

TOTM TECHNOLOGIES LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201506891C)

**PROPOSED DISPOSAL OF SHAREHOLDING INTERESTS IN
YINDA TECHNOLOGY SINGAPORE PTE. LTD. AND
YINDA TECHNOLOGY (THAILAND) CO., LTD.**

1. INTRODUCTION

1.1. The board of directors (the “**Board**” or the “**Directors**”) of TOTM Technologies Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement (the “**SPA**”) with Yinda Pte. Ltd. (“**YPL**”) for the sale of the following to YPL:

- (a) 500,000 ordinary shares in Yinda Technology Singapore Pte. Ltd. (“**Yinda Technology Singapore**”) (the “**YTS Shares**”), constituting 100.0% of the issued and paid up share capital of Yinda Technology Singapore; and
- (b) 572,700 ordinary shares in Yinda Technology (Thailand) Co., Ltd. (“**Yinda Technology Thailand**”, together with Yinda Technology Singapore, the “**Target Companies**”) (the “**YTT Shares**”, together with the YTS Shares, the “**Sale Shares**”), constituting 77.9% of the issued ordinary share capital of Yinda Technology Thailand (with the remaining 22.1% of the issued ordinary share capital in Yinda Technology Thailand being held by Yinda Technology Singapore and 100.0% of the preferred share capital in Yinda Technology Thailand being held by Nattaya Promsatawong),

the “**Proposed Disposal**”.

1.2. Upon completion of the Proposed Disposal (the “**Completion**”), Yinda Technology Singapore and Yinda Technology Thailand shall cease to be subsidiaries of the Company and the Group will exit from the provision of integrated and innovative communications solutions and services (the “**Telecommunications Business**”).

1.3. The Proposed Disposal constitutes:

- (a) a “discloseable transaction” under Chapter 10 of Section B: Rules of Catalyst of the Listing Manual (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Please refer to paragraph 7 (*Catalist Rule 1006 figures for the Proposed Disposal*) for further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Catalyst Rule 1006; and
- (b) an “interested person transaction” as defined under Chapter 9 of the Catalyst Rules. Please refer to paragraph 8 (*The Proposed Disposal as an interested person transaction*) for further details on the Proposed Disposal as an interested person transaction.

The Proposed Disposal is subject to the approval of the shareholders of the Company (the “**Shareholders**”) who are deemed independent under the Catalyst Rules in respect of the Proposed Disposal (the “**Independent Shareholders**”). The Company intends to convene an extraordinary general meeting (an “**EGM**”) to seek the approval of the Independent Shareholders for the Proposed Disposal and further information on, *inter alia*, the Proposed Disposal will be provided in a circular to be issued by the Company (the “**Circular**”) in due course.

2. INFORMATION ON THE TARGET COMPANIES AND YPL

Yinda Technology Singapore

- 2.1. Yinda Technology Singapore was incorporated in Singapore on 10 April 2003 and has an issued and paid up share capital of S\$500,000 comprising 500,000 shares. The principal activities of Yinda Technology Singapore are for investment holding, installation and implementation of telecommunication related products and services. Its directors are Mr. Xie Huazhong, Ms. Wang Xiaolan and Ms. Shao Lifang.
- 2.2. Based on the latest audited financial statements of Yinda Technology Singapore for the financial year ended 31 May 2021 (“FY2021”), Yinda Technology Singapore recorded a loss of S\$2,136,829 for FY2021 and has a net liability value of S\$3,017,640 as at 31 May 2021.

Yinda Technology Thailand

- 2.3. Yinda Technology Thailand was incorporated in Thailand on 14 December 2001 and has a issued and paid-up capital of THB8,190,000 (approximately S\$304,428) comprising 765,000 preference shares and 735,000 ordinary shares. The principal activity of Yinda Technology Thailand is providing telecommunication network services. Its directors are Ms. Wang Xiaolan, Ms. Shao Lifang and Ms. Nattaya Promsatawong.
- 2.4. Based on the latest audited financial statements of Yinda Technology Thailand for FY2021, Yinda Technology Thailand recorded a loss of THB14,941,346 (approximately S\$654,000) for FY2021 and has a net asset value of THB39,081,566 (approximately S\$1,592,000) as at 31 May 2021.

YPL

- 2.5. YPL is wholly owned by Shanghai Yinda Science and Technology Industrial Co Ltd (“**Shanghai Yinda**”). Shanghai Yinda is in turn 97.09% held by Shanghai Yinda Technology Group Co Ltd (“**Shanghai Yinda Group**”), and 2.91% held by Ms. Yang Xulan, an employee of Shanghai Yinda. Shanghai Yinda Group is in turn 51.48% held by Mdm. Song Xingyi (“Mdm. Song”), the Non-Independent, Non-Executive Chairman of the Company, 33.66% held by Mr. Wang Hua, 13.86% held by Mr. Wang Zhijun and 1.00% held by Ms. Shao Lifang. Mdm. Song is the spouse of Mr. Wang Zhijun and mother of Mr. Wang Hua. Ms. Shao Lifang is the Executive Director of the Company.
- 2.6. The Shanghai Yinda Group is engaged in the information technology, telecommunications and related business mainly in the People’s Republic of China. YPL is an investment holding company in information technology and computer service activities.
- 2.7. As YPL is an associate of Mdm. Song, the Proposed Disposal constitutes an interested person transaction as defined under Chapter 9 of the Catalist Rules.

Independent valuation of the Target Companies

- 2.8. For the purposes of the Proposed Disposal, the Company has commissioned Cushman & Wakefield VHS Pte. Ltd. as an independent valuer (the “**Independent Valuer**”) to assess and determine the market value of 100.00% equity interests in the capital of the Target Companies as at 30 September 2021 for the Proposed Disposal.
- 2.9. Based on the preliminary valuation conducted by the Independent Valuer, having considered that the Target Companies is expected to be sold to a single buyer as a package deal, the indicative market value of 100% equity interest in the capital of the Target Companies as at 30 September 2021 is S\$nil. The finalised valuation report for the valuation will be issued by the Independent Valuer and included in the Circular.

3. CONSIDERATION

- 3.1. The aggregate consideration for the sale of the Sale Shares shall be the amount of S\$1,001.00 (the “**Total Consideration**”) with S\$1.00 and S\$1,000.00 attributable to Yinda Technology Singapore and Yinda Technology Thailand, respectively.
- 3.2. The Total Consideration was arrived at after arm’s length negotiations, on a willing-buyer, willing-seller basis and taking into account: (a) the indicative market value provided by the Independent Valuer of S\$nil as elaborated on in paragraph 2.9; (b) the continued loss-making positions of Yinda Technology Singapore and Yinda Technology Thailand since the financial year ended 31 May 2020 (“**FY2020**”); (c) the net liability value of Yinda Technology Singapore amounting to approximately S\$3.0 million offset by the net asset value of Yinda Technology Thailand amounting to approximately S\$1.6 million; (d) the indebtedness between the Target Companies, the Group and YPL which is further elaborated on in paragraph 5.1 (*Conditions precedent*); and (e) applicable market conditions.
- 3.3. The Total Consideration shall be satisfied by YPL setting off an outstanding amount which is equivalent to the Total Consideration due from the Company to YPL under the Existing YPL Loan¹. Therefore, no cash proceeds will be received from the Proposed Disposal.
- 3.4. Please also see paragraph 5.1 (*Conditions precedent*) for details on the novation, set-off and waiver of the Existing Shareholder’s Loans² as conditions to the Proposed Disposal, contemplated under the terms and conditions of the SPA.

4. RATIONALE FOR THE PROPOSED DISPOSAL

4.1. Viability of the remaining business

The Proposed Disposal is in line with the Company’s diversification into the business of development and provision of identity management biometric technology solutions earlier in April 2021 (the “**Biometrics Business**”) and the intention to reduce the Group’s reliance on the Telecommunications Business.

The Proposed Disposal is an avenue for the Company to reduce its ongoing operational costs in relation to the Telecommunications Business and exit from its investment in the Target Companies, so that more resources can be deployed to focus on growing and developing its portfolio within the Biometrics Business which has proven to be more profitable. Based on the audited financial statements of the Group for FY2021, the Biometrics Business contributed net profit amounting to S\$0.5 million to the Group despite only having recorded two (2) months of revenue contribution, compared to the Group’s net loss of S\$8.4 million which mainly stemmed from the Telecommunications Business.

4.2. Exit from loss-making business segment

The Proposed Disposal allows the Group to exit from a loss-making business segment. Yinda Technology Singapore recorded net losses amounting to S\$2.9 million in FY2020 and S\$2.1 million in FY2021 while Yinda Technology Thailand recorded net losses amounting to THB4,723,657 (approximately S\$176,000) in FY2020 and THB14,491,346 (approximately S\$654,000) in FY2021.

¹ The Existing YPL Loan means the outstanding principal loan amounts provided by YPL to the Company of S\$2,226,253 and US\$511,180 (equivalent to S\$692,138 based on a historical exchange rate of US\$1.00 to S\$1.354), and interest payable of 3.25% per annum on the principal loan amounts (such interest payable amounts being S\$317,776 as at 30 November 2021). The aggregate of the principal and interest amounts to S\$3,236,167 which is to be repayable on 31 May 2022 or such earlier date as mutually agreed by YPL and the Company, pursuant to a renewed loan agreement dated 4 June 2021.

² The Existing Shareholder’s Loans means the the outstanding shareholder’s loans of a total amount of S\$4,246,501 provided by the Seller to Yinda Technology Singapore and Yinda Technology Thailand (being S\$3,648,630 and S\$597,871, respectively).

Despite the Board and Management's efforts to control costs and restructure the Telecommunications Business of the Group, including the Group's exit from its telecommunications operations in Malaysia and Philippines in January 2021, the Group's telecommunications projects in Singapore and Thailand continue to be affected and delayed due to measures implemented by the respective governments to curb COVID-19.

Due to the loss-making position of the Target Companies and their inability to make payment in the foreseeable future, the Company had fully written down its investment in Yinda Technology Singapore of S\$8,784,890 during the financial year ended 31 May 2019 ("FY2019") and its investment in Yinda Technology Thailand by S\$1.0 million during FY2021 to S\$1.3 million as at 31 May 2021. The Company had also written down the Existing Shareholders' Loans from Yinda Technology Singapore to zero recoverable value.

4.3. Challenges to the Telecommunications Business

The Company believes that the slowdown of its Telecommunications Business was evident before the COVID-19 pandemic, where revenue dropped from S\$17.9 million in FY2019 to S\$11.5 million in FY2020. This is due to the greater challenges faced by the Group in securing new and larger project contracts with better profit margins. Furthermore, the prospects of the Telecommunications Business deteriorated during the COVID-19 pandemic where challenges were faced in securing skilled labour and engineers, especially where the Group lost several foreign workers who chose to return to their home countries, resulting in project delays. In FY2021, both Singapore and Thailand recorded revenue with only S\$2.0 million and S\$3.0 million respectively. The Board and Management do not expect the Telecommunications Business to turn around in the near future due to depressed margins and a shortage of skilled workers.

4.4. Target Companies in need of working capital

Based on the projects on hand and the project status, it was anticipated that the Target Companies required working capital amounting to at least S\$2,791,000 to have achieved a break even result in FY2021. Upon the completion of an internal strategic review of the Group's business, the Board is of the view that instead of continuing to provide working capital to fund the Telecommunications Business, the best course of action for the Group would be to undertake the Proposed Disposal of the Target Companies, to ease the strain caused by the financial requirements of the telecommunications projects which are capital intensive. The Proposed Disposal will also allow the Group to consolidate its financial and capital resources to further develop the biometrics business, which the Group diversified into in April 2021.

4.5. Packaged sale

Taking into consideration the terms and conditions of the Proposed Disposal, even though the Total Consideration is of a nominal amount of S\$1,001.00 with S\$1.00 and S\$1,000.00 attributable to Yinda Technology Singapore and Yinda Technology Thailand, respectively, the terms of the Proposed Disposal is unique and beneficial to the Company as:

- (a) both Yinda Technology Singapore and Yinda Technology Thailand will be sold as a package deal. This will free up time and effort which is otherwise required should the Company have to market the Target Companies separately; and
- (b) it allows the Company to novate to YPL an outstanding aggregate amount of S\$3.2 million owed under the Existing Shareholder's Loans, to be set-off against the full remaining amount of the Existing YPL Loan.

If the Company is to sell the Target Companies on a standalone basis, Yinda Technology Singapore is likely to be sold at S\$nil value due to its substantial net liability position. Although there is a possibility that Yinda Technology Thailand (sold on a standalone basis) may be able to fetch a consideration close to its net asset value of S\$1.7 million, this consideration amount

is not sufficient for the Company to repay the Existing YPL Loan and it is also unlikely that the majority of the Existing Shareholder's Loans will be recoverable.

Given the considerations above and in view that a sale to other third parties are unlikely to offer such similar terms (whether on a combined or standalone basis) which would allow the Group to repay the Existing YPL Loan, the Board and Management of the Company are of the view that the Proposed Disposal of both Target Companies as a package deal to YPL is in the best interest of the Company and its shareholders.

5. MATERIAL TERMS OF THE SPA

Conditions precedent

- 5.1. Completion is conditional on the following conditions being satisfied (or waived in accordance with the SPA) (the "**Conditions**"):
- (a) the approval of the Shareholders having been obtained at the EGM in respect of, amongst others: (a) the entry into the SPA; (b) all transactions contemplated in the SPA (and in connection therewith) on the terms set out in this Agreement; and (c) Chapter 9 and Chapter 10 (if applicable) of the Catalist Rules in connection with the transactions contemplated in the SPA;
 - (b) the approval of the Board having been obtained for the entry into the SPA and all transactions contemplated in the SPA (and in connection therewith);
 - (c) the approval of the board of directors of YPL having been obtained for the entry into the SPA and all transactions contemplated in the SPA (and in connection therewith);
 - (d) where necessary, the approval of the shareholders of YPL having been obtained for the entry into the SPA and all transactions contemplated in the SPA (and in connection therewith);
 - (e) the receipt of the opinion from Xandar Capital Pte. Ltd, the independent financial adviser appointed by the Company (the "**IFA**") that the proposed sale of the Sale Shares on the terms and conditions of the SPA is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders;
 - (f) the receipt of the valuation report from the Independent Valuer;
 - (g) the novation by the Company to YPL of an outstanding aggregate amount of S\$3,235,166 owed under the Existing Shareholder's Loans, which shall be set-off against the full remaining amount of the Existing YPL Loan (after the set-off from the Consideration as described above), as contemplated by a novation and set-off deed to be entered into on or around the date of the SPA amongst the Seller, the Buyer, Yinda Technology Singapore and Yinda Technology Thailand (the "**Novation and Set-Off Deed**");
 - (h) the waiver by the Company of the remaining aggregate amount of S\$1,011,335 owed under the Existing Shareholder's Loans, as contemplated under the terms and conditions of the Novation and Set-Off Deed;
 - (i) the release and cancellation of the corporate guarantees extended by the Company under the relevant loans of Yinda Technology Singapore and Yinda Technology Thailand, as the case may be;
 - (j) the completion of an audit on the Target Companies for the period commencing 1 June 2021 to the date of the SPA, as required by the Company; and
 - (k) the parties to the SPA not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions

contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened.

If any Condition has not been satisfied (or waived in accordance with the SPA) by the date which is four (4) months after the date of the SPA, or such other date as may be agreed in writing between the parties (the “**Long Stop Date**”), each party may agree or disagree to the extension of the Long Stop Date in its sole discretion. If the parties do not agree to an extension of the Long Stop Date, and any Condition has not been satisfied (or waived in accordance with the SPA) on or before the Long Stop Date, then the SPA shall terminate with immediate effect (other than the Surviving Provisions (as defined in the SPA), which shall remain in full force and effect) and no party (or any of their respective representatives) shall have any liability or further obligation to any other party, except in respect of rights and liabilities which have accrued before termination of the Agreement.

Completion

- 5.2. Completion shall take place remotely (or at such other place as the parties may mutually agree) on the date which is 14 business days after the date on which all of the Conditions are satisfied (or waived in accordance with the SPA) (the “**Completion Date**”).

Purchaser undertakings

- 5.3. YPL agrees and undertakes to the Company that for the period commencing from the date of the SPA until Completion, YPL shall provide any and all necessary funding and/or financial support to the Target Companies for the Target Companies’ operational and working capital requirements, as and when such financial support is required on an interest-free basis.
- 5.4. YPL agrees and undertakes to the Company that, post-Completion, it shall, and shall procure the Target Companies to, provide all reasonable assistance and support to the Company for the completion of its final audit for the financial year ended 31 May 2022.

Termination

- 5.5. If there shall have come to the notice of a party of any breach of the representations, warranties and undertakings set out in the SPA by a party which is not remedied (to the reasonable satisfaction of the non-defaulting party within seven (7) days of the receipt of a written notice by the defaulting party from the non-defaulting party notifying of such breach, the non-defaulting party may thereafter at any time prior to the Completion Date by notice in writing to the defaulting party terminate the SPA, but failure to exercise this right shall not constitute a waiver of any other rights of the non-defaulting party arising out of any such breach.
- 5.6. If the SPA is terminated in accordance with its terms, then the SPA shall terminate with immediate effect (other than the Surviving Provisions, which shall remain in full force and effect) and no party (or any of their respective representatives) shall have any liability or further obligation to the other party, except in respect of rights and liabilities which have accrued before termination of the SPA.

6. USE OF PROCEEDS

As stated in paragraph 3 (*Consideration*), the Total Consideration is satisfied by YPL by setting off an outstanding amount which is equivalent to the Total Consideration due from the Company to YPL under the Existing YPL Loan and therefore, no cash proceeds will be received from the Proposed Disposal.

7. CATALIST RULE 1006 FIGURES FOR THE PROPOSED DISPOSAL

- 7.1. Based on the latest audited financial results of the Group for FY2021 and the latest audited financial results of the Target Companies for FY2021, the relative figures of the Proposed Disposal computed on the bases set out in Catalist Rule 1006 are set out below:

Rule 1006	Bases of calculation	Relative figure for Yinda Technology Singapore	Relative figure for Yinda Technology Thailand	Relative figure for the Proposed Disposal
(a)	Net asset value of the assets to be disposed of or aggregate value of the financial assistance given, compared with the Group's net asset value.	1.20% ⁽¹⁾	4.17% ⁽²⁾	5.37% ⁽³⁾
(b)	Net profits/losses attributable to the assets acquired or disposed of, compared with the Group's net profits/losses.	26.38% ⁽⁴⁾	8.34% ⁽⁵⁾	34.72% ⁽⁶⁾
(c)	Aggregate value of the consideration given or aggregate value of the financial assistance given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽⁷⁾ .	2.27% ⁽⁸⁾	0.37% ⁽⁹⁾	2.64% ⁽¹⁰⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽¹¹⁾	N.A. ⁽¹¹⁾	N.A. ⁽¹¹⁾
(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 to an acquisition of such assets	N.A. ⁽¹²⁾	N.A. ⁽¹²⁾	N.A. ⁽¹²⁾

Notes:

- (1) Computed based on the net liability value of Yinda Technology Singapore amounting to approximately S\$3,018,000 as at 31 May 2021 and the amount of S\$3,648,630 under the Existing Shareholder's Loans which will be novated and/or waived as conditions to the Proposed Disposal, compared to the net asset value of the Group of approximately S\$52,485,000 as at 31 May 2021.
- (2) Computed based on the net asset value of Yinda Technology Thailand amounting to approximately S\$1,592,000 as at 31 May 2021 and the amount of approximately S\$597,871 under the Existing Shareholder's Loans which will be novated and/or waived as conditions to the Proposed Disposal, compared to the net asset value of the Group of approximately S\$52,485,000 as at 31 May 2021.
- (3) Computed based on the combined net liability value attributable to the Target Companies amounting to approximately S\$1,426,000 and the Existing Shareholder's Loans amounting to an aggregate amount of approximately S\$4,246,501 which will be novated and/or waived as conditions to the Proposed Disposal, compared to the net asset value of the Group of approximately S\$52,485,000 as at 31 May 2021.

- (4) Computed based on the net losses before tax attributable to Yinda Technology Singapore amounting to approximately S\$2,069,000, compared to the net losses before tax of the Group of approximately S\$7,843,000 for FY2021.
- (5) Computed based on the net losses before tax attributable Yinda Technology Thailand amounting to approximately S\$654,000, compared to the net losses before tax of the Group of approximately S\$7,843,000 for FY2021.
- (6) Computed based on the combined net losses attributable to the Target Companies amounting to approximately S\$2,723,000, compared to the net losses of the Group of approximately S\$7,843,000 for FY2021.
- (7) Based on the market capitalisation of the Company of S\$160,620,190, which is computed based on 842,266,333 ordinary shares in the capital of the Company (excluding treasury shares) (the "Shares") in issue and the weighted average price of S\$0.1907, as at 9 December 2021, being the last full market day prior to the execution of the SPA.
- (8) Computed based on the aggregate consideration of S\$1.00 and the amount of approximately S\$3,648,630 under the Existing Shareholder's Loans which will be novated and/or waived as conditions to the Proposed Disposal.
- (9) Computed based on the aggregate consideration of S\$1,000.00 and the amount of approximately S\$597,871 under the Existing Shareholder's Loans which will be novated and/or waived as conditions to the Proposed Disposal.
- (10) Computed based on the Total Consideration of S\$1,001.00 and the Existing Shareholder's Loans amounting to an aggregate amount of S\$4,246,501 which will be novated and/or waived as conditions to the Proposed Disposal.
- (11) Not applicable as no equity securities will be issued by the Company in relation to the Proposed Disposal.
- (12) Not applicable as the Proposed Disposal are not of mineral, oil or gas assets by a mineral, oil and gas company.

7.2. Net gain on disposal

Based on the audited consolidated financial statements of Yinda Technology Singapore and Yinda Technology Thailand as at 31 May 2021, the combined net liability value and net losses attributable to the Target Companies were S\$1,426,000 and S\$2,723,000 respectively.

Further, pursuant to the terms and conditions of the SPA, the Company will (a) set-off S\$1,001 of the Consideration under the Existing YPL Loan; (b) novate to YPL an outstanding aggregate amount of S\$3,235,166 owed under the Existing Shareholder's Loans, which shall be set-off against the full remaining amount of the Existing YPL Loan (after the set-off from the Consideration as described above) under the terms and conditions of the Novation and Set-Off Deed; and (c) waive the remaining aggregate amount of S\$1,011,335 under the Existing Shareholder's Loans under the terms and conditions of the Novation and Set-Off Deed.

The Company expects to recognise a gain from the reversal of the net liabilities attributable to the Target Companies of S\$1,426,000, offset by a loss of S\$1,011,335 as a result of the Novation and Set-Off Deed. Accordingly, the Company expects to recognise a net gain on disposal of approximately S\$415,000 from the Proposed Disposal.

7.3. Approvals for Proposed Disposal

Catalist Rule 1007(1) states, *inter alia*, that if any of the relative figures computed pursuant to Catalist Rule 1006 involves a negative figure, Chapter 10 (specifically Practice Note 10A) may still be applicable to the transaction in accordance with the applicable circumstances.

Catalist Rule 1014 states, *inter alia*, that where any of the relative figures as computed on the bases set out in Catalist Rule 1006 exceeds, for a disposal, 50.0%, the transaction would be classified as a major transaction and shareholders' approval will be required to be sought.

As the collective relative figures of Catalist Rule 1006 does not exceed 50.0% and the Proposed Disposal will result in a net gain on disposal not exceeding 10.0% of the consolidated net loss of the Company, no Shareholders' approval is required in relation to the Chapter 10 of the Catalist Rules. However, in consideration of that the Telecommunications Business has been a core business segment of the Company since it was listed in 2015 and as the value of the Proposed Disposal as an interested person transaction exceeds 5.0% of the Group's net

tangible assets (“NTA”) as at 31 May 2021, the Proposed Disposal is conditional upon the approval of the Independent Shareholders at the EGM.

8. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

8.1. Interested person transaction

YPL is an associate of Mdm. Song, the Non-Independent, Non-Executive Chairman of the Company, and hence is an interested person as defined in the Catalist Rules. Pursuant to Catalist Rule 906, an issuer must obtain shareholders’ approval for an interested person transaction of a value equal to, or more than 5.0% of the Group’s latest audited NTA value.

8.2. Value of the interested person transaction

Having considered Rule 909 of the Catalist Rules, which considers the value of the transaction to be the amount at risk to the Group, the Company has considered the value of the interested person transaction to be the following:

The Total Consideration of S\$1,001.00, together with the waiver of S\$1,011,335 undertaken in connection with the Proposed Disposal, totalling S\$1,012,336 which represents 10.9% of the audited NTA of the Group for FY2021 amounting to approximately S\$9,277,000.

As the value of the interested person transaction exceeds 5.0% of the Group’s latest audited NTA, the Proposed Disposal will require Independent Shareholders’ approval pursuant to Rule 906 of the Catalist Rules.

8.3. Total value of interested person transactions for the financial year

As at date of this announcement and save for the Proposed Disposal, there are no interested person transactions entered into by the Group with YPL or any other interested persons for the current financial year ending 31 May 2022.

8.4. Audit Committee statement

The Audit Committee of the Company will obtain an opinion from the IFA before forming its view in relation to the interested person transaction, which will be included in the circular to be issued to the Shareholders.

8.5. Abstention from voting

Pursuant to Catalist Rule 919, YPL and its associates (including Mdm. Song) shall abstain from exercising their voting rights in respect of all existing issued Shares owned by them and shall not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Disposal.

9. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 9.1. The *pro forma* financial effects of the Proposed Disposal on the Company’s share capital and the Group’s NTA per Share and loss per Share (the “LPS”) as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the Proposed Disposal.

The pro forma financial effects have been prepared based on the latest audited financial results of the Group for the FY2021, on the following bases and assumptions:

- (a) the Proposed Disposal had been completed on 31 May 2021 for the purpose of illustrating the financial effects on the NTA;
- (b) the Proposed Disposal had been completed on 1 June 2020 for the purpose of illustrating the financial effects on the LPS;

(c) the issued and paid up share capital of the Company as at the date of this announcement comprising 842,266,333 Shares; and

(d) the expenses incurred in relation to the Proposed Disposal are negligible.

9.2. Share capital

No Shares will be issued pursuant to the Proposed Disposal.

9.3. NTA per Share

Assuming that the Proposed Disposal were completed on 31 May 2021, the pro forma financial effects on the Group's NTA per Share would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA ⁽¹⁾ of the Company (S\$'000)	9,277	9,692 ⁽²⁾
Number of issued ordinary shares in the capital of the Company	842,266,333	842,266,333
NTA per Share (Singapore cents)	1.10	1.15

Note:

(1) NTA means total assets less the sum of total liabilities and intangible assets.

(2) The NTA after the Proposed Disposal will increase by approximately S\$415,000 comprising the reversal of the net liabilities attributable to the Target Companies of S\$1,426,000, offset by a loss of S\$1,011,335 as a result of the Novation and Set-Off Deed.

9.4. LPS

Assuming that the Proposed Disposal were completed on 1 June 2020, the pro forma financial effects on the Group's LPS would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
(Loss) after income tax (S\$'000)	(8,407)	(5,201) ⁽¹⁾
Number of issued ordinary shares in the capital of the Company	842,266,333	842,266,333
LPS (Singapore cents)	(1.00)	(0.62)

Note:

- (1) The net loss assuming the Proposed Disposal had been completed on 1 June 2020 would result in a reversal of the net loss attributable to the Target Companies of S\$2,791,000 recorded for FY2021.

10. EXTRAORDINARY GENERAL MEETING TO BE CONVENED

- 10.1. The Company will convene an EGM in due course to seek the approval from its independent shareholders for the Proposed Disposal.
- 10.2. In compliance with the Catalist Rules, the Circular containing, *inter alia*, further details on the Proposed Disposal (as an interested person transaction), an opinion from the IFA, the valuation report issued by the Independent Valuer and together with a notice of EGM to be held, will be issued to the Shareholders in due course to seek approval for the Proposed Disposal as an interested person transaction.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mdm. Song, Ms. Shao Lifang and YPL, none of the Directors, controlling shareholders or their associates have any interest, direct or indirect, in the Proposed Disposal (other than through their respective interests arising by way of their directorships and/or shareholdings in the Company).

12. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal and accordingly, no service contracts in relation thereto will be entered into by the Company.

13. DOCUMENTS AVAILABLE FOR INSPECTION

- 13.1. Copies of the SPA will be available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 20 Collyer Quay #09-02 Singapore 049319.
- 13.2. 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 6970 1971 prior to making any visits to arrange for a suitable time slot for the inspection.

14. 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 Proposed Disposal and 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.

15. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Disposal.

16. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Disposal remain subject to, amongst others, the fulfilment of the conditions precedent under the SPA. There is no certainty or assurance that the conditions precedent for the Proposed Disposal can be fulfilled or that the Proposed

Disposal will be undertaken at all. Shareholders, securityholders and 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, securityholders, and 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

Mr. Pierre Prunier
Chief Executive Officer and Executive Director
10 December 2021

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange 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. Charmian Lim (telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.