

MOOREAST HOLDINGS LTD.

(Company Registration No.: 202120164D)

ENTRY INTO NON-BINDING TERM SHEET IN RELATION TO CONVERTIBLE LOAN

1 INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Mooreast Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 13 June 2024 (the “**Execution Date**”) entered into a non-binding term sheet (the “**Term Sheet**”) with SG-RT Fund as Sub-Fund of CEC-SG VCC (the “**Lender**”) pursuant to which the Lender has agreed to grant an interest-bearing convertible loan of an aggregate principal sum of S\$20,010,000 (the “**Convertible Loan**”).

The Term Sheet is not intended to be legally binding between the parties and remains subject to completion of the final and definitive loan agreement. The Company will make further announcements as and when there are material updates to the Lender, including the entry into definitive loan agreement.

2 INFORMATION ON THE LENDER

The Lender is a registered sub-fund of CEC-SG VCC, an umbrella variable capital company incorporated under the Variable Capital Companies Act 2018 of Singapore, and managed by N PrimePartners Capital Pte Ltd, which holds a capital markets services licence for fund management under the Securities and Futures Act 2001 of Singapore.

As at the date of this announcement, the Lender does not hold any shares of the Company.

3 PRINCIPAL TERMS OF THE TERM SHEET

The following are the principal terms of the Term Sheet:

3.1 Drawdown Conditions

It is proposed that the Convertible Loan will be disbursed as follows:

- 3.1.1 S\$1,000,000 (the “**Deposit**”) will be disbursed to the Company within sixty (60) days from the Execution Date.
- 3.1.2 S\$19,010,000 (the “**Balance Loan Sum**”) will be disbursed in one lump sum to the Company within thirty (30) days from the date of a notice from the Company (the “**Disbursement Date**”) following satisfaction of the following conditions (the “**Conditions Precedent**”) on or before the expiry of ninety (90) days from the Execution Date (the “**Long Stop Date**”):
 - (a) The Company has obtained all relevant approvals and/or consents for the transactions contemplated under the Term Sheet;
 - (b) The Lender has completed all relevant due diligence on the Company (whether legal, operational, financial, or otherwise), and is reasonably satisfied with the results of such due diligence;
 - (c) The Lender has obtained approval from the relevant government or competent authority for investment and fund outflow; and
 - (d) There is no change in the control of the Company.

3.2 Interest Rate

The Convertible Loan is subject to interest at a rate of 3.7% per annum on a non-compounded basis (the “**Interest**”) payable in cash within thirty (30) days from the date of each anniversary of the Disbursement Date. The Interest is to be remitted to a bank account designated in writing by the Lender to the Company.

3.3 Deposit

If the Conditions Precedent are met on or before the Long Stop Date, the Deposit will be treated as part of the principal sum of the Convertible Loan.

If the Lender fails to fulfil the condition set out in Paragraph 3.1.2(c) above on or before Long Stop Date, the Company will not be required to repay the Deposit to the Lender, and the Term Sheet will automatically terminate and the parties will cease to be bound by the Term Sheet save for the Surviving Provisions (as defined in Paragraph 3.9 below).

If the Company fails to fulfil any of the conditions set out in Paragraphs 3.1.2(a), (b) and (d) on or before the Long Stop Date, the Company will refund the Deposit to the Lender, on an interest-free basis, within thirty (30) days from the date the Company notifies the Lender of its inability to fulfil the said condition (the “**Refund Credit Period**”), and this term sheet will thereafter automatically terminate and the parties will cease to be bound by this term sheet save for the Surviving Provisions. If the Company delays in making the refund of the Deposit within the Refund Credit Period, the Lender may impose a late payment charge at the rate of 6% per annum, computed on a 365-day year for the actual number of days elapsed. Where the Lender is not reasonably satisfied with the results of the due diligence in Paragraph 3.1.2(b), it will notify the Company of the reasons for such non-satisfaction and the Company will be given a reasonable time to rectify or explain the basis of any such findings. After the rectifications and in the event that such findings do not have a material adverse effect on the financial position or performance of the Company, the condition precedent in Paragraph 3.1.2(b) will be deemed to have been satisfied. Where a change of control of the Company occurs as a result of any purchase of shares in the Company by the Lender, the condition precedent in Paragraph 3.1.2(d) will be deemed to have been satisfied.

3.4 Maturity Date

The maturity date of the Convertible Loan will be the date falling on the third anniversary of the Disbursement Date (the “**Maturity Date**”).

3.5 Use of Proceeds

The Company will use the Convertible Loan for the Group’s working capital purposes, business growth and investment opportunities.

3.6 Prepayment and Repayment of the Convertible Loan

The Convertible Loan may be prepaid as follows:

- (a) With the parties' mutual agreement after the expiry of twelve (12) months from the Disbursement Date, the Convertible Loan may be prepaid by the Company by serving a written notice of prepayment on the Lender whereupon the Company shall prepay the Convertible Loan in cash within thirty (30) days from the date of the said notice of prepayment; or
- (b) If the Company achieves an annual comprehensive profit after tax of S\$12,000,000 at any time prior to the Maturity Date, the Company may, with the consent of the Lender, prepay the Convertible Loan in full by capitalising the Convertible Loan into such number of shares in the capital of the Company issued and allotted to the Lender (the "**Conversion Shares**") which is to be determined by dividing the principal sum of the Convertible Loan by S\$0.29 (the "**Conversion Price**"), subject to the provisions of applicable laws, listing rules and any other regulations, practice directions or guidelines of the CDP, and the terms of the definitive loan agreement. The Conversion Price represents a premium of approximately 180% to the volume weighted average price for trades done on the shares in the capital of the Company on the SGX Catalist Board on 31 May 2024 (being the full market day on the date immediately prior to the Execution Date on which the Company's shares were traded), which is S\$0.1036; or
- (c) The Lender may require the Convertible Loan to be prepaid in full by capitalising the Convertible Loan into Conversion Shares at the Conversion Price, subject to the provisions of applicable laws, listing rules and any other regulations, practice directions or guidelines of the CDP, and the terms of the definitive loan agreement as well as the Conditions Precedent.

On the Maturity Date, the Convertible Loan may be repaid in cash, or in lieu of cash repayment with the consent of the Lender, by capitalising the Convertible Loan into the Conversion Shares at the Conversion Price, subject to the provisions of applicable laws, listing rules and any other regulations, practice directions or guidelines of the CDP, and the terms of the definitive loan agreement.

3.7 Exclusivity & Due Diligence

Prior to the expiry of the Long Stop Date or the execution by the parties of the definitive loan agreement, whichever is the earlier (the "**Exclusivity Period**"), (a) the Lender (including its affiliates, subsidiaries and related corporations) shall not invest in other companies that may compete with the Group; and (b) the Company shall not enter into a debt-for-equity swap agreement with any other company unless it obtains the consent of the Lender (such consent not to be unreasonably withheld).

The Company shall permit the Lender to conduct routine due diligence review of the Group, including granting reasonable access to the Group's basic information and business conditions for the sole purpose of the said due diligence.

3.8 Definitive Documentation

The Company and the Lender shall negotiate in good faith and enter into the definitive loan agreement for the transactions contemplated in the Term Sheet on or before the Long Stop Date. The definitive loan agreement shall contain such terms as may be customary for transactions of this nature.

3.9 Legal Effect and Surviving Provisions

The Term Sheet is not legally binding save for the Surviving Provisions comprising Paragraphs 5 (*Deposit*), 10 (*Confidentiality*), 11 (*Costs and Expenses*), 12 (*Assignment*), 13 (*Exclusivity*), 14 (*Counterparts*), and 15 (*Governing Law and Arbitration*) of the Term Sheet, all of which are legally binding on the parties.

3.10 Governing Law

The Term Sheet (including the definitive loan agreement) shall be governed by and construed in accordance with the laws of Singapore.

4 RATIONALE FOR THE CONVERTIBLE LOAN

The Company is of the view that the Convertible Loan and the transactions contemplated in the Term Sheet are beneficial to the Group due to the availability of the financing contemplated thereunder which will strengthen the current financial position of the Group. The Company will use the Convertible Loan as working capital and finance the expansion and growth of the Group's business activities in various jurisdictions including not limited to Southeast Asia, Europe and the People's Republic of China, so as to ensure the sustainability and profitability of the Group. Further, the Directors are of the opinion that the Convertible Loan, together with the current bank facilities as well as cash and bank balances of the Group, will be sufficient to meet the Group's working capital requirements for the 12-month period from the Company's reporting date of 31 December 2024.

5 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best knowledge of the Directors, save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Lender or any other transaction contemplated under the Term Sheet, other than through their respective shareholding interests in the Company (if any).

6 FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Listing Manual, upon the execution of the definitive agreements and/or when there are material developments in respect of the Convertible Loan or any other transaction contemplated under the Term Sheet, as well as seek the approval of Shareholders where required.

7 DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders should note that a copy of the Term Sheet will be available for inspection during normal business hours at the Company's registered office at 51 Shipyard Road, Mooreast Offshore Base, Singapore 628139 for a period of three (3) months from the date of this announcement.

8 DIRECTORS' 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 Term Sheet, 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.

9 TRADING CAUTION

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

BY ORDER OF THE BOARD

Sim Koon Lam
Chief Executive Officer

13 June 2024

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. (the "**Sponsor**"), for compliance with the 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 contact person for the Sponsor is Ms Alicia Chang, Registered Professional, W Capital Markets Pte. Ltd., at 65 Chulia Street, #43-01, OCBC Centre, Singapore 049513, telephone (65) 6513 3525.