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

ANNOUNCEMENT

PROPOSED ACQUISITION OF 100% OF THE SHARE CAPITAL OF FORMACH ASIA SDN. BHD.

– UPDATE ANNOUNCEMENT

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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 announcement dated 17 December 2021 in relation to the proposed acquisition of 100% of the share capital of Formach Asia Sdn. Bhd. (the "**Previous Announcement**").

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

Further to the Previous Announcement, the Board wishes to provide the following additional information in relation to the Proposed Acquisition.

2. FINANCIAL EFFECTS

2.1. Assumptions

The *pro forma* financial effects of the Proposed Acquisition are based on the (i) unaudited[1] financial statements of the Target Company for the financial periods from 1 January 2020 to 31 December 2020 and 1 January 2021 to 30 June 2021; (ii) audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**"); and (iii) 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 Proposed Acquisition was 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 financial effect on the earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Acquisition was 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.

The *pro forma* financial effects set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Company and the Group after the Proposed Acquisition.

[1] The Target Company'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.

2.2. NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA[(1)] as at 31 December 2020 (S$'000)	34,826	39,444
Number of issued Shares as at 31 December 2020	234,253,000	235,113,658
NTA per Share as at 31 December 2020 (S$ cents)	14.87	16.78
NTA[(1)] as at 30 June 2021 (S$'000)	66,633	72,098
Number of issued Shares as at 30 June 2021	305,780,000	306,640,658
NTA per Share as at 30 June 2021 (S$ cents)	21.79	23.51

Notes:

(1) NTA after the Proposed Acquisition is calculated based on the Group's NTA before the Proposed Acquisition and the NTA of the Target Company as at 31 December 2020 and 30 June 2021, respectively, less estimated transaction cost of S$100,000.

2.3. EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to Shareholders as at 31 December 2020 (S$'000)	5,216	5,317
Weighted average number of issued Shares as at 31 December 2020	234,253,000	235,113,658
EPS as at 31 December 2020 (S$ cents)	2.23	2.26
Profit attributable to Shareholders as at 30 June 2021 (S$'000)	8,508	8,209
Weighted average number of issued Shares as at 30 June 2021	276,932,000	277,792,658
EPS as at 30 June 2021 (S$ cents)	3.07	2.96

3. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Acquisition computed 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 Shares, compared with the Group's net profits(2)	-2.1%(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	2.0%(4)
(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	0.3%(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 Proposed Acquisition does 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 the net loss attributable to the Sale Shares of S$222,000 based on the unaudited accounts of the Target Company for the financial period from 1 January 2021 to 30 June 2021, and 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$7,800,000 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 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 SPA).

(5) Based on the 860,658 Consideration Shares and the 330,780,000 Shares (excluding treasury shares) in issue as at the date of the SPA.

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

Pursuant to Rule 1007 of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1, or if not so provided, at the discretion of the SGX-ST, in which case, issuers should consult the SGX-ST.

As the Proposed Acquisition involves the acquisition of a loss-making asset by the Group (which is profitable), the relative figure computed pursuant to Rule 1006(b) of the Listing Manual involves a negative figure in the numerator. In accordance with paragraph 4.3(a) of Practice Note 10.1 of the Listing Manual, given that:

(i) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) of the Listing Manual amounts to 5% or less; and

(ii) the net loss attributable to the Sale Shares amounts to 5% or less of the consolidated net profit of the Group (taking into account only the absolute values),

no announcement and shareholders' approval of the Proposed Acquisition is required. The Company has however made this announcement and the Previous Announcement pursuant to Rule 1009 of the Listing Manual as the Aggregate Consideration is satisfied in part by way of the Proposed Allotment.

4. CONDITIONS PRECEDENT

Completion of the Proposed Acquisition ("**Completion**") is conditional upon amongst others the following conditions precedent (the "**Conditions**"):

(a) the written consent or approval for the sale of the Sale Shares being obtained from counterparties to certain facility and supply agreements entered into by the Target Company;

(b) the results of legal and financial due diligence on the Target Company being satisfactory to the Company;

(c) the execution of employment agreements between the Target Company and its key employees;

(d) the novation of all ongoing customer contracts of Formach Asia Pte. Ltd. to the Company;

(e) the cancellation of related party balances between the Target Company, Formach Asia Pte. Ltd. and the Vendors;

(f) the delivery of a property valuation report issued by a registered valuer in respect of industrial land owned by the Target Company;

(g) the issue and allotment of the Consideration Shares not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore or in any other jurisdiction affecting the parties;

(h) the receipt by the Company of the listing and quotation notice in respect of the Consideration Shares on the Mainboard of the SGX-ST;

(i) each of the Vendors' warranties remaining true and accurate in all respects as at Completion; and

(j) each of the covenants, agreements, undertakings and obligations that the Vendors are required to perform or comply with pursuant to the SPA at or prior to Completion having been duly performed and complied with.

If any of the Conditions are not satisfied (or otherwise waived) within two (2) months from and excluding the date of the SPA (or such later date as the parties may agree in writing), the Company may by written notice to the Vendors terminate the SPA.

5. SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Acquisition and the Proposed Allotment and no service contracts in relation thereto are proposed to be entered into by the Company.

6. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 2 Changi North Street 1, GVT Building, Singapore 498828, for a period of three (3) months from the date of this announcement.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at +65 6542 3000 prior to making any visits to arrange for a suitable time slot for the inspection.

7. 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 Acquisition, the Proposed Allotment 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.

8. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action in respect of securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Completion of the Proposed Acquisition and the Proposed Allotment is subject to fulfilment of the conditions in the SPA and, as at the date of this announcement, there is no certainty or assurance that the Proposed Acquisition and the Proposed Allotment will be proceed to Completion. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

BY ORDER OF THE BOARD

LEE TIAM NAM
Executive Chairman
5 January 2022