

CPH LTD.

(Co. Reg. No. 199804583E)

(Incorporated in the Republic of Singapore)

CONDITIONAL SALE AND PURCHASE AGREEMENT IN RESPECT OF THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL OF SHANAYA ENVIRONMENTAL SERVICES PTE. LTD.

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of CPH Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its previous announcements dated 15 May 2020 and 17 July 2020 in respect of its quarterly update of milestones in obtaining a viable business to meet the Singapore Exchange Securities Trading Limited’s (“**SGX-ST**”) requirements for a new listing.

The Board is pleased to announce that the Company had, on 29 September 2020, entered into a conditional sale and purchase agreement (the “**SPA**”) with (i) Ms Shithi Nagesathul Bathuria D/O Abdul Hamid, (ii) Mr Sivakumar Martin S/O Sivanesan, (iii) Mr Perumal S/O Gopal (collectively, the “**Vendors**”), and (iv) Shanaya Environmental Services Pte. Ltd. (the “**Target Company**”) (the Company, the Vendors and the Target Company hereinafter referred to as each a “**Party**” and collectively, the “**Parties**”), in respect of the proposed acquisition by the Company of 100% of the issued share capital of the Target Company from the Vendors (the “**Proposed Acquisition**”) for a purchase consideration of S\$22.0 million (subject to the Adjustment (as defined under paragraph 2.5.2 below)), to be satisfied by a combination of (i) S\$3.0 million in cash, and (ii) the issuance and allotment of 3,166,666,667 new ordinary shares in the capital of the Company (“**Shares**”) to the Vendors at an issue price of S\$0.006 per Share.

Based on the foregoing, the Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). In accordance with Chapter 10 of the Catalist Rules, the Proposed Acquisition will be subject to, amongst others, the approval of the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting of the Shareholders (the “**EGM**”) to be convened pursuant to Rule 1015 of the Catalist Rules.

2. INFORMATION ON THE PROPOSED ACQUISITION

The information on the Target Company and the Vendors was provided by the Target Company and the Vendors. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company’s responsibility 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 Company

Incorporated in Singapore on 16 September 2002, the Target Company is a private company limited by shares with an issued and paid-up share capital of S\$1,500,000 comprising of 1,500,000 ordinary shares.

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

	Name of Vendor	Number of ordinary shares held in the Target Company	% shareholding interest held in the Target Company
1.	Shitthi Nabesathul Bathuriahal D/O Abdul Hamid	1,050,000	70
2.	Sivakumar Martin S/O Sivanesan	300,000	20
3.	Perumal S/O Gopal	150,000	10
Total		1,500,000	100

The Target Company is principally engaged in the provision of waste management, recycling and disposal services to industrial and commercial clients and specialises in providing collection, transfer, disposal, recycling and resource recovery services to the cruise and ship industry in Singapore (the “**Target Business**”). As at the date of this announcement, the Target Company does not have any subsidiaries and operates only in Singapore.

The Target Company is a registered General Waste Collector with the National Environmental Agency, licensed under Class A, Class B and Toxic Industrial Waste Collector for the collection and disposal of general waste, organic/food waste, E-waste, lead acid batteries and PVC. The Target Company is also licensed by the Singapore Police Force for the collection of arms and explosives (pyrotechnics) for safe disposal.

The Target Company’s registered office and main waste processing facility of about 23,800 sq. ft. of land, is located at 27 Kian Teck Drive, Singapore 628844 and is approved by the National Environmental Agency to handle up to 50 tons of waste per day (“**Kian Teck Facility**”). As at the date of this announcement, the Kian Teck Facility has a fleet of 8 trucks which is used for day-to-day collection and transport of waste from ships and/or cruises that are docked at the ports of Singapore for further disposal or processing at the Kian Teck Facility. Operations at the Kian Teck Facility are also supported by more than 50 hook-lifting garbage bins, 2 excavators, 2 forklifts and 1 compactor. Presently, the Kian Teck Facility’s capabilities are limited to general waste collection, surface sorting, simple recycling and safe disposal only.

The Target Company intends to leverage on its upcoming Integrated Cruise and Ship Waste Management and Recycling facility, located at 3A, Tuas South Street 15, Singapore 636845 (“**Tuas Facility**”), which occupies about 90,000 sq. ft. of land and 56,000 sq. ft. of build-up area, and is currently under development for future business expansion through the provision of a wider range of waste management and treatment services including, but not limited to, E-waste, toxic waste, hazardous waste, chemical waste, wood waste, solid fuel and biomass manufacturing. The Temporary Occupation Permit (“**TOP**”) approval for the Tuas Facility is expected to be granted by the authorities in October 2020 and the Tuas Facility is expected to be fully operational by the second quarter of 2021.

The Target Company has a strong management team providing leadership in each of their respective functions and brings together significant combined experience and expertise in establishing and developing the Target Company’s core business.

2.2 Information on the Vendors

As at the date of this announcement,

- (a) Ms Shitthi Nabesathul Bathuriahah D/O Abdul Hamid is a Director of the Target Company. She is mainly responsible for the administrative and finance functions of the Target Company. She is also the co-founder of the Target Company, together with her spouse, Mr Mohamed Gani Mohamed Ansari ("**Mr Ansari**"). Mr Ansari is the Chief Executive Officer of the Target Company;
- (b) Mr Perumal S/O Gopal is a Director of the Target Company. He is mainly responsible for the sales and marketing functions of the Target Company. He joined the Target Company in 2014 and is key in developing sales strategies for the Target Company and formulating marketing and business development strategies to drive revenue growth; and
- (c) Mr Sivakumar Martin S/O Sivanesan is a Director of the Target Company. He is mainly responsible for the business development and operations functions of the Target Company. He has over 20 years of experience in recycling and waste disposal management.

The Vendors are not related to any of the Company's Directors or controlling shareholders or their respective associates. As at the date of this announcement, the Vendors do not hold any shares in the capital of the Company.

2.3 Historical Financial Information of the Target Company

The summary of the audited financial statements of the Target Company for the financial years ended 31 December 2018 and 31 December 2019 is presented in the tables below.

Income Statement

(S\$)	Financial year ended 31 December	
	2018 (Audited)	2019 (Audited)
Revenue	4,421,793	5,897,776
Profit before tax	244,279	950,051
Profit after tax for the year	244,279 ⁽¹⁾	842,754

Note:

- (1) For the avoidance of doubt, the profit before tax is same as the profit after tax due to, *inter alia*, non-taxable income, capital allowance claims and tax exemptions.

Balance Sheet

(S\$)	As at 31 December	
	2018 (Audited)	2019 (Audited)
Current assets	1,125,886	2,095,892
Non-current assets	5,210,942	8,756,177
Total assets	6,336,828	10,852,069
Current liabilities	1,010,138	2,989,611
Non-current liabilities	3,562,882	5,315,896

Total liabilities	4,573,020	8,305,507
Shareholders' equity	1,763,808	2,546,562
Net assets	1,763,808	2,546,562

2.4 Rationale for and Benefits of the Proposed Acquisition

As indicated in the Company's previous announcement dated 14 November 2019, the Group had ceased operations in the printed circuit board business and has been in the midst of searching for a new viable business. As announced by the Company on 2 April 2020, the Company was deemed a cash company under Rule 1017 of the Catalist Rules with effect from 2 April 2020.

Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may apply to the SGX-ST for a maximum 6-month extension to the said 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the said 6-month extension period.

The Board believes that the Target Company would be able to satisfy the SGX-ST's requirements for a new listing, and in respect of the Company being a cash company, the Board will apply for such extensions of time, where necessary and appropriate, to complete the Proposed Acquisition. Subject to such requirements being satisfied, the Company will cease to be a cash company upon Completion (as defined under paragraph 2.5.1 below).

The Proposed Acquisition would present the Company with an opportunity to participate in the waste management and recycling industry through the acquisition of an operating business with a profitable track record and good growth potential, thereby allowing the Group to achieve a consistent and sustainable operational and financial growth.

In addition, the Board believes that the Proposed Acquisition should enable the Company to enhance shareholder value by generating renewed investor interest in the Shares and ultimately, create the potential to significantly increase the value of the Company with a wider investor base. Accordingly, the Board is of the view that the Proposed Acquisition is likely to enhance the long-term interests of the Company and its Shareholders.

2.5 Salient Terms of the SPA

2.5.1 Proposed Acquisition

Pursuant to the terms and conditions of the SPA, the Company intends to acquire 100% of the issued share capital of the Target Company from the Vendors, free from all encumbrances, together with all rights, benefits and entitlements attaching thereto with effect from the date of completion of the Proposed Acquisition ("**Completion**", with such date being the "**Completion Date**"). As at the date of this announcement, the Target Company has an issued and paid-up share capital of S\$1,500,000 comprising 1,500,000 ordinary shares (the "**Sale Shares**").

2.5.2 Consideration

The purchase consideration for the Sale Shares shall be S\$22.0 million (subject to the Adjustment (as defined under this paragraph)) (the "**Purchase Consideration**"). The Purchase Consideration was arrived at after arms' length negotiations between the Company and the Vendors, and on a willing-buyer and willing-seller basis taking into consideration the earnings

and business prospects of the Target Company, and on the basis that it shall be supported by the Appraised Value (as defined below).

Subject to the Adjustment (as defined below), the Purchase Consideration shall be satisfied, by a combination of:

- (a) S\$3.0 million in cash (the “**Cash Consideration**”), which shall be paid in full to the Vendors within twelve (12) months from the Completion Date; and
- (b) the issuance and allotment of 3,166,666,667 new fully paid-up Shares (the “**Consideration Shares**”) to the Vendors at the issue price of S\$0.006 per Consideration Share (subject to the Proposed Share Consolidation (as defined under paragraph 2.5.4 below)) (the “**Issue Price**”) which shall be equivalent to an aggregate issued and paid-up share capital of S\$19.0 million on the Completion Date.

The Company plans to pay the Cash Consideration within twelve (12) months from the Completion Date with the proceeds to be received from the intended disposal of the Group’s factory in Singapore. As disclosed under Note 31 to the financial statements of the Company’s annual report for the financial year ended 31 March 2020, the fair value of the Singapore factory was S\$7.0 million as at 31 July 2020 based on the most recent independent valuation performed. As at the date of this announcement, no definite offers have been received by the Company for the Singapore factory and the Company will continue to work closely with the sales agent on the aforementioned proposed disposal. If necessary, the Company may consider undertaking equity fund-raising activities following Completion to raise proceeds for, *inter alia*, the payment of the Cash Consideration.

The Issue Price represents a premium of 33.33% to the volume-weighted average price of S\$0.0045 per Share, based on trades done on the Shares on the Catalist of the SGX-ST on the full market day preceding the date of the SPA, being 28 September 2020.

For the avoidance of doubt, the Proposed Share Consolidation (as defined under paragraph 2.5.4 below) shall take place upon the issuance of the Consideration Shares on or before the Completion Date.

Pursuant to Rule 1015(3)(a) of the Catalist Rules, the Company will appoint a competent and independent valuer to conduct and furnish a valuation report (the “**Independent Valuation Report**”) on the value of the Target Company and the Target Business (the “**Appraised Value**”).

Further information relating to the independent professional valuer to be appointed, together with the Independent Valuation Report (which will include the basis and date of the Independent Valuation Report), will be included in the Circular (as defined under paragraph 10.1 below) to be despatched in due course.

In the event that the Appraised Value is less than 90% of the Purchase Consideration (such difference being the “**Shortfall**”), the Purchase Consideration shall be adjusted as follows:

- (a) for the first S\$3,000,000 or less of the Shortfall, the Cash Consideration shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall for up to S\$3,000,000; and
- (b) for any amount of the Shortfall exceeding S\$3,000,000, the number of Consideration Shares issued shall be adjusted downwards on a dollar-for-dollar basis by an amount equivalent to the Shortfall that is in excess of S\$3,000,000,

(collectively, the “**Adjustment**”).

For the avoidance of doubt, if the Appraised Value is at least 90% of the Purchase Consideration, no Adjustment shall be made to the Purchase Consideration. Any Adjustment to the Purchase Consideration will be announced immediately by the Company via SGXNET.

2.5.3 Waiver from the Securities Industry Council (the “SIC”)

Following Completion, the Vendors will own an aggregate interest of approximately 70.17%¹ of the enlarged share capital of the Company. In such event, pursuant to Rule 14 of the Singapore Code on Takeovers and Mergers (the “Code”), the Vendors and their concert parties will incur an obligation to make a mandatory general offer for all the remaining issued Shares not already owned, controlled or agreed to be acquired by the Vendors and their concert parties, at the highest price paid or agreed to be paid by the Vendors and their concert parties for the Shares in the preceding six (6) months period.

It is a condition precedent to the Proposed Acquisition, *inter alia*, that the SIC grants the Vendors and their concert parties, and does not revoke or repeal such grant, a waiver of their obligation to make a mandatory offer under Rule 14 of the Code for all the Shares not owned or controlled by them (the “Whitewash Waiver”) and that a majority of the independent Shareholders waive, by ordinary resolution on a poll taken, at the EGM, their right to receive a general offer from the Vendors and their concert parties under Rule 14 of the Code (the “Whitewash Resolution”). As such, the Vendors will be applying to the SIC to seek for the Whitewash Waiver and the Company shall procure and/or do all things as may be required and necessary to assist the Vendors with attaining the Whitewash Waiver, including but not limited to, obtaining the Controlling Shareholder’s Undertaking (as defined under paragraph 2.5.9 below).

2.5.4 Proposed Share Consolidation

Rule 429 of the Catalist Rules stipulates that the issue price of the equity securities offered for subscription or sale, for which a listing is sought, must be at least S\$0.20 each. Accordingly, in conjunction with the Proposed Acquisition and subject to Shareholders’ approval being obtained, the Company will undertake a share consolidation exercise based on a consolidation ratio of 40 to 1, or as may be subsequently mutually agreed between the Company and the Vendors (the “Proposed Share Consolidation”) which shall satisfy the aforementioned requirements of Rule 429 of the Catalist Rules on or before the Completion Date. The Proposed Share Consolidation will not involve a diminution of any liability in respect of the unpaid capital or the payment to any Shareholder of any paid-up capital of the Company and has no effect on the shareholders’ funds of the Company. The details of the Proposed Share Consolidation will be set out in the Circular (as defined under paragraph 10.1 below) to be despatched in due course.

2.5.5 Introducer Shares

In consideration that the Introducer (defined below) to the Target Company has introduced the Vendors and the Target Company to the Company for the purposes of the Proposed Acquisition, Oakwood & Drehem Capital Pte Ltd (the “Introducer”) shall be paid an introducer fee upon Completion in the amount of S\$300,000, which shall be fully satisfied by the issuance and allotment by the Company of new Shares to the Introducer, credited as fully paid-up at the Issue Price (subject to the Proposed Share Consolidation) (the “Introducer Shares”).

The Introducer was incorporated in Singapore on 11 June 2018. Its sole director is Kenny Ng Tek Kooi and its shareholders are (i) Kenny Ng Tek Kooi, who holds a 90% shareholding in the

¹ Taking into consideration the Introducer Shares and the PPCF Shares.

Introducer, and (ii) Thailin Management Services Pte. Ltd., which holds a 10% shareholding in the Introducer and is 100% beneficially owned by Thai Jun Xian. The Introducer is principally engaged in the provision of corporate finance advisory services, merger and acquisition advisory and management consultation services.

Upon issuance, the Introducer Shares shall be wholly, legally and beneficially owned by the Introducer, and the Introducer shall not hold its interests therein on trust for other parties.

The Introducer, represented by its director, Kenny Ng Tek Kooi, was appointed by the Target Company on 17 September 2019 to provide management consultation services to the Vendors and the Target Company in relation to the proposed acquisitions, disposals and fund raising by the Vendors and the Target Company.

The Introducer and its shareholders are independent from the Company, its Directors and its controlling shareholders, and the Vendors.

2.5.6 PPCF Shares

Part of the professional fees in respect of the financial advisory services rendered by PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") to the Company in connection to the Proposed Acquisition, payable upon Completion, shall be satisfied by the issuance and allotment by the Company of new Shares of an aggregate value of S\$400,000 to PPCF, credited as fully paid-up at the Issue Price (subject to the Proposed Share Consolidation) (the "**PPCF Shares**").

2.5.7 Conditions Precedent

Unless specifically waived by the Parties, the completion of the Proposed Acquisition is conditional upon the following conditions and delivery and execution of the following items (collectively, the "**Conditions Precedent**", and each a "**Condition Precedent**"):

- (a) the results of a legal, financial and technical due diligence investigation on the Company, to be conducted by the Vendors and their advisers, being satisfactory in relation to all aspects;
- (b) the results of a legal, financial and technical due diligence investigation on the Target Company, to be conducted by the Company and its advisers, being satisfactory in relation to all aspects;
- (c) the Proposed Acquisition upon the terms of the SPA being approved by the SGX-ST as (part of) a reverse takeover by the Company pursuant to Part VIII, Chapter 10 of the Catalist Rules, as relevant, and where approval from the SGX-ST is obtained subject to any conditions, such conditions being reasonably acceptable to the Company, the Vendors and the Target Company;
- (d) the approval of the Board and Shareholders having been obtained, and such approval not having been revoked or amended, for the entry into, implementation and completion of the transactions contemplated in the SPA, including in particular:
 - (i) the Proposed Acquisition;
 - (ii) the Proposed Share Consolidation;
 - (iii) the allotment and issuance of the Consideration Shares in accordance with the terms of the SPA;

- (iv) the proposed Whitewash Resolution;
 - (v) the allotment and issuance of the Introducer Shares and the PPCF Shares in accordance with the terms of the SPA;
 - (vi) the change of the Company's name to "Shanaya Limited" or such name as the Vendors may decide (subject to prior approval for the new name being obtained from the Accounting and Corporate Regulatory Authority of Singapore);
 - (vii) the appointment of such new directors onto the new Board as nominated by the Vendors and cleared by PPCF; and
 - (viii) any additional terms as may be agreed among the Parties;
- (e) on the Completion Date, the Target Company being wholly, legally and beneficially owned by the Vendors and the Vendors not holding their interests therein on trust for other parties;
- (f) no capitalisation activities, re-organisation, amalgamation, restructuring, take-over or change in shareholding or changes in the share capital structure of the Target Company nor any insolvency events affecting the Target Company and/or any Vendors;
- (g) all necessary approvals, waivers, consents, licences, permits, authorisations and/or registrations from/ with all relevant governmental, regulatory and other authorities, financiers, counterparties and/or third parties (if any) of the Company, the Target Company and/or the Target Business in respect of the Proposed Acquisition being obtained and being in full force and effect and not having been withdrawn, suspended, revoked, amended or subject to conditions not acceptable to the Company, the Vendors and the Target Company, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion, including but not limited to:
- (i) the approval in-principle being granted by the SGX-ST for the Proposed Acquisition, being a reverse takeover under Rule 1015 of the Catalist Rules;
 - (ii) the receipt of a listing and quotation notice from SGX-ST for the dealing and quotation of the Consideration Shares, the Introducer Shares and the PPCF Shares on the Catalist of the SGX-ST, such notice or approval not being revoked, rescinded or cancelled prior to completion of the Proposed Acquisition and, where such listing and quotation notice is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the Parties; and
 - (iii) the SIC having granted the Vendors and their concert parties (and not having revoked or repealed such grant) the Whitewash Waiver;
- (h) the delivery of a disclosure letter by the Company and the Vendors respectively to the other Party, in such form to be mutually agreed in writing, which shall include all disclosures pertaining to its respective business in connection with the Proposed Acquisition;
- (i) an unqualified opinion by the independent financial adviser (the "IFA") that the Whitewash Resolution to be sought from the Shareholders is fair, reasonable and not

prejudicial to the interests of the independent Shareholders;

- (j) each of the warranties provided by the Vendors and the Company being complied with and is true, accurate and complete as at the date of the SPA and until the Completion Date;
- (k) no material adverse change (as determined by the Company in its reasonable discretion) in the prospects, operations or financial conditions of the Target Company occurring on or before the Completion Date;
- (l) the Vendors undertaking to maintain:
 - (i) its entire equity interest in the Company at the listing date of the Consideration Shares for a period of not less than six (6) months commencing from the listing date of the Consideration Shares; and
 - (ii) not less than fifty percent (50%) of the entire equity interest in the Company at the listing date of the Consideration Shares for a subsequent period of six (6) months thereafter;
- (m) no relevant government authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or making, proposing or enacting any statute, regulation, decision, ruling, statement or order or taking any steps to do so, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:
 - (i) make the Proposed Acquisition or any transaction contemplated under the SPA or any other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or frustrate or be adverse to the same; and/or
 - (ii) render the Company being unable to acquire all or any of the Sale Shares in the manner set out in the SPA;
- (n) the Vendors and the Target Company not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, order or action which is threatened;
- (o) save that the Company is currently a cash company pursuant to the SGX-ST's letter dated 1 April 2020, the Company remaining listed on the Catalist from the date of the SPA up till completion of the Proposed Acquisition, and no condition exists which would affect the continued listing of the Company on the Catalist;
- (p) all the licenses, permits, consents, approvals, authorisations, waivers and exemptions which are required and/or advisable for the purpose of conducting and carrying on the business and operations of the Target Company ("**Licenses and Permits**") remaining in force and not being expired or revoked and there being no occurrence which could result in any of the Licenses and Permits being revoked as at the Completion Date;
- (q) the Company proposing and undergoing the Proposed Share Consolidation, to comply with and satisfy the listing requirements specified in the Catalist Rules. The Proposed Share Consolidation will not involve a diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital of the Company, and

has no effect on the shareholders' funds of the Company; and

- (r) the execution and performance of the SPA by the Parties not being prohibited in any material aspects by any relevant applicable statute, order, rule, directive or regulation promulgated by any applicable legislative, executive or regulatory body or authority.

The Vendors and the Company undertake to use their best endeavours to assist each other to the extent permitted by applicable laws in any actions or filings necessary to achieve the fulfilment of the Conditions Precedent and will regularly inform each other without undue delay of the progress of the fulfilment of each Condition Precedent and notify the other party in writing as soon as they are aware of the fulfilment of a Condition Precedent or that a Condition Precedent has become incapable of fulfilment.

The Vendors and the Company may, upon mutual agreement, waive (in whole or in part) all or any of the Conditions Precedent set out above. For the avoidance of doubt, any such waiver shall not prejudice the Vendors' or the Company's rights in respect of the non-fulfilment of the same.

If any of the Conditions Precedent are not fulfilled (or is not waived in writing) by the date falling nine (9) months from the date of the SPA, being 28 June 2021 (the "**Long Stop Date**"), or such other date as may be mutually agreed in writing between the Parties, the Parties shall be entitled to elect to be released from their obligations under the SPA by written notice, and upon issuance of such written notice, all obligations of the Parties under the SPA shall *ipso facto* cease.

2.5.8 Vendors' Representations and Warranties

The Vendors shall provide customary representations and warranties to the Company.

2.5.9 Company's Representations and Warranties

The Company shall provide customary representations and warranties to the Vendors. The Company further represents and warrants to the Vendors that it shall procure that Mdm Choo Tung Kheng ("**Mdm Choo**") provides a written undertaking before the EGM to do the following:

- (a) give a letter of undertaking to the Vendors and the Target Company that she shall, and she shall ensure that any entity controlled by her and her associates which holds shares in the capital of the Company shall, vote in favour of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto, including without limitation the Proposed Acquisition and the Whitewash Resolution; and
- (b) not transfer or dispose her shareholding in the Company, whether held by her directly or indirectly, from the date of the SPA until the conclusion of the EGM to be convened,

(collectively, the "**Controlling Shareholder's Undertaking**").

3. **RELATIVE FIGURES UNDER RULE 1006**

Based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 March 2020 (the "**FY2020**"), the relative figures of the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Catalist Rules 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 Company, compared with the Group's net loss	-34.9% ⁽²⁾
(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	397.7% ⁽³⁾
(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	257.6% ⁽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 Company's audited net profit for the financial year ended 31 December 2019 of approximately S\$0.95 million and the Group's audited net loss for FY2020 of approximately S\$2.73 million. Net profit/ (loss) is defined to be profit or loss before income tax, minority interests and extraordinary items.
- (3) Computed based on the Purchase Consideration of approximately S\$22.0 million, and the Company's market capitalisation of approximately S\$5.53 million (computed based on the Company's issued ordinary share capital of 1,229,226,124 shares and the volume weighted average price of the shares of S\$0.0045 on 28 September 2020, being the last full market day on which Company's shares were traded prior to the date of the SPA. The Company does not have any treasury shares.
- (4) Based on 3,166,666,667 Consideration Shares and the Company's issued ordinary share capital of 1,229,226,124 shares.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

Notwithstanding the negative relative figure computed under Rule 1006(b) of the Catalist Rules, the relative figures computed under Rule 1006(c) and (d) of the Catalist Rules exceed 100%. Accordingly, the Proposed Acquisition constitutes a "very substantial acquisition" or "reverse takeover" pursuant to Chapter 10 of the Catalist Rules. In addition, as the Vendors will hold approximately 70.17% of the enlarged issue share capital of the Company upon Completion and after the issuance of the Introducer Shares and the PPCF Shares, a change in control of the Company will arise immediately upon the completion of the Proposed Acquisition. Accordingly, the Proposed Acquisition is subject to the approval of the SGX-ST and the Shareholders under Rule 803 and Chapter 10 of the Catalist Rules.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The unaudited pro forma financial effects of the Proposed Acquisition are purely for illustrative purposes only and do not necessarily reflect the actual financial performance or position of the enlarged Group following the completion of the Proposed Acquisition.

The unaudited pro forma financial effects of the Proposed Acquisition set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2020 and the audited financial statements of the Target Company for the financial year ended 31 December 2019, as well as the following bases and key assumptions:

- (a) the financial effects of the Proposed Acquisition on the Group's net tangible assets (the "NTA") per share and gearing are computed based on the assumption that the Proposed Acquisition was completed on 31 March 2020;
- (b) the financial effects of the Proposed Acquisition on the Group's loss per share are computed based on the assumption that the Proposed Acquisition was completed on 1 April 2019;
- (c) no adjustments have been made to account for the different financial year ends and accounting standards of the Company with that of the Target Company;
- (d) the analysis does not take into account any transactions completed by the Company subsequent to 31 March 2020;
- (e) the analysis does not take into account the transactional costs and expenses in connection with the Proposed Acquisition;
- (f) the analysis does not take into account the financial effects of the Proposed Share Consolidation and the issuance of the Introducer Shares and the PPCF Shares; and
- (g) Cash Consideration of S\$3.0 million, which is payable in full to the Vendors within 12 months from the Completion Date, is recognised in the financial impact analysis as a current liability.

Share Capital

	Before the Proposed Acquisition	After the Proposed Acquisition
Number of Shares	1,229,226,124	4,395,892,791
Issued and paid-up share capital as at 31 March 2020 (S\$'000)	24,764	39,014 ⁽¹⁾

NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to Shareholders (S\$'000)	7,466	7,013
Number of Shares	1,229,226,124	4,395,892,791
NTA per Share attributable to Shareholders (Singapore cents)	0.61	0.16

Loss per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to Shareholders (S\$'000)	(2,726)	(1,883)
Number of Shares	1,229,226,124	4,395,892,791
Loss per Share (Singapore cents)	(0.22)	(0.04)

Gearing

	Before the Proposed Acquisition	After the Proposed Acquisition
Total liabilities (S\$'000)	3,045	14,350
Total shareholders' equity (S\$'000)	7,466	22,559
Gearing ratio ⁽²⁾	40.8%	63.6%

Notes:

- (1) The fair value of the Consideration Shares is based on the volume weighted average price of S\$0.0045 as at 28 September 2020, being the full market day preceding the date of the SPA.
- (2) Gearing is determined based on total liabilities divided by shareholders' equity.

5. HISTORICAL PROFORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A summary of the unaudited combined pro forma financial information of the enlarged Group for the latest financial year ended 31 March 2020 has been prepared based on the audited consolidated financial statements of the Group for FY2020 and the audited financial statements of the Target Company for the financial year ended 31 December 2019, without any adjustment to align the financial year end of the Company with that of the Target Company.

A summary of the unaudited combined pro forma income statement and balance sheet of the enlarged Group for the latest financial year ended 31 March 2020 is set out below:

Summary of unaudited combined pro forma Income Statement of the enlarged Group

(S\$'000)	Financial year ended 31 March 2020 (Unaudited)
Revenue	8,494
Loss before tax	(1,776)
Loss for the year	(1,883)

Summary of unaudited combined pro forma balance sheet of the enlarged Group

(S\$'000)	As at 31 March 2020 (Unaudited)
Current assets	2,980
Non-current assets	33,929
Total assets	<u>36,909</u>
Current liabilities	7,414 ⁽¹⁾
Non-current liabilities	6,936
Total liabilities	<u>14,350</u>
Net assets	22,559 ⁽²⁾
Shareholders' equity	22,559

Notes:

- (1) Cash Consideration of S\$3.0 million, which is payable in full to the Vendors within 12 months from the Completion Date, has been recognised as a current liability for illustrative purposes.
- (2) Includes goodwill arising from the Proposed Acquisition.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mdm Choo, the Managing Director and controlling shareholder of the Company who directly holds 247,012,315 Shares representing approximately 20.09% of the Company's existing issued share capital as at the date of this announcement, will be providing the Controlling Shareholder's Undertaking (as described in paragraph 2.5.9 above).

Notwithstanding the foregoing and save as disclosed in this announcement, none of the Directors or Controlling Shareholders has any interests, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company, if any.

7. SERVICE CONTRACTS

It is envisaged that the Company shall, upon Completion, enter into service contracts on terms acceptable to the Company with certain executive director(s) and/or key management of the Target Company, the details of which will be disclosed in the Circular (as defined under paragraph 10.1 below). As at the date of this announcement, the Company has not entered

into any service agreement with any person proposed to be appointed as a Director or executive officer in connection with the Proposed Acquisition.

It is also envisaged that the Company shall, upon Completion, effect changes to the composition of the Board of Directors and key management, the details of which will be disclosed the Circular (as defined under paragraph 10.1 below) to be despatched to Shareholders in due course.

8. FINANCIAL ADVISER AND FULL SPONSOR

The Company has appointed PPCF as its financial adviser and full sponsor to the Company (“**Financial Adviser**” or “**Sponsor**”) in respect of the Proposed Acquisition.

9. INDEPENDENT FINANCIAL ADVISER

The Company will be appointing an IFA to advise the Directors who are considered independent for the purposes of the Whitewash Resolution in due course. The advice of the IFA will be set out in the Circular (as defined under paragraph 10.1 below) to be despatched to Shareholders in due course.

10. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

10.1 Circular

The circular setting out, amongst others, the terms of the Proposed Acquisition, the Proposed Share Consolidation and the opinion and recommendations of the IFA in relation to the Whitewash Waiver (the “**Circular**”), together with a notice of EGM, will be despatched by the Company to Shareholders in due course.

10.2 Documents Available for Inspection

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 8 First Lok Yang Road, Singapore 629731 for a period of three (3) months from the date of this announcement.

11. 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 Company and the Vendors in paragraphs 2.1, 2.2 and 2.3 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 Proposed Share Consolidation, 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 Company and the Vendors in paragraphs 2.1, 2.2 and 2.3 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.

12. 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 Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further 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 Kian Soon
Company Secretary

29 September 2020

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.

The contact person for the Sponsor is Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.