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## **PURCHASE OF PROPERTY – PLOT 360**

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### **1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Grand Venture Technology Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Grand Venture Technology Sdn. Bhd. (the “**Purchaser**”), a wholly-owned subsidiary of the Company, has executed letter of acceptance on 8 March 2021 (the “**Agreement**”) with Kaltech Sdn. Bhd. (the “**Vendor**”) for the purchase (the “**Proposed Purchase**”) of the property known as Lot No. 1032 comprised in qualified title No. HSD 59383, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang (the “**Property**”).

### **2. PROPOSED PURCHASE**

#### **2.1. Information on the Property**

The Property has a sixty (60) years lease expiring on 7 August 2072, measuring approximately 74,056 square feet in land area and 65,076 square feet in floor area of the factory (which the Company intends to renovate) and bearing the assessment address of Plot 360, Lorong Perindustrian Bukit Minyak 22, Kawasan Perindustrian Bukit Minyak (Penang Science Park), 14100 Simpang Ampat, Penang Malaysia.

None of the Vendor nor directors and shareholders of the Vendor are related to the Directors or controlling shareholders of the Company and their respective associates.

#### **2.2. Rationale for the Proposed Purchase**

The Directors are of the view that the Proposed Purchase is needed for the expansion of the Group's production capacity and is in the best interests of the Group. This will enable the Group to strengthen its operational efficiency and to allow the Group to remain competitive in the market.

#### **2.3. Purchase Price**

The purchase price of the Property is MYR19,398,000 (the “**Purchase Price**”).

The Purchase Price was determined based on arm's length negotiations between the parties, and arrived at on a willing buyer, willing seller basis, after taking into account the (i) prevailing market conditions, (ii) Group's strategic considerations and the (iii) independent valuation by a registered valuer on 3 February 2021 at MYR18,000,000 (the “**Valuation**”).

C A Lim Property Surveyors Sdn. Bhd. was commissioned by the Group to perform the independent valuation on the Property. The Valuation was arrived at after considering the following factors including, but not limited to, (i) location of the Property as stated above and approximately 6.3 kilometres from the town of Simpang Ampat, (ii) provisional land area of 74,056 square feet, (iii) build-up double-storey factory together with a double-storey office stated to contain approximately 65,076 square feet, (iv) Property being approved for industrial use (v) leasehold period, (vi) recorded transactions of comparable properties in the vicinity of the Property and (vii) situation of the property market.

The Group's strategic considerations include, among others, the potential increase in capacity requirements and geographical synergies as the Property is located next to our Group's existing factory (“**First Factory**”), and connecting indirectly to the acquired property (Pajakan Negeri No. Hakmilik 10628, No. Lot 20258, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang) (“**Second Factory**”) as announced on 26 February 2020.

Based on the Agreement, the Purchase Price shall be paid as follows:

- (a) MYR193,980, equivalent to 1% of the Purchase Price, paid on the acceptance of the Agreement (“**down-payment**”);

- (b) a deposit of MYR1,939,800, equivalent to 10% of the Purchase Price (after deduction of down-payment), shall be paid within 45 work days from the payment of the down-payment and the execution of the Sale and Purchase Agreement (the “SPA”); and
- (c) the balance of the Purchase Price shall be paid within three (3) months from the date of the SPA and after having obtained written consent from the Penang Development Corporation (“PDC”), Penang State Authority (“PSA”) and all relevant authorities with an extension of one (1) month subject to payment of interest at the rate of 5% per annum on the unpaid balance.

Other salient terms of the Agreement include:

- the Property shall be free from all kinds of encumbrances (including caveats), charges and liens;
- Vendor to deliver a good, valid and registrable title to the Property; and
- vacant possession shall be delivered within five (5) days after the payment of the balance of the Purchase Price or six (6) months from the signing of SPA, whichever is earlier.

The Completion Date shall be the date of the full and final payment of the Purchase Price.

The Purchase Price shall be funded by internal resources and bank borrowings of the Group.

### 3. RELATIVE FIGURES UNDER RULE 1006 OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED LISTING MANUAL SECTION B: RULES OF CATALIST (THE “CATALIST RULES)

The relative figures for the Proposed Purchase as computed on the bases set out in Rule 1006 of the Catalist Rules and the unaudited consolidated financial statements of the Group for the year ended 31 December 2020 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. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not applicable
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	5.1% <sup>Note 1</sup>
(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
(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. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable

Note 1: Based on the Purchase Price and the Company's market capitalisation of approximately S\$116.9 million. The market capitalisation of the Company was computed based on 234,253,000 issued shares of the Company (“Shares”) and the volume weighted average price of the Shares of S\$0.499 per share on 5 March 2021 (being the last day on which the Shares were traded prior to the date of the Agreement).

Based on the relative figures computed above, the Proposed Purchase constitutes a disclosable transaction under Part VI of Chapter 10 of the Catalist Rules.

### 4. FINANCIAL EFFECTS OF THE PROPOSED PURCHASE

The *pro forma* financial effects of the Proposed Purchase on 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 of the Proposed Purchase. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Purchase.

The *pro forma* financial effects have been prepared based on the latest unaudited financial statements of the Group for the financial year ended 31 December 2020 (“FY2020”), and on the following bases and assumptions:

- (a) The estimated fees and expenses, comprising financing costs and depreciation, incurred by the Group in connection with the Proposed Purchase is approximately S\$373,000;
- (b) the financial effects on the NTA per share is computed based on the assumption that the Proposed Purchase was completed on 31 December 2020 for illustrating the *pro forma* financial effects as at 31 December 2020; and
- (c) the financial effects on the EPS is computed based on the assumption that the Proposed Purchase was completed on 1 January 2020 for illustrating the *pro forma* financial effects for FY2020.

#### 4.1. NTA per share

The NTA per share of the Group before and after the Proposed Purchase is as follows:

	<b>Before the Proposed Purchase</b>	<b>After the Proposed Purchase</b>
NTA as at 31 December 2020 (S\$'000)	34,826	34,453
Number of issued shares as at 31 December 2020	234,253,000	234,253,000
NTA per share as at 31 December 2020 (Singapore cents)	<u>14.87</u>	<u>14.71</u>

#### 4.2. EPS

The EPS of the Group before and after the Proposed Purchase is as follows:

	<b>Before the Proposed Purchase</b>	<b>After the Proposed Purchase</b>
Profit attributable to Shareholders for FY2020 (S\$'000)	5,216	4,843
Weighted average number of issued Shares for FY2020	234,253,000	234,253,000
EPS for FY2020 (Singapore cents)	<u>2.23</u>	<u>2.07</u>

#### 5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

#### 6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement, the independent valuation report, and the SPA (subsequent to execution) are available for inspection at the registered office of the Company at 2 Changi North Street 1 Singapore 498828 during normal business hours for three months from the date of this announcement.

**BY ORDER OF THE BOARD**

**LEE TIAM NAM**

Executive Chairman

8 March 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, Head, Corporate Finance, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.*