

**EUROSPORTS GLOBAL LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number 201230283Z)

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**RESPONSE TO SGX REGCO'S QUERIES**

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*Capitalised terms in this announcement shall have the same meanings as ascribed to them in the Previous Announcement (as defined below) unless otherwise defined.*

The Board of Directors (the “**Board**”) of EuroSports Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Regulation (“**SGX RegCo**”) in relation to the Company’s announcement dated 4 July 2023 in relation to the proposed placement of convertible bonds and appointment of placement agent (the “**Previous Announcement**”).

The queries from SGX RegCo and the Company’s responses are set out below.

**We refer to Eurosport Global Limited (the “Company” and together with its subsidiaries, the “Group”) announcement on 4 July 2023 on the placement of convertible bonds (“Convertible Bonds”) and appointment of the placement agent.**

**Query 1:**

**It is disclosed that the use of proceeds is mainly to increase the Company’s ownership in Scorpio Electric Pte Ltd (“SEC”). However, the conversion terms of the Convertible Bonds allow bondholders to convert the bonds into, amongst others, SEC shares. Should bondholders choose to convert into SEC shares, the Company’s shareholdings in SEC would be diluted. Please explain the Board’s considerations and rationale for structuring the Convertible Bonds in this manner and how this would help in achieving the Company’s objective of increasing its ownership in SEC.**

**Company’s Response:**

The rationale for raising of funds via an issue of the Bonds, which are unlisted convertible, exchangeable bonds, is to increase the resources available to further support the working capital requirements of the Group which includes the upcoming production of the Scorpio Electric X1 and development of future Scorpio Electric products through SEC. Shareholders may refer to Paragraphs 4.1 and 4.2 of the Previous Announcement for more information on the rationale of the fundraising and the proposed use of the Investment Proceeds.

While the Group is excited about the future of the Scorpio Electric X1, the Group also understands the capital requirement involved in such development and production processes and therefore launched the Proposed Placement to further strengthen its cashflow position. This is the driving force which resulted in the proposed issuance of the Bonds which are convertible (into shares in the Company) and/or exchangeable (into shares in SEC). With the structure proposed by the Company, interested investors would have some comfort in the fact that they could, within the conversion period, elect to convert into shares in the Company and have a degree of liquidity in their investment.

The Board, having already considered the rationale of the fundraising, the proposed use of the Investment Proceeds and the approach taken by the Company in structuring the Proposed Placement, had concurred with the approach as described above, which had been proposed by Management.

Pursuant to Subscription Agreements, the Company also has the sole discretion to transfer such number of shares in the capital of SEC as it may then own to the Bondholders as full or partial

satisfaction (as the case may be) of an election by the Bondholders to exchange their Bond into shares of SEC. As such, should Bondholders elect to exchange the Bonds into SEC Conversion Shares, there may be slight dilution on the Company's percentage shareholding in SEC as compared to such percentage shareholding as at the date of the issue of the Bonds. Such dilution (if any) will not result in the Company's shareholding in SEC being reduced by more than 20%, nor will such dilution cause the Company to cease being the controlling shareholder of SEC. Even though there may potentially be a situation where there is a slight overall dilution of the Company's shareholding in SEC after exchange of the Bonds (in the event where the Bondholders elect to receive shares in SEC in full), the Board is of the view that the entire Proposed Placement, taken in its totality, will be in the best interest of the Company and its shareholders given the rationale and proposed use of proceeds as disclosed in Paragraphs 4.1 and 4.2 of the Previous Announcement.

As an additional illustration, assuming: (i) the Company's injection of capital into SEC to increase its ownership in accordance with Paragraph 4.2 of the Previous Announcement; (ii) all Bondholders electing to exchange the Bonds into SEC Conversion Shares in full; and (iii) such exchange being fully satisfied through the Company's transfer of its shares in the capital of SEC to the Bondholders, there will be a slight dilution in the Company's percentage shareholding in SEC of 1.61% upon completion of such transfer, from approximately 74.03% immediately after completion of the Company's injection of capital into SEC to 72.42% immediately after completion of such transfer.

**Query 2:**

**The terms of the Convertible Bonds are not straightforward, as there are various redemption and / or conversion scenarios and options. In addition, the bondholders have discretion to convert to either shares in the Company and / or shares in SEC. There are also mandatory conversion events in the event of, amongst others, listing of SEC either via IPO or pursuant to a de-SPAC process.**

**(a) Who had proposed or advised on the structuring of the transaction?**

Company's Response:

The structure of the transaction was discussed between the Board and the key management personnel of the Company in consultation with the Placement Agent.

**(b) How was the conversion price of S\$0.45 per Company Conversion Share (which represents 137% premium to VWAP of last done price), and S\$74.72 per SEC Conversion Share arrived at?**

Company's Response:

The conversion price of S\$0.45 per Company Conversion Share was arrived at taking into consideration the Company's existing 73.69% shareholding interest in SEC (at a pre-money valuation of US\$175 million), excluding the luxury automotive distribution business, for which valuation is not carried out, and with a discount applied.

The conversion price of S\$74.72 per SEC Conversion Share was arrived at on a willing-buyer, willing-seller basis by taking a pre-money valuation of SEC of US\$175 million (in its Singapore-dollar equivalent at the Exchange Rate) divided by number of shares in the capital of SEC (on a fully-diluted basis) as at the date of the Subscription Agreements.

For the purpose of this announcement and Previous Announcement, the following definitions apply:

- (b) **“Exchange Rate”** means the exchange rate of S\$1.00:US\$1.3508, based on the exchange rate on 3 July 2023 as published by the Monetary Authority of Singapore; and
- (b) **“fully-diluted”** means on the basis of the total number of outstanding shares in the capital of SEC, assuming all convertible securities (including preference shares) are converted or exchanged and all rights, options or warrants to subscribe for or acquire shares are exercised and including all shares in the capital of SEC reserved or authorised for future issuance or grant under any equity incentive, share option or similar plan of SEC.

The pre-money valuation of US\$175 million was determined by the Company and arrived at on a willing-buyer, willing-seller basis in consultation with the Placement Agent taking into consideration, *inter alia*, that SEC was valued at US\$150 million at its last fundraising round of SEC which took place in January 2023, no material adverse changes having taken place to the financial conditions of SEC and that significant progress has been made to the development of the Scorpio Electric X1 (which includes prototypes having been made).

**Query 3:**

**Based on the Group’s latest announced financial results, it has unaudited cash balance of S\$9 million as at 31 March 2023. Assuming the Convertible Bonds are fully subscribed, it is expected to raise maximum net proceeds of S\$3.2 million. Did the Board consider other fund raising options (either internal or external)?**

**Company’s Response:**

The Group had considered other methods of funding, including but not limited to, trade financing and external borrowings.

The Board was of the view that with the capital requirement involved in, among other working capital needs, the upcoming production of the Scorpio Electric X1 and development of future Scorpio Electric products through SEC, conducting the Proposed Placement would further strengthen the Company’s cashflow position. Further, the Board was of the view that the issuance of the Bond, which has a 4% per annum interest with the option to be converted either into Company Conversion Shares or SEC Conversion Shares, is a more cost-effective way to obtain funding in the prevailing market, where interest rates on loans are relatively higher.

**Query 4:**

**Please provide more details on how and why Bondholders are able to convert into shares of Scorpio Electric Pte Ltd (“SEC”)?**

**Company’s Response:**

In addition to the mechanics disclosed in Paragraph 2.3 of the Previous Announcement, the Company had also disclosed in its response to Query 1 above that the Company also has the sole discretion to transfer such number of shares in the capital of SEC as it may then own to the Bondholder as full or partial satisfaction (as the case may be) of an election by a Bondholder to exchange their Bond into shares of SEC.

The Company primarily wishes to seek further investment in SEC. As disclosed in its response to Query 1 above, the Bondholders are given the option to elect for conversion into Company Conversion Shares in order to make the Bonds more appealing to interested investors.

**Query 5:**

**Under Para 4.2 of the announcement, the Company intends to use the proceeds for a capital injection of S\$2,264,829 in SEC for 35,360 shares of SEC, which translates to \$64.05 per SEC Share. Please provide more details, with justifications on how the price of the SEC Conversion Shares of S\$74.72 was arrived at.**

**Company's Response:**

Please refer to the Company's response under Query 2(b) for more information on how the conversion price of the SEC Conversion Shares of S\$74.72 was determined.

**Query 6:**

**It is disclosed that one of the Mandatory Conversion Trigger Events is when the Company's VWAP share price is at and /or exceeds S\$0.60 per share for 7 consecutive market days. How was the price of S\$0.60 arrived at? Is the Board satisfied with the reasonableness of the assumptions adopted, and who has reviewed such assumptions?**

**Company's Response:**

Shares of the Company are, at the date of the Placement Agreement, trading at a volume-weighted average price of S\$0.19 per share and the Board was of the view that if the Shares trades at a price which represents more than 130% of the initial conversion price of S\$0.45 per Company Conversion Share, this would already represent a significant capital gain by the Bondholders, which is a justified reason to require the Bondholders to convert their Bonds and not leave it as a debt which the Company may then have to repay. Such an arrangement was accepted by the Placement Agent, which was then reflected within the terms and conditions of the Bonds.

**By Order of the Board**

Goh Kim San  
Executive Chairman and Chief Executive Officer  
11 July 2023

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**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.

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