

BIOLIDICS LIMITED
(Company Registration No. 200913076M)
(Incorporated in the Republic of Singapore on 19 July 2009)

- (1) **THE PROPOSED ACQUISITION OF THE ENTIRE REGISTERED CAPITAL OF 深圳市小钊网络科技有限公司之买卖协议 (SHENZHEN XIAOZHAO NETWORK TECHNOLOGY CO., LTD)**
 - (2) **ENTRY INTO LOAN AGREEMENT AS AN INTERESTED PERSON TRANSACTION**
 - (3) **THE PROPOSED SUBSCRIPTION OF UP TO 407,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY BY MR. ZHU HUA**
 - (4) **ENTRY INTO THE SECOND SUPPLEMENTAL AGREEMENT WITH MR. CHEN LU**
 - (5) **THE PROPOSED ISSUANCE OF THE CONSIDERATION SHARES, THE SUBSCRIPTION SHARES, THE SIGN-ON SHARES AND THE ICON SHARES**
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1. INTRODUCTION

The board of directors (“**Board**” or, “**Directors**”) of Biolidics Limited (“**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce the following:

- (a) the Company has on 24 July 2024 entered into a conditional sale and purchase agreement (“**SPA**”) with Dreamsgame Inc. Limited (梦幻西游有限公司) (the “**Vendor**”). Mr. Yuan Zhi Jun 袁志军 (“**Mr. Yuan**”) and Mr. Wu Kun Wei 吴坤伟 (“**Mr. Wu**”) in relation to the acquisition of 100% of the registered capital (the “**Equity Interest**”) of 深圳市小钊网络科技有限公司 (Shenzhen Xiaozhao Network Technology Co., Ltd) (the “**Target Company**”) from the Vendor (the “**Proposed Acquisition**”). Upon completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of the Company. Further details of the Proposed Acquisition are set out in section 2 of this announcement;
- (b) the Company has on 24 July 2024 entered into a loan agreement (“**Loan Agreement**”) with Mr. Zhu Hua, the Executive Director and Chairman of the Company (the “**Lender**”) pursuant to which the Lender has agreed to extend to the Company an interest-free loan of S\$1,500,000 (the “**ZH Loan**”), on the terms and subject to the conditions of the Loan Agreement, As at the date of this announcement, S\$1,054,000 has been disbursed to the Company. Further details of which are set out in section 3 of this announcement;
- (c) the Company has on 24 July 2024 entered into a subscription agreement (“**Subscription Agreement**”) with Mr. Zhu Hua (“**Subscriber**”), pursuant to which the Company shall allot and issue up to 407,000,000 new ordinary shares (“**Shares**”) in the capital of the Company (“**Subscription Shares**”) at an issue price of S\$0.0040 per Subscription Share (“**Subscription Price**”) to raise gross proceeds of S\$1,628,000 (“**Subscription Amount**”) pursuant to the terms and subject to the conditions of the Subscription Agreement (the “**Proposed Subscription**”). Further details of the Proposed Subscription are set out in section 4 of this announcement;
- (d) the Company and Mr. Chen Lu has on 24 July 2024 entered into a second supplemental agreement (“**Second Supplemental Agreement**”) to the service agreement dated 20 March 2024, as supplemented, amended and modified by the supplemental agreement dated 4 April 2024 (the “**Service Agreement**”), to further amend the Service Agreement in relation to the number of new Shares to be allotted and issued to Mr. Chen Lu (the “**Sign-**

On Shares"). Further details of the Second Supplemental Agreement are set out in section 5 of this announcement;

- (e) the Company intends to convene an extraordinary general meeting ("**EGM**") to seek shareholders' approval in relation to the following:
 - (i) the Proposed Acquisition and the proposed allotment and issuance of an aggregate of 452,000,000 new Shares to the Vendor as consideration for the Proposed Acquisition in the manner set out in section 2.3 of this announcement;
 - (ii) the Proposed Subscription and the allotment and issuance of up to 407,000,000 Subscription Shares;
 - (iii) the proposed allotment and issuance of 76,000,000 Sign-On Shares to Mr. Chen Lu (the "**Proposed Issuance of Sign-On Shares**"), further details of which are set out in section 5 of this announcement,

(together, the "**Proposed Resolutions**" and each a "**Proposed Resolution**").

Shareholders of the Company (the "Shareholders") are to note that the Proposed Resolutions are not inter-conditional on each other and accordingly, subject to the relevant Shareholders' approval being obtained, each Proposed Resolution will proceed with or without the other Proposed Resolutions taking place and vice versa

The Company will despatch a shareholders' circular containing the aforementioned matters to the Shareholders in due course. The Company's sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**") will also be submitting an application in due course on behalf of the Company to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the dealing in, the listing and quotation of the Consideration Shares, the Subscription Shares, Sign-On Shares and the Icon Shares (as defined herein) (the "**Proposed Share Issuances**"). The Company will make the necessary announcements once the listing and quotation notice ("**LQN**") has been obtained from the SGX-ST.

2. THE PROPOSED ACQUISITION

2.1. Information on the Target Company, the Vendor and its ultimate beneficial owners

Shareholders should note that information relating to the Target Company, the Vendor and its ultimate beneficial owners in this paragraph and elsewhere in this announcement was provided by the Target Company, the Vendor and its ultimate beneficial owners, respectively. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

(a) The Target Company

The Target Company was incorporated in the PRC on 9 April 2024 as a limited liability company with a registered capital of RMB 1 million. The Target Company currently operates a business promoting games online and offline through various advertising channels.

The Target Company is a newly incorporated company and has no material historical track record. Hence, the financial statements of the Target Company have not been prepared as it would not be meaningful and the Target Company is therefore unable to provide the book value, net tangible asset value, and net profits of the Target Company. The open market

value of the Target Company is not available as the Target Company's Equity Interest is not listed or traded on any securities exchange.

In connection with the Proposed Acquisition, the Company has engaged FVA Advisory Pte. Ltd. as an independent valuer (the "**Independent Valuer**") to determine the value of 100% of the equity interest in the Target Company ("**Equity Interest**"). The indicative market value of the Target Company of S\$4,068,000 is within the valuation range of S\$3,975,000 to S\$4,232,000, as valued by the Independent Valuer. The indicative valuation of the Target Company was arrived at based on the estimate of the market value range of the Target Company using the income approach with the market approach serving as a cross check. Details of the final independent valuation report or valuation certificate to be issued by the Independent Valuer will be set out in the circular to be despatched to the Shareholders of the Company in due course.

(b) The Vendor

The Vendor is a private company incorporated in Hong Kong on 19 September 2017 and its principal business activities are the development and sale of software, development and operation of online games and e-sport games and internet information services. The Vendor is the sole shareholder of the Target Company.

The sole director of the Target Company is Mr. Wu Kun Wei and the ultimate beneficial shareholders of the Vendor are Mr. Yuan Zhi Jun and Mr. Wu Kun Wei.

(c) Mr. Yuan Zhijun

Mr. Yuan is a citizen of the People's Republic of China ("**PRC**") and the executive director (执行董事), general manager (总经理) and legal representative (法定代表人), director (董事) and key management of the Target Company. He is responsible for leading the operational management and strategic development of the Target Company, ensuring that the Target Company achieves its strategic business goals and maintains sustained growth.

Mr. Yuan has 18 years of professional working experience and is one of the earliest entrepreneurs in the gaming and mobile internet industry in the PRC, with deep understanding and insight into the sector. Prior to joining the Target Company as the Chief Executive Officer, Mr. Yuan served as the chief executive officer of a game promotion company in Shanghai, PRC between 2020 and 2023 and a game distribution company in Shenzhen, PRC between 2016 to 2020, where he was responsible for developing and executing strategic plans to lead the company in achieving business breakthroughs and sustainable development.

Mr. Yuan graduated with a Bachelor's degree in Engineering from Hunan University.

(d) Mr. Wu Kunwei

Mr. Wu is a citizen of the PRC and the chief operating officer (COO) and key management of the Target Company. He is responsible for (i) managing the daily operations of the Target Company, ensuring the efficiency and optimisation of all business process; (ii) collaborating with senior management to develop and execute the Target Company's long-term development strategic plan; (iii) cultivate employees, improve team performance and implement appropriate talent development plans; (iv) guide and supervise the strategic implementation of various departments, ensuring that all plans are aligned with the overall strategy of Target Company; (v) manage cross-departmental teams to ensure the achievement of team goals, including key departments such as sales & marketing, product development, human resources and finance; and (vi) monitor key performance indicators

of the Target Company's operation and take necessary actions to continuously optimise business processes.

Mr. Wu has 19 years of professional working experience and has accumulated rich experience in channel management, operational formulation and team leadership. Prior to joining the Target Company as the COO, Mr. Wu served as the chief operations officer of a game promotion company in Shanghai, PRC between 2020 and 2023 and a game distribution company in Shenzhen, PRC between 2016 to 2020, where he was fully responsible for managing the daily operations of the company, ensuring efficiency and optimisation of all business processes.

Mr. Wu graduated with a Bachelor's degree in Management from the Xi'An Jiaotong University.

The Vendor and its ultimate beneficial owners are not related to the Group, the Directors, the Company's substantial shareholders and/or their respective associates.

As at the date of this announcement, the Vendor and its beneficial owners do not have any shareholding interests, direct or indirect, in the Company.

2.2. Rationale for the Proposed Acquisition

The Company has been exploring potential opportunities since obtaining approval from the Company's Shareholders for the diversification of the Group's existing business to include the technology-enabled lifestyle business, which would involve the ownership, operation and management of multi-channel networking (MCN) businesses, live streaming social e-commerce platforms and E-sports related businesses.

The Proposed Acquisition forms part of the Company's continued search for new businesses to provide additional revenue and income streams in accordance with the business diversification mandate which the Company had obtained. The Company selected the Target Company as its initial foray into the multi-channel networking, E-sports and live-streaming business sector as the Target Company has an attractive business model as an integrated marketing services provider in the gaming industry, focusing on the promotion and distribution of mobile games as well as E-sports events. Additionally, the founders of the Target Company, Mr. Yuan and Mr. Wu, are experienced professionals in the gaming and mobile internet industry with extensive knowledge in game development, marketing and operations. This played a major role in the selection of the Target Company as a suitable acquisition to kickstart the new business and operations, which will allow the Group to achieve a more consistent and sustainable financial growth.

The Proposed Acquisition and the allotment and issuance of the Consideration Shares presents an opportunity for the Company to pave the way for the Company to expand into the new business and to increase revenue generation for the Group from this business segment, while enabling the Company to conserve its cash holdings through not paying the Purchase Consideration in cash. The allotment and issuance of the Consideration Shares by the Company to the Vendor will be in lieu of cash payment by the Company of the Purchase Consideration and accordingly, no cash proceeds will be received by the Company from the Vendor. The Board has weighed the benefits against the potential costs to the Group as elaborated above and is of the view that the Proposed Acquisition and the allotment and issuance of the Consideration Shares to the Vendor is beneficial to and in the interests of the Company and enables the Group to improve its working capital position and reduce its indebtedness and gearing while conserving its cash resources. The Vendor's acceptance of the Consideration Shares for the full satisfaction of the Purchase Consideration, is also a show of confidence by the Vendor, in the future plans, viability and anticipated performance of the

Group. As new Shareholders, the interests of the Vendor will also be aligned to that of the Group's and it is also a safeguard in place to protect the interests of the Company and the Shareholders as the Consideration Shares will be held in escrow up until the NPAT Target (as described in section 2.3(c) of this announcement) is met.

Barring any unforeseen circumstances, the Directors are of the view that the Proposed Acquisition, if completed, will generate a sustainable revenue stream for the Group and enhance the long-term interests of the Shareholders.

However, Shareholders should note that there is no assurance that the Proposed Acquisition will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.3. Principal Terms of the Proposed Acquisition

(a) Equity Interest

Subject to the terms and conditions of the SPA, the Vendor shall sell and the Company (or its nominee) shall purchase the Equity Interest free from all encumbrances together with all rights, benefits and entitlements attaching thereto on and from the completion of the Proposed Acquisition and thereafter.

(b) Purchase Consideration

Purchase Consideration

The total consideration for the purchase of the Equity Interest shall be an amount equivalent to S\$4,068,000 (the "**Purchase Consideration**"), which shall be satisfied in full by way of an allotment and issuance of an aggregate of 452,000,000 Consideration Shares on the completion of the Proposed Acquisition ("**Acquisition Completion**") at the issue price of S\$0.0090 ("**Consideration Share Price**") per Consideration Share in the following manner:

- (i) as to S\$2,847,600 of the Purchase Consideration, by way of the allotment and issuance of up to 316,400,000 Consideration Shares, being equivalent to 70% of the total aggregate Consideration Shares to be allotted and issued, to the Vendor (or such other persons designated by the Vendor); and
- (ii) as to S\$1,220,400 of the Purchase Consideration, by way of the allotment and issuance of up to 135,600,000 Consideration Shares, being equivalent to 30% of the total aggregate Consideration Shares to be allotted and issued (the "**Earn-Out Consideration Shares**"), to be held in escrow and be released to the Vendor (or such other persons designated by the Vendor) in accordance with section 2.3(c) below.

The Purchase Consideration was arrived at based on a willing-buyer, willing-seller basis, having taken into account, among others, (a) the Independent Valuation of S\$3,975,000 to S\$4,232,000, (b) the earn-out structure of the Purchase Consideration, and (c) the track record of the Target Company's key management team, including but not limited to Mr. Yuan and Mr. Wu, details of which are set out on section 2.1 above.

Consideration Shares

The Consideration Share Price of S\$0.0090 for each Consideration Share is equivalent to the volume weighted average price ("**VWAP**") of the ordinary shares in the capital of the Company of S\$0.0090¹ for trades done on the Shares on the SGX-ST for the full market day on 23 July 2024 (being the weighted average price on the market day preceding the date of the SPA).

¹ Source: Bloomberg L.P.

The Consideration Shares shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank in all respects *pari passu* with the then existing issued shares of the Company at the time of the issue except that the Consideration Shares will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Consideration Shares.

The Consideration Shares will represent 60.69% of the existing issued share capital of the Company (the "**Existing Share Capital**") and approximately 26.73% of the enlarged issued share capital of the Company following the completion of the Proposed Acquisition, Proposed Subscription and the Proposed Share Issuances (the "**Enlarged Share Capital**").

Potential transfer of controlling interest arising from the Proposed Acquisition

Pursuant to Rule 803 of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Assuming (a) the completion of the Proposed Acquisition, Proposed Subscription and the Proposed Share Issuances and (b) the number of Consideration Shares issued to the Vendor or the persons designated by the Vendor exceed 15% of the Enlarged Share Capital, the allotment and issuance of the Consideration Shares may result in the Vendor (or the persons designated by the Vendor) holding such number of Share representing more than 15% of the issued and paid up share capital of the Company on an enlarged basis (the "**Potential Transfer of Controlling Interest**"). As such, the Company will be convening the EGM to seek approval from the Shareholders for the Potential Transfer of Controlling Interest arising from the proposed allotment and issue of the Consideration Shares pursuant to Rule 803 of the Catalist Rules.

(c) Earn-Out

The Earn-Out Consideration Shares shall, upon allotment and issuance, be held in escrow by an independent escrow agent appointed by the Parties (the "**Escrow Agent**") and be released to the Vendor (or such other persons designated by the Vendor) if the Target Company achieves a net profit after tax in accordance with the Financial Reporting Standards of Singapore ("**NPAT**") of RMB 0.75 million (the "**NPAT Target**") for the first full financial year of the Target Company following the Acquisition Completion (the "**Earn-Out Period**").

The NPAT achieved by the Target Company shall be determined by the auditors of the Target Company from the audited financial statements of the Target Company which shall be prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") in respect of the Earn-Out Period, together with any notes, reports or statements included therein or annexed thereto, a copy of which shall be delivered to the Company for review by not later than two (2) months following the balance sheet date of the relevant period. The auditors shall be deemed to act as experts and not as arbitrators and their determination shall be final and binding on all persons concerned and, in the absence of fraud or manifest error, the auditors shall be under no liability to any such person by reason of their determination or by anything done or omitted to be done by them for the purposes thereof or in connection therewith. The costs of the auditors in making such determination shall be borne by the Target Company.

In the event that the NPAT Target is not achieved, the Earn-Out Consideration Shares shall be cancelled or forfeited in accordance with the relevant applicable laws. The Company will make further announcements as appropriate to update Shareholders on the achievement of the NPAT Target.

(d) Conditions Precedent

Acquisition Completion is conditional upon certain conditions being satisfied or waived (as the case may be), including but not limited to the following:

- (i) the satisfactory results of the due diligence (whether legal, financial, technical, business, contractual, tax or otherwise) to be carried out by the Company and/or its advisers on the Target Company, the Vendor, Mr. Yuan and Mr. Wu;
- (ii) the Independent Valuation report valuing the Target Company no less than S\$3,975,000 having been issued to the Company;
- (iii) the service agreement(s), employment agreement(s) and non-compete agreement(s) with the Management Team (as defined in the SPA) having been entered into with the Target Company, in form and substance to the satisfaction of the Company;
- (iv) the entry into an escrow agreement with the Escrow Agent in relation to the escrow arrangements contemplated under the SPA in respect of the Earn-Out Consideration Shares;
- (v) the requisite approval of shareholders of the Company being obtained at an EGM in respect of the Proposed Acquisition;
- (vi) the receipt of the LQN from the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist Board of SGX-ST (on conditions, if any, reasonably acceptable to the Parties, and to the extent that any conditions for the listing of and quotation for such Consideration Shares on the Catalist Board of SGX-ST are required to be fulfilled on or before Completion Date (as defined in the SPA), they being so fulfilled) and such approval being in full force and effect as at the Completion Date (as defined in the SPA);
- (vii) the Company remaining listed on the Catalist Board of the SGX-ST and not having received any delisting or suspension notification;
- (viii) the waiver by the Vendor of any restrictions on transfer (including rights of pre-emption) which may exist in relation to the Equity Interest, whether under the Constitution of the Target Company or otherwise;
- (ix) the obtaining of all necessary corporate and other approvals (including approvals from the SGX-ST, the Singapore courts and other relevant government and regulatory bodies, as the case may be) for the Proposed Acquisition;
- (x) the sale and transfer of the Equity Interest upon the terms and conditions of the SPA not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or other authority of Singapore and the PRC;
- (xi) there being no existing claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry, arbitration or otherwise that is pending or threatened against the Vendor, Mr. Yuan and Mr. Wu and/or the Target Company which would prohibit or otherwise challenge or interfere with the Proposed Acquisition, and no injunction or order issued by any court, governmental agency or similar body which would prohibit, or restrict the Proposed Acquisition; and
- (xii) the requisite board approval of the Target Company and of its shareholders in a general meeting being obtained for the Proposed Acquisition and the transactions contemplated in the SPA.

(e) Proposed Acquisition Longstop Date

The SPA shall be terminated in the event that any of the conditions precedent under the SPA is not fulfilled (or where applicable, waived by mutual agreement in writing of the Vendor and the Company) on or before date falling 3 months from the date of the SPA, or such other date as may be mutually agreed by the Parties in writing.

(f) Completion

On Acquisition Completion, the Vendor shall deliver to the Company (or its nominee), amongst others, the necessary submissions, agreements, documents, lodgements and applications to the relevant Governmental Agency in the PRC for the purposes of effecting the transfer of the Equity Interest (工商变更登记文件) (the “**PRC Regulatory Procedures**”), including but not limited to the Company Registration (Filing) Application Form (公司登记(备案)申请书) and the Equity Transfer Agreement (股权转让协议) duly executed in the prevailing applicable form.

2.4. Payment of Professional Fees for the Proposed Acquisition

The Company has appointed Icon Law LLC (the Singapore member of the ZICO Law Network) (“**Icon Law**”) as the legal adviser to the Company for the Proposed Acquisition. Icon Law is a law firm based in Singapore.

Based on the engagement letter dated 2 May 2024 in connection with the appointment of Icon Law, the Company may make partial payment of the professional fees in connection with the Proposed Acquisition through the issuance of 11,000,000 new Shares at the prevailing market price (the “**Icon Shares**”).

The issue price of the Icon Shares of S\$0.009 was determined on the date that the Board of the Company approved the appointment of Icon Law in connection with the Proposed Acquisition and is equivalent to the volume-weighted average price of the Company’s Shares on 24 July 2024 of S\$0.009, being the full market day on which Shares were traded on the date of such Board approval. The issue price was arrived at after taking into consideration the prevailing market conditions and the recent share prices of the Company.

The Icon Shares shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank in all respects *pari passu* with the then existing issued shares of the Company at the time of the issue except that the Icon Shares will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Icon Shares.

The Icon Shares represent approximately 1.48% of the Existing Share Capital and approximately 0.65% of the Enlarged Share Capital of the Company immediately after the completion of the issuance of the Icon Shares and the Proposed Share Issuances.

The Icon Shares will be allotted and issued pursuant to the general mandate obtained from Shareholders by way of an ordinary resolution (the “**General Mandate**”) at the annual general meeting of the Company held on 29 April 2024 (the “**FY2023 AGM**”). The General Mandate authorises the Directors to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) as at the date of the FY2023 AGM, of which the aggregate number of new Shares of the Company to be issued other than on a pro-rata basis to all existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares). As at the FY2023 AGM, the Company had an issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of 744,758,836 Shares. As at the date of this announcement, no Shares have been issued by the Company since the FY2023 AGM under the General Mandate. Accordingly, the maximum number of Shares that may be

issued other than on a pro-rata basis pursuant to the General Mandate is 372,379,418. Accordingly, the proposed allotment and issuance of the 11,000,000 Icon Shares falls within the limit of the General Mandate.

There is no moratorium imposed on the Icon Shares. The allotment and issuance of the Icon Shares will not result in a transfer of controlling interest of the Company. There are no share borrowing arrangements for issuance of the Icon Shares.

As at the date of this announcement, Icon Law does not hold, directly or indirectly, any Shares and Icon Law does not have any connections (including business relationships) with any Director or substantial shareholder of the Company.

Icon Law has confirmed that it, or its partner or director, or associate of such partner or director, does not, individually or collectively, not hold, directly or indirectly, any Shares. Icon Law further confirms that it is independent of and has no conflicts of interest with the Company.

To the best of the Company's knowledge, Icon Law is not related to the Directors, controlling shareholders of the Company, or their respective associates.

2.5. Relative Figures under Rule 1006 of the Catalist Rules

Based on the latest announced audited financial statements of the Company for the financial year ended 31 December 2023 ("FY2023"), the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of assets to be disposed of, compared with the Company's net asset value	Not applicable to an acquisition of assets.
(b)	Net profits attributable to the assets acquired, compared with the Company's net profit	Not applicable ⁽¹⁾
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued ordinary shares in the capital of the Company (excluding treasury shares)	60.69% ⁽²⁾⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	60.69% ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Company's proved and probable reserves	Not applicable to an acquisition ⁽⁵⁾

Notes:

- (1) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined to be profit or loss, including discontinued operations that have not been disposed and before income tax, non-controlling interests and extraordinary items. This is not applicable as the Target Company was newly incorporated in April 2024 and does not have any information on the net profit/ loss.
- (2) Pursuant to Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the NAV represented by such shares, whichever is the higher. For the purpose of determining the relative figure under Rule 1006(c) of the Catalist Rules, the (i) market value of the 452,000,000 Consideration Shares is

S\$4,068,000, based on the VWAP of S\$0.0090 on 23 July 2024; and (ii) based on the latest announced audited financial statements of the Company on 12 April 2024, the Company's net liability value amounting to S\$1,989,000. Accordingly, the relative figure in relation to Rule 1006(c) of the Catalist Rules is therefore computed based on the market value attributable to the Consideration Shares of approximately S\$4,068,000.

- (3) The aggregate value of the Purchase Consideration given for the Proposed Acquisition is S\$4,068,000, compared to the Company's market capitalisation of approximately S\$6,702,830. The market capitalisation of the Company was computed based on the issued share capital of the Company of 744,758,836 Shares in issue excluding treasury shares and the volume weighted average price of S\$0.0090 per share on 23 July 2024 (being the last date on which the shares were traded prior to the date of the SPA).
- (4) Computed based on the aggregate of 452,000,000 Consideration Shares and the Existing Issued Share Capital of 774,758,836 Shares as at the date of the SPA.
- (5) The basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.

As the relative figures computed based on Rule 1006(c) and Rule 1006(d) have exceeded 5%, but is less than 75%, the Proposed Acquisition would constitute a "disclosable" transaction pursuant to Rule 1010 of the Catalist Rules. Accordingly, the approval of shareholders of the Company for the Proposed Acquisition will not be required. However, the Consideration Shares will be issued to the Vendor (or the persons designated by the Vendor) and pursuant to Rules 803 and 805(1) of the Catalist Rules, such issuance of Consideration Shares is subject to the approval of the Shareholders, of which the Company will convene an EGM for this purpose.

2.6. Financial Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition on the Group set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Acquisition Completion.

Bases and Assumptions

These illustrative financial effects have been prepared based on the audited financial statements of the Company for FY2023, based on the following bases and assumptions:

- (a) the share capital of the Company as at the date of this announcement comprising 744,758,836 Shares for the purposes of illustrating the financial effects on the Group's issued and paid-up share capital;
- (b) that the Proposed Acquisition and the Proposed Share Issuances had been completed on 1 January 2023 for the purposes of illustrating the financial effects on the Group's EPS;
- (c) that the Proposed Acquisition and the Proposed Share Issuances had been completed on 31 December 2023 for the purposes of illustrating the financial effects on the Group's NTA per Share;
- (d) the Purchase Consideration is funded by way of an allotment and issuance of 452,000,000 Consideration Shares at the Consideration Share Price of S\$0.0090 per Consideration Share paid in connection with the Proposed Acquisition;
- (e) the Proposed Acquisition will be completed prior to the Proposed Subscription and the Proposed Share Issuances;
- (f) the allotment and issuance of 11,000,000 Icon Shares at the prevailing marketing price to Icon Law

- (g) the computation does not take into account any expenses that may be incurred in relation to the Proposed Acquisition.

Financial effects on the issued and paid-up share capital

	Number of Shares	S\$ ('000)
Issued and paid-up share capital (excluding treasury shares)	744,758,836	56,215
Add: Number of Consideration Shares	452,000,000	4,068
Add: Number of Subscription Shares	407,000,000	1,628
Add: Number of Sign-On Shares	76,000,000	-
Add: Number of Icon Shares	11,000,000	99
Enlarged issued and paid-up share capital after the Proposed Share Issuances (excluding treasury shares)	1,690,758,836	62,010

Financial effects on the earnings and EPS

	Before the Proposed Acquisition and the Proposed Share Issuances	After the Proposed Acquisition	After the Proposed Share Issuances
Net earnings attributable to Shareholders (S\$'000)	(2,488)	(2,488)	(2,488)
Weighted average number of shares (excluding treasury shares) ('000)	593,128	1,005,672	1,498,318
EPS⁽²⁾ (Singapore cents)	(0.42)	(0.25)	(0.17)

Notes:

- (1) Basic earnings per share amounts are calculated by dividing net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Financial effects on the NTA and NTL per share

	Before the Proposed Acquisition and the Proposed Share Issuances	After the Proposed Acquisition	After the Proposed Share Issuances
NTA as at 31 December 2023 (S\$'000)	(1,989)	(1,989)	(361)
Number of issued shares (excluding treasury shares) ('000)	657,627	1,109,627	1,603,627
NTA per share⁽²⁾ (Singapore cents)	(0.30)	(0.18)	(0.02)

Notes:

(1) Inclusive of the proceeds from share issuance.

(2) NTA is calculated as Net Equity less Goodwill.

3. THE ENTRY INTO LOAN AGREEMENT AS AN INTERESTED PERSON TRANSACTION

3.1. Information on the Lender

In addition to his capacity as Executive Director and Chairman, the Lender is a substantial shareholder of the Company. As at the date of this announcement, the Lender has a direct interest of 98,500,000 Shares in the capital of the Company representing 13.23% of the Existing Share Capital of the Company. Accordingly, the Lender is an “interested person” of the Company and the entry into the Loan Agreement is an “interested person transaction” for the purposes of Chapter 9 of the Catalist Rules.

3.2. Rationale for the entry into the Loan Agreement

The ZH Loan will be utilised for the Group’s general working capital purposes. The Company has used its best endeavours to explore other financing options; however, in light of present market conditions, limited financing options are available to the Group. Furthermore, the repayment term is also comparatively more beneficial a regular term loan, which is expected to enhance the Group’s cash flow position in the near term. Therefore, having reviewed the terms of the Loan Agreement, the Board is of the view that the Loan is in the interests of the Company.

3.3. Principal Terms of the Loan

A summary of the salient terms of the Loan Agreement is set out below:

Principal Amount	:	The Lender shall advance to the Company the sum of up to S\$1,500,000 in clear and available funds to the Company. As at the date of the Loan Agreement, the ZH Loan has been disbursed in the following tranches: (a) the sum of S\$200,000 on 1 April 2024; (b) the sum of S\$94,000 on 3 May 2024; (c) the sum of S\$200,000 on 29 May 2024; (d) the sum of S\$200,000 on 18 June 2024; (e) the sum of S\$160,000 on 26 June 2024; and (f) the sum of S\$200,000 on 22 July 2024. The Company may drawdown further tranches up to the maximum amount of S\$1,500,000 at such times and in such amounts as may be agreed between the parties.
Purpose	:	The ZH Loan is to be used for the funding of the Company’s working capital.
Interest	:	No interest shall be payable on the ZH Loan save that upon any Event of Default (as defined below), an interest rate of five per cent. (5.0%) per annum shall be payable on all outstanding ZH Loan that has been disbursed.
Repayment	:	Amounts due but unpaid under the Loan Agreement shall be repayable in full on the day falling one (1) year from

		the date of the Loan Agreement, or at such other time as may be determined by the Lender.
Setting-off	:	Where any sum of money shall be recoverable from or payable by the Lender, including without limitation the consideration pursuant to the Proposed Subscription, the same may be deducted from any sum then due or which at any time thereafter may become due to the Lender under this or any other contract with the Company.
Events of Default	:	<p>Each of the events set out below is an “Event of Default” (whether or not its occurrence is caused by any person outside the control of the Company or any other person):</p> <p>(a) an Insolvency Event occurs in respect of the Company. In this regard, an “Insolvency Event” means the occurrence of any of the following events (save for any winding-up petition or any application which is vexatious and is discharged, stayed or dismissed within twenty-one (21) days of its commencement):</p> <ul style="list-style-type: none"> (i) a petition is presented or a meeting is convened for the purpose of considering a resolution or other steps are taken by any person with the view to winding up of the Company or, placing the Company under judicial management; (ii) the Company resolving to wind itself up or otherwise dissolve itself; (iii) the appointment of a liquidator or provisional liquidator in respect of the Company; (iv) a judicial manager being appointed in respect of the Company or the Company’s assets; (v) the Company entering into a scheme of arrangement or composition with or assignment for the benefit of all or any class of its creditors; or (vi) the appointment of a receiver or receiver and manager over the Company or any of its assets; <p>(b) any representation, warranty or statement made or deemed to be made by the Company in the Loan Agreement or in any notice or other document, certificate or statement delivered by it pursuant to, or in connection with, the Loan Agreement is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, unless the circumstances giving rise to the misrepresentation are:</p> <ul style="list-style-type: none"> (i) capable of remedy; and

	<p>(ii) remedied within ten (10) business days of the earlier of the Company or the Lender becoming aware of the misrepresentation;</p> <p>(c) the Company fails duly to perform or comply with any undertaking or other obligation owed or assumed by it under the Loan Agreement and, if any such non-performance or non-compliance is, in the opinion of the Lender, capable of remedy, it is not remedied to the satisfaction of the Lender within ten (10) business days after the Lender has given notice to the Company of such non-performance or non-compliance; or</p> <p>(d) it is or becomes unlawful for the Company to perform any of its obligations under the Loan Agreement which the Lender, acting reasonably, considers material.</p> <p>The Lender may at any time, if an Event of Default has occurred which has not been remedied or waived, do any one or more of the following by notice in writing to the Borrower:</p> <p>(a) declare any part of the ZH Loan (and any accrued interest if any) to be immediately due and payable, whereupon the same will become immediately due and payable by the Lender to the Company; and/or</p> <p>(b) cancel the ZH Loan in part pro rata or in full, whereupon the same will be so cancelled and, if cancelled in full, immediately reduced to zero.</p>
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3.4. Chapter 9 of the Catalist Rules

In accordance with Rules 906(1)(a) and 918 of the Catalist Rules, where the value of an interested person transaction is equal to or exceeds 5% of the latest audited NTA of the Group ("**Group NTA**"), the approval of independent Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

Pursuant to Rule 909(3) of the Catalist Rules, the value of a transaction is the amount at risk to the issuer. In the case of borrowing funds from an interested person, the value of the transaction is the interest payable on the borrowing. As the ZH Loan is interest-free, the value of the transaction is zero. Therefore, the Company is not required to seek shareholders' approval or to make an announcement pursuant to Rule 906(1) of the Catalist Rules.

Notwithstanding the above, the Company is disclosing the ZH Loan pursuant to Catalist Rules 703 read with paragraph 9 of Appendix 7A. There were no interested person transactions entered into by the Group with the Subscriber (excluding the Proposed Subscription) for the current financial year commencing 1 January 2024 up to the date of this announcement.

The Audit Committee of the Company has reviewed the terms of the ZH Loan and is of the view that the ZH Loan is not prejudicial to the interests of the Company and its minority shareholders.

4. THE PROPOSED SUBSCRIPTION

4.1. Background and Rationale

Pursuant to a subscription agreement dated 21 November 2023, the Company has raised approximately S\$1.1 million in net proceeds through the issuance of 98,500,000 shares to the Subscriber. On 30 November 2023, the Company fully repaid the outstanding debt owed to Clearbridge BSA Pte Ltd, improving the working capital of the Company and Group.

On 21 December 2023, the Company entered into a subscription agreement with Mr. Zhou Chao, on the share subscription of 83,000,000 new ordinary shares in the issued share capital of the Company at an issue price of S\$0.0121 per subscription share, to raise gross proceeds of approximately S\$1.004 million. The Company has fully utilised the net proceeds of approximately S\$1.004 million from the share subscription for working capital purposes.

Save for (i) the placement of Shares to Mr. Zhou Chao and Mr. Zhu Hua which was completed on 11 January 2024 (the “**2024 Placement**”) and 28 November 2023 respectively (the “**2023 Placement**”, and together with the 2024 Placement, the “**Past Placements**”) and (ii) the right issues which were completed on 2 December 2022, the Company has not raised cash from an issue of securities in the market in the last 24 months. Pursuant to Rule 704(30) of the Catalist Rule, a breakdown of the use of the proceeds from the Past Placements has been disclosed in full-year unaudited results of the Company for the financial year ended 31 December 2023.

As disclosed above in section 3 of this announcement, the Company has entered into the Loan Agreement and as at the date of this announcement, S\$1,054,000 has been disbursed by the Subscriber to the Company for its working capital pursuant to the ZH Loan. As at the date of this announcement, the ZH Loan has not been repaid and remains owing by the Company to the Subscriber.

Pursuant to the considerations above, the Directors are of the view that the Proposed Subscription is beneficial to the Group as it will increase resources and working capital available to the Company so as to improve cash flow, as part of management’s strategy to achieve continued trading status on Catalist and deliver shareholder value. The Proposed Subscription will improve the working capital of the Company and the Group.

4.2. The Subscription Shares

The Subscription Shares, when allotted and issued, shall be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the existing ordinary Shares in the issued share capital of the Company as at the date of issue of the Subscription Shares, except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before such date of issue.

Share Subscription Scaleback Arrangement

The Company will, if necessary, scale down the subscription for the Subscription Shares to avoid placing the Subscriber and parties acting in concert (as defined under the Singapore Code on Take-overs and Mergers (the “**Code**”) with him (if any) in the position of incurring a mandatory general offer obligation under the Code as a result of the Proposed Acquisition not being approved by the Shareholders at the EGM to be convened and/or the Proposed Acquisition not completing for any reason whatsoever and/or the Consideration Shares not being allotted and issued to the Vendor (or such persons as persons designated by the Vendor) (the “**Scaleback Arrangement**”).

Based on the Existing Share Capital (assuming no new Shares are issued on or prior to completion of the Proposed Subscription) and assuming that the Proposed Acquisition is not approved by Shareholders at the EGM and/or that the Proposed Acquisition does not complete, for any reason (the “**Minimum Subscription Scenario**”), the Company will allot and issue 201,100,000 Subscription Shares to the Subscriber. The Subscription Shares represent approximately 27.00% of the Existing Share Capital and approximately 20.07% of the enlarged share capital of the Company immediately after the completion of the Proposed Subscription and the Proposed Share Issuances (excluding the issuance of the Consideration Shares).

Based on the Existing Share Capital (assuming no new Shares are issued on or prior to completion of the Proposed Subscription) and assuming that the Proposed Acquisition is approved by Shareholders at the EGM and that the Proposed Acquisition completes, (the “**Maximum Subscription Scenario**”), the Company will allot and issue 407,000,000 Subscription Shares to the Subscriber. The Subscription Shares represent approximately 54.65% of the Existing Share Capital and approximately 24.07% of the Enlarged Share Capital of the Company immediately after the completion of the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances. For the avoidance of doubt, the Maximum Subscription Scenario does not contemplate the Scaleback Arrangement taking place in connection with the allotment and issuance of the Subscription Shares.

Share Subscription Anti-Dilution

Under the terms of the Subscription Agreement, the Company undertakes not to engage in any fundraising exercise for a period of 12 months subsequent to the completion of the Proposed Subscription without the consent of the Subscriber (such consent not to be unreasonably withheld). In the event that the Company proposes to issue further new Shares (the “**Additional Shares**”) to a third party or third parties at any time during the 12 month period commencing from the Issue Date (as defined below in section 4.9 of this announcement), the Subscriber shall have the right to subscribe for such number of Additional Shares necessary to maintain or restore the Subscriber’s shareholding to less than 29.9% of the share capital of the Company on an enlarged basis, unless waived by the Subscriber. Where the Subscriber elects to subscribe for such Additional Shares, such Additional Shares shall be allotted and issued to the Subscriber on the same terms and conditions as the Additional Shares are issued and sold to third parties. If for any reason, the issuance of Additional Shares to the third parties does not complete, the Subscriber’s right to subscribe for such issuance of Additional Shares shall lapse (the “**Anti-Dilution Mechanism**”).

There is no moratorium imposed on the Subscription Shares.

4.3. The Subscription Price

The Subscription Price of S\$0.0040 was arrived at following arm’s length negotiations between the Company and the Subscriber and represents a discount of approximately 55.56% to the VWAP of S\$0.0090 per Share for trades done on the SGX-ST on 24 July 2024, being the date of the Subscription Agreement.

The aggregate Subscription Amount shall be partially set-off against the outstanding debt of S\$1,054,000 owed by the Company to the Subscriber, which arose from the ZH Loan disbursed (the “**Set-off Arrangement**”).

In the Minimum Subscription Scenario, the aggregate Subscription Amount will be S\$804,400 and pursuant to the Set-Off Arrangement, (a) the allotment and issuance of the Subscription

Shares shall constitute partial discharge and settlement of the Company's obligation to repay the ZH Loan already disbursed as at the date of Subscription Agreement and (b) no cash proceeds will be received by the Company from the Subscriber for the Proposed Subscription.

In the Maximum Subscription Scenario, the aggregate Subscription Amount will be S\$1,628,000 and pursuant to the Set-Off Arrangement, (i) the allotment and issuance of the Subscription Shares shall constitute full discharge and settlement of the Company's obligation to repay the ZH Loan already disbursed as at the date of Subscription Agreement and (ii) the Subscriber shall pay for the remaining aggregate Subscription Amount to the Company in cash, being S\$574,000.

The Subscription Price was commercially agreed upon between the Company and the Subscriber after arm's length negotiations and taking into account the prevailing market conditions of the Group's business.

4.4. Information on the Subscriber

The Subscriber is the Executive Director and Chairman of the Company and an existing shareholder of the Company ("**Shareholder**"), with an existing direct interest in 98,500,000 Shares representing 13.23% interest in the Company's existing issued share capital following completion of an earlier subscription for Shares pursuant to the subscription agreement entered into by the Company and the Subscriber on 21 November 2023, as announced by the Company on 22 December 2023 ("**Previous Subscription**").

As the Subscriber is the Executive Director and Chairman of the Company, please refer to the section entitled "Board of Directors" of the Company's annual report for the financial year ended 31 December 2023 for more information on the Subscriber.

As at the date of this announcement, the Subscriber holds 98,500,000 Shares representing 13.23% of the Existing Share Capital. Following the completion of the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances, the Subscriber will hold approximately 29.9% of the Company's Enlarged Share Capital.

The issuance of the Subscription Shares to the Subscriber will not result in the Subscriber being obliged to make a general offer for the mandatory take-over of the Company pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers.

No placement agent has been appointed in respect of the Proposed Subscription.

No introducer, referral or commission fees have been paid or will be payable by the Company in connection with the Proposed Subscription. Each of the Subscribers is subscribing for the Subscription Shares for investment purposes, and as principal for it/his own benefit, and not in trust or as a nominee.

Save for the Subscriber being a substantial Shareholder of the Company and the Executive Director and Chairman of the Company, the Subscriber has no other connections (including any business relationships or transactions, prior to the Subscription Agreement) with the Company, the directors of the Company ("**Directors**") or the Company's substantial shareholders.

4.5. Shareholders' Approval for the Proposed Subscription

(a) Rule 803 of the Catalyst Rules

Pursuant to Rule 803 of the Catalyst Rules, an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.

The proposed allotment and issue of Subscription Shares by the Company to the Subscriber pursuant to the Proposed Subscription will result in the Subscriber holding approximately 29.9% which is more than 15% of the Enlarged Share Capital after completion of the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances (the "**Proposed Transfer of Controlling Interest**"). Accordingly, upon completion of the Proposed Subscription, the Subscriber will be a new Controlling Shareholder.

The Company will be convening the EGM to seek approval from the Shareholders for the Proposed Transfer of Controlling Interest arising from the proposed allotment and issue of the Subscription Shares to the Subscriber pursuant to Rule 803 of the Catalyst Rules.

(b) Rule 804 and 812(2) of the Catalyst Rules

The Subscriber falls under the class of restricted persons as specified in Rule 804 and 812(1) of the Catalyst Rules. Accordingly, the Company will be convening the EGM to seek Shareholders' approval for the allotment and issuance of the Subscription Shares at the Subscription Price to the Subscriber under the Proposed Subscription pursuant to Rules 804 and 812(2) of the Catalyst Rules. The Subscriber and his Associates (as defined in the Catalyst Rules) will abstain from voting on the resolution to approve the Proposed Subscription at the EGM to be convened.

(c) Section 161 of the Companies Act and Rule 805(1) of the Catalyst Rules

Under Section 161 of the Companies Act and pursuant to Rule 805(1) of the Catalyst Rules, an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer except where a general mandate for such issue has been previously obtained from shareholders in a general meeting.

The Company will not be relying on the general share issue mandate granted by Shareholders to the Directors at the last annual general meeting of the Company held on 29 April 2024. Accordingly, the Company will be convening the EGM to seek Shareholders' approval for the issuance of the Subscription Shares under the Proposed Subscription pursuant to Section 161 of the Companies Act and Rule 805(1) of the Catalyst Rules.

(d) Rule 811 of the Catalyst Rules

Under Rule 811(1) of the Catalyst Rules, an issue of shares must not be priced at more than 10% discount to the VWAP for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed. If trading in the issuer's shares is not available for a full market day, the VWAP must be based on the trades done on the preceding market day up to the time the placement agreement is signed. Rule 811(3) and Rule 811(4) of the Catalyst Rules further provides that Rule 811(1) will not apply if specific shareholder approval for such issue of shares has been obtained and where specific shareholders' approval is sought, the circular must include the information required in Rule 810 and the basis upon which the discount was determined.

As disclosed in section 4.3 of this announcement, the allotment and issuance of the Subscription Shares are priced at more than 10% discount to the VWAP for the trades done on the SGX-ST on 24 July 2024, being the date of the Subscription Agreement. Accordingly, the Company will be convening an EGM to seek specific Shareholders' approval from independent shareholders of the Company for the Proposed Subscription. The Subscriber and his Associates (as defined in the Catalist Rules) will abstain from voting on the resolution to approve the Proposed Subscription at the EGM to be convened.

4.6. Chapter 9 of the Catalist Rules

As the Subscriber is the Executive Director and Chairman of the Company and a substantial Shareholder of the Company, the Subscriber is an "interested person" of the Company and the entry into the Subscription Agreement is an "interested person transaction" for the purposes of Chapter 9 of the Catalist Rules.

In accordance with Rules 906(1)(a) and 918 of the Catalist Rules, where the value of an interested person transaction is equal to or exceeds 5% of the latest audited NTA of the Group ("**Group NTA**"), the approval of independent Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 December 2023 ("**FY2023**"), the Group's latest audited net tangible liabilities ("**Group NTL**") is S\$1,989,000.

In the Minimum Subscription Scenario, the aggregate Subscription Price for the Subscription Shares of S\$804,400 represents approximately 40.44% of the Group NTL, whereas in the Maximum Subscription Scenario, the aggregate Subscription Price for the Subscription Shares of S\$1,628,000 represents approximately 81.85% of the Group NTL. Accordingly, the Company will be seeking specific Shareholders' approval at the EGM to be convened for the Proposed Subscription as an interested person transaction pursuant to Rule 906 of the Catalist Rules.

There were no interested person transactions entered into by the Group with the Subscriber (excluding the Proposed Subscription) for the current financial year commencing 1 January 2024 up to the date of this announcement.

For the current financial year commencing 1 January 2024 up to the date of this announcement, the aggregate value of all transactions entered into by the Group with all interested persons (excluding the Proposed Subscription) is nil, representing approximately 0.00% of the Group NTL.

The Audit Committee of the Company is of the view that the Proposed Subscription is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

4.7. Securities and Futures Act 2001 of Singapore

The Subscription Agreement and the transactions thereunder, including the proposed allotment and issuance of the Subscription Shares, is entered into pursuant to the 'safe harbour' exemptions for a private placement under section 272B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and in compliance with the conditions of these exemptions in the SFA.

The Subscriber is not accepting the Company's offer of the Subscription Shares as agent, nominee or trustee for the benefit of other parties or with a view to such offer being subsequently offered to another person in Singapore, where such subsequent offer is contrary to the provisions of the SFA. No prospectus, offer information statement or offer document will be issued by the Company or registered with the Monetary Authority of Singapore in connection with the Proposed Subscription.

4.8. Conditions Precedent to the Proposed Subscription

The completion of the Proposed Subscription is conditional upon the satisfaction (or waiver) of the following conditions on or prior to the Subscription Longstop Date (as defined below):

- (a) the receipt of the LQN from the SGX-ST for the listing of and quotation for the Subscription Shares on the Catalist Board of the SGX-ST (on conditions, if any, reasonably acceptable to the Parties, and to the extent that any conditions for the listing of and quotation for such Subscription Shares on the Catalist of SGX-ST are required to be fulfilled on or before Subscription Longstop Date, they being so fulfilled) and the LQN being in full force and effect as at the date of completion of the Proposed Subscription;
- (b) the continued trading of the Shares on Catalist Board;
- (c) the requisite approval of the Shareholders (with the Subscriber and his Associates abstaining) having been obtained at an extraordinary general meeting to be convened by the Company in relation to the Proposed Subscription pursuant to, *inter alia*, Rules 803, 804, 805(1), 811(3) and 812(2) of the Catalist Rules;
- (d) proof of funds for the aggregate Subscription Amount, in a form satisfactory to the Company, to be provided by the Subscriber to the Company;
- (e) the allotment and issuance of the Subscription Shares on the Issue Date (as defined below in section 4.9 of this announcement) not being prohibited by its constitutive documents, any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company;
- (f) the respective representations and warranties of each Party to the Subscription Agreement being true and accurate in all material respects on and as of the date of the Subscription Agreement and as at the Issue Date (as defined below), with the same force and effect, and each Party having performed and complied with all their respective undertakings, covenants and agreements set out in the Subscription Agreement on or prior to the Issue Date (as defined below);
- (g) all required consents and approvals for the transactions under the Subscription Agreement having been obtained without restrictions or limitations whatsoever that are unacceptable to the Parties, and being in full force and effect, in particular, and without limitation; and
- (h) the approval of the Board for the entering into of the Subscription Agreement and the transactions under the Subscription Agreement and any related transactions in relation thereto.

If any of the conditions precedent set forth in the Subscription Agreement is not satisfied or waived (as the case may be) by the date falling three (3) months from the date of the Subscription Agreement (or such other date as the parties may agree in writing) (the “**Subscription Longstop Date**”), the Subscription Agreement shall terminate and the obligations of the Company to issue the Subscription Shares and the Subscriber to subscribe for the Subscription Shares shall ipso facto cease and determine thereafter. Upon termination, the Subscription Agreement shall be of no further effect and no party thereto shall be under any liability to the other parties in respect of the Subscription Agreement (except for any antecedent breach of the Subscription Agreement).

4.9. Completion of the Proposed Subscription

Completion of the Proposed Subscription shall take place on the date falling two (2) market days after the date on which all the conditions precedent set out in section 4.8 above have been satisfied or otherwise waived in writing by the relevant party, or such other date as may be mutually agreed between the Company and the Subscriber in writing (the “**Issue Date**”).

4.10. Use of Proceeds from the Proposed Subscription

The estimated net proceeds that will be raised from the Proposed Subscription (after deducting estimated expenses of approximately S\$150,000 and the repayment of the ZH Loan of approximately S\$1,054,000 in accordance with the Set-off Arrangement described in paragraph 4.3) will amount to approximately S\$424,000 in the Maximum Subscription Scenario (the “**Net Proceeds**”). There will be no cash proceeds received by the Company from the Subscriber for the Proposed Subscription in the Minimum Subscription Scenario.

The Company intends to use 100% of the Net Proceeds for general working capital (which includes administrative expenses, manpower costs, compliance costs, continuing listing expenses and professional fees of the Group).

Pending the utilisation of the Net Proceeds as outlined above, the Net Proceeds may be deposited in financial institutions or be used for working capital or any other purpose on a short-term basis as the Directors may deem fit in the interests of the Group.

The Company will make periodic announcements as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this announcement. The Company will also provide a status report on the use of such Net Proceeds in the Company’s annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the Company’s announcements and annual report.

4.11. Opinion of the Directors

The Directors (with the Subscriber and his associates abstaining) are of the view that the Proposed Subscription is beneficial to and in the best interests of the Company as it will reduce the Company’s debt and allow the Company to conserve its cash resources.

The Directors are of the opinion that, after taking into consideration the Group’s present bank facilities, as at the date of this announcement, the working capital available to the Group is not sufficient to meet its present requirements.

The Directors are of the opinion that, after taking into consideration the Group's present bank facilities and the Net Proceeds, as at the date of this announcement, the working capital available to the Group will be sufficient to meet its present requirements.

4.12. Subscriber's undertaking to provide financial support

The Subscription Agreement further provides that, in addition to the Loan Agreement, the Subscriber undertakes to use his best endeavours to provide financial support to the Group by way of, *inter alia*, his participation in further capital fundraising exercises undertaken by the Company to ensure that the Company and the Group will be able to continue to operate as a going concern. The quantum of such financial support is to be mutually agreed between the Company and the Subscriber following the completion of the Proposed Acquisition.

As disclosed in the Company's announcement dated 14 May 2024, in the event that Mr. Zhu Hua does not provide, or is unable to provide, sufficient financial support to the Group for its working capital requirements, the Group will look for alternative sources of funding such as equity or debt fundraising through a placement of securities of the Company to investors or other fundraising opportunities to raise the requisite funding for the Group's working capital requirements. Should the Group fail to raise such alternative funding, the Company and the Group may not be able to operate as a going concern and trading of the Shares may be suspended pursuant to Rule 1303(3) of the Catalist Rules.

5. THE PROPOSED ISSUANCE OF THE SIGN-ON SHARES TO MR. CHEN LU

5.1. Background

As announced by the Company on 20 March 2024, the Company had entered into a Service Agreement with Mr. Chen Lu in connection with his employment in the Company and the Proposed Issuance of Sign-On Shares. Mr. Chen Lu was employed to support the strategic director of the Group for its new business in the technology-enabled entertainment business and the Sign-On Shares are being issued to attract Mr. Chen Lu to enter into employment with the Company. Mr. Chen Lu has been appointed as the Executive Director and President of the Company since 30 April 2024.

The Company subsequently announced on 8 April 2024 that in consultation with its Sponsor and the SGX-ST, the Company will seek shareholders' approval on the Proposed Issuance of Sign-On Shares. The Company and Mr. Chen Lu had also entered into a supplementary agreement on 8 April 2024 to provide, *inter alia*, that the Company shall grant Mr. Chen Lu the Sign-On Shares on or before 28 June 2024, or on a date to be mutually agreed between the parties.

5.2. The Second Supplemental Agreement

In light of the allotment and issuance of new Shares pursuant to the Proposed Acquisition and the Proposed Subscription, the Company and Mr. Chen Lu have further entered into the Second Supplemental Agreement to amend the Service Agreement in relation to the Proposed Issuance of the Sign-On Shares in the following manner:

(a) The following definitions to be inserted into Clause 1.1:

“CL Allocation” has the meaning ascribed to it in Clause 4.2;”

“Proposed Share Issuance Transactions” means the allotment and issuance of new ordinary shares of the Company pursuant to (a) the placement subscription exercise to be undertaken by the Company, (b) the acquisition(s) that the Company may undertake and (c) the terms and conditions of the service agreement entered into by the Company with the Executive;”

(b) Clause 4.2 be deleted in its entirety and replaced with the following:

“Subject to the Company receiving the relevant approval(s) from the SGX-ST, the Company shall grant to the Executive such number of new Shares representing 4.5% of the enlarged share capital of the Company following the completion of the Proposed Share Issuance Transactions (“CL Allocation”), being 76,000,000 new Shares (or such other number of Shares representing the CL Allocation as may be agreed between the Parties in writing, on a date to be mutually agreed by the Parties (the “Sign-On Shares”),”

To take into account any adjustments to the number of Shares that may be issued prior to the completion of the Proposed Issuance of the Sign-On Shares (including but not limited to the Scaleback Arrangement and the Anti-Dilution Mechanism as described in section 4.2 of this announcement), the amendments made pursuant to the Second Supplemental Agreement provide for the number of Sign-On Shares to be mutually agreed upon between the Company and Mr. Chen Lu. For the avoidance of doubt, such number of Sign-On Shares will represent 4.5% of the Enlarged Share Capital of the Company following the completion of the Proposed Acquisition, Proposed Subscription and the Proposed Share Issuances.

Based on the Existing Share Capital and on the assumption that the Proposed Share Issuances completes, 76,000,000 Sign-On Shares will be allotted and issued to Mr. Chen Lu pursuant to the terms and conditions of the Service Agreement.

5.3. Shareholders’ approval for the Proposed Issuance of Sign-On Shares

As announced on 8 April 2024, the Sign-On Shares shall be issued upon approval from the Shareholders in a general meeting to be convened. In connection thereto, the Company will provide further details on the Proposed Issuance of Sign-On Shares to Mr. Chen Lu in the shareholders’ circular to be despatched in due course.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION, THE PROPOSED SUBSCRIPTION AND THE PROPOSED SHARE ISSUANCES

The financial effects of the Proposed Acquisition, the Proposed Subscription, and the Proposed Share Issuances on the Group as set out below are for illustrative purposes only and do not purport to be indicative or a projection of the future financial performance and financial position of the Group after the completion of the Proposed Acquisition, the Proposed Subscription, and the Proposed Share Issuances.

The financial effects of the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances on the Group have been computed based on the latest audited consolidated financial statements of the Group for FY2023 and the following bases and assumptions:

- (a) the share capital of the Company as at the date of this announcement comprising 744,758,836 Shares for the purposes of illustrating the financial effects on the Group’s issued and paid-up share capital;

- (b) the financial effect on the consolidated net tangible assets (“**NTA**”) per Share is computed based on the assumption that the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances was completed on 31 December 2023;
- (c) the financial effect on the consolidated earnings per Share (“**EPS**”) is computed based on the assumption that the Proposed Acquisition, Proposed Subscription, and the Proposed Share Issuances was completed on 1 January 2023;
- (d) the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances are to be completed simultaneously;
- (e) the accrual for estimated professional fees and other expenses relating to the Proposed Acquisition and the Proposed Subscription is approximately S\$150,000 (including the allotment and issuance of the Icon Shares); and
- (f) assume that there is no return earned from the Net Proceeds.

6.1. Share Capital

	Minimum Subscription Scenario		Maximum Subscription Scenario	
	Number of Shares	S\$ ('000)	Number of Shares	S\$ ('000)
Issued and paid-up share capital (excluding treasury shares)	744,758,836	56,215	744,758,836	56,215
Add: Number of Consideration Shares	0	0	452,000,000	4,068
Add: Number of Subscription Shares	201,100,000	804	407,000,000	1,628
Add: Number of Sign-On Shares	45,100,000	0	76,000,000	0
Add: Number of Icon Shares	11,000,000	99	11,000,000	99
Enlarged issued and paid-up share capital after the Proposed Share Issuances (excluding treasury shares)	1,001,958,836	57,118	1,690,758,836	62,010

Note:

6.2. NTA per Share

	Minimum Subscription Scenario		Maximum Subscription Scenario	
	Before the Proposed Acquisition, Proposed Subscription and Proposed Share Issuances ⁽¹⁾	After the Proposed Acquisition Proposed Subscription and the Proposed Share Issuances ⁽¹⁾	Before the Proposed Acquisition, Proposed Subscription and Proposed Share Issuances	After the Proposed Acquisition Proposed Subscription and the Proposed Share Issuances
NTA of the Group as at 31 December 2023 (S\$'000)	(1,989)	(1,335)	(1,989)	(511)
Number of issued Shares ('000)	657,627	914,827	657,627	1,603,627

NTA per Share as at 31 December 2023 (Singapore cents)	(0.30)	(0.15)	(0.30)	(0.03)
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Notes:

(1) Excluding the issuance of Consideration Shares.

6.3. EPS

	Minimum Subscription Scenario		Maximum Subscription Scenario	
	Before the Proposed Acquisition, Proposed Subscription and Proposed Share Issuances ⁽¹⁾	After the Proposed Subscription and the Proposed Share Issuances ⁽¹⁾	Before the Proposed Acquisition, Proposed Subscription and Proposed Share Issuances	After the Proposed Subscription and the Proposed Share Issuances
Net earnings attributable to equity holders of the Company for FY2023 (S\$'000)	(2,488)	(2,638)	(2,488)	(2,638)
Weighted average number of shares (excluding treasury shares) (‘000)	593,128	811,405	593,128	1,498,318
EPS for FY2023 (Singapore cents)	(0.42)	(0.33)	(0.42)	(0.18)

Notes:

(2) Excluding the issuance of Consideration Shares.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective shareholding interests in the Company (as the case may be) and as disclosed in this announcement, none of the Directors, controlling Shareholders or substantial Shareholders, or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, the ZH Loan, the Proposed Subscription and the Proposed Share Issuances.

8. FURTHER ANNOUNCEMENTS

The Company will make further and other announcements at the relevant time as and when there are material developments in relation to the Proposed Acquisition, the ZH Loan, the Proposed Subscription and the Proposed Share Issuances, in particular, when the LQN for the Consideration Shares, Subscription Shares, the Sign-On Shares and the Icon Shares is received. The LQN to be given by the SGX-ST in respect of the Consideration Shares, Subscription Shares, the Sign-On Shares and the Icon Shares is not an indication of the merits

of the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances, the Subscriber, the Group and/or the Shares.

9. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Proposed Acquisition, the ZH Loan, the Proposed Subscription and the Proposed Share Issuances are subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Acquisition, the ZH Loan, the Proposed Subscription and the Proposed Share Issuances will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

10. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the ZH Loan, the Proposed Subscription and the Proposed Share Issuances, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. SERVICE CONTRACTS

No person will be appointed to the Board in connection with the Proposed Acquisition, the ZH Loan, the Proposed Subscription and the Proposed Share Issuances and no service contracts in relation thereto will be entered into by the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following will be available for inspection during normal business hours at the registered office of the Company at 18 Howard Road, #11-09, Novelty Bizcentre, Singapore 369585 for a period of three (3) months from the date of this announcement:

- (a) the Constitution of the Company;
- (b) the SPA;
- (c) the valuation report issued by the Independent Valuer;
- (d) the Loan Agreement;
- (e) the Subscription Agreement;

- (f) the Second Supplemental Agreement; and
- (g) the Icon Law engagement letter.

BY ORDER OF THE BOARD

Zhu Hua
Executive Director and Chairman
24 July 2024

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**") for compliance with relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This announcement has not been examined or approved by the SGX-ST, and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are: -

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