



ONEAPEX

ONEAPEX LIMITED

(Formerly known as Chew's Group Limited)
(Incorporated in the Republic of Singapore)
(Company Registration No. 201020806C)

PROPOSED SUBSCRIPTION OF 50% OF THE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF KC INDUSTRIES PTE. LTD. ("PROPOSED SUBSCRIPTION")

A. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of OneApex Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 18 May 2020, entered into a conditional subscription and shareholders' agreement ("**SSA**") with KC Industries Pte. Ltd. (the "**Target Company**") and Kims Foodhub Pte. Ltd. ("**KF**") pursuant to which the Company has agreed to subscribe for 4,000,000 new ordinary shares in the capital of the Target Company (the "**Subscription Shares**"), on the terms and subject to the conditions of the SSA (the "**Proposed Subscription**"). Upon completion of the Proposed Subscription (the "**SSA Completion**"), the Company will be the legal and beneficial owner of 50% of the enlarged issued and paid-up share capital of the Target Company after the SSA Completion and the Target Company will become a subsidiary of the Company.

B. THE PROPOSED SUBSCRIPTION

(1) Information on the Target Company

The Target Company is a private company limited by shares incorporated in Singapore on 22 October 2019. The Target Company is an investment holding company incorporated for the purpose of acquiring the properties located at 14 Kim Chuan Terrace ("**14KC**"), 16 Kim Chuan Terrace ("**16KC**") and 18 Kim Chuan Terrace ("**18KC**") (the "**KC Acquisition**"). As at the date of this announcement, the Target Company has a total issued and paid-up capital of S\$4 million comprising four (4) million ordinary shares which are solely held by KF. Mr. Tan Theng Hong, Amos ("**Amos**") is the sole director of the Target Company.

KF is a private company limited by shares incorporated in Singapore on 21 February 2020 as an investment holding company. As at the date of this announcement, KF has a total issued and paid-up capital of S\$10 comprising 10 ordinary shares. The shareholders of KF are Amos and Mr. Tan Koo Chuan ("**Mr. Tan**") holding 30% and 70% of the issued and paid-up share capital of KF respectively. Mr. Tan and Amos are directors of KF. Amos is a controlling shareholder of the Company while Mr. Tan is the father of both Amos and Mr. Tan Pei Hong, Alex (Chen Peifeng) ("**Alex**"), who is the Executive Director, Chief Executive Officer and controlling shareholder of the Company.

Accordingly, KF and the Target Company are deemed to be interested persons under Chapter 9 of the Singapore Exchange Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**") and the Proposed Subscription constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

(2) Information on the Key Assets and Liabilities of the Target Company

As at the date of this announcement, the Target Company had exercised three (3) options to purchase for 14KC, 16KC and 18KC (to be collectively referred to as the “**KC Properties**”). The aggregate consideration for the KC Acquisition amounts to S\$31.3 million (the “**Purchase Value**”). Salient details of the KC Properties are set out below:

	KC Properties		
	14KC	16KC	18KC
Consideration	S\$11,000,000	S\$8,500,000	S\$11,800,000
Land size (sq ft)	6,065	5,572	8,859
Leasehold term	Freehold	Freehold	Freehold
Zoning	Commercial / Industrial	Commercial / Industrial	Commercial / Industrial
District	19	19	19
Expected completion date	22 May 2020	30 June 2020	30 June 2020

Upon completion of the KC Acquisition, the Target Company intends to tear down the existing developments and re-develop the KC Properties to construct strata-titled food factory industrial units (the “**Proposed Developments**”). However, subject to the SSA Completion and taking into consideration the evolving market conditions at a later stage, the Board may elect to undertake a review of the Proposed Developments with a view to optimise the potential of the KC Properties and make changes to the re-development plans of the KC Properties.

In order to finance the KC Acquisition and the Proposed Developments, as at the date of this announcement, the Target Company has taken up a bank loan of approximately S\$39.2 million from Hong Leong Finance Limited (the “**Bank Loan**”), which is secured by (i) a personal guarantee provided by Mr. Tan; and (ii) a first legal mortgage on the KC Properties. The tenure of the Bank Loan is expected to be for a period of 48 months from the first drawdown, with interest payable at a rate of 2.65% per annum.

Based on latest management accounts of the Target Company as at 30 April 2020, the adjusted net asset value and net tangible value of the Target Company is approximately S\$4.0 million. As it would not be meaningful to conduct a valuation on the Target Company, which was incorporated on 22 October 2019 as an investment holding company for the purpose of acquiring the KC Properties, the Company will be relying on the property valuation report dated 2 March 2020 (the “**Property Valuation Report**”) prepared by Savills Valuation and Professional Services (S) Pte. Ltd. (the “**Independent Valuer**”), which provides that the market value of 14KC, 16KC and 18KC are S\$11,000,000, S\$8,500,000 and S\$11,800,000 respectively, with vacant possession and free from all encumbrances, on an as-is basis with redevelopment potential based on a scheme for the Proposed Developments.

The respective vendors of the KC Properties (the “**Vendors**”) are all unrelated to the Group, its Controlling Shareholders, Directors and any of the executive officers of the Group.

(3) **Principal Terms of the SSA**

(i) **Subscription Shares**

Pursuant to the SSA, the Company shall subscribe for the Subscription Shares, representing 50% of the enlarged issued and paid-up share capital of the Target Company after the SSA Completion. Upon the SSA Completion, the Target Company will become a subsidiary of the Company.

(ii) **Subscription Consideration**

The consideration for the Subscription Shares is S\$4 million (the “**Subscription Consideration**”) to be satisfied entirely in cash upon the SSA Completion.

The Subscription Consideration was arrived at on a willing-seller, willing-buyer basis after arms’ length negotiations among the Target Company, KF and the Company, and after taking into account, *inter alia*, the following:

- (a) the Property Valuation Report; and
- (b) the Corporate Guarantee (as defined below).

The Subscription Consideration shall be payable by the Company to the Target Company upon the SSA Completion.

(iii) SSA Conditions Precedent

The SSA Completion is subject to and conditional upon, *inter alia*, the satisfaction (or such waiver agreed by the Target Company, KF and the Company in writing) of the following conditions (the “**SSA Conditions Precedent**”):

- (a) the results of the legal and financial due diligence on the Target Company conducted by the Company and its advisors being reasonably satisfactory to the Company;
- (b) the warranties made by the Target Company under the SSA being true and accurate in all material respects as at the SSA Completion, with reference to the facts and circumstances existing on the date of the SSA Completion;
- (c) the Waiver from SGX (as detailed in Section B(7)(iii) below) being in full force and effect and not having been withdrawn, suspended, amended or revoked, and the conditions of the Waiver being fulfilled in such manner satisfactory to SGX before the SSA Completion;
- (d) the approval of the shareholders of the Company (the “**Shareholders**”) being obtained for the Proposed Subscription at a general meeting of the Company to be convened; and
- (e) all necessary approvals, consents and waivers from third parties, governmental or regulatory body or competent authority, including but not limited to the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”) and/or the SGX-ST, for the Proposed Subscription being granted or obtained, being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such approvals, consents and/or waivers are granted or obtained subject to any conditions, and if such conditions affect any of the parties, such conditions being acceptable to the Target Company, KF and the Company, and if such conditions are to be fulfilled before the SSA Completion, such conditions being fulfilled before the SSA Completion.

(iv) SSA Completion

Subject to the fulfilment of the applicable SSA Conditions Precedent, the SSA Completion shall take place within 10 business days from fulfilment and/or written waiver of all the SSA Conditions Precedent or such other date as the Company, KF and the Target Company may mutually agree in writing.

(v) **Corporate Guarantee**

Upon the SSA Completion, the Company (or a designated wholly-owned subsidiary of the Company) will, in proportion to its resultant 50% shareholding interest in the Target Company, provide a corporate guarantee of 50% of the Bank Loan, amounting to S\$19.6 million (the "**Corporate Guarantee**"), such that the Bank Loan shall be secured by the Corporate Guarantee and the personal guarantee provided by Mr. Tan on an equal-sharing basis. For the avoidance of doubt, notwithstanding the SSA Completion, Hong Leong Finance Limited will still retain its first legal mortgage on the KC Properties as security for the Bank Loan.

One of the key covenants for the Corporate Guarantee is for Alex and Amos, through their investment holding company, Goldhill Trust Pte. Ltd. ("**Goldhill**"), the controlling shareholder of the Company, to always maintain a deemed interest of more than 50% of the total issued and paid-up share capital of the Company for the duration of the tenure of the Bank Loan. Further details will be announced by the Company upon provision of the Corporate Guarantee in compliance with the requirements under Rule 704(33) of the Catalist Rules.

In compliance with Rule 728(1) of the Catalist Rules, Alex and Amos shall, upon provision of the Corporate Guarantee, provide their undertakings to the Company to notify the Company, as soon as either of them becomes aware, of any other share pledging arrangement(s) relating to their shares held in Goldhill and/or the shares in the Company held by Goldhill, and of any event which will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the Corporate Guarantee and/or the Bank Loan.

The Company will also comply with the announcement requirements under Rule 728(2) of the Catalist Rules upon any such notification by Alex and/or Amos.

(vi) **Other Salient Terms of the SSA**

Pursuant to the SSA, the Company shall have, *inter alia*, the following rights upon SSA Completion:

- (a) the Company shall be entitled to appoint such number of persons ("**OAL Director**") to achieve majority control of the board of directors of the Target Company;
- (b) the chairman of the board of directors of the Target Company shall be an OAL Director and the chairman shall be entitled to a second or casting vote at any meeting of the Board or general meeting of the Target Company;
- (c) subject to the Companies Act and save for reserved matters as prescribed under the SSA, all directors' resolutions and shareholders' resolutions shall be adopted by a simple majority vote;
- (d) the Company shall be entitled to pre-emption, tag-along and drag-along rights in relation to its shareholding in the Target Company; and
- (e) in the event of a default by KF, the Company shall, without prejudice to any other rights and remedies it may have, be entitled to default put and call option rights under the SSA.

(4) **Sources of Funds for the Proposed Subscription**

The Subscription Consideration will be funded by the Group's internal resources. Based on the latest consolidated unaudited financial results of the Group for the half year ended 31 March 2020 ("**HY2020 Results**"), the Group had recorded cash and cash equivalents of approximately S\$9.7 million with no borrowings and debt securities.

(5) The Proposed Subscription as an Interested Person Transaction

(i) Interested Person Transactions under Chapter 9 of the Catalist Rules

Rule 904(5) of the Catalist Rules provides that an interested person transaction means a transaction between an entity at risk and an interested person. Rule 904(2)(a) of the Catalist Rules provides, *inter alia*, that an entity at risk means the issuer. Rule 904(4) of the Catalist Rules provides, *inter alia*, that an interested person means a director, chief executive officer, controlling shareholder of the issuer or any of their associates. Rule 904(6)(f) of the Catalist Rules provides, *inter alia*, that a transaction includes the establishment of joint ventures or joint investments.

As mentioned in Paragraph B(1), KF is, as at the date of this announcement, the sole shareholder of the Target Company. The shareholders of KF are Amos and Mr. Tan holding 30% and 70% of the issued and paid-up share capital of KF respectively. Amos is a controlling shareholder of the Company while Mr. Tan is the father of both Amos and Alex, who is the Executive Director, Chief Executive Officer and controlling shareholder of the Company.

Accordingly:

- (a) KF and the Target Company are interested persons;
- (b) the Company is an entity at risk; and
- (c) the Proposed Subscription between the Company, KF and the Target Company constitutes an interested person transaction,

under Chapter 9 of the Catalist Rules.

(ii) Shareholders' Approval

Rule 906(1) of the Catalist Rules provides that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:

- (a) 5% of the group's latest audited Net Tangible Assets ("**NTA**"); or
- (b) 5% of the group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by the shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Rule 918 of the Catalist Rules provides that if a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Rule 909 of the Catalist Rules provides, *inter alia*, that the value of a transaction is the amount at risk to the issuer. In the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk.

The amount at risk to the Company in respect of the Proposed Subscription is the Subscription Consideration and the Corporate Guarantee, which amounts to an aggregate of S\$23.6 million (the "**Amount at Risk**"). As the Amount at Risk exceeds 5% of the Group's latest audited NTA of approximately S\$12.9 million as at 30 September 2019, Shareholders' approval for the Proposed Subscription is required in accordance with Rule 906(1)(a) of the Catalist Rules.

Save as disclosed above and as envisaged as part of the Proposed Subscription, the Company has not entered into any other transaction with Amos, Alex or their respective associates or any transaction with interested persons since the beginning of this financial year ending 30 September 2020.

The Company intends to seek Shareholders' approval for the Proposed Subscription as an "interested person transaction" under Rule 906 of the Catalist Rules, at a general meeting of the Company to be convened before the SSA Completion.

Pursuant to Rule 919 of the Catalist Rules, Alex and Amos will abstain, and will undertake to ensure that their associates, including Mr. Tan, will abstain, from voting on the Proposed Subscription. In addition, Alex and Amos and their respective associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Proposed Subscription, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast.

(6) Independent Financial Adviser

Rule 921(4)(a) of the Catalist Rules requires that the Company appoint an independent financial adviser to advise the Recommending Directors as to whether the Proposed Subscription (including amongst others, the provision of the Corporate Guarantee):

- (i) is on normal commercial terms; and
- (ii) is prejudicial to the interests of the Company and its minority Shareholders.

The Company has appointed RHT Capital Pte. Ltd. ("**IFA**") as its independent financial adviser to advise the Directors who are considered independent for the purposes of the Proposed Subscription as to whether the Proposed Subscription is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders. The opinion from the IFA will be set out in the circular to Shareholders to be despatched in due course.

(7) The Proposed Subscription as a Major Transaction

(i) Application of Chapter 10 of the Catalist Rules

Under Rule 1004 of the Catalist Rules, a transaction (as defined in Chapter 10 of the Catalist Rules) may be categorised as a (a) non-disclosable transaction, (b) discloseable transaction, (c) major transaction or (d) very substantial acquisition or reverse takeover, depending on the size of the relative figures computed on the bases set out under Rule 1006 of the Catalist Rules.

On 31 January 2019, the Company had sought and received approval from the shareholders of the Company ("**Shareholder Approval**") for, *inter alia*, the proposed

adoption of a general mandate pursuant to Chapter 9 of the Catalist Rules and the Proposed Diversification (as defined in the circular dated 9 January 2019 issued by the Company to the Shareholders (the “**January 2019 Circular**”).

Pursuant to the Shareholder Approval, *inter alia*, the Proposed Subscription is deemed to be in the Group’s ordinary course of business and therefore does not fall under the definition of a “transaction”, under Chapter 10 of the Catalist Rules. Notwithstanding, Rule 1015(1) of the Catalist Rules states that where an acquisition of assets (whether or not the acquisition is deemed in the issuer’s ordinary course of business) is one where any of the relative figures computed on the bases set out in Rule 1006 is 100% or more, or is one which will result in a change in control of the issuer, the transaction is classified as a very substantial acquisition or reverse takeover respectively.

In accordance with the SGX-ST’s recommended practice in relation to diversification of business, where the Group enters into the first major transaction involving the property business and/or the financial investments service business (the “**First Major Transaction**”), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the property business and/or the financial investments service business respectively are aggregated (the “**Aggregated Transactions**”) over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders’ approval.

(ii) **Relative figures for the Proposed Subscription and Existing Aggregated Transactions under Rule 1006 of the Catalist Rules**

The relative figures computed on the bases set out under Rule 1006 of the Catalist Rules in relation to the Proposed Subscription and the Existing Aggregated Transactions (as defined herein) based on the HY2020 Results are as follows:–

Rule 1006 of the Catalist Rules	Bases	Relative figures (%) in respect of the Proposed Subscription	Relative figures (%) in respect of the Proposed Subscription and the Existing Aggregated Transactions
(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 to an acquisition of assets	Not applicable to an acquisition of assets
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	Not applicable ⁽¹⁾	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation ⁽³⁾ based on the total number of issued shares, excluding treasury shares.	147.00% ⁽³⁾	206.79% ⁽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.	Not applicable as there is no issuance of equity securities by the Company	Not applicable as there is no issuance of equity securities by the Company
1006(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 reserved.	Not applicable as the Company is not a mineral, oil or gas ("MOG") company	Not applicable as the Company is not a MOG company

Notes:

- (1) Not applicable as the Target Company was only incorporated on 22 October 2019 as an investment holding company and has no operations and net profit attributable to it as at the date of this announcement. In respect of the KC Properties, the Target Company does not have any information on the net profit / loss attributable to the existing developments on the KC Properties, which is confidential and has not been provided by the Vendors. Furthermore, given the Target Company's future development plans for the KC Properties, the historical net profits attributable to the existing developments on the KC Properties would not be a meaningful comparison.
- (2) In addition to note 1 above and with reference to the Company's announcements on 17 October 2019 and 7 November 2019, not applicable as (a) OneFortune (as defined herein) was newly-incorporated and had yet to commence any operations at the time of the acquisition, and (b) OneFortune did not have any information on the net profits attributable to the then existing tenancy of the Property, which was confidential and was not provided by the vendors of the Property.
- (3) Computed based on (i) the Amount at Risk of S\$23,600,000; and (ii) the Company's market capitalisation of approximately S\$16,054,620. Under Rule 1002(5) of the Catalist Rules, the market capitalisation of the Company is determined by multiplying the number of Shares in issue (being 84,498,000 Shares) by the weighted average price of S\$0.19 on 17 March 2020 (being the last market day on which the Shares were traded prior to the date of the SSA).
- (4) Computed based on (i) the Amount at Risk of S\$23,600,000, (ii) the aggregate value of the consideration given for the Existing Aggregated Transactions (as defined herein) of S\$7,200,003; and (iii) the Company's market capitalisation of approximately S\$16,054,620.

As the relative figure under Rule 1006(c) of the Catalist Rules for the Proposed Subscription is more than 100% and the Proposed Subscription would not result in a change in control of the Company, the Proposed Subscription would constitute a "very substantial acquisition" under Rule 1015 of the Catalist Rules. However, the Company has on 22 April 2020 sought and obtained a waiver from compliance with Rule 1015 of the Catalist Rules in relation to the Proposed Subscription from the SGX-ST (the "**Waiver**"). Pursuant to the Waiver, the Proposed Subscription is classified as a "major transaction" under Rule 1014 of the Catalist Rules.

The Company intends to seek Shareholders' approval for the Proposed Subscription as a "major transaction" under Rule 1014 of the Catalist Rules, at a general meeting of the Company to be convened before the SSA Completion.

The Company had earlier (a) on 17 October 2019 announced the acquisition of a 30% shareholding interest in a new associated company, OneFortune Holdings Pte. Ltd. ("**OneFortune**") for a consideration of S\$3.00; and (b) on 7 November 2019 announced the acquisition by OneFortune of a property (the "**Property**") for a consideration of S\$24.0 million, with the Company's share of the consideration being S\$7.2 million (collectively, the "**Existing Aggregated Transactions**"). Accordingly, the Proposed Subscription would result in the aggregate value of the consideration given for the Existing Aggregated Transactions, being approximately S\$7.2 million, exceeding 75%

of the Company's market capitalisation computed based on Rule 1006(c) of the Catalist Rules. As the Proposed Subscription is deemed to be the last of the Aggregated Transactions undertaken by the Group for the financial year ending 30 September ("FY") 2020, following approval from Shareholders of the Proposed Subscription, the Company will no longer be required to seek further Shareholders' approval for further transactions, as defined in Chapter 10 of the Catalist Rules, carried out as part of the property business and/or the financial investments service business.

Notwithstanding, the Company will still be required to comply with all applicable and prevailing Catalist Rules as amended or modified from time to time including, but not limited to, the application of Chapter 10 of the Catalist Rules as stated in Section 3.10 of the January 2019 Circular.

(iii) **Receipt of Waiver from the SGX-ST**

The Company had, on 21 February 2020, applied to the SGX-ST through the Sponsor for a waiver from compliance with Rule 1015 of the Catalist Rules in respect of the Proposed Subscription to be classified as a "major transaction" under Rule 1014 of the Catalist Rules (the "**Waiver Application**").

The Board wishes to announce that the SGX-ST had on 22 April 2020 informed the Company that it had no objection to the Company's Waiver Application, subject to the following conditions ("**Waiver Conditions**"):

- (a) the Company complying with Rule 1014 of the Catalist Rules;
- (b) the Company making an immediate announcement of the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 106 of the Catalist Rules and if the Waiver Conditions have been satisfied. If the Waiver Conditions have not been met on the date of the announcement, the Company must make an update announcement when all the Waiver Conditions have been met;
- (c) the Company obtaining shareholders' approval for the Proposed Subscription;
- (d) the Company appointing a competent and independent valuer to value the KC Properties, and disclose the valuation report in the Shareholders' circular;
- (e) both the Company and Sponsor providing a confirmation to SGX-ST on working capital sufficiency after taking into consideration the present bank facilities of the Group after the Proposed Subscription, that they are of the opinion that the working capital available to the Group is sufficient in the next 12 months; and making necessary disclosures in the Shareholders' circular;
- (f) submission of updated declarations from each Company's director, executive officer, controlling shareholder and officer occupying a managerial position and their associates pursuant to Rule 406(3)(b), and the assessment from both the Sponsor and the Company's nominating committee on the suitability of directors and management;
- (g) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company; and

- (h) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

The Waiver will not be valid if any of the Waiver Conditions have not been fulfilled, and the Company is required to make an immediate disclosure via SGXNET if it is/will be in contravention of any laws and regulations governing the Company and the constitution of the Company (or equivalent in the Company's country of incorporation) arising from the Waiver.

In respect of the condition under paragraph (b) above and as no definitive documents had been entered into in respect of the Proposed Subscription as at the date of granting the Waiver, the Company had informed the SGX-ST that, in line with Rule 106 of the Catalist Rules, it will endeavour to announce the Waiver as soon as practicable at such time when it is required to make an announcement on the Proposed Subscription in compliance with the relevant Catalist Rules.

As the Waiver Conditions have yet been satisfied as at the date of this announcement save for the condition under paragraph (b) above, the Company will provide an update announcement when the Waiver Conditions have been met.

(iv) Reasons for seeking the Waiver

The Company's reasons for seeking the Waiver are as follow:

(a) Shareholders' approval will still be sought for the Proposed Subscription

As described in Paragraphs B(5)(ii) and 7(ii), the Proposed Subscription will be subject to shareholders' approval at an extraordinary general meeting ("EGM") and the full details of the Proposed Subscription will be disclosed in the Circular (as defined below). The Company will also comply with all relevant Catalist Rules and in particular, the Company has appointed an independent financial adviser to advise as to whether the Proposed Subscription (including the provision of the Corporate Guarantee) is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the Company is of the view that Shareholders would not be prejudiced by a grant of the Waiver as they will be furnished with all pertinent information in relation to the Proposed Subscription and will be given the due opportunity to vote on, as well as the opportunity to raise questions and express their views on the Proposed Subscription at the EGM;

(b) No significant change in the Company's risk profile

The Board is of the view that the Proposed Subscription will not materially change the risk profile of the Group based on the following:

(i) No change in control of the Company

The Proposed Subscription will not result in a change in control of the Company as the Proposed Subscription does not involve any issue of the Company's shares and there will be no change to the Board, management or controlling shareholders as a result of the Proposed Subscription.

(ii) No significant adverse impact on the Company's earnings, working capital and gearing

The Subscription Consideration will be funded by internal resources and the costs relating to the KC Acquisition and the Proposed Developments will be funded by the Bank Loan. Based on the indicative pro forma financial effects of the Proposed Subscription as set out in Paragraph 11 below, the Proposed Subscription will have no impact on the net tangible assets per Share and result in a slight increase in the loss per Share of the Group, and the Group will continue to maintain a positive working capital position. Notwithstanding that the net gearing of the Group may change as a result of the Corporate Guarantee, having considered the reasons stated above, the Board is of the view that there is no significant adverse impact on the gearing ratio of the Group;

(iii) No expansion of the Company's business to a new geographical market and/or a new business sector

As stated in paragraph 10 below, the Proposed Subscription will not result in a material change to the nature of the Group's business. Furthermore, the Target Company is incorporated in Singapore and the KC Properties are assets situated in Singapore;

(iv) Adequate mitigation of risks relating to the Land Acquisition and the Proposed Developments

Notwithstanding that the Group itself has no prior track record and/or operating history in the property business, Alex has substantial experience in the property industry in Singapore. The Proposed Subscription will allow the Group to participate in the Proposed Developments, which will be beneficial towards improving the Group's financial performance and expanding its operations. The Board is of the view that any risks arising from the Proposed Developments will be adequately mitigated on the basis that (A) the Company has partnered with KF on an equal-sharing basis to embark on the Proposed Developments, (B) the Company will be able to leverage on Mr. Tan's involvement as described in paragraph 10 below, and (C) sufficient funding in the form of the Bank Loan has already been secured for the the Proposed Developments; and

(c) Not appropriate for certain provisions under Rule 1015 of the Catalist Rules to apply with respect to the Proposed Subscription

The Company is of the view that (i) there is an overlap in certain requirements under Rule 1015 of the Catalist Rules for "very substantial acquisitions" which are also required under Rule 1014 of the Catalist Rules for "major transactions" which will be complied with by the Company; and (ii) the other requirements under Rule 1015 of the Catalist Rules will not be applicable or appropriate in the context of the Proposed Subscription.

(8) Future Development Plans

Assuming that the KC Acquisition is completed by no later than 30 June 2020 and subject to all requisite approvals being obtained from the relevant authorities, the Company intends to commence preparation works immediately to tear down the existing developments on the KC Properties which is expected to complete in March 2021. During the interim period, the Board plans to undertake a review of the Proposed Development (which may include conducting feasibility studies or market research) with a view to optimise the potential of the KC Properties,

to consider and finalise the re-development plans of the KC Properties by the end of 2020, such that the construction of the re-development plans may commence immediately after the existing developments are completely torn down.

Subject to the completion of the Proposed Subscription, the Company will make further announcements to provide timely updates on the future development plans of the KC Properties.

(9) No Service Contracts

No person is proposed to be appointed as a Director in connection with the Proposed Subscription. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

(10) Rationale for the Proposed Subscription

The Proposed Subscription is contemplated to be made in the ordinary course of business of the Group and is in line with the Group's strategy to expand its property development business. The Proposed Subscription presents an opportunity to acquire a controlling stake in the Target Company which will hold the legal rights and interest to the KC Properties, and will enable the Group to make its first foray into the property development business. Given that the Group has no prior track record and/or operating history in the property market, it is only through this collaboration with an established and experienced market player like Mr. Tan that the Group is able to embark on a property project on such a large scale, which may potentially generate substantial profits and cash flow for the Group's business.

Furthermore, Mr. Tan's involvement with the Target Company will:

- (i) enable the Group to leverage on Mr. Tan's knowledge, expertise and contacts in the property market to carry out the Development Plan, while developing and building up the Group's own team of experienced and skilled personnel for its property business; and
- (ii) allow the Group to also leverage on Mr. Tan's relationship and credit history with the financial institutions to obtain external financing on favourable terms in order to reduce the Group's immediate financial obligation in respect of the Purchase Value as well as in the future in relation to the funding required for the Proposed Developments. In particular, from the onset the Bank Loan was obtained by the Target Company on the basis of Mr. Tan's financial standing and track record as indirect shareholder of the Target Company. Such external bank financing would have otherwise been difficult for the Target Company and/or the Company to secure had it chosen to proceed with the KC Acquisition, the Development Plan and/or another other property project on its own. Save for the Bank Loan that will be guaranteed by the Company and Mr. Tan, the Company and KF shall share all risks and rewards of the KC Acquisition and any subsequent transaction contemplated by the Target Company, in proportion to their respective shareholding interest in the Target Company.

(11) Financial Effects of the Proposed Subscription

(i) Bases and Assumption

The *pro forma* financial effects of the Proposed Subscription, based on the audited consolidated financial statements for FY2019 are set out below. The *pro forma* financial effects of the Proposed Subscription on the Group set out below are only presented for illustration purposes, and are therefore not indicative of the actual and/or future results and financial situation of the Company or the Group after the SSA Completion.

The *pro forma* financial effects of the Proposed Subscription have been prepared based on the FY2019 results, and on the following bases and assumptions:

- (a) the financial effects on the consolidated NTA per Share is computed based on the assumption that the Proposed Subscription was completed on 30 September 2019;
- (b) the financial effects on the consolidated Loss per Share ("**LPS**") is computed based on the assumption that the Proposed Subscription was completed on 1 October 2018; and
- (c) the expenses to be incurred in connection with the Proposed Subscription are estimated to be approximately S\$69,000.

(ii) **Net Tangible Assets per Share**

	Before the Proposed Subscription	After the Proposed Subscription
NTA (S\$'000)	12,853	12,853
Number of Shares ('000)	84,498	84,498
NTA per Share (Singapore cents)	15.21	15.21

(iii) **Loss per Share**

	Before the Proposed Subscription	After the Proposed Subscription
Loss attributable to Shareholders (S\$'000)	1,394	1,463
Number of Shares ('000)	84,498	84,498
LPS (Singapore cents)	1.65	1.73

C. STATEMENT OF THE AUDIT COMMITTEE

The members of the Audit Committee are deemed to be independent for the purposes of the Proposed Subscription as an interested person transaction. The Audit Committee will consider the opinion of the IFA before forming its view as to whether the Proposed Subscription is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders.

D. EGM AND CIRCULAR

An EGM will be convened in due course to obtain Shareholders' approval for the Proposed Subscription. The EGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (collectively, the "**Regulations**").

In line with the provisions under the Regulations, a circular containing further details on the Proposed Subscription ("**Circular**") and enclosing a notice of the EGM ("**Notice of EGM**") in connection therewith will be uploaded onto SGXNET and made available on the Company's website at the URL <http://oneapex.wixsite.com/home/investor-relations>. Shareholders will need an internet browser and PDF reader to view these documents on SGXNET and the Company's website.

Shareholders should note that printed copies of the Circular or the Notice of EGM will NOT be despatched to them.

The Company will make further announcements relating to the Proposed Subscription and the EGM as and when necessary via SGXNET and the Company's website.

E. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company or their respective associates have any interest, direct or indirect (other than through their respective shareholdings (if any) in the Company), in the Proposed Subscription.

F. 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 enquires that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Subscription and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information 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 these sources and/or reproduced in this announcement in its proper form and context.

G. CAUTION IN TRADING

Shareholders should note that the Proposed Subscription is subject to the fulfilment of their respective conditions set out above and there is no certainty or assurance as at the date of this announcement that the Proposed Subscription will be completed or that no further changes will be made to the terms thereof. Shareholders ought to exercise caution when trading or dealing in their shares of the Company. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubts about the actions they should take.

The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Subscription. Shareholders are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

H. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Raffles Place, #25-01 UOB Plaza, Singapore 048624 during normal business hours for a period of three (3) months commencing from the date of this announcement:

- (a) the Constitution of the Company;
- (b) the HY2020 Results;
- (c) the annual report of the Company for FY2019;
- (d) the SSA; and
- (e) the Property Valuation Report.

Yours faithfully
For and on behalf of the Board of Directors of

ONEAPEX LIMITED

18 May 2020
Tan Pei Hong, Alex (Chen Peifeng)
Executive Director and Chief Executive Officer

*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 Catalyst.*

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 made, or reports contained in this announcement.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, Novus Corporate Finance Pte. Ltd. at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.