

BROOK CROMPTON HOLDINGS LTD.

(the “**Company**”)

(Co. Reg. No. 194700172G)

(Incorporated in the Republic of Singapore)

JOINT VENTURE AGREEMENT ENTERED INTO BETWEEN BROOK CROMPTON SERVICES TECHNOLOGY PTE LTD, TURBO-MECH ASIA PTE LTD AND ZHEJIANG IMOTORLINX TECHNOLOGY CO., LTD

1. Introduction

- (a) 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 the announcement of the Company dated 10 November 2023 relating to its wholly-owned subsidiary, Brook Crompton Services Technology Pte Ltd (“**BCST**”), having into a memorandum of understanding on 10 November 2023 (“**MOU**”) with Turbo-Mech Asia Pte Ltd (“**TMA**”) and Zhejiang iMotorLinx Technology Co., Ltd (“**iMotor**”) (collectively as “**Parties**” and any one of them as “**Party**”) (the “**10 November Announcement**”).
- (b) As announced, the MOU formed the basis of co-operation and collaboration between Parties (the “**JV**”) to undertake projects and provision or sale of the products and services (the “**Products and Services**”) throughout ASEAN with respect to full service electric motor and rotating equipment, IOT smart full life cycle solution and engineering and retrofit solution for energy saving (the “**JV Business**”), through a joint venture company to be established (“**JVC**”). The rationale for the JV has also been disclosed in the 10 November Announcement.
- (c) Further thereto, the Parties have executed a joint venture agreement on 1 December 2023 (the “**JVA**”) in respect of the JV contemplated under the MOU.

2. Salient Terms of the JVA

- (a) *Purpose of the JVA*

The purpose of the JVA is to set out the terms on which the Parties agree to, *among others*,

- (i) establish the JVC as a joint venture entity between the Parties,
- (ii) work together, pool resources and expertise, and undertake various projects and provision or sale of the Products and Services throughout the ASEAN countries,

- (iii) operate the business of the JV, and
 - (iv) exercise their rights and obligations as members of the JVC.
- (b) *Conditions Precedent*

The obligations of the Parties in respect of the JVA are conditional on, *among others*, all necessary consents, approvals, permits whatsoever from any relevant third party, and any relevant governmental agency to enable the JVC to be set up in Singapore and to undertake the JV Business, having been obtained.

(c) *Financial Arrangements*

- (i) The Parties shall on, or as soon as practicable after the commencement of the JV ("**Effective Date**"), contribute to the JVC an aggregate of S\$3,000,000.00, as consideration for their respective subscription, allotment and issuance of ordinary shares in the JVC at S\$1.00 per share in the following proportion:
 - TMA : 45%
 - BCST : 45%
 - iMotor : 10%

(the "**Agreed Proportion**")

- (ii) The Parties agree that on the first anniversary of the Effective Date or as soon as practicable thereafter, the Parties shall procure the increase of the issued and paid up share capital of the JVC by S\$2,000,000 in the Agreed Proportion as aforesaid to an aggregate amount of S\$5,000,000 in total.
- (iii) The aforesaid investment amount for the JV is determined by the Parties based on the estimated amount of working capital required at the outset of the JV Business.

(d) *Shareholder Control*

Decisions of the shareholders shall be decided by a simple majority of votes of the shareholders present and voting at any meeting, other than provided by law and other than the following matters which require a unanimous shareholders' approval, *among others*:

- (i) any change in the share capital of the JVC;
- (ii) any sale, transfer, assignment, lease, licence, creation of any encumbrance over, or other disposal of (save in the ordinary course of business) all or substantially all of the assets, properties or undertakings of the JVC;

- (iii) any waiver or amendment of any provision in the constitution of the JVC; and
 - (iv) any change in the nature or scope of the business of the JVC as carried on from time to time.
- (e) *Board of Directors*

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

- (f) *Term of the JVA*

The JVA is effective from the Effective Date and remains in effect until:

- (i) it ceases to apply to a Party that has transferred all of its shares under the JVA;
- (ii) the Parties mutually agree to terminate the JVA; or
- (iii) the Parties agree to sell or wind-up the JVC and such sale or winding up has been completed.

3. Source of Funds

The investment in the JVC will be funded by the Company's internal resources.

4. Relative Figures under Rule 1006 of the Listing Manual

The 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	12.7% ⁽³⁾

Rule 1006	Bases	Relative Figures
	capitalisation based on the total number of issued shares excluding treasury shares.	
(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⁾
(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) The JVC has not been incorporated and is yet to be in operation as at the date of this announcement.
- (3) This is calculated based on BCST's anticipated investment amount in the JV of S\$2,250,000 (being 45% of S\$5,000,000) and the Company's market capitalisation of approximately S\$17,729,400. 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\$0.50 per Share, based on trades transacted on 30 November 2023 (being the last market day preceding the date of the JVA 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. 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 *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. 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 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 Electric Group Co., Ltd. ("**Wolong**") owns an approximate 24.54% equity interest in iMotor. Zhejiang Longchuang Motor Technology Innovation Co. Ltd ("**Longchuang**") holds an approximate 16.36% 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 40.90% 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 JV 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 JV is S\$2,250,000, being BCST's proportionate share of the total investment amounts in the JV. The said investment amount Consideration represents approximately 5.8% of the Group's latest audited net tangible assets of approximately S\$38.9 million as at 31 December 2022 ("**Group NTA**"). Accordingly, the JV would have required the approval of the shareholders of the Company pursuant to Rule 906(1)(a) of the Listing Manual.
- (c) Under Rule 916(2) of the Listing Manual, approval of shareholders of the Company is not required for an investment in a joint venture with an interested person if:
 - (i) the risks and rewards are in proportion to the equity of each joint venture partner;

- (ii) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
- (iii) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

The audit committee of the Company has reviewed the terms of the JV and is of the view that: (I) the risks and rewards of the JV are borne by each Party in their respective Agreed Proportion based on the terms of the JVA, and (II) the terms of the JVA are not prejudicial to the interests of the Company and its minority shareholders. iMotor, being the interested person, does not have an existing equity interest in the JV prior to the participation of BCST, being the entity at risk in the JV. As such, the Company is not required to seek shareholders' approval pursuant to Rule 916(2) of the Listing Manual.

- (d) There are no interested person transactions entered into by the Group with iMotor (other than the JV) during the course of the current financial year from 1 January 2023 up to the date of this announcement.

For the current financial year from 1 January 2023 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\$30.2 million, representing approximately 78% of the Group NTA. All such interested person transactions were either carried out under an existing general mandate granted by shareholders of the Company pursuant to Rule 920 of the Listing Manual or did not exceed 5% of the Group NTA, as the case may be.

7. 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 JVA.

8. Service Contract

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

9. Documents for Inspection

Copies of the JVA will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

For and on behalf of the Board
BROOK CROMPTON HOLDINGS LTD.

Pang Xinyuan
Non-Independent Non-Executive Chairman
5 December 2023