

## DISPOSAL OF 100% SHAREHOLDINGS IN RINZAI LIMITED AND INTERCOMPANY LOANS OWING BY RINZAI

The Board of Directors (“the Directors”) of Acma Ltd (“Acma” or “the Company”) wish to announce that Acma Technologies Pte Ltd (“Acma Technologies”), a wholly-owned subsidiary of the Company incorporated in Singapore, has entered into an Agreement dated 24 September 2022 (“the Agreement”) with Gliston Company Limited (“the Purchaser”) for:-

- (i) the sale of 203,750,000 ordinary shares in Rinzai Limited (“the Sale Shares”); and
- (ii) the sale and assignment of all amounts owed by Rinzai Limited (“Rinzai”) to Acma and Acma Technologies as at the date of the Agreement (“the Acma Group Debt”).

(together referred to as “the Transaction”).

### 1. Particulars of the Transaction

- a) Rinzai is a company incorporated in Hong Kong SAR.
- b) The Purchaser is a company incorporated in Hong Kong SAR with registered office at Units 1901-3, 19/F, Strand 50, 50 Bonham Strand, Hong Kong SAR.
- c) The Sale Shares represent 100% of Acma Technologies’ entire shareholding interest in Rinzai and 100% of the issued share capital of Rinzai.
- d) The Acma Group Debt represents the total amount of US\$5,304,769 owed by Rinzai to Acma and Acma Technologies as at the date of the Agreement comprising:-
  - (i) amount owed by Rinzai to Acma – US\$4,180
  - (ii) amount owed by Rinzai to Acma Technologies –US\$5,300,589
- e) The total sale consideration for the Sale Shares and the Acma Group Debt (together “the Rinzai Investment”) amounted to US\$119,180 (approximately S\$169,200) payable in cash.

### 2. Description of Rinzai

The principal activity of Rinzai is the trading of telecommunications and networking equipment and investment holding.

### 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.

- a) The aggregate consideration for the sale of the Rinzai Investment amounted to US\$119,180 (approximately S\$169,200) made up of:-
  - (i) US\$25,000 (approximately S\$35,500) for the Sale Shares; and
  - (ii) US\$94,180 (approximately S\$133,700) for the Acma Group Debt.
- b) The consideration of US\$25,000 for the Sale Shares was arrived at after arm’s length negotiations, on a “willing buyer, willing seller” basis taking into consideration, amongst other

factors, the net liabilities of Rinzai of US\$5.305 million as at 30 June 2022, the foreseeable prospects and the recent financial performance of Rinzai.

Rinzai had incurred after-tax losses of US\$0.061 million (approximately S\$0.086 million) and US\$0.038 million (S\$0.053 million) for FY2021 and the ½ year ended 30 June 2022 respectively.

- c) The consideration of US\$94,180 (approximately S\$131,900) for the Acma Group Debt was arrived at after arm's length negotiations, on a "willing buyer, willing seller" basis taking into consideration the estimated net recoverable amount of US\$0.08 million (approximately S\$112,500) based on Rinzai's unaudited balance sheet at 30 June 2022 as well as the foreseeable prospects and recent financial performance of Rinzai.

The net recoverable amount of US\$0.08 million was estimated as follows:

(i) Acma Group Debt	US\$ 5.305 million
(ii) Net Liabilities of Rinzai	<u>US\$(5.226 million)</u>
<u>Net Recoverable Amount</u>	<u>US\$0.079 million</u>

4. Completion

The Purchaser shall effect payment of the aggregate consideration of US\$119,180 within 14 calendar days from the date of the Agreement. Completion is expected to be effective within 60 calendar days from the date of the Agreement.

5. Other Material Conditions

There are no other material conditions.

6. Financial Information

The Book Value, Net Tangible Asset Value of the Rinzai Investment and the net gain on disposal of the Rinzai Investment based on the Group's unaudited financial statements for the ½ year ended 30 June 2022, were as follows:-

a) Book Value

S\$0.113 million

b) Net Tangible Asset Value

S\$0.113 million

c) Open Market Value

Not applicable as the Rinzai Investment are not in respect of listed shares.

d) Valuation of the Rinzai Investment

No valuation has been commissioned.

e) Intended use of sale proceeds

Proceeds will be used for general working capital needs of the Acma Group.

f) Net Gain on Disposal

The net gain on disposal based on the Book Value of the Rinzai Investment was S\$0.057 million.

7. Net Loss before tax attributable to the Rinzai Investment based on the Group's unaudited financial statements for the ½ year ended 30 June 2022 was S\$0.053 million.

8. 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 2020:-

Net Tangible Asset per share at 31.12.2021 would have been S\$0.17 instead of S\$0.16.

9. The effect of the transaction on the earnings per share of the issuer for financial year ended 31<sup>st</sup> December 2021 assuming the transaction had been effected at the end of 31<sup>st</sup> December 2020:-

Loss per share for FY2021 would have reduced from S\$0.074 to S\$0.073.

10. Rationale

Rinzai had made losses in FY2020 and FY2021. It continued to make losses in H1 FY2022. As Rinzai has negative shareholders' funds, it is dependent on the Group to fund its losses. The disposal of the loss-making Rinzai Investment is part of the Group's cost rationalization exercise to improve the Group's operating performance, cash-flow as well as working capital position.

11. 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 Acma.

12. Rule 1006

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.

13. Rule 1006 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	2.2%
(b)	Net losses attributable to the assets disposed of, compared with the Group's net loss	3.5%
(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	12.5%
(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) Rule 1006(a): Based on the Group's share of net asset value of the Rinzai Investment of S\$0.113 million and net assets of the Group of S\$5.071million as of 30 June 2022.

(2) Rule 1006(b): Based on the Group's share of net losses generated by Rinzai of S\$0.053million for the 6 months' period ended 30 June 2022 and net losses of the Group of S\$1.517 million for the same period.

(3) Rule 1006 (c): Based on the market capitalization of the Company of S\$1.356 million at 23 September 2022 and the aggregate value of consideration receivable of S\$0.169 million.

BY ORDER OF THE BOARD

Chou Kong Seng  
Chief Financial Officer  
26 September 2022