



## ADVANCER GLOBAL LIMITED

(Company Registration No. 201602681W)

(Incorporated in the Republic of Singapore)

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- (1) SUBSCRIPTION OF 15% SHARES IN 浙江智物慧云技术有限公司 (ZHE JIANG ZHI WU HUI YUN TECHNOLOGY CO.LTD.)
- (2) STATUS OF USE OF NET SUBSCRIPTION PROCEEDS
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### 1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or “**Director**”) of Advancer Global Limited (the “**Company**”, and together with its subsidiaries and associate companies, collectively the “**Group**”) wishes to announce that Advancer Smart Technology Pte. Ltd. (“**AST**”), an indirect wholly-owned subsidiary of the Company held through Advancer Global Facility Pte. Ltd., has on 30 June 2020, entered into an investment agreement (the “**Agreement**”) with Messrs Jiang Zhi Qiang (“**JZQ**”) and Lang Cheng (“**LC**”) (collectively, the “**Target Shareholders**”) to subscribe for 15% of the total equity interest in the registered capital of 浙江智物慧云技术有限公司 (Zhe Jiang Zhi Wu Hui Yun Technology Co. Ltd.) (the “**Target Company**”), for a total cash consideration of RMB3 million (equivalent to S\$590,700<sup>1</sup>) (the “**Consideration**”) (the “**Proposed Investment**”). Following the completion of the Proposed Investment, the Target Company will become an investment in financial assets held by AST and the Company, and the registered capital of the Target Company will be held in the following proportions (“**Shareholding After Completion**”):

Name	Shareholding Percentage based on Registered Capital (%)	Registered Capital (RMB)
JZQ	77.92	10,129,535
LC	7.08	920,465
AST	15.00	1,950,000
<b>Total</b>	<b>100.00</b>	<b>13,000,000</b>

### 1.2 Information on the Target Company and the Target Shareholders

The Target Company is a company incorporated in the People’s Republic of China on 26 July 2018, with a registered capital of RMB10,000,000. As at the date of this Announcement, JZQ and LC holds 91.67% and 8.33% of the registered capital respectively. JZQ has an aggregate of more than 17 years of experience in public telecommunication business and three years of experience in the development of smart city related projects in listed, non-listed and multi-national companies. He is

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<sup>1</sup> Unless otherwise indicated, RMB amounts in this Announcement have been translated into SGD amounts based on the exchange rate of RMB1: S\$0.1969 as at 29 June 2020, as quoted by Monetary Authority of Singapore.

responsible for overall administration, operation and development of the Target Company. LC is a passive investor who is not related to JZQ.

The Target Shareholders are independent and unrelated third parties to the Company, its Directors and its controlling shareholders.

The Target Company's principal activities are selling and installation of Smart Toilet System and IoT (Internet of Things) products which are backed by self-developed online platforms including interactive feedback panel, mobile application and dashboard. The Target Company has in-depth knowledge in developing holistic AI-based IoT solutions.

### 1.3 Financial Information of the Target Company

Based on the unaudited full year financial statements the Target Company for FY2019, the net loss of the Target Company was approximately RMB1,756,000 (equivalent to S\$347,000, based on an average exchange rate of RMB1: S\$0.1974 for FY2019). The net capital deficiency of the Target Company as at 31 December 2019 was approximately RMB599,000 (equivalent to S\$116,000, based on an exchange rate of RMB1: S\$0.1931 as at 31 December 2019)

## 2. RATIONALE FOR THE PROPOSED INVESTMENT

The Proposed Investment is in line with the Group's plan to further invest in technology for improving productivity, efficiency and service quality of Group's building management services. The Board is of the view that the Proposed Investment will allow the Group to tap on the technological knowledge and know-how of the Target Company which would in the long run complement and create a synergistic value with the Group's building management services. This would allow the Group to further strengthen its service offerings and augment a unique selling proposition for the Group's services giving the Group a competitive advantage in the building management sector.

## 3. SAILENT DETAILS OF THE PROPOSED INVESTMENT

### 3.1 Consideration and use of proceeds

The Consideration was arrived at arm's length negotiations between AST and the Target Shareholders having considered the Target Company's latest valuation report issued by 北京海峡资产评估有限公司 (the "Valuer") (the "Valuation Report") on 18 October 2019. The Valuer is certified under the China Appraisal Society (中国资产评估协会) and the valuation methodology is based primarily on the income method for intangible assets (including software copyrights) and asset-based method for balance sheet assets. Based on the Valuation Report, the market value of 100% equity interest of the Target Company amounted to RMB 17 million (equivalent to S\$3,347,300) ("Valuation").

The Consideration of RMB3 million (equivalent to S\$590,700) should be paid in cash by AST to the Target Company within thirty (30) working days upon signing of the Agreement (before 11 August 2020) ("Settlement Date"). The Consideration will be satisfied in full through the net proceeds ("Net Subscription Proceeds") from the Company's issue and allotment of 65,000,000 new ordinary shares on 31 August 2018, and is in accordance with the use of proceeds as stated in the Company's announcement dated 8 August 2018.

The status of utilisation of the Net Subscription Proceeds as at the date of this announcement is as follows:

<b>Use of Proceeds</b>	<b>Amount allocated (S\$' million)</b>	<b>Amount utilised (S\$' million)</b>	<b>Balance (S\$' million)</b>
Expansion of business operations	16.30	(1.48)	14.82
General corporate and working capital purpose of the Group, mainly to support administrative and operational expenses (Note (a))	5.44	(3.67)	1.77
	<u>21.74</u>	<u>(5.15)</u>	<u>16.59</u>

**Note:**

(a) Breakdown of the general and corporate working capital requirements:

	<b>S\$'000</b>
Professional and listing related expenses	570
Administrative expenses –staff cost	308
Administrative expenses- others	18
Purchase of inventory for a subsidiary	170
Repayment of loan incurred by a subsidiary	300
Advances to subsidiaries for operational expenses	2,300
	<u>3,666</u>

The Company will make further announcements, as and when the balance of the Net Subscription Proceeds is materially disbursed.

### 3.2 Completion

The Target Shareholders shall ensure to complete the Target Company's registration of change in accordance with the Shareholding After Completion, including capital verification by qualified auditing firm within twenty (20) working days from the Settlement Date ("**Registration Date**").

### 3.3 Share pledge

Under the terms of the Agreement, JZQ and LC has committed to inject approximately RMB7.65 million and RMB0.70 million in the Target Company by 18 July 2030 ("**Committed Capital**"). In this respect, JZQ and LC shall pledge 23% and 2% of their respective equity stake in the Target Company to AST until JZQ and LC have fully paid up their portion of the Committed Capital respectively.

### 3.4 Reserved Matters

Based on the Agreement, certain matters would require AST's approval. These matters include, but are not limited to (a) any material change in the nature and/or scope of the business of the Target Company; (b) the closing of any business operation or disposal of or dilution of the Target Company; (c) the passing of any resolution for the dissolution, liquidation, or winding-up of the Target Company; or (d) any amendment to the constitution of the Target Company.

### 3.5 Board Seats

Pursuant to the Agreement, the Company, through AST, is entitled to nominate up to one (1) of the three (3) directors on the Target Company's board of directors.

### 3.6 Anti-dilution right

AST shall be notified and have a right of first refusal to purchase or subscribe for equity stake of the Target Company from time to time on the same terms and at the same price that the Target Company proposes to issue, sell, transfer, and/or disposal, to maintain AST's same percentage of equity interest of the Target Company immediately after Proposed Investment.

In the event that the Target Company issues, sells, transfers or otherwise disposes any of its equity state, the price per Registered Capital of the Target Company shall not be lower than AST's Consideration per Valuation. The Target Shareholders shall bear joint and several liabilities to aforementioned obligations.

### 3.7 Tag-Along Rights

Under the terms of the Agreement, should the Target Shareholders at any time propose to sell all or part of their equity stake in the Target Company to a third party, AST shall have the right to veto the sales of all or part of Target Shareholder's equity state in the Target Company by the Target Shareholders to the third party, or tag-along the right to sell all or part of its equity stake in the Target Company or require the third party to first acquire all or part of AST's equity stake in the Target Company at the price offered to the Target Shareholders and on terms and conditions no less favourable than the terms and conditions which are offered to the Target Shareholders. Should the third party refuse to purchase AST's equity stake in the Target Company, AST shall have the right to request the Target Shareholders to acquire all of AST's equity stake in the Target Company on the same terms and conditions and at the same price offered to the Target Shareholders.

## 4. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Investment pursuant to Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"), based on the Company's latest audited consolidated financial statements of the Group for **FY2019**, are as follows:

	<b>Basis of Calculation</b>	<b>Proposed Investment</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value <sup>(1)</sup>	Not applicable
(b)	The net profits attributable to the assets acquired <sup>(2)</sup> or disposed of, compared with the group's net profits	-9.3% <sup>(3)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation <sup>(4)</sup> based on the total number of issued shares excluding treasury shares	2.8%
(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 <sup>(1)</sup>	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 <sup>(1)</sup>	Not applicable

Notes:

- (1) This basis is not applicable to the Proposed Investment.
- (2) Pursuant to Rule 1002(3) (b) of the Catalist Rules, “net profits” is defined as profits before income tax, minority interests, and extraordinary items.
- (3) The net profits of the Group for FY2019 amounted to approximately S\$562,000. The net loss of the Target Company for FY2019 amounted to approximately RMB1,756,000 (equivalent to S\$347,000, based on an average exchange rate of RMB1: S\$0.1974 for FY2019).
- (4) The market capitalization of the Company amounting to S\$20,861,941 is determined by multiplying the number of issued shares, being 251,348,691 shares, by the volume weighted average price of such shares transacted on 26 June 2020 of S\$0.083 per share (being the last market day preceding the date of the SPA).

Based on Paragraph 4.4(a) of Practice Note 10A of the Catalist Rules, as the relative figure computed pursuant to Rule 1006(c) exceeds 5% but does not exceed 75%, and the net loss attributable to the Target Company does not exceed 10% of the consolidated net profit of the Group, the Proposed Investment constitutes a disclosable transaction under Chapter 10 of the Catalist Rules. Accordingly, the Company is not required to seek shareholders’ approval for the Proposed Investment.

## 5. Financial Effects of the Proposed Investment

### 5.1 Bases and Assumptions

The proforma financial effects of the Proposed Acquisition on the net tangible assets (“**NTA**”) per share and earnings per share (“**EPS**”) of the Group as set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Proposed Investment. The financial effects of the Proposed Investment set out below have been prepared based on the Group’s audited consolidated financial statements for FY2019 and the Target Company’s unaudited financial statements for FY2019 (being the latest available financial statement of the Target Company).

### 5.2 EPS

The proforma financial effects of the Proposed Investment on the EPS of the Group for FY2019, assuming that the Proposed Acquisition had been effected at the beginning of FY2019, are summarized below:

<b>EPS</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Profits attributable to owners of the Company <sup>(1)</sup> (S\$’000)	471,000	471,000 <sup>(2)</sup>
Weighted average number of issued shares <sup>(3)</sup>	251,348,691	251,348,691
Basic and diluted EPS (cents)	0.19	0.19

Notes:

- (1) Represents net profits after tax and minority interests.

- (2) The Proposed Investment is an investment of financial assets held at fair value through profit or loss. The fair value of the Investment was determined based on the Valuation Report. Accordingly, there is no impact to the Group's profit and EPS for FY2019 despite the Target Company being loss making.
- (3) Based on the number of ordinary shares issued (excluding treasury shares and subsidiary holdings) as at 31 December 2019.

### 5.3 NTA per share

The proforma financial effects of the Proposed Acquisition on the NTA per share of the Group for FY2019, assuming that the Proposed Investment had been effected as at 31 December 2019, are summarized below:

NTA	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA <sup>(1)</sup> (S\$'000)	37,677	37,677 <sup>(2)</sup>
Number of issued shares <sup>(3)</sup>	251,348,691	251,348,691
Consolidated NTA per share (cents)	14.99	14.99

Notes:

- (1) Represents consolidated NTA excluding minority interests and intangible assets.
- (2) There is no impact on the Group's consolidated NTA as the Proposed Investment will result in the increase of investment in financial assets held at fair value through profit or loss and a corresponding decrease in the Group's cash and bank balances.
- (3) Based on the number of ordinary shares issued (excluding treasury shares and subsidiary holdings) as at 31 December 2019.

### 6. Details of service contracts of proposed director(s)

No directors are proposed to be appointed to the Company pursuant to the Proposed Investment.

### 7. Documents for Inspection

Copies of the Investment Agreement and valuation report will be made available for inspection at the registered office of the Company at 135 Jurong Gateway Road, #05-317, Singapore 600135 during normal business hours for a period of 3 months from the date of this announcement.

### 8. Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company or their respective associates has any interest, directly or indirectly, in the Target Company other than through their respective interest (if any) in the Company.

**By Order of the Board of Directors**

Chin Mei Yang  
Chief Executive Officer and Executive Director  
30 June 2020

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*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 "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. David Yeong (Telephone: 65-6232 3210) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.*