

MCLEAN TECHNOLOGIES BERHAD (“MCLEAN” OR THE “COMPANY”)

- (I) PROPOSED PRIVATE PLACEMENT;
 - (II) PROPOSED RIGHTS ISSUE;
 - (III) PROPOSED ACQUISITION;
 - (IV) PROPOSED CONSTITUTION AMENDMENTS; AND
 - (V) PROPOSED EXEMPTION
- (COLLECTIVELY, THE “PROPOSALS”)
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For the purpose of this announcement, the latest practicable date is 27 October 2022 (“LPD”). Certain figures in this announcement are subject to rounding adjustments. For illustrative purposes, the exchange rate for the Singapore Dollars (“SGD”), the lawful currency of the Republic of Singapore on the LPD is based on the middle rate of Bank Negara Malaysia as at 5.00 p.m. on the LPD (SGD1: RM3.3517).

1 INTRODUCTION

On 27 May 2022, TA Securities Holdings Berhad (“**TA Securities**”) announced on behalf of the Board of Directors of MClean (“**Board**”) that the Company proposed to undertake the proposed private placement, proposed rights issue, proposed acquisition, proposed constitution amendments and proposed exemption (“**Corporate Exercises**”).

On 15 June 2022, TA Securities announced on behalf of the Board that the application in relation to the proposed private placement, proposed rights issue and proposed acquisition had been submitted to Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

On 21 September 2022, TA Securities announced on behalf of the Board that the Company had withdrawn the application from Bursa Securities in relation to the proposed private placement, proposed rights issue and proposed acquisition with the intention to revise the structure of the Corporate Exercises.

On behalf of the Board, TA Securities wishes to announce that the Company is proposing the following:

- (i) proposed private placement of 50,000,000 new ordinary shares in MClean (“**MClean Shares**” or “**Shares**”) (“**Placement Shares**”) (“**Proposed Private Placement**”);
- (ii) proposed renounceable rights issue of up to 164,808,666 new MClean Shares (“**Rights Shares**”) on the basis of 2 Rights Shares for every 3 existing MClean Shares held on an entitlement date to be determined later (“**Entitlement Date**”), together with up to 123,606,500 free detachable warrants (“**Warrants**”) on the basis of 3 Warrants for every 4 Rights Shares subscribed (“**Proposed Rights Issue**”);
- (iii) proposed acquisition by MClean Precision Pte Ltd (“**MClean Precision**” or “**Purchaser**”), a wholly-owned subsidiary of MClean, of 60% equity interest in JCS Biotech Pte Ltd (“**JCS Biotech**”) (“**JCS Biotech Shares**”) (“**Sale Shares**”) from the vendors of JCS Biotech (“**Vendors**”), for a total purchase consideration of RM135.00 million to be satisfied via a combination of RM18.00 million in cash, issuance of 329,318,178 new MClean Shares at an issue price of RM0.22 each (“**Consideration Shares**”) (equivalent to RM72.45 million) and 202,499,998 new irredeemable convertible preference shares in MClean (“**ICPS**”) at an issue price of RM0.22 each (equivalent to RM44.55 million) (“**Purchase Consideration**”) (“**Proposed Acquisition**”);
- (iv) proposed amendments to the constitution of MClean to facilitate the issuance of the ICPS (“**Proposed Constitution Amendments**”); and
- (v) proposed exemption for JCS Group Pte Ltd, Yeo Hock Huat (“**YHH**”) and the persons acting in concert with him (“**PAC**”) from the obligation to undertake a mandatory take-over offer for all the remaining MClean securities not already held by them after the Proposed Acquisition (“**Proposed Exemption**”).

(Collectively referred to as the “**Proposals**”).

The Proposed Acquisition will result in a “*significant change in the business direction or policy*” of MClean and its subsidiaries (“**MClean Group**” or “**Group**”), as defined in Rule 1.01 of the ACE Market Listing Requirements of Bursa Securities (“**Listing Requirements**”) in view that it involves:

- (i) the acquisition of assets such that any one of the percentage ratios is 100% or more as set out in **Section 13** of this announcement; and
- (ii) the acquisition of assets which results in a change in the controlling shareholder of the listed corporation as set out in **Section 9.7** of this announcement.

The Proposed Acquisition is a related party transaction under Rule 10.08 of the Listing Requirements by virtue of YHH being a Director and major shareholder in both MClean and JCS Biotech. Further details are set out in **Sections 4** and **15** of this announcement.

The Proposals entail the following revisions to the Corporate Exercises as announced by the Company on 27 May 2022:

(i) Proposed Private Placement

Proposed Private Placement will be undertaken based on 50,000,000 Placement Shares to be issued instead of between 40,000,000 Placement Shares and 50,000,000 Placement Shares.

Section 2 of this announcement contains further details of the Proposed Private Placement.

(ii) Proposed Rights Issue

The basis for the Proposed Rights Issue is revised to 2 Rights Shares for every 3 existing MClean Shares together with 3 Warrants for every 4 Rights Shares subscribed instead of 2 Rights Shares for every 1 existing MClean Share together with 3 Warrants for every 4 Rights Shares subscribed.

Section 3 of this announcement contains further details of the Proposed Rights Issue.

(iii) Proposed Acquisition

On 4 November 2022, MClean, MClean Precision and the Vendors had entered into a supplemental share sale agreement to vary certain terms of the share sale agreement dated 27 May 2022 (“**SSA**”) between MClean, MClean Precision and the Vendors for the acquisition of the Sale Shares pursuant to the Proposed Acquisition (“**Supplemental SSA**”). Pursuant to the Supplemental SSA, the proportion of payment of the Purchase Consideration in total of RM135.00 million will be based on the following basis:

- (a) cash of RM18.00 million;
- (b) 329,318,178 Consideration Shares (equivalent to RM72.45 million); and
- (c) 202,499,998 ICPS (equivalent to RM44.55 million).

Section 4 of this announcement contains further details of the Proposed Acquisition.

(iv) Proposed Constitution Amendments

No other change to the Proposed Constitution Amendments save for the number of ICPS to be issued pursuant to the Proposed Acquisition will be 202,499,998 ICPS instead of up to 107,944,223 ICPS.

Section 5 of this announcement contains further details of the Proposed Constitution Amendments.

(v) Proposed Exemption

Due to the revisions made to the Proposed Private Placement, Proposed Rights Issue and the Proposed Acquisition, the Proposed Exemption has been revised to take into consideration the movement in the shareholdings of JCS Group Pte Ltd, YHH and the PACs after the completion of the Proposed Rights Issue and the Proposed Acquisition.

Therefore, JCS Group Pte Ltd, YHH and the PACs will require to sought for the approval for the Proposed Exemption from the obligation to undertake a mandatory take-over offer for all the remaining MClean securities not already held by them after the Proposed Acquisition instead of after the completion of the Proposed Rights Issue.

Section 6 of this announcement contains further details of the Proposed Exemption.

The minimum scenario and maximum scenario for the Proposals are as follows:

"Minimum Scenario"	:	<ul style="list-style-type: none"> (i) issuance of 50,000,000 Placement Shares to placees to be identified, pursuant to the Proposed Private Placement; (ii) issuance of 162,500,000 Rights Shares together with 121,875,000 Warrants based on the undertakings from certain shareholders and underwriting arrangement pursuant to the Proposed Rights Issue; and (iii) the Proposed Acquisition.
"Maximum Scenario"	:	<ul style="list-style-type: none"> (i) issuance of 50,000,000 Placement Shares to placees to be identified, pursuant to the Proposed Private Placement; (ii) issuance of 164,808,666 Rights Shares together with 123,606,500 Warrants assuming all entitled shareholders subscribe in full for their entitlements of Rights Shares with Warrants pursuant to the Proposed Rights Issue (except for Decor Industries Pte Ltd ("Decor") with its undertaking dated 4 November 2022 not to subscribe for its entitlement), pursuant to the Proposed Rights Issue; and (iii) the Proposed Acquisition.

2 PROPOSED PRIVATE PLACEMENT

2.1 Size of placement

The Proposed Private Placement entails the issuance of 50,000,000 Placement Shares.

As at the LPD, MClean has 197,213,000 issued Shares and does not have any treasury shares and convertible securities.

Based on the above, the number of Placement Shares to be issued represents approximately 25.35% of the total number of issued Shares at the LPD.

2.2 Placement arrangement

The Company intends to place out the 50,000,000 Placement Shares to placees to be identified later, who are deemed to be independent third-party investor(s) ("**Third Party Investors**") and not any of the following:

- (i) a director, major shareholder or chief executive of the Company or of its holding Company ("**Interested Person**");
- (ii) a person connected with the Interested Person; and/or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

In addition, it is the Company's intention to place out the Placement Shares to any Third Party Investors who will not be a substantial shareholder of the Company upon completion of the Proposals.

The Third Party Investors shall be persons who qualify under Schedules 6 or 7 of the Capital Markets and Services Act 2007 ("**CMSA**").

The Proposed Private Placement may be implemented in 1 or more tranches and will be completed prior to the implementation of the Proposed Rights Issue. The implementation of the placement arrangement in multiple tranches will provide flexibility to the Company to procure interested investors to subscribe for the 50,000,000 Placement Shares. If issued in multiple tranches, the issue price for each tranche of the Placement Shares may be determined separately, in accordance with market-based principles.

2.3 Basis and justification of determining the issue price of the Placement Shares

The issue price for the Placement Shares will be determined and fixed by the Board at a later date (“**Price Fixing Date**”), after obtaining the requisite approvals from Bursa Securities and the shareholders of MClean for the Proposed Private Placement at the extraordinary general meeting of the Company (“**EGM**”) to be convened, at not more than 20% discount to the 5-day volume weighted average market price (“**VWAP**”) of MClean Shares immediately before the Price Fixing Date. The discount of up to 20% for the Placement Shares has taken into consideration, among others, the following:

- (i) the discount is sufficiently attractive to entice placees to subscribe for the Placement Shares with an aim to raise the required funds as set out in **Section 7** of this announcement for partial payment of the Purchase Consideration for the Proposed Acquisition. In addition, the discount of up to 20% will provide the Company with more flexibility when fixing the issue price for the Placement Shares;
- (ii) the historical financial performance of MClean Group, where MClean Group had incurred losses for the financial year ended (“**FYE**”) 31 December 2021, as set out in **Section 9.8** of this announcement;
- (iii) it would strengthen the capital base of MClean and potentially improve the trading liquidity of MClean Shares on Bursa Securities as the number of issued MClean Shares will increase from 197,213,000 as at the LPD to 247,213,000 after the completion of the Proposed Private Placement, as set out in **Section 12.1** of this announcement;
- (iv) the discount also takes into consideration the market risk of MClean Shares to be assumed by the placees, which is influenced by factors including market sentiments, liquidity of MClean Shares as well as volatility of the general equity markets; and
- (v) the rationale for the Proposed Private Placement as set out in **Section 8.1** of this announcement.

For illustrative purpose, the indicative issue price of RM0.13 per Placement Share is at a discount of RM0.0259 or 16.61% to the 5-day VWAP up to and including the LPD of RM0.1559.

At the indicative issue price of RM0.13 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of RM6.50 million.

2.4 Ranking of the placement shares

Upon allotment and issuance, the Placement Shares shall rank equally in all respects with the then existing Shares.

2.5 Listing of and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities.

3 PROPOSED RIGHTS ISSUE

The Company proposes to issue up to 164,808,666 Rights Shares on the basis of 2 Rights Shares for every 3 existing MClean Shares held by the Company’s shareholders whose names appear in the Company’s Record of Depositors on the Entitlement Date (“**Entitled Shareholders**”), together with up to 123,606,500 Warrants on the basis of 3 Warrants for every 4 Rights Shares subscribed for by the Entitled Shareholders.

The basis of 2 Rights Shares for every 3 existing MClean Shares was arrived at after taking into consideration, among others, the following:

- (i) the rationale for the Proposed Rights Issue as set out in **Section 8.2** of this announcement;
- (ii) the issue price of the Rights Shares, indicatively at RM0.12 each; and
- (iii) the amount of proceeds that MClean wishes to raise, as detailed in **Section 7** of this announcement.

The basis of 3 Warrants for every 4 Rights Shares was arrived at after taking into consideration, among others, the following:

- (i) the rationale for the Proposed Rights Issue as set out in **Section 8.2** of this announcement; and
- (ii) Rule 6.51 of the Listing Requirements whereby the number of new shares which will be issued from all outstanding convertible equity securities, when exercised, does not exceed 50% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The minimum scenario and maximum scenario for the Proposed Rights Issue are as follows:

“Minimum Scenario-Rights Issue”	“Maximum Scenario-Rights Issue”
<p>The Minimum Scenario-Rights Issue will entail the issuance of 162,500,000 Rights Shares and 121,875,000 Warrants after taking into consideration of the following:</p> <ul style="list-style-type: none"> (i) the Proposed Private Placement of 50,000,000 Placement Shares is completed before the Proposed Rights Issue; (ii) JCS Group Pte Ltd (a major shareholder of MClean) subscribes for its entitlement of Rights Shares in full as well as additional 46,590,039 Rights Shares pursuant to its undertaking; (iii) YHH (a substantial shareholder of MClean) subscribes for his entitlement of Rights Shares in full pursuant to his undertaking; (iv) Underwriting arrangement for RM10.00 million or equivalent to 83,333,333 Rights Shares based on the indicative issue price of RM0.12 each together with 62,500,000 Warrants, to be entered into between the Company and underwriters to be finalised later; and (“Underwriting”); and (v) no other Entitled Shareholders subscribing for their entitlements of Rights Shares, save for JCS Group Pte Ltd and YHH. 	<p>The Maximum Scenario-Rights Issue will entail the issuance of 164,808,666 Rights Shares and 123,606,500 Warrants after taking into consideration of the following:</p> <ul style="list-style-type: none"> (i) the Proposed Private Placement of 50,000,000 Placement Shares is completed before the Proposed Rights Issue; and (ii) all Entitled Shareholders subscribe in full for their entitlements of Rights Shares, except for Decor with its undertaking not to subscribe for its entitlement of Rights Shares, which will instead be fully subscribed by other Entitled Shareholders.

The entitlements for the Rights Shares with Warrants are renounceable in full or in part. However, the Rights Shares and the Warrants cannot be renounced separately. If the Entitled Shareholders renounce all of their Rights Shares entitlements, they will not be entitled to any Warrants. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they will be entitled to the Warrants in proportion to their acceptances of their Rights Shares entitlements. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Proposed Rights Issue.

In determining the shareholders' entitlements to the Rights Shares and the Warrants, any fractional entitlements arising from the Proposed Rights Issue, if any, will be disregarded and dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

Any Rights Shares with Warrants which are not subscribed shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable). The Board intends to allocate any excess Rights Shares with Warrants in a fair and equitable manner on a basis to be determined by the Board and announced by the Company.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded from the Rights Shares on the ACE Market of Bursa Securities. The Warrants will be issued in registered form and constituted by a deed poll to be executed by the Company ("**Deed Poll**").

Pursuant to Rule 6.52 of the Listing Requirements, the listing of and quotation for Warrants on the ACE Market of Bursa Securities is subject to a minimum of 100 Warrant holders holding not less than 1 board lot of Warrants.

The indicative salient terms of the Warrants are set out in **Appendix I** of this announcement.

3.1 Basis of determining and justification for the issue price of the Rights Shares and exercise price of the Warrants

(i) Issue price of the Rights Shares

The issue price of the Rights Shares shall be fixed and announced by the Board at a later date before the announcement of the Entitlement Date, after taking into consideration the following:

- (a) the rationale for the Proposed Rights Issue as set out in **Section 8.2** of this announcement;
- (b) the amount of proceeds that MClean wishes to raise as detailed in **Section 7** of this announcement; and
- (c) the theoretical ex-all price of MClean Shares ("**TEAP**") based on the 5-day VWAP of MClean Shares up to and including the last trading day prior to the price-fixing date, with the issue price to be at a discount of not more than 20% to the TEAP.

For illustrative purpose, the indicative issue price of RM0.12 per Rights Share is at a discount of RM0.0215 or 15.19% to the TEAP of RM0.1415, calculated based on the 5-day VWAP up to and including the LPD of RM0.1559.

In addition, the indicative issue price of RM0.12 per Rights Share represent the following discount to the following VWAP of MClean Shares up to and including the LPD:

Period	VWAP of MClean Shares up to and including the LPD (RM)	Discount of issue price to the VWAP	
		(RM)	(%)
5-day VWAP	0.1559	0.0359	23.03%
1-month VWAP	0.1626	0.0426	26.20%
3-month VWAP	0.2107	0.0907	43.05%
6-month VWAP	0.2095	0.0895	42.72%
12-month VWAP	0.2616	0.1416	53.13%

(Source: Bloomberg Finance L.P.)

The Board (save for YHH and Yeo Seow Lai ("**YSL**") who are abstaining from forming a view on the Proposals ("**Interested Directors**") is of the opinion that the discount of not more than 20% to the TEAP is reasonable to encourage the Entitled Shareholders to subscribe for the Rights Shares.

(ii) Exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who successfully subscribe for the Rights Shares.

The Board has fixed the exercise price of the Warrants at RM0.22 each after taking into consideration the following:

- (a) the rationale for the Proposed Rights Issue as set out in **Section 8.2** of this announcement; and
- (b) the issue price of the Consideration Shares and ICPS of RM0.22 each pursuant to the Proposed Acquisition.

For illustrative purpose, the exercise price of RM0.22 per Warrant is at a premium of RM0.0785 or 55.48% to the TEAP of RM0.1415, calculated based on the 5-day VWAP up to and including the LPD of RM0.1559.

The maximum number of new MClean Shares to be issued pursuant to the exercise of the Warrants would be up to 123,606,500 MClean Shares.

The Warrants may be exercised at any time within a period of 5 years commencing on and including the date of issuance of the Warrants and ending at 5.00 p.m. on the last market day immediately preceding the date which is the 5th anniversary of the date of issuance of the Warrants. Any Warrants which are not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

The Board (save for the Interested Directors) is of the opinion that the premium of the exercise price to the TEAP is reasonable for the purpose of encouraging a longer term investment in the securities of MClean as the Warrants can be exercised into new MClean Shares at any time within a period of 5 years.

3.2 Minimum subscription level, undertaking and Underwriting

The Proposed Rights Issue will be implemented on a minimum subscription level of approximately RM19.50 million or 162,500,000 Rights Shares ("**Minimum Subscription Level**") based on the indicative issue price of RM0.12 each, after taking into consideration the funding requirements as set out in **Section 7** of this announcement.

In order to meet the Minimum Subscription Level:

- (i) the Company has obtained the unconditional and irrevocable written undertakings dated 4 November 2022 from JCS Group Pte Ltd and YHH ("**Undertaking Shareholders**") ("**Undertakings**") that they will:
 - (a) fully subscribe for their respective entitlements and JCS Group Pte Ltd undertakes to subscribe for additional 46,590,039 Rights Shares;
 - (b) have sufficient financial resources to fulfil their Undertakings; and
 - (c) not transfer, dispose of or reduce their existing shareholding of MClean Shares from the date of such Undertakings up to the Entitlement Date.
- (ii) the Company shall procure underwriter(s) to underwrite the Rights Shares with Warrants for RM10.00 million or equivalent to 83,333,333 Rights Shares based on the indicative issue price of RM0.12 each together with 62,500,000 Warrants. The Underwriting arrangement will be finalised at a later date prior to the announcement of Entitlement Date. The terms of the Underwriting have therefore not been finalised and no underwriting agreement has been entered into at this juncture.

In addition, the Company has obtained the unconditional and irrevocable written undertaking dated 4 November 2022 from Decor that it will not subscribe for its entitlement, pursuant to the Proposed Rights Issue.

The number of Rights Shares pursuant to the Undertakings and the Underwriting under the Minimum Subscription Level are as follows:

Undertaking Shareholders	Shareholding as at the LPD		No. of Rights Shares under Minimum Subscription Level				Total Undertaking/ Underwriting		Amount RM
	No. of Shares	% ⁽¹⁾	Entitlement ⁽³⁾	% ⁽⁴⁾	Via excess application	% ⁽⁴⁾	No. of Rights Shares	% ⁽⁴⁾	
JCS Group Pte Ltd ⁽²⁾	38,747,942	15.67	25,831,961	15.90	46,590,039	28.67	72,422,000	44.57	8,690,640
YHH	10,117,000	4.09	6,744,667	4.15	-	-	6,744,667	4.15	809,360
Sub-total	48,864,942	19.76	32,576,628	20.05	46,590,039	28.67	79,166,667	48.72	9,500,00
Underwriter(s)	-	-	-	-	-	-	83,333,333	51.28	10,000,000
	48,864,942	19.76	32,576,628	20.05	46,590,039	28.67	162,500,000	100.00	19,500,000

Notes:

- (1) Based on 247,213,000 MClean Shares after taking into account the issuance of 50,000,000 Placement Shares pursuant to the Proposed Private Placement.
- (2) YHH is the sole director and shareholder of JCS Group Pte Ltd.
- (3) Based on their shareholdings as at the LPD.
- (4) Based on 162,500,000 Rights Shares under the Minimum Subscription Level.

For illustrative purpose, if the other Entitled Shareholders (other than JCS Group Pte Ltd and YHH) do not subscribe for their entitlements under the Minimum Subscription Level, their shareholdings in MClean will be diluted as follows:

	Before the Proposed Rights Issue		After the Proposed Rights Issue	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
JCS Group Pte Ltd ⁽³⁾	38,747,942	15.67	111,169,942	27.13
YHH	10,117,000	4.09	16,861,667	4.12
Underwriter(s)	-	-	83,333,333	20.34
Other Entitled Shareholders	198,348,058	80.24	198,348,058	48.41
Total	247,213,000	100.00	409,713,000	100.00

Notes:

- (1) Based on 247,213,000 MClean Shares after taking into account the issuance of 50,000,000 Placement Shares pursuant to the Proposed Private Placement.
- (2) Based on 409,713,000 MClean Shares after taking into account the issuance of 162,500,000 Rights Shares pursuant to the Proposed Rights Issue.
- (3) YHH is the sole director and shareholder of JCS Group Pte Ltd.

3.3 Ranking of the Rights Shares and new MClean Shares to be issued arising from the exercise of the Warrants

The Warrant holders will not be entitled to any voting rights or participation in any form of distribution and/or offer of further securities in the Company until and unless they exercise their Warrants into new MClean Shares.

The Rights Shares and new MClean Shares to be issued from the exercise of Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing MClean Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions, the entitlement date of which is prior to the dates of allotment and issuance of the Rights Shares and the new MClean Shares to be issued arising from the exercise of Warrants.

3.4 Foreign-Addressed Shareholders

An abridged prospectus together with its accompanying notices of provisional allotment and the rights subscription forms to be issued in connection with the Proposed Rights Issue are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be lodged, registered or approved under applicable securities legislation of any jurisdiction other than Malaysia. Accordingly, the Proposed Rights Issue will not be offered for subscription in any countries or jurisdictions other than Malaysia.

The abridged prospectus together with its accompanying documents will only be sent to Entitled Shareholders who have a registered address or an address for service in Malaysia as registered in the Company's Record of Depositors on the Entitlement Date.

Shareholders who have not provided to the Company a registered address or an address for service in Malaysia for the service of documents which will be issued in connection with the Proposed Rights Issue (“**Foreign-Addressed Shareholders**”) who wish to provide Malaysian addresses should inform their respective stockbrokers as well as the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia to effect the change of address prior to the Entitlement Date.

Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from the Company's Share Registrar, who will be entitled to request for such evidence as it deems necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

The Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in the Company's Record of Depositors as at the Entitlement Date and will not accept or to be deemed to accept any liability whether or not any enquiry or investigations is made in connection therewith.

Foreign-Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue to the extent that it would be lawful to do so, and the Company, TA Securities and the Share Registrar would not, in connection with the Proposed Rights Issue, be in breach of the laws of any country or jurisdiction which the Foreign-Addressed Shareholders and their renounees and transferees (if applicable) might be subject to.

Foreign-Addressed Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such foreign country or jurisdiction and the Company will be entitled to be fully indemnified and held harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such person may be required to pay. Foreign-Addressed Shareholders will have no claims whatsoever against the Company, TA Securities and the Share Registrar in respect of their rights or entitlements under the Proposed Rights Issue. Such Foreign-Addressed Shareholders should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue.

Foreign-Addressed Shareholders will be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by the Foreign-Addressed Shareholders in the Proposed Rights Issue must be on the basis of a warranty by them that they may lawfully so participate without the Company, TA Securities and the Share Registrar being in breach of the laws of any jurisdiction. Neither the Company, TA Securities or the Share Registrar nor the other advisers to the Proposed Rights Issue will accept any responsibility or liability in the event that any acceptance of a Foreign-Addressed Shareholder of his/her rights in respect of the Proposed Rights Issue is or becomes illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign-Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares under the laws and jurisdiction to which they are subject to will have no claims whatsoever against the Company, TA Securities, the Share Registrar or other advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue. The Company reserves the right in its absolute discretion to treat any acceptance as being invalid if the Company believes or has reason to believe that such acceptance may violate applicable legal or regulatory requirements.

3.5 Listing of and quotation for the Rights Shares with Warrants

An application will be made to Bursa Securities for the listing of and quotation for the Rights Shares with Warrants on the ACE Market of Bursa Securities.

4 PROPOSED ACQUISITION

On 27 May 2022, MClean and MClean Precision had entered into the SSA with the Vendors for the acquisition of 1,221,600 JCS Biotech Shares, representing 60% equity interest in JCS Biotech for the Purchase Consideration of RM135.00 million. On 4 November 2022, MClean, MClean Precision and the Vendors had entered into the Supplemental SSA to vary certain terms of the SSA pursuant to the Proposed Acquisition. The salient terms of the SSA (as supplemented by the Supplemental SSA) are set out in **Appendix II** of this announcement.

Pursuant to the SSA (as supplemented by the Supplemental SSA), the Vendors shall sell the Sale Shares and the Purchaser shall purchase the Sale Shares free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto and all dividends, rights and distributions declared paid or made in respect thereof subject to the conditions of the SSA (as supplemented by the Supplemental SSA). Upon the completion of the Proposed Acquisition, JCS Biotech will become a 60%-owned subsidiary of MClean through MClean Precision.

At this juncture, YHH, the beneficial owner of the remaining 40% of JCS Biotech Shares through his direct and indirect equity interest in JCS Biotech, does not intend to dispose the remaining 40% of JCS Biotech Shares and MClean Precision does not intend to acquire the balance of 40% of JCS Biotech shares for the following reasons:

- (a) with the Proposed Acquisition of 60% of equity interest in JCS Biotech, MClean is already in control of JCS Biotech and is able to consolidate the results of JCS Biotech in the MClean Group; and
- (b) it is beneficial for JCS Biotech to maintain at least 30% ownership directly or indirectly by a Singaporean shareholder (namely YHH) in order for JCS Biotech to continue to be qualified for various benefits (including grants) from Enterprise Singapore, a Singaporean government agency which champions enterprise growth. This continual affiliation with Enterprise Singapore augurs well for JCS Biotech as products manufactured in Singapore with the “Made in Singapore” branding (i.e., the BioCair BC-65 disinfectant solution) is deemed as desirable particularly by JCS Biotech’s customers.

In addition, through the affiliation with Enterprise Singapore, JCS Biotech would be perceived by its customers as a company that has some degree of support from the Singapore government. The list of grants and incentives that JCS Biotech may qualify for is as set out at <https://www.enterprisesg.gov.sg/financial-assistance/grants>.

JCS Biotech had previously obtained the following grants from Enterprise Singapore:

	Grant date	Description
(1)	18 December 2018	Implementation of an enterprise resource planning system (i.e., Oracle NetSuite)
(2)	30 May 2019	Assistance for overseas marketing at a fair in China
(3)	1 July 2020	Implementation of a human resources management system (i.e., INFO-TECH Cloud HRMS Version 8.0)

The excess 10% shareholding held by YHH (above the minimum 30% presently specified by Enterprise Singapore) can serve as a buffer in the event Enterprise Singapore decides to raise its minimum shareholding criterion in the future. In addition, YHH can consider offering up to 10% shareholding in JCS Biotech to potential strategic partners who may be only interested in a direct equity investment in JCS Biotech and to raise the profile of JCS Biotech and provide it with increased market development activities.

The Purchase Consideration shall be satisfied via a combination of cash of RM18.00 million, 329,318,178 Consideration Shares (equivalent to RM72.45 million) and 202,499,998 ICPS (equivalent to RM44.55 million) to the Vendors. The Consideration Shares and ICPS to be allotted and issued to the Vendors under the SSA (as supplemented by the Supplemental SSA) shall be rounded down to the nearest one (1) unit of Consideration Share and ICPS and any fractional entitlements shall be disregarded.

4.1 Background information on JCS Biotech

JCS Biotech was incorporated in the Republic of Singapore under the Companies Act 1967 on 8 June 1990 as a private limited company under the name of JCS Automation Pte Ltd with registration number of 199002819D. JCS Biotech (formerly known as JCS Automation Pte Ltd) was an automation equipment manufacturer which commenced operations on 8 June 1990. On 22 March 2013, JCS Automation Pte Ltd changed its name to JCS Biotech Pte Ltd.

As at the LPD, JCS Biotech has an issued share capital of SGD2,036,000 comprising 2,036,000 JCS Biotech Shares. There has been no change in the issued share capital and number of JCS Biotech Shares since its incorporation and up to the LPD. As at the LPD, the directors of JCS Biotech are YHH and Yeo Lian Cheng (“YLC”).

The shareholders of JCS Biotech and their respective shareholdings in JCS Biotech as at the LPD are as follows:

	Direct		Indirect	
	No. of JCS Biotech Shares	%	No. of JCS Biotech Shares	%
<u>Directors & shareholders</u>				
YHH	825,480	40.54	488,640 ⁽¹⁾	24.00
YLC	4,000	0.20	825,480 ⁽²⁾	40.54
<u>Shareholders</u>				
JCS INVD Pte Ltd	366,480	18.00	-	-
JCS INV F Pte Ltd	122,160	6.00	-	-
JCS Group Pte Ltd	-	-	366,480 ⁽³⁾	18.00
Cave Investment Pte Ltd (“Cave Investment”)	159,167 ⁽⁴⁾	7.82	-	-
Hudson River Pte Ltd (“Hudson River”)	122,160 ⁽⁵⁾	6.00	-	-
Grange Hill Ventures Pte Ltd (“Grange Hill”)	94,680 ⁽⁶⁾	4.65	-	-
White Ocean Cap Pte Ltd (“White Ocean”)	92,273 ⁽⁷⁾	4.53	-	-
Orchid Ventures Pte Ltd (“Orchid Ventures”)	81,440 ⁽⁸⁾	4.00	-	-
Boggs Jr Richard Paul (“Richard Boggs”) ⁽¹⁰⁾	61,080	3.00	-	-
Gong Shasha	20,360 ⁽⁸⁾	1.00	81,440 ⁽⁸⁾	4.00
Ng Hung Chiao Michael	20,360	1.00	-	-
Ng Chee Khoon	20,360	1.00	-	-
Bert Chow Kok Meng ⁽⁹⁾	18,000	0.88	-	-
Loh Weng Yew ⁽⁹⁾	18,000	0.88	-	-
Nijhof Edwin Hendricus Bernardus Franciscus (“Edwin Nijhof”)	4,000	0.20	-	-
Law Fah Soon ⁽¹⁰⁾	4,000	0.20	-	-
Chong Wee Kien ⁽¹⁰⁾	2,000	0.10	-	-
Jiang Ying	-	-	346,120 ⁽⁴⁾⁽⁶⁾⁽⁷⁾	17.00
Zhang Rong ⁽¹¹⁾	-	-	122,160 ⁽⁵⁾	6.00
Total	2,036,000	100.0		

Notes:

- (1) Through his indirect shareholdings in JCS INVD Pte Ltd via his shareholding in JCS Group Pte Ltd and his indirect shareholding in JCS INV F Pte Ltd via his shareholding in CSF Fund I Pte Ltd, pursuant to Section 8 of the Companies Act 2016 (“Act”). Both JCS Group Pte Ltd and CSF Fund I Pte Ltd are 100% owned by YHH.
- (2) Through the shareholding of her sibling (YHH) pursuant to Section 8 of the Act.
- (3) Through its indirect shareholding in JCS INVD Pte Ltd.
- (4) Cave Investment’s sole director and shareholder is Jiang Ying.
- (5) The directors of Hudson River are Zhang Rong (also the sole shareholder of Hudson River) and Zheng Fang.
- (6) Grange Hill’s sole director and shareholder is Jiang Ying.
- (7) White Ocean’s sole director and shareholder is Jiang Ying.
- (8) Orchid Ventures’ sole director is Lim Poi Kuan while its sole shareholder is Gong Shasha.
- (9) Bert Chow Kok Meng and Loh Weng Yew are employees of MClean Group.
- (10) Richard Boggs, Law Fah Soon and Chong Wee Kien are employees of JCS Biotech.
- (11) Resigned as director of JCS Biotech on 22 September 2021.

As at the LPD, JCS Biotech has one (1) subsidiary company as follows:

Name of company	Effective equity interest	Principal activities
JCS Biotech Ltd	100%	Dormant

JCS Biotech does not have any associated company.

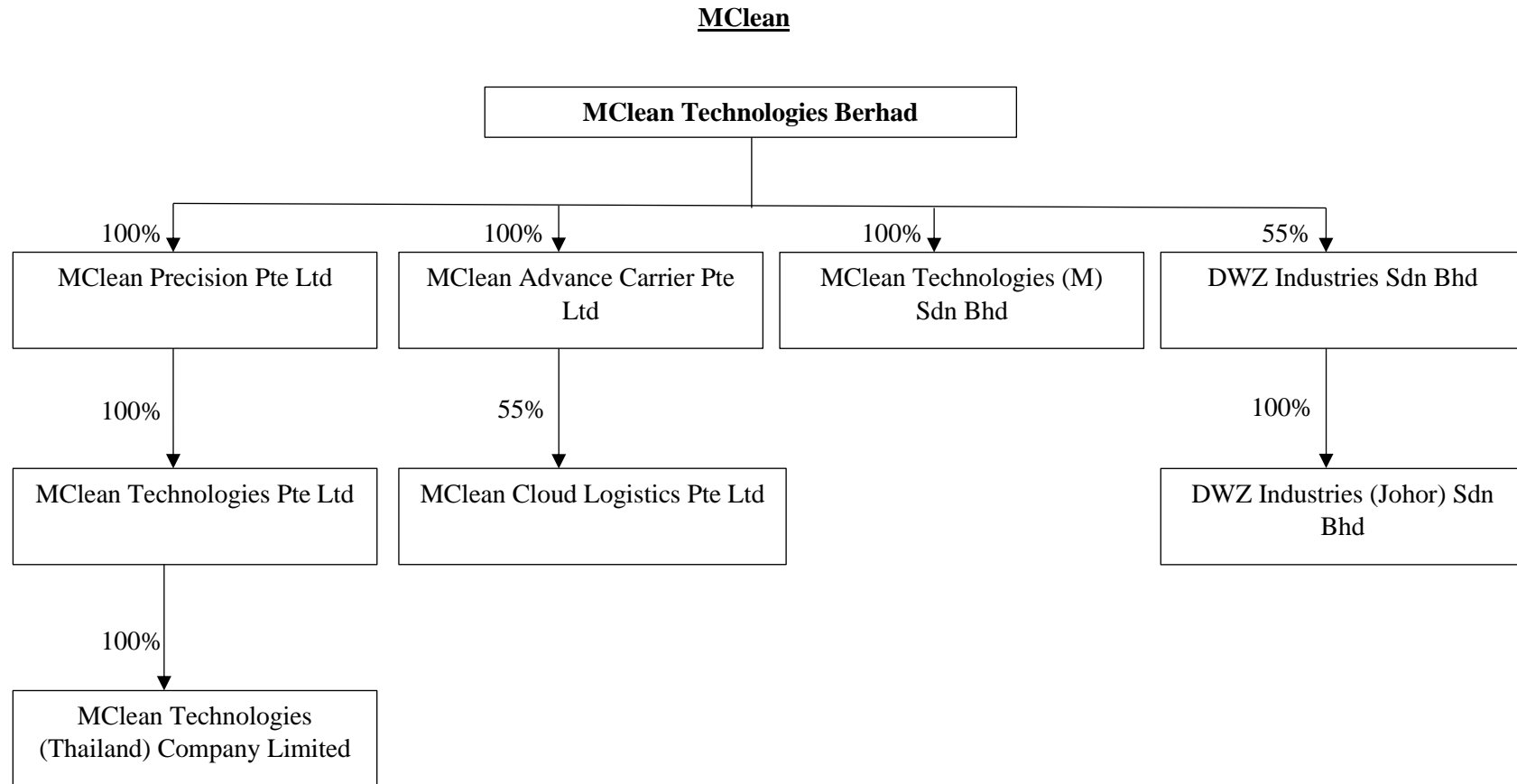
Further information on JCS Biotech and the Vendors is set out in **Section 4** of **Appendix III** of this announcement.

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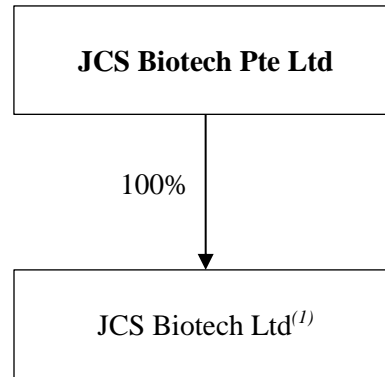
4.2 Proposed group structure

The group structures of MClean and JCS Biotech before and after the Proposed Acquisition are as follows:

(i) **Before the Proposed Acquisition**



JCS Biotech

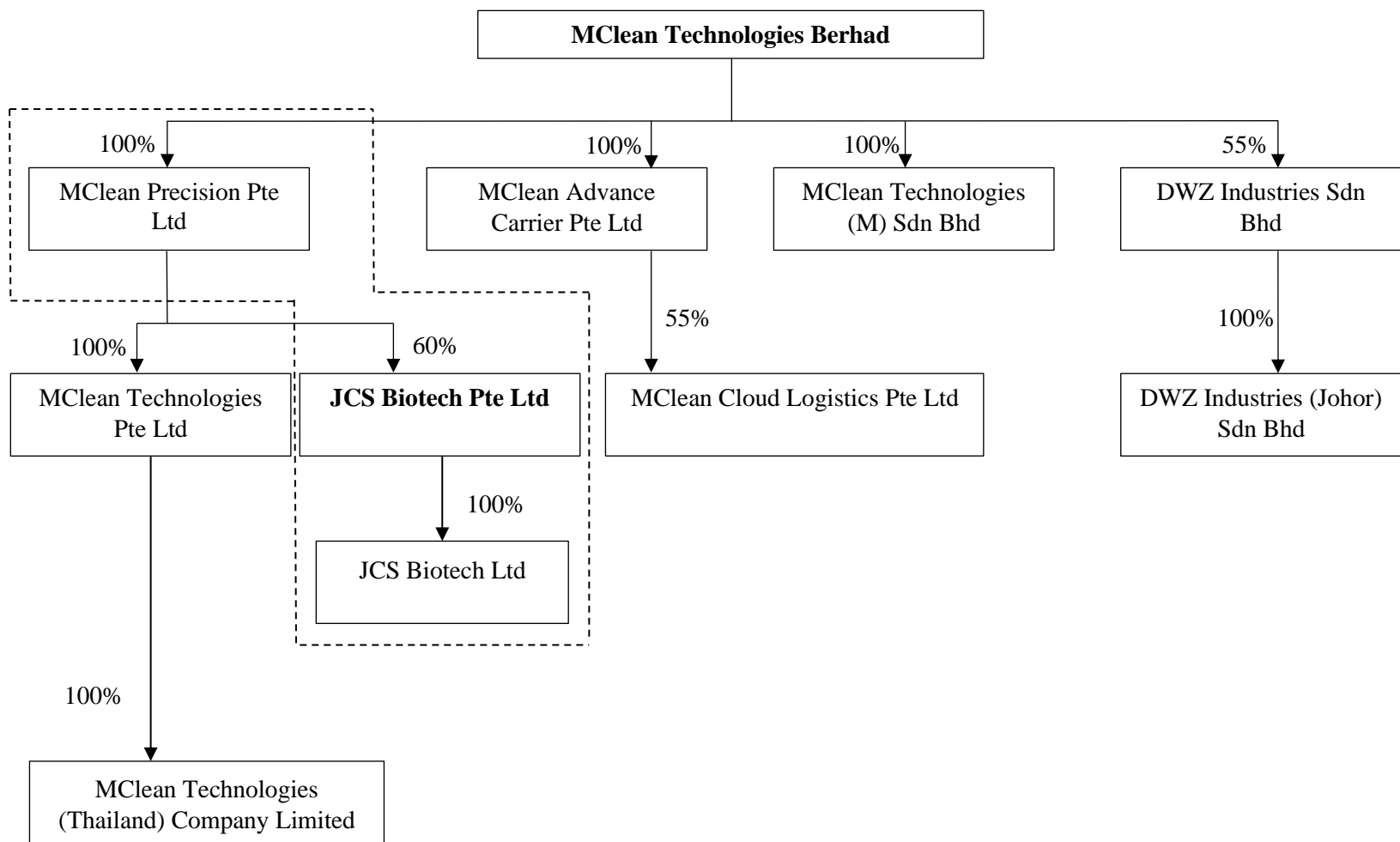


Note:

(1) JCS Biotech Ltd is dormant as at the LPD.

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(ii) After the Proposed Acquisition



4.3 Basis of and justification for the Purchase Consideration

The Purchase Consideration of RM135.0 million was arrived at on a “willing-buyer and willing-seller” basis, after taking into consideration the following:

- (i) a profit guarantee to be provided by the Vendors (“**Profit Guarantors**”) to MClean for JCS Biotech to achieve an audited profit after taxation (“**PAT**”) of SGD5.50 million (or equivalent to approximately RM18.43 million as at the LPD) for the financial year ending (“**FYE**”) 31 December 2022 (“**Profit Guarantee**”);
- (ii) FHMH Corporate Advisory Sdn Bhd (“**FHCA**”) was appointed by MClean to provide an expert’s report on the fairness of the Purchase Consideration for the Proposed Acquisition (“**Fairness Opinion**”). The valuation takes into consideration JCS Biotech’s future earnings generating capabilities, its sustainability as well as various business considerations and risk factors affecting its business based on the discounted free cash flow to equity methodology and relative valuation analysis methodology. FHCA valued JCS Biotech at a valuation range of RM122.50 million to RM144.80 million for 60% equity interest in JCS Biotech;
- (iii) the historical financial track record of JCS Biotech for the past 3 financial years as set out in **Section 11** of **Appendix III** of this announcement. JCS Biotech had recorded PAT of approximately RM2.97 million, RM8.61 million and RM12.56 million for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021, respectively;
- (iv) the rationale and potential benefits to be accrued to the enlarged MClean Group through the Proposed Acquisition. Further information are set out in **Section 8.3** of this announcement; and
- (v) the overview and outlook of the disinfectants markets as well as prospects and outlook of JCS Biotech’s business as set out in **Sections 9.5** and **9.6** of this announcement.

In addition, in assessing the reasonableness of the Purchase Consideration, reference was made to the price-to-earnings multiple (“**P/E Multiple**”) of comparable companies listed on stock exchanges globally with similar principal activities to that of JCS Biotech. The Purchase Consideration represents a P/E Multiple of 13.64 times based on the Profit Guarantee and P/E Multiple of 17.91 times based on JCS Biotech’s PAT for the FYE 31 December 2021 of RM12.56 million, as illustrated below:

- (i) P/E Multiple based on the Profit Guarantee

$$\begin{aligned} \text{P/E Multiple} &= \frac{\text{Purchase Consideration}}{60\% \text{ of Profit Guarantee}} \\ &= \frac{\text{RM135,000,000}}{60\% \times \text{RM16,500,000}} \\ &= 13.64 \text{ times} \end{aligned}$$

- (ii) P/E Multiple based on the JCS Biotech’s profit for the FYE 31 December 2021

$$\begin{aligned} \text{P/E Multiple} &= \frac{\text{Purchase Consideration}}{60\% \text{ of JCS Biotech’s PAT for the FYE 31 December 2021}} \\ &= \frac{\text{RM135,000,000}}{60\% \times \text{RM12,562,008}} \\ &= 17.91 \text{ times} \end{aligned}$$

None of the companies listed on Bursa Securities are identical to JCS Biotech in terms of composition of business, scale of operations, geographical spread of activities, track record, asset base, risk profile, future prospects and other criteria. Therefore, comparable companies were selected from those listed on the foreign exchanges mainly because their principal activities are similar to JCS Biotech's principal activities by virtue of their involvement, to differing degrees, in the provision of sale of disinfection and sanitiser products and being profitable from the sale of disinfection and sanitiser products, based on their latest audited PAT.

Whilst such comparable companies' analysis may reflect market sentiments towards the sector and provide guidance on valuation, the analysis may not take into account differences in accounting policies and standards, as well as the operating environments, business models and/or tax treatments, and nor does it take into account possible unique characteristics of the different selected companies. Comparisons made with the comparable companies are intended for illustrative purposes only, and are not intended to reflect the perceived or implied market valuation of JCS Biotech.

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The Board (save for the Interested Directors) is of the view that JCS Biotech is broadly comparable to the following companies:

Selected comparable companies	Principal activities	Market capitalisation as at the LTD (million) ⁽¹⁾	PAT attributable to the company (million) ⁽²⁾	P/E Multiple ⁽³⁾ (times)
Ecolab Inc. (Listed on New York Stock Exchange) ⁽⁴⁾	Global provider of water, hygiene and infection prevention solutions for customers in food, healthcare, hospitality, industrial and oil and gas markets. It services include food safety, sanitation, optimization of water and energy use, improvement of operational efficiency and sustainability. It also offers detergents, cleaners, sanitizers, disinfectants, surface wipes, as well as cleaning systems, electronic dispensers and chemical injectors for the application of chemical products.	USD46.904.58	USD1.129.90	41.51
Paul Hartmann AG (Listed on Frankfurt Stock Exchange) ⁽⁵⁾	Manufactures and market personal hygiene medical products. It sells baby diapers under fixie brand name, diagnostic equipment and first aid, operating, skin care, feminine hygiene, and incontinence products. It also offers disinfectant products for hands, surface, and instruments; cleaning, skin care, and skin antiseptis products, as well as sterillium, a hand disinfectant.	EUR1,118.80	EUR94.67	11.82
Zoono Group Limited (Listed on Australian Stock Exchange) ⁽⁶⁾	Develops, manufactures and distributes antimicrobial solutions. It offers surface and hand sanitizers products belong to a class of disinfectants that can be used in hospitals. It also offers textile treatments, acne treatment formulas, deodorants, hospital formulations, additives, wet wipes, aerosol and water and mold treatment solutions.	AUD32.45	AUD4.41	7.36
			High	41.51
			Low	7.36
			Average	20.23

(Source: Annual reports of the companies, Bloomberg Finance L.P. and S&P Capital IQ)

Notes:

- (1) Computed based on the closing market prices of the companies as at 26 May 2022, being the latest trading date prior to the execution of the SSA for the Proposed Acquisition on 27 May 2022 (“LTD”) multiplied by the number of issued shares.
- (2) Based on the audited consolidated financial statements as reported in the company’s latest annual report prior to the LTD.
- (3) Computed based on market capitalisation as at the LTD over the latest audited PAT attributable to owners of the company.
- (4) For the FYE 31 December 2021, Ecolab Inc. generated revenue of approximately USD11.48 billion or 90.15% from the sale of disinfection and sanitiser products (Global Industrial, Global Institutional & Specialty and Global Healthcare & Life Sciences segments) out of the total revenue of approximately USD12.73 billion.
- (5) For the FYE 31 December 2021, Paul Hartmann AG generated revenue of approximately EUR1.36 billion or 59.19% from the sale of disinfection and sanitiser products (Incontinence Management and Infection Management segment) out of the total revenue of approximately EUR2.30 billion.
- (6) For the FYE 30 June 2021, Zoono Group Limited generated revenue of approximately NZD27.13 million whereby approximately 100% of the total revenue from the sale of disinfection and sanitiser products as it only has 1 business segment (cleaning products) based on the products such as hand sanitiser, textile applicator, mould remediation and surface sanitiser.

The P/E Multiples in the table above were not adjusted for country risk due to the difficulty of quantifying and justifying the adjustment factors. Furthermore, any such attempts at the normalisation of the P/E Multiples may give rise to errors because parameters such as market return, country risk, expected inflation and expected growth in gross domestic products, used for normalising the multiples may change significantly over a short period of time.

In any event, in arriving at the appropriate discount rate for JCS Biotech, the valuation exercise undertaken by FHCA for its Fairness Opinion based on the discounted free cash flow to equity methodology, has applied the prevailing risk-free rate and market risk premium, as well as adopted the betas of available comparable companies with relevant adjustments made taking into consideration the gearing and the risk profile as well as other risk factors that may affect JCS Biotech.

Premised on the above, the Purchase Consideration is justifiable as the P/E Multiples for the Proposed Acquisition of 13.64 times based on the Profit Guarantee and 17.91 times based on JCS Biotech's PAT for the FYE 31 December 2021 are:

- (i) within the P/E Multiple range of between 7.36 times and 41.51 times for the above comparable companies; and
- (ii) lower than the average P/E Multiple of 20.23 times for the above comparable companies.

4.4 Reasonableness of the Profit Guarantee

The Vendors have provided the Profit Guarantee of SGD5.50 million (or equivalent to approximately RM18.43 million as at the LPD) for the FYE 31 December 2022.

The Board (save for the Interested Directors) is of the opinion that the Profit Guarantee of SGD5.50 million (or equivalent to approximately RM18.43 million as at the LPD) for the FYE 31 December 2022 is reasonable and realistic after taking into consideration the following:

- (i) the audited PAT of JCS Biotech of SGD4.07 million (or equivalent to approximately RM12.56 million) for the FYE 31 December 2021;
- (ii) the audited PAT of JCS Biotech of SGD2.28 million (or equivalent to approximately RM7.14 million) for the 6-month financial period ended ("**6M-FPE**") 30 June 2022; and
- (iii) the overview and outlook of the disinfectants markets as well as the prospects and outlook of JCS Biotech's business as set out in **Sections 9.5** and **9.6** of this announcement.

The computation of the PAT for the purpose of the Profit Guarantee shall:

- (i) be in accordance with the Singapore Financial Reporting Standards issued by the Accounting Standards Council of Singapore; and
- (ii) include only profits derived from JCS Biotech's ordinary course of business and shall exclude profits derived from any sale of JCS Biotech's assets.

In the event JCS Biotech fails to achieve the Profit Guarantee, the Vendors shall on demand from MClean Precision to settle the shortfall (including the amount of the loss after tax, if applicable) in cash within 21 days from the date of the notice from MClean Precision, failing which and without prejudice to the other rights of the Purchaser, the relevant Vendors shall pay interest to the Purchaser, on the amount outstanding at the rate of 1% per month calculated on a daily basis from the day after the expiry of the 21 days period until the date the shortfall (including the amount of the loss after tax, if applicable) payable by the relevant Vendors is settled in full. The settlement of the shortfall (including the amount of the loss after tax, if applicable) together with interest, if applicable, shall be deemed as full satisfaction of the Vendor's obligations in respect of the Profit Guarantee.

In the event that the Vendors fail to pay the shortfall (including the amount of the loss after tax, if applicable) as per the above paragraph, the Vendors agree and authorise the Purchaser to instruct a stakeholder, to be mutually appointed by MClean, MClean Precision and the Vendors to maintain the escrow account in which the Consideration Shares will be deposited for the purpose of moratorium (“**Stakeholder**”), to sell the Consideration Shares and utilise the proceeds from the sale to satisfy the shortfall (including the amount of the loss after tax, if applicable). Similarly, the Stakeholder upon receiving the Vendor’s instructions is authorised by the parties to sell the Consideration Shares and utilise the proceeds of such sale to satisfy the shortfall (including the amount of the loss after tax, if applicable) and any late payment interest. In the event the proceeds of the sale of the Consideration Shares are insufficient to pay all of the shortfall (including the amount of the loss after tax, if applicable) and the late payment interest, the Stakeholder shall inform the Purchaser and Vendors whereby the Vendors shall be liable to pay Purchaser such differential amounts indicated in the notification from the Stakeholder within the 5 days from the date of the notification. Such sale of the Consideration Shares shall only take place after the expiry of the moratorium period and MClean Precision has agreed to receive the payment of the shortfall after the expiry of the moratorium period.

4.5 Mode of satisfaction of the Purchase Consideration

The Purchase Consideration of RM135.00 million shall be satisfied in the following manner:

	Amount (RM'000)
Cash proceeds from the:	
- Proposed Private Placement ⁽¹⁾	6,500
- Proposed Rights Issue ⁽²⁾	11,500
Issuance of Consideration Shares ⁽³⁾	72,450
Issuance of ICPS ⁽⁴⁾	44,550
Total Purchase Consideration	135,000
Number of Consideration Shares to be issued	329,318,178
Number of ICPS to be issued	202,499,998

Notes:

- (1) Based on the indicative issue price of RM0.13 per Placement Share.
- (2) Based on the indicative issue price of RM0.12 per Rights Share.
- (3) Based on the issue price of RM0.22 per Consideration Share.
- (4) Based on the issue price of RM0.22 per ICPS.

The listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities shall be completed within 7 business days from the date of allotment and issuance of the Consideration Shares.

The number of new MClean Shares to be issued pursuant to the exercise/conversion of the Warrants and ICPS will not exceed 50% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the convertible equity securities) at all times pursuant to Rule 6.51 of the Listing Requirements.

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The existing shareholdings of the Vendors in JCS Biotech as well as the number of JCS Biotech shares to be acquired by MClean are as follows:

Vendors of JCS Biotech	No. of JCS Biotech shares held by the Vendors as at the LPD	Percentage of JCS Biotech shares held by the Vendors as at the LPD (%)	No. of JCS Biotech shares to be acquired by MClean	Percentage of JCS Biotech shares to be acquired by MClean (%)	Total consideration (RM)
YHH	825,480	40.54	499,720	24.54	55,224,460
YLC	4,000	0.20	4,000	0.20	442,043
Cave Investment	159,167	7.82	159,167	7.82	17,589,674
Hudson River	122,160	6.00	122,160	6.00	13,500,000
Grange Hill	94,680	4.65	94,680	4.65	10,463,163
White Ocean	92,273	4.53	92,273	4.53	10,197,164
Orchid Ventures	81,440	4.00	81,440	4.00	9,000,000
Richard Boggs	61,080	3.00	61,080	3.00	6,750,000
Gong Shasha	20,360	1.00	20,360	1.00	2,250,000
Ng Hung Chiao Michael	20,360	1.00	20,360	1.00	2,250,000
Ng Chee Khoon	20,360	1.00	20,360	1.00	2,250,000
Bert Chow Kok Meng	18,000	0.88	18,000	0.88	1,989,194
Loh Weng Yew	18,000	0.88	18,000	0.88	1,989,194
Edwin Nijhof	4,000	0.20	4,000	0.20	442,043
Law Fah Soon	4,000	0.20	4,000	0.20	442,043
Chong Wee Kien	2,000	0.10	2,000	0.10	221,022
Total	1,547,360	76.00	1,221,600	60.00	135,000,000

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Pursuant to the Supplemental SSA, the breakdown of the Purchase Consideration payable to the Vendors is as follows:

Name	Total Consideration (RM)	Cash	Consideration Shares		ICPS	
		Amount (RM)	Amount (RM)	No. of Shares	Amount (RM)	No. of ICPS
YHH	55,224,460	7,363,261	29,637,126	134,714,213	18,224,073	82,836,690
YLC	442,043	58,939	237,230	1,078,317	145,874	663,064
Cave Investment	17,589,674	2,345,290	9,439,792	42,908,145	5,804,592	26,384,511
Hudson River	13,500,000	1,800,000	7,245,000	32,931,818	4,455,000	20,250,000
Grange Hill	10,463,163	1,395,088	5,615,231	25,523,776	3,452,844	15,694,744
White Ocean	10,197,164	1,359,622	5,472,478	24,874,900	3,365,064	15,295,746
Orchid Ventures	9,000,000	1,200,000	4,830,000	21,954,545	2,970,000	13,500,000
Richard Boggs	6,750,000	900,000	3,622,500	16,465,909	2,227,500	10,125,000
Gong Shasha	2,250,000	300,000	1,207,500	5,488,636	742,500	3,375,000
Ng Hung Chiao Michael	2,250,000	300,000	1,207,500	5,488,636	742,500	3,375,000
Ng Chee Khoon	2,250,000	300,000	1,207,500	5,488,636	742,500	3,375,000
Bert Chow Kok Meng	1,989,194	265,226	1,067,534	4,852,427	656,434	2,983,791
Loh Weng Yew	1,989,194	265,226	1,067,534	4,852,427	656,434	2,983,791
Edwin Nijhof	442,043	58,939	237,230	1,078,317	145,874	663,064
Law Fah Soon	442,043	58,939	237,230	1,078,317	145,874	663,064
Chong Wee Kien	221,022	29,470	118,615	539,159	72,937	331,533
Total	135,000,000	18,000,000	72,450,000	329,318,178	44,550,000	202,499,998

The proportion of payment of the Purchase Consideration by cash consideration, the Consideration Shares and ICPS in total of RM135.00 million will be based on the following basis:

- (i) cash of RM18.00 million, which is 13.33% of the total Purchase Consideration;
- (ii) 329,318,178 Consideration Shares (equivalent to RM72.45 million), which is 53.67% of the total Purchase Consideration; and
- (iii) 202,499,998 ICPS (equivalent to RM44.55 million), which is 33.00% of the total Purchase Consideration.

In addition, the proportion of payment of the Purchase Consideration to all the Vendors will be based on the same basis as follows:

- (i) Cash: 13.33% of the total consideration amount due to each Vendor;
- (ii) Consideration Shares: 53.67% of the total consideration amount due to each Vendor; and
- (iii) ICPS: 33.00% of the total consideration amount due to each Vendor.

4.6 Basis of determining and justification for the Consideration Shares and the issue price of the Consideration Shares

The Board (save for the Interested Directors) is of the view that the issuance of Consideration Shares to partly satisfy the Purchase Consideration for the Proposed Acquisition would:

- (i) enable MClean Group to conserve its cash reserves to be used for working capital for its existing businesses and avoid having to further increase its borrowings as would be the case where the Purchase Consideration is to be satisfied entirely in cash. As at the LPD, MClean Group's cash and bank balances stood at approximately RM5.18 million. MClean Group would also be able to avoid incurring interest and other related expenses which would arise if bank borrowings are used to fund the Proposed Acquisition, thereby minimising cash outflow.

Based on MClean Group's prevailing interest rate for bank borrowings of 4.45% per annum, MClean Group would be able to save on interest cost of approximately RM5.21 million per annum with the issuance of 329,318,178 Consideration Shares at RM0.22 each (approximately RM72.45 million) and the issuance of 202,499,998 ICPS at RM0.22 each (approximately RM44.55 million) to partially fund the Purchase Consideration; and

- (ii) strengthen the capital base of MClean as set out in **Section 12.1** of this announcement.

The issue price of RM0.22 per Consideration Share is at a discount of approximately of RM0.02 or 8.33% to the 5-day VWAP of MClean Shares up to and including the LTD of RM0.24 per MClean Share. In addition, the discount of 8.33% was arrived at after taking into consideration, among others, the following:

- (i) it is at a level acceptable for the Vendors, after negotiations, given the willingness of the Vendors to accept the Consideration Shares in lieu of cash as MClean Group and the Vendors are desirous of successfully completing the transactions on terms acceptable to all parties; and
- (ii) to compensate the risk of MClean Shares to be assumed by the Vendors, which is influenced by factors including market sentiments, liquidity of MClean Shares as well as volatility of the general equity markets.

Premised on the above, the Board (save for the Interested Directors) is of the view that the issue price for the Consideration Shares is reasonable.

4.7 Basis of determining and justification for the ICPS, issue price and conversion price of the ICPS

The Board (save for the Interested Directors) is of the view that the issuance of ICPS to partly satisfy the Purchase Consideration for the Proposed Acquisition would:

- (i) enable MClean Group to conserve its cash reserves to be used for working capital for its existing businesses and avoid having to further increase its borrowings as would be the case where the Purchase Consideration is to be satisfied entirely in cash;
- (ii) minimise the immediate dilution of the earnings per share ("EPS") and net assets attributable to owners of the Company ("NA") per Share considering that the ICPS can only be converted from the 3rd anniversary of the issue date of the ICPS up to and including the maturity date of 5 years after the issue date of the ICPS;
- (iii) mitigate the reduction in the Company's public shareholding spread in the immediately term, since not all of the non-cash component of the Purchase Consideration will be satisfied entirely via the issuance of Consideration Shares; and
- (iv) strengthen the capital base of MClean as set out in **Section 12.1** of this announcement.

The basis and justification in arriving at the issue price of RM0.22 for each ICPS and conversion price of RM0.22 for each ICPS are the same as the basis and justification in arriving at the issue price of the Consideration Shares as set out in **Section 4.6** of this announcement.

In addition, the Board took into consideration the following:

- (i) the ICPS will be unlisted; and
- (ii) the issuance and allotment of the new MClean Shares pursuant to the conversion of the ICPS by the Vendors can only be made at any time commencing on and including the 3rd anniversary of the issue date of the ICPS up to and including the maturity date of 5 years after the issue date of the ICPS. Hence, the conversion of the ICPS will not result in an immediate dilution to the shareholdings of the existing shareholders of the Company.

Each ICPS will be convertible into 1 new MClean Share (“**Conversion Ratio**”). Based on the Conversion Ratio, the conversion price is RM0.22 for every 1 new MClean Share. A total of 202,499,998 new MClean Shares will be issued upon full conversion of the ICPS. Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new MClean Shares at the conversion ratio of 1 ICPS for 1 new MClean Share. MClean will not receive any proceeds from the conversion of ICPS as the issue price of the ICPS is the same as its conversion price of RM0.22 each. The salient terms of the ICPS are set out in **Appendix IV** of this announcement.

4.8 Original costs and dates of investment in JCS Biotech

The original costs and dates of investment by the existing shareholders of JCS Biotech are as follows:

Name of JCS Biotech's shareholders	Date of investment*	Number of JCS Biotech Shares	Cost of investment (SGD)
YHH	8 June 1990	2,036,000	2,036,000
JCS INVD Pte Ltd ⁽¹⁾	25 January 2019	366,480	-
JCS INV F Pte Ltd ⁽²⁾	25 January 2019	142,520	-
Ng Hung Chiao Michael ⁽³⁾	12 February 2019	20,360	500,000
Gong Shasha ⁽⁴⁾	10 June 2019	20,360	500,000
Ng Chee Khoon ⁽⁵⁾	9 July 2019	20,360	500,000
Hudson River ⁽⁶⁾	15 August 2019	610,800	15,000,000
Cave Investment ⁽⁷⁾	29 December 2020	159,167	1
Grange Hill ⁽⁸⁾	29 December 2020	94,680	1
Orchid Ventures ⁽⁹⁾	29 December 2020	81,440	1
White Ocean ⁽¹⁰⁾	29 December 2020	92,273	1
Richard Boggs ⁽¹¹⁾	8 October 2021	61,080	91,620
Loh Weng Yew ⁽¹²⁾	8 October 2021	18,000	27,000
YLC ⁽¹³⁾	8 October 2021	4,000	6,000
Chong Wee Kien ⁽¹⁴⁾	8 October 2021	2,000	3,000
Law Fah Soon ⁽¹⁵⁾	8 October 2021	4,000	6,000
Edwin Nijhof ⁽¹⁶⁾	8 October 2021	4,000	6,000
Bert Chow Kok Meng ⁽¹⁷⁾	8 October 2021	18,000	27,000

Notes:

- * Based on the dates that the shareholders were registered into the Register of Members of JCS Biotech.
- (1) 366,480 JCS Biotech Shares were transferred by YHH to JCS INVD Pte Ltd as a gift on 25 January 2019.
 - (2) 142,520 JCS Biotech Shares were transferred by YHH to JCS INV F Pte Ltd as a gift on 25 January 2019.
 - (3) 20,360 JCS Biotech Shares were sold by YHH to Ng Hung Chiao Michael at a consideration of SGD500,000 on 12 February 2019.
 - (4) 20,360 JCS Biotech Shares was sold by JCS INV F Pte Ltd to Gong Shasha at a consideration of SGD500,000 on 10 June 2019.
 - (5) 20,360 JCS Biotech Shares were sold by YHH to Ng Chee Khoon at a consideration of SGD500,000 on 9 July 2019.
 - (6) 610,800 JCS Biotech Shares were sold by YHH to Hudson River at a consideration of SGD15,000,000 on 15 August 2019.
 - (7) 159,167 JCS Biotech Shares were transferred by Hudson River to Cave Investment at a consideration of SGD1 on 29 December 2020.
 - (8) 94,680 JCS Biotech Shares were transferred by Hudson River to Grange Hill at a consideration of SGD1 on 29 December 2020.
 - (9) 81,440 JCS Biotech Shares were transferred by Hudson River to Orchid Ventures at a consideration of SGD1 on 29 December 2020.
 - (10) 92,273 JCS Biotech Shares were transferred by Hudson River to White Ocean at a consideration of SGD1 on 29 December 2020.
 - (11) 61,080 JCS Biotech Shares were sold by Hudson River Pte Ltd to Richard Boggs at a consideration of SGD91,620 on 8 October 2021.
 - (12) 18,000 JCS Biotech Shares were sold by YHH to Loh Weng Yew at a consideration of SGD27,000 on 8 October 2021.

- (13) 4,000 JCS Biotech Shares were sold by YHH to YLC at a consideration of SGD6,000 on 8 October 2021.
- (14) 2,000 JCS Biotech Shares were sold by YHH to Chong Wee Kien at a consideration of SGD3,000 on 8 October 2021.
- (15) 4,000 JCS Biotech Shares were sold by YHH to Law Fah Soon at a consideration of SGD6,000 on 8 October 2021.
- (16) 4,000 JCS Biotech Shares were sold by YHH to Edwin Nijhof at a consideration of SGD6,000 on 8 October 2021.
- (17) 18,000 JCS Biotech Shares were sold by YHH to Bert Chow Kok Meng at a consideration of SGD27,000 on 8 October 2021.

4.9 Ranking of the Consideration Shares and ICPS and the new MClean Shares arising therefrom

The ICPS to be issued pursuant to the Proposed Acquisition will not be listed on the ACE Market of Bursa Securities

The ICPS shall rank in priority to any other class of shares in the capital of MClean.

The new MClean Shares to be issued arising from the conversion of the ICPS shall, upon allotment and issuance, rank equally in all respects with the then existing MClean Shares, save and except that the new MClean Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions, the entitlement date of which is prior to the date of allotment and issuance of the new MClean Shares arising from the conversion of the ICPS.

The Consideration Shares to be issued shall, upon allotment and issuance, rank equally in all respects with the then existing MClean Shares.

4.10 Source of funding for the Purchase Consideration

The cash consideration of RM18.00 million shall be financed via RM6.50 million (indicative) from the proceeds of the Proposed Private Placement and RM11.50 million (indicative) from the proceeds of the Proposed Rights Issue. In any event, the cash consideration of RM18.00 million shall be financed from the combination of proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue.

The remaining Purchase Consideration will be satisfied via the issuance of 329,318,178 Consideration Shares (equivalent to RM72.45 million) and 202,499,998 ICPS (equivalent to RM44.55 million).

4.11 Liabilities to be assumed by MClean Group

Save for the liabilities arising as a consequence of consolidating JCS Biotech as a subsidiary of the MClean Group, MClean Group will not be assuming any additional liabilities, including contingent liabilities and/or guarantees, pursuant to the Proposed Acquisition.

4.12 Additional financial commitment

The Board does not expect the Group to make any additional financial commitment to put JCS Biotech's business on-stream as JCS Biotech is already in operations and profitable.

4.13 Listing of and quotation for the Consideration Shares and new MClean Shares to be issued from the conversion of ICPS

An application will be made to Bursa Securities for the:

- (i) the listing of and quotation for the Consideration Shares; and
- (ii) the listing of and quotation for the new MClean Shares to be issued arising from the conversion of the ICPS;

on the ACE Market of Bursa Securities.

The ICPS to be issued pursuant to the Proposed Acquisition will not be listed on the ACE Market of Bursa Securities.

5 PROPOSED CONSTITUTION AMENDMENTS

The Company proposes to amend its Constitution to facilitate the creation and issuance of 202,499,998 ICPS pursuant to the Proposed Acquisition. Please refer to **Appendix V** of this announcement for further details of the Proposed Constitution Amendments.

6 PROPOSED EXEMPTION

The details of JCS Group Pte Ltd, YHH and the PACs as well as a description of their relationships are as follows:

Name	Nature of relationship
YHH	<ul style="list-style-type: none"> • Executive Chairman and Executive Director of MClean • A major shareholder of MClean through his direct and indirect equity interest (via JCS Group Pte Ltd) in MClean • A director and major shareholder of JCS Biotech through his direct and indirect equity interest in JCS Biotech • Sibling of YSL and YLC • A vendor of JCS Biotech pursuant to the Proposed Acquisition
JCS Group Pte Ltd	<ul style="list-style-type: none"> • A major shareholder of MClean • YHH is its sole director and shareholder • Indirect shareholder of JCS Biotech through its interest in JCS INVD Pte Ltd
YSL	<ul style="list-style-type: none"> • A Non-Independent Non-Executive Director of MClean • Sibling of YHH and YLC • A shareholder of MClean
YLC	<ul style="list-style-type: none"> • A Director of JCS Biotech • A vendor of JCS Biotech pursuant to the Proposed Acquisition • Sibling of YHH and YSL • A shareholder of MClean
Cave Investment	<ul style="list-style-type: none"> • Vendors of JCS Biotech pursuant to the Proposed Acquisition • Jiang Ying, the sole director and shareholder of Cave Investment, Grange Hill and White Ocean is a person connected to YHH by virtue of her partnership with YHH in other business outside JCS Biotech and MClean, i.e., Jiang Ying is a director of JCS Venture Lab Pte Ltd in which JCS Group Pte Ltd holds 78.57% equity interest and Jiang Ying holds 21.43% equity interest
Grange Hill	
White Ocean	
Hudson River	<ul style="list-style-type: none"> • A vendor of JCS Biotech pursuant to the Proposed Acquisition • Zhang Rong, a director and sole shareholder of Hudson River is a person connected to YHH by virtue of his partnership with YHH in other business outside JCS Biotech and MClean, i.e., Zhang Rong holds 40% equity interest in JCS-Vanetec Pte Ltd in which YHH holds 52.73% equity interest and JCS Group Pte Ltd holds 7.27% equity interest
Orchid Ventures	<ul style="list-style-type: none"> • A vendor of JCS Biotech pursuant to the Proposed Acquisition
Ng Hung Chiao Michael	<ul style="list-style-type: none"> • A vendor of JCS Biotech pursuant to the Proposed Acquisition
Ng Chee Khoon	<ul style="list-style-type: none"> • A vendor of JCS Biotech pursuant to the Proposed Acquisition • Person connected to YHH by virtue of his partnership with YHH in other business outside of JCS Biotech and MClean, i.e., Ng Chee Khoon is a director of Energeia Technologies Pte Ltd in which Ng Chee Khoon holds 75% equity interest, JCS Group Pte Ltd holds 19% equity interest and JCS Venture Lab Pte Ltd holds 6% equity interest
Edwin Nijhof	<ul style="list-style-type: none"> • A vendor of JCS Biotech pursuant to the Proposed Acquisition • Director of JCS Technologies Pte Ltd in which JCS Group Pte Ltd holds 51% equity interest

Name	Nature of relationship
	<ul style="list-style-type: none"> • Director of MClean Cloud Logistics Pte Ltd, a 55%-owned subsidiary of MClean Advance Carrier Pte Ltd, which is in turn a wholly- owned subsidiary of MClean • Director of JCS-Vanetec Pte Ltd in which YHH holds 52.73% equity interest, Zhang Rong holds 40% equity interest and JCS Group Pte Ltd holds 7.27% equity interest
Richard Boggs	<ul style="list-style-type: none"> • Chief Executive Officer of JCS Biotech • A vendor of JCS Biotech pursuant to the Proposed Acquisition
Gong Shasha	<ul style="list-style-type: none"> • A vendor of JCS Biotech pursuant to the Proposed Acquisition • Sole shareholder of Orchid Ventures
Bert Chow Kok Meng	<ul style="list-style-type: none"> • Chief Operating Officer – Precision Cleaning of MClean • A vendor of JCS Biotech pursuant to the Proposed Acquisition
Loh Weng Yew	<ul style="list-style-type: none"> • Chief Financial Officer of MClean • A vendor of JCS Biotech pursuant to the Proposed Acquisition
Law Fah Soon	<ul style="list-style-type: none"> • Vendors of JCS Biotech pursuant to the Proposed Acquisition • Director of MClean Technologies (M) Sdn Bhd, a wholly-owned subsidiary of MClean • Employee of JCS Biotech
Chong Wee Kien	<ul style="list-style-type: none"> • A vendor of JCS Biotech pursuant to the Proposed Acquisition • Employee of JCS Biotech
Jiang Ying	<ul style="list-style-type: none"> • Sole director and shareholder of Cave Investment, Grange Hill and White Ocean • Person connected to YHH by virtue of her partnership with YHH in other business outside JCS Biotech and MClean, i.e., Jiang Ying is a director of JCS Venture Lab Pte Ltd in which JCS Group Pte Ltd holds 78.57% equity interest and Jiang Ying holds 21.43% equity interest
Zhang Rong	<ul style="list-style-type: none"> • A director and sole shareholder of Hudson River • Former director of JCS Biotech (resigned on 22 September 2021) • Person connected to YHH by virtue of his partnership with YHH in other business outside JCS Biotech and MClean, i.e., Zhang Rong holds 40% equity interest in JCS-Vanetec Pte Ltd in which YHH holds 52.73% equity interest and JCS Group Pte Ltd holds 7.27% equity interest

As stated in subsection 216(2) of the CMSA, PACs shall be construed as reference to persons who, pursuant to an agreement, arrangement or understanding, co-operate to:

- (a) acquire jointly or severally voting shares of a company for the purpose of obtaining control of that company; or
- (b) act jointly or severally for the purpose of exercising control over a company.

In addition, the other Vendors (other than YHH and YLC) are considered as PACs to YHH in view of the fact that they are the Vendors along with YHH and YLC pursuant to the Proposed Acquisition.

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The shareholdings of JCS Group Pte Ltd, YHH and the PACs would be as set out below:

Minimum Scenario	As at the LPD				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YHH	10,117,000	5.13	39,748,004	20.15	10,117,000	4.09	39,748,004	16.08
JCS Group Pte Ltd	38,747,942	19.65	-	-	38,747,942	15.67	-	-
	48,864,942	24.78	39,748,004	20.15	48,864,942	19.76	39,748,004	16.08
YSL	600,062	0.30	10,517,000	5.33	600,062	0.24	10,517,000	4.25
YLC	400,000	0.20	10,717,062	5.43	400,000	0.16	10,717,062	4.34
Vendors (other than YHH and YLC)								
Cave Investment	-	-	-	-	-	-	-	-
Hudson River	-	-	-	-	-	-	-	-
Grange Hill	-	-	-	-	-	-	-	-
White Ocean	-	-	-	-	-	-	-	-
Orchid Ventures	-	-	-	-	-	-	-	-
Richard Boggs	-	-	-	-	-	-	-	-
Gong Shasha	-	-	-	-	-	-	-	-
Ng Hung Chiao Michael	-	-	-	-	-	-	-	-
Ng Chee Khoon	-	-	-	-	-	-	-	-
Bert Chow Kok Meng	213,000	0.11	-	-	213,000	0.09	-	-
Loh Weng Yew	1,000	-	-	-	1,000	-	-	-
Edwin Nijhof	-	-	-	-	-	-	-	-
Law Fah Soon	-	-	-	-	-	-	-	-
Chong Wee Kien	-	-	-	-	-	-	-	-
Jiang Ying	-	-	-	-	-	-	-	-
Zhang Rong	-	-	-	-	-	-	-	-
Total	50,079,004	25.39			50,079,004	20.25		

Minimum Scenario	(II) After (I) and the Proposed Rights Issue				(III) After (II) and the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YHH	16,861,667	4.12	112,170,004	27.38	151,575,880	20.51	113,248,321	15.32
JCS Group Pte Ltd	111,169,942	27.13	-	-	111,169,942	15.04	-	-
	128,031,609	31.25	112,170,004	27.38	262,745,822	35.55	113,248,321	15.32
YSL	600,062	0.15	17,261,667	4.21	600,062	0.08	153,054,197	20.71
YLC	400,000	0.10	17,461,729	4.26	1,478,317	0.20	152,175,942	20.59
Vendors (other than YHH and YLC)								
Cave Investment	-	-	-	-	42,908,145	5.81	-	-
Hudson River	-	-	-	-	32,931,818	4.46	-	-
Grange Hill	-	-	-	-	25,523,776	3.45	-	-
White Ocean	-	-	-	-	24,874,900	3.37	-	-
Orchid Ventures	-	-	-	-	21,954,545	2.97	-	-
Richard Boggs	-	-	-	-	16,465,909	2.23	-	-
Gong Shasha	-	-	-	-	5,488,636	0.74	21,954,545	2.97
Ng Hung Chiao Michael	-	-	-	-	5,488,636	0.74	-	-
Ng Chee Khoon	-	-	-	-	5,488,636	0.74	-	-
Bert Chow Kok Meng	213,000	0.05	-	-	5,065,427	0.69	-	-
Loh Weng Yew	1,000	-	-	-	4,853,427	0.66	-	-
Edwin Nijhof	-	-	-	-	1,078,317	0.15	-	-
Law Fah Soon	-	-	-	-	1,078,317	0.15	-	-
Chong Wee Kien	-	-	-	-	539,159	0.07	-	-
Jiang Ying	-	-	-	-	-	-	93,306,821	12.63
Zhang Rong	-	-	-	-	-	-	32,931,818	4.46
Total	129,245,671	31.55			458,563,849	62.06		

Minimum Scenario	(IV) After (III) and assuming full exercise of the Warrants*				(V) After (IV) and assuming full conversion of the ICPS*			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YHH	156,634,380	19.62	167,564,821	20.99	239,471,070	23.93	168,227,885	16.81
JCS Group Pte Ltd	165,486,442	20.73	-	-	165,486,442	16.53	-	-
	322,120,822	40.35	167,564,821	20.99	404,957,512	40.46	168,227,885	16.81
YSL	600,062	0.08	158,112,697	19.80	600,062	0.06	241,612,451	24.14
YLC	1,478,317	0.19	157,234,442	19.69	2,141,381	0.21	240,071,132	23.99
Vendors (other than YHH and YLC)								
Cave Investment	42,908,145	5.37	-	-	69,292,656	6.92	-	-
Hudson River	32,931,818	4.12	-	-	53,181,818	5.31	-	-
Grange Hill	25,523,776	3.20	-	-	41,218,520	4.12	-	-
White Ocean	24,874,900	3.12	-	-	40,170,646	4.01	-	-
Orchid Ventures	21,954,545	2.75	-	-	35,454,545	3.54	-	-
Richard Boggs	16,465,909	2.06	-	-	26,590,909	2.66	-	-
Gong Shasha	5,488,636	0.69	21,954,545	2.75	8,863,636	0.89	35,454,545	3.54
Ng Hung Chiao Michael	5,488,636	0.69	-	-	8,863,636	0.89	-	-
Ng Chee Khoon	5,488,636	0.69	-	-	8,863,636	0.89	-	-
Bert Chow Kok Meng	5,065,427	0.63	-	-	8,049,218	0.80	-	-
Loh Weng Yew	4,853,427	0.61	-	-	7,837,218	0.78	-	-
Edwin Nijhof	1,078,317	0.14	-	-	1,741,381	0.17	-	-
Law Fah Soon	1,078,317	0.14	-	-	1,741,381	0.17	-	-
Chong Wee Kien	539,159	0.07	-	-	870,692	0.09	-	-
Jiang Ying	-	-	93,306,821	11.69	-	-	150,681,822	15.05
Zhang Rong	-	-	32,931,818	4.12	-	-	53,181,818	5.31
Total	517,938,849	64.90			720,438,847	71.97		

Note:

* Assuming only JCS Group Pte Ltd, YHH and the PACs convert their convertible securities into new MClean Shares.

Based on the above pro forma shareholdings, the shareholdings of JCS Group Pte Ltd, YHH and the PACs in the Company will collectively decrease from 25.39% as at the LPD to 20.25% after the Proposed Private Placement and will increase from 20.25% to 31.55% after the Proposed Rights Issue and will further increase from 31.55% to 62.06% after the Proposed Acquisition. Thereafter, the shareholdings of JCS Group Pte Ltd, YHH and the PACs in the Company may decrease from 62.06% to 64.90% after full exercise of the Warrants and will increase from 64.90% to 71.97% after full conversion of the ICPS.

(a) Single entity concept trigger by YHH with entity which is subject to his statutory control (i.e., holding of more than 50% of the voting shares or voting rights in JCS Group Pte Ltd)

Pursuant to Note 4 to paragraph 4.01 of the Rules on Take-overs, Mergers and Compulsory Acquisition (“Rules”), in determining whether a member has incurred a mandatory offer obligation, the Securities Commission Malaysia (“SC”) will have regard to the holdings of persons who are subject to his statutory control. Based on single entity concept, YHH, who has statutory control in JCS Group Pte Ltd with 100% equity interest, is obliged to undertake the mandatory offer obligation pursuant to the Rules.

Under the Minimum Scenario, JCS Group Pte Ltd (directly) and YHH (indirectly) will obtain control of MClean (pursuant to subparagraph 4.01(a) of the Rules) as a result of their collective shareholdings will increase from 31.25% (upon completion of the Proposed Rights Issue) to 35.55% after the Proposed Acquisition. In addition, YHH and JCS Group Pte Ltd may also trigger the creeping threshold (pursuant to subparagraph 4.01(b) of the Rules) as a result of their collective shareholdings will increase from 35.55% (upon completion of the Proposed Acquisition) to 40.46% assuming only JCS Group Pte Ltd, YHH and the PACs fully exercise and convert their Warrants and ICPS.

(b) **Collective shareholdings by JCS Group Pte Ltd, YHH and the PACs**

Based on the above pro forma shareholdings, JCS Group Pte Ltd, YHH and the PACs may collectively obtain control of MClean (pursuant to subparagraph 4.01(a) of the Rules) as a result of their collective shareholding will increase from 31.55% (upon completion of the Proposed Rights Issue) to 62.06% after the completion of the Proposed Acquisition.

Maximum Scenario	As at the LPD				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YHH	10,117,000	5.13	39,748,004	20.15	10,117,000	4.09	39,748,004	16.08
JCS Group Pte Ltd	38,747,942	19.65	-	-	38,747,942	15.67	-	-
	48,864,942	24.78	39,748,004	20.15	48,864,942	19.76	39,748,004	16.08
YSL	600,062	0.30	10,517,000	5.33	600,062	0.24	10,517,000	4.25
YLC	400,000	0.20	10,717,062	5.43	400,000	0.16	10,717,062	4.34
Vendors (other than YHH and YLC)								
Cave Investment	-	-	-	-	-	-	-	-
Hudson River	-	-	-	-	-	-	-	-
Grange Hill	-	-	-	-	-	-	-	-
White Ocean	-	-	-	-	-	-	-	-
Orchid Ventures	-	-	-	-	-	-	-	-
Richard Boggs	-	-	-	-	-	-	-	-
Gong Shasha	-	-	-	-	-	-	-	-
Ng Hung Chiao Michael	-	-	-	-	-	-	-	-
Ng Chee Khoon	-	-	-	-	-	-	-	-
Bert Chow Kok Meng	213,000	0.11	-	-	213,000	0.09	-	-
Loh Weng Yew	1,000	-	-	-	1,000	-	-	-
Edwin Nijhof	-	-	-	-	-	-	-	-
Law Fah Soon	-	-	-	-	-	-	-	-
Chong Wee Kien	-	-	-	-	-	-	-	-
Jiang Ying	-	-	-	-	-	-	-	-
Zhang Rong	-	-	-	-	-	-	-	-
Total	50,079,004	25.39			50,079,004	20.26		

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Maximum Scenario	(II) After (I) and the Proposed Rights Issue				(III) After (II) and the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YHH	16,861,667	4.09	66,246,673	16.08	151,575,880	20.45	67,324,990	9.08
JCS Group Pte Ltd	64,579,903	15.67	-	-	64,579,903	8.71	-	-
	81,441,570	19.76	66,246,673	16.08	216,155,783	29.16	67,324,990	9.08
YSL	1,000,103	0.24	17,528,333	4.25	1,000,103	0.13	153,320,863	20.68
YLC	666,667	0.16	17,861,770	4.34	1,744,984	0.24	152,575,983	20.58
Vendors (other than YHH and YLC)								
Cave Investment	-	-	-	-	42,908,145	5.79	-	-
Hudson River	-	-	-	-	32,931,818	4.44	-	-
Grange Hill	-	-	-	-	25,523,776	3.44	-	-
White Ocean	-	-	-	-	24,874,900	3.36	-	-
Orchid Ventures	-	-	-	-	21,954,545	2.96	-	-
Richard Boggs	-	-	-	-	16,465,909	2.22	-	-
Gong Shasha	-	-	-	-	5,488,636	0.74	21,954,545	2.96
Ng Hung Chiao Michael	-	-	-	-	5,488,636	0.74	-	-
Ng Chee Khoon	-	-	-	-	5,488,636	0.74	-	-
Bert Chow Kok Meng	355,000	0.09	-	-	5,207,427	0.70	-	-
Loh Weng Yew	1,667	-	-	-	4,854,094	0.65	-	-
Edwin Nijhof	-	-	-	-	1,078,317	0.15	-	-
Law Fah Soon	-	-	-	-	1,078,317	0.15	-	-
Chong Wee Kien	-	-	-	-	539,159	0.07	-	-
Jiang Ying	-	-	-	-	-	-	93,306,821	12.59
Zhang Rong	-	-	-	-	-	-	32,931,818	4.44
Total	83,465,007	20.26			412,783,185	55.68		

Maximum Scenario	(IV) After (III) and assuming full exercise of the Warrants*				(V) After (IV) and assuming full conversion of the ICPS*			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YHH	156,634,380	20.44	87,198,992	11.38	239,471,070	24.72	87,862,056	9.07
JCS Group Pte Ltd	83,953,874	10.95	-	-	83,953,874	8.67	-	-
	240,588,254	31.39	87,198,992	11.38	323,424,944	33.39	87,862,056	9.07
YSL	1,300,134	0.17	158,579,363	20.69	1,300,134	0.13	242,079,117	24.99
YLC	1,944,984	0.25	157,934,514	20.61	2,608,048	0.27	240,771,204	24.85
Vendors (other than YHH and YLC)								
Cave Investment	42,908,145	5.60	-	-	69,292,656	7.15	-	-
Hudson River	32,931,818	4.30	-	-	53,181,818	5.49	-	-
Grange Hill	25,523,776	3.33	-	-	41,218,520	4.25	-	-
White Ocean	24,874,900	3.25	-	-	40,170,646	4.15	-	-
Orchid Ventures	21,954,545	2.86	-	-	35,454,545	3.66	-	-
Richard Boggs	16,465,909	2.15	-	-	26,590,909	2.74	-	-
Gong Shasha	5,488,636	0.72	21,954,545	2.86	8,863,636	0.91	35,454,545	3.66
Ng Hung Chiao Michael	5,488,636	0.72	-	-	8,863,636	0.91	-	-
Ng Chee Khoon	5,488,636	0.72	-	-	8,863,636	0.91	-	-
Bert Chow Kok Meng	5,313,927	0.69	-	-	8,297,718	0.86	-	-
Loh Weng Yew	4,854,594	0.63	-	-	7,838,385	0.81	-	-
Edwin Nijhof	1,078,317	0.14	-	-	1,741,381	0.18	-	-
Law Fah Soon	1,078,317	0.14	-	-	1,741,381	0.18	-	-
Chong Wee Kien	539,159	0.07	-	-	870,692	0.09	-	-
Jiang Ying	-	-	93,306,821	12.18	-	-	150,681,822	15.55
Zhang Rong	-	-	32,931,818	4.30	-	-	53,181,818	5.49
Total	437,822,687	57.13			640,322,685	66.08		

Note:

* Assuming only JCS Group Pte Ltd, YHH and the PACs convert their convertible securities into new MClean Shares.

Based on the above pro forma shareholdings, the shareholdings of JCS Group Pte Ltd, YHH and the PACs in the Company will collectively decrease from 25.39% as at the LPD to 20.26% after the Proposed Private Placement and the Proposed Rights Issue, and will increase from 20.26% after the Proposed Rights Issue to 55.68% after the Proposed Acquisition. Thereafter, the shareholdings of JCS Group Pte Ltd, YHH and the PACs in the Company may increase from 55.68% to 57.13% after full exercise of the Warrants and will increase from 57.13% to 66.08% after full conversion of the ICPS, assuming only JCS Group Pte Ltd, YHH and the PACs fully exercise and convert their Warrants and ICPS.

Collective shareholdings by JCS Group Pte Ltd, YHH and the PACs

Based on the above pro forma shareholdings, JCS Group Pte Ltd, YHH and the PACs may collectively obtain control of MClean (pursuant to subparagraph 4.01(a) of the Rules) as a result of their collective shareholding will increase from 20.26% (upon completion of the Proposed Rights Issue) to 55.68% after the completion of the Proposed Acquisition.

JCS Group Pte Ltd, YHH and the PACs do not intend to undertake the mandatory offer for the remaining securities of MClean not held by them, and they therefore intend to apply from the SC for an exemption from the mandatory offer obligation, pursuant to the following:

- (i) subparagraph 4.08(1)(a) of the Rules wherein “*the offeror is issued new voting shares or voting rights as consideration for the sale or disposal of assets and/or interests by him*” pursuant to the issuance of the Consideration Shares to the Vendors; and
- (ii) subparagraph 4.08(1)(c) of the Rules wherein “*the offeror exercises any conversion or subscription rights or options into new voting shares or voting rights*” pursuant to the exercise of the Warrants and/or conversion of the ICPS by JCS Group Pte Ltd, YHH and the PACs.

Pursuant thereto, JCS Group Pte Ltd, YHH and the PACs will be obliged to undertake the mandatory offer obligation pursuant to the Rules. However, it is not the intention of JCS Group Pte Ltd, YHH and the PACs to undertake the mandatory offer obligation pursuant to the Rules. In this regard, an exemption from the obligation for JCS Group Pte Ltd, YHH and the PACs to undertake the aforesaid mandatory offer pursuant to the Rules shall be sought from the SC, after obtaining the approval for the Proposed Exemption from the non-interested shareholders of the Company at the forthcoming EGM.

Pursuant to subparagraph 4.08(2) of the Rules, the SC may consider granting the Proposed Exemption if JCS Group Pte Ltd, YHH and the PACs have satisfied the following conditions:

- (i) there is no acquisition of Shares or instruments convertible into and options in respect of Shares (other than subscriptions for new Shares or new instruments convertible into or options in respect of new Shares which have been disclosed in this announcement) by JCS Group Pte Ltd, YHH and the PACs, in the six months prior to the announcement of the Proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposals until completion of the Proposals; and
- (ii) approval has been obtained from the non-interested Shareholders at the forthcoming EGM to be convened for the Proposed Exemption.

In view of the conditionality of the Proposals involving Proposed Acquisition, JCS Group Pte Ltd, YHH and the PACs are deemed interested in the Proposals. JCS Group Pte Ltd, YHH and the PACs have abstained and will also undertake to ensure that any persons connected with them will abstain from deliberation and voting in respect of their direct and indirect interests in MClean on the relevant resolutions pertaining to the Proposals at the forthcoming EGM.

Pursuant to Note 7 of paragraph 4.08 of the Rules, when an offeror or group of persons acting in concert, has obtained an exemption under subparagraph 4.08(1), such offeror, or group of persons, shall be deemed to have a lowest percentage holding equal to the percentage holding of such offeror, or group of persons, immediately after the whitewashed transaction.

Any acquisition of additional voting shares or voting rights by such person, or group of persons, subsequent to the whitewashed transaction shall be subject to the creeping threshold by reference to the lowest percentage holding in the six-month period ending on the date of the completion of the relevant acquisition.

Pursuant to Note 8 of paragraph 4.08 of the Rules, if the potential controlling shareholders acquire further voting rights after the date of the issue of the relevant convertible securities, warrants and options, the exemption will only apply to conversion into, or subscription for, such number of voting rights as, when added to the purchases, does not exceed the number originally approved by shareholders. Such further acquisition of voting rights would be subject to the mandatory offer obligation if the percentage shareholding of the potential controlling shareholders increased to over 33% or, if already over 33%, by more than 2% in any six-month period.

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7 USAGE OF PROCEEDS

In the past 12 months preceding the LPD, the Company has not undertaken any fundraising exercise. At an indicative issue price of RM0.13 per Placement Share, MClean will raise approximately RM6.50 million from the Proposed Private Placement. At an indicative issue price of RM0.12 per Rights Share, the Proposed Rights Issue will raise gross proceeds (excluding any proceeds to be raised from the exercise of the Warrants) of approximately RM19.50 million under the Minimum Scenario-Rights Issue and approximately RM19.78 million under the Maximum Scenario-Rights Issue. The details of the usage of proceeds of approximately RM26.00 million under the Minimum Scenario and approximately RM26.28 million under the Maximum Scenario are as follows:

		Minimum Scenario (RM'000)		Maximum Scenario (RM'000)		Expected time frame for usage of proceeds (from the date of listing of the Placement Shares and Rights Shares)
		Proceeds raised from the Proposed Private Placement	Proceeds raised from the Proposed Rights Issue	Proceeds raised from the Proposed Private Placement	Proceeds raised from the Proposed Rights Issue	
Usage purposes	Notes					
To part finance the Purchase Consideration for the Proposed Acquisition	(1)	6,500	11,500	6,500	11,500	
Sub-total			18,000		18,000	Within 1 month
Repayment of bank borrowings	(2)	-	4,000	-	4,000	Within 1 month
Expenses for the Proposals	(3)	-	3,310	-	3,310	Within 1 month
Working capital	(4)	-	690	-	967	Within 12 months
Sub-total			8,000		8,277	
Total proceeds	(5)		26,000		26,277	

Notes:

- (1) The Company intends to allocate RM18.00 million of the proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue to part finance the Proposed Acquisition.

- (2) As at the LPD, MClean Group's bank borrowings totalled approximately RM5.04 million comprising term loan and factoring loan (a revolving facility) as follows:

Types of borrowings	Interest rate per annum (%)	Maturity	Balance as at the LPD (RM'000)
Term loan	3.20	More than 5 years	1,987
Factoring loan	3.25 – 5.70	Automatic roll-over	3,053
Total			5,040

MClean Group had drawn down a term loan amounting to approximately RM2.13 million to fund its purchase of 1 1/2 Storey Semi-Detached factory building on 26 December 2019 which is presently used for its surface treatment business located at No. 12, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia. In addition, MClean Group also utilised factoring loan to fund the working capital for its precision cleaning business. As at the LPD, MClean Group has cash and bank balances of approximately RM5.18 million, which are set aside for MClean Group's working capital. RM4.00 million of the proceeds will be used to repay MClean Group's outstanding bank borrowings.

MClean Group had decided to partially repay the bank borrowing facilities in view of the interest savings of approximately RM0.24 million per annum (with an effective annual interest rate of 4.45%) following MClean Group's internal assessment of prevailing interest rates and interest savings as well as its management of banking facilities to match its operation needs.

The repayment of bank borrowings from the proceeds of the Proposed Rights Issue would have a pro forma effect of reducing MClean Group's gearing ratio from 0.66 times as at 31 December 2021, to 0.23 times under the Minimum Scenario-Rights Issue and to 0.22 times under the Maximum Scenario-Rights Issue. A lower gearing level will allow MClean Group to have greater flexibility in sourcing for funding alternatives in the future, if required. Any surplus or shortfall of proceeds used for the repayment of bank borrowings will be adjusted against one or more other categories under the working capital.

- (3) Consisting of professional fees, placement fees, Underwriting commission as well as fees payable to the relevant authorities, expenses to convene the EGM for the Proposals. Any surplus or shortfall of proceeds used for the expenses in relation to the Proposals will be adjusted against the amount allocated for working capital.
- (4) RM3.00 million proceeds will be used for MClean Group's working capital requirements for its existing businesses as follows:

Working capital	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
- Rental expenses for factory, warehouse, hostels for employees and forklifts for MClean Group's operations	300	300
- Staff salaries and statutory contribution (Central Provident Fund (CPF)) for MClean's employees and management teams in Singapore	150	150
- Payment of trade payables to suppliers for the purchase of chemicals to be used for surface treatment business	240	517
Total	690	967

Any surplus or shortfall for any category under the working capital will be adjusted against:

- (i) one or more other categories under the working capital; or
- (ii) repayment of bank borrowings.

- (5) The actual proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue will depend on the subscription level and actual issue price of the Placement Shares and Rights Shares as set out in **Sections 2.3, 3.1 and 3.2**, respectively of this announcement.

Any additional proceeds raised in excess of the total proceeds of approximately RM26.00 million under the Minimum Scenario will be allocated up to its respective maximum allocation for any category under the working capital.

Any shortfall in proceeds raised between the Minimum Scenario and the Maximum Scenario will be funded via the Group's existing cash balance, internally-generated funds, bank borrowings and/or future fundraising exercises.

Pending usage of the proceeds from the Proposed Private Placement and Proposed Rights Issue for the abovementioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as the Board may deem fit. The interest to be derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as working capital for MClean Group such as staff salaries and statutory contribution, trade and other payables as well as ongoing monthly fixed expenses for MClean Group's business operations, of which the breakdown for the usage cannot be determined at this juncture.

The amount of proceeds to be raised from the exercise of the Warrants would depend on the actual number of Warrants exercised during the exercise period. As such, the exact quantum and timing of receipt of the proceeds to be raised cannot be determined at this juncture. At the exercise price of RM0.22 each, gross proceeds of approximately RM26.81 million will be raised under the Minimum Scenario-Rights Issue or approximately RM27.19 million will be raised under the Maximum Scenario-Rights Issue. The proceeds to be raised from the exercise of the Warrants are expected to be used for MClean Group's working capital to support all on-going business operations, any future business expansions and/or any future prospective business, project and/or acquisition to be undertaken. Any unused proceeds will be placed as deposits with financial institutions to earn interest income.

8 RATIONALE FOR THE PROPOSALS

8.1 Proposed Private Placement

The Board (save for the Interested Directors) is of the opinion that the Proposed Private Placement is necessary as part of the Proposals and it is the most appropriate avenue to raise funds after considering the following:

- (i) the Proposed Private Placement will enable the Company to raise funds to satisfy part of the Purchase Consideration and thus, reducing the amount of Consideration Shares and ICPS needed to be paid/issued by the Company to the Vendors;
- (ii) it would strengthen the capital base of MClean and potentially improve the trading liquidity of MClean Shares on Bursa Securities as the number of issued MClean Shares will increase from 197,213,000 as at the LPD to 247,213,000 after the completion of the Proposed Private Placement, as set out in **Section 12.1** of this announcement; and
- (iii) will strengthen the financial position of MClean Group, of which the share capital of MClean will increase from approximately RM50.97 million as at the LPD to approximately RM57.47 million after the completion of the Proposed Private Placement, as set out in **Section 12.1** of this announcement.

8.2 Proposed Rights Issue

The Board (save for the Interested Directors) is of the opinion that the Proposed Rights Issue is necessary as part of the Proposals and is also an appropriate avenue to raise funds in addition to the Proposed Private Placement after considering the following:

- (i) YHH and JCS Group Pte Ltd have provided Undertakings to subscribe for Rights Shares of approximately RM9.50 million or equivalent to 79,166,667 Rights Shares based on the indicative issue price of RM0.12 each as set out in **Section 3.2** of this announcement. The Undertaking amount of approximately RM9.50 million to be raised from the Undertaking Shareholders and Underwriting amount of RM10.00 million in total of RM19.50 million will be used to part finance the Purchase Consideration pursuant to the Proposed Acquisition. This is in line with the purpose of the Proposed Rights Issue to raise funds to partially pay off the Purchase Consideration for the Proposed Acquisition;
- (ii) the additional funds needed to be used for purposes as stated in **Section 7** of this announcement;
- (iii) subscription to the Rights Shares provides an opportunity for the existing shareholders of MClean to increase their equity participation in the Company; and
- (iv) the Warrants to be issued will enable the shareholders to own convertible securities which are tradable on Bursa Securities and provide the shareholder with an opportunity to increase their equity participation in the Company at a predetermined exercise price over the exercise period of the Warrants. In addition, proceeds from the exercise of the Warrants in the future will provide an additional source of funds to be used by MClean Group to fulfil its working capital requirement.

8.3 Proposed Acquisition

Upon completion of the Proposed Acquisition, JCS Biotech is expected to provide an additional income stream to MClean Group moving forward. While JCS Biotech encountered rapid growth during the COVID-19 pandemic, JCS Biotech does not view the COVID-19 pandemic as an event that caused a temporary increase in its business, but instead as a catalyst towards customer acceptance of the continuing need to emphasise the importance of disinfectants and the products that JCS Biotech offers.

As BioCair BC-65 solutions are consumables which require replenishment for continuous usage of Rapid Aerial Disinfection Systems (“**RADS**”) machines for professional use, JCS Biotech has developed a sustainable recurring revenue model where it generates recurring revenue through repeated sales of BioCair BC-65 solutions to its pool of customers either directly or through exclusive distributor agreement with the selected distributors.

Aerial disinfectant business will continue to be the main revenue source for JCS Biotech moving forward, with the expectation of increase in purchase and usage of RADS machines and professional BC-65 solutions by business-to-business (“**B2B**”) customers. This is in line with the growth in the market demand and broad acceptance of aerial disinfection by B2B customers as larger areas are able to be disinfected (through aerial disinfectant products) instead of smaller surface areas (through surface disinfectant products). This is indicative of JCS Biotech’s shift in focus towards aerial disinfectants since 2019 through its continuous expansion of the RADS range of products and sales of professional BC-65 solution to distributors in new territories, particularly beyond Singapore. In addition, JCS Biotech intends to venture into the European market and has recently received approval to be a supplier to the United Kingdom (“**UK**”)’s National Health Service for the RADS-1000 aerial disinfection device and the professional series of the BioCair BC-65 solution.

JCS Biotech had recorded PAT of approximately RM2.97 million, RM8.61 million and RM12.56 million for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021, respectively. For the 6M-FPE 30 June 2022, JCS Biotech had recorded PAT of approximately RM7.14 million. Pursuant to the Proposed Acquisition, the Vendors has agreed to provide the Profit Guarantee of SGD5.50 million (or equivalent to approximately RM18.43 million as at the LPD) for the FYE 31 December 2022 to be achieved JCS Biotech. In addition, JCS Biotech was also in a net cash position over the financial years and period under review.

MClean is optimistic that the Proposed Acquisition of JCS Biotech will improve the MClean Group's financial performance, to the degree of potentially lifting the MClean Group to a profitable position, considering the future profit contribution from JCS Biotech. Based on the proforma consolidated profit or loss statement of MClean as set out in **Section 12.4** of this announcement, MClean Group recorded audited loss after taxation ("**LAT**") of approximately RM8.22 million as at 31 December 2021. The LAT will be reduced to approximately RM0.68 million after consolidating 60% of JCS Biotech's audited PAT of approximately RM12.56 million (i.e., equivalent to approximately RM7.54 million) in FYE 31 December 2021. Further, if the one-off allowance for impairment loss on property, plant and equipment of MClean Group of approximately RM5.37 million in the FYE 31 December 2021 were to be excluded from the calculation, MClean Group would have a PAT of approximately RM4.69 million after consolidating 60% of JCS Biotech's audited PAT of approximately RM7.54 million in the FYE 31 December 2021 (i.e., RM7.54 million - (RM8.22 million - RM5.37 million)).

Premised on the above, MClean Group stands to benefit from enhancing its asset and earnings base through the consolidation of JCS Biotech's financial results moving forward. The Proposed Acquisition is expected to contribute positively to the enlarged MClean Group's future earnings. Therefore, MClean is of the view that the Proposed Acquisition, in itself, will be sufficient to address its financial losses going forward.

8.4 Proposed Constitution Amendments

The Proposed Constitution Amendments are necessary to facilitate the creation and issuance of the 202,499,998 ICPS pursuant the Proposed Acquisition and to incorporate the requisite new provisions to set out the rights relating to the ICPS.

8.5 Proposed Exemption

The Proposed Exemption is proposed to be undertaken:

- (i) to relieve JCS Group Pte Ltd, YHH and the PACs with him from the obligation to undertake the mandatory take-over offer for all the remaining MClean securities not already held by them after the Proposed Acquisition; and
- (ii) to ensure a successful completion of the Proposals as the Proposals are inter-conditional, save for the Proposed Private Placement which is not conditional upon the Proposed Rights Issue, Proposed Constitution Amendments, Proposed Acquisition and Proposed Exemption.

For the avoidance of doubt, all the other Proposals are conditional upon the Proposed Private Placement. The conditionality is in terms of the approvals required and also the sequence for the implementation of the Proposed Private Placement, Proposed Rights Issue, Proposed Constitution Amendments, Proposed Acquisition and Proposed Exemption, which is one after another.

9 INDUSTRY OUTLOOK AND PROSPECTS

9.1 Overview and outlook of the global economy

Global growth is expected to expand by 3.2% in 2022, supported largely by Asia Pacific's Gross Domestic Product ("**GDP**") growth despite the rising energy prices, supply chain disruptions and challenging financial conditions. The GDP growth in advanced economies is projected to moderate at 2.5% in 2022. The US growth is anticipated to record 2.3% in 2022, due to significantly lower momentum in private consumption following a weaker household purchasing power and further tightening of monetary policy. Likewise, the euro area is expected to grow at a slower pace at 2.6% in 2022, mainly due to a slowdown in the economic activities arising from the cut of energy supplies by Russia. In 2022, Emerging Market and Developing Economies ("**EMDEs**")'s economic growth is expected to moderate to 3.6%, as a result of lacklustre domestic and external demand. China's economy is anticipated to grow slower at 3.3% weighed down by sluggish consumer demand and investment.

Meanwhile, India's economy is projected to grow by 7.4%, supported by both public and private investments, as well as incentives and reforms introduced to improve the business climate. The GDP growth of ASEAN-5 (consists of Indonesia, Malaysia, the Philippines, Thailand and Viet Nam) is envisaged to expand by 5.3%, mainly supported by robust domestic consumption and higher investment.

The global economy is projected to grow by 2.9% in 2023 albeit moderately, due to slower-than-expected growth in both advanced economies and EMDEs. Advanced economies' growth is expected to moderate further to 1.4%. The United State's GDP growth is projected to register 1%, due to weak private consumption with inflation expected to remain above the Federal Reserve's target of 2%. Likewise, growth in the euro area is expected to moderate to 1.2%, as limited energy supply will continue to be adversely affecting the economic activities. The EMDEs' growth is forecast to be marginally higher by 3.9% in 2023 buoyed by elevated private consumption and exports.

China's economy is projected to grow by 4.6% attributed to strong domestic demand amid fiscal stimulus. Meanwhile, the economy of India is expected to grow by 6.1%, albeit a decline in private consumption and external demand. The ASEAN-5 (consists of Indonesia, Malaysia, the Philippines, Thailand and Viet Nam)'s growth is forecast to increase by 5.1%, sustained by further improvements in domestic consumption and private investment.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

Global growth continued to moderate in the second quarter of 2022 as a result of a slowdown in growth in major economies. However, in several regional economies, the year-on-year growth for the quarter was lifted by base effects from COVID-19 lockdowns during the corresponding period last year. The ongoing military conflict in Ukraine contributed to elevated commodity prices, which led to higher inflation globally. This has weighed on household incomes and consumption. In addition, lockdowns were re-imposed in China, which caused a brief re-escalation in global supply chain disruptions, and moderation in China's economic activity. Beyond China, manufacturing and services activity held up better but continued to moderate further, as high inflation and cost pressures weighed on economic activity. An ongoing shift of demand from goods to services also affected manufacturing activity, while services activity moderated as the effects from pent-up demand following the reopening of the economy began to fade.

Growth of the US economy moderated to 1.6% (1Q 2022: 3.5%) during the quarter, as consumption activity continued to slow amid high inflation, which suppressed real wage growth and sentiments. Private investment activity also recorded a moderation during the quarter. The labour market, however, remained tight. Low unemployment and high number of job openings continued to prevail. There were signs though that the tightness may have peaked, amid some recovery in labour supply.

In the euro area, the economy grew at a slower pace of 4.0% (1Q 2022: 5.4%). Services activity partly supported growth, amid a continued rebound stemming from the reopening of the economy. Overall, economic activity continued to slow across the quarter, as high inflation weighed on demand and sentiments.

In China, the economy grew by 0.4% (1Q 2022: 4.8%). The re-imposition of lockdowns amidst COVID-19 outbreaks led to a contraction in economic activity and an increase in unemployment rate early in the quarter. The reopening of the economy later in the quarter and policy support from the government, however, led to a pickup in growth.

With global demand slowing, regional exports moderated during the quarter. Nevertheless, in most economies, export growth remained strong, owing to the region's focus on electrical and electronics products, which continue to experience resilient global demand. Commodity exporters, such as Indonesia and Malaysia, also benefitted from rising commodity prices. On the other hand, lockdowns in China and Hong Kong SAR have weighed on export growth in these economies.

(Source: Quarterly Bulletin for the 2nd Quarter of 2022, Bank Negara Malaysia)

9.2 Overview and outlook of the Malaysian economy

Malaysia's economy has recovered from the COVID-19 pandemic thanks to the collaborative whole-of-nation effort by the Government, private sector, and civil society. As the country entered the recovery phase, the economy grew by 3.1% in 2021, supported by the return of domestic demand and the implementation of various assistance and economic stimulus packages.

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the 2022. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally.

With better prospects as indicated by the leading Index, the economy is anticipated to gain its growth momentum in the second half of the 2022 attributed to strong domestic demand as the country transitions into endemicity.

For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% - 7%. The domestic economy remains resilient and is forecast to expand between 4% - 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2022 ("**2Q 2022**") (first quarter of 2022 ("**1Q 2022**"): 5.0%).

While growth was sluggish to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust, underpinned by the continued recovery in labour market conditions and policy support. The improvement also reflected normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for electrical and electronic products ("**E&E**") products. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally adjusted basis, the economy increased by 3.5% (Q1 2022: 3.8%).

For 2022, in an environment of high input costs and improving demand, headline inflation is projected to average between 2.2% and 3.2%. Underlying inflation, as measured by core inflation, is also expected to trend higher during the year, averaging between 2.0% to 3.0%. Several key factors are expected to partly contain upward pressure on prices, namely the existing price control measures and the continued spare capacity in the economy. Nonetheless, the inflation outlook remains subject to commodity price developments, arising mainly from the military conflict in Ukraine and prolonged supply-related disruptions. The outlook is also contingent on domestic policy measures on administered prices.

The Malaysian economy is projected to expand further for the remainder of the year 2022. Economic growth will be underpinned by firm domestic demand as external demand is expected to moderate, weighed by headwinds to global growth.

Going forward, growth would continue to benefit from improving labour market conditions and recovery in tourism-related sectors, following the reopening of international borders. Furthermore, investment activities are also projected to improve, supported by the realisation of multi-year projects.

However, the balance of risks to Malaysia's growth remains tilted to the downside. This stems mainly from weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions.

(Source: Quarterly Bulletin for the 2nd Quarter of 2022, Bank Negara Malaysia)

9.3 Overview and outlook of the Singapore economy

The Ministry of Trade and Industry (MTI) of Singapore had on 11 August 2022 narrowed Singapore's GDP growth forecast for 2022 to "3.0% to 4.0%", from "3.0% to 5.0%". The Singapore economy grew by 4.4% on a year-on-year basis in the second quarter of 2022, faster than the 3.8% growth recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted slightly by 0.2%, a reversal from the 0.8% expansion in the first quarter of 2022.

The manufacturing sector expanded by 5.7% year-on-year, extending the 5.5% growth in the previous quarter. Growth during the quarter was supported by output expansions in the transport engineering, general manufacturing, electronics and precision engineering clusters, which more than offset output declines in the biomedical manufacturing and chemicals clusters. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 0.4%, a turnaround from the 1.7% contraction in the preceding quarter.

The wholesale trade sector grew by 1.9% year-on-year, slower than the 4.8% growth achieved in the first quarter. Within the sector, the machinery, equipment & supplies segment expanded on the back of robust electronics exports, even as the fuels & chemicals and "others" segments contracted. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 2.7%, a reversal from the 3.2% growth in the preceding quarter.

The retail trade sector expanded by 11.5% year-on-year, accelerating from the 4.7% growth recorded in the previous quarter. Growth during the quarter could be attributed to an increase in non-motor vehicle sales volume, largely due to the low base in the same period of last year when Phase 2 Heightened Alert ("P2HA") measures were in place. By contrast, motor vehicle sales volume fell because of a reduction in Certificate of Entitlement quotas. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 6.9%, a pullback from the 2.2% growth in the preceding quarter.

The transportation & storage sector grew by 5.1% year-on-year, improving from the 4.3% growth in the previous quarter. Growth was mainly supported by the air transport segment, which saw a robust expansion on the back of a significant increase in the number of air passengers handled at Changi Airport following Singapore's transition to the Vaccinated Travel Framework ("VTF") in end-March 2022. Meanwhile, the land transport segment expanded from a low base in the second quarter of last year when P2HA measures were in place.

By contrast, the water transport segment shrank due to a decline in total sea cargo handled at Singapore's ports. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 1.5%, similar to the 1.6% growth in the first quarter of 2022.

Growth in the food & beverage services sector accelerated to 28.0% year-on-year, from the 1.9% recorded in the previous quarter. All segments within the sector expanded, with activity supported by the lifting of most domestic restrictions such as dine-in group size limits since end-April 2022. In particular, food caterers and restaurants experienced the largest increase in sales volumes, partly due to the low base last year arising from the implementation of P2HA measures. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 27.3%, significantly faster than the 5.8% growth recorded in the previous quarter.

The professional services sector expanded by 6.8% year-on-year, extending the 7.6% growth in the preceding quarter. Growth in the sector was mainly driven by the architectural & engineering, technical testing & analysis segment, as well as the other professional, scientific & technical services segment. On a quarter-on-quarter seasonally-adjusted basis, the sector grew by 1.7%, moderating from the 3.6% growth in the previous quarter.

The other services industries expanded by 5.7% year-on-year, improving from the 1.9% growth in the previous quarter. Growth was mainly supported by the arts, entertainment & recreation segment due to the pickup in international visitor arrivals, as well as the health & social services segment as hospital operations normalised. On a quarter-on-quarter seasonally-adjusted basis, the “other services industries” grew by 2.4%, faster than the 1.3% growth in the preceding quarter.

(Source: Release of second quarter of 2022 Economic Survey of Singapore, Ministry of Trade and Industry of Singapore)

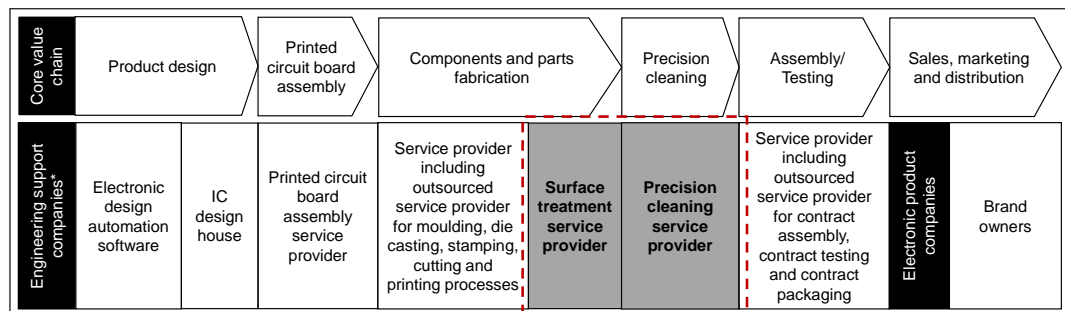
9.4 Overview and outlook of surface treatment and precision cleaning industries in Singapore and Malaysia

Surface treatment is a type of industrial process performed on surfaces of metal and plastic products, components and parts by applying a layer of coating for the purpose of providing protection from corrosion or damages, improving the appearance of the final product, increasing the product’s surface solidity and resistance, and/or improving adhesion to other treatments such as painting or photosensitive coatings.


Precision cleaning refers to the process of cleaning components, hardware or systems in which the process is required to adhere to a defined maximum allowable level of particle, film or impurity contamination on the surfaces to be cleaned. The value chain of the electronics industry begins with the product design stage where design solutions for products are created. The printed circuit board which supports and electronically connects electronic components are assembled based on these design solutions. The components and parts that form the product are fabricated using the technique of moulding or die casting, and stamping. During the moulding or die casting process, molten metal or plastic is injected into a mould or die where it solidifies into the shape of the desired components and parts; whereas stamping is used to form metal sheets (i.e. metal sheets are pressed and bent into its desired shape). The components and parts then undergo drilling, turning and grinding, according to the product design specification.

After the fabrication stage, the surface treatment process takes place whereby a layer of coating is applied on the surface of the components and parts, followed by the printing process that involves the printing of designs or patterns onto the coated surface. Subsequently, the components and parts will be transferred to a clean room to undergo precision cleaning, prior to assembling into finished products. The finished products will undergo quality control tests before it is ready to be marketed, distributed and sold by the electronic product companies, which are typically brand owners of the final product.

Value chain of the electronics industry



Notes:

1.  Industry segment in which MClean is principally involved.
2. Companies involved in the value chain may have overlapping principal activities and thus, may have multiple roles in the electronics industry value chain.

3. *Processes performed in the core value chain may or may not be outsourced to engineering support companies.

MClean is an engineering support company which is principally involved in the provision of surface treatment for electrical and electronic (“E&E”) products and precision cleaning services primarily for hard disk drives (“HDD”).

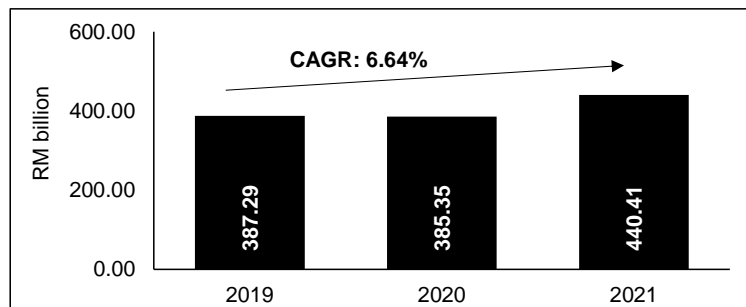
Performance, prospects and outlook of surface treatment and precision cleaning industries in Singapore and Malaysia

The surface treatment and precision cleaning industries are engineering support industries to multiple industries including the E&E industry. The E&E industry in Malaysia, measured in terms of manufacturing sales value, grew from RM387.29 billion (USD93.49 billion) in 2019 to RM440.41 billion (USD106.24 billion) in 2021 at a compound annual growth rate (“CAGR”) of 6.64%.

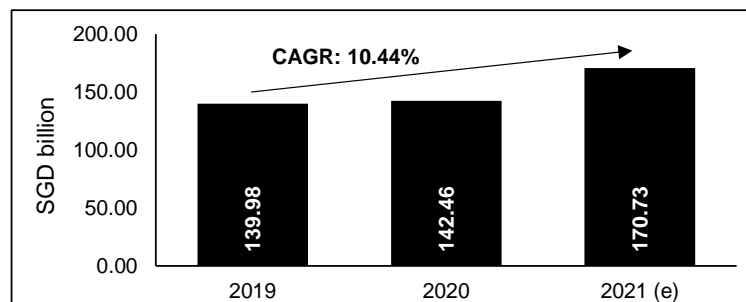
The Government of Malaysia plays an active role in driving the E&E industry in Malaysia. Government bodies such as the Malaysian Investment Development Authority (“MIDA”) facilitates the provision of land, infrastructure and financial incentives to existing multinational company to encourage expansion while simultaneously attracting new foreign firms to set up operations in Malaysia. Given that most electronic product companies are multinational companies and much of the demand for surface treatment services is driven globally, the continuous inflow of foreign direct investments (“FDI”) into Malaysia supports the continued growth of the E&E industry. In 2021, total approved investments for the E&E industry were recorded at RM147.98 billion (USD 35.70 billion), of which RM146.27 billion (USD 35.28 billion) or 98.84% of the approved investments consisted of FDI.

The E&E industry in Singapore, measured in terms of manufacturing sales value of E&E products, grew from SGD139.98 billion (USD102.62 billion) in 2019 to SGD170.73 billion (USD127.05 billion) in 2021 at a CAGR of 10.44%. Based on latest available information, in 2020, total FDI for the E&E industry in Singapore was recorded at SGD97.14 billion (USD70.39 billion).

E&E manufacturing sales value, Malaysia, 2019 to 2021



E&E manufacturing sales value, Singapore, 2019 to 2021(estimate)



Further, the growth of the surface treatment and precision cleaning industries is driven by the increased outsourcing of surface treatment and precision cleaning processes to engineering support companies. With the continued evolution of technology within the E&E industry, it is critical for E&E manufacturers to focus their core resources in developing and designing new products to remain competitive in the industry.

As such, E&E manufacturers outsource surface treatment and precision cleaning processes to service providers in order to effectively manage their resources, cost and capital expenditure that is required to maintain in-house surface treatment and precision cleaning services within their manufacturing processes.

HDDs are data storage devices which are used to store digital data in E&E products such as computers, mobile phones, tablets and home appliances. The global HDD market is mature, having been in existence since the 1950s. In the past, HDDs were bulky devices which occupied large floor spaces and had high electricity consumption. As the technology for HDDs continued to evolve, portable HDDs came into existence.

The continued evolution of the HDD market had led to the development and introduction of solid-state drives (“SSD”). An SSD is a type of data storage device that uses flash-based memory which is faster and more power efficient than HDDs, and at the same time, is able to store large amounts of data. Further, as an average SSD is smaller compared to an average HDD, it is often a preferred option for digital devices such as laptops, ultrabooks and tablets due to its light weight and smaller size. A gradual transition from using HDDs to SSDs in digital devices such as computers, laptops, mobile phones and tablets is expected to reduce the demand for surface treatment and precision cleaning services for HDDs. The better performance of SSD coupled with declining global prices, drives the attractiveness for SSDs in digital devices and as such, increases the competition for HDDs.

Nevertheless, the continued growth in the E&E industry bodes well for surface treatment and precision cleaning industry players such as MClean, due to the need for these services for electronic components used in many E&E products such as mobile phones and personal computers, automotive components and parts, as well as equipment used in the oil, gas and petrochemical industry.

Smith Zander International Sdn Bhd (“**Smith Zander**”) expects the E&E industry in Malaysia, measured by E&E manufacturing sales value, to grow by 14.33% to RM503.52 billion (USD121.46 billion) in 2022 from RM440.41 billion (USD106.24 billion) in 2021; and the E&E industry in Singapore to grow by 15.06% to SGD196.44 billion (USD146.18 billion) in 2022 from SGD170.73 billion (USD127.05 billion) in 2021.

(Source: Independent Market Research Report on the surface treatment and precision cleaning industries in Singapore and Malaysia as well as the disinfectant markets in Asia and Singapore, prepared by Smith Zander (“IMR Report”))

9.5 Overview and outlook of disinfectants markets

Disinfectants are chemical substances that are used to inactivate, destroy and reduce most airborne and surface pathogenic microorganisms. Pathogenic microorganisms, also known as pathogens or germs, such as bacteria, viruses, fungi and parasites have the potential to cause infections and disease to its host.

Disinfectants are typically available in the form of aerial disinfectant and surface disinfectant, and are broadly categorised into alcohol-based and non-alcohol-based formulations.

In most instances, a given disinfecting solution is formulated for a specific purpose. Hence, it is recommended for the product to be used according to the labelled instructions. Varying chemical composition renders each formulation to be effective against certain strains of pathogens and have different durations to achieve the same level of effectiveness in killing the pathogens. For example, some types of formulations are effective against viruses such as influenza and cold while others may be effective against bacteria commonly found in food preparation areas.

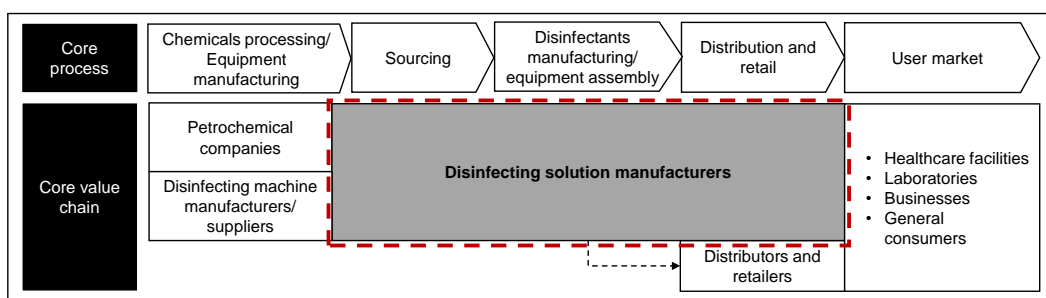
Further, disinfecting solutions formulated for commercial business use such as hospitals, educational institutions, places of worship and hotels generally contain chemical compositions that differ from disinfecting solutions formulated for general consumers and household use. Disinfecting solutions for commercial business use typically have stronger formulations as these businesses require shorter durations to disinfect while achieving the same level of effectiveness in destroying the pathogens.

While disinfecting solutions may be easily replicated, it is crucial that clinical tests are conducted and independently verified to ensure that the newly formulated disinfecting solutions are safe to be used (e.g. chemical concentration should not exceed the guidelines stated by health authorities), and the efficacy of products in removing microorganisms (e.g. 99.9% effective in killing germs), effectiveness on specific pathogens, free from certain chemicals (e.g. alcohol-free and/or paraben free), and product type (e.g. food grade disinfecting solution or hospital-grade disinfecting solution).

Clinical tests that are conducted include tests on the efficacy of solution against specific microorganisms, time required to inactivate and destroy microorganisms, percentage of microorganism reduction, antiviral properties, and product safety based on chemical composition and concentration used, amongst others. Unauthorised claims can be considered as non-compliant labelling and product owners face the risk of having their products recalled or in a worst-case scenario, have lawsuits filed against them for misleading advertisements.

A disinfecting solution manufacturer may be directly involved in the distribution and retail of disinfecting solutions and disinfecting machines to healthcare facilities, laboratories, businesses and general consumers, and/or they may collaborate with and sell their products to third-party distributors and retailers for onward sale to end-users.

Industry value chain



Notes:

- denotes the segment in which JCS Biotech is involved in.
- This list is not exhaustive.

Performance and outlook of the disinfectant markets in Singapore, Asia and the UK

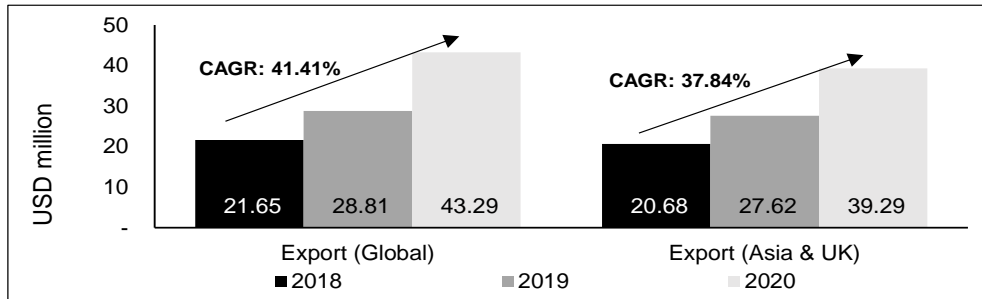
As JCS Biotech mainly derives its revenue from exports, this section focuses on the performance of Singapore’s disinfectant exports; as well as disinfectant imports in Asia, being the largest export market of JCS Biotech, and disinfectant imports in the UK, where JCS Biotech intends to grow its market presence.

In the past three financial years, the largest proportion of revenue of JCS Biotech by geographical markets was derived from sales to Asia (ex-Singapore) (i.e., 65.74% for the FYE 31 December 2019, 50.67% for the FYE 31 December 2020 and 66.45% for the FYE 31 December 2021) followed by Singapore (i.e., 31.40% for the FYE 31 December 2019, 31.01% for the FYE 31 December 2020 and 21.48% for the FYE 31 December 2021) and others (i.e., 2.86% for the FYE 31 December 2019, 18.32% for the FYE 31 December 2020 and 12.07% for the FYE 31 December 2021) which comprised of countries in Middle East region and the UK.

(a) Market performance of disinfectant exports from Singapore

The market performance of disinfectant exports from Singapore, measured by total export value of disinfectants to other markets globally, grew from USD21.65 million in 2018 to USD43.29 million in 2020 at a CAGR of 41.41%.

Export of disinfectants, Singapore, 2018 to 2020

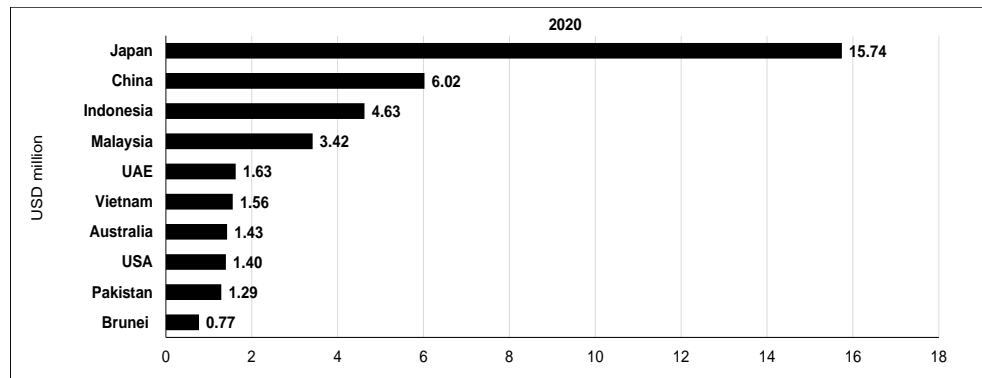


Note: Latest available data as at the LPD.

In particular, Singapore’s export of disinfectants to Asia and the UK, collectively, grew from USD20.68 million in 2018 to USD39.29 million in 2020 at a CAGR of 37.84%. Share of exports to Asia and the UK was recorded at an average of 94.05% of Singapore’s total export of disinfectants between 2018 and 2020.

In 2020, Singapore’s top 10 export destinations of disinfectants were Japan, China, Indonesia, Malaysia, United Arab Emirates (“UAE”), Vietnam, Australia, United States of America (“US”), Pakistan and Brunei. Among the top 10 export destinations of Singapore, exports to Asia contributed USD35.06 million or 80.99% to Singapore’s total export of disinfectants in 2020. This indicates that the demand from countries in Asia contributes to a majority of the disinfectants exported from Singapore.

Singapore’s export market of disinfectants, by top 10 export destinations, 2020

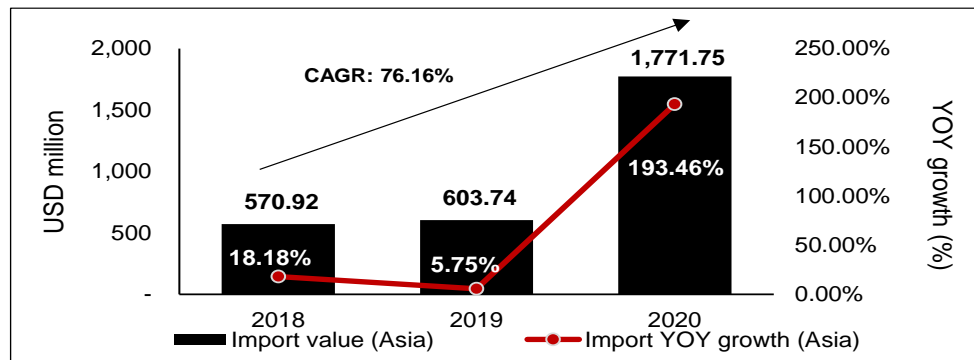


Note: Latest available data as at the LPD.

(b) Market performance of disinfectant imports in Asia and the UK

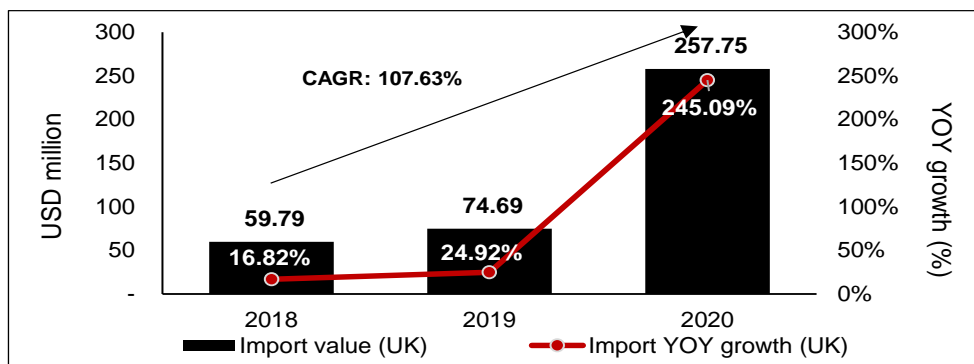
The demand for disinfectants in Asia and the UK is represented by the value of disinfectants imported. In Asia, the import of disinfectants grew from USD570.92 million in 2018 to USD1.77 billion in 2020 at a CAGR of 76.16%. In the UK, the import of disinfectants grew from USD59.79 million in 2018 to USD257.75 million in 2020 at a CAGR of 107.63%.

Import of disinfectants, Asia, 2018 to 2020



Note: Latest available data as at the LPD.

Import of disinfectants, the UK, 2018 to 2020

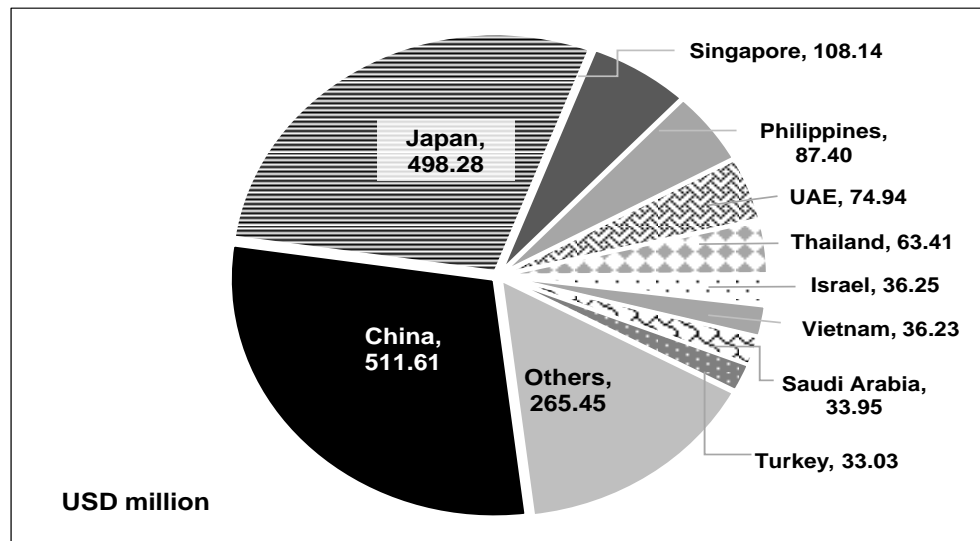


Note: Latest available data as at the LPD.

Disinfectant imports in Asia spiked by 193.46% from 2019 and 2020, and by 245.09% from 2019 and 2020 in the UK. The impressive year-over-year (“YOY”) growth in 2020 was mainly driven by outbreak of the COVID-19 pandemic as increased consumption by healthcare facilities, along with general consumers as encouraged by international medical bodies such as the World Health Organisation (“WHO”) and the Centers for Disease Control and Prevention (“CDC”), or as imposed by the respective government of each country, had resulted in the increase in demand for disinfecting solutions throughout Asia and the UK.

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Top 10 disinfectants importing countries in Asia 2020



Note: Latest available data as at the LPD.

(c) Outlook and prospects of disinfectant markets

As a significant number of COVID-19 cases continued to be reported in 2022, the demand for disinfectants is expected to remain high in 2022. Even as more countries are gradually adapting to COVID-19 in 2022 through full upliftment of operational restrictions on businesses and re-opening of international borders, the awareness of the usage of disinfectants, especially in public places is heighten among general public and businesses consequent to COVID-19 experience. This is expected to support the demand for disinfectants post COVID-19 pandemic. As disinfecting becomes a norm and part of a new lifestyle, the growth of the disinfectant market is expected to normalise and Smith Zander estimates that:

1. the global export of disinfectants from Singapore to reach USD55.40 million in 2021 and USD65.78 million in 2022 from USD43.29 million in 2020 at a CAGR of 23.27% for 2020 to 2022, out of which, the export of disinfectants from Singapore to Asia and the UK to reach USD50.96 million in 2021 and USD60.51 million in 2022 from USD39.29 million in 2020 at a CAGR of 24.10% for 2020 to 2022; and
2. the import of disinfectants in Asia to reach USD1.93 billion in 2021 and USD2.12 billion in 2022 from USD1.77 billion in 2020 at a CAGR of 9.44% for 2020 to 2022, while the import of disinfectants in the UK to reach USD282.11 million in 2021 and USD307.33 million in 2022 from USD257.75 million in 2020 at a CAGR of 9.20% for 2020 to 2022.

Moving forward, the disinfectant market will continue to be sustained with demand particularly from healthcare facilities, as well as from the shift in behaviour and lifestyle hygiene practises among general consumers and businesses, where the awareness of impact of air-borne diseases is heighten consequent to COVID-19 experience. As such, the use of disinfectant products has become part of a new lifestyle whereby people tend to use it on a daily basis, especially when they are at public places. Industry players in the disinfectant industry such as JCS Biotech can leverage on the sustained demand for disinfectants and grow their markets.

The healthcare industry is expected to continue dominating and drive the overall demand for disinfecting solutions globally, especially for professional grade non-toxic aerial disinfecting solutions.

Disinfecting in healthcare premises such as hospitals is critical to minimise the spread of infectious and harmful pathogens in closed-environments, particularly among the high-risk and vulnerable groups.

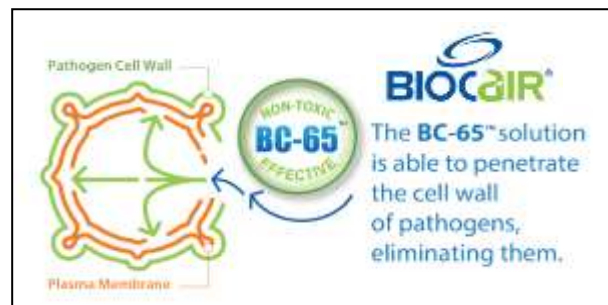
Hence, professional grade non-toxic aerial disinfecting solutions have suitable pathogen-killing capability and non-toxic substances that can be disseminated quickly through the air, making it effective and safe for use in environments with high requirements for health and safety.

(Source: IMR Report)

9.6 Prospects and outlook of JCS Biotech

JCS Biotech is principally involved in the supply of non-toxic surface and aerial disinfecting systems comprising disinfecting solutions and machines, under the BioCair brand name. JCS Biotech develops and produces its disinfecting solutions in-house, namely BioCair BC-65, and designs and develops its RADS machines in-house.

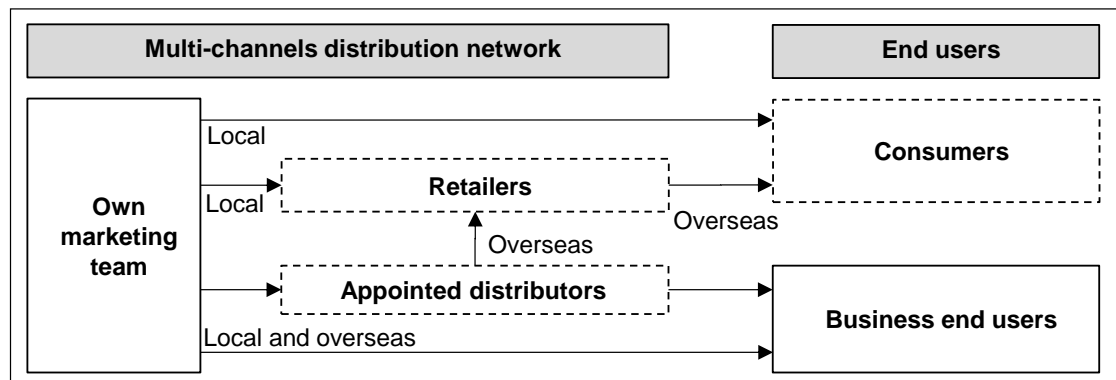
BioCair BC-65 is an alcohol-free disinfectant that kills pathogens (i.e. bacteria, viruses, fungus and spores) in the air and surfaces on contact through ion-energising technology where BioCair BC-65 penetrates the cell wall of the pathogen to quickly and effectively eliminate the pathogen.



BioCair BC-65 is non-toxic, it has been tested and proven to not cause ingestion toxicity, inhalation toxicity and not to cause any skin or eye irritation. The BioCair BC-65 solution has been tested in internationally recognised laboratories such as Setsco Services Ptd Ltd and SGS International from Singapore, and Microbiological Solutions Limited from the UK, against highly resistant pathogens such as Feline Coronavirus (FCoV), Clostridium Difficile (C. diff), Escherichia coli, Staphylococcus aureus, Aspergillus brasiliensis, Pseudomonas aeruginosa, Candida albicans and Bacillus subtilis. BioCair BC-65 is also able to kill Coxsackievirus A16 and Enterovirus 71 which are viruses associated with Hand, foot and mouth disease (“HFMD”), as tested by Singapore Polytechnic.

Multi-channels distribution network and diverse customer base

JCS Biotech adopts a multi-channel distribution strategy comprising its own marketing team, retailers and appointed distributors, resulting in a wide network of distribution reach and diverse customer base. JCS Biotech’s direct customers comprise consumers, retailers and appointed distributors while its products are ultimately consumed by end-users. The end users of JCS Biotech’s products are consumers and business end users.



Note:
 [Dashed box] Denotes JCS Biotech’s direct customers

(a) **Own marketing team**

JCS Biotech markets its products to consumers through its website at <https://www.biocair.com.sg/>. JCS Biotech has a dedicated marketing team managing direct sales to consumers including walk-in requests by consumers who wish to purchase products at its office. JCS Biotech's marketing team also participates in exhibitions and events to promote its products and the BioCair brand, build customer relationships and establish direct contact with potential customers.

Further, JCS Biotech's marketing handles product enquiries from business end users for its professional range.

(b) **Retailers**

JCS Biotech sells its BioCair BC-65 surface and aerial disinfection (i.e., disinfectant series, BioActive series and Air Purifying series) to local retailers for onward sale to consumers. JCS Biotech also sells these products to appointed distributors to distribute to retailers in overseas. Examples of these retailers are baby product specialty stores, pharmacies and department stores who operate physical retail outlets and/or online retail stores.

(c) **Appointed distributors**

JCS Biotech enters into distribution agreements with distributors to distribute its products to end users, as follows:

- Home/ personal use

JCS Biotech leverages on appointed distributors for sales to overseas retailers where JCS Biotech's BioCair BC-65 surface and aerial disinfection will then be sold to consumers through the retailers' physical retail outlets and/or online retail stores. Further, JCS Biotech supplies BioCair BC-65 solutions with customised disinfecting spray bottles for one appointed distributor for onward sale to consumers under the appointed distributor's own brand.

- Professional use

JCS Biotech leverages on appointed distributors for sales of its professional BioCair BC-65 aerial disinfection to local and overseas business end users. Examples of business end users are healthcare institutions (i.e. hospitals, clinics and laboratories), places of worship educational institutions, hotels, and industrial spaces.

Each of JCS Biotech's appointed distributors is assigned with a specific exclusive territory comprising the assigned geographical coverage (i.e. country or countries) and target customer base (i.e. end user sector, for example educational institutions). Each distributorship is exclusive whereby the appointed distributor is not allowed to sell, market and promote similar or like-in-kind products to JCS Biotech's disinfecting systems in their assigned exclusive territory. The appointed distributor is also not allowed to sell JCS Biotech's products to other distributors.

The distribution agreements are granted for 2 years and are renewable upon expiry. JCS Biotech sets annual purchase targets to its appointed distributors, and the renewal of distributorship agreements are contingent on the appointed distributors achieving these targets. JCS Biotech's marketing team provides marketing support to its appointed distributors including provision of marketing materials and co-participation in sales meetings with the appointed distributors and their new customers, when required, to provide support pertaining to technical information and product knowledge. Further, JCS Biotech provides technical support to its appointed distributors in the form of technical training, manuals and videos to ensure the appointed distributors have sufficient technical knowledge to market and sell its products.

As at the LPD, JCS Biotech has 7 appointed distributors across 15 countries including Malaysia, Singapore, Middle East, the UK and Taiwan, most of which are allowed to distribute more than 1 type of disinfecting system for home/personal and/or professional use.

Business strategies and future plans

JCS Biotech's business strategies and future plans are as follows:

1. JCS Biotech intends to continuously expand its BioCair BC-65 formulation and enhance the technologies and features of its disinfecting machines to expand its product range and improve consumer product experience

JCS Biotech plans to expand its BioCair BC-65 formulation to expand its product range to cover wider applications and serve more business use users.

The cost of expanding BioCair BC-65 formulation as well as the design and development for the adoption new technologies and features for its dry-mist disinfecting machines and RADS machines will be funded through JCS Biotech internally generated funds.

2. JCS Biotech intends to grow its brand and market presence by expanding its customer base and network of appointed distributors

JCS Biotech intends to further expand its customer base in Singapore and export markets by increasing e-commerce initiatives and employing content marketing strategies. The e-commerce initiatives include revamping its own website to improve the user experience, exploring new e-commerce platforms to market its products or launching several marketing strategies such as online discount deals and loyalty programmes. It will also adopt content marketing strategies which focus on creating and using contents such as infographics, educational articles, videos and webinars to communicate relevant and useful information relating to its products to the targeted customers through social media postings and e-commerce platforms. These plans aim to expand its brand presence, and leverage on the sustained demand for its products particularly from healthcare facilities, as well as from the shift in behaviour and lifestyle hygiene practises among general consumers and businesses, where the awareness of impact of air-borne diseases is heightened consequent to COVID-19 experience, to increase its sales.

To further expand the market presence and brand visibility in export markets, JCS Biotech intends to source for new appointed distributors in Europe and South America. The cost to this expansion plan will be funded through JCS Biotech's internally generated funds.

Future performance of JCS Biotech

JCS Biotech's future performance is expected to continue to grow due to the factors as follows:

1. Shift in behaviour and lifestyle hygiene practices with the use of disinfectant products

The outbreak of COVID-19 has increased the general public's acceptance of disinfectant products due to the people is now more aware of the importance of practicing hygiene. This causes a shift in behaviour and lifestyle hygiene practises among consumers, including the general public and businesses where the awareness of impact of air-borne diseases is heighten consequent to COVID-19 experience. As such, the use of disinfectant products has become part of a new lifestyle whereby people tend to use it on a daily basis, especially when they are at public places including public transportation, restaurants, schools, offices, hospitals, shopping malls, etc.

Therefore, disinfectant products have become a daily necessity for everyone, which will continue to support the growth of the disinfectant products in the future years.

2. Sustainable business model and customised services for professional use

JCS Biotech is committed to building a disinfection ecosystem that can generate recurring revenue. Both the disinfecting machines and disinfecting solution (BioCair BC-65 solution) products offered by JCS Biotech are designed to be used together, therefore, customers may continue to purchase the BioCair BC-65 solution when they want to replenish the disinfecting solution. In addition, JCS Biotech will also provide customised services by conducting research and development (“R&D”) to adjust the formulation of its BioCair BC-65 solution when it receives a special request for professional use (especially for customers who purchase RADS machine for professional use).

3. The post-COVID-19 pandemic outlook for the demand for JCS Biotech’s products

The demand for JCS Biotech’s products is expected to continue to grow even after the global transition from pandemic to endemic phase mainly due to the changes in consumer behaviour brought about by the COVID-19 pandemic which have resulted in expansion of the overall market size and revenue of disinfectant markets. The drivers of the future growth in sales of disinfectant products would be driven by two behavioural changes of consumers as follows:

(a) increase in usage frequency of disinfectant products

The increased frequency of daily use of disinfectant products by consumer has led to an increase in the number of existing and new users, resulting in a higher consumption and an expansion of overall market size of disinfectant industry.

As disinfectant products gradually becoming a daily necessity for people who use them more frequently than ever, consumers will realise that the more they use toxic disinfectant products, the higher the risk of side effects from the use of toxic products. Therefore, consumers will tend to look for non-toxic disinfectant products, which is one of the main selling points of BioCair BC-65 solution to meet the consumers’ needs. The non-toxic properties of BioCair-65 also helps to differentiate JCS Biotech’s products from other competitors’ in the market.

(b) increase in usage of aerial disinfection products

The transmission of COVID-19 virus via air has brought focus and investment to aerial disinfection systems to prevent airborne transmission. The public places with high occupancy and low ventilation such as hospitals, office, schools and places of worship are gradually equipped with aerial disinfection systems to reduce the risk of cross-contamination from airborne pathogens.

The continued use of aerial disinfection systems implies that JCS Biotech could earn recurring income through repeated sales of BioCair BC-65 solutions to these users of disinfection systems.

In view of the above, the management of JCS Biotech is of the view that JCS Biotech will be able to sustain the demand for its products after the COVID-19 pandemic. The demand for JCS Biotech’s products may surge again from time to time after a pandemic due to fears of continued outbreaks of new variants or during flu and cold seasons.

Furthermore, the demand from healthcare sectors and B2B markets will be able to sustain after the pandemic. The healthcare sectors are starting to adopt aerial disinfection systems and if the aerial disinfection systems are added to its standard operating procedures (SOPs), the demand for the disinfectant products in the healthcare sectors will be able to sustain in long-term. The demand from B2B (other than healthcare sectors) will be subject to demand fluctuations based on fear of a pathogen.

Premise on the above and the overview and outlook of disinfectants markets as set out in **Section 9.5** of this announcement, the Board (save for the Interested Directors) believes that the Proposed Acquisition is in the best interest of the Company.

9.7 Prospects and outlook of the enlarged MClean Group

Upon completion of the Proposals, YHH together with JCS Group Pte Ltd (in which he holds 100.0%) will emerge as the Company's new controlling shareholder with direct and indirect equity interest of more than 33% of the Company's enlarged issued share capital. It is YHH's intention to retain MClean's listing status on the ACE Market of Bursa Securities upon the completion of the Proposals.

MClean Group's revenues in the past 3 years are relatively stable between RM56.13 million and RM59.32 million. The non-growth in revenue over the past three years is due to various factors such as the impact of COVID-19 and reduced sales to China customers. In addition, the Group had incurred a LAT of RM8.22 million in its latest FYE 31 December 2021 (FYE 31 December 2020: PAT of RM1.93 million). Given MClean Group's losses, it believes that it is necessary to address the Group's financial performance by undertaking the Proposed Acquisition.

The Proposed Private Placement and Proposed Rights Issue will provide an avenue for the Company to raise funds to partially satisfy the Purchase Consideration for the Proposed Acquisition as well as repayment of borrowings and for working capital for MClean Group.

The Proposed Acquisition of JCS Biotech is expected to improve MClean Group's financial performance by potentially lifting it to profitable position, after considering the historical financial performance of JCS Biotech (i.e., PAT of approximately RM2.97 million, RM8.61 million, RM12.56 million and RM7.14 million for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and 6M-FPE 30 June 2022, respectively) and the overview and outlook of the disinfectants markets as well as prospects and outlook of JCS Biotech's business as set out in **Sections 9.5** and **9.6** of this announcement.

Upon completion of the Proposed Acquisition, MClean Group does not need to inject capital in JCS Biotech as it is already operating and able to generate profits on its own. As a result, not only MClean Group would be able to preserve its cash for its existing surface treatment and precision cleaning business, but it would also have access to new cash flow from JCS Biotech.

In addition, MClean Group will benefit from the Profit Guarantee of SGD5.50 million (or equivalent to approximately RM18.43 million as at the LPD) for the FYE 31 December 2022 to be provided by the Vendors and thereby setting the foundation for JCS Biotech's continued favourable performance as a subsidiary of the Company. JCS Biotech has been in a net cash position over the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and 6M-FPE 30 June 2022.

Therefore, MClean Group stands to benefit from enhancing its asset and earnings base through the consolidation of JCS Biotech's financial results moving forward. The Proposed Acquisition is expected to contribute positively to the enlarged MClean Group's future earnings. Therefore, MClean is of the view that the Proposed Acquisition, in itself, will be potentially sufficient to address its financial losses going forward.

The Board expects that MClean Group's business will in the future gravitate towards recycling of reusable products via contaminant removal through precision cleaning in a cleanroom environment, cleanroom packaging, assembly and logistics services as well as non-toxic disinfectants products through JCS Biotech in order to improve the future financial performance of MClean Group. This is in view of the increasing trend towards sustainable low carbon footprint and environmentally friendly products and services. The future expansion of JCS Biotech's non-toxic disinfectant business is not expected to substantially increase MClean Group's operational costs as it will involve the utilisation and optimisation of existing resources and operational facilities belonging to the MClean Group.

As for MClean's future plans for its existing businesses, while it intends to maintain its existing businesses after the completion of the Proposed Acquisition, MClean will maintain the flexibility to dispose certain business segments in the future if the opportunity arises at valuations that the Board would deem reasonable and acceptable, rather than selling its existing businesses at lower valuations within a short period of time or limited timeframe.

The Board is of the view that any sale of its existing businesses at a deep discounted price immediately before or after the Proposed Acquisition may not be a good option for MClean Group, given that in the past 5 FYEs 31 December the existing businesses were still able to generate positive gross profits (i.e., approximately RM14.35 million for the FYE 31 December 2017, RM16.51 million for the FYE 31 December 2018, RM12.33 million for the FYE 31 December 2019, RM13.45 million for the FYE 31 December 2020 and RM11.64 million for the FYE 31 December 2021) and positive net cash generated from operating activities (i.e., approximately RM6.59 million for the FYE 31 December 2017, RM6.96 million for the FYE 31 December 2018, RM4.00 million for the FYE 31 December 2019, RM3.65 million for the FYE 31 December 2020 and RM5.53 million for the FYE 31 December 2021). In order to mitigate the loss-making position for the past 5 FYEs 31 December (saved for FYE 31 December 2020), MClean Group had also reduced its administrative expenses from RM16.36 million in FYE 31 December 2017 to RM12.97 million in FYE 31 December 2021. Moving forward, whilst exploring the option to dispose its existing businesses, MClean Group will continue to reduce the Group's expenses further by evaluating other cost-cutting measures and winding up non-performing subsidiary(s).

However, MClean Group is open to the possibility of disposing its surface treatment business in the future if the Board deems the services provided by the surface treatment business as not being in line with the direction that the MClean Group is heading towards. In addition, any such disposal will provide an avenue for MClean Group to minimise further potential losses and/or any unwanted business risks and financial risks to the MClean Group arising from the surface treatment business. However, such asset rationalisation and business optimisation measures to dispose of non-core and/or non-profit making assets will be determined by the Board within 12 months upon the completion of the Proposed Acquisition, depending on the timing and opportunities in the market.

Premise on the above and the prospects of JCS Biotech as set out in **Section 9.6** of this announcement, the Board (save for the Interested Directors) believes that the Proposals are in the best interest of the enlarged MClean Group.

9.8 Financial information of MClean Group

The summary of key financial information of MClean Group's audited consolidated financial statements for the past FYEs 31 December 2019 to 31 December 2021 as well as 6M-FPE 30 June 2021 and 6M-FPE 30 June 2022 are as follows:

MClean Group	Audited			Unaudited	
	FYE 31 December 2019 (RM'000)	FYE 31 December 2020 (RM'000)	FYE 31 December 2021 (RM'000)	6M-FPE 30 June 2021 (RM'000)	6M-FPE 30 June 2022 (RM'000)
Revenue	58,668	56,134	59,318	27,993	29,810
Profit / (Loss) before tax	(5,565)	1,945	(8,235)	(1,188)	(2,110)
PAT / (LAT) attributable to owners of the Company	(2,438)	1,927	(8,223)	(1,254)	(2,057)
Shareholders' funds / NA	23,528	28,552	21,037	27,685	19,321
Share capital	48,115	50,973	50,973	50,973	50,973
No. of issued MClean Shares ('000)	178,778	197,213	197,213	197,213	197,213
Weighted average number of MClean Shares in issue ('000)	178,778	196,163	197,213	197,213	197,213
NA per MClean Share (sen) ⁽¹⁾	13.16	14.48	10.67	14.04	9.80
Basic EPS / (loss per Share ("LPS"))(sen) ⁽²⁾	(1.36)	0.98	(4.17)	(0.64)	(1.04)
Total borrowings (including lease liabilities)	9,794	8,365	13,862	7,823	12,579
Gearing ratio (times)	0.42	0.29	0.66	0.28	0.65
Current ratio (times)	1.16	1.58	1.54	1.77	1.52

Notes:

- (1) Calculated as NA divided by number of MClean Shares in issue.
- (2) Calculated as PAT/(LAT) attributable to owners of the Company over weighted average number of MClean Shares for the respective financial years under review.

Commentaries:

(I) 6M-FPE 30 June 2022 vs 6M-FPE 30 June 2021

MClean Group's revenue increased by approximately RM1.82 million (or 6.50%) to approximately RM29.81 million (6M-FPE 30 June 2021: RM27.99 million) mainly due to increase in sales of both precision cleaning and surface treatment services as a result of the relaxation of all standard operating procedures (SOPs), as well as reopening of the economy, in line with the transition to the endemic phase of COVID-19 which was announced by the Ministry of Health Malaysia (MOH) on 1 May 2022.

MClean Group's registered a higher LAT of approximately RM0.81 million (or 64.80%) to RM2.06 million (6M-FPE 30 June 2021: LAT of RM1.25 million) mainly due to:

- (i) higher cost of sales by approximately RM2.84 million (or 13.17%) to RM24.41 million (6M-FPE 30 June 2021: RM21.57 million) as a result of increase in freight charges, utilities charges and sub-contract fee; and
- (ii) higher finance cost by approximately RM0.10 million (or 52.63%) to RM0.29 million (6M-FPE 30 June 2021: RM0.19 million) due to higher interest rate and bank borrowings as compared with 6M-FPE 30 June 2021.

(II) FYE 31 December 2021 vs FYE 31 December 2020

MClean Group's revenue increased by approximately RM3.19 million (or 5.68%) to approximately RM59.32 million (FYE 31 December 2020: RM56.13 million) mainly due to the resumption of surface treatment services operations as the Group's factories in Malaysia were not as severely impacted by the MCO in the FYE 31 December 2021 as compared with FYE 31 December 2020.

MClean Group recorded a LAT of RM8.22 million (FYE 31 December 2020: PAT of RM1.93 million) mainly due to:

- (i) lower other income by approximately RM4.63 million (or 90.25%) to approximately RM0.50 million in FYE 31 December 2021 (FYE 31 December 2020: RM5.13 million) mainly due to the absence of COVID-19 related government grants and compensation from Indemnity Agreement with Decor in relation to the compensation settlement arising from the Petronas Gas Berhad's case (as stated in note IV(iii) below) and insurance claims received as compared to FYE 31 December 2020; and
- (ii) higher other expenses by approximately RM5.29 million (or 661.25%) to RM6.09 million in FYE 31 December 2021 (FYE 31 December 2020: RM0.80 million) mainly due to allowance for impairment loss on property, plant and equipment ("PPE") of RM5.37 million (FYE 31 December 2020: Nil) after the management performed an impairment indicator review and assessed that there was objective evidences or indications that the PPE in certain cash generating units may be impaired as a result of weakening market conditions which registered a loss during the year and its operations did not achieve ideal capacity (i.e., the provision given for the PPE in the previous indicator review) in the current financial year.

(III) FYE 31 December 2020 vs FYE 31 December 2019

MClean Group's revenue decreased by approximately RM2.54 million (or 4.33%) to approximately RM56.13 million in FYE 31 December 2020 (FYE 31 December 2019: RM58.67 million) mainly due to slowdown in surface treatment services as the Group's factories in Malaysia were impacted by the lockdown as a result of the MCO.

MClean Group recorded a PAT of RM1.93 million in FYE 31 December 2020 (FYE 31 December 2019: LAT of RM2.44 million) after making loss in the past two years mainly due to:

- (i) higher other income by approximately RM4.50 million (or 714.29%) to approximately RM5.13 million in FYE 31 December 2020 (FYE 31 December 2019: RM0.63 million) mainly due to the COVID-19 related government grant received from the Group's Singapore and Malaysia subsidiary companies of approximately RM1.69 million and an approximately RM2.59 million compensation received by MClean;
- (ii) lower other expenses by approximately RM0.50 million (38.46%) to approximately RM0.80 million in FYE 31 December 2020 (FYE 31 December 2019: RM1.30 million) mainly due to decrease in bad debts written off; and
- (iii) lower administrative expenses by approximately RM2.66 million (or 16.80%) to approximately RM13.17 million in FYE 31 December 2020 (FYE 31 December 2019: RM15.83 million) mainly due to decrease in indirect staff salaries & benefits, legal & professional fees and travelling expenses.

(IV) FYE 31 December 2019 vs FYE 31 December 2018

MClean Group's revenue decreased by approximately RM9.67 million (or 14.15%) to approximately RM58.67 million in FYE 31 December 2019 (FYE 31 December 2018: RM68.34 million) mainly due to decline in surface treatment services.

MClean Group's LAT decreased by approximately RM1.89 million (or 43.65%) to approximately RM2.44 million in FYE 31 December 2019 (FYE 31 December 2018: RM4.33 million) mainly due to:

- (i) higher other income of RM0.63 million in FYE 31 December 2019 (FYE 31 December 2018: RM0.39) mainly due to reversal of the legal liability (as stated in note (iii) below) of approximately RM176,000.
- (ii) lower administrative expenses by approximately RM2.01 million (or 11.27%) to approximately RM15.83 million in FYE 31 December 2019 (FYE 31 December 2018: RM17.84 million) mainly due to decrease of indirect management staff cost by approximately RM0.45 million, decrease of rental expenses by approximately RM1.01 million and decrease in traveling expenses by approximately RM0.27 million; and
- (iii) lower other expenses of approximately RM1.30 million in FYE 31 December 2019 (FYE 31 December 2018: RM3.94 million) due to absence of approximately RM3.33 million provision for legal liability arising from a claim filed by Petronas Gas Berhad against MClean's wholly-owned subsidiaries, DWZ Industries Sdn Bhd and DWZ Industries (Johor) Sdn Bhd since 27 October 2016.

9.9 Impact and value creation of the Proposals to MClean Group and its shareholders

The Proposed Private Placement will result in the dilution of EPS of the Group and have a dilutive effect on the existing shareholders' shareholdings in MClean, due to the MClean Shares to be issued to placees. The Board (save for the Interested Directors) believes that the use of proceeds from the Proposed Private Placement for part payment of the Purchase Consideration for the Proposed Acquisition would help to reduce the cash outflow and enable the Group to retain its cash to fund or expand its existing business operations, thereby having a positive impact on the earnings of the Group.

The Proposed Rights Issue will enable existing shareholders to increase their equity participation in the Company on a pro-rata basis and based on pre-determined price. The Proposed Rights Issue will enable the Company to tap into the equity market to raise funds without incurring interest cost associated with bank borrowings. The increase in the number of MClean Shares may have a dilutive impact on the Group's EPS and shareholdings of the existing shareholders.

However, such dilutive effect is expected to be mitigated when the benefit from the usage of proceeds are materialised whereby the Proposed Rights Issue are expected to be used to partially fund the Purchase Consideration for the Proposed Acquisition, the part repayment of borrowings and the usage of proceeds for working capital for MClean Group as set out in **Section 7** of this announcement. The Proposed Rights Issue will entail the issuance of new Warrants to shareholders who subscribe for the Rights Shares. The new Warrants to be issued will enable shareholders to increase their equity participation in the Company and enjoy potential capital appreciation of MClean Shares based on pre-determined price. In addition, the new Warrants to be issued pursuant to the Proposed Rights Issue will enable MClean to raise funds when Warrants holders exercise their rights by converting Warrants into new MClean Shares.

The dilutive effect on the MClean's EPS/LPS and shareholdings of the existing shareholder as a result of the Proposed Acquisition is expected to be mitigated by the potential earnings from JCS Biotech after taking into account the rationale as set out in **Section 8.3** of this announcement, the overview and outlook of the disinfectants markets as well as prospects and outlook of JCS Biotech's business as set out in **Sections 9.5** and **9.6** of this announcement and the profitable track records of JCS Biotech in the past three financial years and 6M-FPE 30 June 2022, i.e., PAT of RM2.97 million, RM8.61 million, RM12.56 million and RM7.14 million for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and 6M-FPE 30 June 2022, respectively.

9.10 Adequacy of the Proposals in addressing MClean Group's financial concerns

As at the LPD, the MClean Group's cash and bank balances stood at approximately RM5.18 million. The proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue as well as the Consideration Shares and ICPS to be issued pursuant to the Proposed Acquisition will be used to satisfy the Purchase Consideration. As such, MClean can conserve its financial resources for its current business of surface treatment and precision cleaning.

The Proposed Acquisition is expected to improve the MClean Group's financial performance, to the degree of potentially lifting the MClean Group to a profitable position, considering the future profit contribution from JCS Biotech. The Proposed Acquisition is also expected to strengthen the liquidity of MClean Group as JCS Biotech has recorded cash and cash equivalents of approximately RM11.56 million as at 30 December 2021 compared to MClean's cash and bank balances of approximately RM5.18 million as at the LPD. The additional cash flow will therefore benefit the enlarged MClean Group by virtue of expected improvement on the Group's financial performance, which in turn is expected to create value for the shareholders.

The successful implementation of the Proposals will enable the Group to improve its financial position towards enhancing its financial performance as well as its shareholders' value. The Board will continue to evaluate the viability of other measures to ensure the sustainability of MClean Group's financial performance as well as consider various fund-raising avenues to meet its cash flow requirements in the medium to long term if the need arises.

The Board has also been taking various steps to improve the Group's financial conditions, as set out in **Section 9.11** of this announcement. Premised on these efforts, the Board (save for the Interested Directors) is of the view that the Proposals are in the best interest of the Group after considering all of the aspects of the Proposals and the Group's current financial requirements. The Board (save for the Interested Directors) is of the view that the Proposals would adequately address the Group's financial concerns.

9.11 Steps taken or to be undertaken by the MClean Group to improve its financial situation

In view of current economic condition, MClean Group will continue to face challenges in its existing businesses in surface treatment and precision cleaning services. The group has undertaken the following steps to improve its financial performance and strengthen its financial position:

- (a) Ongoing in-depth review of its operations and adoption of cost reduction measures by streamlining its operations. The Group has undertaken steps to reduce its expenses by relocating more labour-intensive operations of MClean Group's business from Singapore to lower-cost countries such as China and Thailand.

As part of its operational streamlining initiatives, MClean Group has set up a factory in Thailand through MClean Technologies (Thailand) Company Limited in 2018 which provides precision cleaning, assembly services and other related services to the hard disk drive industry. As a result of these steps, MClean's operations in Singapore have been provided with more flexibility to channel some of its storage capacity and manual operations instead to China and Thailand;

- (b) On 22 January 2020, the Company completed its private placement of 17,500,000 MClean Shares, raising proceeds of RM2.62 million, which had been primarily used for repayment of borrowings of RM0.96 million and working capital of RM1.53 million; and
- (c) the Proposed Acquisition is expected to improve MClean Group's financial position as it will provide MClean with an opportunity to gain a new revenue stream and is expected to strengthen MClean Group's financial performance after consolidating the financial results of JCS Biotech.

The Group remains vigilant by continuously assessing market conditions and implementing business strategies to ensure that the Group's businesses remain competitive during this challenging period.

10 POLICIES ON FOREIGN INVESTMENTS, REPATRIATION OF PROFITS AND TAXATION OF SINGAPORE

10.1 Restriction on foreign investment and repatriation of profits

There is no Singapore law which restricts a foreign shareholder from investing in or owning shares in JCS Biotech or from exercising its right to vote in respect of the shares it holds in JCS Biotech.

Under MAS 1103 issued by the Monetary Authority of Singapore on 25 May 1978, there are no exchange control formalities or approvals required for all forms of payments or capital transfers. Accordingly, funds, including profits and dividends, may be repatriated freely from Singapore.

10.2 Taxation

10.2.1 Tax residency in Singapore

Generally, a company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. Where the control and management of a company's business is exercised is a question of fact. "Control and management" refers to the making of decisions on strategic matters, such as those on company policy and strategy. Typically, the location of the company's board of directors' meetings, during which strategic decisions are made, is a key factor in determining where the control and management is exercised. It should be noted that the place of incorporation of a company is not necessarily indicative of the tax residence of a company.

10.2.2 Corporate income tax

A corporate taxpayer resident in Singapore is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income (i.e., income derived from outside Singapore) received in Singapore, unless such foreign-sourced income qualifies for tax exemption as referred to in **Section 10.2.3** below or is otherwise exempt from tax. The corporate tax rate for years of assessment 2021 and 2022 is 17%.

All companies are eligible for partial tax exemption, unless they are claiming the tax exemption for new start-up companies. Under the partial corporate tax exemption scheme, there will be a 75% tax exemption on the first S\$10,000 of normal chargeable income (i.e., income subject to tax at the prevailing corporate tax rate of 17%) and a further 50% tax exemption on the next SGD190,000 of normal chargeable income.

10.2.3 Dividends tax

Foreign-sourced dividends, foreign branch profits and foreign-sourced service income (collectively, “**Specified Foreign Income**”) received in Singapore by a Singapore-resident company are exempt from tax if: (a) the Specified Foreign Income is subject to tax similar to income tax under the laws of the jurisdiction from which such income is received (“**Similar Income Tax**”); (b) at the time the Specified Foreign Income is received in Singapore, the highest rate of the Similar Income Tax is at least 15%; and (c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the Singapore recipient of the foreign income. Where the above conditions are not fully met, it may be possible for the income to be exempt from tax under Section 13(12) of the Income Tax Act 1947 under certain specified scenarios.

Singapore adopts a one-tier corporate tax system, whereby all dividends paid by Singapore-resident companies (except co-operatives) to its shareholders will not be taxable in the hands of the shareholders.

10.2.4 Stamp duty

Stamp duty is payable on dutiable documents such as share transfer instruments, mortgages for shares and immovable property transfers. The stamp duty rate for the transfer of shares is 0.2% of the higher of the purchase price or net asset value of the shares (rounded down to the nearest dollar). Mortgages on shares (including a variation to a mortgage) (other than an equitable mortgage) for the payment or repayment of money are also subject to a stamp duty rate of 0.4% of the amount of the money (i.e., the loan amount) and capped at a maximum duty of SGD500. Equitable mortgages where immovable property is used as security are subject to a stamp duty of 0.2% of the amount of the money and capped at a maximum duty of SGD500; however, equitable mortgages where shares are used as security are exempted from stamp duty. A transfer, assignment or disposition of any mortgage or debenture is also subject to stamp duty at a rate of 0.2% of the amount of the money transferred, assigned or disposed, inclusive of interest which is in arrears, and is also subject to stamp duty at a rate of 0.4% of the amount of such further money which is added to the money already secured, capped at a maximum duty of SGD500.

10.2.5 Capital Gains Tax

Capital gains are not taxable in Singapore. However, gains arising from the disposal of shares or property may be construed to be of an income nature and subject to Singapore income tax if they are regarded by the Comptroller of Income Tax as arising from the carrying on of a trade or business in Singapore or are otherwise gains which are “of an income nature”. Companies selling shares in another company from 1 June 2012 to 31 December 2027 are not subject to tax on the gains on disposal of ordinary shares, subject to certain qualifying conditions, including a requirement that the divesting company must have held more than 20% of the ordinary shares for a continuous minimum holding period of more than 24 months prior to the disposal. This tax exemption is also subject to certain exclusions.

10.2.6 Goods and services tax

A Goods and Services Tax (“**GST**”) is levied on most supplies of goods and services in Singapore, as well as the importation of goods into Singapore. Goods that are exported and international services are zero-rated (i.e., a GST rate of 0% is levied on such supplies). Businesses with a taxable turnover exceeding SGD1.00 million must be GST-registered with the Inland Revenue Authority of Singapore.

However, businesses below the above taxable turnover threshold may still voluntarily register for GST. GST-registered businesses must charge GST on all taxable goods and services in Singapore, except for supplies which are exempted from GST (such as the provision of most financial services, the supply of digital payment tokens, the sale and lease of residential private properties and the importation and local supply of investment precious metals and certain other out-of-scope supplies).

10.2.7 Withholding tax

Certain payments to a non-resident person are subject to withholding tax. Below is a list of common types of payments to non-resident persons that are subject to withholding tax in Singapore. The withholding tax rates may be reduced by an applicable avoidance of double taxation agreement concluded between Singapore and another jurisdiction in which the recipient is tax resident.

Items	Nature of income	Withholding Tax Rate
(a)	Interest, commission, fee in connection with any loan or indebtedness, including interest on overdue trade accounts and on credit terms paid to a non-resident supplier	15% ⁽¹⁾⁽²⁾
(b)	Royalty or other payments for the use of or the right to use any movable property (e.g., intellectual property)	10% ⁽¹⁾
(c)	Payments for the use of or the right to use scientific, technical, industrial or commercial knowledge or information	10% ⁽¹⁾
(d)	Payments of technical assistance and service fees	Prevailing corporate tax rate ⁽³⁾⁽⁴⁾
(e)	Payments of management fees	Prevailing corporate tax rate ⁽³⁾⁽⁴⁾
(f)	Rent or other payments for the use of any movable property	15% ⁽¹⁾
(g)	Payments for the purchase of real property from a non-resident property trader	15%
(h)	Payments to non-resident professionals (e.g., consultants) or unincorporated businesses for services rendered in Singapore	15% ⁽⁵⁾
(i)	Payments to non-resident directors	22% (24% from 1 January 2023 onwards)

Notes:

- (1) *These withholding tax rates apply when the income is derived by the non-resident person through operations carried on outside Singapore. They are to be applied on the gross payment. The resulting tax payable is a final tax. The following tax rates apply on gross payments when operations are carried out in Singapore:*
 - *Non-resident person (other than individuals): Prevailing corporate tax rate.*
 - *Non-resident individuals: 22% or 24% from 1 January 2023 onwards.*
- (2) *Withholding tax is not applicable where payment is made to a Singapore branch of a non-resident company or where the payment is made by a bank, finance company or certain approved entity for the purposes of their trade or business to non-residents.*
- (3) *Withholding tax is based on the prevailing corporate tax rate for the year when the services were provided, even if payment to the non-resident is made in a different year. For example, if the service was provided in December 2020 but payment was made in 2021, the prevailing corporate tax is that for 2020 (Year of Assessment 2021), which is 17%.*
- (4) *Non-resident companies may opt to be taxed at 17% of net income. If so, any tax withheld in excess of the net income will be refunded under Section 46 of the Income Tax Act 1947.*
- (5) *Non-resident professionals or unincorporated businesses may opt to be taxed at 22% of net income (24% for income due and payable to the non-resident with effect from 1 January 2023) instead of 15% on gross income.*

11 RISKS RELATING TO THE PROPOSALS

11.1 Risks relating to the Proposed Private Placement

11.1.1 Delay or failure to implement the Proposed Private Placement

The success of the Proposed Private Placement is dependent on the ability of the Company to identify the places to subscribe for the Placement Shares in order to raise the required funds. In the event that the Company is unable to secure enough places in a timely manner, the Proposals may be aborted as one of the purposes of the Proposed Private Placement is to ensure that MClean complies with the minimum public shareholding spread requirement of 25% at all times after the Proposed Rights Issue and Proposed Acquisition, in accordance with Rule 8.02(1) of the Listing Requirements.

11.1.2 Dilution of existing shareholders' shareholdings

The Proposed Private Placement will involve the issuance of new MClean Shares to Third Party Investors. Hence, the increase in number of new MClean Shares will result in dilution of existing shareholders' shareholdings upon the completion of the Proposed Private Placement. As a result, their proportionate entitlements to any dividends, rights, allotments and/or other distributions that the Company may declare, make or pay after completion of the Proposed Private Placement will be correspondingly diluted.

11.2 Risks relating to the Proposed Rights Issue

11.1.1 Delay or failure to implement the Proposed Rights issue

The Proposed Rights Issue is exposed to the risk that it may be delayed or not implemented due to the occurrence of force majeure events or circumstances which are beyond the control of the Company and Principal Adviser arising prior to the implementation of the Proposed Rights Issue. Such events or circumstances include, epidemics or pandemics, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership.

Pursuant to Rule 6.52 of the Listing Requirements, MClean is required to have at least 100 Warrants holders holding not less than 100 Warrants each.

There can be no assurance that the abovementioned events will not occur and cause a delay or failure to implement the Proposed Rights Issue. If not implemented, all monies received from the Proposed Rights Issue will be refunded without interest to the Entitled Shareholders/subscribers and/or the renouncee(s)/transferee(s) (if applicable). If such monies are not repaid within 14 days after the Company becomes liable, the Company will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares and/or new MClean Shares to be issued pursuant to the exercise of the Warrants have been allotted to the successful Entitled Shareholders/subscribers and/or the renouncee(s)/transferee(s) (if applicable) and the Proposed Rights Issue is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of MClean's share capital as provided under the Act.

Such cancellation requires the approval of the shareholders of the Company by way of special resolution in a general meeting, consent of the creditors of the Company (where applicable) and may require the confirmation of the High Court of Malaya (where applicable). There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

The Company has procured the Undertakings from YHH and JCS Group Pte Ltd in order to meet the Minimum Scenario. The successful implementation of the Proposed Rights Issue is dependent on the fulfilment of the Undertakings from YHH and JCS Group Pte Ltd.

11.1.2 Investment and capital market risk

The market prices of the Rights Shares and Warrants are influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of MClean Shares, the outlook of the industries in which MClean Group operates, changes in regulatory requirements or market conditions, as well as the financial performance and fluctuations in MClean Group's operating results. In addition, the performance of the Malaysian share market (where MClean Shares are listed) is dependent on the economic and political conditions in Malaysia and overseas as well as external factors such as, amongst others, the performance of the world bourses and flows of foreign funds.

In view of this, there can be no assurance that the Rights Shares and Warrants will trade above their respective issue prices or TEAP upon or subsequent to their listing on the ACE Market of Bursa Securities.

11.1.3 Potential dilution of existing shareholders' shareholdings

Entitled Shareholders who do not subscribe for their entitlements under the Proposed Rights Issue will experience dilution of their shareholding percentages as a result of the issuance of the Rights Shares and exercise of Warrants into new MClean Shares. Consequently, their proportionate entitlements to any dividends, rights, allotments and/or other distributions that the Company may declare, make or pay after completion of the Proposed Rights Issue will be correspondingly diluted.

11.3 Risks relating to the Proposed Acquisition

11.3.1 Acquisition risk

Although JCS Biotech has been profitable in the past three financial years and 6M-FPE 30 June 2022 (i.e., PAT of approximately RM2.97 million, RM8.61 million, RM12.56 million and RM7.14 million for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and 6M-FPE 30 June 2022, respectively), there is no assurance that JCS Biotech will continue to be profitable after the completion of the Proposed Acquisition. However, MClean Group will constantly monitor the progress and performance of JCS Biotech and leverage on its management expertise and experience to properly manage the operations of JCS Biotech and the Board will continue to exercise due care and take appropriate measures including identifying and evaluating the risks in planning and successful business operations.

11.3.2 Non-completion of the SSA (as supplemented by the Supplemental SSA)

In the event any of the conditions precedent of the SSA (as supplemented by the Supplemental SSA), are not fulfilled or waived, the Proposed Acquisition may be delayed or terminated, and the potential benefits arising therefrom may not materialise. MClean Group will take all reasonable steps to ensure the satisfaction of the SSA's (as supplemented by the Supplemental SSA) conditions precedent within the stipulated timeframe and that effort is made to obtain the approval from MClean's shareholders to ensure the completion of the Proposed Acquisition.

11.3.3 Non-fulfilment of the Profit Guarantee

The Profit Guarantee is based on various bases and assumptions (as set out in **Section 4.4** of this announcement) which are deemed reasonable by both the Vendors and MClean Group, but nevertheless subject to certain uncertainties and contingencies, which may be beyond the control of MClean Group.

In the event JCS Biotech fails to achieve the Profit Guarantee, the Vendors shall on demand from MClean Precision to settle the shortfall (including the amount of the loss after tax, if applicable) in cash within 21 days from the date of the notice from MClean Precision, failing which and without prejudice to the other rights of the Purchaser, the relevant Vendors shall pay interest to the Purchaser, on the amount outstanding at the rate of 1% per month calculated on a daily basis from the day after the expiry of the 21 days period until the date the shortfall (including the amount of the loss after tax, if applicable) payable by the relevant Vendors is settled in full. In the event that the Vendors fail to pay the shortfall (including the amount of the loss after tax, if applicable) as required, the Purchaser may instruct the Stakeholder to sell the Consideration Shares and utilise the proceeds from the sale to satisfy the shortfall (including the amount of the loss after tax, if applicable). Such sale of the Consideration Share shall only take place after the expiry of the moratorium period.

11.3.4 Contractual risks

MClean Group endeavours to ensure full compliance in relation to fulfilment of its obligations under the SSA (as supplemented by the Supplemental SSA) for the Proposed Acquisition. However, MClean Group may be subject to certain legal risks pursuant to the SSA (as supplemented by the Supplemental SSA) or any related documents executed such as specific performance or payment of liquidated damages as a result of non-fulfilment of its obligations under the SSA (as supplemented by the Supplemental SSA).

11.3.5 Dilution in existing shareholders' shareholdings

329,318,178 Consideration Shares and 202,499,998 ICPS will be issued to the Vendors to partially satisfy the Purchase Consideration. This will have a dilutive effect on the shareholding percentage of existing shareholders. Any remaining ICPS that are not converted by the maturity date shall be automatically converted into new MClean Shares at the conversion ratio of 1 ICPS for 1 new MClean Share.

11.3.6 Failure to raise the minimum funds required from the Proposed Private Placement and Proposed Rights Issue for part payment of the Purchase Consideration under the Minimum Scenario

The Company is exposed to the risk of fluctuation in the market prices of MClean Shares which are influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of MClean Shares, the outlook of the industries in which MClean Group operates, changes in regulatory requirements or market conditions which are beyond the control of the Company. The fluctuation in the market prices of MClean Shares may result in the Company not being able to fix the issue price for the Placement Shares and Rights Share at a price equal to or higher than RM0.13 per Placement Share and RM0.12 per Rights Share.

If such an event occurs, the Company may not be able to raise the total gross proceeds of approximately RM26.00 million from the Proposed Private Placement and the Proposed Rights Issue under the Minimum Scenario.

To mitigate this risk, YHH and JCS Group Pte Ltd have provided Undertakings to subscribe for 79,166,667 Rights Shares based on indicative issue price of RM0.12 each for gross proceeds of approximately RM9.50 million as set out in **Section 3.2** of this announcement. The Undertaking amount of approximately RM9.50 million to be raised from the Undertaking Shareholders and Underwriting amount of RM10.00 million in total of RM19.50 million under the Minimum Scenario-Rights Issue, of which RM18.00 million from the proceeds of Proposed Private Placement and Proposed Rights Issue will be used to part finance the Purchase Consideration.

Upon completion of the Proposed Acquisition, MClean Group will be exposed to the inherent risks associated with the aerial and surface disinfectants markets as well as JCS Biotech's business. The risk factors include the following:

11.3.7 JCS Biotech faces competition from other industry players and new market entrants

JCS Biotech operates in a competitive industry comprising a large number of players with similar products competing in the disinfectant industry. Companies compete in terms of track record, brand and company reputation, product features and functions (e.g., surface/aerial, efficacy, toxic/non-toxic, alcohol/non-alcohol), pricing and distribution network. There are many industry players of various sizes who are involved in the manufacturing, distribution and/or sales of disinfecting products to direct consumers. Further, in view of the spike in demand for disinfecting products, especially for surface disinfecting products, driven by the COVID-19 pandemic, many new entrants have ventured into this industry.

However, JCS Biotech views itself as able to differentiate itself from its competitors as the barriers to entry for new entrants in this industry are higher in the sales and distribution to retailers, appointed distributors and business end users. This is because these customers generally expect a proven track record, quality products, an established brand, marketing and logistics support as well as product certifications and quality certifications when assessing and selecting their trusted suppliers. Further, business end users such as healthcare institutions have stringent product safety requirements which contribute to lengthy sales and product qualification process.

Whilst JCS Biotech banks on its competitive advantage with its BioCair brand, its track record, quality of its products and wide distribution network, changes in the competitive environment may occur in the future, thereby necessitating responses by JCS Biotech to maintain its advantages as set out above.

11.3.8 JCS Biotech is reliant on approvals, licences, registrations and permits for its operations

JCS Biotech's business is subject to various regulations and it has obtained the necessary licences and approvals from various governmental authorities for its business, as set out in **Section 9** of **Appendix III** of this announcement.

The major licences, permits and approvals are subject to compliance with relevant conditions (if any), and laws and regulations under which they were issued. In the event of non-compliance, these licences, permits and approvals may be revoked or may not be renewed upon expiry.

Further, the relevant government authority or issuer may take action by issuing warnings, imposing penalties, suspending the licences, permits or approvals, reducing the term, imposing additional conditions or restrictions, and/or revoking the licences, permits or approvals, for any breach or non-compliance. Any revocation or failure to obtain, maintain or renew any of the licences or permits as set out in **Section 9** of **Appendix III** of this announcement may materially and adversely affect JCS Biotech's business operations and financial performance.

In addition, JCS Biotech may be required to comply with further and/or stricter requirements if there are changes to applicable laws, regulations or policies in Singapore. This may affect their business operations and financial performance if they are unable to comply with the new laws, regulations or policies.

11.3.9 JCS Biotech is exposed to a risk of formulation and product duplication and/ or it may inadvertently infringe on third party's intellectual property rights

As JCS Biotech's success is dependent on its sales of BioCair BC-65 solutions and disinfecting machines, any formulation and product duplications may have a material and adverse impact on its business, operating results and financial condition. While there are other similar disinfecting solutions available in the market, they are made of different formulations and do not contain the same ingredients at the same concentration or have the same effectiveness, non-toxicity and pathogen kill rate as BioCair BC-65 solutions.

Furthermore, while there are other similar disinfecting machines with the same functions available in the market, BioCair BC-65 solutions are best used together with JCS Biotech's in-house developed disinfecting machines which are manufactured and tuned for optimal dispersement of BioCair BC-65 solutions. In particular, the professional BioCair BC-65 biocide must be used together with RADS machines to achieve the required professional level disinfection in terms of mist generation capacity and dispersement rate.

JCS Biotech does not have intellectual property protection for the BioCair BC-65 solutions formulation and RADS machines design, and it therefore relies on a combination of trade secrets, non-disclosure agreements, supplies procurement arrangements with related companies and other contractual agreements to protect all confidential information relating to BioCair BC-65 solutions and RADS machines. JCS Biotech has entered into exclusive agreements with the related companies namely JCS Greentech Pte Ltd and JCS INVJ Pte Ltd, whereby the agreements contain non-compete clauses wherein JCS Greentech Pte Ltd and JCS INVJ Pte Ltd are not allowed to supply similar raw materials, parts and components to other parties. In addition, JCS Biotech purchases raw materials used in the final BC-65 disinfection biocide directly from third party suppliers and purchases the basic BC-65 raw material from JCS Greentech Pte Ltd. There can be no assurance that these measures will be able to adequately safeguard against any leakage of confidential information which may lead to product formulation and/or product duplication by any third parties. Moreover, it may be difficult for JCS Biotech to initiate legal claims against any third party who carry out formulation and/or product duplication and justify the exclusive right to the product invention for both BioCair BC-65 solutions and RADS machines without any intellectual property protection. If such adverse events occur, JCS Biotech may face more competition and if JCS Biotech is unable to adapt and innovate its product offerings in a timely manner and remain competitive, its financial performance will be adversely affected.

In the development of BioCair BC-65 solution formulation and RADS machines, including all on-going formulation and product enhancements or expansion, there are possibilities that JCS Biotech may inadvertently infringe upon intellectual property rights held by a third party. This may result in the risk of a third party challenging JCS Biotech's rights to production and sales of BioCair BC-65 solutions and RADS machines, or taking legal action against JCS Biotech. Any future litigation regarding patents or other intellectual property infringements could be detrimental to JCS Biotech's business operations and reputation, in addition to the cost and time that may be incurred in defending such law suits. If JCS Biotech loses any claim, it may be prevented from selling its products which have infringed intellectual property rights, it may be required to pay royalty fees or licensing fees, as well as the need to compensate the owner of the intellectual property rights against any damages and/or losses suffered.

As at the LPD, JCS Biotech has not encountered any issues on formulation and product duplication by any third parties, nor has it inadvertently infringed on third parties' intellectual property rights.

11.3.10 JCS Biotech is dependent on its Director and Chief Executive Officer for continued success

JCS Biotech's continued and future success largely depends on the continuing contributions of its Director and Chief Executive Officer, namely YHH and Richard Boggs respectively. With their experience in their respective fields and in-depth knowledge of the disinfectant industry and its business, they play a pivotal role in its daily business operations as well as formulating and implementing strategies to drive the growth and expansion of JCS Biotech. They are supported by a management team in overseeing the BioCair BC-65 solution production, quality assurance and quality control, execution of growth strategies, financial and accounting functions of JCS Biotech as well as procuring new customers, and maintaining relationships with its customers.

JCS Biotech recognises that its continuing success and future growth depend on the capabilities and efforts of its Director and Chief Executive Officer. As such, any loss of these personnel, and its inability to find a suitable replacement in a timely manner, may create an unfavourable or material impact on its operations, and may eventually affect its ability to maintain or improve its business performance.

11.3.11 JCS Biotech's business is exposed to unexpected interruptions or delays caused by equipment failures, fire, as well as environmental factors (including natural disasters and outbreak of diseases), some of which may be beyond its control, which may lead to interruptions in its operations

JCS Biotech relies on machinery and equipment such as the mixing and filling machine, as well as the labelling machine, to carry out production of BioCair BC-65 solutions. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. In addition, as the production and assembling activities are dependent on continuous supply of electricity, any major disruptions to the supply of electricity may result in interruptions in their operations.

The occurrence of these unexpected events that is beyond JCS Biotech's control may cause damage or destruction of all or part of its factory and machinery, resulting in interruptions to or suspension of its BioCair BC-65 solution production and RADS machines assembly activities. Any such occurrences, if prolonged, will affect its production schedule, thus causing delays in the delivery of products to its customers. This could adversely affect its relationships with customers, financial performance and industry reputation.

For the past 3 FYEs 31 December 2019 to 2021, 6M-FPE 30 June 2022 and up to the LPD, JCS Biotech has not experienced any incident of unanticipated machinery and equipment failures or catastrophic damages as a result of equipment failures, which would have led to major interruptions in its operations.

Other factors such as pandemic of diseases may also cause disruptions to JCS Biotech's business operations. For instance, the Government of Singapore implemented the Circuit Breaker in Singapore on 7 April 2020 to 1 June 2020 which prohibited mass movements and gatherings across Singapore and imposed closure of all business premises (save for businesses involved in the provision of essential services or as approved by relevant governmental bodies) due to the COVID-19 pandemic.

JCS Biotech's operation was not affected through the implementation of Circuit Breaker in Singapore except between 7 April 2020 to 1 June 2020 when JCS Biotech was only allowed to operate at a reduced capacity of 40% of its total workforce. Nevertheless, if there is any tightening of movement restrictions in the future which results in reduction of JCS Biotech's workforce or closure of its operations, there can be no assurance that its manufacturing schedule will not be materially impacted and that JCS Biotech will be able to fulfil their orders in a timely manner. Furthermore, there can be no assurance that its customers will not initiate any penalty claims against JCS Biotech arising from the delays, which may result in material adverse impact on its financial performance.

Notwithstanding that JCS Biotech had undertaken necessary precautionary measures and steps in response to the COVID-19 situation, there can be no assurance that its employees will not be infected by the COVID-19 virus. Should all or a portion of JCS Biotech's employees be quarantined as a result of potential infection, its business operations may be affected due to a temporary shortage of workers.

11.3.12 JCS Biotech's business operations is exposed to unexpected interruptions or delays caused by environmental factors (including weather conditions and natural disasters), which may be beyond its control, which may lead to interruptions in its operations.

JCS Biotech's business operations may be affected by the occurrence of unexpected adverse weather conditions or natural disasters such as floods or storms, which may lead to interruptions to or suspension of its BioCair BC-65 solution production. The occurrence of these unexpected events will affect its production schedule, thus causing delays in the delivery of products to its customers. This could adversely affect its relationships with customers, financial performance and industry reputation.

In the event that JCS Biotech have to halt its operations due to the abovementioned incidences, JCS Biotech will still be required to incur operating expenses such as labour costs and utility costs. JCS Biotech's operations and financial performance may be adversely affected should the interruptions occur for a prolonged period of time. As such, there is no assurance that they will be able to record profits and have sufficient funds for its operations to recover from the damages caused by such events. In the past 3 FYEs 31 December 2019 to 2021 and up to the LPD, JCS Biotech has not experienced any major interruptions to their business operations caused by unexpected weather conditions and natural disasters that have adversely affected JCS Biotech's business operations and/or financial performance. Notwithstanding that, there is no assurance that JCS Biotech will not encounter such events and their business operations and/or financial performance will not be adversely affected should such events occur in the future.

11.3.13 JCS Biotech's insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with its operations

JCS Biotech maintains insurance protection for itself at levels that are customary in its industry to protect against various losses and liabilities.

As at LPD, JCS Biotech has taken up the following insurance policies:

- (i) fire insurance policy, with an aggregate sum insured of SGD2.18 million; and
- (ii) product liability insurance policy, with an aggregate sum insured of SGD5.00 million;
- (iii) theft insurance policy, with an aggregate sum insured of SGD0.22 million; and
- (iv) public liability insurance policy, with an aggregate sum insured of SGD1.50 million.

However, JCS Biotech's insurance may not be adequate to cover all losses or liabilities that may occur in its operations. For example, while it is insured against losses resulting from fires, it does not obtain insurance against losses at its factory as a result of other natural disasters.

Moreover, JCS Biotech will be subject to the risk that, in the future, it may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If it were to incur a significant liability for which it was not fully insured, it could have a material adverse effect on its business, financial condition and results of operations.

11.3.14 JCS Biotech is subject to credit risk and default payment by its customers

The trade receivables are non-interest bearing and are generally on 30 days' credit term from the date of the invoices. However, JCS Biotech's trade receivable turnover period for FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and 6M-FPE 30 June 2022 were 157.25 days, 90.78 days, 74.30 days and 252.04 days, respectively.

In the event that payment is not received within the credit period or there is a default in payment by its customers, it may be required to provide impairment loss on trade receivables or write off trade receivables as bad debts, which will adversely affect its financial performance.

11.3.15 JCS Biotech's future growth depends on its ability to execute its business strategies and future plans

JCS Biotech's business strategies and future plans includes to continuously expand its BioCair BC-65 formulation and enhance the technologies and features of its disinfecting machines to expand its product range and improve consumer product experience, as well as, to grow its brand and market presence by expanding its customer base and network of appointed distributors. Please refer to **Section 9.6** of this announcement for further information on JCS Biotech's business strategies and future plans.

The feasibility and implementation of such business strategies and future plans will depend on, amongst others, favourable economic conditions and the timing of execution. JCS Biotech's financial performance may be adversely affected if it is not able to secure sufficient orders from existing and new customers following the implementation of the above business strategies and future plans due to the additional costs incurred.

There is no assurance that the execution of JCS Biotech's business strategies and future plans will be successful, nor will JCS Biotech be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies and future plans. These may materially affect the business operations and financial performance of JCS Biotech.

11.3.16 JCS Biotech is exposed to risk arising from improper usage of BioCair BC-65 solutions by customers and from machines defects, which may result in negative perceptions towards its products

The efficacy of the BioCair BC-65 solutions may be compromised during application due to any mishandling and improper usage of BioCair BC-65 solutions. For example, the dilution of BioCair BC-65 aerial disinfecting solutions or refilling of Professional BioCair BC-65 biocide into dirty RADS machines by the customers.

The mishandling and improper usage of BioCair BC-65 solutions will lead to decrease in antimicrobial activity of the disinfectant which will lead to lower efficacy. Although JCS Biotech is not liable for any damages caused by improper handling and usage of BioCair BC-65 solutions by its customers, any negative publicity associated to its products may affect JCS Biotech's reputation and market perception towards its products. This may consequently affect its financial performance.

JCS Biotech provides warranty against defects to its disinfecting machines, for a period of 1 year. In the event of any defect during the warranty period, JCS Biotech's customer may require it to replace the defective parts and components or the entire disinfecting machines within the warranty period. While JCS Biotech conducts quality checks on its disinfecting machines and RADS machines, there is no assurance that there will not be any machine defects. In the event of a major product defect that causes product recall and partial or full replacement of the machines, JCS Biotech may incur additional cost that affect its profitability and market reputation.

In past 3 FYEs 31 December 2019 to 2021 and 6M-FPE 30 June 2022, warranty claims amounted to approximately SGD500, SGD2,400, SGD10,672 and SGD2,277, which represented 0.01%, 0.03%, 0.10% and 0.03% of JCS Biotech's revenue, respectively. While these warranty claims were not significant, any substantial increase in warranty claims may adversely affect JCS Biotech's financial performance.

11.4 General Risks

11.4.1 Exposure to political, economy, monetary, fiscal and social development risks

JCS Biotech operates mainly in Singapore and it also exports its products to various countries including Middle East countries, UK, South Africa, China and Brunei. MClean Group presently operates in Singapore, Malaysia, Thailand and China. MClean Group and JCS Biotech's business, prospects, financial conditions and results of operations may be affected by any material adverse developments or uncertainties in political, legal, regulatory or economic conditions that are beyond its control in the countries it transacts business. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrest, methods of taxation, inflation and foreign exchange controls.

Any change in these policies and conditions, as well as widespread and/or prolonged economic slowdowns in the markets that JCS Biotech and MClean Group operates and transacts business, may cause a decline in trade activities which may consequently cause a decline in the demand for MClean Group's and JCS Biotech's products and may in turn have a material adverse effect on their business and financial performance. Whilst MClean Group and JCS Biotech strives to practise prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political, legal and/or social developments will not lead to a material adverse effect on the business performance of MClean Group and JCS Biotech.

11.4.2 Impact of containment measure to curb the COVID-19 virus on MClean Group's business and operations

Over the last 2 financial years, the COVID-19 pandemic has spread across the world resulting in lockdown or similar measures imposed by governments worldwide to curb the spread of the virus. These have resulted in adverse impact to the performance of the world's economies including Malaysia and Singapore.

The Environmental Occupational Health & Safety Management Committee of the MClean Group had conducted 4 meetings to monitor and review the Group's safety and health measures, regulatory requirements, best practices in safety, health and environment for factories and offices across the business locations operate over the last 2 financial years. MClean Group has taken appropriate steps to comply with the standard operating procedures that are in line with the National Security Council of Malaysia and the Ministry of Health's specifications in Malaysia and Singapore in relation to the COVID-19 infection control measures which include, among others, daily body temperature measurements and symptom screening for employees and clients, registration with the MySejahtera application and provision of personal protective equipment to employees according to their work needs. As at the LPD, MClean Group has not been compounded for any non-compliance with standard operating procedures in relation to COVID-19 infection control measures by the Government of Malaysia and Singapore.

The COVID-19 pandemic is a force majeure event beyond the control of MClean Group. The COVID-19 pandemic and any new movement restrictions that may be imposed by the governments of Singapore, Malaysia, Thailand and China may have additional material adverse impact on the market conditions and industries in which MClean Group operates.

Despite of that, the vaccination programs across the globe are paving the way for gradual recovery. As of mid-March of 2022, 98.7% of the adult population in Malaysia had received two doses of COVID-19 vaccine, while 64% had received their booster shots. With the delivery and high completion of the COVID-19 vaccination programme, the Government announced Malaysia to enter the "Transition to Endemic" phase of COVID-19 on 1 April 2022, with all restrictions on business operating hours removed, reopening of country's borders, and relaxation on most restrictions and SOP, seeks to revive Malaysia's economy.

On 28 April 2022, the Ministry of Health Malaysia further announced a new raft of rules as it progresses to the endemic stage starting on 1 May 2022. The new standard operating procedures for the endemic includes simplified protocols for COVID-19 positive cases, relaxation on requirements for wearing face masks at outdoor, physical distancing and registration on MySejahtera application while entering premises.

In Singapore, with daily infection numbers continue to fall and have stabilised, the Government of Singapore had also announced to ease the Community Safe Management Measures (“SMM”) and border measures to further progress towards the living with COVID-19. On 29 March 2022, the Ministry of Health Singapore introduced the “Easing of Community SMMs and Border Measures” with SMM 1-5 framework, including reopening of Singapore-Malaysia land borders due to the daily local case numbers and the number of COVID-19 related hospitalisations have declined steadily.

Singapore entered into the COVID-19 Resilient Nation Phase since 26 April 2022 where most COVID-19 standard operating procedures and restrictions have been removed or eased.

Malaysia and Singapore are in the transition from the pandemic to endemic phase following the relaxation of the SOP and restriction such as reopening of international borders. The relaxation of SOP has helped MClean’s existing businesses to resume its operations and recovered its sales orders and revenue for the unaudited 6M-FPE 30 June 2022 as set out in **Section 9.8** of this Announcement.

In mitigating such risks, the Environmental Occupational Health & Safety Management Committee of the MClean Group will continue to review its business development strategies in response to the changes in political, monetary, fiscal and economic conditions. Nonetheless, no assurance can be given that any change to these factors would not have any adverse impact on the Group’s business in the future.

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12 EFFECTS OF THE PROPOSALS

The Proposed Constitution Amendments and Proposed Exemption will not have any effects on the share capital, NA, gearing, earnings and EPS, and substantial shareholders' shareholdings of MClean Group. The Board (save for the Interested Directors) expects that JCS Biotech would contribute positively to the future earnings, EPS and NA of MClean Group.

12.1 Share capital

The pro forma effects of the Proposed Private Placement, Proposed Rights Issue and the Proposed Acquisition on the share capital of MClean are as follows:

Share capital	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
As at the LPD	197,213,000	50,973,332	197,213,000	50,973,332
Issuance of Placement Shares	50,000,000	6,500,000 ⁽¹⁾	50,000,000	6,500,000 ⁽¹⁾
	247,213,000	57,473,332	247,213,000	57,473,332
Issuance of Rights Shares	162,500,000	16,190,000 ⁽²⁾⁽³⁾	164,808,666	16,467,040 ⁽²⁾⁽³⁾
	409,713,000	73,663,332	412,021,666	73,940,372
Issuance of Consideration Shares	329,318,178	72,449,999 ⁽⁴⁾⁽⁷⁾	329,318,178	72,449,999 ⁽⁴⁾⁽⁷⁾
	739,031,178	146,113,331	741,339,844	146,390,371
Assuming full exercise of Warrants	121,875,000	26,812,500 ⁽⁵⁾	123,606,500	27,193,430 ⁽⁵⁾
	860,906,178	172,925,831	864,946,344	173,583,801
Assuming full conversion of ICPS	202,499,998	44,550,000 ⁽⁶⁾⁽⁷⁾	202,499,998	44,550,000 ⁽⁶⁾⁽⁷⁾
Enlarged share capital	1,063,406,176	217,475,831	1,067,446,342	218,133,801

Notes:

- (1) Based on the indicative issue price of RM0.13 per Placement Share.
- (2) After deducting estimated expenses of RM3.31 million for the Proposals.
- (3) Based on the indicative issue price of RM0.12 per Rights Share.
- (4) Based on the issue price of RM0.22 per Consideration Share.
- (5) Based on the exercise price of RM0.22 per Warrant.
- (6) Based on the issue price of RM0.22 per ICPS.
- (7) Due to rounding adjustment. Pursuant to the SSA, the Consideration Shares and ICPS to be allotted and issued to the Vendors shall be rounded down to the nearest one (1) unit of Consideration Share and ICPS, and therefore the fractional entitlements arising therefrom has been disregarded.

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12.2 NA and gearing

The pro forma effects of the Proposed Private Placement, Proposed Rights Issue and the Proposed Acquisition on the NA and gearing of MClean Group are illustrated below:

Minimum Scenario	(Audited) As at 31 December 2021 (RM)	(I) After the Proposed Private Placement (RM)	(II) After (I) and the Proposed Rights Issue (RM)	(III) After (II) and the Proposed Acquisition (RM)	(IV) After (III) and full exercise of the Warrants (RM)	(V) After (IV) and full conversion of the ICPS (RM)
Share capital	50,973,332	57,473,332 ⁽¹⁾	73,663,332 ⁽²⁾⁽³⁾	146,113,331 ⁽⁶⁾	172,925,831 ⁽⁸⁾	217,475,831 ⁽⁹⁾
Merger deficit	(22,246,256)	(22,246,256)	(22,246,256)	(22,246,256)	(22,246,256)	(22,246,256)
Warrant reserve	-	-	9,152,813 ⁽⁴⁾	9,152,813	-	-
Currency fluctuation reserve	4,788,307	4,788,307	4,788,307	4,788,307	4,788,307	4,788,307
Other reserve	(3,946,460)	(3,946,460)	(13,099,273)	(13,099,273)	(3,946,460)	(3,946,460)
Equity Component of ICPS	-	-	-	44,550,000	44,550,000	-
Accumulated losses	(8,531,823)	(8,531,823)	(8,531,823)	(8,531,823)	(8,531,823)	(8,531,823)
Shareholders' funds / NA	21,037,100	27,537,100	43,727,100	160,727,099	187,539,599	187,539,599
No. of MClean Shares in issue	197,213,000	247,213,000	409,713,000	739,031,178	860,906,178	1,063,406,176
NA per MClean Share (RM)	0.11	0.11	0.11	0.22	0.22	0.18
Total borrowings*	13,862,421	13,862,421	9,862,421 ⁽⁵⁾	13,017,407 ⁽⁷⁾	13,017,407	13,017,407
Gearing (times)	0.66	0.50	0.23	0.08	0.07	0.07

Notes:

* Including lease liabilities.

(1) Based on the indicative issue price of RM0.13 per Placement Share.

(2) After deducting estimated expenses of RM3.31 million for the Proposals.

(3) Based on the indicative issue price of RM0.12 per Rights Share.

(4) Computed based on the issuance of 121,875,000 Warrants with each Warrant assumed to have a fair value of RM0.0751 based on the Black-Scholes Options Pricing Model.

(5) After the repayment of bank borrowings of RM4.00 million from the proceeds of the Proposed Rights Issue.

(6) Based on the issue price of RM0.22 per Consideration Share.

(7) After consolidating the total bank borrowings (including lease liabilities) of JCS Biotech of approximately RM3.16 million based on its latest audited financial statements for the FYE 31 December 2021.

(8) Based on the exercise price of RM0.22 per Warrant.

(9) Based on the conversion price of RM0.22 per ICPS.

Maximum Scenario	(Audited) As at 31 December 2021 (RM)	(I) After the Proposed Private Placement (RM)	(II) After (I) and the Proposed Rights Issue (RM)	(III) After (II) and the Proposed Acquisition (RM)	(IV) After (III) and full exercise of the Warrants (RM)	(V) After (IV) and full conversion of the ICPS (RM)
Share capital	50,973,332	57,473,332 ⁽¹⁾	73,940,372 ⁽²⁾⁽³⁾	146,390,371 ⁽⁶⁾	173,583,801 ⁽⁸⁾	218,113,801 ⁽⁹⁾
Merger deficit	(22,246,256)	(22,246,256)	(22,246,256)	(22,246,256)	(22,246,256)	(22,246,256)
Warrant reserve	-	-	9,270,487 ⁽⁵⁾	9,270,487	-	-
Currency fluctuation reserve	4,788,307	4,788,307	4,788,307	4,788,307	4,788,307	4,788,307
Other reserve	(3,946,460)	(3,946,460)	(13,216,947) ⁽⁴⁾	(13,216,947)	(3,946,460)	(3,946,460)
Equity Component of ICPS	-	-	-	44,550,000	44,550,000	-
Accumulated losses	(8,531,823)	(8,531,823)	(8,531,823)	(8,531,823)	(8,531,823)	(8,531,823)
Shareholders' funds / NA	21,037,100	27,537,100	44,004,140	161,004,139	188,197,569	188,197,569
No. of MClean Shares in issue	197,213,000	247,213,000	412,021,666	741,339,844	864,946,344	1,067,446,342
NA per MClean Share	0.11	0.11	0.11	0.22	0.22	0.18
Total borrowings*	13,862,421	13,862,421	9,862,421 ⁽⁵⁾	13,017,407 ⁽⁷⁾	13,017,407	13,017,407
Gearing (times)	0.66	0.50	0.22	0.08	0.07	0.07

Notes:

* Including lease liabilities.

(1) Based on the indicative issue price of RM0.13 per Placement Share.

(2) Inclusive of estimated expenses of RM3.31 million for the Proposals.

(3) Based on the indicative issue price of RM0.12 per Rights Share.

(4) Computed based on the issuance of 123,606,500 Warrants with each Warrant assumed to have a fair value of RM0.0750 based on the Black-Scholes Options Pricing Model.

(5) After the repayment of bank borrowings of RM4.00 million from the proceeds of the Proposed Rights Issue.

(6) Based on the issue price of RM0.22 per Consideration Share.

(7) After consolidating the total bank borrowings (including lease liabilities) of JCS Biotech of approximately RM3.16 million based on its latest audited financial statements for the FYE 31 December 2021.

(8) Based on the exercise price of RM0.22 per Warrant.

(9) Based on the conversion price of RM0.22 per ICPS.

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12.3 Substantial shareholders' shareholdings

The effects of the Proposed Private Placement, Proposed Rights Issue and the Proposed Acquisition on the substantial shareholders' shareholdings in MClean as at the LPD are as follows:

<u>Minimum Scenario</u>	As at the LPD				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
<u>Shareholders</u>								
YHH ⁽¹⁾	10,117,000	5.13	39,748,004 ⁽¹⁾	20.15	10,117,000	4.09	39,748,004 ⁽¹⁾	16.08
JCS Group Pte Ltd	38,747,942	19.65	-	-	38,747,942	15.67	-	-
YSL ⁽²⁾	600,062	0.30	10,517,000 ⁽²⁾	5.33	600,062	0.24	10,517,000 ⁽²⁾	4.25
YLC ⁽³⁾	400,000	0.20	10,717,062 ⁽³⁾	5.43	400,000	0.16	10,717,062 ⁽³⁾	4.34
Decor	56,378,000	28.59	-	-	56,378,000	22.81	-	-
DGC ⁽⁴⁾	-	-	56,378,000 ⁽⁴⁾	28.59	-	-	56,378,000 ⁽⁴⁾	22.81
Lim Han Kiau ⁽⁵⁾	80,000	0.04	56,378,000 ⁽⁵⁾	28.59	80,000	0.03	56,378,000 ⁽⁵⁾	22.81
<u>Vendors*</u>								
Cave Investment	-	-	-	-	-	-	-	-
Hudson River	-	-	-	-	-	-	-	-
Grange Hill	-	-	-	-	-	-	-	-
White Ocean	-	-	-	-	-	-	-	-
Orchid Ventures	-	-	-	-	-	-	-	-
Richard Boggs ⁽¹⁰⁾	-	-	-	-	-	-	-	-
Gong Shasha ⁽⁶⁾	-	-	-	-	-	-	-	-
Ng Hung Chiao Michael	-	-	-	-	-	-	-	-
Ng Chee Khoon	-	-	-	-	-	-	-	-
Bert Chow Kok Meng ⁽⁹⁾	213,000	0.11	-	-	213,000	0.09	-	-
Loh Weng Yew ⁽⁹⁾	1,000	-	-	-	1,000	-	-	-
Edwin Nijhof	-	-	-	-	-	-	-	-
Law Fah Soon ⁽¹⁰⁾	-	-	-	-	-	-	-	-
Chong Wee Kien ⁽¹⁰⁾	-	-	-	-	-	-	-	-
Jiang Ying ⁽⁷⁾	-	-	-	-	-	-	-	-
Zhang Rong ⁽⁸⁾⁽¹¹⁾	-	-	-	-	-	-	-	-

<u>Minimum Scenario</u>	(II)				(III)			
	After (I) and the Proposed Rights Issue				After (II) and the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
<u>Shareholders</u>								
YHH ⁽¹⁾	16,861,667	4.12	112,170,004 ⁽¹⁾	27.38	151,575,880	20.51	113,248,321 ⁽¹⁾	15.32
JCS Group Pte Ltd	111,169,942	27.13	-	-	111,169,942	15.04	-	-
YSL ⁽²⁾	600,062	0.15	17,261,667 ⁽²⁾	4.21	600,062	0.08	153,054,197 ⁽²⁾	20.71
YLC ⁽³⁾	400,000	0.10	17,461,729 ⁽³⁾	4.26	1,478,317	0.20	152,175,942 ⁽³⁾	20.59
Decor	56,378,000	13.76	-	-	56,378,000	7.63	-	-
DGC ⁽⁴⁾	-	-	56,378,000 ⁽⁴⁾	13.76	-	-	56,378,000 ⁽⁴⁾	7.63
Lim Han Kiau ⁽⁵⁾	80,000	0.02	56,378,000 ⁽⁵⁾	13.76	80,000	0.01	56,378,000 ⁽⁵⁾	7.63
<u>Vendors*</u>								
Cave Investment	-	-	-	-	42,908,145	5.81	-	-
Hudson River	-	-	-	-	32,931,818	4.46	-	-
Grange Hill	-	-	-	-	25,523,776	3.45	-	-
White Ocean	-	-	-	-	24,874,900	3.37	-	-
Orchid Ventures	-	-	-	-	21,954,545	2.97	-	-
Richard Boggs ⁽¹⁰⁾	-	-	-	-	16,465,909	2.23	-	-
Gong Shasha ⁽⁶⁾	-	-	-	-	5,488,636	0.74	21,954,545 ⁽⁶⁾	2.97
Ng Hung Chiao Michael	-	-	-	-	5,488,636	0.74	-	-
Ng Chee Khoon	-	-	-	-	5,488,636	0.74	-	-
Bert Chow Kok Meng ⁽⁹⁾	213,000	0.05	-	-	5,065,427	0.69	-	-
Loh Weng Yew ⁽⁹⁾	1,000	-	-	-	4,853,427	0.66	-	-
Edwin Nijhof	-	-	-	-	1,078,317	0.15	-	-
Law Fah Soon ⁽¹⁰⁾	-	-	-	-	1,078,317	0.15	-	-
Chong Wee Kien ⁽¹⁰⁾	-	-	-	-	539,159	0.07	-	-
Jiang Ying ⁽⁷⁾	-	-	-	-	-	-	93,306,821 ⁽⁷⁾	12.63
Zhang Rong ⁽⁸⁾⁽¹¹⁾	-	-	-	-	-	-	32,931,818 ⁽⁸⁾	4.46

<u>Minimum Scenario</u>	(IV) After (III) and assuming full exercise of the Warrants				(V) After (IV) and assuming full conversion of the ICPS			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
<u>Shareholders</u>								
YHH ⁽¹⁾	156,634,380	18.19	167,564,821 ⁽¹⁾	19.46	239,471,070	22.52	168,227,885 ⁽¹⁾	15.82
JCS Group Pte Ltd	165,486,442	19.22	-	-	165,486,442	15.56	-	-
YSL ⁽²⁾	600,062	0.07	158,112,697 ⁽²⁾	18.37	600,062	0.06	241,612,451 ⁽²⁾	22.72
YLC ⁽³⁾	1,478,317	0.17	157,234,442 ⁽³⁾	18.26	2,212,508	0.22	240,071,132 ⁽³⁾	22.58
Decor	56,378,000	6.55	-	-	56,378,000	5.30	-	-
DGC ⁽⁴⁾	-	-	56,378,000 ⁽⁴⁾	6.55	-	-	56,378,000 ⁽⁴⁾	5.30
Lim Han Kiau ⁽⁵⁾	80,000	0.01	56,378,000 ⁽⁵⁾	6.55	80,000	0.01	56,378,000 ⁽⁵⁾	5.30
<u>Vendors*</u>								
Cave Investment	42,908,145	4.98	-	-	69,292,656	6.52	-	-
Hudson River	32,931,818	3.83	-	-	53,181,818	5.00	-	-
Grange Hill	25,523,776	2.96	-	-	41,218,520	3.88	-	-
White Ocean	24,874,900	2.89	-	-	40,170,646	3.78	-	-
Orchid Ventures	21,954,545	2.55	-	-	35,454,545	3.33	-	-
Richard Boggs ⁽¹⁰⁾	16,465,909	1.91	-	-	26,590,909	2.50	-	-
Gong Shasha ⁽⁶⁾	5,488,636	0.64	21,954,545 ⁽⁶⁾	2.55	8,863,636	0.83	35,454,545 ⁽⁶⁾	3.33
Ng Hung Chiao Michael	5,488,636	0.64	-	-	8,863,636	0.83	-	-
Ng Chee Khoo	5,488,636	0.64	-	-	8,863,636	0.83	-	-
Bert Chow Kok Meng ⁽⁹⁾	5,065,427	0.59	-	-	8,049,218	0.76	-	-
Loh Weng Yew ⁽⁹⁾	4,853,427	0.56	-	-	7,837,218	0.74	-	-
Edwin Nijhof	1,078,317	0.13	-	-	1,741,381	0.16	-	-
Law Fah Soon ⁽¹⁰⁾	1,078,317	0.13	-	-	1,741,381	0.16	-	-
Chong Wee Kien ⁽¹⁰⁾	539,159	0.06	-	-	870,692	0.08	-	-
Jiang Ying ⁽⁷⁾	-	-	93,306,821 ⁽⁷⁾	10.84	-	-	150,681,822 ⁽⁷⁾	14.17
Zhang Rong ⁽⁸⁾⁽¹¹⁾	-	-	32,931,818 ⁽⁸⁾	3.83	-	-	53,181,818 ⁽⁸⁾	5.00

Notes:

* Other than YHH and YLC.

(1) Through the shareholdings of his siblings (YSL and YLC) in MClean and his shareholding in JCS Group Pte Ltd pursuant to Section 8 of the Act.

(2) Through the shareholdings of her siblings (YHH and YLC) in MClean pursuant to Section 8 of the Act.

(3) Through the shareholdings of her siblings (YHH and YSL) in MClean pursuant to Section 8 of the Act.

(4) Through its shareholding in Decor pursuant to Section 8 of the Act.

(5) Through the shareholding of DGC in Decor pursuant to Section 8 of the Act.

(6) Through her shareholding in Orchid Ventures pursuant to Section 8 of the Act.

(7) Through her shareholdings in Cave Investment, Grange Hill and White Ocean pursuant to Section 8 of the Act.

(8) Through his shareholding in Hudson River pursuant to Section 8 of the Act.

(9) Bert Chow Kok Meng and Loh Weng Yew are employees of MClean Group.

(10) Richard Boggs, Law Fah Soon and Chong Wee Kien are employees of JCS Biotech.

(11) Zhang Rong resigned as director of JCS Biotech on 22 September 2021.

Maximum Scenario	As at the LPD				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
<u>Shareholders</u>								
YHH ⁽¹⁾	10,117,000	5.13	39,748,004 ⁽¹⁾	20.15	10,117,000	4.09	39,748,004 ⁽¹⁾	16.08
JCS Group Pte Ltd	38,747,942	19.65	-	-	38,747,942	15.67	-	-
YSL ⁽²⁾	600,062	0.30	10,517,000 ⁽²⁾	5.33	600,062	0.24	10,517,000 ⁽²⁾	4.25
YLC ⁽³⁾	400,000	0.20	10,717,062 ⁽³⁾	5.43	400,000	0.16	10,717,062 ⁽³⁾	4.34
Decor	56,378,000	28.59	-	-	56,378,000	22.81	-	-
DGC ⁽⁴⁾	-	-	56,378,000 ⁽⁴⁾	28.59	-	-	56,378,000 ⁽⁴⁾	22.81
Lim Han Kiau ⁽⁵⁾	80,000	0.04	56,378,000 ⁽⁵⁾	28.59	80,000	0.03	56,378,000 ⁽⁵⁾	22.81
<u>Vendors*</u>								
Cave Investment	-	-	-	-	-	-	-	-
Hudson River	-	-	-	-	-	-	-	-
Grange Hill	-	-	-	-	-	-	-	-
White Ocean	-	-	-	-	-	-	-	-
Orchid Ventures	-	-	-	-	-	-	-	-
Richard Boggs ⁽¹⁰⁾	-	-	-	-	-	-	-	-
Gong Shasha ⁽⁶⁾	-	-	-	-	-	-	-	-
Ng Hung Chiao Michael	-	-	-	-	-	-	-	-
Ng Chee Khoon	-	-	-	-	-	-	-	-
Bert Chow Kok Meng ⁽⁹⁾	213,000	0.11	-	-	213,000	0.09	-	-
Loh Weng Yew ⁽⁹⁾	1,000	-	-	-	1,000	-	-	-
Edwin Nijhof	-	-	-	-	-	-	-	-
Law Fah Soon ⁽¹⁰⁾	-	-	-	-	-	-	-	-
Chong Wee Kien ⁽¹⁰⁾	-	-	-	-	-	-	-	-
Jiang Ying ⁽⁷⁾	-	-	-	-	-	-	-	-
Zhang Rong ⁽⁸⁾⁽¹¹⁾	-	-	-	-	-	-	-	-

Maximum Scenario	(II)				(III)			
	After (I) and the Proposed Rights Issue				After (II) and the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Shareholders								
YHH ⁽¹⁾	16,861,667	4.09	66,246,673 ⁽¹⁾	16.08	151,575,880	20.45	67,324,990 ⁽¹⁾	9.08
JCS Group Pte Ltd	64,579,903	15.67	-	-	64,579,903	8.71	-	-
YSL ⁽²⁾	1,000,103	0.24	17,528,333 ⁽²⁾	4.25	1,000,103	0.13	153,320,863 ⁽²⁾	20.68
YLC ⁽³⁾	666,667	0.16	17,861,770 ⁽³⁾	4.34	1,744,984	0.24	152,575,983 ⁽³⁾	20.58
Decor	56,378,000	13.68	-	-	56,378,000	7.60	-	-
DGC ⁽⁴⁾	-	-	56,378,000 ⁽⁴⁾	13.68	-	-	56,378,000 ⁽⁴⁾	7.60
Lim Han Kiau ⁽⁵⁾	80,000	0.02	56,378,000 ⁽⁵⁾	13.68	80,000	0.01	56,378,000 ⁽⁵⁾	7.60
Vendors*								
Cave Investment	-	-	-	-	42,908,145	5.79	-	-
Hudson River	-	-	-	-	32,931,818	4.44	-	-
Grange Hill	-	-	-	-	25,523,776	3.44	-	-
White Ocean	-	-	-	-	24,874,900	3.36	-	-
Orchid Ventures	-	-	-	-	21,954,545	2.96	-	-
Richard Boggs ⁽¹⁰⁾	-	-	-	-	16,465,909	2.22	-	-
Gong Shasha ⁽⁶⁾	-	-	-	-	5,488,636	0.74	21,954,545 ⁽⁶⁾	2.96
Ng Hung Chiao Michael	-	-	-	-	5,488,636	0.74	-	-
Ng Chee Khoon	-	-	-	-	5,488,636	0.74	-	-
Bert Chow Kok Meng ⁽⁹⁾	355,000	0.09	-	-	5,207,427	0.70	-	-
Loh Weng Yew ⁽⁹⁾	1,667	-	-	-	4,854,094	0.65	-	-
Edwin Nijhof	-	-	-	-	1,078,317	0.15	-	-
Law Fah Soon ⁽¹⁰⁾	-	-	-	-	1,078,317	0.15	-	-
Chong Wee Kien ⁽¹⁰⁾	-	-	-	-	539,159	0.07	-	-
Jiang Ying ⁽⁷⁾	-	-	-	-	-	-	93,306,821 ⁽⁷⁾	12.59
Zhang Rong ⁽⁸⁾⁽¹¹⁾	-	-	-	-	-	-	32,931,818 ⁽⁸⁾	4.44

Maximum Scenario	(IV)				(V)			
	After (III) and assuming full exercise of the Warrants				After (IV) and assuming full conversion of the ICPS			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Shareholders								
YHH ⁽¹⁾	156,634,380	18.11	87,198,992 ⁽¹⁾	10.08	239,471,070	22.43	87,862,056 ⁽¹⁾	8.23
JCS Group Pte Ltd	83,953,874	9.71	-	-	83,953,874	7.86	-	-
YSL ⁽²⁾	1,300,134	0.15	158,579,363 ⁽²⁾	18.33	1,300,134	0.12	242,079,117 ⁽²⁾	22.68
YLC ⁽³⁾	1,944,984	0.22	157,934,514 ⁽³⁾	18.26	2,608,048	0.24	240,771,204 ⁽³⁾	22.56
Decor	56,378,000	6.52	-	-	56,378,000	5.28	-	-
DGC ⁽⁴⁾	-	-	56,378,000 ⁽⁴⁾	6.52	-	-	56,378,000 ⁽⁴⁾	5.28
Lim Han Kiau ⁽⁵⁾	80,000	0.01	56,378,000 ⁽⁵⁾	6.52	80,000	0.01	56,378,000 ⁽⁵⁾	5.28
Vendors*								
Cave Investment	42,908,145	4.96	-	-	69,292,656	6.49	-	-
Hudson River	32,931,818	3.81	-	-	53,181,818	4.98	-	-
Grange Hill	25,523,776	2.95	-	-	41,218,520	3.86	-	-
White Ocean	24,874,900	2.88	-	-	40,170,646	3.76	-	-
Orchid Ventures	21,954,545	2.54	-	-	35,454,545	3.32	-	-
Richard Boggs ⁽¹⁰⁾	16,465,909	1.90	-	-	26,590,909	2.49	-	-
Gong Shasha ⁽⁶⁾	5,488,636	0.63	21,954,545 ⁽⁶⁾	2.54	8,863,636	0.83	35,454,545 ⁽⁶⁾	3.32
Ng Hung Chiao Michael	5,488,636	0.63	-	-	8,863,636	0.83	-	-
Ng Chee Khoo	5,488,636	0.63	-	-	8,863,636	0.83	-	-
Bert Chow Kok Meng ⁽⁹⁾	5,313,927	0.61	-	-	8,297,718	0.78	-	-
Loh Weng Yew ⁽⁹⁾	4,854,594	0.56	-	-	7,838,385	0.73	-	-
Edwin Nijhof	1,078,317	0.12	-	-	1,741,381	0.16	-	-
Law Fah Soon ⁽¹⁰⁾	1,078,317	0.12	-	-	1,741,381	0.16	-	-
Chong Wee Kien ⁽¹⁰⁾	539,159	0.06	-	-	870,692	0.08	-	-
Jiang Ying ⁽⁷⁾	-	-	93,306,821 ⁽⁷⁾	10.79	-	-	150,681,822 ⁽⁷⁾	14.12
Zhang Rong ⁽⁸⁾⁽¹¹⁾	-	-	32,931,818 ⁽⁸⁾	3.81	-	-	53,181,818 ⁽⁸⁾	4.98

Notes:

* Other than YHH and YLC.

- (1) Through the shareholdings of his siblings (YSL and YLC) in MClean and his shareholding in JCS Group Pte Ltd pursuant to Section 8 of the Act.
- (2) Through the shareholdings of her siblings (YHH and YLC) in MClean pursuant to Section 8 of the Act.
- (3) Through the shareholdings of her siblings (YHH and YSL) in MClean pursuant to Section 8 of the Act.
- (4) Through its shareholding in Decor pursuant to Section 8 of the Act.
- (5) Through the shareholding of DGC in Decor pursuant to Section 8 of the Act.
- (6) Through her shareholding in Orchid Ventures pursuant to Section 8 of the Act.
- (7) Through her shareholdings in Cave Investment, Grange Hill and White Ocean pursuant to Section 8 of the Act.
- (8) Through his shareholding in Hudson River pursuant to Section 8 of the Act.
- (9) Bert Chow Kok Meng and Loh Weng Yew are employees of MClean Group.
- (10) Richard Boggs, Law Fah Soon and Chong Wee Kien are employees of JCS Biotech.
- (11) Zhang Rong resigned as director of JCS Biotech on 22 September 2021.

12.4 Earnings and EPS

The Proposed Private Placement and the Proposed Rights Issue are not expected to have any immediate material effect on the consolidated earnings and EPS of MClean Group for the FYE 31 December 2022 as the proceeds to be raised are expected to be used over a period of 12 months from the date of the listing of the Placement Shares, Rights Shares and Warrants. The usage of proceeds to be raised from the Proposed Private Placement and Proposed Rights Issue is expected to contribute positively to the future earnings of the Group.

The pro forma effects of the Proposed Acquisition to the earnings and EPS of MClean Group assuming the Proposed Acquisition had been effected as at the beginning of the FYE 31 December 2021 are as follows:

Minimum Scenario	(Audited) As at 31 December 2021	(I) After the Proposed Private Placement and Proposed Rights Issue	(II) After (I) and the Proposed Acquisition
LAT (RM'000)	8,223	8,223	686 ⁽¹⁾
Number of MClean Shares ('000)	197,213	409,713	739,031
LPS (sen)	4.17	2.01	0.09

Note:

- (1) After consolidating 60% of JCS Biotech's audited PAT for the FYE 31 December 2021 of RM12,562,008 (i.e., equivalent to approximately RM7,537,205).

Maximum Scenario	(Audited) As at 31 December 2021	(I) After the Proposed Private Placement and Proposed Rights Issue	(II) After (I) and the Proposed Acquisition
LAT (RM'000)	8,223	8,223	686 ⁽¹⁾
Number of MClean Shares ('000)	197,213	412,022	741,340
LPS (sen)	4.17	2.00	0.09

Note:

- (1) After consolidating 60% of JCS Biotech's audited PAT for the FYE 31 December 2021 of RM12,562,008 (i.e., equivalent to approximately RM7,537,205).

The Proposed Acquisition is expected to be completed by 1st half of 2023. It is expected to contribute positively to the earnings of MClean Group for the FYE 31 December 2023 based on the past profitable financial performance of JCS Biotech's business over the financial years and period under review as well as the potential future earnings of the enlarged MClean Group.

The issuance of new Consideration Shares as well as new Shares upon the conversion of the ICPS will have a dilutive effect on the shareholdings of the existing shareholders of the Company. The issuance of the Placement Shares will dilute the percentages of the existing shareholders' shareholdings in the Company, with the degree of dilution depending on the actual number of Placement Shares to be issued.

The EPS of the Group will be diluted as a result of the increase in the number of issued MClean Shares arising from the issuance of the Placement Shares, Rights Shares, Consideration Shares and exercise/conversion of the Warrants and ICPS in the future. The effects of any exercise/conversion of the Warrants and ICPS on the consolidated EPS of the Group would depend on the number of Warrants/ ICPS exercised/converted as well as the returns generated by the Group from the use of proceeds arising from the exercise of Warrants.

12.5 Convertible securities

As at the LPD, the Company does not have any convertible securities in issue. On 30 October 2017, the Company implemented a long term incentive plan (“**LTIP**”) which is effective for a period of 10 years. As at the LPD, the Company has yet to grant any options pursuant to the LTIP. The Proposed Rights Issue will give rise to adjustments to the options of the LTIP pursuant to its by-laws if these options are granted prior to the Entitlement Date of the Proposed Rights Issue.

13 APPROVALS REQUIRED

The Proposals are subject to the approvals from:

- (i) Bursa Securities for the:
 - (a) Proposed Acquisition;
 - (b) admission to the Official List and listing of and quotation for up to 123,606,500 Warrants;
 - (c) listing of and quotation for 50,000,000 Placement Shares, up to 164,808,666 Rights Shares, 329,318,178 Consideration Shares, up to 123,606,500 new MClean Shares to be issued pursuant to the exercise of the Warrants, and 202,499,998 new MClean Shares to be issued arising from the conversion of the ICPS, on the ACE Market of Bursa Securities; and
 - (d) registration of the abridged prospectus in relation to the Proposed Rights Issue;
- (ii) the shareholders of MClean at the EGM to be convened, for the Proposals;
- (iii) the SC for the Proposed Exemption;
- (iv) Bank Negara Malaysia for the payment of consideration for the Proposed Acquisition in the form of cash pursuant to Bank Negara Malaysia’s Foreign Exchange Notices on the investment on foreign assets of up to RM50 million per calendar year.

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is 641.73%, calculated based on the value of Purchase Consideration of RM135.00 million against the audited net assets of MClean Group as at 31 December 2021 of approximately RM21.00 million.

14 CONDITIONALITY OF THE PROPOSALS

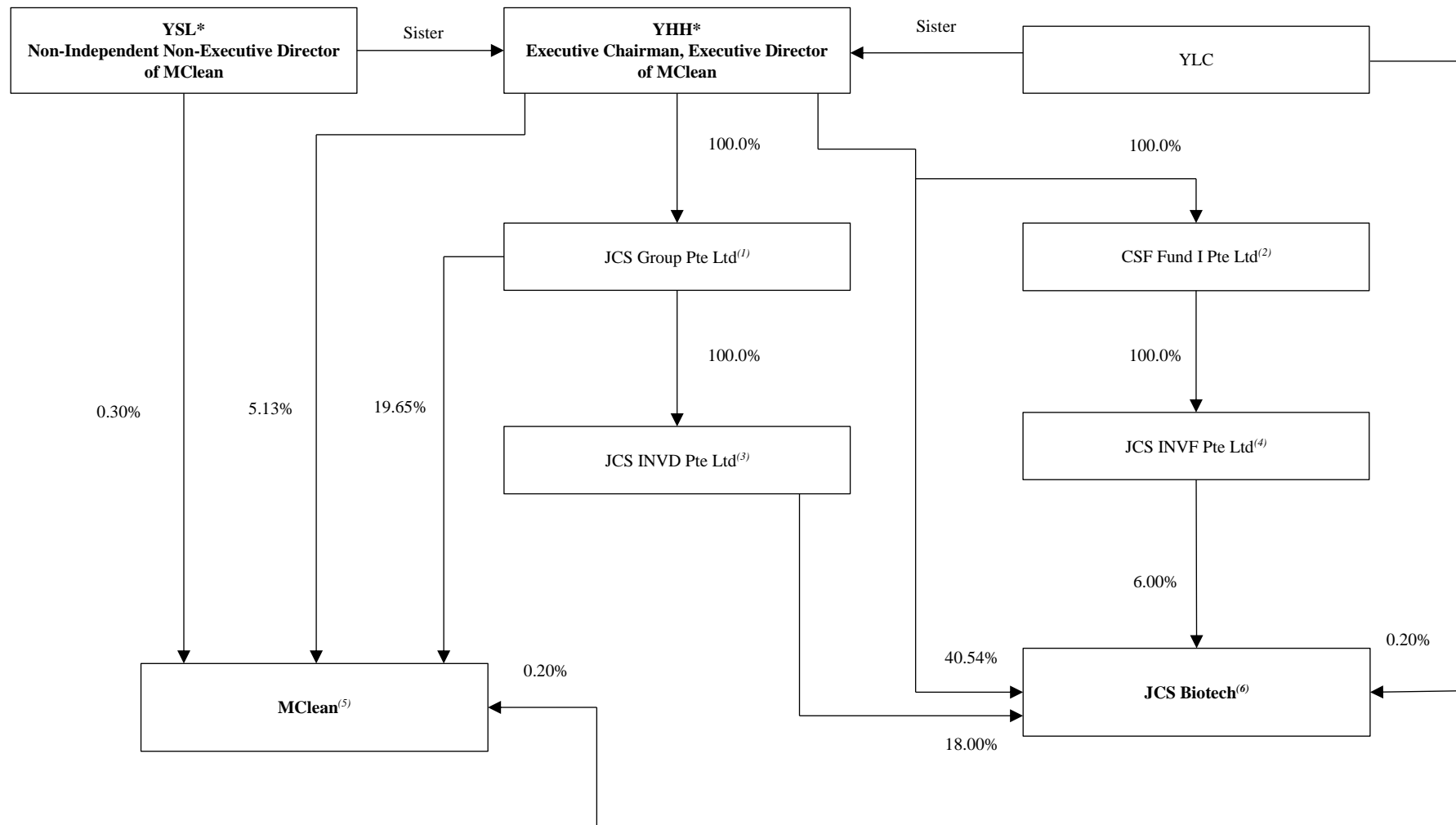
The Proposals are inter-conditional, save for the Proposed Private Placement which is not conditional upon the Proposed Rights Issue, Proposed Acquisition, Proposed Constitution Amendments and Proposed Exemption. For avoidance of doubt, all the other Proposals are conditional upon the Proposed Private Placement. The conditionality is in terms of the approvals required and also the sequence for the implementation of the Proposed Private Placement, Proposed Rights Issue, Proposed Constitution Amendments, Proposed Acquisition and Proposed Exemption, which is one after another. Therefore, YHH, persons connected to him and his PACs shall abstain from voting on all the Proposals.

Save as disclosed, the Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

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15 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED

The following diagram illustrates the relationship among the directors and/or major shareholders of MClean in relation to the Proposals as well as their shareholdings in MClean as at the LPD:



Notes:

* Interested Directors.

- (1) The sole director of JCS Group Pte Ltd is YHH.
- (2) The sole director of CSF Fund I Pte Ltd is Lim Poi Kuan.
- (3) The sole director of JCS INVD Pte Ltd is YHH.
- (4) The sole director of JCS INV F Pte Ltd is YHH.
- (5) The directors of MClean are YHH, Lim Han Kiau, Datuk Wira Mark William Ling Lee Meng, Dr. Ho Choon Hou, Pang Kong Chek and YSL.
- (6) The directors of JCS Biotech are YHH and YLC.

The Proposed Acquisition is a related party transaction under Rule 10.08 of the Listing Requirements by virtue of YHH being a Director and major shareholder in both MClean and JCS Biotech. YHH has been the Executive Chairman of MClean since it was listed on Bursa Securities on 10 May 2011. YHH is the founder, director and major shareholder of JCS Biotech.

YLC is a director and a shareholder of JCS Biotech and sister of YHH. YSL is a Non-Independent Non-Executive Director of MClean and sister of YHH.

As at the LPD, the shareholdings of YHH, JCS Group Pte Ltd, YSL and YLC in the Company are as follows:

	As at the LPD			
	Direct		Indirect	
	No. of shares	%	No. of shares	%
YHH	10,117,000	5.13	39,748,004	20.15 ⁽¹⁾
JCS Group Pte Ltd	38,747,942	19.65	-	-
YSL	600,062	0.30	10,517,000	5.33 ⁽²⁾
YLC	400,000	0.20	10,717,062	5.43 ⁽³⁾
TOTAL	49,865,004	25.28		

Notes:

- (1) Deemed interested by virtue of his shareholding in JCS Group Pte Ltd and the shareholdings of his siblings, YSL and YLC pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of the shareholdings of her siblings, YHH and YLC pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of the shareholdings of her siblings, YHH and YSL pursuant to Section 8 of the Act.

Upon completion of the Proposed Acquisition, the shareholdings of YHH, JCS Group Pte Ltd, YSL and YLC in the Company are as follows:

	Minimum Scenario				Maximum Scenario			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
YHH	151,575,880	20.51	113,248,321	15.32 ⁽¹⁾	151,575,880	20.45	67,324,990	9.08 ⁽¹⁾
JCS Group Pte Ltd	111,169,942	15.04	-	-	64,579,903	8.71	-	-
YSL	600,062	0.08	153,054,197	20.71 ⁽²⁾	1,000,103	0.13	153,320,863	20.68 ⁽²⁾
YLC	1,478,317	0.20	152,175,942	20.59 ⁽³⁾	1,744,984	0.24	152,575,983	20.58 ⁽³⁾
TOTAL	264,824,201	35.83			218,900,870	29.53		

Notes:

- (1) Deemed interested by virtue of his shareholding in JCS Group Pte Ltd and the shareholdings of his siblings, YSL and YLC pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of the shareholdings of her siblings, YHH and YLC pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of the shareholdings of her siblings, YHH and YSL pursuant to Section 8 of the Act.

In view of the conditionality of the Proposals, YHH, YSL, JCS Group Pte Ltd (interested major shareholder) and YLC (person connected to major shareholder and directors) are deemed interested in the Proposals. YHH and YSL have abstained and will continue to abstain from all deliberations and voting pertaining to the Proposals at the relevant Board meetings of the Company.

Save for YHH, YSL, JCS Group Pte Ltd (interested major shareholder) and YLC (person connected to major shareholder and directors), none of the Company's directors, major shareholders, chief executive and persons connected with them has any interest, direct or indirect, in the Proposals.

YHH, YSL, JCS Group Pte Ltd (interested major shareholder) and YLC (person connected to major shareholder and directors) will abstain from voting and will also undertake to ensure that any persons connected with them will abstain from voting in respect of their direct and indirect interests in MClean on the relevant resolutions pertaining to the Proposals at the forthcoming EGM.

16 TRANSACTIONS WITH THE SAME RELATED PARTIES

Other than the Proposals, recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of MClean Group which have been approved by the Company's shareholders at its 12th annual general meeting held on 27 May 2022 and as disclosed below, there are no other transactions between the related parties for the preceding 12 months up to the LPD:

Transacting Party	Nature of transaction	Interested related party	Nature of relationships	Total amount transacted in the preceding 12 months up to the LPD
JCS Biotech	Provision of cleanroom packaging services by MClean Technologies Pte Ltd to JCS Biotech	YHH, JCS Group Pte Ltd, YSL, YLC	<p>YHH is a director of MClean, MClean Technologies Pte Ltd, JCS Biotech and JCS Group Pte Ltd.</p> <p>YHH is a major shareholder of MClean (through JCS Group Pte Ltd), a major shareholder of JCS Biotech and the sole shareholder of JCS Group Pte Ltd.</p> <p>YSL and YLC are sisters of YHH.</p> <p>YLC is a director of JCS Biotech.</p>	RM0.77 million

17 INDEPENDENT ADVISER

The Proposed Acquisition is a related party transaction pursuant to Rule 10.08 of the Listing Requirements in view of the interests of YHH, JCS Group Pte Ltd, YSL and YLC as set out in **Section 16** of this announcement.

17.1 FHCA - Independent Adviser for the Proposed Private Placement, Proposed Rights Issue, Proposed Acquisition and Proposed Constitution Amendments

FHCA has been appointed to act as the Independent Adviser to:

- (i) provide an independent evaluation on the Proposed Private Placement, Proposed Rights Issue, Proposed Acquisition and Proposed Constitution Amendments and to form an opinion as to:
 - (a) whether the Proposed Private Placement, Proposed Rights Issue, Proposed Acquisition and Proposed Constitution Amendments is fair and reasonable insofar as MClean's shareholders are concerned; and

- (b) whether the Proposed Private Placement, Proposed Rights Issue, Proposed Acquisition and Proposed Constitution Amendments is to the detriment of non-interested shareholders of MCLearn.

and such opinion will set out the reason for, the key assumptions made and the factors taken into consideration in forming that opinion; and

- (ii) advise the non-interested shareholders of MCLearn on whether they should vote in favour of the resolutions pertaining to the Proposed Private Placement, Proposed Rights Issue, Proposed Acquisition and Proposed Constitution Amendments to be tabled at the forthcoming EGM.

17.2 BDO Capital Consultants Sdn Bhd - Independent Adviser for the Proposed Exemption

In addition, BDO Capital Consultants Sdn Bhd has also been appointed as the Independent Adviser to advise the non-interested directors and non-interested shareholders of MCLearn in relation to the Proposed Exemption pursuant to subparagraph 4.08(3) of the Rules.

18 DIRECTORS' STATEMENT

After having considered all aspects of the Proposals, including their rationale and benefits, the basis and justification for the Purchase Consideration, Profit Guarantee, the terms of the SSA (as supplemented by the Supplemental SSA), the risk factors and mitigating factors, as well as the effects, the Board (save for the Interested Directors) is of the opinion that the Proposals are in the best interests of the Company.

19 AUDIT COMMITTEE'S STATEMENT

The Audit Committee has considered the advice of the Independent Advisers and all relevant aspects of the Proposals, including their rationale and benefits, the basis and justification for the Purchase Consideration, Profit Guarantee, the terms of the SSA (as supplemented by the Supplemental SSA), the risk factors and mitigating factors, as well as the effects, and has formed the view that the Proposals are:

- (i) in the best interests of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Company.

20 ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed in the 1st half of 2023.

21 APPLICATION TO THE AUTHORITIES

An application to Bursa Securities in respect of the Proposals is expected to be submitted within 1 month from the date of this announcement.

22 ADVISER

TA Securities has been appointed as the Principal Adviser for the Proposed Private Placement, Proposed Rights Issue, Proposed Acquisition and Proposed Exemption.

23 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SSA and Supplemental SSA are available for inspection at the Registered Office of MClean at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays), after 7 days from the date of this announcement, for a period of 3 months from the date of this announcement.

This announcement is dated 4 November 2022

INDICATIVE SALIENT TERMS OF THE WARRANTS

The indicative salient terms of the Warrants are as follows:

Issue size	:	Up to 123,606,500 Warrants
Issue price	:	The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribe for the Rights Shares.
Form and denomination	:	The Warrants which are to be issued together with the Rights Shares on the same issue date (“ Issue Date of the Warrants ”), will be immediately detached from the Rights Shares upon issuance and will be separately traded on the ACE Market of Bursa Securities. The Warrants will be issued in registered form and constituted by the Deed Poll.
Exercise Rights	:	Each Warrant entitles the holder to subscribe for 1 new Share at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise Period	:	The Warrants may be exercised at any time within a period of 5 years commencing on and including the date of issuance of the Warrants and ending at 5.00 p.m. on the last market day immediately preceding the date which is the 5 th anniversary of the date of issuance of the Warrants. Any Warrants which are not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	:	Exercise price of RM0.22 per Warrant only payable in respect of each new Share, subject to adjustments in accordance with the provisions of the Deed Poll.
Mode of exercise	:	The holders of the Warrants are required to lodge a duly completed, signed and stamped exercise notice, as set out in the Deed Poll, with the Company’s registrar together with payment of the Exercise Price by way of bankers’ draft or cashier’s order or money order or postal order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the provisions of the Deed Poll.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of the Warrants shall comprise of 100 units of Warrants carrying the rights to subscribe for 100 new Shares at the Exercise Price at any time during the Exercise Period, unless otherwise revised by the relevant authorities.
Rights of the holder of the Warrants	:	The Warrants do not entitle the holders to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new Shares to be issued arising from the exercise of the Exercise Rights by the holders of the Warrants. The Warrants do not entitle the holders of the Warrants to any voting rights in any general meeting of the Company until and unless the holders of the Warrants exercise their Exercise Rights represented by the Warrants and the new Shares have been allotted and issued to such holders.

INDICATIVE SALIENT TERMS OF THE WARRANTS (CONT'D)

Rights in the event of : Where a resolution has been passed for a members' voluntary winding up of the winding up, liquidation, compromise and/or arrangement the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the amalgamation of the Company with one or more companies, then:

- (i) the Company will give notice to the Warrants Holder within 21 market days of such a resolution for a members' voluntary winding up of the Company or within 21 market days from the granting of the court order approving the winding up, compromise or arrangement, as the case may be;
- (ii) for the purpose of such winding up, compromise or scheme of arrangement (other than consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants (or some other person designated by them for such purpose by special resolution) shall be a party, the terms of such winding up, compromise or scheme of arrangement shall be binding on all the holders of the Warrants; and
- (iii) in any other case, every holder of the Warrants shall be entitled to exercise the Exercise Rights at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks from the granting of the court order approving the winding up, compromise or arrangement, as the case may be, by the irrevocable surrender of his Warrants to the Company by submitting the duly completed exercise notices authorising the debit of his Warrants, together with payment of the relevant payments and fees for the Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the Exercise Rights to the extent specified in the exercise notices and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company must give effect to such election accordingly.

All Exercise Rights which have not been exercised within the above 6 weeks of either the passing of such resolution for the members' voluntary winding up or the granting of the court order for the approval of such winding up, compromise or arrangement, as the case may be, will lapse and all the unexercised Warrants will cease to be valid for any purpose.

If the Company is wound up (other than by way of a members' voluntary winding up), all the Exercise Rights which have not been exercised prior to the date of the commencement of the winding up shall lapse and cease to be valid for any purpose.

INDICATIVE SALIENT TERMS OF THE WARRANTS (CONT'D)

Adjustments in the Exercise Price and/or number of Warrants : The Exercise Price and/ or the number of unexercised Warrants in issue shall from time to time be adjusted, calculated or determined by the Board in consultation with an approved principal adviser and/or certified by the auditors under certain circumstances, amongst others, rights issue, bonus issue, consolidation or subdivision of shares or issuance of securities convertible into shares, in accordance with the provisions of the Deed Poll.

No adjustment to the Exercise Price and the number of Warrants will be required in respect of:

- (i) an issue of Shares upon the exercise of any other conversion rights attached to securities convertible into new Shares, or upon exercise of any other rights including the Exercise Rights of Warrant issued by the Company hereunder; or
- (ii) an issue of Shares or other securities by the Company or rights to acquire or subscribe for Shares to officers, including Directors, or employees of the Company or any of its subsidiaries pursuant to any purchase or option schemes approved by the Shareholders in a general meeting; or
- (iii) an issue by the Company of Shares or other securities convertible into Shares or securities with rights to acquire or subscribe for Shares or other securities, in any such case in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business; or
- (iv) special issue of Shares or other securities convertible into Shares or with rights to acquire or subscribe for Shares by the Company required by any relevant authority to Bumiputera investors which is effected to comply with government policy on capital participation in industry; or
- (v) an issue by the Company of Shares or securities convertible into Shares or securities with rights to acquire or subscribe for Shares in compliance with any regulation or guidelines (whether having the force of law or not) made by any relevant authority to comply with any government policy on equity participation in any industry; or
- (vi) any issue of Shares by the Company (other than bonus or rights issues) or other securities convertible into rights to subscribe for Shares pursuant to an issue approved by the relevant authorities and the members of the Company at a general meeting of such members; or
- (vii) any purchase by the Company of its own Shares or other securities in accordance with the Companies Act 2016 and all other applicable laws and regulations or guidelines (whether having the force of law or not) made by any relevant authority.

Listing : The Warrants shall be listed and quoted on the ACE Market of Bursa Securities. An application will be made to Bursa Securities for the admission of the Warrants to the Official List as well as for the listing of and quotation for the Warrants and the new MClean Shares to be issued pursuant to the exercise of the Warrants on the ACE Market of Bursa Securities.

INDICATIVE SALIENT TERMS OF THE WARRANTS (CONT'D)

- Modifications : All or any of the rights attached to the Warrants (other than the Exercise Period, Exercise Price, Exercise Rights or the formulae for the adjustment of the Exercise Price, Exercise Rights as specifically provided in the Conditions) or term of the Deed Poll may be altered or abrogated by the Company from time to time (whether or not the Company is being wound up) and the sanction of a special resolution passed at a meeting of the Warrant Holders shall be sufficient to effect such alteration or abrogation. Any of such modification shall however be subject to the approval of Bursa Securities (if required).
- The Company may however from time to time without the consent or sanction of the Warrant Holders make modifications to the Deed Poll which modifications in the opinion of the Company are not materially prejudicial to the interest of the Warrant Holders or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the Relevant Regulations.
- Any modification to the Deed Poll (including the form and content of the Warrant Certificate) may be effected only by deed poll, executed by the Company and expressed to be supplemental to the Deed Poll.
- Governing law and jurisdiction : The Deed Poll and the Warrants shall be governed by the laws of Malaysia and the Courts of Malaysia shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Deed Poll.

SALIENT TERMS OF THE SSA AS SUPPLEMENTED BY THE SUPPLEMENTAL SSA

The salient terms of the SSA as supplemented by the Supplemental SSA are set out below:

1. Sale and purchase of the Sale Shares

The Vendors shall sell and the Purchaser shall purchase 1,221,600 JCS Biotech Shares, representing 60% equity interest in JCS Biotech free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto and all dividends, rights and distributions declared, paid or made in respect thereof as from the day the Purchase Consideration is satisfied in full by the Purchaser (“**Completion Date**”).

2. Purchase Consideration

- (a) In consideration for the Sale Shares, the Purchaser agrees to pay the Vendors the total Purchase Consideration of **Ringgit Malaysia One Hundred Thirty Five Million (RM135,000,000.00)** only.
- (b) The Purchase Consideration shall be satisfied by the Purchaser in the following manner (but not necessary in the sequence below) at anytime within six (6) months from the date of the fulfillment of the last of the conditions precedent as set out in the SSA (as supplemented by the Supplemental SSA) or such other extended period as the parties may mutually agree in writing (“**Payment Period**”) PROVIDED the Vendors shall have first transferred the Sale Shares to the Purchaser pursuant to clause 4(b) below:
 - (i) payment of Ringgit Malaysia Eighteen Million (RM18,000,000.00) only to the Vendors in the proportions as set out in as set out in **Section 4.5** of this announcement;
 - (ii) allotment and issuance by MClean of the Consideration Shares to the Vendors in the proportions as set out in **Section 4.5** of this announcement; and
 - (iii) allotment and issuance by MClean of the ICPS to the Vendors in the proportions as set out in **Section 4.5** of this announcement.
- (c) The Consideration Shares and ICPS to be allotted and issued shall be rounded down to the nearest one (1) Share/ICPS and any fractional entitlements shall be disregarded.
- (d) In consideration of the Vendors agreeing to enter into the SSA, MClean agrees to allot and issue the Consideration Shares and ICPS to the Vendors in the agreed proportions as set out in **Section 4.5** of this announcement and in accordance with the terms and conditions of the SSA (as supplemented by the Supplemental SSA).

3. Conditions Precedent

- (a) The sale and purchase of the Sale Shares shall be conditional upon the fulfilment of the conditions set out below within nine (9) months from the date of the SSA (as supplemented by the Supplemental SSA) or such other period as may be mutually agreed by the Vendors and the Purchaser (“**Parties**”) in writing (“**Conditional Period**”):
 - (i) The completion of the financial and legal due diligence inquiry the results of which shall be satisfactory to the Purchaser in its sole and absolute discretion;
 - (ii) MClean obtaining the approval of its board of directors and shareholders in a general meeting for the acquisition by the Purchaser of the Sale Shares and the issuance of the Consideration Shares and ICPS to the Vendors;
 - (iii) MClean obtaining the approval of Bursa Securities for the listing and quotation of the Consideration Shares on the ACE market of Bursa Securities;
 - (iv) MClean obtaining the approval of Bank Negara Malaysia for the payment of the Purchase Consideration to the Vendors;

SALIENT TERMS OF THE SSA AS SUPPLEMENTED BY THE SUPPLEMENTAL SSA (CONT'D)

- (iv) If applicable, the Vendors obtaining the consents and approvals of the banks and financial institutions to which JCS Biotech has banking facilities for the purpose of the transfer of the Sale Shares contemplated in the SSA; and
 - (v) If applicable, the Parties obtaining such other requisite consents and approvals from the government and regulatory bodies and third parties for the purpose of the transfer of the Sale Shares and payment of the Purchase Consideration to the Vendors.
- (b) Any of the Conditions Precedent capable of being waived may be waived in whole or in part and conditionally or unconditionally upon the mutual agreement of the Parties in writing.
- (c) In the event that the Conditions Precedent are not fulfilled within the Conditional Period, the SSA shall be null and void and of no further force and effect and (a) no party shall have any rights or obligations against the other Parties, save and except for any antecedent breaches and (b) the provisions of the SSA which are expressly or impliedly to continue in effect shall continue in full force and effect (including but not limited to clause 14, 16, 17, 21, 22, 25 and 27 of the SSA).
- (d) The SSA shall become unconditional on the date the last of the Conditions Precedent is fulfilled (“**Unconditional Date**”). The Purchaser shall through the Purchaser’s Solicitors, notify the Vendors of the fulfilment of the Conditions Precedent within three (3) business Days of such fulfilment.
4. Completion
- (a) The Completion Date for the SSA shall fall on or before the expiry of the Payment Period i.e., six (6) months from the Unconditional Date or such other extended period as may be mutually agreed in writing by the Parties.
- (b) Within 7 days from the Unconditional Date, the Vendors shall complete the transfer of the Sale Shares at a place to be mutually agreed by the parties, failing which, it shall be held at the office of the Purchaser by the delivery of:
- (i) the original share certificates of the Sale Shares;
 - (ii) the original share transfer forms over the Sale Shares duly executed by the Vendors in favour of the Purchaser;
 - (iii) the original working sheet computing the net asset value of the Sale Shares in the form prescribed by the Inland Revenue Authority of Singapore and signed by a director of JCS Biotech, a copy of the latest instalment of accounts of JCS Biotech (which must not be older than 24 months from the date of the share transfer forms), and/or such other documents as may be prescribed from time to time by the Inland Revenue Authority of Singapore for the purpose of assessing the stamp duty payable on a transfer of shares of a private limited company in Singapore;
 - (iv) the resolution of the directors of JCS Biotech approving the transfer of the Sale Shares in favour of the Purchaser, the registration of the Purchaser as members of JCS Biotech in respect of the Sale Shares, the issuance of a new share certificate over the Sale Shares in favour of the Purchaser and the doing of performing of any other business which may be necessary or desirable to give full and valid effect to the sale and purchase of the Sale Shares in favour of the Purchaser;
 - (v) for Vendors who are corporate entities, the resolution of the directors of the Vendors approving their respective sale of the Sale Shares to the Purchaser; and
 - (vi) such waivers, consents or other documents as may be required to give a good title to the Sale Shares and to enable the Purchaser or its nominee(s) to become the registered owner(s) of the Sale Shares.

SALIENT TERMS OF THE SSA AS SUPPLEMENTED BY THE SUPPLEMENTAL SSA (CONT'D)

Upon the receipt of the abovementioned documents by the Purchaser, the Vendors hereby agree that the Purchaser shall have the right to effect the transfer of the Sale Shares to the Purchaser notwithstanding that the Purchase Consideration have yet to be paid.

- (c) MClean shall undertake the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities within seven (7) business days from the date of the allotment and issuance of the Consideration Shares and ICPS.
- (d) On the Completion Date, the Vendors shall deposit all their Consideration Shares with the Stakeholder to be mutually appointed by the Parties whereby the Consideration Shares shall be placed in an escrow account which will be maintained by the Stakeholder on behalf of the Vendors. The Consideration Shares are to be held and dealt by the Stakeholder pursuant to clause 6(f) below and the moratorium imposed on the Vendors in accordance with clause 7 below.

5. Default and Termination

- (a) In the event that any party shall:
 - (i) neglect or by wilful default fail or refuse or be unable to complete the transaction in accordance with the provisions of the SSA; or
 - (ii) subject to clause 5(d) below, materially breach any of the provisions of the SSA;

the party not in breach of the SSA (the “**Non Defaulting Party**”) shall be entitled at its absolute discretion to elect either to:

- (i) give the notice in writing given by the party not in default to the defaulting party accordance to clause 5(a) above (“**Termination Notice**”) to the party in default and if the party in default fails to remedy the breach(es) within fourteen (14) business days of receipt of the Termination Notice, the Non Defaulting Party may without further reference to the party in default terminate the SSA, in which event the provisions as prescribed in clause 5(b) and 5(c) below shall apply and thereafter the SSA shall be null and void and (1) the Parties shall have no further claims against each other save and except for any antecedent breaches and (2) the provisions of the SSA which are expressly or impliedly to continue in effect shall continue in full force and effect (including but not limited to clause 14, 16, 17, 21, 22, 25 and 27 of the SSA); or alternatively
 - (ii) complete the SSA, in which case the remedy of specific performance of the SSA shall be available to the Non Defaulting Party without any prejudice to that party’s right or rights to claim against the party in default any damages, losses, costs, expenses or outgoings whatsoever arising from or in connection with the events of clause 5(a)(i) and/or 5(a)(ii) above.
- (b) In the event that the SSA is terminated in accordance with clause 5(a)(i) above, the party in default shall, within fourteen (14) business days from the date after the expiration of the Termination Notice, pay to the Non Defaulting Party all the professional fees, disbursements and expenses incurred and paid or payable by the Non Defaulting Party in relation to or in connection with the SSA as evidenced by invoices and receipts. In the event that the party in default fails to pay any of the aforesaid monies within the said fourteen (14) business day period, then the party in default shall be further liable to pay interest on any amount remaining unpaid at the end of the said fourteen (14) business day period at the rate of eight percent (8%) per annum from the end of the said fourteen (14) business day period until the date of actual payment of the outstanding amount.
 - (c) Simultaneously with the events of clause 5(b) above, the Purchaser shall return all documents and things forwarded by the Vendors in relation to the SSA, save and except where the Purchaser requires the same for application for refund of any stamp duty paid pursuant hereto, in which case the documents and things shall be returned as soon as reasonably possible.

SALIENT TERMS OF THE SSA AS SUPPLEMENTED BY THE SUPPLEMENTAL SSA (CONT'D)

- (d) Notwithstanding any other provision to the contrary herein contained, in the event the sale and purchase transaction contemplated herein has been completed in accordance with the terms and conditions herein contained, the Parties shall not be entitled to terminate the SSA by reason of any breach of any of the terms of the SSA but without prejudice to any other remedies which the Parties may have against each other.
6. Profit Guarantee
- (a) The Vendors guarantee that JCS Biotech shall achieve a PAT of not less than Singapore Dollar Five Million Five Hundred Thousand (SGD5,500,000.00) only for JCS Biotech's financial year ending 31 December 2022.
- (b) In the event that JCS Biotech fails to achieve the guaranteed profit of Singapore Dollar Five Million Five Hundred Thousand (SGD5,500,000.00) for its financial year ending 31 December 2022 ("**Guaranteed PAT**"), the Vendors shall on demand from the Purchaser, make payment to the Purchaser in the proportions as set out in Schedule 1 of the SSA, the amount equivalent to sixty per centum (60%) of the shortfall between the Guaranteed PAT and the actual audited after tax profits of the Company for the financial year ending 31 December 2022 ("**Shortfall Amount**"). In the event JCS Biotech suffers a loss for the financial year ending 31 December 2022, the Vendors shall in addition to the Shortfall Amount, pay to the Purchaser in the proportions as set out in Schedule 1 of the SSA, the amount equivalent to sixty per centum (60%) of the loss suffered by JCS Biotech for that said financial year ("**Loss Amount**"). The Purchaser shall not make any demand until and unless the audited financial statements of JCS Biotech for the financial year ended 31 December 2022 ("**Audited Financial Statement 2022**") shall have first been issued.
- (c) The Audited Financial Statement 2022 to be issued by the auditors for the time being of JCS Biotech as to any PAT, Shortfall Amount and Loss Amount referred to in clause 6(b) above shall, save for any manifest errors, be conclusive and binding on the Vendors. The computation of the PAT for the purpose of the Profit Guarantee shall:
- (i) be in accordance with the Singapore Financial Reporting Standards issued by the Accounting Standards Council Singapore; and
- (ii) include only profits derived from JCS Biotech's ordinary course of business and shall exclude profits derived from any sale of JCS Biotech's assets.
- (d) Upon receiving the Audited Financial Statement 2022, the Purchaser shall within five (5) business days thereof or five (5) business days from the Completion Date, whichever is the later, give a notice in writing to the Vendors informing them if the Guaranteed PAT has been met or there is a Shortfall Amount (and Loss Amount where applicable) ("**Demand Notice**").
- (e) The Vendors shall, in the proportions as set out in Column 3 of Schedule 1 of the SSA, be liable to the Purchaser to settle all the Shortfall Amount (and Loss Amount where applicable) payable by the Vendors to the Purchaser pursuant to clause 6(b) above by way of cash within twenty one (21) days from the date of the Demand Notice, failing which and without prejudice to the other rights of the Purchaser, the relevant Vendors shall pay interest to the Purchaser, on the amount outstanding at the rate of One per centum (1%) per month calculated on a daily basis from the day after the expiry of the twenty one (21) day period until the date the Shortfall Amount (and Loss Amount where applicable) payable by the relevant Vendor is settled in full ("**Late Payment Interest**"). The settlement of the Shortfall Amount (and Loss Amount where applicable) together with interest, if applicable, shall be deemed as full satisfaction of the Vendor's obligations in respect of the Profit Guarantee.
- (f) Subject to clause 7 below, in the event JCS Biotech fails to achieve the Guaranteed PAT and the Vendors fail to pay the Shortfall Amount (and Loss Amount where applicable) in accordance with clause 6(e) above, the Vendors hereby agree and authorise the Purchaser to instruct the Stakeholder to sell the Consideration Shares and utilise the proceeds from the sale to satisfy the Shortfall Amount (and Loss Amount where applicable).

SALIENT TERMS OF THE SSA AS SUPPLEMENTED BY THE SUPPLEMENTAL SSA (CONT'D)

Similarly, the Stakeholder upon receiving the Vendor's instructions is authorised by the parties to sell the Consideration Shares and utilise the proceeds of such sale to satisfy the Shortfall Amount (and Loss Amount where applicable) and any Late Payment Interest. In the event the proceeds of the sale of the Consideration Shares are insufficient to pay all of the Shortfall Amount (and Loss Amount where applicable) and the Late Payment Interest, the Stakeholder shall inform the Purchaser and Vendors whereby the Vendors shall be liable to pay Purchaser such differential amounts indicated in the notification from the Stakeholder within the five (5) days from the date of the notification.

Notwithstanding the instruction from the Purchaser, the Stakeholder may only sell the Consideration Shares but subject to moratorium as set out in clause 7(a) and clause 7(b) below.

- (g) Pursuant to the sale of the Consideration Shares under clause 6(f) above, in the event there are any balance proceeds of the sale of the Consideration Shares after settlement of the Shortfall Amount (and Loss Amount where applicable) and the Late Payment Interest, the Purchaser shall within five (5) Business Days from the receipt of the Shortfall Amount (and Loss Amount where applicable) and the Late Payment Interest, authorise the Stakeholder to release the balance proceeds to the relevant Vendors.

7. Moratorium on Consideration Shares

- (a) Notwithstanding anything contained in the SSA, the Vendors (save for YHH and YLC) hereby agree that, save and except for the depositing of their Collateral Shares with the Stakeholder:
 - (i) they shall not sell, transfer or assign any of their Consideration Shares and ICPS for a period of six (6) months from the Completion Date ("**First Moratorium Period**");
 - (ii) upon the expiry of the First Moratorium Period and within six (6) months thereafter, they are only allowed to sell, transfer and assign up to forty per centum (40%) of their Consideration Shares and ICPS ("**Second Moratorium Period**");
 - (iii) upon the expiry of the Second Moratorium Period, they may sell, transfer and assign all their Consideration Shares and ICPS.

Upon the expiry of the respective moratorium periods, the Stakeholder is authorised to release such Consideration Shares which are no longer subject to moratorium.

- (b) Yeo Hock Huat, Yeo Lian Cheng, Cave Investment Pte Ltd, Hudson River Pte Ltd, Grange Hill Ventures Pte Ltd, White Ocean Cap Pte Ltd and Ng Chee Khoo hereby agree that, further to the moratorium set out in clause 7(a) above, they hereby undertake to also subject their Consideration Shares and ICPS to the moratorium imposed under Rule 3.19(1) of the Listing Requirements.

INFORMATION ON JCS BIOTECH

1. HISTORY AND NATURE OF BUSINESS

JCS Biotech was incorporated in the Republic of Singapore under the Companies Act 1967 on 8 June 1990 as a private limited company under the name of JCS Automation Pte Ltd with registration number of 199002819D. JCS Biotech (formerly known as JCS Automation Pte Ltd) was an automation equipment manufacturer which commenced operations on 8 June 1990. On 22 March 2013, JCS Automation Pte Ltd changed its name to JCS Biotech Pte Ltd. JCS Biotech's office is located at 2 Woodlands Sector 1, #01-07 Woodlands Spectrum, Singapore 738068, with the size of approximately 100 square meters, while JCS Biotech's factory is located at 2 Woodlands Sector 1, #01-22 Woodlands Spectrum, Singapore 738068, with the size of approximately 850 square meters. Prior to the name change, JCS Automation Pte Ltd was an equipment manufacturer providing customised automated precision cleaning system, that is typically housed in a Class 100 Cleanroom environment mainly serving the hard disk drive industries. When MClean was listed on the ACE Market of Bursa Securities through an initial public offering ("IPO") in 2011, JCS Automation Pte Ltd was not part of the MClean Group because its business model was not suitable for IPO. Prior to the IPO, JCS Automation Pte Ltd was an equipment manufacturer and it did not have a sustainable business model that could generate recurring income as the revenue of the JCS Automation Pte Ltd was largely dependent on the sales orders from the customers, and therefore there may be a sudden drop in revenue in the absence of new sales orders from existing customers or new customers.

JCS Biotech is principally involved in the supply of non-toxic surface and aerial disinfecting systems comprising disinfecting solutions and machines, under the BioCair brand name. JCS Biotech develops and produces its disinfecting solutions in-house, namely BioCair BC-65, and designs and develops its RADS machines in-house. JCS Biotech's products are widely used in numerous industries including healthcare (hospitals and clinics), education (day-care centres), hospitality (hotels) and places of worship (mosques). The products are marketed through offline retail (children's retail), online retail (through eCommerce websites), direct sales (through events and expos) and distributors (appointed by country/region and business channels).

Following the name change, JCS Biotech's history began with the commencement of R&D for disinfecting solutions and disinfecting machines under the leadership of its Director, YHH in 2010. Through his industry knowledge and involvement in the precision cleaning business, he identified market demand for non-toxic disinfecting products and decided to venture into this business by forming a R&D team, which included a microbiologist, to develop BC-65 solution in-house. For the past 3 FYEs 31 December 2019 to 2021 and 6M-FPE 30 June 2022, the expenses for JCS Biotech's R&D activities amounted to SGD13,970 (equivalent to approximately RM42,427), SGD57,466 (equivalent to approximately RM175,053) and SGD16,495 (equivalent to approximately RM50,722) and SGD54,489 (equivalent to approximately RM170,572), which is 0.39%, 0.79%, 0.15% and 0.75% of JCS Biotech's revenue, respectively. As at the LPD, JCS Biotech's R&D team comprised of two main personnel which are YHH and Richard Boggs. However, different professionals (such as engineer and/or microbiologist) may be invited to the R&D team from time to time depending on the types of projects such as expanding the functions of its disinfecting machine or conducting R&D activities when it receives requests from clients to adjust its BC-65 solution to suit its customers' requirements.

As part of its development process, JCS Biotech's R&D team conducted efficacy tests on BC-65 solution and ensured that the content of its BC-65 solution is non-toxic. In 2013, the BC-65 solution was successfully commercialised and sold as a surface disinfectant in pocket spray form for home/ personal use under the BioCair brand. JCS Biotech then sent BC-65 solution for external verification of its efficacy and obtained a test certificate from SGS Testing and Control Services Singapore Pte Ltd ("**SGS International**") in October 2013 which verified that the BC-65 solution was able to kill up to 99.999% of pathogens. Subsequently, the BioCair BC-65 solution was tested and verified as non-toxic as well as for its capability to kill viruses associated with HFMD and to kill airborne pathogens present in a room.

The sale of the BioCair BC-65 pocket sprays to consumers was carried out by JCS Biotech's sales team, initially through direct sales at exhibitions. In 2015, JCS Biotech expanded its distribution network by selling its products to retailers, for onward sale at the retailers' physical outlets and/or online retail stores, to consumers in Singapore. At the end of 2015, JCS Biotech introduced an aerial disinfecting system comprising a new series of BioCair BC-65 solution, namely the disinfectant air purifying series and its first dry-mist disinfecting machines for home/ personal use, namely the *pro home* dry-mist disinfecting machine. By end of 2016, JCS Biotech launched a company website that included e-commerce sales.

INFORMATION ON JCS BIOTECH (CONT'D)

In April 2016, Richard Boggs, JCS Biotech's current Chief Executive Officer, joined JCS Biotech. Under his leadership, JCS Biotech expanded its product range of disinfecting systems for home/personal use through commercialisation and launching of several new products within the same year. JCS Biotech introduced a larger capacity dry-mist disinfecting machine, namely the Ultimate home disinfection machine. JCS Biotech also successfully developed and introduced a new series of home/ personal use disinfecting solution based on its existing BioCair BC-65 solutions added with anti-HFMD formulation, namely the BioActive series.

Further, to expand JCS Biotech's distribution network, JCS Biotech began appointing distributors to reach out to overseas retailers to distribute its products. On 28 June 2016, JCS Biotech recorded its first export sales when JCS Biotech sold its products to Trade Solution Ltd in Hong Kong. Within the same year, JCS Biotech introduced an enhanced version of the BioCair BC-65 aerial disinfecting solution for professional use.

In August 2017, JCS Biotech obtained several International Organization for Standardization ("ISO") certifications, namely Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Occupational Health and Safety Management System (ISO 45001:2018) and Medical Devices – Quality Management System (ISO 13485:2016) for the production and supply of its Professional BioCair BC-65 biocide. Within the same year, JCS Biotech developed and introduced its first professional grade disinfecting machine, namely the *Ultimate professional* disinfecting machine. By the end of 2018, JCS Biotech had expanded its international distribution to over 13 countries, including but not limited to Malaysia, Brunei, Saudi Arabia, Taiwan and Hong Kong, and subsequently grew to 17 countries by 2021, which included UK, Indonesia, China and South Africa.

In February 2018, JCS Biotech successfully developed and introduced its first disinfecting machines for professional aerial disinfection, namely the RADS machine, to be used with the Professional BC-65 aerial disinfecting solution. Three models of RADS were introduced to the market, namely RADS-1000, RADS-500 and RADS-AMB. With a complete professional grade BioCair BC-65 aerial disinfecting system, JCS Biotech expanded its customer base to business end users such as healthcare institutions, places of worship and educational institutions, as well as companies in the hospitality and industrial sectors, through its appointed distributors. JCS Biotech obtained CE certification for its RADS machines in March 2019. Within the same year, JCS Biotech also introduced the *Pro II* dry-mist disinfecting machine, an improved version of the *Pro home* dry-mist disinfecting machine with more advanced functions and features.

In September 2019, JCS Biotech introduced the RADS-POD, a RADS machine designed to be used with a disinfection chamber.

In May 2020, JCS Biotech Ltd was incorporated in UK with the intention to set up a UK office to expand JCS Biotech presence in Europe, however, this company is currently dormant and all sales to Europe market is conducted through the Singapore office. Within the same year, JCS Biotech introduced the RADS-1000BP, a battery powered version of the RADS-1000 machine. JCS Biotech also introduced the *Ultimate II dry-mist* disinfecting machine, an improved version of the *Ultimate dry-mist* disinfecting machine with more advanced functions and features, and a new dry-mist disinfecting machine for use in automotive vehicles, namely the *Ultimate dry-mist automobile* disinfecting machine.

The surface disinfectant segment was initially the major revenue contributor for JCS Biotech (i.e., 73.87% for the FYE 31 December 2019 and 45.29% for the FYE 31 December 2020), followed by the aerial disinfectant segment (i.e., 23.85% for the FYE 31 December 2019 and 39.00% for the FYE 31 December 2020). The equipment segment contributed the least revenue to JCS Biotech (i.e., 2.28% for the FYE 31 December 2019 and 15.71% for the FYE 31 December 2020).

INFORMATION ON JCS BIOTECH (CONT'D)

Thereafter, there was a significant change in revenue contribution in FYE 31 December 2021. The aerial disinfectant segment became the largest revenue contributor for JCS Biotech (i.e., 67.33% for FYE 31 December 2021), followed by equipment segment (i.e., 23.07% for FYE 31 December 2021) and surface disinfectant segment (i.e., 9.60% for FYE 31 December 2021). For the 6M-FPE 30 June 2022, there was a change in the revenue contribution again with the equipment segment becoming the largest revenue contributor for JCS Biotech (i.e., 50.04% for the 6M-FPE 30 June 2022), followed by aerial disinfectant segment (i.e., 47.29% for the 6M-FPE 30 June 2022) and surface disinfectant segment (i.e., 2.67% for the for the 6M-FPE 30 June 2022).

In the past three years and 6M-FPE 30 June 2022, the largest proportion of revenue by geographical markets was derived from sales to Asia (ex-Singapore) (i.e., 65.74% for the FYE 31 December 2019, 50.67% for the FYE 31 December 2020, 66.45% for the FYE 31 December 2021 and 53.87% for the 6M-FPE 30 June 2022) followed by Singapore (i.e., 31.40% for the FYE 31 December 2019, 31.01% for the FYE 31 December 2020, 21.48% for the FYE 31 December 2021 and 7.40% for the 6M-FPE 30 June 2022) and others (i.e., 2.86% for the FYE 31 December 2019, 18.32% for the FYE 31 December 2020, 12.07% for the FYE 31 December 2021 and 38.73% for the 6M-FPE 30 June 2022) which comprised of countries in Middle East region and the UK.

2. SHARE CAPITAL

As at the LPD, JCS Biotech has an issued share capital of SGD2,036,000 comprising 2,036,000 ordinary shares. There has been no change in the issued share capital and number of JCS Biotech Shares since its incorporation and up to the LPD. The 2,036,000 JCS Biotech Shares were allotted on 8 June 1990.

As at the LPD, JCS Biotech does not have any outstanding warrants, options, convertible securities and uncalled capital in respect of the JCS Biotech Shares.

3. DIRECTORS AND DIRECTORS' SHAREHOLDINGS

As at the LPD, the directors of JCS Biotech and their respective shareholdings in JCS Biotech are as follows:

Name	Nationality	Designation	Direct		Indirect	
			No. of JCS Biotech Shares	%	No. of JCS Biotech Shares	%
YHH	Singaporean	Director	825,480	40.54	492,640 ⁽¹⁾	24.20
YLC	Singaporean	Director	4,000	0.20	825,480 ⁽²⁾	40.54

Notes:

- (1) Through his indirect shareholding in JCS INVD Pte Ltd via his shareholding in JCS Group Pte Ltd and his indirect shareholding in JCS INVF Pte Ltd via his shareholding in CSF Fund I Pte Ltd, pursuant to Section 8 of the Act. Both JCS Group Pte Ltd and CSF Fund I Pte Ltd are 100% owned by YHH.
- (2) Through the shareholding of her sibling (YHH) pursuant to Section 8 of the Act.

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INFORMATION ON JCS BIOTECH (CONT'D)

4. SHAREHOLDERS AND SHAREHOLDERS' SHAREHOLDINGS

The shareholders of JCS Biotech and their respective shareholdings in JCS Biotech as at the LPD are as follows:

	Direct		Indirect	
	No. of JCS Biotech Shares	%	No. of JCS Biotech Shares	%
<u>Directors & shareholders</u>				
YHH	825,480	40.54	488,640 ⁽¹⁾	24.00
YLC	4,000	0.20	825,480 ⁽²⁾	40.54
<u>Shareholders</u>				
JCS INVD Pte Ltd	366,480	18.00	-	-
JCS INV F Pte Ltd	122,160	6.00	-	-
JCS Group Pte Ltd	-	-	366,480 ⁽³⁾	18.00
Cave Investment	159,167 ⁽⁴⁾	7.82	-	-
Hudson River	122,160 ⁽⁵⁾	6.00	-	-
Grange Hill	94,680 ⁽⁶⁾	4.65	-	-
White Ocean	92,273 ⁽⁷⁾	4.53	-	-
Orchid Ventures	81,440 ⁽⁸⁾	4.00	-	-
Richard Boggs ⁽¹⁰⁾	61,080	3.00	-	-
Gong Shasha	20,360 ⁽⁸⁾	1.00	81,440 ⁽⁸⁾	4.00
Ng Hung Chiao Michael	20,360	1.00	-	-
Ng Chee Khoo	20,360	1.00	-	-
Bert Chow Kok Meng ⁽⁹⁾	18,000	0.88	-	-
Loh Weng Yew ⁽⁹⁾	18,000	0.88	-	-
Edwin Nijhof	4,000	0.20	-	-
Law Fah Soon ⁽¹⁰⁾	4,000	0.20	-	-
Chong Wee Kien ⁽¹⁰⁾	2,000	0.10	-	-
Jiang Ying	-	-	346,120 ⁽⁴⁾⁽⁶⁾⁽⁷⁾	17.00
Zhang Rong ⁽¹¹⁾	-	-	122,160 ⁽⁵⁾	6.00
Total	2,036,000	100.0		

Notes:

- (1) Through his indirect shareholdings in JCS INVD Pte Ltd via his shareholding in JCS Group Pte Ltd and his indirect shareholding in JCS INV F Pte Ltd via his shareholding in CSF Fund I Pte Ltd, pursuant to Section 8 of the Act. Both JCS Group Pte Ltd and CSF Fund I Pte Ltd are 100% owned by YHH.
- (2) Through the shareholding of her sibling (YHH) pursuant to Section 8 of the Act.
- (3) Through its indirect shareholding in JCS INVD Pte Ltd.
- (4) Cave Investment's sole director and shareholder is Jiang Ying.
- (5) The directors of Hudson River are Zhang Rong (also the sole shareholder of Hudson River) and Zheng Fang.
- (6) Grange Hill's sole director and shareholder is Jiang Ying.
- (7) White Ocean's sole director and shareholder is Jiang Ying.
- (8) Orchid Ventures' sole director is Lim Poi Kuan while its sole shareholder is Gong Shasha.
- (9) Bert Chow Kok Meng and Loh Weng Yew are employees of MClean Group.
- (10) Richard Boggs, Law Fah Soon and Chong Wee Kien are employees of JCS Biotech.
- (11) Resigned as director of JCS Biotech on 22 September 2021.

INFORMATION ON JCS BIOTECH (CONT'D)

4.1 YHH

Director, Specified Shareholder, major shareholder and Vendor

YHH, a Singaporean aged 59, is a director, Specified Shareholder, Vendor, and a major shareholder of JCS Biotech with 40.54% direct equity interest and indirectly holds 24% equity interest in JCS Biotech through his shareholdings in JCS INVD Pte Ltd (18%) and JCS INV F Pte Ltd (6%). As at the LPD, he holds 10,117,000 MClean Shares (5.13% equity interest) and indirect equity interest of 39,748,004 MClean Shares (20.15 equity interest) by virtue of the shareholdings of his siblings, YSL and YLC, and his shareholdings in JCS Group Pte Ltd pursuant to Section 8 of the Act. Upon completion of the Proposed Acquisition, YHH will hold 151,575,880 MClean Shares (20.51% equity interest under the Minimum Scenario or 20.45% equity interest under the Maximum Scenario). In addition, he will indirectly hold 113,248,321 MClean Shares (15.32% indirect equity interest in MClean) under the Minimum Scenario or 67,324,990 MClean Shares (9.08% indirect equity interest in MClean) under the Maximum Scenario, by virtue of the shareholdings of his siblings, YSL and YLC, and his shareholdings in JCS Group Pte Ltd pursuant to Section 8 of the Act.

YHH was appointed as a director of JCS Biotech on 8 June 1990 and is the Chairman of JCS Biotech. YHH is responsible for the overall strategic direction and planning of JCS Biotech.

In August 1991, he graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic, Singapore. In June 2013, he obtained a Master of Business Administration from National University of Singapore. In June 2020, he obtained a Master of Business Administration at Tsinghua University. In December 1981, he joined the Air Force as an Air Force Technician. He left the Air Force in December 1988 and was involved in the moulding design and manufacturing field for the food industry between February 1989 and June 1990. In June 1990, he founded JCS Automation Pte Ltd, a company which initially specialised in designing and manufacturing of conveyer system and spray-painting booths for the plastic moulding industry, and expanded into the supply of precision cleaning machines and equipment. Between 1999 to 2002, he continued to expand his business ventures within the precision cleaning, equipment cleaning and clean room businesses.

In June 2010, he was appointed to the Board of MClean Technologies Berhad and is the Executive Chairman of MClean Technologies Berhad. He is responsible for the overall strategic direction and planning of the MClean Group. He has been with MClean Group for approximately 12 years.

Through his industry knowledge and involvement in the precision cleaning business, he identified market demand for non-toxic disinfecting products. He rebranded JCS Automation Pte Ltd through a name change into JCS Biotech in March 2013 and ventured into non-toxic disinfecting business and led the development of BioCair BC-65 disinfecting solution.

He has over 30 years of experience in the precision cleaning business and 11 years of experience in the disinfecting solution business.

Save as disclosed below, he is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YSL (the Non-Independent Non-Executive Director of MClean and a shareholder of MClean), JCS Group Pte Ltd (a major shareholder of MClean) and YLC (a shareholder of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YLC (a director and a shareholder of JCS Biotech), JCS INVD Pte Ltd (a major shareholder of JCS Biotech) and JCS INV F Pte Ltd (a substantial shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YLC (sister to YHH) and Ng Chee Khoon, Cave Investment, White Ocean, Grange Hill as well as Hudson River which are persons connected to YHH.

INFORMATION ON JCS BIOTECH (CONT'D)

4.2 YLC*Director, Specified Shareholder and Vendor*

YLC, a Singaporean aged 55, is a director, Specified Shareholder and a Vendor of JCS Biotech with 0.20% direct equity interest and indirectly holds 40.54% equity interest in JCS Biotech through the shareholding of YHH pursuant to Section 8 of the Act. YLC is a sister of YHH. As at the LPD, YLC holds 400,000 MClean Shares (0.20% equity interest) and indirect equity interest of 10,717,062 MClean Shares (5.43 equity interest) by virtue of the shareholdings of her siblings, YHH and YSL pursuant to Section 8 of the Act. Upon completion of the Proposed Acquisition, YLC will hold 1,478,317 MClean Shares (0.20% equity interest) under the Minimum Scenario or 1,744,984 MClean Shares (0.24% equity interest) under the Maximum Scenario. In addition, she will indirectly hold 152,175,942 MClean Shares (20.59% indirect equity interest in MClean) under the Minimum Scenario or 152,575,983 MClean Shares (20.58% indirect equity interest in MClean) under the Maximum Scenario, by virtue of the shareholdings of her siblings, YHH and YSL pursuant to Section 8 of the Act.

She was appointed as a director of JCS Biotech on 29 July 2019 and is a Director of JCS Biotech. She is a Human Resource and Administrative and Finance Manager of MClean Precision Pte Ltd and MClean Technologies Pte Ltd. She is responsible for overseeing the development and implementation of internal control policies, human resources and administrative functions, as well as the finance functions of the companies.

In June 1998, she graduated with a Diploma in Computer Studies from The National Centre for Information Technology in Singapore. In March 2001, she graduated with a Diploma in Management Accounting and Finance from PSB Institute for Productivity Training in Singapore. In June 2012, she obtained a Postgraduate Diploma in Human Resource and Organisational Psychology from SHRI Academy Pte Ltd in Singapore. In June 1990, she joined JCS Automation Pte Ltd as an Assistant General Manager. She was responsible for the development and implementation of human resource policies of the company. Subsequently, in 1999, she took on the responsibility of overseeing the finance and accounting functions of JCS Automation Pte Ltd.

In December 2003, she joined MClean Technologies Pte Ltd as an Assistant General Manager and was responsible for overseeing the implementation of human resource and administrative functions of the company. Subsequently, in April 2010, she was appointed as a Finance Manager. She was responsible for overseeing areas of finance of the company. In February 2016, she obtained a second appointment as a Data Protection Officer in MClean Technologies Pte Ltd, in addition to her position as a Human Resource and Administrative and Finance Manager. She was responsible for monitoring the implementation of data protection strategy and the compliance of data protection laws of the company.

In December 2016, in line with the internal restructuring of MClean Group, she was appointed as Group Human Resource and Administrative and Finance Manager of MClean Precision Pte Ltd and MClean Technologies Pte Ltd, a position she currently holds.

She has over 25 years of experience in the human resources, finance and administrative functions.

Save as disclosed below, she is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean), YSL (the Non-Independent Non-Executive Director of MClean and a shareholder of MClean) and JCS Group Pte Ltd (a major shareholder of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech), JCS INVD Pte Ltd (a major shareholder of JCS Biotech) and JCS INV F Pte Ltd (a substantial shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YHH (brother to YLC).

INFORMATION ON JCS BIOTECH (CONT'D)

4.3 JCS INVD Pte Ltd
Substantial shareholder

JCS INVD Pte Ltd was incorporated in the Republic of Singapore under the Companies Act 1967 on 6 April 2017 as a private limited company. As at the LPD, its share capital is SGD10 comprising 10 ordinary shares. It is principally involved in the activities of investment holding.

The sole director of JCS INVD Pte Ltd is YHH. The sole shareholder of JCS INVD Pte Ltd is JCS Group Pte Ltd. JCS INVD Pte Ltd is a major shareholder with 18% equity interest in JCS Biotech and no indirect interest in JCS Biotech. Further details on YHH are set out in **Section 4.1** of this Appendix.

As at the LPD, JCS INVD Pte Ltd does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, JCS INVD Pte Ltd will not hold any direct or indirect MClean Shares as JCS INVD Pte Ltd is not a Vendor pursuant to the Proposed Acquisition.

JCS INVD Pte Ltd is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean) and JCS Group Pte Ltd (a major shareholder of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YHH.

JCS Group Pte Ltd was incorporated in the Republic of Singapore under the Companies Act 1967 on 8 February 2010 as an exempt private limited company. As at the LPD, its share capital is SGD10,000,000 comprising 10,000,000 ordinary shares. It is principally involved in the activities of investment holding. The sole director and shareholder of JCS Group Pte Ltd is YHH.

4.4 JCS INVF Pte Ltd
Substantial shareholder

JCS INVF Pte Ltd was incorporated in the Republic of Singapore under the Companies Act 1967 on 7 June 2017 as a private limited company. As at the LPD, its share capital is SGD10 comprising 10 ordinary shares. It is principally involved in the activities of investment holding.

The sole director of JCS INVF Pte Ltd is YHH. The sole shareholder of JCS INVF Pte Ltd is CSF Fund I Pte Ltd. JCS INVF Pte Ltd is a substantial shareholder with 6% equity interest in JCS Biotech and no indirect interest in JCS Biotech. Further details on YHH are set out in **Section 4.1** of this Appendix.

As at the LPD, JCS INVF Pte Ltd does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, JCS INVF Pte Ltd will not hold any direct or indirect MClean Shares as JCS INVF Pte Ltd is not a Vendor pursuant to the Proposed Acquisition.

JCS INVF Pte Ltd is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YHH.

INFORMATION ON JCS BIOTECH (CONT'D)

CSF Fund I Pte Ltd was incorporated in the Republic of Singapore under the Companies Act 1967 on 10 February 2020 as an exempt private limited company. As at the LPD, its share capital is SGD5,000,001 comprising 1 ordinary share and 500 preference shares. It is principally involved in the activities of fund management. The sole director of CSF Fund I Pte Ltd is Lim Poi Kuan. The sole shareholder of CSF Fund I Pte Ltd is YHH.

4.5 Richard Boggs

Chief Executive Officer and Vendor

Richard Boggs, an American aged 55, is a Vendor and the Chief Executive Officer of JCS Biotech with 3.00% equity interest in JCS Biotech and no indirect interest in JCS Biotech. As at the LPD, Richard Boggs does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Richard Boggs will hold 16,465,909 MClean Shares (2.23% equity interest under the Minimum Scenario or 2.22% equity interest under the Maximum Scenario) and no indirect interest in MClean.

He was appointed as the Chief Executive Officer of JCS Biotech on 21 April 2016 and is responsible for the strategic planning, setting of business objectives, development and implementation of revenue generation strategies and oversees the operational processes in JCS Biotech.

In June 1990, he graduated with a Bachelor of Science in Business Administration (Marketing) from Auburn University, United States of America. Between 1991 and 1997, he was involved in sales roles and his responsibilities include management of sales, development and implementation of business plans, coordination of products development and marketing activities. In 1998, he joined Briggs & Riley Inc, a company involved in the manufacturing and sales of luggage. He was a Global Sales and Brand Manager and was responsible for international sales, marketing, branding and business development activities in the company. He left Briggs & Riley Inc in 2001.

In 2001, he joined MTI Inc, a company involved in the manufacturing and sales of medical exam and procedure and surgery room equipment used for various medical and dental specialties. He was the Vice President of Operations and Business Development and was responsible for the management of sales, business development, manufacturing, product development, human resource, marketing and customers support. He left MTI Inc in 2011. In 2011, he joined Alpha-Health (Asia) Pte Ltd, a company involved in the distribution of aesthetics, plastic, and healthcare products. He was a director and was responsible for overseeing the overall marketing and business development functions of the company, involving identification, development and implementation of strategic and contractual alliance with suppliers, product development, sales programs, multi-channel marketing and brand development as well as regulatory filings. He left Alpha-Health (Asia) Pte Ltd in 2016.

In 2016, he joined JCS Biotech as Chief Executive Officer. Under his leadership, JCS Biotech has expanded its product range of disinfecting systems for home/personal use and professional use, which has led to an expansion of its customer base.

He has over 20 years of international experience in operations, multi-channel product distribution and business development with start-up and growth organisations within the medical, healthcare and consumer industries.

He is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech.

INFORMATION ON JCS BIOTECH (CONT'D)

4.6 Cave Investment

Substantial shareholder, Specified Shareholder and Vendor

Cave Investment was incorporated in the Republic of Singapore under the Companies Act 1967 on 29 May 2020 as an exempt private limited company. As at the LPD, its share capital is SGD1 comprising 1 ordinary share. It is principally involved in the activities of investment holding.

The sole director and shareholder of Cave Investment is Jiang Ying. Cave Investment is a substantial shareholder with 7.82% equity interest in JCS Biotech and no indirect interest in JCS Biotech. Further details on Jiang Ying are set out in **Section 4.19** of this Appendix.

As at the LPD, Cave Investment does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Cave Investment will hold 42,908,145 MClean Shares (5.81% equity interest under the Minimum Scenario or 5.79% equity interest under the Maximum Scenario) and no indirect interest in MClean.

Cave Investment is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YHH, Grange Hill and White Ocean.

4.7 Hudson River

Substantial shareholder, Specified Shareholder and Vendor

Hudson River was incorporated in the Republic of Singapore under the Companies Act 1967 on 11 June 2014 as an exempt private limited company. As at the LPD, its share capital is SGD300,000 comprising 300,000 ordinary shares. It is principally involved in the activities of wholesale trade of a variety of goods.

The directors of Hudson River are Zhang Rong and Zheng Fang. The sole shareholder of Hudson River is Zhang Rong. Hudson River is a substantial shareholder with 6.00% equity interest in JCS Biotech and no indirect interest in JCS Biotech. Further details on Zhang Rong are set out in **Section 4.20** of this Appendix.

Zheng Fang, a Chinese national aged 56, is a director of Hudson River. She obtained her Bachelor Degree in Business from Peking University, China.

As at the LPD, Hudson River does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Hudson River will hold 32,931,818 MClean Shares (4.46% equity interest under the Minimum Scenario or 4.44% equity interest under the Maximum Scenario) and no indirect interest in MClean.

Hudson River is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YHH.

INFORMATION ON JCS BIOTECH (CONT'D)

4.8 Grange Hill*Specified Shareholder and Vendor*

Grange Hill was incorporated in the Republic of Singapore under the Companies Act 1967 on 12 May 2020 as an exempt private limited company. As at the LPD, its share capital is SGD1 comprising 1 ordinary share. It is principally involved in the activities of investment holding.

The sole director and shareholder of Grange Hill is Jiang Ying. Grange Hill is a shareholder with 4.65% equity interest in JCS Biotech and no indirect interest in JCS Biotech. Further details on Jiang Ying are set out in **Section 4.19** of this Appendix.

As at the LPD, Grange Hill does not hold any direct or indirect MClean shares. Upon completion of the Proposed Acquisition, Grange Hill will hold 25,523,776 MClean Shares (3.45% equity interest under the Minimum Scenario or 3.44% equity interest under the Maximum Scenario) and no indirect interest in MClean.

Grange Hill is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YHH, Cave Investment and White Ocean.

4.9 White Ocean*Specified Shareholder and Vendor*

White Ocean was incorporated in the Republic of Singapore under the Companies Act 1967 on 8 May 2020 as an exempt private limited company. As at the LPD, its share capital is SGD1 comprising 1 ordinary share. It is principally involved in the activities of investment holding.

The sole director and shareholder of White Ocean is Jiang Ying. White Ocean is a shareholder with 4.53% equity interest in JCS Biotech and no indirect interest in JCS Biotech. Further details on Jiang Ying are set out in **Section 4.19** of this Appendix.

As at the LPD, White Ocean does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, White Ocean will hold 24,874,900 MClean Shares (3.37% equity interest under the Minimum Scenario or 3.36% equity interest under the Maximum Scenario) and no indirect interest in MClean.

White Ocean is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YHH, Cave Investment and Grange Hill.

4.10 Orchid Ventures*Vendor*

Orchid Ventures was incorporated in the Republic of Singapore under the Companies Act 1967 on 11 May 2020 as an exempt private limited company. As at the LPD, its share capital is SGD1 comprising 1 ordinary share. It is principally involved in the activities of investment holding.

INFORMATION ON JCS BIOTECH (CONT'D)

The sole director of Orchid Ventures is Lim Poi Kuan. The sole shareholder of Orchid Ventures is Gong Shasha. Orchid Ventures is a shareholder with 4.00% equity interest in JCS Biotech and no indirect interest in JCS Biotech. Further details on Gong Shasha are set out in **Section 4.11** of this Appendix.

As at the LPD, Orchid Ventures does not hold any MClean Shares. Upon completion of the Proposed Acquisition, Orchid Ventures Pte Ltd will hold 21,954,545 MClean Shares (2.97% equity interest under the Minimum Scenario or 2.96% equity interest under the Maximum Scenario) and no indirect interest in MClean.

Orchid Venture is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech, save for Gong Shasha.

4.11 Gong Shasha*Vendor*

Gong Shasha, a Chinese national aged 41, is a shareholder of JCS Biotech with 1% direct equity interest in JCS Biotech and indirectly holds 4% equity interest in JCS Biotech by virtue of her shareholdings in Orchid Ventures Pte Ltd pursuant to Section 8 of the Act. As at the LPD, Gong Shasha does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Gong Shasha will hold 5,488,636 MClean Shares (0.74% equity interest under the Minimum Scenario or 0.74% equity interest under the Maximum Scenario). In addition, she will indirectly hold 21,954,545 MClean Shares (2.97% equity interest under the Minimum Scenario or 2.96% equity interest under the Maximum Scenario), by virtue of her shareholding in Orchid Ventures pursuant to Section 8 of the Act.

She obtained her Master in Business Administration in 2011 from Xi'an Jiaotong University, China.

She has more than 10 years of experience in the commodity trading (mainly coal) as well as oil and gas industry.

Save as disclosed below, she is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech, save for Orchid Ventures.

4.12 Ng Hung Chiao Michael*Vendor*

Ng Hung Chiao Michael, a Singaporean aged 68, is a shareholder of JCS Biotech with 1% equity interest in JCS Biotech and no indirect interest in JCS Biotech. As at the LPD, Ng Hung Chiao Michael does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Ng Hung Chiao Michael will hold 5,488,636 MClean Shares (0.74% equity interest under the Minimum Scenario or 0.74% equity interest under the Maximum Scenario) and no indirect interest in MClean.

He obtained his Master in Business Administration in 2002 from the University of Hull, United Kingdom.

INFORMATION ON JCS BIOTECH (CONT'D)

He is presently the Managing Director of La Cellula Asia Pte Ltd, an Interior Architecture firm, a member of Iconia Group in Singapore. He has more than 30 years of experience in the interior design, communication design & production services.

He is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech.

4.13 Ng Chee Khoon

Specified Shareholder and Vendor

Ng Chee Khoon, a Singaporean aged 55, is a shareholder of JCS Biotech with 1% equity interest in JCS Biotech and no indirect interest in JCS Biotech. As at the LPD, Ng Chee Khoon does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Ng Chee Khoon will hold 5,488,636 MClean Shares (0.74% equity interest under the Minimum Scenario or 0.74% equity interest under the Maximum Scenario) and no indirect interest in MClean.

He obtained his Diploma in 1993 from Chartered Institute of Marketing UK. He is presently the director of GoldSky Engineering Pte Ltd, an engineering services company and he has more than 20 years of experience in various engineering fields.

He is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YHH.

4.14 Bert Chow Kok Meng

Vendor

Bert Chow Kok Meng, a Singaporean aged 62, is a shareholder of JCS Biotech with 0.88% equity interest in JCS Biotech and no indirect interest in JCS Biotech. As at the LPD, Bert Chow Kok Meng holds 213,000 direct MClean Shares and no indirect MClean Shares. Upon completion of the Proposed Acquisition, Bert Chow Kok Meng will hold 5,065,427 MClean Shares (0.69% equity interest under the Minimum Scenario) or 5,207,427 MClean Shares (0.70% equity interest under the Maximum Scenario) and no indirect interest in MClean.

He obtained his Degree of Bachelor of Engineering (Electrical) in 1986 from the National University of Singapore.

He was appointed as the Chief Operating Officer of MClean on 1 January 2016 for the precision cleaning business operations of MClean Group. He has been with MClean since its inception in 2003. He has more than 25 years of experience in the high technology manufacturing industry.

He is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;

INFORMATION ON JCS BIOTECH (CONT'D)

- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech.

4.15 Loh Weng Yew*Vendor*

Loh Weng Yew, a Singaporean aged 58, is a shareholder of JCS Biotech with 0.88% equity interest in JCS Biotech and no indirect interest in JCS Biotech. As at the LPD, Loh Weng Yew holds 1,000 direct MClean Shares and no indirect MClean Shares. Upon completion of the Proposed Acquisition, Loh Weng Yew will hold 4,853,427 MClean Shares (0.66% equity interest under the Minimum Scenario) or 4,854,094 MClean Shares (0.65% equity interest under the Maximum Scenario) and no indirect interest in MClean.

He holds a Bachelor of Business (Accounting) degree from Curtin University of Technology, Australia and a Master of Business Administration from Heriot-Watt University, Edinburgh United Kingdom. He is also a Fellow member of both the Institute of Singapore Chartered Accountants and CPA Australia.

He was appointed as the Chief Financial Officer of MClean Group on 1 April 2010 and currently oversees MClean Group's financial matters and participate in MClean Group's strategic developments.

He has been with the MClean Group since November 2009 and has more than 20 years of experience in accounting, finance and administration.

He is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech.

4.16 Edwin Nijhof*Vendor*

Edwin Nijhof, a Dutch aged 58, is a shareholder of JCS Biotech with 0.20% equity interest in JCS Biotech and no indirect interest in JCS Biotech. As at the LPD, Edwin Nijhof does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Edwin Nijhof will hold 1,078,317 MClean Shares (0.15% equity interest under the Minimum Scenario or 0.15% equity interest under the Maximum Scenario) and no indirect interest in MClean.

He obtained his Diploma in Electronics in 1983 from MTS Veghel, Netherlands.

He was appointed as a director of MClean Cloud Logistics Pte Ltd, a 55%-owned subsidiary MClean Advance Carrier Pte Ltd, which is in turn a wholly owned subsidiary of MClean, on 19 June 2017. MClean Cloud Logistics Pte Ltd is principally involved in the supply chain and time to market delivery solutions.

He is presently the Project Director of JCS Greentech Pte Ltd oversees JCS Greentech Pte Ltd's various projects including renewable energy sector, which is specialising in the production and assembly of the Combined Heat and Power (CHP) systems.

He has more than 30 years of experience in various engineering fields.

INFORMATION ON JCS BIOTECH (CONT'D)

He is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech.

4.17 Law Fah Soon

Vendor

Law Fah Soon, a Malaysian aged 51, is a shareholder of JCS Biotech with 0.20% equity interest in JCS Biotech and no indirect interest in JCS Biotech. As at the LPD, Law Fah Soon does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Law Fah Soon will hold 1,078,317 MClean Shares (0.15% equity interest under the Minimum Scenario or 0.15% equity interest under the Maximum Scenario) and no indirect interest in MClean.

He is presently working as the Production Manager at JCS Biotech whereby he is involved in fulfilling delivery orders and responsible for the management of the production process. He has more than 30 years of experience in the disinfectants industry, engineering and manufacturing industry as well as fire fighting systems.

He is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech.

4.18 Chong Wee Kien

Vendor

Chong Wee Kien, a Malaysian aged 40, is a shareholder of JCS Biotech with 0.1% equity interest in JCS Biotech and no indirect interest in JCS Biotech. As at the LPD, Chong Wee Kien does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Chong Wee Kien will hold 539,159 MClean Shares (0.07% equity interest under the Minimum Scenario or 0.07% equity interest under the Maximum Scenario) and no indirect interest in MClean.

He obtained his Diploma in Electronic Engineering (Computer) in 2006 from Politeknik Sultan Haji Ahmad Shah, Pahang, Malaysia.

He is presently working as the Supervisor for production at JCS Biotech whereby he monitors the overall production process of disinfectants products. He has more than 10 years of experience in disinfectants industry.

He is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech.

INFORMATION ON JCS BIOTECH (CONT'D)

4.19 Jiang Ying

Specified Shareholder, the sole director and shareholder of Cave Investment, Grange Hill and White Ocean

Jiang Ying, a Chinese national aged 47, does not hold any direct equity interest in JCS Biotech and indirectly holds 17% equity interest in JCS Biotech by virtue of her shareholdings in Cave Investment, Grange Hill and White Ocean pursuant to Section 8 of the Act. As at the LPD, Jiang Ying does not hold any direct or indirect MClean Shares.

Upon completion of the Proposed Acquisition, Jiang Ying will not hold any direct MClean Shares and indirectly will hold 93,306,821 MClean Shares (12.63% equity interest under the Minimum Scenario or 12.59% equity interest under the Maximum Scenario), by virtue of her shareholding in Cave Investment, Grange Hill and White Ocean pursuant to Section 8 of the Act.

She obtained her Master in Business Administration in 2013 from the National University of Singapore.

She is presently a director of Cave Investment, Grange Hill and White Ocean. She has more than 20 years of experience in business strategy and management as well as investment management.

Save as disclosed below, she is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for Cave Investment, Grange Hill, White Ocean and YHH.

4.20 Zhang Rong

Specified Shareholder, a director and the sole shareholder of Hudson River

Zhang Rong, a Chinese national aged 59, does not hold any direct equity interest in JCS Biotech and indirectly holds 6% equity interest in JCS Biotech by virtue of his shareholding in Hudson River pursuant to Section 8 of the Act. As at the LPD, Zhang Rong does not hold any direct or indirect MClean Shares. Upon completion of the Proposed Acquisition, Zhang Rong will not hold any direct MClean Shares and indirectly will hold 32,931,818 MClean Shares (4.46% equity interest under the Minimum Scenario or 4.44% equity interest under the Maximum Scenario), by virtue of his shareholding in Hudson River pursuant to Section 8 of the Act.

He obtained his Master in Business Administration in 2018 from the National University of Singapore.

He is presently a director of Hudson River whereby he is responsible for the investment management. He has more than 20 years of experience in business strategy and management, entrepreneurship as well as investment management.

Save as disclosed below, he is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for Hudson River and YHH.

INFORMATION ON JCS BIOTECH (CONT'D)

5. SPECIFIED SHAREHOLDERS**5.1 YHH**

The profile of YHH is set out in **Section 4.1** of this Appendix.

5.2 JCS Group Pte Ltd

The profile of JCS Group Pte Ltd is set out in **Section 4.3** of this Appendix.

5.3 YLC

The profile of YLC is set out in **Section 4.2** of this Appendix.

5.4 YSL

YSL, a Singaporean aged 64 a sister of YHH. As at the LPD, YSL does not hold any JCS Biotech Shares. Upon completion of the Proposed Acquisition, YSL will hold 600,062 MClean Shares (0.08% equity interest) under the Minimum Scenario or 18,800,186 MClean Shares (0.23% equity interest) under the Maximum Scenario. In addition, she will indirectly hold 153,054,197 MClean Shares (20.71% indirect equity interest in MClean) under the Minimum Scenario or 153,320,863 MClean Shares (20.68% indirect equity interest in MClean) under the Maximum Scenario, by virtue of the shareholdings of her siblings, YHH and YLC pursuant to Section 8 of the Act.

She was appointed to the Board of MClean on 16 June 2010. She was re-designated as Non-Independent Non-Executive Director on 16 February 2022. She has been with MClean Group for approximately 12 years. She holds a diploma in life insurance from the Singapore college of insurance. She commenced her career with Great Eastern Life as a career agent on 14 May 1988 and was responsible for the financial planning for companies and individuals up to her resignation as a career agent on 30 July 1998. After leaving Great Eastern Life, she joined TM Asia Life (now Tokio Marine Insurance Singapore Ltd.) on 1 August 1998 as a senior financial advisor, whereby she was a financial planning consultant and her role involved financial planning for companies and individuals as well as investment planning at individual and corporate levels. Overall, she has more than 20 years of experience in insurance industry.

Save as disclosed below, she is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (the Executive Chairman / Executive Director of MClean) and JCS Group Pte Ltd (a major shareholder of MClean);
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders, save for YHH (a director and a major shareholder of JCS Biotech), YLC (a director of JCS Biotech), JCS INVD Pte Ltd (a major shareholder of JCS Biotech) and JCS INV F Pte Ltd (a substantial shareholder of JCS Biotech); and
- (iii) other Vendors of JCS Biotech, save for YHH and YLC (siblings to YSL).

5.5 Cave Investment

The profile of Cave Investment is set out in **Section 4.6** of this Appendix.

5.6 Hudson River

The profile of Hudson River is set out in **Section 4.7** of this Appendix.

INFORMATION ON JCS BIOTECH (CONT'D)

5.7 Grange Hill

The profile of Grange Hill is set out in **Section 4.8** of this Appendix.

5.8 White Ocean

The profile of White Ocean is set out in **Section 4.9** of this Appendix.

5.9 Ng Chee Khoon

The profile of Ng Chee Khoon is set out in **Section 4.13** of this Appendix.

5.10 Jiang Ying

The profile of Jiang Ying is set out in **Section 4.19** of this Appendix.

5.11 Zhang Rong

The profile of Zhang Rong is set out in **Section 4.20** of this Appendix.

6. DIRECTORS AND KEY MANAGEMENT PERSONNEL**6.1 YHH**

The profile of YHH is set out in **Section 4.1** of this Appendix.

6.2 YLC

The profile of YLC is set out in **Section 4.2** of this Appendix.

6.3 Richard Boggs

The profile of Richard Boggs is set out in **Section 4.5** of this Appendix.

6.4 Chong Yi Zheng @ Zhang Yi Zheng

Accountant

Chong Yi Zheng @ Zhang Yi Zheng, a Malaysian aged 38. As at the LPD, he does not hold any JCS Biotech Shares and will not hold any MClean shares after the Proposed Acquisition. He joined JCS Biotech as an Accountant on 18 March 2019 and is responsible for handling the full set of accounts of JCS Biotech including preparation of audit reports, budgets and management reports, cash flow management as well as tax compliance matters.

In August 2005, he graduated with a Bachelor of Commerce (Honours) Accounting from Universiti Tunku Abdul Rahman in Malaysia. In August 2014, he completed the Professional Level of the Association of Chartered Certified Accountants (“ACCA”) examinations and became an ACCA Affiliate.

Prior to JCS Biotech, he began his auditing career in October 2005 when he joined K.T.Tan & Associates as an Audit Assistant. In October 2006, he was promoted to Audit Semi-Senior. He was involved in handling audit and assurance assignments for small to medium-sized companies. He left K.T.Tan & Associates in March 2007. In April 2007, he joined Lo Hock Ling & Co as an Audit Assistant. He was involved in handling audit and assurance assignments for medium to large-sized companies, government agencies and non-profit organisations. He left Lo Hock Ling & Co in January 2010.

INFORMATION ON JCS BIOTECH (CONT'D)

In February 2010, he joined Moore Stephens LLP as an Audit Associate. He was involved in handling and executing audits and accountancy works for medium to large-sized companies. He left Moore Stephens LLP in May 2010. In June 2010, he joined Enviro-Hub Holdings Ltd as an Account Executive. He was promoted to Assistant Accountant in July 2014.

He was responsible for finance functions including preparation of management reports, group consolidation reports, announcements to Singapore Exchange, as well as annual and audit reports. He left Enviro-Hub Holdings Ltd in September 2014.

In September 2014, he joined HTL Manufacturing Pte Ltd, a wholly-owned subsidiary of HTL International Holdings Ltd as Senior Finance Executive of the corporate reporting team. He was responsible for preparation of consolidation reports, forecasts and budgets, announcements to Singapore Exchange as well as annual and audit reports. He left HTL Manufacturing Pte Ltd in April 2015. In May 2015, he joined Tiong Woon Crane & Transport Pte Ltd as an Accountant. In July 2018, he was promoted to Senior Accountant. He was responsible for finance functions of several overseas and local subsidiaries of the company, including cash flow management, preparation of forecasts and budgets as well as review of management reports, tax reports and audit reports. He left Tiong Woon Crane & Transport Pte Ltd in March 2019. In March 2019, he joined JCS Biotech as an Accountant and has been working at JCS Biotech ever since.

He is not related to:

- (i) MClean's directors, major shareholders or persons connected with the directors and major shareholders;
- (ii) JCS Biotech's directors, major shareholders or persons connected with the directors and major shareholders; and
- (iii) other Vendors of JCS Biotech.

7. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, JCS Biotech has one (1) following subsidiary company:

Name of company	Date and place of incorporation	Share capital	Effective equity interest	Principal activity
JCS Biotech Ltd	5 May 2020 / United Kingdom	GBP1 comprising 1 ordinary share	100%	Dormant

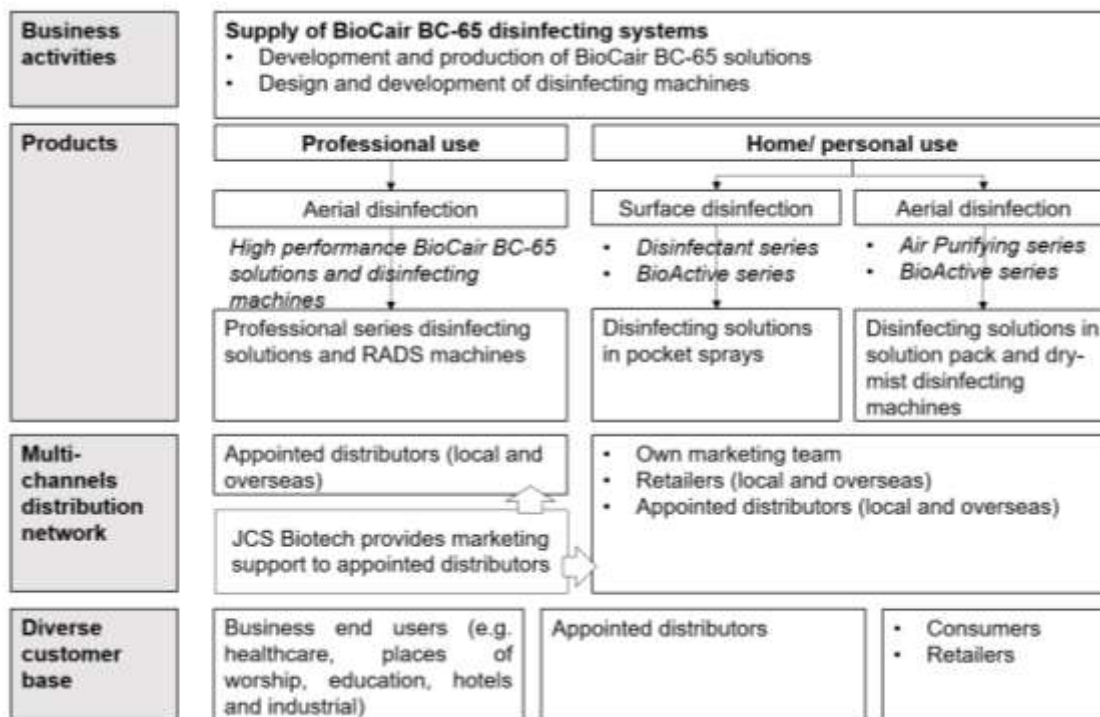
JCS Biotech does not have any associated company.

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INFORMATION ON JCS BIOTECH (CONT'D)

8. BUSINESS MODEL

JCS Biotech's business model is as illustrated below:



JCS Biotech's disinfecting systems are for aerial disinfection and surface disinfection:

- Aerial disinfection targets the disinfection of pathogens suspended in the air in rooms and closed environment. Aerial disinfecting machines convert disinfecting solutions into dry-mist which is small, lightweight and projected through the air into a room to engage with and kill airborne pathogens, covering a relatively larger area than surface disinfectants.
- Surface disinfection minimises cross-contamination of pathogens present on surfaces and objects. Surface disinfectants typically comprise disinfecting solutions that are stored in bottles. The disinfecting solutions are generally used by wiping or spraying the solution at close range or directly onto the targeted areas, surfaces or objects.


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INFORMATION ON JCS BIOTECH (CONT'D)



The following shows JCS Biotech's latest products available in the market as at the LPD:

Uses	Description	
Disinfecting machines		
Professional use	<p>RADS machines</p> <ul style="list-style-type: none"> • RADS machines are a closed-system designed to eliminate airborne pathogens by generating dry-mist from solutions. They are specifically only for use with Professional BioCair BC-65 solution in 3L bottles, which cannot be refilled nor be used to disinfect effectively with other form of solutions. • RADS machines have high performance mist output capacities which are suitable for quick disinfection of large areas of coverage, resulting in higher rate of disinfection. 	
	 <p style="text-align: center;">RADS-1000</p> <p>Maximum output capacity: 1,000ml/hour</p>	 <p style="text-align: center;">RADS-500</p> <p>Maximum output capacity: 500ml/hour</p>
	 <p style="text-align: center;">RADS-AMB</p> <ul style="list-style-type: none"> • Designed for ambulance use • Output setup is based on the size of the ambulance 	 <p style="text-align: center;">RADS-POD</p> <ul style="list-style-type: none"> • Designed to be used with disinfection chamber • Output setup based on 12 minutes cycle time



INFORMATION ON JCS BIOTECH (CONT'D)

Uses	Description	
	 <p style="text-align: center;">RADS-1000BP</p> <ul style="list-style-type: none"> • Battery-powered • Maximum output capacity: 1,000ml/ hour 	
Home/ personal use	<p>Dry-mist disinfecting machine</p> <ul style="list-style-type: none"> • Designed to improve indoor air quality through aerial disinfection by generating non-toxic dry-mist from the BioCair BC-65 solution. • Each dry-mist disinfecting machine has a different output which is suitable for different areas of coverage 	
		<p>Classic 250 dry-mist disinfecting machine</p> <ul style="list-style-type: none"> • 3.6L. Suitable for homes and rooms up to 65 sqm
		<p>Classic 200 dry-mist disinfecting machine</p> <ul style="list-style-type: none"> • 2.6L. Suitable for homes and rooms up to 35 sqm



INFORMATION ON JCS BIOTECH (CONT'D)

Uses	Description	
		<p>Ultimate dry-mist automobile disinfecting machine</p> <ul style="list-style-type: none"> • 330ml. Suitable for use in cars and other automotive vehicles
Disinfecting solutions		
Aerial disinfection for professional use	<p>Professional series</p> <ul style="list-style-type: none"> • BioCair BC-65 solution designed for high level disinfection of public indoor spaces prone to increased levels of pathogens such as hospitals, clinics, laboratories, nursing homes, educational institutions, places of worship, hotels and accommodation as well as industrial spaces. • Sold in 3L bottles. • Dissemination of the BioCair BC-65 solution using high performance disinfecting machines, namely RADS machines. <div style="text-align: center;">  <p>Professional BioCair BC-65 solution</p> </div>	
Aerial disinfection for home/ personal use	<p>(i) Air purifying series</p> <ul style="list-style-type: none"> • BioCair BC-65 solutions designed for disinfection of indoor spaces such as homes and rooms, or in vehicles. • Products are available in packs (300ml and 1L). • To be diluted before use. 	

INFORMATION ON JCS BIOTECH (CONT'D)

Uses	Description
	<div data-bbox="901 310 1057 577" style="text-align: center;">  </div> <p data-bbox="917 604 1076 636" style="text-align: center;">Solution pack</p> <p data-bbox="573 667 797 699">(ii) BioActive series</p> <ul data-bbox="573 730 1421 856" style="list-style-type: none"> • BioCair BC-65 solution with anti-HFMD formulation for disinfection of indoor spaces such as homes and rooms, or in vehicles. • Products are available in packs (300ml and 1L). • To be diluted before use. <div data-bbox="917 863 1057 1129" style="text-align: center;">  </div> <p data-bbox="917 1140 1076 1171" style="text-align: center;">Solution pack</p>

INFORMATION ON JCS BIOTECH (CONT'D)

Uses	Description
Surface disinfection for home/ personal use	<p>(a) Disinfectant series</p> <ul style="list-style-type: none"> • BioCair BC-65 solution designed for disinfection of surfaces and objects. • Products are sold in pocket sprays (30ml, 50ml and 100ml) • Pocket sprays enable surface disinfection to be done on-the-go. Its compact packaging makes it convenient and easy to be carried around and used by spraying on common touch points such as door knobs, toilet seat covers, electronic devices (e.g. phones and keyboards), kitchen surfaces and chopping boards. <div style="text-align: center;">  <p>Pocket sprays</p> </div> <p>(b) BioActive series</p> <ul style="list-style-type: none"> • BioCair BC-65 solution with anti-HFMD formulation for disinfection of surfaces and objects. • Products are sold in pocket sprays (30ml, 50ml and 100ml). • Pocket sprays enable surface disinfection to be done on-the-go. Its compact packaging makes it convenient and easy to be carried around and used by spraying on common children touch points such as toilet seat covers, door knobs, toys and tables and chairs at home, childcare centres kindergartens and indoor playgrounds. <div style="text-align: center;">  <p>Pocket sprays</p> </div>

As BioCair BC-65 solutions are consumables which require replenishment for continuous usage, JCS Biotech develops a recurring revenue model where it generates recurring revenue through repeated sales of BioCair BC-65 solutions to its pool of customers. For the professional series, JCS Biotech's appointed distributors offer subscription contracts to business end-users. For direct purchases Direct-to-customers ("D2C"), JCS Biotech offers a duration of 6-month subscription packages to consumers where the selected amount of BioCair BC-65 solutions will be delivered to the consumers on a monthly basis during the subscription duration. The subscription plan from the consumer accounts is equivalent to 3% of the total sales of D2C.

INFORMATION ON JCS BIOTECH (CONT'D)

9. LICENCES, CERTIFICATIONS AND PERMITS

As at LPD, JCS Biotech has obtained the following licenses, certifications and permits for its operations:

Type of licenses or permits	Issuing body	Country of issuing body	Issue date / Expiry date
Manufacturer's License (Class A)	Health Sciences Authority of Singapore	Singapore	25 May 2018 / 24 May 2023
Product Registration Certificate: Medical Devices for Humans – Class 1	United Arab Emirates Ministry of Health & Prevention	United Arab Emirates	14 July 2020 / 13 July 2025
Certification of compliance with Medical Devices - Quality Management System (ISO 13485:2016) for manufacture and supply of anti-bacterial disinfectant solution	Staunchly Management & System Services Ltd	United Kingdom	20 March 2020 / 24 August 2023
Certification of compliance with Quality Management System (ISO 9001:2015) for production, development, supply and distribution of anti-bacterial disinfectant	VE International Certification Group of Companies	Singapore	23 March 2020 / 22 August 2023
Certification of compliance with Environmental Management System (ISO 14001:2015) for production, development, supply and distribution of anti-bacterial disinfectant	VE International Certification Group of Companies	Singapore	23 March 2020 / 22 August 2023
Certification of compliance with Occupational Health and Safety Management System (ISO 45001:2018) for production, development, supply and distribution of anti-bacterial disinfectant	VE International Certification Group of Companies	Singapore	23 March 2020 / 22 August 2023
CE Mark certification – Verification of conformity of the Rapid Aerial Disinfecting System (RADS-1000 / RADS-1000BP) to the Low Voltage Directive 2014/35/EU	SGS-CSTC Standards Technical Services Co., Ltd.	China	7 June 2021 / No expiry date
CE Mark certification – Verification of conformity of the Rapid Aerial Disinfecting System (RADS-500; RADS-1000R; RADS-2000; RADS-AMB; RADS-POD) to the Low Voltage Directive 2014/35/EU	SGS-CSTC Standards Technical Services Co., Ltd.	China	20 March 2019 / No expiry date
Certificate of Free Sale	Singapore Customs	Singapore	30 September 2022 / 29 September 2024
Halal Certification	Islamic Religious Council of Singapore	Singapore	4 April 2022 / 30 April 2023

INFORMATION ON JCS BIOTECH (CONT'D)

The major licences, permits and approvals as aforementioned are subject to compliance with relevant conditions (if any), and laws and regulations under which they were issued. Further, the relevant government authority or issuer may take action by issuing warnings, imposing penalties, suspending the licences, permits or approvals, reducing the term, imposing additional conditions or restrictions, and/or revoking the licences, permits or approvals, for any breach or non-compliance. Any revocation or failure to obtain, maintain or renew any of the licences or permits may materially and adversely affect JCS Biotech's business operations and financial performance.

JCS Biotech is required to comply with further and/or stricter requirements if there are changes to applicable laws, regulations or policies in Singapore, China, the UK, or United Arab Emirates. This may affect its business operations and financial performance if it is unable to comply with the new laws, regulations or policies.

10. COMPETITIVE STRENGTHS OF JCS BIOTECH**10.1. Proprietary BC-65 formula is proven effective against highly resistant airborne pathogens and is suitable for different levels of disinfecting requirements**

JCS Biotech's BioCair BC-65 solution has been tested in internationally recognised laboratories such as Setsco Services, SGS International and Microbiological Solutions Limited, against highly resistant pathogens including Feline Coronavirus (FCoV), Clostridium Difficile (C. diff), Escherichia coli, Staphylococcus aureus, Candida albicans, Aspergillus brasiliensis, Pseudomonas aeruginosa and Bacillus subtilis. Further, the BioCair BC-65 solution is able to kill Coxsackievirus A16 and Enterovirus 71 which are viruses associated with HFMD as tested by Singapore Polytechnic. JCS Biotech's professional BioCair BC-65 biocide with RADS-1000 machine is also effective in killing airborne pathogens in a room as tested by Melbec Microbiology Ltd.

The BioCair BC-65 solution has been tested and verified as non-toxic where it does not contain lead, mercury or arsenic components, and it does not cause inhalation toxicity, ingestion irritation, eye irritation and skin irritation, by TÜV SÜD PSB Pte Ltd ("TÜV SÜD") at its Chemical & Materials Centre in Singapore. TÜV SÜD is a company that provides independent product testing services in accordance with international standards through a global network of testing laboratories.

The BioCair BC-65 solution's proven efficacy and its non-toxic quality has made it a trusted and versatile surface and aerial disinfectant able to fulfil different levels of disinfecting requirements comprising home/personal to professional applications. This allows JCS Biotech to capture a diverse customer base comprising consumers and business end-consumers from various industries such as hospitals, clinics, laboratories, nursing homes, education institutions, places of worship, hotels and accommodations as well as industrial spaces. In November 2021, JCS Biotech's BioCair BC-65 biocide and RADS have been approved by NHS UK for sales to healthcare institutions in the UK.

10.2. JCS Biotech is well-positioned for expansion into the global markets through its internationally-recognised product and quality certifications

JCS Biotech has obtained internationally-recognised product certifications such as Halal certification and CE certifications, as well as quality certifications such as Quality Management System (ISO 9001:2015), Environmental Management System (ISO 14001:2015), Occupational Health and Safety Management System (ISO 45001:2018) and Medical Devices – Quality Management System (ISO 13485:2016).

These product and quality certifications are testament to JCS Biotech's achievement in producing halal-compliant, safe and quality products which provide JCS Biotech a strong foundation to grow its global market reach and meet different customer requirements.

INFORMATION ON JCS BIOTECH (CONT'D)

Therefore, having these certifications allows JCS Biotech to continue expanding its sale and distribution of its products to retailers, appointed distributors and business end users which require proven track records to be qualified as a trusted manufacturer and supplier of disinfecting products.

10.3. JCS Biotech has an established BioCair brand and multi-channel distribution network

JCS Biotech's ability to grow its business over the years demonstrates its proven track record in relation to the quality and efficacy of its products, has enabled JCS Biotech to establish its BioCair brand as a trusted brand. This allows JCS Biotech to grow and expand its market and brand presence especially among the retailers, appointed distributors and business end users.

JCS Biotech adopts a multi-channel distribution network comprising its own marketing team, retailers and appointed distributors, to reach out to a wide customer base to achieve economies of scale and grow its market share.

While the sales cycle for professional series is generally longer with lengthy sales and product qualification processes, JCS Biotech has a team of trained marketing personnel which will provide product and marketing support to its appointed distributors and may also attend sales meeting with its appointed distributors to provide product technical support, when required. As disinfectants are sensitive products, once business end users accept and begin to purchase and use JCS Biotech's products, they generally do not change suppliers easily as any changes will require further lengthy product qualification processes before any supplier or product can be replaced. Therefore, as JCS Biotech continues to grow the sales and distribution of its products to appointed distributors and business end users, it allows JCS Biotech to build a strong foundation to support its future business expansion and growth.

10.4. JCS Biotech has a sustainable recurring revenue model driven by continuous usage of BioCair BC-65 solutions

JCS Biotech's disinfecting system, comprising disinfecting solutions and machines marketed under the BioCair brand name, is designed for everyday disinfecting use. Pocket sprays enable surface disinfection to be done on-the-go. As the BioCair BC-65 solutions are designed to be used together with JCS Biotech's disinfecting machines for aerial disinfection, the efficacy and dissemination rate of the disinfectant are at optimal levels when BioCair BC-65 solutions are used together with JCS Biotech's disinfecting machines, creating a reliance on JCS Biotech's disinfecting solutions as consumables.

Subscription packages are offered to customers wherein the BioCair BC-6 solutions will be delivered to customers on a monthly basis within the subscription duration. JCS Biotech's appointed distributors also offer subscription contracts to business end users. The continuous usage of BioCair BC-65 disinfecting solutions by consumers and business end users enables JCS Biotech to generate recurring income from its pool of customers.

Further, moving forward, the demand for disinfectants will continue to be sustained with demand particularly from healthcare facilities, as well as from the shift in behaviour and lifestyle hygiene practises among general consumers and businesses, where the awareness of impact of air-borne diseases is heighten consequent to COVID-19 experience. As such, the use of disinfectant products has become part of a new lifestyle whereby people tend to use it on a daily basis, especially when they are at public places.

Having a recurring revenue model allows JCS Biotech to ensure the sustainability of its business and build a strong foundation to support its future business expansion and growth.

INFORMATION ON JCS BIOTECH (CONT'D)

10.5. JCS Biotech has a team of R&D expertise in-house, allowing them to enhance its BioCair BC-65 formulation and disinfecting machines to suit wider applications and to adjust its efficacy to kill evolving pathogens

The development of the BioCair BC-65 solution was completed in 2013, however, the formulation of the base solution can be expanded to address different uses, different pathogens of concern as well as evolving pathogens. The successful development of RADS machines which are designed to be used together with the BioCair BC-65 professional series, allows JCS Biotech to meet the need for aerial disinfection in healthcare institutions and high-occupancy environments where rapid transmission of airborne pathogens has occurred.

As part of JCS Biotech's continuous effort in improving its product offerings, JCS Biotech continues to actively engage in R&D activities to expand the formulation of its BioCair BC-65 solution and to enhance the functions of its RADS machines. This is in-line with JCS Biotech's future plan to further expand its business end user segment.

JCS Biotech believes that by expanding and enhancing its range of product offerings, it will be well-positioned to capture market opportunities arising from demand and to expand its market presence. Further, JCS Biotech will also be able to enhance the efficacy of its BioCair BC-65 solutions to kill targeted and evolving pathogens to ensure the sustainability of its business.

Since the commencement of its business, JCS Biotech has developed and commercialised the BioCair BC-65 solution, BioCair BC-65 disinfectant air purifying series, BioCair BC-65 Bioactive series, BioCair BC-65 professional series and various models of RADS machines. JCS Biotech's R&D team also conducts R&D activities when it receives requests to adjust its BioCair BC-65 solutions for professional use to suit its customers' requirements.

10.6. Experienced key management team with substantial experience

JCS Biotech is led by its key senior management team that has accumulated years of experience in their respective field and key expertise, industry experience and/or in-depth knowledge of its business operations.

JCS Biotech's Director, YHH, has over 30 years of experience in the precision cleaning business and 11 years of experience in the disinfecting solution business. Its Chief Executive Officer, Richard Boggs, has over 20 years of experience in the healthcare and disinfectant solution industries. Their technical and industry knowledge is instrumental in steering the overall strategic direction and business development of JCS Biotech.

JCS Biotech's management have in-depth knowledge and capabilities as a result of years of experience in their respective fields. Further, each member of management takes an active, hands-on role in spearheading their respective departments to support the growth of JCS Biotech. As a result, there is a transference of skills and knowledge to employees at all levels in their organisational structure. Their hands-on involvement demonstrates their strong commitment to the growth of JCS Biotech as its business continues to expand.

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INFORMATION ON JCS BIOTECH (CONT'D)

11. SUMMARY AND COMMENTARIES OF FINANCIAL INFORMATION

(The exchange rate for the SGD, the lawful currency of the Republic of Singapore are based on (i) the average rate of Bank Negara Malaysia as at 5.00 p.m. on daily bases for the financial year ended 31 December 2019 (SGD1: RM3.037), 31 December 2020 (SGD1: RM3.0462) and 31 December 2021 (SGD1: RM3.0842), 30 June 2021 (SGD1: RM3.075) and 30 June 2022 (SGD1: RM3.1304) for financial information extracted from the statement of profit or loss and other comprehensive income and the statement of cash flow; and (ii) the middle rate of Bank Negara Malaysia as at 5.00 p.m. on 31 December 2019 (SGD1: RM3.0412), 31 December 2020 (SGD1: RM3.0396) and 31 December 2021 (SGD1: RM3.0853), 30 June 2021 (SGD1: RM3.0873) and 30 June 2022 (SGD1: RM3.1697) for financial information extracted from the statement of financial position.)

A summary of JCS Biotech's audited consolidated financial information for the past 3 FYEs from 31 December 2019 to 31 December 2021 as well as 6M-FPE 30 June 2021 and 6M-FPE 30 June 2022 is as follows:

	Audited						Unaudited		Audited	
	FYE 31 December						6M-FPE 30 June			
	2019		2020		2021		2021		2022	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Revenue	3,598	10,928	7,273	22,155	10,796	33,298	4,554	14,001	7,234	22,646
Cost of sales	(913)	(2,774)	(2,493)	(7,595)	(3,596)	(11,090)	(1,337)	(4,110)	(3,586)	(11,226)
GP	2,685	8,154	4,780	14,560	7,200	22,208	3,217	9,891	3,648	11,420
Other income	209	637	1,007	3,066	155	477	78	241	58	183
Selling & distribution expenses	(158)	(481)	(202)	(616)	(140)	(430)	(35)	(108)	(210)	(659)
Administrative expenses	(1,638)	(4,976)	(2,115)	(6,442)	(2,071)	(6,389)	(950)	(2,920)	(814)	(2,549)
Impairment loss on financial assets	-	-	(218)	(661)	(176)	(542)	-	-	73	231
Finance cost	(3)	(8)	(8)	(24)	(31)	(97)	(14)	(44)	(9)	(29)
PBT	1,095	3,326	3,244	9,883	4,937	15,227	2,296	7,060	2,746	8,597
Tax expenses	(118)	(359)	(417)	(1,270)	(864)	(2,665)	(365)	(1,122)	(466)	(1,460)
PAT	977	2,967	2,827	8,613	4,073	12,562	1,931	5,938	2,280	7,137
Other comprehensive income	61	197	(87)	(281)	-	182	-	-	-	445
Total comprehensive income	1,038	3,164	2,740	8,333	4,073	12,744	1,931	5,938	2,280	7,582
GP margin (%) ⁽¹⁾	74.62	74.62	65.72	65.72	66.69	66.69	70.64	70.64	50.43	50.43
Profit before tax margin (%) ⁽²⁾	30.44	30.44	44.61	44.61	45.73	45.73	50.43	50.43	37.96	37.96
Profit after tax margin (%) ⁽³⁾	27.15	27.15	38.88	38.88	37.73	37.73	42.41	42.41	31.52	31.52
Number of issued shares ('000)	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036
Basic EPS ⁽⁴⁾	0.48	1.46	1.39	4.23	2.00	6.17	0.95	2.92	1.12	3.51
Diluted EPS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

INFORMATION ON JCS BIOTECH (CONT'D)

	Audited						Unaudited		Audited	
	FYE 31 December						6M-FPE 30 June			
	2019		2020		2021		2021		2022	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Non-current assets	1,432	4,356	1,238	3,763	935	2,884	1,071	3,308	774	2,453
Current assets	2,853	8,676	5,009	15,226	7,817	24,119	7,023	21,683	10,665	33,805
Total assets	4,285	13,032	6,845	20,805	8,752	27,003	8,094	24,991	11,439	36,258
Non-current liabilities	146	443	1,059	3,220	759	2,341	978	3,017	39	124
Current liabilities	1,739	5,290	1,845	5,609	2,380	7,344	1,070	3,304	6,507	20,624
Total liabilities	1,885	5,733	2,905	8,829	3,139	9,685	2,048	6,321	6,546	20,748
Share capital	2,036	6,180	2,036	6,180	2,036	6,180	2,036	6,180	2,036	6,180
Shareholder's equity / NA	2,400	7,299	3,940	11,976	5,613	17,318	6,047	18,670	4,893	15,510
NA per share (SGD/RM) ⁽⁵⁾	1.18	3.58	1.94	5.88	2.76	8.51	2.97	9.17	2.40	7.62
Current ratio (times) ⁽⁶⁾	1.64	1.64	2.71	2.71	3.28	3.28	6.56	6.56	1.64	1.64
Total borrowings (including lease liabilities)	73	221	1,071	3,257	1,023	3,155	1,000	3,087	25	78
Gearing ratio (times) ⁽⁷⁾	0.03	0.03	0.27	0.27	0.18	0.18	0.17	0.17	0.01	0.01

Notes:

- (1) Computed based on Gross Profit over revenue.
(2) Computed based on PBT over revenue.
(3) Computed based on PAT over revenue.
(4) Computed based on PAT over number of issued shares.
(5) Computed based on NA over number of JCS Biotech Shares in issue.
(6) Computed based on current assets over current liabilities.
(7) Computed based on total borrowings over NA.

Commentaries:**(i) 6M-FPE 30 June 2022 vs 6M-FPE 30 June 2021**

JCS Biotech's revenue for the 6M-FPE 30 June 2022 increased by approximately RM8.65 million (or 61.79%) to approximately RM22.65 million (6M-FPE 30 June 2021: RM14.00 million) mainly due to higher revenue from equipment segment by RM9.17 million (or 424.54%) to approximately RM11.33 million in 6M-FPE 30 June 2022 (6M-FPE 30 June 2021: RM2.16 million) due to increase in orders for RADS machines from the distributors in the UK and Indonesia.

INFORMATION ON JCS BIOTECH (CONT'D)

The PAT for the 6M-FPE 30 June 2022 increased by RM1.20 million (or 20.20%) to RM7.14 million (6M-FPE 30 June 2021: RM5.94 million) due to:

- (a) higher gross profit by RM1.53 million (or 15.47%) to RM11.42 million (6M-FPE 30 June 2021: RM9.89 million) as a result of increase in orders of RADS machines as explained above; and
- (b) lower administrative expenses by RM0.37 million (or 12.67%) to RM2.55 million (6M-FPE 30 June 2021: RM2.92 million) mainly due to decrease in staff costs as a result of reducing headcount for sales staff.

(ii) FYE 31 December 2021 vs FYE 31 December 2020

JCS Biotech's revenue for the FYE 30 December 2021 increased by approximately RM11.14 million (or 50.27%) to approximately RM33.30 million (FYE 31 December 2020: RM22.16 million) mainly due to:

- (a) revenue from equipment segment by RM4.20 million (or 120.69%) to approximately RM7.68 million in FYE 31 December 2021 (FYE 31 December 2020: RM3.48 million) due to the increase in purchase and usage of RADS machines in the UK by B2B customers in healthcare industry; and
- (b) revenue from the aerial disinfectant segment by approximately RM13.78 million (or 159.49%) to approximately RM22.42 million in FYE 31 December 2021 (FYE 31 December 2020: RM8.64 million) due to continual demand brought about by B2C and B2B customers sales as a result of COVID-19 pandemic.

The PAT for the FYE 31 December 2021 increased by RM3.95 million (or 45.88%) to RM12.56 million (FYE 31 December 2020: RM8.61 million) due to increase in gross profit by RM7.65 million (or 52.54%) to RM22.21 million (FYE 31 December 2020: RM14.56 million) as a result of increase in sales of equipment and aerial disinfectant products as explained above.

(iii) FYE 31 December 2020 vs FYE 31 December 2019

JCS Biotech's revenue for the FYE 31 December 2020 increased by approximately RM11.23 million (or 102.74%) to approximately RM22.16 million (FYE 31 December 2019: RM10.93 million) was mainly due to:

- (a) higher revenue from the aerial disinfectant segment by approximately RM6.03 million (or 231.03%) to approximately RM8.64 million in FYE 31 December 2020 (FYE 31 December 2019: RM2.61 million) due to the increase in purchase and usage of RADS machines in Asia (ex-Singapore) and Middle East by B2B customers in healthcare industry;
- (b) higher revenue from equipment segment by approximately RM3.23 million (or 1,292%) to approximately RM3.48 million in FYE 31 December 2020 (FYE 31 December 2019: RM0.25 million) due to the increase in acceptance and sales of RADS machines in the Asia (ex-Singapore) and Middle East region; and
- (c) higher revenue from the surface disinfectant segment by approximately RM1.96 million (or 24.29%) to approximately RM10.03 million in FYE 31 December 2020 (FYE 31 December 2019: RM8.07 million) due to an increase in demand for surface disinfectant products driven by the COVID-19 pandemic.

The PAT for the FYE 31 December 2020 increased significantly by RM5.64 million (or 189.90%) to RM8.61 million (FYE 31 December 2019: RM2.97 million) due to:

- (a) increase in revenue as explained above; and

INFORMATION ON JCS BIOTECH (CONT'D)

- (b) higher other income by RM2.43 million (or 379.69%) to RM3.07 million (FYE 31 December 2019: RM0.64 million) mainly due to a one-off gain from the disposal of JCS Biotech's wholly-owned subsidiary, Techsin Technology (Wuxi) Co. Ltd of approximately RM2.0 million in the FYE 31 December 2020 as well as higher job support scheme income by RM0.51 million (or 637.5%) to RM0.59 million (FYE 31 December 2019: RM0.08 million) provided by the Singaporean government as a wage support for employers to retain local employees due to the COVID-19 pandemic.

(iv) FYE 31 December 2019 vs FYE 31 December 2018

JCS Biotech's revenue for the FYE 31 December 2019 decreased by RM0.42 million (or 3.70%) to RM10.93 million (FYE 31 December 2018: RM11.35 million) mainly due:

- (a) lower revenue from the equipment segment by approximately RM0.73 million (or 74.49%) to approximately RM0.25 million in FYE 31 December 2019 (FYE 31 December 2018: RM0.98 million) mainly due to lower small size home based equipment sales in Asia (ex-Singapore) as JCS Biotech was in the transition to focus on the larger RADS equipment sales in FYE 31 December 2019; and
- (b) lower revenue from the aerial disinfectant segment by approximately RM0.24 million (or 8.42%) to approximately RM2.61 million in FYE 31 December 2019 (FYE 31 December 2018: RM2.85 million) in line with the decline in home base equipment sales as explained above.

JCS Biotech's PAT for the FYE 31 December 2019 decreased by RM0.82 million (or 21.64%) to RM2.97 million (FYE 31 December 2018: RM3.79 million) due to:

- (a) lower other income by RM0.52 million (or 44.83%) to RM0.64 million (FYE 31 December 2018: RM1.16 million) due to decrease in rental income as a result of revision of monthly rental rate; and
- (b) higher administrative expenses by RM1.58 million (or 46.47%) to RM4.98 million (FYE 31 December 2018: RM3.40 million) due to increase in indirect employee benefits by RM0.75 million (or 28.22%) in line with increased headcount as a result of business expansion as well as increase in other admin expenses by RM0.77 million (or 206.26%) as a result of increase in travelling expense due to frequent visits to overseas for engaging overseas distributors in setting up new sales channels, increase in license and certificate fees from patent application in FYE 31 December 2019, and increase in information technology costs or license fee from NetSuite, a cloud-based business management software subscription and maintenance.

For the past 3 audited FYEs 31 December 2019 to 31 December 2021 and 6M-FPE 30 June 2022 under review:

- (i) there were no exceptional or extraordinary items;
- (ii) there were no accounting policies adopted by JCS Biotech which are peculiar to JCS Biotech because of the nature of its business or the industry in which it is involved in as well as the effects of such policies on the determination of income or financial position; and
- (iii) there were no audit qualifications of the financial statements of JCS Biotech.

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INDICATIVE SALIENT TERMS OF THE ICPS

Terms	Details
Issue Size	: 202,499,998 ICPS.
Issue Price	: RM0.22 per ICPS.
Dividend	: Subject to Section 131 of the Act, the Company has full discretion over the declaration of dividends, if any. In the event dividends are declared, it will be paid annually in arrears and such dividends are non-cumulative and shall be paid in priority over the ordinary shares of the Company during the Tenure.
Tenure	: 5 years commencing from and inclusive of the date of issuance of the ICPS (“ Issue Date ”).
Maturity Date	: The day immediately preceding the 5 th anniversary of the Issue Date. If such day falls on a non-market day, then the maturity date would be the preceding market day.
Redemption	: The ICPS is not redeemable for cash.
Form and denomination	: The ICPS shall be issued in registered form and will be constituted by the Company's Constitution.
Conversion Rights	: <ul style="list-style-type: none"> (i) Each ICPS carries the entitlement to be converted into new Shares at the Conversion Ratio through the surrender of the ICPS. (ii) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion. (iii) If the conversion results in a fractional entitlement to the new Shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.
Conversion Period	: <ul style="list-style-type: none"> (i) The ICPS may be converted at any time commencing on and including the 3rd anniversary of the Issue Date up to and including the Maturity Date, as determined by the Conversion Ratio and Conversion Price. (ii) Any remaining ICPS that are not converted by the Maturity Date shall be automatically converted into new Shares at the conversion ratio of 1 ICPS for 1 new Share.
Conversion Price	: RM0.22 for each new Share based on the Conversion Ratio.
Conversion Ratio	: The ICPS may be converted into new Shares at the Conversion Price by surrendering for cancellation 1 ICPS for 1 new Share subject to adjustments in accordance with the Constitution of the Company.

INDICATIVE SALIENT TERMS OF THE ICPS (CONT'D)

Ranking of the ICPS and liquidation preference : The ICPS are unsecured and shall upon allotment and issue, rank equally in all respect amongst themselves and may rank in priority or equally with other preference shares that may be created in future. The ICPS shall rank in priority to the Shares, but shall rank behind all secured and unsecured obligations of the Company. The ICPS carry no right to vote at any general meeting of the Company save for voting rights as set out under the “Rights of the holder of ICPS” section herein.

In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital:

- (i) the ICPS shall confer on its holders the rights to receive in priority to the shareholders of the Company, cash repayment in full of the amount of any non-cumulative preferential dividend that has been declared and remaining in arrears, if any;
- (ii) after payment of the dividends (if any) to the holders of the ICPS, the remaining assets shall be distributed first to holders of the ICPS in full of the amount which is equal to the Issue Price, provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company;
- (iii) in the event that the Company has insufficient assets to permit payment of the full amount of the Issue Price to holders of the ICPS, the assets of the Company shall be distributed *pro rata* on an equal priority to the holders of ICPS in proportion to the amount that each holder of ICPS would otherwise be entitled to receive;
- (iv) in the event of capital being written off on a reduction of capital which is lost or unrepresented by available assets, the amounts paid or credited on the Shares shall be written off before the amounts paid or credited on the ICPS; and
- (v) in the event of repayment of capital to the shareholders of the Company, the dividends in arrears shall be paid to the holders of ICPS and the remaining ICPS shall then be automatically converted into new Shares at the conversion ratio of 1 ICPS for 1 new Share prior to any distribution to be made to shareholders of the Company.

Ranking of new Shares to be issued pursuant to the conversion of the ICPS : The new Shares to be allotted and issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank equally in all respects with the then existing Shares except that such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid prior to the date of allotment of the new Shares arising from the conversion of the ICPS.

Adjustment to Conversion Price and Conversion Ratio : The Conversion Price and/or Conversion Ratio may be subjected to adjustments from time to time by the Board in consultation with an approved principal adviser and/or certified by the auditors, in all or any of the following events:

- (i) consolidation or subdivision or conversion or capital reduction of Shares; or

INDICATIVE SALIENT TERMS OF THE ICPS (CONT'D)

- (ii) issue of Shares to the members credited as fully paid, either by way of bonus issue or capitalisation of profits or reserves; or
- (iii) capital distribution to the members whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or
- (iv) offer or invitation to the members whereunder they may acquire or subscribe for Shares by way of rights; or
- (v) offer or invitation to the members by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or rights to acquire or subscribe for Shares; or
- (vi) any other circumstances that the Directors deems necessary.

In any event, the Board would consult its approved principal adviser and/or auditors before deciding whether such adjustments are required, provided that any adjustment to the Conversion Price will be rounded down to the nearest one sen (RM0.01).

Any adjustment to the Conversion Price or Conversion Ratio which may give rise to the fractional entitlements of 1 new Share arising from the conversion of the ICPS shall be disregarded.

No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the external auditors of the Company.

Rights of the holder of the ICPS : The holders of ICPS have the same rights as ordinary shareholders of the Company as regards to receiving notices, reports and audited financial statements and attending general meetings.

The holders of ICPS are however not entitled to any voting rights or participation in any rights, allotments and/or other distribution in the Company until and unless such holders convert their ICPS into new Shares except in the following circumstances:

- (i) when the dividend or part of the dividends declared on the ICPS is in arrears for more than 6 months;
- (ii) on a proposal to reduce the Company's share capital (excluding any cancellation of share capital which is lost or unrepresented by assets);
- (iii) on a proposal for sanctioning the sale of the whole or substantial portion of the Company's property, business and/or undertaking. For the avoidance of doubt, such disposal shall constitute "Major Disposal" within the meanings as prescribed under the Listing Requirements;
- (iv) on a proposal that affects their rights and privileges attached to the ICPS including, the creation and issuance of further preference shares ranking in priority to the ICPS; and
- (v) on a proposal in respect of the winding-up, liquidation, compromise and/or arrangement of the Company and during the winding-up, liquidation, compromise and/or arrangement of the Company.

INDICATIVE SALIENT TERMS OF THE ICPS (CONT'D)

- Where the ICPS holders are entitled to vote at any general meeting, every ICPS shall on a poll, carry 1 vote for 1 Share into which the ICPS are convertible, based on the conversion ratio of 1 ICPS for 1 new Share and every 1 Share shall, notwithstanding any other provision of the Constitution, carry 1 vote for each such Share.
- Listing** : The ICPS will NOT be listed on any stock exchange. However, an application will be made to Bursa Securities for the listing of and quotation for the MClean Shares to be issued pursuant to the conversion of the ICPS on the ACE Market of Bursa Securities.
- Transferability** : The ICPS shall be transferable by instrument in writing in the usual or common form or such other form as the Board or the relevant authorities may approve.
- Modification of Rights** : The Company may from time to time without the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of the Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.
- Any variation, modification or abrogation of the rights and privileges attached to the ICPS, shall require the sanction of a special resolution passed by not less than 75% of voting rights of the ICPS holders, who are present, either in person or by proxy or by attorney at the meeting convened for the ICPS holders.
- Governing law** : The laws of Malaysia.

DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS

The existing Constitution of the Company is proposed to be amended in the following manner:

1. To insert the following new definitions in Clause 3 of the Company’s Constitution:

Words	Meanings
“Electronic Address”	Means any electronic mail address or mobile or contact number used for the purpose of sending or receiving documents or information by electronic means.
“Electronic Communication”	Means a document or information is sent or supplied by electronic communication if it is sent initially, and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means. This includes the transmission of any notice, document or information via electronic mail or short messaging service or multimedia or social media program or application or such other mode, program or platform capable of performing a similar transaction.
“Electronic Form”	Means documents or information sent or supplied by electronic means or by any other means while in electronic form (such as by e-mail, text message, fax or sending a disk by post). It also covers anyhow, any electronic form referred to in Section 612(1) of the Act.
“Hard Copy”	Means documents or information sent or supplied in paper copy or similar form which can be read. It also covers, anyhow, any hard copy referred to in Section 612(1) of the Act.
“ICPS”	Means irredeemable convertible preference shares of the Company issued under the terms and conditions as set out in Clause 14 of this Constitution.
“Ordinary Shares”	Means ordinary shares in the Company.

2. To delete the existing Clause 4(1) of the Company’s Constitution in its entirety and replacing it with the following new Clause 4(1):

Existing Clause 4(1)

“Expressions referring to writing include, unless the contrary intention appear, references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.”

New Clause 4(1)

“Expressions referring to writing include, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form. Where used in relation to notices of meeting, it must be in Hard Copy or Electronic Form in the way allowed by Sections 319 and 320 of the Act, subject to the Listing Requirements.”

3. To delete the existing Clause 7(1) of the Company’s Constitution in its entirety and replacing it with the following new Clause 7(1):

Existing Clause 7(1)

“The capital of the Company shall consist of ordinary shares.”

New Clause 7(1)

“The capital of the Company shall consist of ordinary shares and may be divided into several classes and there may be attached thereto respectively and preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.”

DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

4. By inserting the following new Clauses 7(3), 7(4), 7(5) and 7(6) after the existing of Clause 7(2):

No. of Clause	Descriptions
7(3)	Except so far as otherwise provided by the conditions of issue, or by this Constitution, any capital raised by the creation of new shares, shall form part of the capital of the Company, and such shares shall be subject to the provisions contained in this Constitution with reference to, the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.
7(4)	The Company shall have power to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manners as they may think fit.
7(5)	<p>(a) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference share, preference shareholders shall have the same right as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company.</p> <p>(b) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital of the Company or sanctioning a disposal of the whole of the Company's property, business and undertaking of where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months or on a proposal to wind up the Company or during the winding up of the Company, shall have no other rights whatsoever.</p> <p>(c) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.</p>
7(6)	<p>The ICPS shall confer on its holders the following rights and privileges and be subject to the following conditions:</p> <p>(a) <u>Maturity, listing and transferability</u></p> <p>(i) The tenure of ICPS shall be 5 years commencing from and inclusive of the date of issuance of the ICPS ("Issue Date").</p> <p>The ICPS shall lapse at the day immediately preceding the 5th anniversary of the Issue Date. If such day falls on a non-market day, then the maturity date would be the preceding market day.</p> <p>(ii) The ICPS will not be listed on any stock exchange.</p> <p>An application will be made to Bursa Securities for the listing of and quotation for the MClean Shares to be issued pursuant to the conversion of the ICPS on the ACE Market of Bursa Securities.</p> <p>(iii) The ICPS shall be transferable by instrument in writing in the usual or common form or such other form as the Board or the relevant authorities may approve.</p>

DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

No. of Clause	Descriptions
	<p>(b) <u>Dividend</u></p> <p>Subject to Section 131 of the Act, the Company has full discretion over the declaration of dividends, if any. In the event dividends are declared, it will be paid annually in arrears and such dividends are non-cumulative and shall be paid in priority over the ordinary shares of the Company during the Tenure.</p> <p>(c) <u>Ranking of the ICPS and liquidation preference</u></p> <p>The ICPS are unsecured and shall upon allotment and issue, rank equally in all respect amongst themselves and may rank in priority or equally with other preference shares that may be created in future. The ICPS shall rank in priority to the Ordinary Shares but shall rank behind all secured and unsecured obligations of the Company. The ICPS carry no right to vote at any general meeting of the Company save for voting rights as set out under the “Rights of the holder of ICPS” section herein.</p> <p>In the event of liquidation, dissolution, winding-up, reduction of capital or other repayment of capital:</p> <p>(i) the ICPS shall confer on its holders the rights to receive in priority to the shareholders of the Company, cash repayment in full of the amount of any non-cumulative preferential dividend that has been declared and remaining in arrears, if any;</p> <p>(ii) after payment of the dividends (if any) to the holders of the ICPS, the remaining assets shall be distributed first to holders of the ICPS in full of the amount which is equal to the Issue Price, provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company;</p> <p>(iii) in the event that the Company has insufficient assets to permit payment of the full amount of the Issue Price to holders of the ICPS, the assets of the Company shall be distributed <i>pro rata</i> on an equal priority to the holders of ICPS in proportion to the amount that each holder of ICPS would otherwise be entitled to receive;</p> <p>(iv) in the event of capital being written off on a reduction of capital which is lost or unrepresented by available assets, the amounts paid or credited on the Ordinary Shares shall be written off before the amounts paid or credited on the ICPS; and</p> <p>(v) in the event of repayment of capital to the shareholders of the Company, the dividends in arrears shall be paid to the holders of ICPS and the remaining ICPS shall then be automatically converted into new Ordinary Shares at the conversion ratio of 1 ICPS for 1 new Ordinary Share prior to any distribution to be made to shareholders of the Company.</p>

DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

No. of Clause	Descriptions
	<p>(d) <u>Rights of the holder of the ICPS</u></p> <p>The holders of ICPS have the same rights as ordinary shareholders of the Company as regards to receiving notices, reports and audited financial statements and attending general meetings.</p> <p>The holders of ICPS are however not entitled to any voting rights or participation in any rights, allotments and/or other distribution in the Company until and unless such holders convert their ICPS into new Ordinary Shares except in the following circumstances:</p> <ul style="list-style-type: none"> (i) when the dividend or part of the dividends declared on the ICPS is in arrears for more than 6 months; (ii) on a proposal to reduce the Company's share capital (excluding any cancellation of share capital which is lost or unrepresented by assets); (iii) on a proposal for sanctioning the sale of the whole or substantial portion of the Company's property, business and/or undertaking. For the avoidance of doubt, such disposal shall constitute "Major Disposal" within the meanings as prescribed under the Listing Requirements; (iv) on a proposal that affects their rights and privileges attached to the ICPS including, the creation and issuance of further preference shares ranking in priority to the ICPS; and (v) on a proposal in respect of the winding-up, liquidation, compromise and/or arrangement of the Company and during the winding-up, liquidation, compromise and/or arrangement of the Company. <p>Where the ICPS holders are entitled to vote at any general meeting, every ICPS shall on a poll, carry 1 vote for 1 Ordinary Share into which the ICPS are convertible, based on the conversion ratio of 1 ICPS for 1 new Ordinary Share and every 1 Ordinary Share shall, notwithstanding any other provision of the Constitution, carry 1 vote for each such Ordinary Share.</p> <p>(e) <u>Conversion</u></p> <ul style="list-style-type: none"> (i) <u>Conversion Rights</u> <ul style="list-style-type: none"> (1) Each ICPS carries the entitlement to be converted into new Ordinary Shares at the Conversion Ratio through the surrender of the ICPS (2) No adjustment to the Conversion Price shall be made for any declared and unpaid dividends on the ICPS surrendered for conversion.

DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

No. of Clause	Descriptions
	<p data-bbox="676 262 1399 412">(3) If the conversion results in a fractional entitlement to the new Ordinary Shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of the ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.</p> <p data-bbox="603 450 863 479">(ii) <u>Conversion Price</u></p> <p data-bbox="676 510 1399 568">The Conversion Price is RM0.22 for each new Ordinary Share based on the Conversion Ratio.</p> <p data-bbox="603 607 863 636">(iii) <u>Conversion Ratio</u></p> <p data-bbox="676 667 1399 792">The ICPS may be converted into new Ordinary Shares at the Conversion Price by surrendering for cancellation 1 ICPS for 1 new Ordinary Share subject to adjustments in accordance with the Constitution of the Company.</p> <p data-bbox="603 824 863 853">(iv) <u>Conversion Period</u></p> <p data-bbox="676 884 1399 1010">(1) The ICPS may be converted at any time commencing on and including the 3rd anniversary of the Issue Date up to and including the Maturity Date, as determined by the Conversion Ratio and Conversion Price.</p> <p data-bbox="676 1041 1399 1167">(2) Any remaining ICPS that are not converted by the Maturity Date shall be automatically converted into new Ordinary Shares at the conversion ratio of 1 ICPS for 1 new Ordinary Share.</p> <p data-bbox="603 1198 1262 1227">(v) <u>Adjustment to Conversion Price and Conversion Ratio</u></p> <p data-bbox="676 1258 1399 1413">The Conversion Price and/or Conversion Ratio may be subjected to adjustments from time to time by the board of directors of the Company (“Board”) in consultation with an approved principal adviser and/or certified by the auditors, in all or any of the following events:</p> <p data-bbox="676 1444 1399 1503">(1) consolidation or subdivision or conversion or capital reduction of Ordinary Shares; or</p> <p data-bbox="676 1534 1399 1637">(2) issue of Ordinary Shares to the members credited as fully paid, either by way of bonus issue or capitalisation of profits or reserves; or</p> <p data-bbox="676 1668 1399 1760">(3) capital distribution to the members whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is loss or unrepresented by assets; or</p> <p data-bbox="676 1792 1399 1883">(4) offer or invitation to the members whereunder they may acquire or subscribe for Ordinary Shares by way of rights; or</p>

DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

No. of Clause	Descriptions
	<p>(5) offer or invitation to the members by way of rights whereunder they may acquire or subscribe for securities convertible into new Ordinary Shares or rights to acquire or subscribe for Shares; or</p> <p>(6) any other circumstances that the Directors deem necessary.</p> <p>In any event, the Board would consult its approved principal adviser and/or auditors before deciding whether such adjustments are required, provided that any adjustment to the Conversion Price will be rounded down to the nearest one sen (RM0.01).</p> <p>Any adjustment to the Conversion Price or Conversion Ratio which may give rise to the fractional entitlements of 1 new Ordinary Share arising from the conversion of the ICPS shall be disregarded.</p> <p>No adjustment to the Conversion Price and/or Conversion Ratio will be made unless the computation has been certified by the external auditors of the Company.</p> <p>(vi) <u>Ranking of new Ordinary Shares to be issued pursuant to the conversion of the ICPS</u></p> <p>The new Ordinary Shares to be allotted and issued pursuant to the conversion of the ICPS shall, upon allotment and issuance, rank equally in all respects with the then existing Ordinary Shares except that such new Ordinary Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid prior to the date of allotment of the new Ordinary Shares arising from the conversion of the ICPS.</p> <p>(f) <u>Redemption</u></p> <p>The ICPS is not redeemable for cash.</p> <p>(g) <u>Modification of Rights</u></p> <p>The Company may from time to time without the consent or sanction of all the holders of the ICPS make modifications to the terms of which in the opinion of the Company are not materially prejudicial to the interest of the holders of the ICPS or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations.</p> <p>Any variation, modification or abrogation of the rights and privileges attached to the ICPS shall require the sanction of a special resolution passed by not less than 75% of voting rights of the ICPS holders, who are present, either in person or by proxy or by attorney at the meeting convened for the ICPS holders.</p>

DETAILS OF THE PROPOSED CONSTITUTION AMENDMENTS (CONT'D)

No. of Clause	Descriptions
	<p>(h) <u>Undertaking of the Company</u></p> <p>So long as any ICPS remains in issue:</p> <p>(a) the Company will send to each holder of the ICPS, by way of post or by way of electronic means, one copy of every circular, notice or other documents sent to any other shareholders in the Company, at the same time as it sends to such other shareholders; and</p> <p>(b) the Company shall keep available during the Conversion Period, free from pre-emptive or other rights, out of its share capital such number of Shares as would be required to be issued upon the exercise of the Conversion Right from time to time by the holders of the ICPS during the Conversion Period, and to satisfy in full all other rights of conversion into or exchange or subscription for Shares and shall ensure that all Shares delivered upon conversion will be duly and validly issues and fully paid-up.</p> <p>(i) <u>Governing law</u></p> <p>The ICPS shall be governed by the laws of Malaysia.</p>