BRITISH AND MALAYAN HOLDINGS LIMITED
(Company Registration No. 201632914Z)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF 35% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PRECEPTSGROUP INTERNATIONAL PTE. LTD.

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1. INTRODUCTION

The Board of Directors (the "**Board**") of British and Malayan Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement dated 8 August 2022.

The Board wishes to announce that the Company has today entered into a sale and purchase agreement ("**SPA**") with Lee Chiwi ("**LCW**") (the "**Vendor**"), pursuant to which, the Vendor has agreed to sell, and the Company has agreed to purchase, 35,000 ordinary shares ("**Sale Shares**") representing 35% of the issued and paid-up share capital of PreceptsGroup International Pte. Ltd. (the "**Target**", and together with its subsidiaries, the "**Group**"), upon the terms and subject to the conditions in the SPA (the "**Proposed Acquisition**").

2. INFORMATION ON THE TARGET GROUP AND VENDOR

The Target is an exempt private company limited by shares incorporated in Singapore on 26 February 2008. The Target Group is engaged in the wealth succession business in the mass affluent to high net-worth sector. The Target Group's business comprises wills and estate planning, executorship and trustee administration services for estates, corporate secretarial and trust services. The Target Group also offers complementary professional training and education programmes, provides the resources and networking platform for estate planning practitioners in the region who are accredited with the AEPP (Associate Estate Planning Practitioner) mark and designation and has embarked on digital estate planning and trust services.

Based on the unaudited consolidated financial statements of the Target Group for the 6-month financial period ended 30 June 2022, the net profit after tax of the Target Group is S$148,366, and the net book value and net tangible asset of the Target Group are approximately S$1,225,530 and S$716,289 respectively.

As at the date of this announcement, the shareholders of the Target are as follows:

Name of Shareholder	**Number of Shares**	**%**
The Vendor	95,000	95.0%
Michael Thio Syn Ghee ("**MTSG**")	5,000	5.0%
Total	100,000	100.0%

The Vendor and MTSG are also directors of the Target. On or prior to the completion of the Proposed Acquisition ("**Completion**"), MTSG shall transfer the 5,000 ordinary shares held by him to the Vendor and resign as a director of the Target.

The Vendor is not related to any of the Directors, controlling shareholders of the Company and/or their respective associates. As at the date of this announcement, the Vendor does not hold shares, directly or indirectly, in the Company.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition, if proceeded with, will bring benefits to the Group's business as well as expand the scope of its service offerings. This is in line with the Group's aspirations to grow within the financial wealth management sector.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1. Consideration

The purchase consideration payable for the Sale Shares is up to S$2,100,000 ("**Consideration**"). The Consideration was determined based on arm's length negotiations between the Company and the Vendor and arrived at on a willing-buyer and willing-seller basis, after taking into account, amongst other things, (a) the Target Group's background, track record and operating history, (b) the independent valuation of the Target Group as set out in the Valuation Report (as defined below), further details of which are set out in paragraph 5 below, (c) the historical financial performance and financial position of the Target Group, and (d) an agreed multiple of the earnings before interest, tax, depreciation and amortisation ("**EBITDA**") of the Target Group.

The Consideration shall be satisfied in the following manner:

(a) a base consideration of S$1,750,000 in cash to be paid by the Company to the Vendor on the date of Completion; and

(b) an additional consideration of up to S$350,000 to be paid subject to and in accordance with paragraph 4.2 below ("**Additional Consideration**").

4.2. Additional Consideration

The Additional Consideration is to be paid into a fixed deposit account in the name of the Company on Completion and dealt with in the following manner:

(a) if the relevant annual EBITDA of the Target Group based on the financial year ending on 31 December 2022 ("**Relevant EBITDA for FY2022**") is positive and the relevant annual EBITDA of the Target Group based on the financial year ending on 31 December 2023 ("**Relevant EBITDA for FY2023**") is S$500,000 or greater, the Company will pay the Additional Consideration to the Seller within ten (10) business days of the receipt by the Company of the audited consolidated financial statements of the Target Group for the financial year ending on 31 December 2023 ("**Relevant Financial Statements**");

(b) if: (i) the Relevant EBITDA for FY2022 is positive but the Relevant EBITDA for FY2023 is less than S$500,000, or (ii) the Relevant EBITDA for FY2022 is negative but the Relevant EBITDA for FY2023 is S$500,000 or more, the amount of Additional Consideration will be pro-rated based on the Relevant EBITDA for FY2022 and Relevant EBITDA for FY2023 amounts ("**Pro-Rated Additional Consideration**"). The Company will pay the Pro-Rated Additional Consideration to the Seller within ten (10) business days of the receipt by the Company of Relevant Financial Statements; and

(c) if the Relevant EBITDA for FY2022 is negative and the Relevant EBITDA for FY2023 is less than S$500,000, the Additional Consideration will not be payable to the Seller, and the Company will be entitled to retain the Additional Consideration.

4.3. Conditions Precedent

The Proposed Acquisition is subject to and conditional upon, amongst other things, the following conditions ("**Conditions Precedent**"):

(a) all relevant regulatory consents or third-party approvals in respect of the Proposed Acquisition having been obtained if necessary;

(b) the licences of the Target Group, including the Monetary Authority of Singapore ("**MAS**") trust business licence and the Accounting and Corporate Regulatory Authority registered filing agent licence, remaining in full force and effect;

(c) the completion of the internal restructuring of the Target Group;

(d) the net equity position of the Target as at the date of Completion being positive;

(e) the completion of the Company's due diligence investigations into the Target Group and the results of such due diligence investigations being satisfactory; and

(f) the grant of approval by the MAS for the Company to purchase the Sale Shares from the Seller and to become a controller as the term is defined in the Trust Companies Act 2005 of Singapore.

If any of the Conditions Precedent is not fulfilled or waived on or before 30 April 2023 or such other date as the parties may mutually agree in writing, the Vendor or the Company (as the case may be) may terminate the SPA by giving written notice to the other party, and upon such termination no party shall have any claim against the other party for costs, damages, compensation or otherwise save as expressly provided in the SPA.

4.4. Completion

Subject to and the terms and conditions of the SPA, including the fulfilment of the Conditions Precedent set out in paragraph 4.3 above, Completion shall take place on 31 January 2023, or such other date as may be mutually agreed in writing between the Company and the Vendor. On Completion:

(a) the Company and the Vendor will enter into a shareholders agreement to, amongst other things, set out their rights and obligations as shareholders of the Target; and

(b) the Target and the Vendor will enter into a service agreement in respect of the Vendor's employment as the key management of the Target, on terms no less favourable than the Vendor's employment terms existing as at the date of the SPA.

4.5. Call Option

Pursuant to the SPA, the Vendor has agreed to grant the Company the right (the "**Call Option**") to require the Vendor to sell to the Company such number of shares in the Target which represents 30% of the issued and paid-up share capital of the Target ("**Call Option Shares**") as at the date of exercise of the Call Option. The Call Option shall be exercisable in respect of all (and not part only) of the Call Option Shares.

The Call Option is exercisable by the Company by delivering a written notice to the Vendor during the period commencing from the date that the Company receives the audited consolidated financial statements of the Target Group for the financial year ending on 31

December 2024 and ending on the date falling six (6) months after such receipt by the Company. On the exercise of the Call Option by the Company, the Company shall be bound to purchase and the Vendor shall become bound to sell the Call Option Shares.

The price of the Call Option Shares will be determined based on an amount that is equivalent to 30% of the relevant valuation of the Target Group, which will be computed by applying a prescribed multiple to the average of the Target Group's annual EBITDA based on the audited consolidated financial statements of the Target Group for the financial year ending on 31 December 2022 to the financial year ending on 31 December 2024 ("**Relevant Valuation of the Target Group**"). The Relevant Valuation of the Target Group will be subject to a minimum amount of S$5,500,000 and a maximum amount of S$10,000,000.

5. VALUATION IN RESPECT OF THE TARGET GROUP

In connection with the Proposed Acquisition, the Company has commissioned Cushman & Wakefield VHS Pte. Ltd. ("**Independent Valuer**") to conduct a valuation on 100% equity interest of the Target Group. Based on the valuation report of the Independent Valuer dated 30 June 2022 ("**Valuation Report**"), the market value ascribed to the Target Group as at 30 June 2022 is S$4.9 million to S$6.3 million. In arriving at the market value of the Target Group, the Independent Valuer has adopted the following valuation approaches: (a) income approach, and (b) market approach (for reference only).

6. SOURCE OF FUNDS

The Consideration for the Sale Shares shall be funded fully by the Group's internal resources, which includes the net proceeds received by the Group from the sale of the property situated at 1 Coleman Street, #08-01 The Adelphi, Singapore 179803. Please refer to the Company's announcements dated 8 August 2022, 29 August 2022, 21 October 2022 and 21 November 2022 and the circular to shareholders dated 6 October 2022 for further information.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1. The *pro forma* financial effects of the Proposed Acquisition in this section have been prepared based on the Group's audited consolidated financial statements for the financial year ended 30 June 2022 ("**FY2022**") and the Target Group's audited consolidated financial statements for the financial year ended 31 December 2021, and under the following assumptions:

(a) the Proposed Acquisition had been completed on 1 July 2021 for the purposes of illustrating the financial effects on the Group's earnings per share ("**EPS**") and/or loss per share ("**LPS**"); and

(b) the Proposed Acquisition had been completed on 30 June 2022 for the purposes of illustrating the financial effects on the Group's net tangible assets ("**NTA**") per share.

The *pro forma* financial effects presented below are purely for illustrative purposes only and do not reflect the future actual financial position and performance of the Company or the Group after the completion of the Proposed Acquisition.

7.2. <u>NTA</u>

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S$'000)	5,873	5,873
Number of shares ('000)	8,758	8,758
NTA per share (S$)	0.67	0.67

Note:

(1) The NTA and NTA per Share after the Proposed Acquisition takes into account the total Consideration payable for the Sale Shares, including the Additional Consideration.

7.3. EPS / LPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net (loss) / profit attributable to Shareholders (S$'000)	(724)	(433)
Number of shares ('000)	8,758	8,758
(LPS) / EPS (S$)	(0.08)	(0.05)

8. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") in respect of the Proposed Acquisition and based on the latest announced audited consolidated financial statements of the Group for FY2022 are as follows:

Rule	Bases of Calculation	Relative Figures (%)
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable an acquisition of assets.	Not applicable
1006(b)	Net profits attributable to the assets acquired, compared with the Group's net profits	(40.25)%(1)
1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	8.10%(2)
1006(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable
1006(e)	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 (only applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company)	Not applicable

Notes:

(1) Based on 35% of the Target Group's net profit for the financial year ended 31 December 2021 of approximately S$291,420 and the Group's audited consolidated net loss for FY2022 of approximately S$724,006.

(2) Based on the Consideration of S$2,100,000 and the Company's market capitalisation of approximately S$25,923,917. The market capitalisation is based on 8,758,080 shares of the Company ("**Shares**") in issue and the volume weighted average price of the Shares of S$2.96 on 28 December 2022, which is the last full market day on which the Shares were traded prior to the date of the SPA.

Notwithstanding that the relative figure computed pursuant to Rule 1006(b) is a negative figure, as the Proposed Acquisition constitutes an acquisition of a profitable asset by a loss-making issuer, and the relative figures fall within the situation set out under paragraph 4.4(b) of Practice Note 10.1 of the Listing Manual ("**Practice Note 10.1**") whereby (i) the absolute relative figure computed on the basis of Rule 1006(c) does not exceed 20% and (ii) the net profit attributable to the asset to be acquired exceeds 5% of the consolidated net loss of the Company (taking into account only the absolute value), the Proposed Acquisition constitutes a discloseable transaction under Rule 1010 of the Listing Manual.

Pursuant to Rule 1019(3) of the Listing Manual, if an option is exercisable at the discretion of the issuer and the exercise terms are not fixed, but are based on factors existing at the time of exercise, the issuer must obtain the shareholder approval at the time of exercise of the option. As set out in paragraph 4.5 above, the Call Option is exercisable at the Company's discretion. The price of the Call Option Shares (being an amount equivalent to 30% of the Relevant Valuation of the Target Group) may only be determined upon the receipt of the audited consolidated financial statements of the Target Group for the financial year ending on 31 December 2024 by the Company. Accordingly, the Company will make the necessary announcement in the event that it exercises the Call Option. Should the relative figures in respect of the acquisition of the Call Option Shares under Rule 1006 of the Listing Manual exceed 20% at the time of exercise of the Call Option, the Company will seek shareholders' approval for the exercise of the Call Option.

9. DIRECTORS' SERVICE CONTRACTS

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

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any) in the Company.

11. DOCUMENTS FOR INSPECTION

Copies of the SPA and the Valuation Report are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 1 Coleman Street #06-11, The Adelphi, Singapore 179803 for three (3) months from the date of this announcement.

Shareholders who wish to inspect the SPA and the Valuation Report may email angela.ho@bmtrust.com to make an appointment in advance so as to limit the number of

people who are present at the Company's registered office at any one time. Such arrangements are subject to the prevailing regulations, orders, advisories and guidelines in relation to safe distancing measures implemented by the relevant authorities from time to time.

12. FURTHER ANNOUNCEMENTS

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement.

13. CAUTIONARY STATEMENTS

Shareholders and potential investors should note that there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are accordingly advised to read this announcement and any further announcements by the Company carefully. Shareholders are also advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
BRITISH AND MALAYAN HOLDINGS LIMITED

Angela Ho Wei Ling / Chan Lai Yin
Company Secretaries
29 December 2022