

3CENERGY LIMITED

(Company Registration No. 197300314D)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF DTP INFINITIES LIMITED

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**" or the "**Directors**") of 3Cnergy Limited ("**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has, on 12 June 2023, entered into a conditional sale and purchase agreement ("**SPA**") with DTP Inter Holdings Corporation Pte. Ltd. ("**Seller**") (collectively with the Company, the "**Parties**" and each a "**Party**"), pursuant to which the Company shall purchase from the Seller shares representing the entire issued and paid-up ordinary shares in DTP Infinities Limited ("**Target Company**", and together with its subsidiaries, the "**Target Group**") for an estimated consideration of S\$389,248,262 (subject to the adjustments set out in paragraph 4.2(b)) to be satisfied by the allotment and issue of new ordinary shares in the capital of the Company ("**Proposed Acquisition**").
- 1.2 In connection with the SPA, the Company has on 12 June 2023 entered into the following agreements:
- (a) a convertible loan agreement with the Seller pursuant to which the Seller has agreed to grant an interest free loan facility of an aggregate principal amount of up to S\$2,000,000 (the "**Seller's Loan**" and the convertible loan agreement for the Seller's Loan, the "**Seller's Loan Agreement**") in one or more loans, for the purpose solely of payment of such portions of the professional advisers' costs to be borne by the Seller as set out in the SPA ("**Agreed Costs**"); and
 - (b) a convertible loan agreement with Phileo Capital Limited, a controlling shareholder of the Company, pursuant to which Phileo Capital Limited has agreed to grant an interest free loan of S\$250,000 in aggregate principal amount ("**PCL Loan**" and the convertible loan agreement for the PCL Loan, the "**PCL Loan Agreement**") for the purpose solely of payment of professionals costs to be borne by the Company pursuant to the terms of the SPA ("**Agreed Costs II**").
- 1.3 The Proposed Acquisition, if undertaken and completed, will result in a "reverse takeover" of the Company as defined under Chapter 10 of Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and is subject to, *inter alia*, the approval of shareholders of the Company ("**Shareholders**") at an extraordinary general meeting to be convened ("**EGM**") and the approval of the SGX-ST.

2. INFORMATION ON THE TARGET GROUP AND THE SELLER

The information on the Target Group and the Seller was provided by the Target Group and the Seller respectively. In respect of such information, the Company and the Board have not independently verified the accuracy and correctness of the same. The responsibility of the Company and the Board in this regard is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1 Information on the Target Group

The Target Company is a private company limited by shares incorporated in the Cayman Islands on 25 July 2019. As at the date of this announcement, the issued and paid-up share capital of the Target Company is US\$1,000.00 comprising 1,000 ordinary shares, and the directors of the Target Company are Mr. Hansa Susayan, Ms. Wanida Sukswan and Ms. Warunya Punawakul.

The core business of the Target Group comprises holding investments in the hospitality business. The Target Group owns a portfolio of hospitality assets in the United Kingdom, comprising 17 hotels (with 3,383 keys) located in key regional cities in the United Kingdom. The hospitality assets were acquired by DTP Infinities Corporation Limited, a 100%-owned subsidiary of the Target Company incorporated in the United Kingdom, in December 2019. The hotels are operated under licence agreements (also known as franchise agreements) with selected international hotel chains (the “licensee” or “franchisee”).

Information relating to the hospitality assets owned by the Target Group as at the date of this announcement, including the relevant licensees/franchisees, are set out below (“**Hospitality Assets**”):

Property Name	Tenure	Licensee / Franchisee	Keys	Unexpired Term (years) ⁽¹⁾	GIA (sq ft)
Crowne Plaza Chester Trinity Street Cheshire CH1 2BD	Leasehold	IHG	160	96	199,000
Holiday Inn Harrogate Kings Road Harrogate North Yorkshire HG1 1XX	Leasehold	IHG	214	91	122,000
Crowne Plaza Nottingham Woolaton Street Nottinghamshire NG1 5RH	Part leasehold and part freehold	IHG	210	965	314,000
Holiday Inn Peterborough West Thorpe Wood Peterborough Cambridgeshire PE3 6SG	Leasehold	IHG	133	122	89,000

Property Name	Tenure	Licensee / Franchisee	Keys	Unexpired Term (years)⁽¹⁾	GIA (sq ft)
Holiday Inn Plymouth Armada Way Plymouth Devon PL1 2HJ	Freehold	IHG	211	N/A	257,000
Holiday Inn Solihull Homer Road Solihull West Midlands B91 3QD	Leasehold	IHG	120	97	124,000
Holiday Inn Stratford Upon Avon Warwickshire CV37 6YR	Leasehold	IHG	259	79	173,000
Crowne Plaza Glasgow Congress Road Glasgow G3 8QT	Long Leasehold	IHG	283	94	200,000
City Inn Bristol Temple Way Bristol BS1 6BF	Leasehold	Hilton	171	105	63,000
City Hall Hotel 1 Brindley Place Birmingham	Leasehold	Hilton	238	121	130,000
Commercial Street Birmingham	Leasehold	Marriott	90	112	47,000
Hoole Hall Warrington Road Hoole Chester CH2 3PD	Freehold	Hilton	219	N/A	118,000
Granary Wharf Neville Street Leeds LS1 4GS	Freehold	Hilton	333	N/A	172,000
The Hotel Indigo Chapel Street Liverpool	Freehold	IHG	151	N/A	71,000
Hilton Doubletree 1 Auburn Street Manchester M1 3DG	Leasehold	Hilton	285	237	154,000
AC Hotel Trafford Road Salford M5 3AW	Leasehold	Marriott	142	135	61,000
Hilton Garden Inn Finnieston Quay Glasgow	Freehold	Hilton	164	N/A	68,000
Total			3,383		2.362m

Note:

⁽¹⁾ Unexpired term as of 2023.

The Target Group structure immediately prior to completion of the Proposed Acquisition is set out in **Appendix A** of this announcement.

Further information on the Target Group and its business will be set out in a circular to be issued to Shareholders in due course in relation to amongst others, the Proposed Acquisition (the “**Circular**”).

2.2 Information on the Seller

The Seller is a company limited by shares incorporated in Singapore with its principal business being investment holding.

As at the date of this announcement, the shareholding structure of the Target Company is as follows:

Name of Seller	Number of ordinary shares held in the Target Company	% shareholding interest held in the Target Company
DTP Inter Holdings Corporation Pte. Ltd. ⁽¹⁾⁽²⁾	1,000	100
Total	1,000	100

Notes:

- ⁽¹⁾ All the shares in the Seller are ordinary shares held by DTGO Prosperous Limited (“**DTP**”), a global investment company incorporated in Thailand. DTP is part of the DTGO group, which has business operations across several commercial sectors (which comprise, amongst others, hospitality businesses and services, as well as property development and its related businesses including commercial and retail buildings) alongside its non-profit initiatives in education, healthcare and the environment.
- ⁽²⁾ 99% of the issued ordinary shares of DTP are indirectly held by DTGO Corporation Limited, a holding company incorporated in Thailand, 99% of the issued ordinary shares of DTGO Corporation Limited are held by DT Group of Companies Corporation Limited, a company incorporated in Thailand, while Mrs. Thippaporn Ahriyavaromp owns 81% of the issued ordinary shares of DT Group of Companies Corporation Limited.

The Seller is not related to any of the Company’s current Directors, controlling shareholders, Acting Chief Executive Officer cum Group Financial Controller and/or their respective associates. As at the date of this announcement, the Seller does not hold shares in the Company (“**Shares**”).

3. RATIONALE FOR THE PROPOSED ACQUISITION

In 2015, the Group had undergone a restructuring and disposed of its loss-making real estate and housing agency subsidiary, HSR International Realtors Pte Ltd (“**HSRI**”) and its training services subsidiary, Hastor Property Services Pte. Ltd. (“**HPS**”).

Following the disposal of HSRI and HPS, the Company acquired 3C Marina Park Sdn. Bhd. (formerly known as Liberty Bridge Sdn. Bhd.) (“**3C Marina**”) in August 2016. 3C Marina owned

the legal and beneficial title to three (3) parcels of vacant undeveloped commercial land, all located within Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim, Malaysia (collectively, the “**Plots**”). The Group acquired 3C Marina with the intention to develop the Plots into a mixed-use development consisting of small offices/home offices, serviced apartments, condominium, office lots, office tower, hotel, street front retail and activity retail, a mixed development with predominantly residential components and complemented with retail and commercial components. The Plots were acquired by 3C Marina with bank financing from Public Bank Berhad (“**PBB Loan**”).

Since the acquisition of 3C Marina, the Group had to defer the development of the Plots for a variety of reasons, including but not limited to regulatory changes in Malaysia relating to proposed integrated developments, government announcement on a freeze on approvals for residential properties above RM 1.0 million, and a property market that had generally deteriorated. Further, due to the outbreak of the COVID-19 pandemic, the Government of Malaysia had, pursuant to regulations made under the Prevention and Control of Infectious Diseases Act 1988, implemented various restrictions on movements and gatherings. Similar measures had been implemented by the Government of Singapore. The COVID-19 pandemic and measures to control movement and gatherings, and other measures which authorities in Singapore, Malaysia and/or the region implemented have adversely affected the economy and further dampened the Malaysian property market.

Taking into consideration the foregoing circumstances, the Group is of the view that there were limited prospects of developing the Plots. To reduce the debt of the Group (in particular the PBB Loan), in March 2022, the Company announced the proposed disposal of 3C Marina (“**3C Marina Disposal**”). The 3C Marina Disposal was approved by Shareholders at an extraordinary general meeting held on 22 March 2022 and completed on 13 May 2022.

With the completion of the 3C Marina Disposal and the improved financial position of the Group given its minimum operating costs and absence of any outstanding bank loan commitments, the Company focused on its remaining businesses of integrated property development management and real estate valuation and appraisal services, and continued to look out for new business opportunities to provide the Group with a fresh start or good growth opportunities. The Company’s continued efforts in exploring and evaluating potential opportunities culminated in the Proposed Acquisition which is in line with the Group’s plans to expand and rejuvenate its business through mergers and acquisitions.

While the Company has noted that the Target Group is at a net loss and net liability position as at the financial year ended 31 December 2022 (please refer to paragraph 5 below for more information on the financial performance and position of the Target Group), the Company considers the Proposed Acquisition to be beneficial to the Group having considered the valuation of the Target Group as set out in the Initial Valuation (as defined below), quality of the assets owned by the Target Group, the Existing Shareholder Loans Capitalisation (as defined below), the prospects of the hospitality industry and the Target Group’s business.

4. PRINCIPAL TERMS OF THE SPA

4.1 Sale and Purchase of Sale Shares

Pursuant to the terms of the SPA, the Company shall purchase from the Seller (a) the entire issued and paid-up ordinary share capital of the Target Company comprising 1,000 ordinary shares of par value of US\$1.00 each in the share capital of the Target Company; and (b) any new shares in the Target Company to be issued to the Seller pursuant to the Additional Capitalisation (as defined below), (the “**Sale Shares**”), free from all encumbrances and together with all rights, privileges and advantages attaching to them as at the completion of the sale of the Sale Shares (“**Closing**”) on the date falling five Business Days after the date of the satisfaction or waiver of the last of the Conditions Precedent (as defined below) (“**Closing Date**”).

4.2 Consideration

- (a) The consideration for the purchase of the Sale Shares under the SPA shall be an amount equal to S\$389,248,262 (“**Estimated Consideration**”), comprising the following:
- (i) S\$1,008,545,201 (“**Initial Valuation**”), being the valuation of the Target Group (before any deductions for net debt) as at 1 April 2023 based on a desktop valuation of £600,396,000, as translated at the exchange rate of £1 : S\$1.6798 (“**Exchange Rate**”); and
 - (ii) deducting S\$619,296,938, being the estimated net debt of the Target Group of £368,673,020 (taking into account Minimum Capitalisation Amount (as defined below) as at 30 June 2023, as translated at the Exchange Rate,

subject to the adjustments set out in paragraph 4.2(b) below (such resulting figure, being the “**Actual Consideration**”).

The Initial Valuation was commissioned by DTGO Prosperous Limited (“**DTGO Prosperous**”), an entity within the Seller Group, on the basis of the net present value estimates of the Hospitality Assets.

Pursuant to the terms of the SPA:

- (1) the Company shall commission the preparation of an independent business valuation report on the Target Group (before any deductions for net debt) as at 30 April 2023 or as at a date to be mutually agreed upon by the Parties (“**Updated Valuation Report**”); and
 - (2) the Seller shall prepare a statement (“**Net Debt Statement**”) setting out the net debt of the Target Group (taking into account the Additional Capitalisation (as defined below) as at the last calendar day of the calendar month prior to the date on which all of the Conditions Precedent (as defined below) (excluding the completion of the Net Debt Statement) are satisfied or waived (“**Net Debt-2023**”).
- (b) (i) If the amount equal to the valuation of the Target Group (before any deductions for net debt) as at 30 April 2023 or as at a date to be mutually agreed upon between the Parties, to be determined based on the Updated Valuation Report and the

Exchange Rate) less the Net Debt-2023 (the “**Updated Net Valuation**”) exceeds the Estimated Consideration by an amount (such amount, the “**Upward Adjustment Amount**”) that is equal to or more than S\$19,462,413, being 5 per cent. of the Estimated Consideration (“**Adjustment Threshold**”), the Actual Consideration shall be the Estimated Consideration plus the Upward Adjustment Amount.

- (ii) If the Updated Net Valuation is lower than the Estimated Consideration by an amount (such amount, the “**Downward Adjustment Amount**”) that is equal to or more than the Adjustment Threshold, the Actual Consideration shall be the Estimated Consideration minus the Downward Adjustment Amount.
 - (iii) If the Updated Net Valuation exceeds the Estimated Consideration by an amount that is less than the Adjustment Threshold, or the Updated Net Valuation is lower than the Estimated Consideration by an amount that is less than the Adjustment Threshold, or the Updated Net Valuation is equal to the Estimated Consideration, the Actual Consideration shall be the Estimated Consideration.
- (c) On Closing, the Actual Consideration shall be fully satisfied by the allotment and issue by the Company to the Seller and/or its designated persons (as may be notified by the Seller in writing to the Company) of such number of new ordinary shares in the capital of the Company as determined by dividing the Actual Consideration by a post-Share Consolidation (as defined below) issue price of S\$0.33 (“**Issue Price**”), fractions arisen from such calculation (if any) to be disregarded (“**Consideration Shares**”). The post-consolidation Issue Price of S\$0.33 was arrived at after negotiations were conducted on an arm’s length basis taking into account, *inter alia*, an agreed valuation between the Company and the Seller.
- (d) The consideration for the Sale Shares comprising the Estimated Consideration and the Actual Consideration was agreed at after arm's length negotiations and based on a willing-buyer willing-seller basis, taking into account the Initial Valuation, quality of assets owned by the Target Group, the Existing Shareholder Loans Capitalisation (as defined below), the market outlook of the hospitality industry, the trend of the Target Group’s financial performance and future business prospects.

4.3 Conditions Precedent

The agreement to sell and purchase the Sale Shares is conditional upon the satisfaction or waiver (as the case may be) of the following conditions (collectively, the “**Conditions Precedent**”):

- (a) the results of the due diligence investigations (including *inter alia* legal, accounting, financial and business due diligence) on the Target Group conducted by the Company and its advisors (including, without limitation, PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) in its capacity as the Company’s financial advisor in respect of the Proposed Acquisition), in connection with the listing of the Target Group on the Catalist Board by way of a reverse takeover of the Company, being reasonably satisfactory to the Company;
- (b) the results of the legal, financial and technical due diligence investigations on the Group conducted by the Seller and its advisors, in connection with the listing of the Target Group on the Catalist Board by way of a reverse takeover of the Company, being reasonably satisfactory to the Seller;

- (c) the approval of the shareholders of the Company at an EGM for the following matters being obtained, and such approval not having been withdrawn or revoked as at the Closing Date:
- (i) the Proposed Acquisition;
 - (ii) the allotment and issue of (a) the Consideration Shares by the Company to the Seller and/or its designated persons; (b) the Conversion Shares (as defined below); (c) the PPCF Shares (as defined below); and (d) such number of ordinary shares in the capital of the Company required to be offered for placement pursuant to the Compliance Placement (“**Compliance Placement Shares**”);
 - (iii) the change of name of the Company to such name notified in writing by the Seller to the Company, subject to and with effect from Closing;
 - (iv) the appointment of directors in accordance with the terms of the SPA;
 - (v) the Whitewash Resolution (as defined below);
 - (vi) the share consolidation exercise to be undertaken by the Company, at a consolidation ratio of 100:1 (fractional entitlements to be disregarded), prior to the allotment and issue of the Consideration Shares, the Conversion Shares (as defined below), the PPCF Shares (as defined below) and the Compliance Placement Shares (the “**Share Consolidation**” and the resultant ordinary shares in the capital of the Company after the Share Consolidation shall be referred to as “**Consolidated Shares**”);
 - (vii) if required, the Business Disposal (as defined below);
 - (viii) if required by the Seller, the adoption of a new general mandate for the directors of the Company to issue and allot new shares in the capital of the Company;
 - (ix) the change in the core business of the Company to include the business of the Target Group;
 - (x) if required by the Seller, the adoption of a new constitution of the Company;
 - (xi) if required by the Seller, the adoption of a performance share plan and/or share option scheme; and
 - (xii) if required by the Seller, the change of the auditors of the Company;
- (d) all licences, authorisations, permits, registrations, consents and approvals necessary for the business of the Target Group having been obtained by the Target Group companies (collectively, the “**Target Group Companies**”) from the relevant governmental or regulatory bodies (“**Regulatory Approvals**”) and such Regulatory Approvals remaining valid and in full force up to and including the Closing Date, and if any such Regulatory

Approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to the Company;

- (e) all necessary consents, approvals and written waivers having been obtained by the Company from all relevant third parties for the Proposed Acquisition (including for change of control, which for the avoidance of doubt in this context refers to the respective meanings given under the relevant document), in such form and on terms (if any) reasonably satisfactory to the Seller, and such consents, approvals and written waivers not having been amended or revoked and remaining in full force and effect up to and including the Closing Date, and if such approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to the Seller;
- (f) all necessary consents, approvals and written waivers having been obtained by the Seller and the Target Group from all relevant third parties for the Proposed Acquisition (including for change of control, which for the avoidance of doubt in this context refers to the respective meanings given under the relevant document), in such form and on terms (if any) reasonably satisfactory to the Company, and such consents, approvals and written waivers not having been amended or revoked and remaining in full force and effect up to and including the Closing Date, and if such approval is subject to any condition or restriction, such condition and/or restriction being reasonably acceptable to the Company;
- (g) an unqualified opinion by the independent financial adviser ("**IFA**") in relation to a whitewash resolution approved by a majority of the shareholders of the Company in a general meeting in accordance with the requirements set out in Appendix 1 of The Singapore Code on Take-overs and Mergers ("**Code**") in respect of the waiver of their rights to receive a mandatory takeover offer from the Seller who would incur an obligation to make a mandatory takeover offer under Rule 14 of the Code for all of the shares of the Company not already owned by the Seller and persons acting in concert with the Seller as a result of the Proposed Acquisition and the transactions contemplated under the SPA ("**Whitewash Resolution**");
- (h) the grant by the Securities Industry Council of Singapore ("**SIC**") of a waiver (such waiver not having been withdrawn or revoked as at the Closing Date) to the Seller and parties acting in concert with the Seller, of their obligation to make a mandatory offer under Rule 14 of the Code for the Shares not held by the Seller and its concert parties, and from having to comply with the requirements of Rule 14 of the Code upon Closing and the allotment and issue of the Consideration Shares and the Conversion Shares (as defined below) to the Seller in accordance with the terms of the SPA ("**Whitewash Waiver**") and if such Whitewash Waiver is subject to any condition or restriction imposed by the SIC (other than such conditions set out in Appendix 1 of the Code), such condition and/or restriction being reasonably acceptable to the Seller;
- (i) the approval of the SGX-ST and the issuance of a listing and quotation notice from the SGX-ST for the admission of the Consolidated Shares, the Consideration Shares, the Conversion Shares (as defined below), the PPCF Shares (as defined below) and the Compliance Placement Shares to the Catalist Board of the SGX-ST, and the dealing and quotation of such shares on the Catalist Board of the SGX-ST upon the allotment and issue of such shares in accordance with the SPA (the "**SGX-ST Clearance**"), and such approval not having been withdrawn or revoked, and if such approval is subject to any condition or restriction imposed by the SGX-ST, such condition and/or restriction being reasonably acceptable to the Seller;

- (j) completion of the Business Disposal (as defined below);
- (k) completion of the offer by the Company and/or the Seller of the Compliance Placement Shares, on terms to be agreed between the Parties, for placement to public shareholders, in order to satisfy the public float requirements under the Catalist Rules ("**Compliance Placement**") (whether before or on the Closing Date);
- (l) the issuance by SG&R Singapore Pte Ltd ("**Independent Valuer**") (appointed by the Company) of the Updated Valuation Report;
- (m) completion of Net Debt Statement; and
- (n) (i) completion of the additional capitalisation of the Target Company by the Seller, by way of (1) capitalisation into equity of existing shareholder loan(s) extended by the Seller to the Target Company; and/or (2) additional cash injection(s) into the Target Company to subscribe for equity (collectively, the "**Additional Capitalisation**"), which shall be in an aggregate amount of no less than S\$268,768,000 (the "**Minimum Capitalisation Amount**"), being £160,000,000 as translated at the Exchange Rate; and (ii) the Target Company ceasing, directly or indirectly, to hold any interest in DTP Management Limited and Valor Hospitality Europe Ltd and their respective subsidiaries and other downstream interests.

If the Conditions Precedent are not satisfied or waived on or before the date falling 12 months from the date of the SPA, or such later date falling no more than 18 months from the date of the SPA as may be agreed in writing between the Company and the Seller (each acting reasonably), save as expressly provided, the SPA (other than the surviving provisions) shall lapse and neither the Seller nor the Company shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPA or otherwise provided in paragraph 4.6 below.

4.4 Seller's Other Obligations

- (a) Subject to the Seller's Loan Agreement, from the date of the SPA to and including the Closing Date ("**Availability Period**"), the Seller shall make available the Seller's Loan for the purpose of enabling the Company to drawdown for payment of Agreed Costs which have become due and payable. Such Seller's Loan shall supplement the existing PCL Loan (as defined below). The Company may, from time to time during the Availability Period, draw down on a portion of the Seller's Loan (the aggregate utilised portion of the Seller's Loan, the "**Utilised Amount**").
- (b) In connection with paragraph 4.4(a):
 - (i) the Company shall allot and issue to the Seller such number of new ordinary shares in the capital of the Company as determined by dividing the Utilised Amount by the Issue Price, fractions arisen from such calculation (if any) to be disregarded ("**Conversion Shares**"), as full repayment of the Utilised Amount, free from encumbrances and ranking *pari passu* in all respects with the existing ordinary shares in the issued share capital of the Company as at the date of issuance of the Conversion Shares; and

- (ii) at Closing, the amount of the Seller's Loan which are not utilised by the Company in accordance with the terms of the SPA within the Availability Period shall be automatically cancelled.

4.5 The Company's Obligations

- (a) The Company undertakes not to increase the number of directors of the Company prior to Closing.
- (b) The Company undertakes that, prior to Closing, the Company shall, subject to the terms of the SPA and on terms reasonably satisfactory to the Seller, complete the liquidation or disposal of all of its business carried on prior to the date of the SPA ("**Existing Business**") for cash, including but not limited to:

- (i) the liquidation of 3Cnergy Sdn Bhd, which the Company shall use best endeavours to complete prior to Closing. For this purpose, the Company has notified the Seller that the Company has initiated and commenced the process to liquidate 3Cnergy Sdn Bhd and that the indicative date to complete the liquidation is 16 January 2024. Notwithstanding the foregoing, the Company shall use its best endeavours to expedite and complete the liquidation of 3Cnergy Sdn Bhd on or before Closing. In the event such liquidation cannot be completed on or before Closing despite the best endeavours of the Company, the Parties shall discuss in good faith the manner in which 3Cnergy Sdn Bhd and/or its business shall be disposed to achieve the Business Disposal (as defined below) with no additional liabilities (including contingent liabilities), costs or expenses to the Company after the Closing; and
- (ii) the disposal for cash of Orientis Solutions Sdn Bhd ("**OSSB**") and 3C Property Consultants Pte Ltd ("**3CPC**"), and the waiver and release of all liabilities (including contingent liabilities) of the Purchaser to OSSB and 3CPC on or before the completion of such disposal,

and pay and/or repay all outstanding liabilities (including contingent liabilities) in connection with the Existing Business, such that, as at Closing, the Company shall not have any business nor any residual liabilities relating to the Existing Business or the liquidation or disposal of the Existing Business ("**Business Disposal**").

- (c) The Company represents, warrants and undertakes to the Seller that it has accepted the PCL Loan, which has been disbursed in full to the Company as at the date of the SPA, subject to the following terms:
 - (i) the PCL Loan shall be for the purpose of and shall only be utilised for payment by the Company of the Agreed Costs II;
 - (ii) before Closing, the Company shall use its best endeavours to seek the approval of the Shareholders ("**PCL Loan Conversion Approval**") for the allotment and issuance by the Company to Phileo Capital Limited of such number of new ordinary shares in the capital of the Company as determined by dividing the aggregate amount of the PCL Loan utilised as at Closing for payment by the Company of the

Agreed Costs II (“**PCL Loan Utilised Amount**”) by the Issue Price, fractions to be disregarded (collectively, the “**PCL Loan Conversion Shares**”); and

(iii) at Closing:

- (1) if PCL Loan Conversion Approval has been obtained by Closing, the Company shall issue the PCL Loan Conversion Shares to Phileo Capital Limited, as full repayment of the PCL Loan Utilised Amount; or
- (2) if PCL Loan Conversion Approval has not been obtained by Closing, the Company shall make repayment in cash to Phileo Capital Limited of the PCL Loan Utilised Amount, no earlier than 30 days after Closing,

and the aggregate amount of the PCL Loan which is not utilised as at Closing shall be returned to Phileo Capital Limited.

4.6 **Costs and Expenses in relation to the Proposed Acquisition**

- (a) Subject to the terms of the SPA, the Seller shall bear (i) all costs incurred by the Seller in connection with the preparation, negotiation and entry into of the SPA; and (ii) subject also to paragraph 4.6(b), the costs of the professionals to be appointed by the Company in connection with the Proposed Acquisition and which will be borne by the Seller, that is the Agreed Costs.
- (b) Subject to the terms of the SPA, the Company shall bear (i) all costs incurred by the Company in connection with the preparation, negotiation and entry into of the SPA; and (ii) (1) the costs of the legal counsel (whether local or foreign (if applicable)) appointed by it in connection with the Proposed Acquisition, (2) the costs of the IFA, (3) any costs of the professionals to be appointed by the Company in connection with the Proposed Acquisition in excess of the Agreed Costs, and (4) the Agreed Costs II.
- (c) In the event that:
 - (i) a Party (such Party, the “**Non-Defaulting Party**”, and the other Party, the “**Defaulting Party**”) terminates the SPA pursuant to terms under the SPA; or
 - (ii) a Party (such Party, the “**Defaulting Party**”, and the other Party, the “**Non-Defaulting Party**”) fails to comply with its obligations under the SPA to use its best endeavours to ensure the satisfaction of the Conditions Precedent it is responsible for, and the SPA lapses as a result of such failure,

the Defaulting Party shall bear all costs incurred by the Defaulting Party and the Non-Defaulting Party in connection with the preparation, negotiation and entry into of the SPA and the Proposed Acquisition up to and including the date on which the SPA is terminated or lapses, as the case may be (the “**Relevant Costs**”). In this connection, each Party covenants with the other Party to indemnify and save harmless the other Party from and against any and all Relevant Costs which the other Party may at any time and from time to time sustain, incur or suffer.

- (d) In the event that the SPA lapses otherwise than due to a failure of a Party to comply with its obligations to use its best endeavours to ensure the satisfaction of the Conditions Precedent it is responsible for, each Party shall bear all costs and expenses incurred by it or its advisers in relation to the Proposed Acquisition, including such costs allocated to each Party as set out in paragraphs 4.6(a) and 4.6(b) above.

4.7 Irrevocable Undertakings

The Company's controlling and substantial shareholders, being Phileo Capital Limited, Champion Brave Sdn Bhd, Casi Management Sdn Bhd, Halfmoon Bay Capital Limited and Golden Ring Worldwide Ltd who collectively have a direct or deemed interest in ordinary shares in the capital of the Company representing approximately 80.2 per cent. of the outstanding issued and paid-up share capital of the Company have, as at the date of the SPA, granted irrevocable and unconditional undertakings in favour of the Seller to, *inter alia*, vote in favour of the Proposed Acquisition.

5. UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

A summary of the unaudited consolidated financial information of the Target Group as at and for the financial years ended 31 December 2021 ("FY2021") and 31 December 2022 ("FY2022") and proforma unaudited consolidated financial information of the Target Group as at and for FY2022 are set out below.

The pro forma unaudited consolidated financial information of the Target Group as at and for FY2022 have been prepared, for illustrative purposes only, based on the unaudited consolidated financial information of the Target Group as at and for FY2022. It has been prepared based on certain assumptions and after making certain adjustments to show the effect of capitalisation into equity of existing shareholder loan(s) extended by the Seller to the Target Company and accrued interest in relation to these loan(s) of an aggregate amount of approximately £161 million (the "**Existing Shareholder Loans Capitalisation**").

The Existing Shareholder Loans Capitalisation involves capitalisation of the following outstanding loan and accrued interest amounts by 30 June 2023:

- (a) approximately £112 million of outstanding loan principal owing to the Seller, with approximately £5 million of outstanding loan principal originally owing to the Seller, and pursuant to reassignment of the outstanding loan balance of an aggregate amount of £107 million from Magnolia Quality Development Corporation Limited ("**MQDC**") and DTGO Prosperous, entities within the Seller Group, to the Seller;
- (b) approximately £5 million of outstanding accrued interest owing to the Seller, with approximately £1 million of outstanding accrued interest originally owing to the Seller, and pursuant to reassignment of the outstanding accrued interest of an aggregate amount of £4 million from MQDC and DTGO Prosperous to the Seller;
- (c) approximately £43 million of outstanding loan principal owing to Dees Supreme Limited ("**Dees Supreme**"), an entity within the Seller Group; and
- (d) approximately £1 million of outstanding accrued interest owing to Dees Supreme.

The proforma unaudited consolidated income statement of the Target Group for FY2022 is prepared as if the Existing Shareholder Loans Capitalisation had occurred at the beginning of FY2022 and the proforma unaudited consolidated balance sheet of the Target Group for FY2022 is prepared as if the Existing Shareholder Loans Capitalisation had occurred as at the end of FY2022.

The summary of the proforma unaudited consolidated financial information of the Target Group may not give a true picture of the Target Group's actual financial position and financial performance because of its nature and is not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained by the Target Group.

(a) **Summary of the Unaudited Consolidated Income Statement of the Target Group for FY2021 and FY2022 and Pro Forma Unaudited Consolidated Income Statement of the Target Group for FY2022**

	Financial year ended 31 December		
	2021 (Unaudited)	2022 (Unaudited)	2022 (Proforma Unaudited)
Revenue	88,149	128,799	128,799
EBITDAE	14,396	20,070	20,070
Profit/(Loss) before tax	5,570 ⁽¹⁾	(45,486) ⁽²⁾	(37,730) ⁽³⁾
Profit/(Loss) after tax for the year	5,069 ⁽¹⁾	(45,486) ⁽²⁾	(37,730) ⁽³⁾
Total comprehensive income/(loss) attributable to owners of the company	9,317	(49,685)	(41,929) ⁽³⁾

Notes:

- (1) Includes reversal of property impairment losses of approximately £39 million and exceptional non-recurring related expenditure of approximately £5 million.
- (2) Includes property impairment losses of approximately £31 million and exceptional non-recurring related expenditure of approximately £1 million.
- (3) Pro forma adjustment to interest expense of approximately £8 million based on capitalisation of aggregate loan amount of approximately £87 million comprising (i) approximately £44 million of outstanding loan principal owing to the Seller, with approximately £4 million of outstanding loan principal originally owing to the Seller, and pursuant to reassignment of the outstanding loan balance of an aggregate amount of approximately £40 million from MQDC and DTGO Prosperous to the Seller as at 1 January 2022; and (ii) approximately £43 million of outstanding loan principal owing to Dees Supreme as at 1 January 2022.

EBITDAE is calculated by adding back net finance costs, depreciation expense, property impairment losses/reversals and exceptional non-recurring related expenditure to profit/loss before tax. The impairment losses/reversals are driven by movements in property revaluations arising from the impact of COVID-19, while exceptional non-recurring related income and expenditure includes expenses such as legal and professional fees in respect of acquisition and refinancing and insurance income from business interruption due to COVID-19.

(b) **Summary of the Unaudited Consolidated Balance Sheet of the Target Group as at 31 December 2021 and 2022 and Pro Forma Unaudited Consolidated Balance Sheet of the Target Group as at 31 December 2022**

(£'000)	As at 31 December		
	2021 (Unaudited)	2022 (Unaudited)	2022 (Proforma Unaudited)
Current assets	27,088	36,212	36,212
Non-current assets	394,004	376,565	376,565
Total assets	421,092	412,777	412,777
Current liabilities	245,636	293,752	136,666 ⁽¹⁾
Non-current liabilities	316,518	309,771	309,771
Total liabilities	562,154	603,523	446,437
Shareholders' deficit	(141,062)	(190,746)	(33,660) ⁽¹⁾
Net liabilities	(141,062)	(190,746)	(33,660)

Note:

⁽¹⁾ Proforma adjustment to capitalisation of outstanding loan amount and accrued interest of aggregate amount of approximately £157 million based on (i) approximately £112 million of outstanding loan principal owing to Seller, with approximately £4 million of outstanding loan principal originally owing to the Seller, and pursuant to reassignment of the outstanding loan balance of an aggregate amount of approximately £107 million from MQDC and DTGO Prosperous to the Seller as at 31 December 2022; (ii) approximately £1 million of outstanding accrued interest owing to Seller, pursuant to reassignment of outstanding accrued interest of an aggregate amount of approximately £1 million from MQDC and DTGO Prosperous to the Seller as at 31 December 2022; (iii) approximately £43 million of outstanding loan principal owing to Dees Supreme as at 31 December 2022; and (iv) approximately £1 million of outstanding accrued interest owing to Dees Supreme as at 31 December 2022.

The final proforma unaudited consolidated financial statements of the Target Group for FY2022 and proforma unaudited consolidated financial statements of the Target Group for the interim financial period ended 31 March 2023 ("**1Q FY2023**") will be reviewed by the Target Group's external auditors, and set out in the Circular to be despatched to Shareholders in due course for the purpose of the matters contemplated herein in this announcement. Investors should note that the figures set out above may vary from the final proforma unaudited consolidated financial statements of the Target Group for FY2022 due to adjustments (if any) that may arise.

6. PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP AFTER THE COMPLETION OF THE PROPOSED ACQUISITION (THE "ENLARGED GROUP")

The pro forma financial information of the Enlarged Group has been prepared, for illustrative purposes only, based on the audited consolidated accounts of the Group as at and for the financial year ended 31 December 2022 and the proforma unaudited consolidated financial information of the Target Group as at and for the financial year ended 31 December 2022 (a summary of which is set out in paragraph 5 above) and is computed on the bases and assumptions set out in paragraph 7.1 of this announcement.

(a) **Summary of the Pro Forma Unaudited Combined Income Statement of the Enlarged Group**

(£'000)	Financial year ended 31 December 2022 (Proforma Unaudited)
Revenue	129,146
EBITDAE	19,329
Profit/(Loss) before tax	(34,056)
Profit/(Loss) after tax for the year	(34,056)
Total comprehensive loss attributable to owners of the company	(38,131)

(b) **Summary of the Pro Forma Unaudited Combined Balance Sheet of the Enlarged Group**

(£'000)	As at 31 December 2022 (Proforma Unaudited)
Current assets	36,470
Non-current assets	376,566
Total assets	413,036
Current liabilities	136,726
Non-current liabilities	309,773
Total liabilities	446,499
Shareholders' deficit	(33,463)
Net liabilities	(33,463)

7. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1 Bases and Assumptions

The proforma financial effects of the Proposed Acquisition on the share capital, net tangible assets ("NTA"), earnings and gearing of the Group have been prepared based on the audited consolidated financial statements of the Group as at and for the financial year ended 31 December 2022 and the proforma unaudited consolidated financial information of the Target Group as at and for the financial year ended 31 December 2022 (a summary of which is set out in paragraph 5 above). The proforma financial effects of the Proposed Acquisition are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following Closing.

The proforma financial effects of the Proposed Acquisition have been prepared based on, *inter alia*, the following key bases and assumptions:

- (a) the financial effects on the Group's earnings and earnings per Share are computed assuming that the Proposed Acquisition was completed on 1 January 2022. The financial effects on the Group's NTA and gearing are computed assuming that the Proposed Acquisition was completed on 31 December 2022;
- (b) the fair value adjustments on the net assets of the Group and positive or negative goodwill arising from the Proposed Acquisition, if any, have not been considered and will be determined at Closing when the Seller has effectively gained control of the Company. As the final goodwill will have to be determined at Closing, the actual goodwill could be materially different from the assumption used above. Any goodwill arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company;
- (c) the Consideration Shares were issued at the post-consolidation Issue Price of S\$0.33 per share;
- (d) the Company draws down the Seller's Loan in full and the Seller's Loan is fully settled by the issuance of Conversion Shares at the post-consolidation Issue Price of S\$0.33 per share;
- (e) the Company draws down the PCL Loan in full and the PCL Loan is fully settled by the issuance of PCL Loan Conversion Shares at the post-consolidation Issue Price of S\$0.33 per share;
- (f) the carrying value of the assets and liabilities of the Company approximates their fair value;
- (g) the allotment and issuance of the Consideration Shares, the Conversion Shares, the PCL Loan Conversion Shares and the PPCF Shares (as defined below) are assumed to have been carried out during FY2022;
- (h) the analysis does not take into account the Compliance Placement;
- (i) the analysis does not take into account the transactional costs and expenses in connection with the Proposed Acquisition and any business combination adjustments;
- (j) no adjustments have been made to account for any difference in accounting standards between the Company and the Target Group; and
- (k) 31 December 2022 exchange rate of £1: S\$1.6194 and FY2022 average exchange rate of £1: S\$1.7032 based on exchange rates from MAS' website.

7.2 Share capital

	No. of ordinary shares in the capital of the Company	Issued and paid-up share capital (S\$'000)
As at date of this announcement	3,067,053,978	3,264
After 100 : 1 Share Consolidation	30,670,539	3,264
Add: Consideration Shares	1,179,540,187	389,248
Add: Conversion Shares	6,060,606	2,000
Add: PCL Loan Conversion Shares	757,575	250
Add: PPCF Shares ⁽¹⁾	1,970,000	650
After completion of the Proposed Acquisition	1,218,998,907	395,412

Note:

⁽¹⁾ As mentioned in paragraph 9 of this announcement, the Company shall issue and allot 1,970,000 Shares to PPCF in partial settlement of their fees as FA.

7.3 Net Tangible Assets (“NTA”)/ Net Tangible Liabilities (“NTL”)

	Before the Proposed Acquisition	After the Share Consolidation	After the Share Consolidation and completion of the Proposed Acquisition
NTA/ (NTL) (S\$)	319,401	319,401	(51,289,603)
Number of Shares	3,067,053,978	30,670,539	1,218,998,907
NTA/ (NTL) per Share (Singapore cents)	0.01	1.04	(4.21)

7.4 Earnings per Share (“EPS”) / Loss per Share (“LPS”)

	Before the Proposed Acquisition	After the Share Consolidation	After the Share Consolidation and completion of the Proposed Acquisition
Profit/(loss) after tax attributable to Shareholders (S\$)	6,259,491	6,259,491	(58,002,866)
Number of Shares	3,067,053,978	30,670,539	1,218,998,907

	Before the Proposed Acquisition	After the Share Consolidation	After the Share Consolidation and completion of the Proposed Acquisition
EPS/ (LPS) (Singapore cents)	0.20	20.41	(4.76)

7.5 Gearing

	Before the Proposed Acquisition	After the Share Consolidation	After the Share Consolidation and completion of the Proposed Acquisition
Net borrowings (S\$)	(282,364)	(282,364)	671,256,906
Total shareholders' equity (S\$)	319,401	319,401	(51,289,603)
Gearing ratio (%) ⁽¹⁾	(88.4)	(88.4)	(1,308.8)

Note:

⁽¹⁾ Gearing is determined based on net borrowings divided by shareholders' equity. Net borrowings is calculated as borrowings plus trade and other payables and lease liabilities, less cash and cash equivalents.

8. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules, based on the latest announced audited consolidated financial statements of the Group for FY2022, are as follows:

Rule 1006	Bases of Calculation	Relative Figures
(a)	The net asset value of the assets to be disposed of as compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	The net profit attributable to the Target Group, compared with the Group's net profit	(1,238)% ⁽²⁾
(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	6,346% ⁽³⁾

Rule 1006	Bases of Calculation	Relative Figures
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company in issue	3,846% ⁽⁴⁾
(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	Not applicable ⁽⁵⁾

Notes:

- ⁽¹⁾ Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- ⁽²⁾ Computed based on the Target Group's unaudited net loss for FY2022 of approximately S\$77,471,164, translated at an exchange rate of £1: S\$1.7032¹ and the Group's audited net profit for FY2022 of approximately S\$6.3 million. Net profit / (loss) is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- ⁽³⁾ Computed based on the Estimated Consideration of S\$389,248,262, and the Company's market capitalisation of approximately S\$6,134,108 (computed based on the Company's issued ordinary share capital of 3,067,053,978 shares and the volume weighted average price of the Shares of S\$0.0020 on 9 June 2023, being the market day prior to the date of the SPA. The Company does not have any treasury Shares.
- ⁽⁴⁾ Based on 1,179,540,187 Consideration Shares and the Company's ordinary issued share capital of 30,670,539 shares as at the date of this announcement (on a post-consolidation basis).
- ⁽⁵⁾ Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed under Rules 1006(c) and (d) of the Catalist Rules exceed 100%, and given that a change in control of the Company will arise immediately upon Closing as the Seller will hold approximately 97.3% of the enlarged issued share capital of the Company upon Closing and after the issuance of Consideration Shares, Conversion Shares, PCL Loan Conversion Shares and PPCF Shares, the Proposed Acquisition would constitute a "reverse takeover" pursuant to Chapter 10 of the Catalist Rules. Accordingly, the Proposed Acquisition is subject to, *inter alia*, the approval of Shareholders at the EGM as well as the approval of the SGX-ST.

9. FINANCIAL ADVISER AND INDEPENDENT FINANCIAL ADVISER

As at the date of this announcement, the Company has appointed PPCF as the Company's financial adviser and full sponsor ("**FA**") in respect of the Proposed Acquisition. Pursuant to the PPCF's terms of engagement, upon Closing, the Company shall issue and allot 1,970,000 new ordinary shares in the capital of the Company to PPCF in partial settlement of their fees as FA ("**PPCF Shares**").

¹ Based on an exchange rate of £1 : S\$1.7032, the average exchange rate for FY2022 as extracted from the Monetary Authority of Singapore.

Separately, the Company will be appointing an independent financial adviser (“**IFA**”) to advise the Directors who are considered independent for the purposes of the Whitewash Resolution. The advice of the IFA will be set out in the Circular to be despatched to Shareholders in due course. The Company will make further announcements in relation to the appointment of the IFA in due course as and when appropriate.

10. RECONSTITUTION OF THE BOARD AND SERVICE CONTRACTS

As at the date of this announcement, the Company has not entered into any service contract with any person proposed to be appointed as Director in connection with the Proposed Acquisition.

The details of any such appointments and service contracts will be set out in the Circular to be despatched to Shareholders in due course.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDER

None of the Directors or, as far as the Directors are aware, controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than in his capacity as a director or shareholder of the Company).

12. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

12.1 Circular

The Circular setting out, amongst others, the terms and further details in relation to the Proposed Acquisition, and the opinion and recommendations of the IFA in relation to the Whitewash Resolution, together with the notice of EGM, will be despatched by the Company to Shareholders in due course.

12.2 Documents Available for Inspection

Copies of the SPA, the Seller’s Loan Agreement and the PCL Loan Agreement will be made available for inspection during normal business hours at the registered office of the Company at 82 Ubi Avenue 4, #05-04 Edward Boustead Centre, Singapore 408832 for a period of three (3) months from the date of this announcement.

13. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for the information on the Target Group and the Seller in paragraph 2 above) 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 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 (save that in respect of information relating to the Target Group and the Seller in paragraph 2 above, such information is given based on information available to the Company as at the date of this announcement and is subject to further due diligence investigation and verification). 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.

14. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further material developments on the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Ong Pai Koo @ Sylvester
Independent Non-Executive Chairman
12 June 2023

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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Appendix A

Group Structure

