

BROOK CROMPTON HOLDINGS LTD.

(the “**Company**”)

(Co. Reg. No. 194700172G)

(Incorporated in the Republic of Singapore)

(1) TERMINATION AND VARIATION AGREEMENT ENTERED INTO BETWEEN BROOK CROMPTON SERVICE TECHNOLOGY PTE LTD, TURBO-MECH ASIA PTE LTD AND ZHEJIANG IMOTORLINX TECHNOLOGY CO., LTD; AND

(2) LICENCE AGREEMENT ENTERED INTO BETWEEN BROOK-TM SERVICES TECHNOLOGY PTE. LTD. AND ZHEJIANG IMOTORLINX TECHNOLOGY CO., LTD

1. Introduction

The board of directors (the “**Board**” or the “**Directors**”) of Brook Crompton Holdings Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to:

- (i) the Company’s announcement dated 10 November 2023 relating to its wholly-owned subsidiary, Brook Crompton Service Technology Pte Ltd (“**BCST**”), having entered into a memorandum of understanding on 10 November 2023 with Turbo-Mech Asia Pte Ltd (“**TMA**”) and Zhejiang iMotorLinx Technology Co., Ltd (“**iMotor**”) (collectively as “**Parties**” and any one of them as “**Party**”); and
- (ii) the Company’s announcement dated 5 December 2023 (the “**JV Announcement**”) relating to BCST having entered into a joint venture agreement (the “**JVA**”) on 1 December 2023 with TMA and iMotor.

All capitalised terms used herein shall have the same meaning ascribed thereto in the JV Agreement unless otherwise defined herein.

Pursuant to the JVA, the Parties had agreed to incorporate a joint venture company (the “**JVC**”), in the shareholding proportion of 45%, 45%, and 10% respectively, to undertake projects and provision or sale of the products and services throughout ASEAN (the “**JV**”) with respect to (i) full service electric motor and rotating equipment, (ii) IOT smart full life cycle solution and (iii) engineering and retrofit solution for energy saving (the “**Products and Services**”).

iMotor is now desirous of exiting the JV and terminating the JVA with respect to itself. Pursuant thereto and in furtherance thereof, the Parties have executed a termination and variation agreement on 8 February 2024 (the “**Agreement Date**”) to effect the termination

of the JVA with respect to iMotor as well as amend the JVA accordingly (the “**Termination and Variation Agreement**”). Concurrently, iMotor and the JVC have also entered into a licence agreement on 8 February 2024 (the “**Licence Agreement**”) between iMotor as licensor and the JVC as licensee.

2. Salient Terms of the Termination and Variation Agreement

(a) *Exit of iMotor from the JV*

Pursuant to the Termination and Variation Agreement, Parties agreed that iMotor shall exit the JV and terminate the JVA with respect to iMotor only. Accordingly, iMotor shall cease to be a party to the JVA with effect from the Agreement Date and all provisions of the JVA shall cease to apply to iMotor.

Additionally, with effect from the Agreement Date, each of BCST and TMA shall release and discharge iMotor from all duties and obligations that iMotor may have under the JVA, except for any breach of the JVA by iMotor prior to the Agreement Date.

(b) *Updated Financial Arrangements*

Following iMotor’s exit from the JV, the respective contribution by BCST and TMA to the JVC of an aggregate of S\$3,000,000.00, as consideration for their respective subscription, allotment and issuance of ordinary shares in by the JVC at S\$1.00 per share is updated to the following proportion:

TMA : 49%

BCST : 51%

(c) *Updated Board of Directors*

The initial board of directors of the JVC shall now comprise one representative director appointed by TMA and two representative directors appointed by BCST.

(d) *Licence Agreement*

As a condition of iMotor’s exit from the JV, iMotor agrees to simultaneously enter into a licence agreement with the JVC, details of which are further described in paragraph 6 of this announcement below.

3. Rationale

The Board understands that iMotor had decided to exit the JV due to the increasingly stricter regulations and monitoring of foreign investments flowing out of the People's Republic of China ("**PRC**"). In particular, such investments would need to undergo a complicated and protracted process to apply to and obtain approval from the relevant authorities in the PRC. Consequently, any financial contribution from iMotor may be significantly delayed and Parties have therefore mutually agreed for iMotor to exit the JV in order to avoid causing any delays to the business of the JVC.

The concurrent entry into the Licence Agreement will enable the JVC to leverage on the proprietary technology of iMotor in respect of the Products and Services for purposes of the business operations of the JVC, notwithstanding iMotor's exit from the JV. Additionally, the Licence Agreement will also serve to protect the commercial interests of the JVC. Please refer to paragraph 6 of this announcement below for more information regarding the Licence Agreement.

4. Updated Relative Figures under Rule 1006 of the Listing Manual

The updated relative figures for the JV computed on the bases set out in Rule 1006 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Group's latest announced unaudited consolidated financial statements for the 6 months ended 30 June 2023, are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value.	Not applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired compared with the Group's net profits.	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration given or received compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	14.2% ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾

Rule 1006	Bases	Relative Figures
(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not an acquisition of such assets.	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.
- (2) As at the date of this announcement, the JVC has been incorporated under the name “*Brook-TM Services Technology Pte. Ltd.*” on 19 December 2023 with a nominal share capital of S\$2.00 comprising two shares, held by each of BCST and TM. The JVC has yet to commence operations as at the date of this announcement.
- (3) This is calculated based on BCST’s anticipated investment amount in the JV of S\$2,550,000 (being 51% of S\$5,000,000) and the Company’s market capitalisation of approximately S\$17,906,703. The market capitalisation of the Company was computed based on the issued share capital of the Company (“**Shares**”) of 35,458,818 Shares and the volume weighted average price of S\$0.505 per Share, based on trades transacted on 7 February 2024 (being the last market day preceding the date of the Termination and Variation Agreement on which the Shares were transacted).
- (4) No equity securities are to be issued by the Company under the JVA.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

Having regard to the above, as the relative figure computed on the bases set out in Rule 1006 of the Listing Manual exceeds 5% but not 20%, the JV constitutes a “discloseable transaction” under Rule 1010 of the Listing Manual.

5. Updated Financial Effects of the Transaction

The pro forma financial effects of the JV are presented for illustrative purposes only and are not intended to reflect the actual future financial performance and position of the Company or the Group after the completion of the JV.

The updated *pro forma* financial effects set out below have been computed based on the latest audited consolidated financial statements of the Group for FY2022, as well as based on the following bases and key assumptions:

- (a) the financial effects of the JV on the net tangible assets (“**NTA**”) per Share of the Group are computed assuming that the JV was completed on 31 December 2022; and
- (b) the financial effects of the JV on the earnings per Share (“**EPS**”) of the Group are computed assuming that the JV was completed on 1 January 2022.

(i) *NTA per Share*

As at 31 December 2022	Before the JV	After the JV
NTA (S\$'000)	38,873	38,873
Number of Shares	35,458,818	35,458,818
NTA per Share (S\$ cents)	109.6	109.6

(ii) *EPS per Share*

FY2022	Before the JV	After the JV
Profit attributable to owners of the Company (S\$'000)	1,977	1,977
Weighted average number of Shares	35,458,818	35,458,818
EPS (S\$ cents)	5.58	5.58

6. Salient Terms of the Licence Agreement

(a) *Grant of Licence*

- (i) Pursuant to the Licence Agreement, in consideration of payment of the Licence Fees (defined below) by the JVC, iMotor grants the JVC an exclusive licence to use the Licensor Technology (defined below) within the ASEAN countries (the “**Licence**”) to operate the business of the JVC.
- (ii) The Licence granted herein shall be for an initial period of one (1) year from the 8 February 2024 and thereafter shall be renewable automatically every year (the “**Term**”) unless terminated in accordance with the provisions in the Licence Agreement.
- (iii) iMotor is the sole and exclusive owner of all worldwide right, title and interest in and to its technology in respect of the Products and Services, and includes *without* limitation all platform software, programs and intellectual property

rights (the “**Licensor Technology**”), free and clear of any liens, claims, security interests, encumbrances or demands of third parties;

- (iv) The costs of certain hardware and services relating to the Products and Services and the installation thereof shall be borne between iMotor and the JVC (“**JVC’s Shared Costs**”) in equal proportions.
- (v) iMotor shall, among others:
 - (A) provide the relevant expertise and the technical knowhow in relation to the Products and Services which are necessary for the JVC’s running of its business;
 - (B) provide training to the JVC’s key operations personnel for the purposes of operating the Licensor Technology for the purposes of the business of the JVC;
 - (C) provide an instruction or operation manual in relation to the use of the Licensor Technology, and such advisory assistance, information, techniques, data, and instructional materials concerning the operations, application, marketing, and standards as iMotor deems advisable;
 - (D) supply the hardware relating to the Products and Services to the JVC for provision to the latter’s customers; and
 - (E) provide technical support and assistance to the JVC in relation to the Licensor Technology during the Term.

(b) *Licence Fees*

- (i) The JVC shall pay iMotor a licence fee on the gross sales revenue received by the former through the sale of the package solutions incorporating or containing the Licensor Technology in respect of the Products and Services (collectively referred to as “**Gross Sales**”) at the rate of five percent (5%) of the Gross Sales on terms set out in the Licence Agreement (“**Licence Fees**”). Payment of the Licence Fees shall be made on a quarterly basis.
- (ii) The Gross Sales (i) does not include any goods and services tax or any equivalent tax payable in respect thereof and (ii) shall only include the JVC’s sales invoices duly paid by its customers and received by it.

(c) *Non-Competition and Non-Solicitation*

- (i) During the term of the Licence Agreement and for a period of two (2) years after the termination of the Licence Agreement (the “**Restricted Period**”), the JVC and iMotor undertake that they shall not and shall procure that their subsidiaries, holding company, subsidiaries of such holding company, any other person directly or indirectly controlling, controlled by, or under common control with each of them, or nominees shall not do or permit to be done the following, among others:
- (1) either solely or jointly with or on behalf of any person, firm, company, corporation or entity, directly or indirectly carry on, be engaged in or be economically interested in any business in PRC (in the case of the JVC) or ASEAN (in the case of iMotor) respectively which is similar or identical to or in competition with the business of the parties to the Licence Agreement or any part thereof; and
 - (2) engage or employ, or solicit or contact with a view to his or her engagement or employment by another person, a person who is or has been a director, officer, employee, manager or consultant of the parties to the Licence Agreement or their shareholders.

(d) *Termination*

iMotor may forthwith terminate the Licence Agreement by giving written notice to the JVC if, amongst others, (i) any Licence Fees or other sums payable by the JVC under the Licence Agreement are not paid within the prescribed period; or (ii) the JVC commits a material breach of the provisions in the Licence Agreement.

7. Interested Person Transactions

- (a) As at the date of this announcement,
- (i) ATB Austria Antriebstechnik AG (“**ATB**”) is a controlling shareholder of the Company holding 61.20% of the entire issued and paid-up capital of the Company;
 - (ii) Wolong Electric Group Co., Ltd. (“**Wolong**”) is the indirect 100% holding company of ATB and is deemed to be interested in the shares in the Company held by ATB by virtue of Section 7 of the Companies Act 1967;

- (iii) Wolong owns an approximate 41.98% equity interest in iMotor. Zhejiang Longchuang Motor Technology Innovation Co. Ltd (“**Longchuang**”) holds an approximate 15.27% equity interest in iMotor. Wolong owns a 30% equity stake in Longchuang and Wolong’s wholly-owned subsidiary, Wolong Electric (Shanghai) Central Research Institute Co., Ltd, owns a 20% equity stake in Longchuang. As such, Wolong is deemed to be interested in the equity interest held by Longchuang in iMotor by virtue of section 7 of the Companies Act 1967, and accordingly Wolong has a direct and deemed aggregate equity interests of approximately 57.25% in iMotor. The remaining equity in iMotor is owned by unrelated third parties; and
- (iv) Mr. Pang Xinyuan, the Chairman and Non-Independent, Non-Executive Director of the Company, is the spouse of Chen Yanni and son-in-law of Chen Jiancheng, who holds 38.73% equity interest and 48.93% equity interest in Wolong Holding Group Co. Ltd, and Wolong Holding Group Co. Ltd in turn owns direct and indirect equity interests in Wolong amounting to an aggregate of approximately 36.94%.

Accordingly, for purposes of Chapter 9 of the Listing Manual, (i) iMotor is an “associate” of ATB and Wolong, and (ii) iMotor is also an indirect “associate” of Mr. Pang Xinyuan, and hence iMotor is an “interested person”. As such, the Licence Agreement with iMotor constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.

- (b) For purposes of Chapter 9 of the Listing Manual, the value of the interested person transaction would be represented by the aggregate value of the Licence Fees and the JVC’s Shared Costs. As at the date of this announcement, the JVC has yet to commence business operations and have not generated any revenue with respect to the Products and Services. The Licence Agreement is for an initial period of one year and, at this juncture, the Company does not envisage that the aggregate value of the aggregate value of the Licence Fees and the JVC’s Shared Costs will exceed 5% of the Group’s last audited net tangible assets (“**Group NTA**”) within the first year. Nevertheless, the Company will closely monitor the value of the Licence Fees from time to time to ensure that the relevant rules under the SGX-ST Listing Manual relating to interested person transactions are duly complied with.
- (c) There are no interested person transactions entered into by the Group with iMotor (other than the Licence Agreement) during the course of the current financial year from 1 January 2024 up to the date of this announcement.

For the current financial year from 1 January 2024 up to the date of this announcement, the aggregate value of all transactions entered into by the Group

with other interested persons is approximately S\$1.72 million, representing approximately 4.4% of the Group NTA. All such interested person transactions were carried out under an existing general mandate granted by shareholders of the Company pursuant to Rule 920 of the Listing Manual.

8. Interest of Directors and Controlling Shareholders

Save as disclosed above, none of the other Directors or controlling shareholder(s) of the Company has any interest, direct or indirect (other than through their respective shareholdings in the Company), in the Termination and Variation Agreement and the Licence Agreement.

9. Service Contract

No person is proposed to be appointed as a Director of the Company in connection with the Termination and Variation Agreement or the Licence Agreement. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

For and on behalf of the Board

BROOK CROMPTON HOLDINGS LTD.

Pang Xinyuan

Non-Independent Non-Executive Chairman

8 February 2024