

## METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 198804700N)

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### PROPOSED PLACEMENT OF AN AGGREGATE OF 26,455,026 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.03024 FOR EACH PLACEMENT SHARE

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#### 1. INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of Metal Component Engineering Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 4 April 2021, entered into a conditional placement agreement (“**Placement Agreement**”) with six (6) placees (collectively, the “**Placees**” and each a “**Placee**”).

Pursuant to the Placement Agreement, the Placees agreed to subscribe for, and the Company agreed to allot and issue to the Placees, an aggregate of 26,455,026 new ordinary shares in the capital of the Company (“**Placement Shares**”) at an issue price of S\$0.03024 per Placement Share (“**Issue Price**”), for an aggregate subscription amount of approximately S\$800,000 (“**Placement Consideration**”) (the “**Placement**”). The names of each of the Placees, the number of Placement Shares placed to each Placee and the placement consideration to be received from each Placee are set out in paragraph 2 below.

The Placement Shares will be issued under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore (“**SFA**”). As such, no prospectus, offer document or offer information statement will be lodged with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) acting as agent on behalf of the Monetary Authority of Singapore in connection with the Placement.

#### 2. THE PLACEMENT

- 2.1 The Placement Shares will be allotted and issued to, and subscribed and paid for, by each of the Placees in the following proportion:

Name of Placee	Number of Placement Shares	Placement Consideration (S\$)	% shareholding in the Company	
			As at the date of the Placement Agreement and before completion of the Placement <sup>(1)</sup>	After completion of the Placement <sup>(2)</sup>
Lian Yunbo <sup>(3)</sup>	8,267,196	250,000	-	2.1
Lim Wee Kiat (Lin Weijie) <sup>(4)</sup>	6,283,069	190,000	-	1.6
Ahillan Pupalasingam <sup>(5)</sup>	5,291,005	160,000	-	1.3
Tan Hock Choon (Chen Fucun) <sup>(6)</sup>	3,306,878	100,000	-	0.8
Oh Lee Lee <sup>(7)</sup>	1,653,439	50,000	-	0.4
Gan Yok Lian <sup>(8)</sup>	1,653,439	50,000	-	0.4
<b>Total</b>	<b>26,455,026</b>	<b>800,000</b>	<b>-</b>	<b>6.6</b>

#### Notes:

- (1) Based on the existing issued and paid-up share capital of the Company as at the date of this announcement, comprising 374,119,000 Shares (“**Existing Share Capital**”)

- (2) Based on the enlarged issued and paid-up share capital of the Company of 400,574,026 ordinary shares ("**Enlarged Share Capital**"), after the allotment and issuance of the 26,455,026 Placement Shares.
- (3) Lian Yunbo, a national from the People's Republic of China, is a private investor and currently, a homemaker.
- (4) Lim Wee Kiat (Lin Weijie), a Singaporean, was previously in the banking industry and is now a private investor.
- (5) Ahillan Pupalasingam, a Malaysian, is a licensed financial advisor advising family offices in Malaysia.
- (6) Tan Hock Choon (Chen Fucun), a Singaporean, is a business owner in the retail sector.
- (7) Oh Lee Lee, a Singaporean, was previously in the legal industry and is now a private investor.
- (8) Gan Yok Lian, a Malaysian, is a business owner and has experience in running retail businesses in Malaysia.

*Shareholders should note that information relating to the Placees in this sub-paragraph was provided by each of the Placees. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.*

- 2.2 Each of the Placees has confirmed, represented and warranted to the Company, *inter alia*, that:
- (a) the Placee is subscribing for the Placement Shares purely for the purposes of investment and solely for the Placee's own beneficial account, and is not subscribing for any of the Placement Shares as an agent for or otherwise on behalf of any other person;
  - (b) the Placee does not have any connections/relationships (including business relationships) with any other Placee, the Company, any of the Directors or substantial shareholders of the Company, or their respective associates;
  - (c) the Placee does not fall within the class of restricted persons to whom placements must not be made by the Company pursuant to Rule 812(1)(a) to (d) of the Catalist Rules;
  - (d) there is no agreement, arrangement or understanding between any of the Placees or any Shareholder to acquire Shares to obtain or consolidate effective control of the Company, and each of the Placees is not a party acting in concert, as defined in The Singapore Code on Take-overs and Mergers, with any Shareholder or any of the Placees or any other party in relation to the Shares and/or any Placement Shares; and
  - (e) no share borrowing arrangement has been entered into to facilitate the Placement.
- 2.3 As at the date of this announcement, none of the Placees holds any shares in the capital of the Company ("**Shares**"). Upon completion of the Placement, none of the Placees will be interested in more than 5.0% of the Enlarged Share Capital of the Company.
- 2.4 Pursuant to Rule 803 of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the Company confirms that it will not, pursuant to the Placement, issue the Placement Shares to transfer a controlling interest in the Company without prior approval of the shareholders of the Company ("**Shareholders**") in a general meeting.
- 2.5 No placement agent has been appointed in respect of the Placement. The Company was introduced to the Placees through a business associate of the Company. No introducer fee or commission is paid or payable by the Company in connection with the Placement.
- 2.6 The Placement Shares shall be issued free from all claims and encumbrances whatsoever, are uniform and shall rank *pari passu* in all respects with and carry all rights and entitlements similar to the existing issued Shares, save for any dividends, rights, allotments or other distributions,

the record date for which falls before the date of issue of the Placement Shares.

- 2.7 **Issue Date.** The Company will allot and issue the Placement Shares at the Issue Price to each Placee within seven (7) market days from the date on which the last condition precedent of the Placement Agreement (as set out in paragraph 4.1 of this announcement) is satisfied, or on such other date as the relevant parties may agree in writing.
- 2.8 **Issue Price.** The Issue Price of S\$0.03024 represents a discount of 10% to the volume-weighted average price of S\$0.0336 for each Share, based on the trades done on the SGX-ST on 1 April 2021, being the last full market day prior to the signing of the Placement Agreement. The Issue Price was agreed upon based on arm's length negotiations between the Placees and the Company and taking into account historical trading performance of the Company and prevailing market conditions.

In accordance with Rule 811(1) of the Catalist Rules, the Issue Price is priced at no more than 10% discount to the weighted average price for trades done on the SGX-ST on 1 April 2021, being the last full market day on which the Shares were traded immediately preceding the date the Placement Agreement is signed on 4 April 2021.

### 3. MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES

- 3.1 The Placement Shares are intended to be allotted and issued pursuant to the general share issue mandate ("**General Mandate**") obtained from Shareholders at the annual general meeting of the Company held on 25 June 2020 ("**2020 AGM**"). Pursuant to the General mandate, the Directors are authorised to, *inter alia*, allot and issue new Shares not exceeding one hundred per cent (100%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2020 AGM, of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company must not exceed fifty per cent (50%) of the total number of Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2020 AGM.
- 3.2 As at the date of the 2020 AGM, being the date the General Mandate was approved by Shareholders, the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) was 374,119,000 Shares. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the total number of Shares that may be issued other than on a *pro-rata* basis pursuant to the General Mandate is 187,059,500 Shares. The allotment and issuance of 26,455,026 Placement Shares will fall within the limits of the General Mandate. The Company does not have any treasury shares or subsidiary holdings. The Placement Shares, when allotted and issued in full, will represent (i) approximately 7.1% of the Existing Share Capital; and (ii) approximately 6.6% of the Enlarged Share Capital, assuming no other new Shares are issued by the Company prior to the allotment and issuance of the Placement Shares.

### 4. SALIENT TERMS OF THE PLACEMENT AGREEMENT

#### 4.1 Conditions Precedent

The completion of the Placement ("**Completion**") is conditional upon, *inter alia*:

- (a) the Company obtaining the approval in-principle from the SGX-ST for the listing of and quotation for the Placement Shares on the Catalist of the SGX-ST, and not having been revoked or amended and, where such approval is subject to conditions, such conditions being acceptable to the Company and, to the extent that any conditions for the listing and quotation of the Placement Shares on Catalist are required to be fulfilled on or before the completion date, they are so fulfilled;
- (b) the Company obtaining the approval of the Board, the Shareholders and/or the SGX-ST, where necessary, in respect of the issue and allotment of the Placement Shares,

and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the Company and the Placees;

- (c) there not having been any event or discovery of any fact or circumstance which would affect, render untrue, incorrect or inaccurate or give rise to a material breach in any respect of any of the representations, warranties, agreements or undertakings on the part of the Placees contained or referred to in the Placement Agreement deemed to be repeated on each day hereafter, down to Completion in all respects with reference to the facts and circumstances existing on each such day; and
- (d) the subscription, allotment and issue, and offering (if any) of the Placement Shares being in compliance with the SFA in connection with offers of securities and not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company and/or the Placees, save that if the allotment, issue or placement of the Placement Shares is so prohibited against one or more of the Placees, the Company may at its discretion choose to proceed with the Placement Agreement with the other Placees.

If any of the conditions precedent are not satisfied and/or waived (as the case may be) on or before the date falling not later than three (3) months from the date of the Placement Agreement, the Placement Agreement shall *ipso facto* cease and determine thereafter, and the parties agree that the Company shall not be under any liability to any and/or all of the Placees in respect of the Placement Agreement.

- 4.2 The Company will make an application to the SGX-ST through its sponsor, ZICO Capital Pte. Ltd., for the dealing in, listing of and quotation for the Placement Shares on the Catalist of the SGX-ST. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

## 5. RATIONALE FOR THE PLACEMENT AND USE OF PROCEEDS

- 5.1 The estimated net proceeds to be raised from the Placement, if and when completed, after deducting estimated expenses to be incurred in connection with the Placement of S\$30,000 (“**Expenses**”), would be S\$770,000 (“**Net Proceeds**”).
- 5.2 The Company intends to use the Net Proceeds in the manner set out below:

Intended Uses	Amount (S\$)	As a percentage of Net Proceeds
For new business investments and acquisitions	600,000	77.9%
For general working capital requirements <sup>(1)</sup>	170,000	22.1%
<b>Total</b>	<b>770,000</b>	<b>100%</b>

Note:

(1) To be used for the payment of professional fees, salaries and other operating expenses of the Group.

- 5.3 Pursuant to Rule 704(30) and Rule 1204(22) of the Catalist Rules, the Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed or utilised, and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds in the Company’s interim and full year financial statements and the annual report of the Company. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce for such deviation. Where the Net Proceeds are to be used for working capital, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in its announcements and annual reports.
- 5.4 Pending deployment of the Net Proceeds, such proceeds may be deposited with banks and/or

financial institutions, invested in short-term money market instruments or debt instruments or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.

5.5 The Directors are of the opinion that after taking into consideration:

- (a) the Group's present banking facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) the Group's present banking facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

On 26 February 2021, the Company announced in respect of the unaudited financial statement and dividend announcement for the financial year ended 31 December 2020, *inter alia*:

*"With the continuing spread of COVID-19 around the world, most industries have been and continue to be severely and adversely impacted. While the extent of the impact of the pandemic on the Group's financial performance and operations for the next 12 months cannot be determined at this stage as the duration and extent of the spread of COVID-19 is uncertain, the Group's financial results for the financial year ending 31 December 2021 will be severely challenged and may be adversely impacted.*

...

*In addition to working with key customers to sustain our revenue stream in the next 12 months, the Group will continue to explore potential and suitable acquisitions, joint ventures and strategic alliances, which generate sustainable revenue streams for the Group and represent a strategic diversification strategy for the Group towards improving its financial performance and position over a longer term."*

In connection with the foregoing, the Board is of the view that the Placement is in the best interests of the Company as the Net Proceeds will increase the resources available to the Company for its operational needs, among other expenses, and will allow the Group to further strengthen and supplement its financial position and capital base.

The Board has also considered the Group's historical financial performance and the current macroeconomic and business environments which the Group is operating in. The challenges facing the Group have also been further exacerbated by the uncertain economic outlook and widespread disruption brought about by the COVID-19 pandemic, especially in China where the Group has certain business operations in. In light of the current COVID-19 outbreak, the Company is closely monitoring and working with its business associates and partners to assess and mitigate the financial impact of the unprecedented outbreak on the Group's business and financial performance, and will update Shareholders if there are any changes to the abovementioned confirmation.

Accordingly, notwithstanding the sufficiency of the Group's present working capital as set out in paragraph 5.5 (a) above, the Directors are of the opinion that the Net Proceeds will enable the Company to fund new business investments and acquisitions, as well as to provide for general corporate requirements in anticipation of challenging market conditions.

## 6. FINANCIAL EFFECTS

The financial effects of the Placement are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the Completion.

The financial effects of the Placement have been prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("FY2020"), and on the following assumptions:

- (i) the financial effect on the consolidated net tangible asset (“**NTA**”) per Share is computed based on the assumption that the Placement was completed on 31 December 2020;
- (ii) the financial effect on the loss per Share (“**LPS**”) is computed based on the assumption that the Placement was completed on 1 January 2020; and
- (iii) the expenses to be incurred in respect of the Placement amounted to approximately S\$30,000.

**Share capital and NTA per Share**

	<b>Before the Placement</b>	<b>After the Placement</b>
Number of issued Shares as at 31 December 2020	374,119,000	400,574,026
Share Capital (S\$'000)	21,639	22,409
NTA of the Group as at 31 December 2020 attributable to Shareholders (S\$'000)	15,331	16,101
NTA per Share (Singapore cents)	4.10	4.02

**LPS**

<b>FY2020</b>	<b>Before the Placement</b>	<b>After the Placement</b>
Net loss attributable to Shareholders (S\$'000)	(1,960)	(1,960)
LPS (Singapore cents)	(0.52)	(0.49)
Weighted average number of Shares	374,119,000	400,574,026

**7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- 7.1 None of the Directors and their respective associates, and to the best of the knowledge of the Directors, none of the substantial shareholders of the Company, as well as their respective associates, has any interest, whether direct or indirect, in the Placement (other than in his capacity as Director or shareholder of the Company, as the case may be).
- 7.2 None of the Directors and their respective associates, and to the best of the knowledge of the Directors, none of the substantial shareholders of the Company, as well as their respective associates, have any connection (including business relationship) with any of the places or their directors or substantial shareholders.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Placement Agreement is available for inspection during normal business hours from 9 a.m. to 5 p.m. at the registered office of the Company at 7030 Ang Mo Kio Avenue 5, #08-85 Northstar @ AMK, Singapore 569880 for a period of three (3) months commencing from the date of this announcement.

## 9. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in trading their Shares. The Placement contemplated under and in connection with the Placement Agreement are subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Where in any doubt as to the action they should take, Shareholders and potential investors should consult their stockbrokers, bank managers, financial, tax, legal or other professional advisers.

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Lee Wei Hsiung  
Company Secretary  
4 April 2021

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance 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 Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*