



NTEGRATOR International Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration Number 199904281D)

PROPOSED ACQUISITION OF GOLDEN ULTRA LIMITED ENTRY INTO SHARE PURCHASE AGREEMENT AS AN INTERESTED PERSON TRANSACTION

Introduction

The Board of Directors (the “**Board**”) of NTEGRATOR International Ltd. (the “**Company**” or the “**Purchaser**” and together with its subsidiaries, the “**Group**”) wishes to announce that:

Proposed Acquisition

The Company has on 12 October 2021 entered into a share purchase agreement (the “**Share Purchase Agreement**”) with Mr Christian Kwok-Leun Yau Heilesen (“**Mr Heilesen**” or the “**Vendor**”) in relation to, *inter alia*, the acquisition of 55 shares (the “**Sale Shares**”) in the Target (as defined below), representing 55% of the issued share capital of the Target, through the Nominee Company (the “**Proposed Acquisition**”).

As at the date of this announcement, the Target is wholly-owned by Mr Heilesen.

The Proposed Acquisition is an “interested person transaction” under Chapter 9 of the Catalist Rules of a value more than 5% of the Group’s latest audited NTA and is subject to approval by the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting of the Company to be convened.

As one of the relative figures computed on the bases set out in Catalist Rule 1006 exceeds 75% but is less than 100%, the Proposed Acquisition is classified as a “major transaction” under Chapter 10 of the Catalist Rules.

Information on the Target Group

The information on the Target Group provided below was provided to the Company by the Target Group. In respect of such information, the Board (excluding Mr Heilesen) has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The responsibility of the Board (excluding Mr Heilesen) is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

Corporate Information

(a) *Golden Ultra Limited*

Golden Ultra Limited is a private company incorporated in the British Virgin Islands on 2 July 2021 and has an issued capital of US\$100 comprising 100 shares as at the date of this announcement. Golden Ultra Limited is an investment holding company.

(b) CKLY Trading Limited

CKLY Trading Limited is a private company limited by shares incorporated in Hong Kong on 14 May 2014 and has an issued share capital of HK\$10,000 comprising 10,000 shares as at the date of this announcement. CKLY Trading Limited is principally in the business of trading of watches through the online platform known as, www.bestwatch.com.hk, which provides various luxury watch brands to customers in Hong Kong and other countries.

Golden Ultra Limited (the “**Target**”) and CKLY Trading Limited shall hereinafter collectively referred to as the “**Target Group**” or “**Target Group Companies**”.

Diversification into the Watch Trading Business

As the Target Group is principally in the business of trading of watches through online platforms, the Company will be seeking Shareholders’ approval at an extraordinary general meeting of the Company to be convened for the diversification of the Group’s existing businesses to include the business designing, manufacturing, marketing, distributing, trading and selling of watches through retail stores and online platforms (the “**Proposed New Watch Business**”).

Financial Information

Based on the pro forma combined financial statements of Target Group for the six months ended 30 June 2021:

- (a) the aggregate book value of the Sale Shares was approximately HK\$6.2 million (equivalent to approximately S\$1.1 million) as at 30 June 2021;
- (b) the aggregate NTA value represented by the Sale Shares was approximately HK\$6.2 million (equivalent to approximately S\$1.1 million) as at 30 June 2021. The NTA include an amount due from a director of the Target Group, namely Mr Heilesen, of approximately HK\$8.3 million (equivalent to approximately S\$1.5 million) and amount due from associates of approximately HK\$12.7 million (equivalent to approximately S\$2.2 million); and
- (c) the aggregate net profits attributable to the Sale Shares was approximately HK\$1.5 million (equivalent to approximately S\$0.3 million) for the six months ended 30 June 2021.

Based on the pro forma combined financial statements of Target Group for the six months ended 30 June 2021 and assuming that (a) the Mr Heilesen has repaid all loans made by the Target Group to Mr Heilesen, which in aggregate amount to approximately HK\$8.3 million (equivalent to approximately S\$1.5 million); (b) and Mr Heilesen’s associates has repaid all loans made by the Target Group to Mr Heilesen’s associates, which in aggregate amount to approximately HK\$12.7 million (equivalent to approximately S\$2.2 million); and (c) the Target Group Companies has declared dividends to Mr Heilesen, such amount to be determined on completion of the Proposed Acquisition which will result in the NTA of the Target Group Companies to be HK\$0 (equivalent to approximately S\$0):

- (a) the aggregate book value of the Sale Shares was approximately HK\$0 (equivalent to approximately S\$0 million) as at 30 June 2021;
- (b) the aggregate NTA value represented by the Sale Shares was approximately HK\$0 million (equivalent to approximately S\$0 million) as at 30 June 2021; and
- (c) the aggregate net profits attributable to the Sale Shares was approximately HK\$0.7 million (equivalent to approximately S\$0.12 million) for the six months ended 30 June 2021.

Valuation

The Company has commissioned FT Consulting Limited (the “**Independent Valuer**”) to conduct an independent valuation on the market value of the 100% equity interest of CKLY Trading Limited.

According to the valuation report dated 11 October 2021 issued by the Independent Valuer (the “**Valuation Report**”):

- (a) The Independent Valuer confirmed that it has made relevant enquiries and obtained such further information as it considers necessary for the purpose of providing its opinion of the market value of the 100% equity interest of CKLY Trading Limited.
- (b) The valuation has complied with RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors and International Valuation Standards published by the International Valuation Standards Council.
- (c) The valuation is based on market value and market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
- (d) There are three generally accepted valuation approaches sourced from the International Valuation Standard 105 – Valuation Approaches and Methods, namely, the cost approach, the market approach and the income approach. In the valuation, the market approach was not considered applicable as the Target Group is engaged in online watch trading, which is a special niche market and there are no sufficient comparable companies observed in the market. The cost approach was not considered an appropriate approach as this approach does not take into account the economic profits contributed by the intangible asset, such as online platform and customer relationship, of the Target Group. The Independent Valuer determined that the income approach was the most appropriate valuation approach as it takes the future revenue that can be obtained by taking the intangible asset of the Target Group into consideration. In particular, the discounted cash-flow method was used in the valuation.
- (e) Based on the valuation methodology adopted, the Independent Valuer is of the opinion that the market value of the 100% equity interest of CKLY Trading Limited, as at 30 June 2021, was HK\$138,290,000 (equivalent to approximately S\$24.1 million).

Rationale and Benefit of the Proposed Acquisition

The Proposed Acquisition is part of the Group’s corporate strategy with a view to have diversified returns and the potential for long-term growth. The Board believes that the Proposed Acquisition will provide the Group with new revenue streams, improve profitability and its prospects, and in turn, enhance shareholder’s value.

Completion of the Proposed Acquisition is expected to take place in early January 2022.

Consideration

The aggregate maximum value to be paid by the Company in connection with the Proposed Acquisition is approximately HK\$110 million (equivalent to approximately S\$19.2 million) comprising the Consideration (as defined below) of HK\$82.5 million (equivalent to approximately S\$14.4 million) to be paid to the Vendor by way of the Promissory Notes (as defined below) and the maximum Earnout Incentive (as defined below) of HK\$27.5 million (equivalent to approximately S\$4.8 million) assumed to be paid by the Purchaser to the Vendor in accordance with the formula and conditions detailed below.

Consideration

The consideration for Proposed Acquisition is HK\$82.5 million (equivalent to approximately S\$14.4 million) (the “**Consideration**”). The Consideration shall be paid to the Vendor:

- (a) by way of promissory notes which shall bear interest at a rate of 8% per annum (the “**Promissory Notes**”) in which the Company promises to pay HK\$82.5 million (equivalent to

- approximately S\$14.4 million) to the Vendor in accordance with the terms of the Promissory Notes; or
- (b) such other payment method as the Company and the Vendor may agree in writing.

The Consideration was arrived at arm's length and on a willing-buyer-willing-seller basis after taking into account, *inter alia*, the following:

- (a) the market value of the 100% equity interest of Golden Ultra Limited and CKLY Trading Limited as set out in the Valuation Report;
- (b) the aggregate net profits attributable to the Sale Shares set out in the pro forma combined financial statements of the Target Group for the six months ended 30 June 2021; and
- (c) the prevailing economic conditions.

The Valuation Report formed a basis for the Consideration for the Target.

The Board is of the view that the Target has been operating in the watch retailing business since 2016. The Target has been profitable for 5 years in a row, and with a positive and growing EBITDA. Thanks to its omni channel approach to watch retailing, they are able to sell to and attract customers through online means as well as for clients that walk-in at the shop/office level.

The Target is capable of demonstrating that it has the following other benefits to the Company:

- (1) better knowledge and experience than many of the similar competitors;
- (2) competent know-how and personnel (15 employees) to support the operation and expansion of the business;
- (3) extensive network of existing suppliers, customers, dealers and connections from the dealing of watches for the last 5 to 6 years;
- (4) value of its own website on www.bestwatch.com.hk, and the search engine optimisation ("SEO") that is included in the website;
- (5) the Proposed Acquisition makes sense economically in terms of time and cost savings for the Company to acquire the Target with a profitable track record as new projects and businesses developed by the Company will take time, management resources and significant costs to setup. Furthermore, it may not achieve a good outcome or profitable outcome for the Company. The Proposed Acquisition will shortcut the Company's road to profitability while enabling the Company to execute in a quick and fast manner;
- (6) The consideration shall be paid by way of Promissory Notes that are not satisfied out of Company's existing capital and cash resources, and hence enables the Company to enter into a sale and purchase contract ("S&P") without straining the cashflow of the Company immediately;
- (7) The Target's existing office and setup that will speed up the expansion of the Company's expansion efforts into Hong Kong; and
- (8) The Board is also of the view that the Proposed Acquisition provides another avenue for the Company to grow its businesses.

Taking into account the above factors, the Directors are of the view that the Consideration which consists of earnout is fair and represents a good structure to ensure all parties are aligned for the successful execution of the Share Purchase Agreement, and the future goal to ensure the Group can grow and expand profitably using the extensive supplier and distribution network that the Target has accumulated over the years.

Earnout Incentive

In addition to the Consideration of HK\$82.5 million (equivalent to approximately S\$14.4 million), the Purchaser shall pay the Vendor an earnout incentive (calculated based on the formula below) (the "**Earnout Incentive**") in two tranches. The first tranche of the Earnout Incentive shall be paid within seven business days from the date the Company announces its audited consolidated financial

statements of the Group for the six months ending 30 June 2022 via SGXNet. The second tranche of the Earnout Incentive shall be paid within seven business days from the date the Company announces its audited financial statements of the Group for the financial year ending 31 December 2022. The maximum Earnout Incentive payable by the Purchaser to the Vendor, in aggregate, shall be HK\$27.5 million (equivalent to approximately S\$4.8 million).

First Tranche of the Earnout Incentive = HY EBITDA × 8 × 55%

Where “**HY EBITDA**” means earnings before interest, taxes, depreciation and amortisation based on the unaudited consolidated financial statements of the Target Group for the financial year ending 30 June 2022.

Second Tranche of the Earnout Incentive

= (FY EBITDA × 8 × 55%) – First Tranche of the Earnout Incentive

Where “**FY EBITDA**” means earnings before interest, taxes, depreciation and amortisation based on the audited consolidated financial statements of the Target Group for the financial year ending 31 December 2022.

The first and second tranches of the Earnout Incentive shall be paid to the Vendor:

- (a) by way of Promissory Notes which shall bear interest at a rate of 8% per annum in which the Company promises to pay the relevant sums under the Earnout Incentive to the Vendor in accordance with the terms of the Promissory Notes; or
- (b) such other payment method as the Company and the Vendor may agree in writing.

In the event that the second tranche of the Earnout Incentive (calculated based on the formula above) is negative figure and the negative figure (insofar as the absolute value is concerned) is:

- (a) equal or more than the first tranche of the Earnout Incentive, the Vendor shall surrender the Certificate (as defined below) representing all Promissory Notes issued by the Company in respect of the first tranche of the Earnout Incentive within seven business days from the date the Company announces its audited consolidated financial statements of the Group for the financial year ending 31 December 2022 and such Promissory Notes shall be cancelled and cease to be valid for any purpose without cost or penalty to the Company. If any Promissory Notes issued by the Company in respect of the first tranche of the Earnout Incentive is redeemed by the Company prior to such date, the Vendor shall repay a sum equivalent to the sum paid by the Company in respect of that redemption within seven business days from the date the Company announces its audited consolidated financial statements of the Group for the financial year ending 31 December 2022; and
- (b) less than the first tranche of the Earnout Incentive, the Vendor shall surrender the Certificate representing Promissory Notes issued by the Company in respect of the first tranche of the Earnout Incentive with an aggregate principal value equivalent to the negative figure (insofar as the absolute value is concerned) within seven business days from the date the Company announces its audited consolidated financial statements of the Group for the financial year ending 31 December 2022 and such Promissory Notes shall be cancelled and cease to be valid for any purpose without cost or penalty to the Company. If the aggregate principal value of the outstanding Promissory Notes issued by the Company in respect of the first tranche of the Earnout Incentive is less than the negative figure (insofar as the absolute value is concerned), the Vendor shall repay a sum equivalent to the difference between the aggregate principal value of the outstanding Promissory Notes issued by the Company in respect of the first tranche of the Earnout Incentive and the negative figure (insofar as the absolute value is concerned) within seven business days from the date the Company announces its audited consolidated financial statements of the Group for the financial year ending 31 December 2022.

The maximum Earnout Incentive was arrived at arm's length and on a willing-buyer-willing-seller basis after taking into account, *inter alia*, the following:

- (a) The Target Group comprise fast-growing companies with knowledgeable and experienced personnel in the trading of watches; and
- (b) The potential revenue that may be generated by the Target Group.

Source of Funds

The Consideration of HK\$82.5 million (equivalent to approximately S\$14.4 million) to be paid to the Vendor by way of the Promissory Notes, the maximum Earnout Incentive of HK\$27.5 million (equivalent to approximately S\$4.8 million) payable by the Purchaser to the Vendor in accordance with the formula above, and the estimated costs and expenses to be incurred in connection with the Proposed Acquisition of S\$100,000 shall be funded through fund raising exercises such as an issue of additional equity securities by way of a rights issue, placement or otherwise.

Principal Terms of the Share Purchase Agreement

According to the Share Purchase Agreement:

(a) Conditions Precedent

The obligations of the Purchaser and the Vendor (the "**Parties**") under the Share Purchase Agreement are conditional upon, and completion shall not take place until, all the following conditions precedent have been fulfilled:

- (i) the Vendor having procured all necessary approvals from the board of directors and/or the shareholders of the Target Group Companies in connection with the Share Purchase Agreement and the transactions contemplated therein, and such approvals not having been amended or revoked before the completion date;
- (ii) the Purchaser having obtained all necessary approvals from its board of directors in connection with the Share Purchase Agreement and the transactions contemplated therein;
- (iii) the Purchaser being reasonably satisfied with the results of the due diligence investigations (legal, financial (including the audited financial statements of the Target Group), tax or otherwise) conducted on the Target Group;
- (iv) the Vendor having procured the rectification by the Target Group Companies of all issues and/or irregularities uncovered during the due diligence investigations to the reasonable satisfaction of the Purchaser;
- (v) the Purchaser having obtained approvals from its shareholders at an extraordinary general meeting of the Purchaser to be convened in connection with the Proposed Acquisition and the diversification of the existing businesses of the Group to include the Proposed New Watch Business;
- (vi) the Purchaser being reasonably satisfied that there has been no material adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, operations, assets, financial condition and/or prospects of the Target Group;
- (vii) each of the representations, warranties and undertakings given by the Vendor remaining true and accurate in all material respects as at the completion date (by reference to the facts and circumstances then subsisting) with the same force and effect as if repeated on the completion date;
- (viii) the Vendor obtaining all necessary consents, approvals and waivers in respect of any right of pre-emption or any other restriction conferred under the constitution of the Target Group Companies or otherwise in relation to the sale and purchase of the Sale

- Shares to the Purchaser and/or its nominees, and such consents, approvals and waivers not having been amended or revoked before the completion date; and
- (ix) all necessary consents, approvals and waivers where required for the transactions contemplated under the Share Purchase Agreement (including third party, governmental and regulatory consents, approvals and waivers) having been obtained by the Purchaser and the Vendor, and such consents, approvals and waivers not having been amended or revoked before the completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being fulfilled on or before the completion date.

(b) Long Stop Date

“**Long Stop Date**” means 12 months from the date of the Share Purchase Agreement, or such other later date as the Parties may agree in writing.

If any of the conditions precedent above is not fulfilled on or before 5.00 p.m. on the Long Stop Date and such non-fulfilment is not waived by the party who has the benefit of such condition precedent, the Share Purchase Agreement shall lapse and no party shall have any claim against the other party under the Share Purchase Agreement, save for any claim arising from antecedent breaches of the Share Purchase Agreement.

(c) Loans to be repaid by Mr Heilesen and his Associates and Dividends to be declared

The Purchaser and Mr Heilesen and his associates have agreed that:

- (i) Mr Heilesen and his associates shall repay all loans made by CKLY Trading Limited to Mr Heilesen and his associates, details of which are set out below, by 30 June 2022.
- (aa) An interest free loan of approximately HK\$8.3 million (equivalent to approximately S\$1.5 million) extended by CKLY Trading Limited to Mr Heilesen.
- (bb) An interest free loan of approximately HK\$12.7 million (equivalent to approximately S\$2.2 million) extended by CKLY Trading Limited to Mr Heilesen’s associates.
- (ii) The Target Group Companies shall declare dividends to Mr Heilesen, such amount to be determined on completion of the Proposed Acquisition which will result in the NTA of the Target Group Companies to be HK\$0 (equivalent to approximately S\$0). The dividends shall be declared in the following sequence:
- (aa) A dividend by CKLY Trading Limited to Golden Ultra Limited.
- (bb) A dividend by Golden Ultra Limited to Mr Heilesen.

As at the date of this announcement, CKLY Trading Limited has declared and paid a dividend of HK\$10 million (equivalent to approximately S\$1.74 million) to Mr Heilesen.

(d) Indemnity

The Vendor has agreed to indemnify, defend and hold harmless the Purchaser (and its directors, officers, employees, agents, representatives, affiliates, successors and assigns) or at the Purchaser’s option, the Target Group, from and against any and all losses, liabilities, fines, penalties, costs (including legal or arbitral costs, advisors’, experts’ and consultants’ fees and costs of enforcement of any settlements, judgments or arbitral awards), charges, expenses, actions, proceedings, investigations, claims and demands which the Purchaser or the Target

Group (as the case may be) may at any time and from time to time sustain, incur or suffer by reason of:

- (i) any non-compliance by the Target Group with applicable laws and regulations; and
- (ii) any breach by the Vendor of its representations, warranties and undertakings contained in the Share Purchase Agreement.

(e) Costs and Expenses

Each party shall bear and be responsible for its respective costs and expenses incurred in relation to the negotiation, preparation, finalisation, execution and performance of the Share Purchase Agreement and the transactions contemplated therein.

The Purchaser shall bear the cost of all notarial fees and all registration, stamp and transfer taxes and duties or their equivalents in all jurisdictions where such fees, taxes and duties are payable as a result of the transactions contemplated by the Share Purchase Agreement. The Purchaser shall be responsible for arranging the payment of all such fees, taxes and duties, including fulfilling any administrative or reporting obligation imposed by the jurisdiction in question in connection with the payment of such fees, taxes and duties.

(f) Governing Law and Jurisdiction

The Share Purchase Agreement shall be governed by, and construed in accordance with, the laws of Singapore.

Any dispute arising out of or in connection with the Share Purchase Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre (“**SIAC**”) in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (“**SIAC Rules**”) for the time being in force, which rules are deemed to be incorporated by reference in this clause. The seat of arbitration shall be Singapore. The Tribunal shall consist of one arbitrator. The language of the arbitration shall be English. This clause is governed by the laws of Singapore.

Principal Terms of the Promissory Notes

According to the terms of the Promissory Notes:

(a) Form, Denomination and Title

Each Promissory Note is issued in registered form, serially numbered and in the denominations of S\$1.00 each.

The Promissory Notes shall be represented by registered certificates (the “**Certificates**”) and, save as provided, each Certificate shall represent the entire holding of Promissory Notes by the same holder.

The Promissory Notes will not be secured by any assets of the Company or guarantee provided by the Company.

“**Noteholder**” means the person in whose name a Promissory Note is registered in the register.

(b) Transfer

One or more Promissory Notes may be transferred by giving the Company 14 business days' notice in writing, and the date falling on the 14th business day after the date of receipt of the transfer notice shall be the "**Elected Transfer Date**". On the Elected Transfer Date, the Certificate representing such Promissory Notes to be surrendered (at the registered office of the Company), together with the form of transfer endorsed on such Certificate, duly completed and executed. No transfer of title to any Promissory Note will be valid or effective unless and until entered on the register.

In the case of a transfer of part only of a holding of Promissory Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor, provided that, in the case of a transfer of Promissory Notes to a person who is already a holder of Promissory Notes, a new Certificate representing the enlarged holding shall only be issued against the surrender of the Certificate representing the existing holding.

(c) Restrictions on Transfer

No Promissory Note may be transferred by a Noteholder without the prior written consent of the Company (such consent not to be unreasonably withheld).

(d) Status

The Promissory Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and shall at all times rank *pari passu*, without any preference or priority among themselves and *pari passu* with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Company, save for such exceptions as may be provided by mandatory provisions under applicable laws and regulations.

(e) Interest

Each Promissory Note shall bear interest from the date on which it is issued at a rate of 8% per annum, payable annually in arrears.

(f) Redemption

The Company may give a Noteholder 14 business days' notice in writing to redeem one or more Promissory Notes held by that Noteholder at 100% of their principal value without cost or penalty, and the date falling on the 14th business day after the date of receipt of the redemption notice shall be the "**Elected Redemption Date**". On the Elected Redemption Date, the Certificate representing such Promissory Notes to be redeemed shall be surrendered (at the registered office of the Company).

In the case of a redemption of part only of a holding of Promissory Notes represented by one Certificate, a new Certificate in respect of the balance of the holding not redeemed shall be issued to the Noteholder.

All interest accrued on the Promissory Notes shall be paid on the Elected Redemption Date.

For the avoidance of doubt, the Promissory Notes are not redeemable at the option of the Noteholders. Mr Heilesen shall abstain from the decision-making process in relation to the redemption of the Promissory Notes.

(g) Maturity

If there are outstanding Promissory Notes that are not redeemed by the Company on the date falling two years from the date on which they were issued (the “**Maturity Date**”), the Company shall redeem such Promissory Notes at 100% of their principal value without cost or penalty on the Maturity Date. On the Maturity Date, the Certificate representing such Promissory Notes shall be surrendered (at the registered office of the Company).

All interest accrued on the Promissory Notes shall be paid on the Maturity Date.

(h) Governing Law and Jurisdiction

The Promissory Notes are governed by, and shall be construed in accordance with, the laws of Singapore.

Any dispute arising out of or in connection with the Promissory Notes, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre (“**SIAC**”) in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (“**SIAC Rules**”) for the time being in force, which rules are deemed to be incorporated by reference in this condition. The seat of arbitration shall be Singapore. The Tribunal shall consist of one arbitrator. The language of the arbitration shall be English. This condition is governed by the laws of Singapore.

The Board confirms that it shall procure that the Company, in exercising its right of redemption set out in paragraph (f) above, shall do so in a manner which is in the best interests of the Company and its shareholders and in circumstances that such redemption would not result in Group being unable to continue as a going concern or negatively affect the Group’s financial performance.

Shareholders’ Approval for the Proposed Acquisition

Chapter 9 of the Catalist Rules

The Target is an associate of Mr Heilesen, who is a director and substantial shareholder of the Company, holding indirectly 171,314,400 ordinary shares of the Company, representing approximately 13.67% of the issued share capital of the Company. Therefore, the Target is an “interested person” under Chapter 9 of the Catalist Rules and the Proposed Acquisition is an “interested person transaction” under Chapter 9 of the Catalist Rules.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020, the Group’s latest audited net tangible assets (“**NTA**”) amounts to approximately S\$9.0 million.

The current total of all transactions (excluding transactions less than S\$100,000) with Mr Heilesen and his associates for the period commencing on 1 January 2021 up to the date of this announcement is set out in the table below.

Description of Transaction	Before Completion of the Proposed Acquisition		After Completion of the Proposed Acquisition	
	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾
Proposed Acquisition	-	-	HK\$110 million (equivalent to	213.33%

			approximately S\$19.2 million)	
Total	-	-	HK\$110 million (equivalent to approximately S\$19.2 million)	213.33%

Notes:

(1) As a percentage of the Group's latest audited NTA of approximately S\$9.0 million.

The current total of all interested person transactions (excluding interested person transactions less than S\$100,000) for the period commencing on 1 January 2021 up to the date of this announcement is set out in the table below.

Description of Transaction	Before Completion of the Proposed Acquisition		After Completion of the Proposed Acquisition	
	Amount	%⁽¹⁾	Amount	%⁽¹⁾
Proposed Acquisition	-	-	HK\$110 million (equivalent to approximately S\$19.2 million)	213.33%
Total	-	-	HK\$110 million (equivalent to approximately S\$19.2 million)	213.33%

Notes:

(1) As a percentage of the Group's latest audited NTA of approximately S\$9.0 million.

Pursuant to:

- (a) Catalyst Rule 906(1), an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than (a) 5% of the group's latest audited net tangible assets; or (b) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.
- (b) Catalyst Rule 919, in a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given.

The Proposed Acquisition is an "interested person transaction" under Chapter 9 of the Catalyst Rules of a value more than 5% of the Group's latest audited NTA.

Accordingly, the Company will be convening an extraordinary general meeting to seek Shareholders' approval from independent Shareholders of the Company for the Proposed Acquisition. Mr Heilesen

and his associates shall not vote on the resolution approving the Proposed Acquisition, nor accept appointments as proxies unless specific instructions as to voting are given, in accordance with Catalyst Rule 919.

Chapter 10 of the Catalyst Rules

The relative figures computed on the bases set out in Catalyst Rule 1006 for the Proposed Acquisition are as follows:

Catalist Rule 1006(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. ⁽¹⁾	Not Applicable ⁽²⁾
Catalist Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. ⁽³⁾	(97.51)% ⁽⁴⁾
Catalist Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	96.17% ⁽⁵⁾
Catalist Rule 1006(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.	Not Applicable ⁽⁶⁾
Catalist Rule 1006(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 SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁷⁾

Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) The Proposed Acquisition is an acquisition of assets not a disposal of assets.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income and non-controlling interests.
- (4) Based on the pro forma combined financial statements of the Target Group for the six months ended 30 June 2021, the aggregate net profits attributable to the Sale Shares was approximately HK\$1.5 million (equivalent to approximately S\$0.266 million) which represents approximately (97.51)% of the Group's net loss of approximately S\$0.273 million for the six months ended 30 June 2021.
- (5) The aggregate maximum value to be received by the Company in connection with the Proposed Acquisition is approximately HK\$110 million (equivalent to approximately S\$19.2 million) (comprising the Consideration of HK\$82.5 million (equivalent to approximately S\$14.4 million) and the maximum Earnout Incentive of HK\$27.5 million (equivalent to approximately S\$4.8 million)) which represents approximately 96.17% of the Company's market capitalisation of approximately S\$20.0 million on 6 October 2021, being the last full market day on which trades were done, being 6 October 2021 prior to the trading halt of the Company's shares on 7 October 2021, preceding the date of the Share Purchase Agreement. The Company's market capitalisation was determined by multiplying the number of shares the Company has in issue ("Shares") (1,253,258,714 Shares) by the weighted average price of such shares transacted on 6 October 2021 (S\$0.0159), prior to the trading halt of the Company's shares on 7 October 2021.
- (6) No equity securities will be issued by the Company in connection with the Proposed Acquisition.
- (7) The Company is not a mineral, oil and gas company. The Proposed Acquisition is an acquisition of assets not a disposal of assets.

As one of the relative figures computed on the bases set out in Catalist Rule 1006 exceeds 75% but is less than 100%, the Proposed Acquisition is classified as a “major transaction” under Chapter 10 of the Catalist Rules.

In addition, one of the relative figures computed on the bases set out in Catalist Rule 1006 involves a negative figure. Therefore, Chapter 10 of the Catalist Rules may still be applicable to the Proposed Acquisition in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. As the Proposed Acquisition does not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10A of the Catalist Rules, Catalist Rule 1014 shall apply to the Proposed Acquisition.

Catalist Rule 1014 requires, *inter alia*, that (a) the Company immediately announce the information required in Catalist Rules 1010, 1011, 1012 and 1013, where applicable; and (b) the Proposed Acquisition must be made conditional upon approval by shareholders in general meeting. The required information has been disclosed accordingly and a circular containing the information required in Catalist Rules 1010, 1011, 1012 and 1013 will be sent to all shareholders of the Company in due course.

Financial Effects

The financial effects of the Proposed Acquisition on the NTA per share and the loss per share (“LPS”) of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

For the purpose of illustrating the financial effects, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects on the NTA per share of the Group are computed assuming that the Proposed Acquisition was completed on 31 December 2020;
- (b) the financial effects on the LPS of the Group are computed assuming that the Proposed Acquisition was completed on 1 January 2020; and
- (c) the costs and expenses in connection with the Proposed Acquisition shall be disregarded.

Financial Effects on NTA per Share of the Group

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition Adjusted⁽¹⁾
NTA as at 31 December 2020 (S\$'000)	9,001	9,001	9,001
Number of shares in the Company, excluding treasury shares and subsidiary holdings ⁽²⁾	1,253,258,714	1,253,258,714	1,253,258,714
NTA per share of the Group (Singapore cents)	0.72	0.72	0.72

Notes:

- (1) Assuming that (a) Mr Heilesen has repaid all loans made by the Target Group to Mr Heilesen, which in aggregate amount to approximately HK\$8.3 million (equivalent to approximately S\$1.5 million); (b) and Mr Heilesen’s associates has repaid all loans made by the Target Group to Mr Heilesen’s associates, which in aggregate amount to approximately HK\$12.7 million (equivalent to approximately S\$2.2 million); and (c) the

Target Group Companies has declared dividends to Mr Heilesen, such amount to be determined on completion of the Proposed Acquisition which will result in the NTA of the Target Group Companies to be HK\$0 (equivalent to approximately S\$0).

- (2) The number of shares in the issued share capital of the Company has increased from 1,065,395,234 shares to 1,253,258,714 shares after completion of the placement exercise on 30 June 2021. Please refer to the announcements made by the Company on 25 May 2021, 28 May 2021, 23 June 2021, 29 June 2021 and 30 June 2021 for further details on the placement exercise.

Financial Effects on EPS of the Group

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition Adjusted⁽¹⁾
Net earnings for the financial year ended 31 December 2020 (S\$'000)	(5,032)	(4,766)	(4,908)
Weighted average number of shares in the Company, excluding treasury shares and subsidiary holdings ¹	1,253,258,714	1,253,258,714	1,253,258,714
LPS of the Group (Singapore cents)	(0.40)	(0.38)	(0.39)

Note:

- (1) The number of shares in the issued share capital of the Company has increased from 1,065,395,234 shares to 1,253,258,714 shares after completion of the placement exercise on 30 June 2021. Please refer to the announcements made by the Company on 25 May 2021, 28 May 2021, 23 June 2021, 29 June 2021 and 30 June 2021 for further details on the placement exercise.

The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group. No representation is made as to the actual results and/or financial position of the Company and/or the Group.

Independent Financial Adviser

The members of the Audit Committee are considered independent for the purposes of the Proposed Acquisition. The Company will appoint an independent financial adviser to advise the Audit Committee in connection with the Proposed Acquisition and to opine on whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority shareholders.

Statement by the Audit Committee

The members of the Audit Committee comprise of Mr Chay Yiowmin, Mr Leung Kwok Kuen Jacob, Mr Leung Yu Tung Stanley and Ms Zhou Jia Lin, who are considered independent for the purposes of the Proposed Acquisition.

An independent financial adviser will be appointed to advise the Audit Committee in connection with the Proposed Acquisition. An announcement relating to the same will be made by the Company in due course.

The Audit Committee will obtain an opinion from the independent financial adviser before forming its view on the Proposed Acquisition.

A circular containing the opinion of the independent financial adviser and the opinion of the Audit Committee on whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority shareholders will be sent to shareholders of the Company in due course.

Interests of Directors and Substantial Shareholders

Save for Mr Heilesen and as disclosed in this announcement, none of the directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company, if any.

Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition and no service contracts in relation thereto is proposed to be entered into by the Company.

Documents Available for Inspection

A copy of the Share Purchase Agreement and the Valuation Report may be inspected at the Company's registered address at 4 Leng Kee Road #06-04 SIS Building Singapore 159088 during normal business hours for three months from the date of this announcement.

Directors' Responsibility Statement

The directors of the Company 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 Acquisition, the Company and its subsidiaries, and the directors of the Company 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 of the Company 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.

Cautionary Statement

Shareholders and potential investors of the Company should note that the Proposed Acquisition is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the

Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board
Ntegrator International Ltd.

Leung Kwok Kuen Jacob
Independent Non-Executive Chairman and Independent Non-Executive Director

12 October 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It 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 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 Ms Gillian Goh, 16 Collyer Quay #10-00 Income at Raffles Singapore 049318, sponsorship@ppcf.com.sg.