabled at an EGM to be convened to approve, *inter alia*, the Proposed Acquisition.

2.12 **Fees and Expenses**

2.12.1 The Parties agree to bear the costs and expenses incurred or to be incurred in connection with the Proposed Acquisition (the "**Transaction Expenses**") in the following manner, subject to paragraphs 2.12.2 and 2.12.3, and the aggregate Transaction Expenses to be borne by the Company shall not exceed S\$1.2 million:

- (a) The Vendor agrees and undertakes to bear the fees and expenses of:
 - (1) its own legal advisers to be appointed in connection with the Proposed Acquisition; and
 - (2) the internal auditor to be appointed in connection with the Proposed Acquisition.
- (b) The Company agrees and undertakes to bear the fees and expenses of:
 - (1) the financial adviser (being the Catalist Sponsor (as defined in the SPA)) to be appointed in connection with the Proposed Acquisition;
 - (2) the independent auditors and reporting accountants to be appointed in connection with the Proposed Acquisition;
 - (3) its own legal advisers to be appointed in connection with the Proposed

Acquisition (including, for the avoidance of doubt, any foreign legal advisers appointed in connection with the Proposed Acquisition);

- (4) the fees of the independent valuer(s) for the Independent Valuation;
- (5) the independent financial adviser to be appointed by the Company in relation to the Whitewash Resolution; and
- (6) any other expenses incurred or to be incurred in connection with the Proposed Acquisition,

provided that the Company's prior written consent has been sought in relation to the amount and payment terms of such fees.

2.12.2 In the event that:-

- (a) Completion does not take place in the situation where all the conditions precedent in the SPA required to be performed or fulfilled by the Company on or prior to Completion are duly satisfied and the Company fulfils all its obligations hereunder and is not otherwise in breach or default of the terms and conditions of the SPA, but notwithstanding this, the Vendor decides not to proceed with the Proposed Acquisition for whatever reason or is in wilful breach or default of the terms and conditions of the SPA, the full amount of the Transaction Expenses shall be equally borne by the Vendor and the Company; or
- (b) The Company is in breach or default of the terms and conditions of the SPA, paragraph 2.12.1 shall continue to apply.

2.12.3 In the event that the SPA is terminated at any time or Completion does not take place for whatever reason, save in the case as set out in paragraph 2.12.2 above, paragraph 2.12.1 will continue to apply.

2.13 **Asset Value of the Target Company**

Based on the Target Company's audited combined accounts as at 31 December 2021, the combined net asset value and net tangible assets ("**NTA**") of the Target Company is S\$3.3 million as at 31 December 2021.

2.14 **Financial Highlights of the Target Group and the Enlarged Group**

As the Proposed Acquisition constitutes a "reverse takeover transaction" as defined in Chapter 10 of the Catalist Rules, the Company is required to fulfil the requirements of Rule 1015 of the Catalist Rules, including but not limited to:

- (a) providing the latest two years of historical financial information of the assets to be acquired and one year of *proforma* financial information of the enlarged group (being the Company and the Target Company) ("**Enlarged Group**"); and
- (b) obtaining the approval from Shareholders for the Proposed Acquisition at an EGM to be convened.

In compliance with Rule 1015 of the Catalyst Rules, a summary of the following is set out below:

- (i) the audited combined financial statements of the Target Company (prepared based on the audited accounts of the Target Company for the financial years ended 31 December 2020 ("**FY2020**") and 31 December 2021 ("**FY2021**"). The Company understands that the Thai Business had only commenced operations in the second quarter of the financial year ending 31 December 2022, and is presently held by a wholly-owned subsidiary of the Parent Company. As such, the full year historical financial information of the Thai Business is not available as at the date of this announcement; and
- (ii) the unaudited combined *proforma* financial statements of the Enlarged Group prepared based on (1) the audited accounts of the Target Company for FY2021; and (2) the audited accounts of the Company for FY2021.

Income Statement

(S\$)	Target Company		Enlarged Group
	FY2020 (Audited)	FY2021 (Audited)	FY2021 (Unaudited)
Revenue	51,693,237	72,722,115	72,722,115
Net profit before tax	1,028,259	2,468,358	1,483,773
Net profit after tax	1,024,323	2,464,275	1,479,690
Net profit after tax attributable to owner of the Target Company or the enlarged Group (as the case may be)	1,024,323	2,464,275	1,479,690

Balance Sheet

(S\$)	Target Group		Enlarged Group
	As at 31 December 2020 (Audited)	As at 31 December 2021 (Audited)	As at 31 December 2021 (Unaudited)
Non-current assets	670,216	542,944	542,944
Current assets	16,374,211	19,627,396	48,283,381 ⁽¹⁾
Total assets	17,044,427	20,170,340	48,826,325 ⁽¹⁾

Non-current liabilities	201,421	156,175	156,175
Current liabilities	16,022,221	16,745,565	16,919,582
Total liabilities	16,223,642	16,901,740	17,075,757
Net assets	820,785	3,268,601	31,750,568 ⁽¹⁾
Equity	820,785	3,268,601	31,750,568 ⁽¹⁾

Note:

(1) This excludes the financial effects of (i) the Proposed Shares Cancellation, (ii) the proposed reduction of share capital by S\$11.9 million and the proposed dividend of S\$14.1 million, which was approved at the EGM held on 27 May 2022 (collectively, the "**Proposed Distribution**").

3. WHITEWASH WAIVER

3.1 Following Completion, the issuance of the Consideration Shares [and Introducer Shares] and prior to the Compliance Placement (if required), the Vendor will own an interest of approximately 82.0% in the enlarged issued and paid-up share capital of the Company immediately following Completion.

3.2 In such event, pursuant to Rule 14 of the Code, the Vendor together with any other concert parties of the Vendor will incur an obligation to make a mandatory general offer for all the remaining Shares not already owned, controlled or agreed to be acquired by the Vendor and its concert parties at the highest price paid or agreed to be paid by the Vendor and its concert parties for the Shares in the preceding six (6) month period.

3.3 Completion is conditional on the grant by the SIC of the Whitewash Waiver and a majority of the independent Shareholders waiving, by ordinary resolution on a poll taken at an EGM, their right to receive a mandatory general offer from the Vendor and its concert parties under Rule 14 of the Code. Accordingly, the Vendor will be applying to the SIC to seek the Whitewash Waiver.

4. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

4.1 The relative figures of the Proposed Acquisition under Rule 1006 of the Catalist Rules based on the Company's unaudited condensed interim financial statements of the Company for the six (6) months ended 30 June 2022, being the latest announced consolidated accounts, are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value (" NAV ") of the assets to be disposed of, compared with the Company's NAV	Not applicable ⁽¹⁾

Rule 1006	Bases	Relative Figures (%)
(b)	Net profits attributable to the assets acquired, compared with the Company's net profits	Not meaningful ⁽²⁾
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	285.2% ⁽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	490.9% ⁽⁴⁾
(e)	The aggregate volume or amount of proven and probable reserves to be acquired, compared with the aggregate of the Company's proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable as the Proposed Acquisition is not a disposal of assets.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" means "profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests". The unaudited net loss of the Company for the 6-month financial period ended 30 June 2022 was S\$0.5 million. The unaudited net loss attributable to owners of the Target Company for the 6-month financial period ended 30 June 2022 was approximately S\$0.7 million.
- (3) Based on the Purchase Consideration of no higher than S\$27,000,000 for the Proposed Acquisition and the Company's market capitalisation of S\$9,466,212. The market capitalisation of the Company is derived by multiplying the total number of issued shares excluding treasury shares of 186,710,300 Shares as at the date of this announcement and the volume-weighted average traded price of the Shares of S\$0.19 traded on the SGX-ST on 30 August 2020, (being the last traded market day immediately preceding the date of the SPA on which the Shares were traded) which amounts to S\$35,474,957 and thereafter subtracting the aggregate cash distribution to shareholders of S\$26,008,745 approved at the EGM held on 27 May 2022.
- (4) Based on 916,625,455 Consideration Shares and the Company's existing number of issued shares of 186,710,300 (excluding treasury shares), as at the date of this announcement.
- (5) The Company is not a mineral, oil and gas company.

4.2 As the relative figures calculated under the bases set out in Rules 1006(c) and 1006(d) of the Catalist Rules above exceed 100% and the Proposed Acquisition will result in a change in control of the Company, the Proposed Acquisition constitutes a "reverse takeover" under Rule 1015(1) of the Catalist Rules. Accordingly, the Proposed Acquisition shall be conditional upon, *inter alia*, the approval of Shareholders at an EGM to be convened, and the approval of the SGX-ST.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1 Bases

The *proforma* financial effects of the Proposed Acquisition on the Company as set out in this paragraph 5 are based on:

- (a) the audited financial statements of the Company for FY2021; and
- (b) the audited financial statements of the Target Company for FY2021.

5.2 Assumptions

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, *inter alia*, the above bases and the following assumptions:

- (a) the financial effects of the Proposed Acquisition on the Company's NTA is computed assuming that the Proposed Acquisition was completed on 31 December 2021;
- (b) the financial effects of the Proposed Acquisition on the Company's earnings per share ("**EPS**") is computed assuming that the Proposed Acquisition was completed on 1 January 2021;
- (c) the Company allots and issues 916,625,455 Consideration Shares and 16,974,545 Introducer Shares on Completion;
- (d) the Proposed Share Consolidation and the Compliance Placement have been disregarded for the purposes of calculating the financial effects;
- (e) the costs and expenses in connection with the Proposed Acquisition are disregarded for the purposes of calculating the financial effects;
- (f) as the shareholder of the Target Company (being the Vendor) will become the major shareholder of the Enlarged Group upon Completion, the Proposed Acquisition will result in a reverse acquisition within the meaning of the Singapore Financial Reporting Standard ("**SFRS**"). As the Proposed Acquisition is a reverse acquisition, the Target Company will be deemed as the accounting acquirer (legal acquiree) and the Company will be the accounting acquiree (legal acquirer);
 - (1) The difference between the fair value of consideration transferred and net of the acquisition date fair value of the identifiable assets and liabilities of the Company is to be treated as goodwill.
 - (2) For the purpose of this analysis, the fair value of the consideration transferred is based on the closing price of the Shares quoted on the SGX-ST amounting to approximately S\$35.5 million (as at 30 August 2020, being the last traded market day preceding the date of the SPA). Based on the audited balance sheet of the Group as of 31 December 2021, the Company has the net fair value of the identifiable assets and liabilities of approximately S\$28.5 million⁶. No fair value

⁶ This excludes the financial effects of the Proposed Distribution.

adjustment is deemed necessary based on the net assets.

5.3 **Illustrative Purposes.** The *proforma* financial effects of the Proposed Acquisition as set out below are strictly for illustrative purposes and do not necessarily reflect the actual financial position and performance of the Company, prepared according to the relevant accounting standards (being the SFRS), following the Proposed Acquisition.

(a) **NTA**

	Before the Proposed Acquisition, without accounting for the Proposed Distribution	After the Proposed Acquisition, after accounting for the Proposed Distribution
<u>As at 31 December 2021</u>		
NTA (S\$'000)	28,482	5,742
Number of Shares (excluding treasury shares)	190,460,300	1,120,310,300 ⁽¹⁾
NTA per Share (Singapore cents)	0.15	0.01

Notes:

(1) This takes into account the Proposed Shares Cancellation and includes the allotment and issuance of Introducer Shares.

(b) **EPS**

	Before the Proposed Acquisition, without accounting for the Proposed Distribution	After the Proposed Acquisition, after accounting for the Proposed Distribution
<u>FY2021</u>		
Earnings attributable to Shareholders (S\$)	(984,585)	1,479,690
Number of Shares (excluding treasury shares)	190,460,300	1,120,310,300
EPS (Singapore cents)	(0.52)	0.13

(c) **Share Capital**

	Before the Proposed Acquisition, without accounting for the Proposed	After the Proposed Acquisition, after accounting for the Proposed Distribution
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Distribution		
<u>As at 31 December 2021</u>		
Number of Shares (excluding treasury shares)	190,460,300	1,120,310,300
Issued and paid-up share capital (S\$'000)	15,093	9,023

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As far as the Company is aware, none of the directors or controlling Shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Acquisition.

7. SERVICE CONTRACT

It is envisaged that on Completion, all existing directors of the Company will resign from the Company, with such persons as may be designated by the Vendor to be appointed as new directors and/or executive officers. As at the date of this announcement, the Company has not entered into any service contract with any person proposed to be appointed as a director or executive officer in connection with the Proposed Acquisition. It is envisaged that the Company will, on or prior to Completion, enter into service agreements with such persons on terms acceptable to the Vendor. The details of such appointments and service agreements (if any) will be set out in the Circular to be despatched to Shareholders in due course.

8. FURTHER INFORMATION

8.1 The Company will make the necessary announcements as and when there are further material developments on the Proposed Acquisition and other matters contemplated by this announcement.

8.2 Circular

The Company will convene an EGM to seek Shareholders' approval for, *inter alia*, the Proposed Acquisition, and the issuance of the Consideration Shares, the Proposed Share Consolidation, the Compliance Placement (if required) and the Whitewash Resolution (in respect of the independent Shareholders). The Circular will be despatched by the Company to Shareholders in due course.

8.3 Documents available for inspection

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315 for three (3) months from the date of this announcement.

9. DISCLAIMER

The Proposed Acquisition is subject to numerous conditions and further due diligence by the Vendor and the Company. There is no certainty or assurance as at the date of this

announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

10. 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 Acquisition and the Company, and the Directors are not aware of any facts the omission of which would make 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. Information on the Target Company and the Vendor was provided by the Target Company and the Vendor. In respect of such information, as at the date of this announcement, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

BY ORDER OF THE BOARD

Ang Chiang Meng

Executive Officer

2 September 2022

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**") in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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 contained in this announcement.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B, Singapore 038987, Telephone (65) 6950 2188.