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SINGASIA HOLDINGS LIMITED

星亞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8293)

DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF 49% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 10 December 2021 (after trading hours), the Company entered into the Agreement with the Vendor in respect of the Acquisition. Pursuant to the Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 49% of the issued share capital of the Target Company, at the Consideration of HK\$20,100,000 which will be settled by the allotment and issue of 300,000,000 New Shares by the Company to the Vendor (or his nominee) upon Completion.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) for the Acquisition exceeds 5% but is below 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The New Shares will be allotted and issued by the Company under General Mandate granted to the Directors at the annual general meeting held on 18 December 2020. Accordingly, the allotment and issue of the New Shares is not subject to the approval of the Shareholders.

The exercise of the Tag Along Option or the Option, may constitute notifiable transaction(s) and/or connected transaction(s) under the GEM Listing Rules. The Company will comply with the relevant notification, announcement and, if applicable, Shareholders' approval requirements under Chapter 19 and/or Chapter 20 of the GEM Listing Rules and further announcement(s) will be made by the Company in this regard as and when necessary.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment of the conditions precedent of the Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 10 December 2021 (after trading hours), the Company entered into the Agreement with the Vendor in respect of the Acquisition. Pursuant to the Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 49% of the issued share capital of the Target Company, at the Consideration of HK\$20,100,000 which will be settled by the allotment and issue of 300,000,000 New Shares by the Company to the Vendor (or his nominee) upon Completion.

THE AGREEMENT

The principal terms of the Agreement are set out as follows:

Date

10 December 2021 (after trading hours)

Parties to the Agreement

Vendor: Mr. Cheung Chim Pan

Purchaser: The Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing 49% of the issued share capital of the Target Company. The information regarding the Target Company is set out in the section headed "Information of the Target Company" below.

The Agreement does not contain any restrictions which apply to the subsequent sale of the Sale Shares.

Consideration

The Consideration of HK\$20,100,000 shall be satisfied by the allotment and issue of 300,000,000 New Shares by the Company to the Vendor (or his nominee) under the General Mandate at the issue price of HK\$0.067 per New Share upon Completion.

Basis of Consideration

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms after taking into account (i) the historical financial performance of the Target Company for the year ended 31 March 2021 and for the six months ended 30 September 2021; (ii) the business overview and outlook of the Target Company; (iii) the Company's assessment on the potential business development and prospect of the serviced apartment and hostel operation industry in Hong Kong as described under the paragraph headed "Reasons for and benefits of the Acquisition" below; and (iv) preliminary valuation of the 49% issued share capital of the Target Company of approximately HK\$20,371,000 as assessed by an independent professional valuer.

In order to assess the fairness and reasonableness of the Consideration, the Company engaged Eidea Professional Services Company Limited, an independent professional valuer, to conduct the valuation on the fair value of the 49% of the issued share capital of the Target Company using market approach as at 31 August 2021. The valuation did not constitute a profit forecast under Rule 19.61 of the GEM Listing Rules. Therefore, this announcement is not subject to the requirements under Rules 19.60A and 19.62 of the GEM Listing Rules in relation to profit forecast.

Issue of the New Shares

The 300,000,000 New Shares represent: (i) 20% of the number of issued Shares as at the date of this announcement; and (ii) approximately 16.7% of the number of issued Shares as enlarged by the allotment and issue of the New Shares (assuming there will be no change in the share capital of the Company prior to the Completion other than the issue of the New Shares by the Company).

The New Shares will be allotted and issued under the General Mandate upon Completion and is not subject to the approval of the Shareholders. As at the date of this announcement, no Share has been issued under the General Mandate. Subject to the Completion, the allotment and issue of 300,000,000 New Shares will utilise 100% of the number of new Shares that could be issued by the Company under the General Mandate.

The New Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the New Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

An application will be made by the Company to the GEM Listing Committee for the listing of and permission to deal in the New Shares.

Issue Price

The Issue Price of HK\$0.067 per New Share represents:

- (i) a premium of approximately 17.5% over the closing price of HK\$0.057 per Share as quoted on the Stock Exchange on the date of the Agreement;
- (ii) a premium of approximately 17.5% over the average closing price of approximately HK\$0.057 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Agreement; and
- (iii) a premium of approximately 19.6% over the average closing price of approximately HK\$0.056 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Agreement.

The Issue Price was determined after arm's length negotiations between the Company and the Vendor with reference to the prevailing market price of the Shares. The Directors consider that the Issue Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be subject to the fulfilment or (if applicable) waiver of the following conditions precedent:

- (i) the Stock Exchange having granted the listing of, and permission to deal in, the New Shares;
- (ii) the Company being reasonably satisfied with the results of the due diligence exercise (whether on legal, accounting, financial, operational, properties or other aspects that the Company may consider necessary) on the Target Company and its assets, liabilities, activities, operations, prospects and other status which the Company, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (iii) (if applicable) the receipt from the Vendor of all such waivers, consents or other documents as the Company may require in relation to the completion of the transactions contemplated under the Agreement;
- (iv) there is no Material Adverse Change or prospective Material Adverse Change in the Target Company's business, operations, financial conditions or prospects taken as a whole since the date of the Agreement;

- (v) the Company being satisfied that, from the date of the Agreement and at any time before the Completion, that the Vendor's Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Vendor's Warranties or other provisions of the Agreement by the Vendor;
- (vi) the Trademark Licensing Agreement having been entered into between the Vendor and the Target Company; and
- (vii) the Shareholders' Agreement having been entered into among the Company, the Vendor and Ms. Chen.

Save that the Company may at any time prior to the Long Stop Date waive conditions precedent (ii), (iv) and (v), all the other conditions precedent are not capable of being waived by either parties to the Agreement.

If any of the conditions precedent shall not have been fulfilled or (if applicable) waived at or before 5:00 p.m. on the Long Stop Date, all rights and obligations of the parties under the Agreement shall cease and terminate and no party thereto shall have any claim against the other save for claim (if any) in respect of any antecedent breach thereof.

Completion

Completion shall take place on the third Business Day after the conditions precedent under the Agreement have been fulfilled (or waived), or such other date as the Vendor and the Company may agree.

Upon Completion, (i) the financial results of the Target Company will not be consolidated into the Company; and (ii) the Vendor will become a substantial shareholder (as defined under the GEM Listing Rules) of the Company, holding approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares.

Guarantee and undertaking by the Vendor

Pursuant to the Agreement, the Vendor irrevocably and unconditionally guarantees to the Company that the Loan shall be fully settled within six months from the Completion Date. If any amount of the Loan shall remain outstanding after six months from the Completion Date, the Vendor irrevocably and unconditionally guarantees to the Company that the Vendor shall fully indemnify the Target Company the remaining outstanding amount of the Loan in cash within seven (7) days after the expiry of six months from the Completion Date.

THE SHAREHOLDERS' AGREEMENT

Subject to and upon Completion, the Vendor, the Company and Ms. Chen will enter into the Shareholders' Agreement to regulate their participation in the Target Company.

The principal terms of the Shareholders' Agreement are set out as follows:

Parties to the Shareholders' Agreement

- (1) the Vendor;
- (2) Ms. Chen; and
- (3) the Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and Ms. Chen are Independent Third Parties.

Transfer of shares in the Target Company

During the period of 12 months from the Completion Date, the Vendor shall, before agreeing to dispose any of his Remaining Shares, make a written notice to the Company (the "**Transfer Notice**") indicating the intent to transfer his shares in the Target Company (the "**Target Sale Shares**") to a third party and to offer to transfer, as beneficial owner, such Target Sale Shares to the Company with a desired price (the "**Desired Price**").

If none of the Target Sale Shares are accepted by the Company within the specified period, then, subject to the Tag Along Option exercisable by the Company, the Vendor may transfer the Target Sale Shares to any person other than the Company at a price which is not less than the Desired Price, and on terms which are no more advantageous than those offered to the Company.

In the event that none of the Target Sale Shares are accepted by the Company and the Target Sale Shares are to be sold to a third party, the Company may exercise the Tag Along Option, requiring the Vendor to ensure that the Company has the right to sell all or part of its shares in the Target Company to the third party making the offer to the Vendor on the same terms and conditions.

Option

The Vendor shall grant to the Company the Option, to require, at any time within the Option Period, the Vendor to sell all or part of the Remaining Shares, at the Option Price, subject to the terms and conditions of the Shareholders' Agreement. Upon the exercise of the Option, the Vendor shall sell or procure the sale, as beneficial owner, all or part of the Remaining Shares, free from all liens and together with all rights attaching thereto, to the Company or its nominees. If the Option is not exercised within the Option Period, the Option will lapse automatically after the expiry of the Option Period.

The Company will further comply with applicable GEM Listing Rules requirement upon exercise of the Tag Along Option or the Option.

Board representation

As long as the Company remains as a beneficial owner of any of the share(s) in the Target Company, the Vendor and Ms. Chen agree that, in any and all election of directors of the Target Company, they shall vote all their shares in the Target Company now or hereafter owned, to cause and maintain the election of at least one director of the Target Company as shall be appointed by the Company.

Other rights under the Shareholders' Agreement

The Shareholders' Agreement provides for, among others, (i) the Company's access right to information of the Target Company; and (ii) a list of reserved matters requiring unanimous consent of all directors of the Target Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong in 2007 with limited liability. It is beneficially owned as to 60% by the Vendor and 40% by Ms. Chen as at the date of the Agreement. The Target Company is principally engaged in the business of serviced apartment and hostel operation in Hong Kong.

Set out below is the audited financial information of the Target Company based on its audited financial statements prepared in accordance with the Hong Kong accounting standards for the year ended 31 March 2020 and 31 March 2021:

	Year ended 31 March 2021 (audited) <i>HK\$'000</i>	Year ended 31 March 2020 (audited) <i>HK\$'000</i>
Revenue	12,753	13,259
Loss before taxation	1,713	3,684
Loss after taxation	1,713	3,684

The unaudited net profit of the Target Company for the six months ended 30 September 2021 was approximately HK\$2,328,830 and the unaudited net asset value of the Target Company as at 30 September 2021 was approximately HK\$3,216.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is a Singapore-based workforce solutions provider, principally engaged in the provision of manpower outsourcing, recruitment and training services for clients in the hospitality industry in Singapore. The clients of the Group include hotels, resorts, retail, food and beverage (F&B) and other sectors across Singapore including event organizers.

As disclosed in the Company's annual report for the year ended 31 July 2021, the Group recorded a decrease in revenue by approximately S\$10.1 million or 63.7%, from approximately S\$15.9 million for the year ended 31 July 2020 to approximately S\$5.8 million for the year ended 31 July 2021. The Group recorded a loss of approximately S\$1.3 million for the year ended 31 July 2021 as compared to a loss of approximately S\$0.9 million for the year ended 31 July 2020. The decrease in revenue was primarily attributable to the effects of the prolonged COVID-19 situation in Singapore. The Group's revenue is mostly generated from manpower outsourcing services in which its clients are mostly from the hospitality sector, which is one of the industries most severely affected by the COVID-19 pandemic.

In response to the economic downturn brought by the COVID-19 pandemic, the Group has been actively modifying its business strategies and looking for new business opportunities in order to diversify its source of income and attain growth in the long term. After careful consideration, the Board considers that serviced apartment and hostel operation business located in Hong Kong is a suitable long-term investment for the Company.

According to the Tourism Statistics published by Hong Kong Tourism Board, Hong Kong recorded (i) over 10,800 visitor arrivals in August 2021, representing a year-on-year growth of 143% as compared to August 2020; and (ii) an average of over 9,600 visitors arrivals for September 2021 and October 2021, signifying a rising trend of the Hong Kong's tourism industry as the COVID-19 situation in Hong Kong is under a stabilised and downward trend since May 2021. The potential growth in Hong Kong's tourism industry is expected to bring in potential business opportunities to Hong Kong's serviced apartment and hostel operation sector and strengthen its future development. Having considered (i) the business model and the prospects of the Target Company; (ii) the prospects of the serviced apartment and hostel operation industry post-COVID-19 and for the long-term; and (iii) the COVID-19 situation in Hong Kong for the past months, the Company considered that the Acquisition presented a good opportunity for the Group to attain a reasonable return and to expand its investment portfolio with quality assets. The 49% of the issued share capital of the Target Company to be acquired by the Company under the Acquisition will be held by the Group for long-term investment purpose. Ultimately, the Board believes that the Acquisition will increase the Group's competitiveness and enable the Group to diversify its operations and explore potential business opportunities in Hong Kong in the coming years.

In the view of uncertainty in the global market, the Group will actively identify those business opportunities which are beneficial to the long-term development of the Group to create more value for Shareholders. Accordingly, the Directors are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE

The following table summarises the shareholding structure of the Company as at the date of this announcement and upon Completion (assuming that there is no other change in the share capital of the Company prior to the Completion):

	As at the date of this announcement		Immediately upon Completion	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Centrex Treasure Holdings Limited (<i>Note 1</i>)	399,990,000	26.67	399,990,000	22.22
Eden Publishing Pte. Ltd.	200,000,000	13.33	200,000,000	11.11
Vendor	—	—	300,000,000	16.67
Public Shareholders	<u>900,010,000</u>	<u>60.00</u>	<u>900,010,000</u>	<u>50.00</u>
Total	<u>1,500,000,000</u>	<u>100.00</u>	<u>1,800,000,000</u>	<u>100.00</u>

- Centrex Treasure Holdings Limited is beneficially owned as to approximately 94.89% and 2.14% by Mr. Sim Hak Chor and Ms. Serene Tan, respectively. Mr. Sim Hak Chor is deemed to be interested in all the Shares held by Centrex Treasure Holdings Limited.
- The above table is for illustration purpose only assuming that there is no other change in the share capital of the Company prior to the Completion.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) for the Acquisition exceeds 5% but is below 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The New Shares will be allotted and issued by the Company under General Mandate granted to the Directors at the annual general meeting held on 18 December 2020. Accordingly, the allotment and issue of the New Shares is not subject to the approval of the Shareholders.

The exercise of the Tag Along Option or the Option, may constitute notifiable transaction(s) and/or connected transaction(s) under the GEM Listing Rules. The Company will comply with the relevant notification, announcement and, if applicable, Shareholders' approval requirements under Chapter 19 and/or Chapter 20 of the GEM Listing Rules and further announcement(s) will be made by the Company in this regard as and when necessary.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment of the conditions precedent of the Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the proposed acquisition of the Sale Shares pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 10 December 2021 and entered into between the Company and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business
“Company”	SingAsia Holdings Limited (Stock Code: 8293), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM of the Stock Exchange
“Completion”	completion of the Acquisition contemplated under the Agreement
“Completion Date”	the third Business Day after the conditions precedent under the Agreement have been fulfilled (or waived) (or such other date as the Vendor and the Company may agree in writing) on which Completion is to take place
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$20,100,000, being the consideration for the Sale Shares under the Agreement

“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting dated 18 December 2020 to allot, issue and deal with up to 300,000,000 new Shares, representing 20% of the issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) of the Company
“Issue Price”	the issue price of HK\$0.067 per New Share
“Loan”	the loan in the aggregate sum of HK\$2,583,991.67 which is due and owing from the Vendor to the Target Company as at 30 September 2021
“Long Stop Date”	six months from the date of signing of the Agreement (or such later date as the Company and the Vendor may agree in writing)
“Material Adverse Change”	any change (or effect) which has a material and adverse effect on the financial position, business or prospects or results of operations, of the Target Company as a whole
“Ms. Chen”	Ms. Chen Cuiying (陳翠英女士), holding 40% of the issued share capital in the Target Company as at the date of this announcement
“New Share(s)”	300,000,000 new Shares to be allotted and issued by the Company to the Vendor (or his nominee) at the Issue Price for settlement of the Consideration

“Option”	the option granted by the Vendor to the Company for the right to require the Vendor to sell all or part of the Remaining Shares to the Company in accordance with the Shareholders’ Agreement
“Option Period”	the period of six months from the Completion Date
“Option Price”	the sum payable by the Company to the Vendor for exercising the Option, which shall be determined by mutual consent of the Company and the Vendor with reference to the valuation to be performed by a valuer jointly appointed by them
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Remaining Shares”	such number of shares of the Target Company held by the Vendor at any time following the Completion Date
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“Sale Shares”	4,900 ordinary shares in the Target Company, representing 49% of the issued capital of the Target Company
“SFO”	the Securities and Futures Ordinance
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement in relation to the terms regulating participation in the Target Company to be entered into among the Vendor, the Company and Ms. Chen upon Completion
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tag Along Option”	the option exercisable by the Company to require the Vendor to ensure that the Company has the right to sell all or part of its shares in the Target Company to the third party making the offer to the Vendor on the same terms and conditions
“Target Company”	YESINSPACE LIMITED (悦思國際有限公司), a company incorporated in Hong Kong in 2007 with limited liability

“Trademark(s)”	the trademarks owned by the Vendor as stipulated in the Agreement
“Trademark Licensing Agreement”	the trademark licensing agreement to be entered into between the Vendor (as licensor) and the Target Company (as licensee) upon Completion, pursuant to which the Vendor shall, in consideration of a nominal fee, grant to the Target Company a sole, exclusive, irrevocable and non-transferrable right for using the Trademarks for a period of three years commencing from the Completion Date
“Vendor”	Mr. Cheung Chim Pan (張潛頻先生)
“Vendor’s Warranties”	the warranties provided by the Vendor under the Agreement
“%”	per cent.

By order of the Board
SingAsia Holdings Limited
Sim Hak Chor
Chairman

Hong Kong, 10 December 2021

As at the date of this announcement, the executive Directors are Mr. Sim Hak Chor, Ms. Serene Tan and Mr. Tang Ho Lun Ronald; and the independent non-executive Directors are Mr. Lim Cheng Hock, Lawrence, Mr. Jong Voon Hoo and Mr. Lim Wee Pin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days from the day of its posting. This announcement will also be published on the Company’s website at www.singasia.com.sg.

* *For identification purpose only*