

## SALE OF 70% SHAREHOLDINGS IN AL&W LIMITED

The Board of Directors (“the Directors”) of Acma Ltd (“the Company”) wish to announce that Acot Holdings Pte Ltd (“Acot”), a wholly-owned subsidiary of the Company, has on 31<sup>st</sup> December 2020 entered into a share sale agreement with L&W Hong Kong Limited (“LW”) to sell to LW, 3,500,000 ordinary shares representing 70% of the total and issued share capital “the Sale Shares”) of AL&W Limited (“ALW”) at a nominal cash consideration of HK\$1 (“Transaction”). The Transaction was completed on the same date.

One of the relative figures computed on the bases set out in Listing Manual Rule 1006 exceeds 5% but is less than 20%. As other relative figures are less than 5%, the transaction is classified as a “disclosable transaction” under Rule 1010 of the Listing Manual.

1) Particulars of the transaction

ALW is a company incorporated in Hong Kong SAR. The Sale Shares represents the Group’s entire shareholding interest in ALW.

The Purchaser, LW, owned 30% of the issued share capital of ALW prior to the Transaction.

2) Description of ALW

The principal activity of ALW is the manufacture of molds. It has a manufacturing facility based in Dongguan, PRC.

3) The aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment. In the case of financial assistance, the aggregate value of the financial assistance and any interest payable on the financial assistance.

The sale consideration of HK\$1 was arrived at after arm’s length negotiations, on a “willing buyer, willing seller” basis taking into consideration, amongst other factors:-

- a) the estimated value of net liabilities of ALW as at the date of the Transaction; and
- b) the foreseeable prospects, the recent financial performance as well as the funding requirements of ALW.

The Group will not and is not expected to provide any financial assistance to ALW post-completion.

4) Other material conditions

It was agreed that the inter-company balance owing by ALW to Acot as at the date of the transaction of HK\$4.12 million (S\$0.70 million) shall be waived by Acot or assigned to LW at LW’s option. This took into account, inter alia, Acot’s estimated share of negative shareholders’ funds of HK\$2.9 million as at the date of the Transaction and costs and expenses associated to discontinuance of LW’s business had the Transaction not been effected. There are no other material conditions.

5) Financial information

The net loss on disposal based on the Group's unaudited financial statements for the ½ year ended 30 June 2020, the book value and net tangible asset value of the Sale Shares were as follows:-

- (a) Book Value  
S\$0.08 million
- (b) Net Tangible Asset Value  
S\$0.08 million
- (c) Open market value  
Not applicable as the Sale Shares are not listed shares
- (d) Valuation of Sale Shares  
No valuation has been commissioned
- (e) Intended use of sale proceeds  
Not applicable as the sale consideration is nominal HK\$1.

- 6) Net Loss before tax attributable to Sale Shares based on the Group's unaudited financial statements for the ½ year ended 30<sup>th</sup> June 2020 was S\$0.54 million.

The net loss on disposal based on the Book Value of the Sale Shares at 30<sup>th</sup> June 2020 was S\$0.08 million.

- 7) The effect of the transaction on the net tangible assets per share of the issuer assuming the transaction had been effected at the end of 31<sup>st</sup> December 2019:-  
NTA per share at 31.12.2019 would have reduced from S\$0.34 to S\$0.32.
- 8) The effect of the transaction on the earnings per share of the issuer for financial year ended 31<sup>st</sup> December 2019 assuming that the transaction had been effected at the beginning of that financial year:-  
Loss per share for FY2019 would have reduced from S\$0.23 to S\$0.22.

9) Rationale

ALW made losses in FY2019. Losses have increased in FY2020 partly as a result of the global Covid-19 pandemic and these have resulted in depletion of ALW's paid up share capital and reserves. At the date of the Transaction, ALW had negative shareholders' funds.

The Transaction is therefore in line with the Group's plan to rationalize and streamline its operations with the view to reducing its operational costs and improve the efficient use of its capital and cash-flow resources.

10) Interests of Directors and Controlling shareholders

None of the Directors and Controlling shareholders have any interest, direct or indirect, in the Transaction other than through their shareholdings in the Company.

11) Service Contracts

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

12) Relative Figures

The relative figures for the Transaction computed on the bases set out in Rule 1006 of the Listing Manual are as follows:-

| <u>Rule 1006</u> | <u>Bases of Calculation</u>  | <u>Relative Figure (%)</u> |
|------------------|--|----------------------------|
| (a)              | Net asset value of the assets to be disposed of, compared with the Group's net assets  | 0.6%                       |
| (b)              | Net losses attributable to the assets disposed of, compared with the Group's net loss  | 17.6%                      |
| (c)              | Aggregate value of the consideration received, compared with the Company's market capitalization* based on the total number of issued shares excluding treasury shares   | 0.0%                       |
| (d)              | 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             |
| (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. The 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. | not applicable             |

Notes:

- (1) Based on the Group's share of net assets of ALW of S\$0.08 million and net assets of the Group of S\$12.4 million as of 30 June 2020.
- (2) Based on the Group's share of net losses generated by ALW of S\$0.54 million for the ½ year ended 30 June 2020 and net losses of the Group of S\$3.06 million for the same period.
- (3) Based on the market capitalization of the Company of S\$3.4 million at 30.12.20.
- (4) The aggregate value of the consideration received is HK\$1.

BY ORDER OF THE BOARD

Chou Kong Seng  
Chief Financial Officer

3<sup>rd</sup> January 2021