
PROPOSED PLACEMENT OF AN AGGREGATE OF 71,527,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY TO NT SPV 12 AT AN ISSUE PRICE OF S\$0.33 FOR EACH PLACEMENT SHARE

1. INTRODUCTION

The board of directors (the “**Board**”) of Grand Venture Technology Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the holding announcement dated 4 January 2021 in relation to discussions with a third party on the Possible Transactions (the “**Previous Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the meanings as ascribed in the Previous Announcement.

The Board is pleased to announce that the Company has on 12 January 2021 entered into a conditional placement agreement (the “**Placement Agreement**”) with NT SPV 12 (the “**Placee**”) for the allotment and issue of an aggregate of 71,527,000 new ordinary shares in the capital of the Company (“**Shares**”) (the “**Placement Shares**”) to the Placee at an issue price of S\$0.33 for each Placement Share (the “**Issue Price**”) for an aggregate consideration of S\$23,603,910.00 (the “**Consideration**”), on the terms and conditions of the Placement Agreement (the “**Placement**”).

2. INFORMATION ON THE PLACEE

As at the date of this announcement, the Placee is a limited liability company incorporated in the Cayman Islands and is a wholly-owned subsidiary of Novo Tellus PE Fund 2, L.P. (the “**Fund**”), a private equity fund.

The Fund makes private equity investments in the technology and industrials sector of Southeast Asia, with a focus on mid-market companies. The Fund’s investment advisor is Novo Tellus Capital Partners Pte. Ltd., a fund management company regulated by the Monetary Authority of Singapore and holding a capital markets services license.

The Placee and the Fund were introduced to the Company through its business associates. The Placee wishes to be an investor in the Company and has agreed to subscribe for the Placement Shares.

As at the date of this announcement, each of the Placee and its shareholders (a) does not hold any Shares; and (b) is not related to any of the directors of the Company (the “**Directors**”), substantial shareholders of the Company, or their respective associates. Save as disclosed in paragraph (b) below, there is no connection (including business relationship) between the Placee and its shareholders and the Directors or substantial shareholders of the Company.

3. PRINCIPAL TERMS OF THE PLACEMENT

3.1. The Placement Shares

The Placement Shares, when allotted and issued, will represent approximately 23.4% of the Enlarged Share Capital¹ of the Company and will result in a transfer of controlling interest in the Company to the Placee.

The Placement Shares, when allotted and issued, are duly authorised, validly issued and credited as fully paid-up, free from any and all encumbrances, listed and tradable on the SGX-ST and rank *pari passu* with all other existing Shares of the Company, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the date of issue of such Shares.

¹ The Enlarged Share Capital refers to the enlarged issued and paid-up share capital of the Company of 305,780,000 Shares immediately after the completion of the Placement (“**Completion**”), comprising the Existing Share Capital (as defined below) and the Placement Shares.

3.2. Issue Price

The Issue Price of S\$0.33 represents (a) a discount of approximately 18.0% to the volume weighted average price (“**VWAP**”) of S\$0.40 per Share based on the trades done on the SGX-ST on 11 January 2021, being the last full market day when the Shares were traded immediately preceding the date the Placement Agreement is signed; and (b) a premium of approximately 3.1% to the VWAP of S\$0.32 per Share based on the trades done on the SGX-ST on 30 December 2020, being the last full market day when the Shares were traded immediately preceding the Previous Announcement.

The Issue Price was commercially agreed between the Company and the Placee on a willing-buyer, willing-seller basis after arm’s length negotiations, and taking into account the 60-day VWAP of S\$0.36 per Share.

3.3. Conditions Precedent

Completion is conditional upon:

- (a) the listing and quotation notice from the SGX-ST for the listing and quotation of the Placement Shares on the Catalist Board of the SGX-ST (“**Catalist**”) being obtained from the SGX-ST and not having been revoked or amended and, where such notice is subject to conditions, 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 (as defined below), they are so fulfilled;
- (b) the allotment, issue and placement of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company;
- (c) the approval of the shareholders of the Company (“**Shareholders**”), having been obtained at an extraordinary general meeting (“**EGM**”) to be convened for *inter alia* the issue of the Placement Shares and all transactions contemplated by the Placement Agreement, and such approval not having been revoked or amended and if such approval is subject to any conditions and where such conditions affect any party, such conditions being reasonably acceptable to the party concerned, and if such conditions are required to be fulfilled on or before the Completion Date (as defined below), they are so fulfilled;
- (d) all corporate approvals and third party approvals (including consents from the lenders of the Company), where applicable, having been obtained by the Company in respect of the allotment, issue and subscription of the Placement Shares and the change of shareholding and transfer of controlling interest in the Company as a result thereto, and such approvals remaining in full force and effect on Completion and, if such approvals are subject to any conditions which are required to be fulfilled on or prior to Completion, such conditions are fulfilled;
- (e) there having been, as at the Completion Date (as defined below), no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the warranties provided by the Company if they were repeated on and as of the Completion Date (as defined below); and
- (f) there not having occurred, in the opinion of the Placee, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement.

3.4. Completion

Completion of the Placement shall take place on the date falling 12 clear market days after the date on which all the conditions set out in paragraph 3.3 above are satisfied or otherwise waived in writing by the relevant parties, and in any case no later than three (3) months from the date of the Placement Agreement, unless specifically agreed in writing between the Company and the Placee (the “**Parties**”) (the “**Completion Date**”).

If any of the conditions set forth in paragraph 3.3 above are not satisfied within three (3) months from the date of the Placement Agreement, or such other date as the Parties may agree, the Placement Agreement shall *ipso facto* terminate and the obligations of the Parties thereunder shall cease and be of no further effect, and save in the event that the condition set forth in paragraph 3.3(c) above is not satisfied, neither the Placee nor the Company shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the Placement (except for any right to make a claim arising from any antecedent breach of the Placement

Agreement or the liability of the Company for the payment of expenses in connection with the allotment, issue and listing of the Placement Shares on Catalist and obtaining Shareholders' approval for the issue of the Placement Shares).

3.5. **Indemnities**

In the event the Placement Agreement is terminated due to non-satisfaction of the condition set forth in paragraph 3.3(c) above, the Company shall reimburse the Placee for all costs and expenses incurred by the Placee in connection with the Placement Agreement up to a maximum amount of S\$50,000.

Subject to the terms and conditions of the Placement Agreement, the Company shall defend, indemnify and hold harmless the Placee from and against any direct losses which it incurs arising from any breach of obligations of the Company (and not the Placee) under the Placement Agreement up to a maximum of 100% of the Consideration.

3.6. **Appointment of Director nominated by the Placee**

In connection with the Placement, the Placee shall be entitled to nominate one (1) Director (the "**Placee Nominee**") for appointment to the Board, such appointment to take place within 14 days after Completion. The appointment of the Placee Nominee shall be subject to the Placee Nominee being deemed appropriate for the Board, including pursuant to the assessment of the Company's Sponsor and Nominating Committee, and being able to satisfy all of the requirements for a director of a listed entity on the SGX-ST pursuant to applicable laws and regulations including the Catalist Rules.

The Placee shall also be entitled to request the appointment of one (1) Director on the Board for as long as it holds at least 10.0% of the total issued and paid up share capital of the Company, provided that such Director is deemed appropriate for the Board, including pursuant to the assessment of the Company's Sponsor and the Nominating Committee, and is able to satisfy all of the requirements for a director of a listed entity on the SGX-ST pursuant to applicable laws and regulations including the Catalist Rules.

3.7. **Authority to issue the Placement Shares**

The Company will be seeking specific Shareholders' approval for the allotment and issue of the Placement Shares at an EGM to be convened pursuant to Rules 803, 805(1), 811(3) and 906² of the Catalist Rules. A circular to Shareholders setting out more information on the Placement and convening of the EGM will be issued in due course.

3.8. **Undertaking by Mr. Lee Tiam Nam**

The Company's Executive Chairman, Mr. Lee Tiam Nam, intends to provide an irrevocable undertaking in favour of the Company and the Placee to use his best efforts to ensure that a majority of the non-conflicted Shareholders present and voting at the EGM shall vote to approve the allotment and issue of the Placement Shares, the transfer of controlling interest in the Company to the Placee pursuant to the Placement, and any other matter necessary or proposed to be implemented together with the foregoing.

3.9. **Rule 812 of the Catalist Rules**

The Placee has confirmed to the Company that it is not a person who falls within the categories set out in Rule 812(1) of the Catalist Rules. Accordingly, none of the Placement Shares will be placed by the Company to any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Catalist Rules.

3.10. **No Placement Agent**

There is no placement agent appointed for the Placement. The Placement will be undertaken by way of an exempted offer under Section 275 (accredited investors and certain other persons) of the Securities and Futures Act (Chapter 289 of Singapore). Accordingly, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

² Please refer to paragraph 9 below for details on the applicability of Chapter 9 of the Catalist Rules to the Placement.

4. APPLICATION TO THE SGX-ST

The Company will make an application to the SGX-ST through its sponsor, CIMB Bank Berhad, Singapore Branch (“**Sponsor**”), for the dealing in, listing of and quotation for the Placement Shares on the Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

5. RATIONALE AND USE OF PROCEEDS

5.1. Rationale of the Placement

The Company is of the view that the investment by the Placée through the Placement is beneficial to the Company and the Group as the proceeds from the Placement will increase the resources available to the Company for its operational needs, among other expenses, and the financing of future strategic investments and/or acquisitions, and will allow the Group to further strengthen its financial position and capital base.

5.2. Use of Proceeds

The estimated net proceeds from the Placement, after deducting estimated fees and expenses in relation to the Placement (including listing and application fees, professional fees and other miscellaneous expenses of approximately S\$0.1 million), is approximately S\$23.5 million (the “**Net Proceeds**”).

The Company intends to apply the Net Proceeds in the following estimated proportions:

Use of Proceeds	Amount (S\$'000)	Percentage Allocation
Expansion via mergers and acquisitions, joint ventures and partnerships	19,000	81%
Investing and enhancing operational and engineering capabilities	3,000	13%
General working capital	1,504	6%
TOTAL	23,504	100%

Pending the deployment of the Net Proceeds, such Net Proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and the stated percentage allocated. 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 issued under Rule 705 of the Catalist Rules and the Company's annual report. Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how such proceeds have been applied in its announcements and the annual report. Where there is any material deviation from the stated use of Net Proceeds, the Company will make the necessary announcement on the reasons for such deviation.

6. FINANCIAL EFFECTS

The *pro forma* financial effects of the Placement on the Company's share capital and the Group's net tangible assets ("NTA") per Share and earnings per Share ("EPS") as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group after Completion.

The *pro forma* financial effects have been prepared based on the (i) latest audited financial statements of the Group for the financial year ended 31 December 2019 ("FY2019") and (ii) unaudited financial statements of the Group for the six-month period ended 30 June 2020 ("1HFY2020"), and on the following bases and assumptions:

- (a) the estimated fees and expenses incurred by the Company in connection with the Placement is approximately S\$100,000;
- (b) the financial effect on the NTA per Share is computed based on the assumption that the Placement was completed either on 31 December 2019 for illustrating the *pro forma* financial effects for FY2019 or 30 June 2020 for illustrating the *pro forma* financial effects for 1HFY2020; and
- (c) the financial effect on the EPS is computed based on the assumption that the Placement was completed either on 1 January 2019 for illustrating the *pro forma* financial effects for FY2019 or 1 January 2020 for illustrating the *pro forma* financial effects for 1HFY2020.

6.1. Share Capital

	Number of Shares (excluding treasury shares)
Before the Placement ⁽¹⁾	234,253,000
After Completion of the Placement ⁽²⁾	305,780,000

Notes:

- (1) Based on the existing issued and paid-up share capital of the Company (the "Existing Share Capital") of 234,253,000 Shares as at the date of this Announcement. The Company has no treasury shares or subsidiary holdings.
- (2) 71,527,000 Placement Shares will be issued upon the Completion.

6.2. NTA per Share

The NTA per Share of the Group before and after the allotment and issue of the Placement Shares is as follows:

	Before the Placement	After Completion of the Placement
NTA as at 31 December 2019 (S\$'000)	29,461	52,965
Number of issued Shares as at 31 December 2019	234,253,000	305,780,000
NTA per Share as at 31 December 2019 (Singapore cents)	12.58	17.32
NTA as at 30 June 2020 (S\$'000)	31,611	55,115

	Before the Placement	After Completion of the Placement
Number of issued Shares as at 30 June 2020	234,253,000	305,780,000
NTA per Share as at 30 June 2020 (Singapore cents)	13.49	18.02

6.3. EPS

The EPS of the Group before and after the allotment and issue of the Placement Shares is as follows:

	Before the Placement	After Completion of the Placement
Profit attributable to Shareholders as at 31 December 2019 (S\$'000)	3,097	2,997
Weighted average number of issued Shares as at 31 December 2019	231,227,523	302,754,523
EPS as at 31 December 2019 (Singapore cents)	1.34	0.99
Profit attributable to Shareholders as at 30 June 2020 (S\$'000)	2,223	2,123
Weighted average number of issued Shares as at 30 June 2020	234,253,000	305,780,000
EPS as at 30 June 2020 (Singapore cents)	0.95	0.69

7. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that, as of the date of this announcement, after taking into consideration:

- (a) the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements, and the Placement is being undertaken for purposes set out in paragraph 5.1 above; and
- (b) the Group's present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

8. SALE OF SHARES BY CONTROLLING SHAREHOLDER

As at the date of this announcement, Metalbank Singapore Pte Ltd ("**Metalbank**") is a controlling shareholder of the Company and holds 133,472,000 Shares representing approximately 57.0% of the Existing Share Capital of the Company.

The Company has been informed that concurrent and in connection with the entry into the Placement Agreement, the Placee has also on 12 January 2021 entered into a conditional sale and purchase agreement (the "**SPA**") with

Metalbank for the sale by Metalbank of 19,000,000 Shares (the “**Sale Shares**”) to the Placee at a consideration of S\$0.33 per Sale Share, amounting to an aggregate of S\$6,270,000 (the “**Sale Proceeds**”) (the “**Metalbank Sale**”). The Sale Shares represent approximately 8.1% of the Existing Share Capital of the Company. Completion of the sale and purchase of the Sale Shares under the SPA is conditional upon, *inter alia*, Completion of the Placement in accordance with the Placement Agreement. The Placement Shares and the Sale Shares will represent approximately 29.6% of the Enlarged Share Capital of the Company.

Following the completion of the Metalbank Sale, Mr. Kong Sang Wah (Managing Director (Malaysia)) and Mr. Saw Yip Hooi (Group Senior Director of Sales (Malaysia)) are expected to receive a portion of the Sale Proceeds in their capacity as shareholders of Metalbank, and Mr. Kong Sang Wah will thereafter cease to be a shareholder of Metalbank while Mr. Saw Yip Hooi’s shareholding in Metalbank will be reduced. Mr. Lee Tiam Nam (Executive Chairman of the Company), Mr. Ng Wai Yuen, Julian (Chief Executive Officer of the Company) and Mr. Tan Chun Siong (Chief Operating Officer of the Company), who collectively own approximately 66.9% of total share capital of Metalbank, will not be receiving any part of the Sale Proceeds (whether directly or indirectly, in cash or otherwise) in their capacity as shareholders of Metalbank, and each of their shareholdings in Metalbank will increase accordingly.

Separately, the Company also understands that Mr. Lee Tiam Nam is currently in discussions with Metalbank in relation to a potential transfer of Shares from Metalbank (not amounting to an obligation to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers). The Company will make the appropriate announcements upon receipt of the respective notifications of changes in interest from Mr. Lee Tiam Nam and Metalbank, if any.

9. THE PLACEMENT AS AN INTERESTED PERSON TRANSACTION

The Company’s Sponsor has advised that the Placee is deemed to be an interested person and the Placement constitutes an interested person transaction for the purposes of Chapter 9 of the Catalist Rules, given that the Placee has entered into (a) the Placement Agreement with the Company; and (b) the SPA with Metalbank (being an interested person under Chapter 9 of the Catalist Rules) which is conditional upon, *inter alia*, the Completion of the Placement.

The Consideration for the Placement Shares of S\$23,603,910.00 represents approximately 80.1% of the Group’s latest audited net tangible assets value as at 31 December 2019 of S\$29,461,000. Accordingly, the Company will be seeking specific Shareholders’ approval at the EGM to be convened for the Placement as an interested person transaction pursuant to Rule 906 of the Catalist Rules.

The total value of all interested person transactions with the Placee (excluding the Placement) for the current financial year ending 31 December 2021 (“**FY2021**”) up to the date of this announcement is S\$0. The total value of all interested person transactions (excluding the Placement) for FY2021 up to the date of this announcement is S\$0.

Having considered, among others, the rationale and terms of the Placement, the Audit Committee is of the view that the Placement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

10. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, 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 and their respective associates, has any interest, direct or indirect, in the Placement, other than through their respective directorships and shareholdings in the Company, if any.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Placement Agreement are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 2 Changi North Street 1, Singapore 498828 for a period of three (3) months commencing from the date of this announcement.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at +65 6542 3000 prior to making any visits to arrange for a suitable time slot for the inspection.

12. 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.

13. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Catalist Rules, when there are material developments in respect of the Placement.

14. CAUTIONARY STATEMENT

Shareholders should note that the Placement remain subject to, amongst others, the fulfilment of the conditions precedent under the Placement Agreement. **There is no certainty or assurance that the conditions precedent for the Placement can be fulfilled or that the Placement will be undertaken at all.** Shareholders and potential investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the shares and securities of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares or securities of the Company.

BY ORDER OF THE BOARD

LEE TIAM NAM

Executive Chairman

12 January 2021

*This document has been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") in accordance with Rule 226(2)(b) of the SGX-ST Listing Manual Section B: Rules of Catalist. This document has not been examined or approved by the SGX-ST and the SGX-ST 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 Mr Jason Chian, Managing Director, Investment Banking, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*