GRAND VENTURE TECHNOLOGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201222831E)

ANNOUNCEMENT

PROPOSED ACQUISITION OF (1) 100% OF THE EQUITY INTERESTS OF J-DRAGON TECH (SUZHOU) CO., LTD.; AND (2) 100% OF THE SHARE CAPITAL OF FORMACH ASIA SDN. BHD.

– RECEIPT OF APPROVAL IN-PRINCIPLE FROM THE SGX-ST AND FURTHER UPDATES

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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 and 5 January 2022 in relation to (a) the proposed acquisition of 100% of the equity interests of J-Dragon Tech (Suzhou) Co., Ltd. ("**J-Dragon**") (the "**J-Dragon Acquisition**") and (b) the proposed 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**") (the "**Previous Announcements**").

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

2. RECEIPT OF APPROVAL IN-PRINCIPLE

The Board is pleased to announce that the Company has on 24 February 2022 received the approval in-principle ("**AIP**") from the SGX-ST for the listing and quotation of 7,745,932 new ordinary shares in the capital of the Company (the "**New Shares**") on the Mainboard of the SGX-ST, subject to the Company's compliance with the SGX-ST's listing requirements. The New Shares comprise 6,885,274 Consideration Shares to be issued pursuant to the J-Dragon Acquisition and 860,658 Consideration Shares to be issued pursuant to the Formach Acquisition.

Shareholders should note that the AIP is not to be taken as an indication of the merits of the New Shares, the Company and/or its subsidiaries.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Transactions computed on an aggregated basis and on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006		Relative Figures
(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(1)
(b)	The net profits attributable to the Sale Equity Interests and Sale Shares, compared with the Group's net profits(2)	10.1%(3)
(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	5.2%(4)
(d)	The number of equity securities issued by the Company as consideration for the Transactions, compared with the number of equity securities previously in issue	2.3%(5)
(e)	The 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.	Not applicable(6)

Notes:

(1) Not applicable as the Transactions do not relate to a disposal of assets.

(2) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(3) Based on (a) the net profits attributable to the Sale Equity Interests of S$1,280,000 based on the unaudited accounts of J-Dragon for the financial period from 1 January 2021 to 30 June 2021; (b) the net loss attributable to the Sale Shares of S$222,000 based on the unaudited accounts of Formach for the financial period from 1 January 2021 to 30 June 2021; and (c) the Group's net profits of S$10,521,000 based on the Group's latest announced financial statements for the six-month financial period ended 30 June 2021.

(4) Based on the Aggregate Consideration of S$20,003,036 for the Transactions and the Company's market capitalisation of S$384,333,282 as at 16 December 2021, being the last trading day prior to the signing of the sale and purchase agreement in relation to the J-Dragon Acquisition (the "**J-Dragon SPA**") and the sale and purchase agreement in relation to the Formach Acquisition (the "**Formach SPA**"). The market capitalisation of the Company is determined by multiplying the number of Shares in issue (being 330,780,000 Shares, excluding treasury shares) by the VWAP of S$1.1619 of the Shares transacted on 16 December 2021 (being the last trading day prior to the signing of the J-Dragon SPA and the Formach SPA).

(5) Based on the 7,745,932 Consideration Shares and the 330,780,000 Shares (excluding treasury shares) in issue as at the date of the J-Dragon SPA and the Formach SPA.

(6) Not applicable as the Transactions do not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

As the relative figures computed under Rules 1006(b) and 1006(c) of the Listing Manual exceeds 5%, and none of the relative figures computed under Rule 1006(b), (c) and (d) of the Listing Manual exceed 20%, the Transactions (when aggregated) are classified as discloseable transactions requiring immediate announcement pursuant to Rule 1010 of the Listing Manual. Accordingly, no approval of the Company's shareholders is required for the Proposed Acquisitions.

4. BOOK VALUE AND NET TANGIBLE ASSET VALUE

J-Dragon

Based on the unaudited financial statements of J-Dragon for the financial period ended 30 June 2021 and the exchange rate of S$1.00:RMB4.67, the net tangible asset value and book value of the Sale Equity Interests was RMB38.0 million (equivalent to approximately S$8.1 million) as at 30 June 2021. Taking into consideration the distribution of the Agreed Dividends, the net tangible asset value and book value of the Sale Equity Interests would be RMB21.2 million (equivalent to approximately S$4.5 million) as at 30 June 2021.

Formach

Based on the unaudited financial statements of Formach for the financial period ended 30 June 2021 and the exchange rate of S$1.00:MYR3.10, the net tangible asset value and book value of the Sale Shares was MYR17.3 million (equivalent to approximately S$5.6 million) as at 30 June 2021.

5. FINANCIAL EFFECTS

The *pro forma* financial effects of the Transactions on an aggregated basis are set out below, and are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Company and the Group after the Transactions.

Assumptions

The *pro forma* financial effects of the Transactions are based on the (i) audited financial statements of J-Dragon for the financial year ended on 31 December 2020; (ii) unaudited financial statements of J-Dragon for the financial period from 1 January 2021 to 30 June 2021; (iii) unaudited[1] financial statements of Formach for the financial periods from 1 January 2020 to 31 December 2020 and 1 January 2021 to 30 June 2021; (iv) audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**"); and (v) unaudited consolidated financial statements of the Group for the six-month financial period ended 30 June 2021 ("**1HFY2021**").

The financial effect on the net tangible assets ("**NTA**") per Share is computed based on the assumption that the Transactions were completed on 31 December 2020 for illustrating the *pro forma* financial effects for FY2020, and 30 June 2021 for illustrating the *pro forma* financial effects for 1HFY2021. The *pro forma* financial effects on NTA per share has taken into account the declaration and payment of the Agreed Dividends.

The financial effect on the earnings per Share ("**EPS**") is computed based on the assumption that the Transactions were completed on 1 January 2020 for illustrating the *pro forma* financial effects for FY2020, and 1 January 2021 for illustrating the *pro forma* financial effects for 1HFY2021.

[1] Formach's audited financial year end is 31 March 2021. For an illustration of pro forma financial effects, the analysis refers to the unaudited financial periods from (i) 1 January 2020 to 31 December 2020; and (ii) 1 January 2021 to 30 June 2021.

NTA

	Before the Transactions	After the Transactions
NTA[(1)] as at 31 December 2020 (S$'000)	34,826	42,685
Number of issued Shares as at 31 December 2020	234,253,000	241,998,932
NTA per Share as at 31 December 2020 (S$ cents)	14.87	17.64
NTA[(1)] as at 30 June 2021 (S$'000)	66,633	76,427
Number of issued Shares as at 30 June 2021	305,780,000	313,525,932
NTA per Share as at 30 June 2021 (S$ cents)	21.79	24.38

Notes:

(1) NTA after the Transactions is calculated based on the Group's NTA before the Transactions, the NTA of J-Dragon (adjusted for the Agreed Dividends) and the NTA of Formach, each as at 31 December 2020 and 30 June 2021 respectively, less estimated transaction costs of S$300,000. Any discrepancies between the information provided and the pro forma financial effects on the Group's NTA, are due to rounding.

EPS

	Before the Transactions	After the Transactions
Profit attributable to Shareholders as at 31 December 2020 (S$'000)	5,216	7,416[(1)]
Weighted average number of issued Shares as at 31 December 2020	234,253,000	241,998,932
EPS as at 31 December 2020 (S$ cents)	2.23	3.06
Profit attributable to Shareholders as at 30 June 2021 (S$'000)	8,508	9,297[(2)]
Weighted average number of issued Shares as at 30 June 2021	276,932,000	284,677,932
EPS as at 30 June 2021 (S$ cents)	3.07	3.27

Notes:

(1) Calculated based on the net profits of J-Dragon and Formach of RMB9.8 million (equivalent to approximately S$2.1 million) and MYR0.3 million (equivalent to approximately S$0.1 million), respectively, for the period from 1 January 2020 to 31 December 2020.

(2) Calculated based on the net profits of J-Dragon of RMB5.1 million (equivalent to approximately S$1.1 million) and net loss of Formach of MYR0.9 million (equivalent to approximately S$0.3 million), for the period from 1 January 2021 to 30

June 2021. The difference in net profits as compared to net profits computed under Rule 1006(b) of the Listing Manual (as set out in section 3 of this announcement) is mainly due to tax expenses of J-Dragon of RMB0.9 million (equivalent to approximately S$0.2 million) and tax expenses of Formach of MYR0.2 million (equivalent to approximately S$0.1 million).

6. FURTHER ANNOUNCEMENTS

The Company will make the necessary announcements, in compliance with the requirements of the Listing Manual, when there are material developments in respect of the J-Dragon Acquisition and the Formach Acquisition.

7. 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
24 February 2022