

MS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201414628C)

EXPANSION INTO THE PROVISION OF AUTOMOTIVE HP LEASING

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of MS Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to update shareholders that the Group has, through its wholly-owned subsidiary, Extol Global Pte Ltd ("**Extol Global**"), expanded into the business of hire-purchase leasing of motor vehicles ("**Automotive HP Leasing**").

2. INFORMATION ON AUTOMOTIVE HP LEASING

- 2.1 Automotive HP Leasing involves the provision of leasing to individuals and companies (as hirers) for the acquisitions of motor vehicles (comprising motorcars and motorcycles) through hire-purchase arrangements governed under the Hire-Purchase Act 1969 of Singapore.
- 2.2 The financing provided under the hire-purchase arrangements are denominated in Singapore Dollars and bear an average interest rate of approximately 4% per annum with tenures ranging between one (1) to seven (7) years.
- 2.3 The amount of funding provided by Extol Global to each hirer is dependent on the price of the motor vehicle sold by the distributor or seller, and the amount of financing required by the hirer and currently ranges between S\$4,000 and S\$50,000. As at 31 December 2021, the amount of financing provided by Extol Global totals S\$1,012,000.
- 2.4 Prior to executing the hire purchase agreements, a credit assessment is performed on the hirer to ensure their eligibility and credibility using the following parameters:
 - i) Loan to value;
 - ii) Source of income;
 - iii) Debt servicing ratio; and
 - iv) Credit Rating
- 2.5 Under a hire-purchase arrangement, the ownership of a motor vehicle is retained with the Group until the financing provided (together with interests accrued and all other payable fees) has been fully paid up by the hirer, whereupon the ownership of the motor vehicle will pass to the hirer.
- 2.6 The Group intends to fund the Automotive HP Leasing business using its internal resources.

3. RATIONALE FOR AUTOMOTIVE HP LEASING

In recent years, the Group's principal business of equipment leasing has faced strong headwinds amidst challenging economic conditions and lower rental rates. The Board believes that the outlook for the equipment leasing business will remain challenging, particularly, in view of the COVID-19 pandemic that continues to affect Singapore and other countries. Spurred by the foregoing, the Company has been continually on the lookout for new business opportunities to grow its profitability.

The management has identified Automotive HP Leasing as having the potential to develop an alternate income stream to the Group by utilising the Group's existing cash balances.

While the Group is cautiously expanding into Automotive HP Leasing, the Group remains committed to its existing business of equipment leasing. The Group will seek shareholders' approval for the diversification into the Automotive HP Leasing business in due course.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

4.1 The definition of "transaction" under Chapter 10 of the Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") includes the provision of financial assistance by an issuer or a subsidiary that is not listed on the SGX-ST or an approved exchange. Automotive HP Leasing involves the provision of financing by Extol Global to individuals and companies for the acquisitions of motor vehicles under hire-purchase arrangements.

4.2 Pursuant to Rule 1004, transactions are classified into:

- (a) non-discloseable transactions;
- (b) discloseable transactions;
- (c) major transactions; and
- (d) very substantial acquisitions or reverse takeovers.

A transaction may fall into category (a), (b), (c) or (d) of Rule 1004 depending on the size of the relative figures computed on the bases set out in Rule 1006.

4.3 Rule 1005 of the Catalist Rules provides that in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004, the sponsor may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.

4.4 Accordingly, all hire-purchase arrangement entered into by the Group within any twelve (12) months period may be aggregated pursuant to Rule 1005 of the Catalist Rules).

4.5 Based on the latest announced consolidated financial statements of the Group for the six months financial period ended 31 October 2021 ("**1H2022**"), the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

<u>Rule 1006</u>	<u>Bases</u>	<u>Relative Figures (%)</u>
(a)	Aggregate value of the financial assistance, compared with the Group's net asset value ⁽ⁱ⁾ .	4.13 ⁽ⁱⁱ⁾
(b)	The net profit attributable to the assets acquired of compared with the Group's net profit.	Not applicable ⁽ⁱⁱⁱ⁾
(c)	Aggregate value of the financial assistance, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽ⁱ⁾ .	8.75 ^(iv)
(d)	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 ^(v)
(e)	Aggregate volume or amount of proved and probable reserves to be disposal of, compared with the aggregate of the group's proved and probable reserves.	Not applicable ^(vi)

Notes:

- (i) Pursuant to Rule 1003(4) of the Catalyst Rules, in any provision of financial assistance:
 - (a) for Rule 1006(a), the reference to "net asset value of the assets to be disposed of" shall mean the aggregate value of the financial assistance; and
 - (b) for Rule 1006(c), the reference to "aggregate value of the consideration given or received" shall mean the aggregate value of the financial assistance.
- (ii) The Group's net asset value as at 31 October 2021 was S\$24,520,000 and the Group's aggregate value of the financial assistance as at 31 December 2021 comprising all hire-purchase arrangements entered into by the Group for an aggregate of twelve (12) months preceding the date of this announcement ("**Aggregate Hire-Purchase Arrangements**") is approximately S\$1,012,000.
- (iii) Not applicable as the transaction is in relation to the provision of financial assistance rather than an acquisition of assets.
- (iv) Based on the aggregate value of the financial assistance of S\$1,012,000 as at 31 December 2021 and the Company's market capitalisation of approximately S\$11.6 million being the Company's issued ordinary share capital of 165,789,460 shares (excluding treasury shares and subsidiary holdings) and the volume weighted average price of the Company's shares on the SGX-ST of S\$0.0698 on 22 December 2021 (being the market day preceding the date of the announcement where the Company's shares were last traded).
- (v) There were no equity securities issued as consideration.
- (vi) The Company is not a mineral, oil or gas company.

As the relative figure computed on the bases set out in Rule 1006(c) of the Catalyst Rules in respect of the Aggregate Hire-Purchase Arrangements is more than 5% but less than 50% the Aggregate Hire-Purchase Arrangements constitute a "discloseable transaction" within the meaning of Rule 1004 of the Catalyst Rules.

5. FINANCIAL EFFECTS

- 5.1 The financial effects of the Aggregate Hire-Purchase Arrangements set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group.
- 5.2 The financial effects were calculated based on the audited consolidated financial statements of the Group for the financial year ended 30 April 2021 ("FY2021").
- 5.3 Net Tangible Assets ("NTA") per share

The effect of the Disposal on the NTA per share of the Group for FY2021, assuming that the Aggregate Hire-Purchase Arrangements had been effected as at 30 April 2021 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to owners of the Company (S\$'000)	28,798	28,846 ⁽¹⁾
Number of issued shares	165,789,460	165,789,460
NTA per share (Cents)	17.37	17.40

Notes:

- (1) NTA attributable to owners of the Company increased by the total income generated from the Aggregate Hire-Purchase Arrangements.

5.4 Earnings per Share ("EPS")

The effect of the Hire-Purchase Arrangements on the EPS of the Group for FY2021, assuming that the Disposal had been effected on 1 May 2020 is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit after tax attributable to owners of the Company (S\$'000)	3,224	3,272
Number of shares	165,789,460	165,789,460
Earnings per share (Cents)	1.94	1.97

Notes:

- (1) Profit after tax attributable to owners of the Company increased by the total income generated from the Aggregate Hire-Purchase Arrangements.

6. SERVICE CONTRACT

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with Automotive HP Leasing and/or the Aggregate Hire-Purchase Arrangements.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Automotive HP Leasing business and/or the Aggregate Hire-Purchase Arrangements, other than through their respective shareholdings (if any) in the Company.

By Order of the Board

Yap Chin Hock

Executive Director and Chief Executive Officer

5 January 2022

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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 Ms Charmian Lim (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.