



GRAND VENTURE TECHNOLOGY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201222831E)

ANNOUNCEMENT

UPDATE ON THE USE OF PLACEMENT PROCEEDS

1. INTRODUCTION

The Board of Directors (“**Board**” or the “**Directors**”) of Grand Venture Technology Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcements dated 17 December 2021, 5 January 2022 and 24 February 2022, 2 March 2022 and 6 April 2022 in relation to (a) the acquisition of 100% of the equity interests of J-Dragon Tech (Suzhou) Co., Ltd. (“**J-Dragon**”) (the “**J-Dragon Acquisition**”), (b) the acquisition of 100% of the share capital of Formach Asia Sdn. Bhd. (“**Formach**”) (the “**Formach Acquisition**”, and together with the J-Dragon Acquisition, the “**Transactions**”) and (c) Annual Report dated 24 March 2022 (the “**Previous Announcements**”).

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as in the Previous Announcements in respect of each Transaction.

2. UPDATE ON THE USE OF PLACEMENT PROCEEDS

The Company has raised net proceeds from (i) placement of new shares of approximately S\$23.5 million (the “**NT Placement**”) in January 2021 and (ii) placement of new shares approximately S\$27.6 million (the “**September Placement**”) in September 2021, (together the “**Placement Proceeds**”).

Pursuant to Rule 704(30) of the Listing Manual, the Board wishes to provide an update on the utilisation of the Placement Proceeds pursuant to the intended use of proceeds for the NT Placement proceeds as disclosed in the circular to shareholders (“**Circular**”) dated 5 February 2021, announcement dated 21 May 2021 and announcement of September Placement dated on 3 September 2021.

As at the date of this announcement, the Placement Proceeds have been utilised as follows:

Post completion of the Transactions, S\$11.0 million was utilised from the NT Placement and the September Placement respectively below for the expansions of the newly acquired subsidiaries (“**Expansion Sum**”). This includes S\$7.8 million payment of Agreed Dividends in relation to J-Dragon Acquisition, and balance S\$3.2 million capital expenditures.

The Expansion Sum was injected via paid-up capital in the respective subsidiaries comprising (i) S\$10.0 million to J-Dragon and (ii) S\$1.0 million to Formach.

NT Placement (Placement Agreement dated 12 January 2021)

Use of proceeds	Allocated (according to the Circular dated 5 February 2021) S\$'000	Re-allocated (according to the announcement dated 21 May 2021) S\$'000	Utilised S\$'000	Balance S\$'000
Expansion via mergers and acquisitions, joint ventures and partnerships	19,000	14,000	14,000 ⁽¹⁾	-
Investing and enhancing operational and engineering capabilities	3,000	8,000	8,000	-
General working capital ⁽²⁾	1,504	1,504	1,504	-
Total	23,504	23,504	23,504	-

Notes:

(1) S\$6.5 million from the balance of NT placement was utilised to fund the Expansion Sum.

(2) Details of general working capital used:

	S\$'000
Staff cost	1,200
Rental, office expenditure and other operating expenses	304
Total	<u>1,504</u>

September Placement (Placement Agreement dated 3 September 2021)

Use of proceeds	Allocated		Utilised S\$'000	Balance S\$'000
	%	S\$'000		
Expansion via mergers and acquisitions, joint ventures and partnerships	40-45	11,000 to 12,400	4,500 ⁽¹⁾	6,500 ⁽²⁾
Investing and enhancing operational and engineering capabilities	40-45	11,000 to 12,400	8,262	2,738
General working capital ⁽¹⁾	10-20	2,783 to 5,583	5,583 ⁽³⁾	-
Total	100	27,583	18,345	9,238

- (1) S\$4.5 million from the September Placement had been utilised to fund the Expansion Sum.
- (2) The Company intends to utilise S\$2.0 million from the balance to fund the remaining Cash Consideration on the respective Withholding Payment Dates of the Transactions. In the event of any claims for indemnification by the Company under the SPA, such amount claimed shall first be set-off proportionally against the remaining Cash Consideration payable to the Vendors.
- (3) Details of working capital used:

	S\$'000
Staff cost	4,803
Directors' fees	100
Professional fees, including M&A due diligence costs	170
Rental, office expenditure and other operating expenses	510
Total	<u>5,583</u>

3. CAUTIONARY STATEMENT

Shareholders and potential 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 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 or when dealing with their shares or securities of the Company.

BY ORDER OF THE BOARD

LEE TIAM NAM

Executive Chairman

31 May 2022