

METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 198804700N)

PROPOSED PLACEMENT OF AN AGGREGATE OF 66,530,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.0495 FOR EACH PLACEMENT SHARE

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 16 November 2021, entered into a conditional placement agreement (“**Placement Agreement**”) with 15 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 66,530,000 new ordinary shares in the capital of the Company (“**Placement Shares**”) at an issue price of S\$0.0495 per Placement Share (“**Issue Price**”), for an aggregate subscription amount of approximately S\$3,293,235 (“**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 Information on each Placee, the number of Placement Shares placed to each Placee, as well as each Placee’s percentage shareholding in the Company before and after completion of the Placement, is set out below:

S/N	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 ⁽¹⁾	After completion of the Placement ⁽²⁾
1.	Yong Yean Chau ⁽³⁾	17,000,000	841,500	-	3.37
2.	Khoo Siew Hwa ⁽⁴⁾	10,000,000	495,000	-	1.98
3.	Kessler Investment Holding Limited ⁽⁵⁾	8,200,000	405,900	-	1.63
4.	Lee Jintao ⁽⁶⁾	6,400,000	316,800	-	1.27
5.	Goh Way Siong ⁽⁷⁾	4,300,000	212,850	-	0.85
6.	Kum Shen Wei Ronald ⁽⁸⁾	4,300,000	212,850	-	0.85
7.	Sim Siew Tin Carol ⁽⁹⁾	3,900,000	193,050	-	0.77
8.	Lee Choon Lye ⁽¹⁰⁾	3,200,000	158,400	-	0.63
9.	Wong Sin Yew ⁽¹¹⁾	2,130,000	105,435	-	0.42
10.	Low Shiau Yin ⁽¹²⁾	1,600,000	79,200	-	0.32
11.	Trevoze Loo Min Xu ⁽¹³⁾	1,500,000	74,250	-	0.30
12.	Vozza Mok Jek Cheow ⁽¹⁴⁾	1,500,000	74,250	-	0.30
13.	Cheong Wei Keat ⁽¹⁵⁾	1,000,000	49,500	-	0.20
14.	Liew Kien Peng ⁽¹⁶⁾	1,000,000	49,500	-	0.20
15.	Lau Hong Eng ⁽¹⁷⁾	500,000	24,750	-	0.10
	Total	66,530,000	3,293,235	-	13.20

Notes:

- (1) Based on the existing issued and paid-up share capital of the Company as at the date of this announcement, comprising 437,643,787 shares of the Company ("**Existing Share Capital**").
- (2) Based on the enlarged issued and paid-up share capital of the Company of 504,173,787 ordinary shares ("**Enlarged Share Capital**"), immediately after the allotment and issuance of the 66,530,000 Placement Shares (assuming no other new shares are issued by the Company prior to the allotment and issuance of the Placement Shares).
- (3) Yong Yean Chau, a Singaporean, is a private investor.
- (4) Khoo Siew Hwa, a Singaporean, is a private investor.
- (5) Kessler Investment Holding Limited, is a company incorporated in the British Virgin Islands and its current shareholders are Loh Foong Han and Lim Cheok Peng, both of whom are Singaporean. Loh Foong Han is a private investor and Lim Cheok Peng is a specialist medical doctor.
- (6) Lee Jintao, Singaporean, is a private investor.
- (7) Goh Way Siong, a Singaporean, is a private investor.
- (8) Kum Shen Wei Ronald, a Singaporean, is a private investor.
- (9) Sim Siew Tin Carol, a Singaporean, is a private investor.
- (10) Lee Choon Lye, a Malaysian, is a private investor.
- (11) Wong Sin Yew, a Singaporean, is a specialist medical doctor.
- (12) Low Shiau Yin, a Malaysian and Singapore Permanent Resident, is a private investor.
- (13) Trevoise Loo Min Xu, a Singaporean, is a private investor.
- (14) Vozza Mok Jek Cheow, a Singaporean, is a private investor.
- (15) Cheong Wei Keat, a Singaporean, is a private investor.
- (16) Liew Kien Peng, a Singaporean, is a private investor.
- (17) Lau Hong Eng, a Singaporean, is a private investor.

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 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 SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**");
- (d) there is no agreement, arrangement or understanding between any of the Placees or any Shareholder to acquire shares in the capital of the Company 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 other Placees hold 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.
- 2.4 Pursuant to Rule 803 of 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 the Company's Chief Investment Officer, Ahillan Pupalasingam. 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\$0.0495 represents a discount of approximately 9.5% to the volume-weighted average price of S\$0.0547 for each Share, based on the trades done on the SGX-ST on the preceding market day (being 15 November 2021) up to the time of signing of the Placement Agreement on 16 November 2021. 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.

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 28 April 2021 ("**2021 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 2021 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 2021 AGM.

As at the date of the 2021 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 400,574,026 Shares. Pursuant thereto, the total number of Shares that may be issued other than on a *pro-rata* basis pursuant to the General Mandate was 200,287,013 Shares.

- 3.2 As at the date of this announcement, 14,477,018 Shares have been previously allotted and issued pursuant to the General Mandate. Accordingly, the total number of balance Shares that may be issued other than on a *pro-rata* basis pursuant to the General Mandate as at the date of this announcement is a balance of 185,809,995 Shares. Accordingly, the allotment and

issuance of 66,530,000 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 15.2% of the Existing Share Capital; and (ii) approximately 13.2% 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.
- 4.3 In connection with Section 309B of the Securities and Futures Act and the Securities and Futures (Capital Markets Products) Regulations 2018, the Company have determined that the Placement Shares are classified as "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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\$3,263,235 (“Net Proceeds”).

5.2 The Company intends to use the Net Proceeds in the manner set out below:

Intended Uses	Amount (S\$'000)	As a percentage of Net Proceeds
To fund investments into the Healthcare Business and the E-Commerce Business ⁽¹⁾	2,284	70%
For general working capital requirements ⁽²⁾	979	30%
Total	3,263	100%

Notes:

(1) Please refer to the Company’s circular to Shareholders dated 23 June 2021 in relation to, *inter alia*, the proposed diversification of the Company’s business into the Healthcare Business and the E-Commerce Business. The proposed diversification was approved by Shareholders at an extraordinary general meeting held on 8 July 2021. The Healthcare Business includes the business of developing, training, distributing (via retail, direct selling, network marketing or e-commerce) healthcare products and/or services, and including but not limited to (a) general health and wellness; (b) homecare nursing and carer support; (c) supply of medication for chronic diseases; (d) direct to home and consumer personalised care; and (e) training on home based medical procedures; and the E-Commerce Business includes online self-branded e-commerce portals and growth stage digital ecosystem platforms, and including but not limited, to (a) operating of technology and digital payment applications that enable digital and mobile payments; (b) investment in or building (whether through expertise in the Group and/or suitably qualified external personnel) proven business models relating to e-commerce or the internet of things and seek to scale them into market leading online companies.

(2) Includes 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.

Pursuant to the approval of Shareholders for the diversification of the Company’s business into the Healthcare and the E-Commerce Businesses, the Company updated Shareholders on its proposed healthcare investments on 29 September 2021. The Company also announced the entry into a conditional sale and purchase agreement relating to an investment in PT Gaido Digital Medika on 14 October 2021, such proposed investment expecting to create specific

opportunities in the West Java region for the Group's smart hospital and ePharmacy segments, which allows the Group to enter into the Indonesian healthcare market much faster than working alone as a Singapore company. The Company also announced on 29 October 2021 that it has entered into a share subscription agreement relating to an investment in MedTel Healthcare Private Limited. This proposed investment is expected to provide value addition to the Company's plans in the digital health ecosystem investment.

The Company is of the view that its recent investments into the Healthcare and the E-Commerce Businesses have been promising. The Company shall continue to source for further regional expansion and new investment opportunities, which will require further capital to undertake.

Accordingly, notwithstanding the sufficiency of the Group's present working capital as set out in paragraph 5.5 (a) above, the Board is of the view that the Placement is in the best interests of the Company as the Company is able to utilise the Net Proceeds to fund investments into the Healthcare Business and the E-Commerce Business, 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 audited 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;
- (iii) the Company's allotment and issuance of the following Shares have been assumed to be completed as at 31 December 2020:
 - (1) 26,455,026 placement shares to certain placees completed on 20 April 2021;
 - (2) 13,000,000 new Shares to certain vendors on 14 July 2021 pursuant to the proposed acquisition of Gainhealth Pte. Ltd;
 - (3) 5,743,243 new Shares to an arranger on 15 July 2021 pursuant to the proposed acquisition of Gainhealth Pte. Ltd;
 - (4) 3,849,500 shares pursuant to the exercise of share options under the MCE Share Option Scheme 2014 and the MCE Share Option Scheme 2003 during the period from June 2021 to the date of this announcement; and
 - (5) 14,477,018 placement shares to certain placees completed on 30 July 2021;
- (iv) the acquisition of Gainhealth Pte. Ltd. has completed on 31 December 2020; and
- (v) the expenses to be incurred in respect of the Placement amounted to approximately S\$30,000.

Share capital and NTA per Share

As at 31 December 2020	Before the Placement	After the Placement
Number of issued Shares	437,643,787	504,173,787
Share capital (S\$'000)	24,054	27,318
NTA attributable to Shareholders (S\$'000)	12,937	16,200
NTA per Share (Singapore cents)	2.96	3.21

LPS

FY2020	Before the Placement	After the Placement
Net loss attributable to Shareholders (S\$'000)	(2,415)	(2,415)
LPS (Singapore cents)	(0.55)	(0.48)
Weighted average number of Shares	437,643,787	504,173,787

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 Placees.

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 is subject to certain conditions pursuant to the Placement Agreement. 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
18 November 2021

*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.