



ARTIVISION TECHNOLOGIES LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 200407031R)

**PROPOSED ACQUISITION OF MOBILE CREDIT PAYMENT PTE. LTD.
– EXECUTION OF SALE AND PURCHASE AGREEMENT**

*Unless otherwise defined, all capitalised terms used herein shall bear the meanings ascribed to them in the Company's announcement dated 31 October 2017 relating to, amongst others, the HOA (the "**HOA Announcement**").*

1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Artivision Technologies Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's entry into the HOA with Mobile Credit Payment Pte. Ltd. (the "**Target**", and together with its subsidiaries and associated companies, the "**Target Group**" or the "**Target Group Companies**") for the proposed acquisition by the Company of all the ordinary shares and convertible bonds issued by the Target (the "**Proposed Acquisition**"), and the extension of the Exclusivity Period under the HOA announced by the Company on 31 January 2018.

The Board wishes to inform Shareholders that on 27 April 2018, the Company, the Target and the shareholders and bondholders of the Target set out in Schedule 1 of this announcement (the "**Vendors**", which term shall include any New Investors (as defined below) who agree to be bound by the terms of the SPA) (collectively, the "**Parties**" and each, a "**Party**") entered into a conditional sale and purchase agreement in relation to the Proposed Acquisition (the "**SPA**").

Other than Mr. Koh Beng Kiok Anthony and Mr. Kim Moon Soo (collectively, the "**Key Warrantors**"), who co-founded the Target in 2005, the remaining Vendors comprise strategic investors, passive investors and employees of the Target Group. None of the Vendors is related to the Directors, controlling Shareholders, or their respective associates. As at the date of this announcement, none of the Vendors is interested in 5.0% or more of the shares of the Company ("**Shares**").

2. THE PROPOSED ACQUISITION

Information (including financial information) on the Target Group (including the iFashion Group (as defined below)) and the Vendors was provided by the Target. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1. Information on the Proposed Acquisition

Please refer to the HOA Announcement for the following information in connection with the Proposed Acquisition:

- (a) paragraphs 2.1 and 2.2: information on the Target Group and the Key Warrantors, respectively;
- (b) paragraph 2.4: the salient terms of the HOA;
- (c) paragraph 4: the rationale for the Proposed Share Consolidation (as defined below); and
- (d) paragraph 5: the Proposed Compliance Placement.

2.2. The iFashion Transaction

On 4 April 2018, the Target entered into a conditional sale and purchase agreement (the “**iFashion SPA**”) with I-Fashion Group Pte. Ltd. (“**iFashion**” and together with its subsidiaries, the “**iFashion Group**”) and its shareholders (the “**iFashion Sellers**”) (collectively, the “**iFashion Parties**”) to acquire iFashion.

The Target has completed the acquisition of 51.0% of all the ordinary shares and preference shares of iFashion (the “**Tranche 1 iFashion Shares**”), with the remaining 49.0% of the iFashion Shares (as defined below) to be transferred to the Target upon Completion (the “**iFashion Transaction**”). Accordingly, iFashion will be a wholly-owned subsidiary of the Target upon Completion. Pursuant to the iFashion SPA, notwithstanding that the iFashion SPA was executed on 4 April 2018, the iFashion Parties have agreed that the Target’s acquisition of the Tranche 1 iFashion Shares shall be deemed effective from 26 December 2017 for accounting purposes.

For the avoidance of doubt, the term “iFashion Transaction” refers to the acquisition by the Target of 100.0% of all the ordinary shares and preference shares of iFashion (the “**iFashion Shares**”) under the terms of the iFashion SPA.

2.2.1. Information on the iFashion Group

The iFashion Group is a leading venture platform focused on investing and acquiring fashion and lifestyle e-commerce ventures based in Southeast Asia. It is a cutting-edge retail enabler supporting more than 20,000 lifestyle and fashion brands in areas such as manufacturing, online to offline commerce (O2O), e-commerce, events, leasing, marketplaces and sales. Brands in its portfolio include Invade Co, Megafash, Artbox Singapore, Dressabelle, BlackBean Ideas, MEYKRS Store and Red Republic, amongst others.

Please refer to Schedule 2 of this announcement for the corporate structure of the Target Group, including the iFashion Group, as at the date of this announcement.

2.2.2. Salient terms of the iFashion SPA

The consideration for the iFashion Transaction shall be two (2) times of the audited consolidated revenue of the iFashion Group for the financial year ended 31 December 2017 (the “**iFashion Consideration**”), which is subject to a limit of S\$25.0 million (the “**Maximum iFashion Consideration**”) and the iFashion Consideration Adjustment (as defined below). For the purposes of calculating the audited consolidated revenue of the iFashion Group, the iFashion Parties have agreed that non-recurring income or income from extraordinary items derived from transactions

which are out of the ordinary course of business of the iFashion Group shall not be taken into account in determining the revenue of the iFashion Group.

Pursuant to the iFashion SPA, the iFashion Parties have agreed to the following in respect of the iFashion Consideration (the “**iFashion Consideration Adjustment**”):

- (a) where the difference between the Appraised Value¹ and the iFashion Consideration is up to 20.0% of the iFashion Consideration (the “**Margin**”), there will be no adjustment to the iFashion Consideration and the number of iFashion Consideration Shares (as defined below) to be allotted and issued to each of the iFashion Sellers in satisfaction of the iFashion Consideration; and
- (b) if the difference between the Appraised Value and the iFashion Consideration exceeds 20.0% of the iFashion Consideration (the “**Margin Difference**”), the iFashion Consideration shall be adjusted (upwards in the event the Appraised Value exceeds the iFashion Consideration by such Margin Difference, or downwards in the event the iFashion Consideration exceeds the Appraised Value by such Margin Difference) by such amount equal to the Margin Difference in relation to the iFashion Consideration, expressed as a percentage and the number of iFashion Consideration Shares to be allotted and issued to each of the iFashion Sellers in satisfaction of the iFashion Consideration shall be adjusted on a *pro rated* basis.

For the avoidance of doubt, where the iFashion Consideration is adjusted pursuant to the iFashion Consideration Adjustment, such adjusted iFashion Consideration shall not exceed the Maximum iFashion Consideration.

2.2.3. Satisfaction of the iFashion Consideration

Pursuant to the SPA, the Company has agreed to satisfy the iFashion Consideration on behalf of the Target in the following manner:

- (a) 90.0% of the iFashion Consideration (the “**Initial Payment Sum**”) shall be satisfied by the issue and allotment of the iFashion Consideration Shares at the Issue Price (as defined below) by the Company on a *pro rata* basis to the iFashion Sellers on Completion; and
- (b) the remaining 10.0% of the iFashion Consideration is to be satisfied by the issue and allotment of iFashion Consideration Shares at the Issue Price by the Company on a *pro rata* basis to the iFashion Sellers within 20 Business Days² following the expiry of the Retention Period³.

The Company has agreed to satisfy the iFashion Consideration on behalf of the Target to ensure that the Company will acquire 100.0% of the Target, as well as to avoid a substantial cash outlay on the part of the Target. The payment of the iFashion Consideration by the Company is subject to

¹ “**Appraised Value**” is defined in the iFashion SPA as the value of the iFashion Group as of 31 December 2017, as appraised by an independent and reputable valuer jointly appointed by the iFashion Parties within one (1) month from the date of the iFashion SPA. For the avoidance of doubt, non-recurring income or income from extraordinary items derived from transactions which are out of the ordinary course of business of the iFashion Group shall not be taken into account in the determination of the revenue of the iFashion Group.

² “**Business Day**” is defined in the iFashion SPA as a day other than a Saturday, Sunday or public holiday in Singapore.

³ “**Retention Period**” is defined in the iFashion SPA as the period commencing from the date of Completion and ending on the date of the issuance of the audited consolidated financial statements of the iFashion Group for the full financial year following the completion of the issue and allotment of the iFashion Consideration Shares to the iFashion Sellers in satisfaction of the Initial Payment Sum.

Completion, upon which the Target will be a wholly-owned subsidiary of the Company, and will be satisfied by the issue of Consideration Shares (as defined below) by the Company to the iFashion Sellers (the “**iFashion Consideration Shares**”).

None of the iFashion Sellers is related to the Directors, controlling Shareholders or their respective associates. As at the date of this announcement, none of the iFashion Sellers is interested in 5.0% or more of the Shares.

2.3. Financial information on the Target Group

Based on the Target Group’s unaudited consolidated financial statements as at 31 December 2017, the Target Group recorded (i) net loss before tax of approximately S\$3.87 million for the financial year ended 31 December 2017; (ii) net book value of approximately S\$0.71 million as at 31 December 2017; and (iii) net tangible liabilities (“**NTL**”) of approximately S\$29.36 million as at 31 December 2017⁴. No independent valuation of the Target Group was available as at the date of the SPA.

Please refer to Schedule 4 of this announcement for the historical financial information of the Target Group for the financial years ended 31 December 2015, 2016 and 2017. For the avoidance of doubt, the historical financial information of the iFashion Group has been consolidated with the Target Group’s financial information with effect from 26 December 2017.

2.4. Rationale for and benefits of the Proposed Acquisition

As discussed in the HOA Announcement, the Company has been exploring business opportunities for the Group since the disposal of Artimedia Pte. Ltd., its subsidiary and joint venture companies (collectively, the “**Artimedia Group**”) in August 2017. The search for business opportunities became a priority with the Company’s decision not to renew its wholly-owned subsidiary, Colibri Assembly (Thailand) Co., Ltd. (“**CAT**”)’s, exclusive agreement with its only contract manufacturing customer, as announced on 25 October 2017. With effect from 27 February 2018, CAT ceased its business and operations and the Company ceased to have any operating subsidiaries or businesses, thus becoming a cash company (“**Cash Company**”) as defined under Rule 1017 of the Catalist Rules (“**Rule 1017**”).

An issuer’s securities will typically be suspended when the issuer becomes a cash company under Rule 1017, but the SGX-ST has advised the Company that it has no objections to the continued trading of the Shares on Catalist after the Company became a Cash Company, subject to the conditions set out in the Company’s announcement on 5 April 2018 (the “**5 April Announcement**”), which included the execution of an undertaking dated 5 April 2018 by Mr. Ching to provide adequate funds (if required) to the Group to enable it to continue operating as a going concern (the “**Financial Support Undertaking**”). The SGX-ST further reserves the right to suspend trading of the Company’s securities as it deems fit should the Company fail to comply with Rule 1017(1) of the Catalist Rules, and to amend or vary the Waiver and Application Confirmation (as defined in the 5 April Announcement) as it deems fit. The Waiver and Application Confirmation is subject to changes in the SGX-ST’s policies.

⁴ The NTL of the Target Group as at 31 December 2017 includes (i) the amounts payable in respect of the iFashion Transaction, which will be satisfied by the Company on the Target’s behalf, subject to Completion; and (ii) convertible bonds issued by the Target which have been converted into ordinary shares in the Target or redeemed pursuant to the Series C Settlement.

Since becoming a Cash Company, the Company has 12 months from 27 February 2018 (i.e. up to end February 2019) to secure a new business which is able to satisfy the requirements of the SGX-ST for a new listing ("**New Business**") under Rule 1017(2) of the Catalist Rules, or it will be required to delist from Catalist. The Company may (through the Sponsor) apply to the SGX-ST for a maximum 6-month extension to the 12-month period (which would be subject to certain conditions) if it has already signed a definitive agreement for the acquisition of a New Business, of which the acquisition must be completed in the 6-month extension period.

The Proposed Acquisition is an opportunity for the Company to acquire a New Business, thus meeting the requirements under Rule 1017 and enhancing value for Shareholders. The Board believes that the Target Group is well positioned to capitalise on Singapore's recent push towards cashless payments, and that there is strong and increasing demand for such e-payment systems in the Asia Pacific region offered by the Target Group. The Board is of the view that the market for payment solutions in Singapore remains largely fragmented and offers opportunities for consolidation as Singapore moves to simplify and integrate the industry. The acquisition of the iFashion Group also brings potential and business synergy to the Target and will allow the Target to offer payment solutions to the diverse range of retail businesses within the iFashion Group.

Upon Completion, the Target will become a wholly-owned subsidiary of the Company, and the business of the Company will be that of the Target Group (which includes the business of the iFashion Group detailed in paragraph 2.2.1 of this announcement). The Board thus believes that the Proposed Acquisition is beneficial to the Company and its Shareholders, as it will position the Company to meet the requirements under Rule 1017 and enable Shareholders to participate in business areas that have potential for significant growth. The Board also believes that the Proposed Acquisition will have the potential to increase the market capitalisation and widen the investor base of the Company, thereby enabling the Company to attract more extensive analyst coverage and increase investors' interest in the Shares.

2.5. Key terms of the Proposed Acquisition

2.5.1. Proposed Acquisition

The Company intends to acquire 100.0% of (a) the issued ordinary shares in the capital of the Target (the "**Sale Shares**"), and (b) the issued and unconverted bonds or other debt securities convertible into ordinary shares in the capital of the Target issued by the Target (the "**Sale Bonds**"), as at Completion from the Vendors.

As at the date of this announcement, the Target has (i) 1,822,009 issued ordinary shares (the "**Target Shares**"); and (ii) issued bonds in aggregate principal amount of S\$8.0 million (the "**Target Bonds**"). The Target Bonds comprise the Series D convertible bonds issued by the Target on 1 December 2017 (the "**Series D Bonds**"). Since the HOA Announcement, the holders of Series B Bonds issued by the Target have converted all the Series B Bonds into Target Shares and the Target has entered into a settlement agreement with the holders of the Series C Bonds to redeem the Series C Bonds in full (the "**Series C Settlement**").

2.5.2. Consideration

Base Consideration. Pursuant to the terms of the SPA, the consideration for the purchase of the Sale Shares held by the Vendors set out in Schedule 1 of this announcement shall be S\$80.0 million (the "**Base Consideration**"), save that if any of the Additional Funds Raised (as defined below) is utilised to redeem and/or repay any of the Target Bonds or any bonds (including but not limited to the amounts paid to the holders of the Series C Bonds under the Series C Settlement) or other debt securities convertible into Target Shares, the Base Consideration shall be reduced by an equivalent amount.

Additional Consideration. As at the date of this announcement, the Target Group is currently conducting certain fund-raising activities and, as highlighted in paragraph 2.5.1 above, the Target had issued the Target Bonds with an aggregate principal amount of S\$8.0 million (the “**Phase 1 Funds**”), comprising the Series D Bonds. Pursuant to the terms of the SPA, from the date of the SPA until Completion, the Target may raise additional funds of up to S\$12.0 million (in addition to the Phase 1 Funds raised), on the terms set out in Schedule 3 of this announcement (the “**Phase 2 Funds**”, which together with Phase 1 Funds shall be referred to as the “**Additional Funds Raised**”, and such fund-raising activities shall be referred to as “**Fund-Raising Activities**”). To ensure that the Company acquires 100.0% of the fully diluted share capital of the Target upon Completion, it shall be a condition of the Fund-Raising Activities that any new shareholder and/or bondholder of the Target pursuant to the Fund-Raising Activities (“**New Investor**”) shall agree to sell its/his/her shares or convertible securities in the Target, as the case may be, to the Company in connection with the Proposed Acquisition. Accordingly, the consideration for the purchase of the Sale Bonds (valued at the “as-converted” basis) shall be the amount equivalent to the Additional Funds Raised (the “**Additional Consideration**”).

iFashion Consideration. In view of the iFashion SPA which was entered into by the Target between the dates of the HOA and the SPA, the Company has agreed to satisfy the iFashion Consideration on behalf of the Target, subject to Completion.

In view of the above, the aggregate consideration for the Proposed Acquisition shall comprise the Base Consideration, the Additional Consideration and the iFashion Consideration (collectively, the “Total Consideration”). Based on the maximum Base Consideration of S\$80.0 million, the maximum Additional Consideration of S\$20.0 million and the Maximum iFashion Consideration of S\$25.0 million, the maximum Total Consideration is equivalent to S\$125.0 million (collectively, the “Maximum Total Consideration”).

The Total Consideration shall be satisfied in full by the allotment and issuance of up to 446,428,570 new Consolidated Shares (as defined below) (the “**Consideration Shares**”) at the post-Proposed Share Consolidation issue price of S\$0.28 per Consideration Share (or S\$0.014 per Share on a pre-Proposed Share Consolidation basis) (the “**Issue Price**”).

Please refer to paragraph 4 of this announcement for further details of the Proposed Share Consolidation.

The Consideration Shares shall be issued fully-paid, and shall rank *pari passu* in all respects with and carry all rights similar to the then existing Shares, and shall be subject to any moratorium imposed by the SGX-ST, the Sponsor or any other relevant governmental body or authority on the transfer of any of the Consideration Shares, as the case may be.

The allotment and issuance of the Consideration Shares is subject to, among other things, the listing and quotation notice having been obtained from the SGX-ST for the dealing in, listing of and quotation for the Consideration Shares on Catalist, such notice not being revoked and amended, and where such listing and quotation notice is obtained subject to any conditions, such conditions being reasonably acceptable to and confirmed by the relevant parties.

For illustration only, the Issue Price of S\$0.014 per Share on a pre-Proposed Share Consolidation basis represents:

- (A) the volume weighted average price (“**VWAP**”) of S\$0.014 of Shares traded on the SGX-ST on 26 April 2018, being the last Market Day⁵ on which the Shares were traded prior to the

⁵ “**Market Day**” means a day on which the SGX-ST is open for trading of securities.

date of the SPA; and

- (B) a 9.7% discount to the VWAP of S\$0.0155 of Shares traded on the SGX-ST for the three (3) months immediately preceding 26 April 2018, being the last Market Day on which the Shares were traded prior to the date of the HOA.

The Total Consideration was determined at arm's length on a willing-buyer willing-seller basis, taking into account and on the basis of the following:

- (I) the value of the Target Group (not taking into account the Additional Funds Raised) to be expressed in the report of an independent valuation to be commissioned by the Company on the valuation of the Target Group prior to Completion ("**Independent Valuation**") to be equivalent to or more than S\$80.0 million;
- (II) the Additional Funds Raised;
- (III) the iFashion Consideration;
- (IV) the Group at Completion not having any indebtedness, liabilities, duties and obligations, whether actual or contingent, direct or indirect, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured, save in connection with the process of striking off dormant subsidiary, Artisecurity Pte Ltd, and liquidating Thai subsidiary, CAT;
- (V) the number of issued Consolidated Shares following the issue and allotment of the Settlement Shares (as defined below) and the completion of the Proposed Share Consolidation immediately prior to Completion not exceeding 189,889,649 Consolidated Shares (excluding any Shares to be issued pursuant to the exercise of any Company Options and any options issued under the ESOP, as the case may be); and
- (VI) the business prospects, track record and competencies of the Target Group and the potential benefits arising from the Proposed Acquisition as detailed in paragraph 2.4 of this announcement.

The Independent Valuation report on the Target Group will be set out in the circular to Shareholders (the "**Circular**") containing, amongst others, the terms of the Proposed Acquisition, the Proposed Settlement Arrangements (as defined below), the Proposed Share Consolidation and the Proposed Compliance Placement (if any), to be despatched by the Company to the Shareholders in due course.

2.5.3. Minimum Shareholding Percentage

Pursuant to the SPA, the number of Consideration Shares to be issued in satisfaction of the Base Consideration (the "**Base Consideration Shares**") shall constitute no less than 60.07% (the "**Minimum Shareholding Percentage**") of the enlarged share capital of the Company immediately after the completion of the Proposed Share Consolidation, the Proposed Settlement Arrangements and the Proposed Acquisition (excluding any Consolidated Shares issued in satisfaction of any Additional Consideration, the iFashion Consideration and the Sponsor Equity Fee (as defined below), and any Shares issued pursuant to the exercise of any Company Options and any options issued under the ESOP prior to the date of the HOA) (the "**Enlarged Share Capital**"), where such Enlarged Share Capital shall comprise:

- (a) the share capital of the Company as at the date of the SPA;

- (b) the Base Consideration Shares; and
- (c) the Settlement Shares.

Where the number of Base Consideration Shares constitutes less than the Minimum Shareholding Percentage, such number of Base Consideration Shares shall be increased such that it represents (or as close as mathematically possible, with fractions of shares to be disregarded) the Minimum Shareholding Percentage. For the avoidance of doubt, the Minimum Shareholding Percentage is computed before the allotment and issuance of (a) the Consideration Shares in respect of the Additional Consideration, (b) the iFashion Consideration Shares in respect of the iFashion Consideration, (c) the Consolidated Shares in satisfaction of the Sponsor Equity Fee, and (d) any Shares pursuant to the exercise of any Company Options and options issued under the ESOP prior to the date of the HOA, as the case may be.

2.5.4. Conditions Precedent

Completion shall also be subject to, amongst others, the following conditions:

- (a) the approval of the Board, the Shareholders and the independent Shareholders, as the case may be, for the Proposed Acquisition and all the transactions contemplated in the SPA, including but not limited to:
 - (i) the Proposed Share Consolidation;
 - (ii) the issue and allotment of the Consideration Shares, the Settlement Shares and the Consolidated Shares in satisfaction of the Sponsor Equity Fee;
 - (iii) the Proposed Settlement Arrangements (as amended or varied in accordance with the written consent of the Parties);
 - (iv) the resignation of existing Directors and the chief executive officer of the Company (save for such Directors as notified by the Target to the Company) and the appointment of new directors and the new chief executive officer nominated by the Target in their place; and
 - (v) if necessary, in respect of the independent Shareholders, to waive their rights to receive a mandatory general offer for all the Shares held by such independent Shareholders to be made by the Vendors and parties acting in concert with the Vendors pursuant to Rule 14 of the Code as a result of the allotment and issue of the Consideration Shares to the Vendors (the “**Whitewash Resolution**”);
- (b) the Proposed Share Consolidation being effective;
- (c) the receipt by the Company and the Target Group Companies of all applicable third party consents or waivers required in connection with the Proposed Acquisition and the transactions contemplated under the SPA, as the case may be, including in relation to the change of control of the Company and the Target Group Companies, respectively;
- (d) the Independent Valuation report having been issued to the Company, in a form reasonably satisfactory to the Company, and expressing the value of the Target Group (not taking into account the Additional Funds Raised) (the “**MCP Valuation**”) to be equivalent to or more than S\$80.0 million. For the avoidance of doubt, in the event that the MCP Valuation is expressed in a range of values, the MCP Valuation must include a value of S\$80.0 million or more;

- (e) the completion of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Company and/or its appointed advisers on the Target Group and the results of such due diligence being satisfactory in the reasonable opinion of the Company;
- (f) there being no event, circumstance, effect, occurrence or state of affairs or any combination of them which is, or is reasonably likely to be, materially adverse to the business, operations or financial condition of the Group or the Target Group, as the case may be, taken as a whole ("**Material Adverse Change**"), or events, acts or omissions likely to lead to a Material Adverse Change to the respective businesses, operations, assets, financial condition, turnover or prospects of the Group or the Target Group, as the case may be;
- (g) (i) the receipt of a waiver from the SIC in favour of the Vendors, the iFashion Sellers and parties acting in concert with them, as the case may be, in respect of their obligation to make a mandatory general offer of the Company under Rule 14 of the Code arising from or in connection with all transactions contemplated under the SPA, and where such waiver is granted subject to any conditions, such conditions being acceptable to the Vendors; or (ii) the receipt of a ruling from the SIC that the Vendors are not parties acting in concert for the purposes of the Code;
- (h) the execution of an undertaking from Mr. Ching to vote in favour of the Shareholders' resolution in connection with the Proposed Acquisition and the issue and allotment of the Consideration Shares within 30 days of the date of the SPA;
- (i) the Company continuing to remain listed on Catalist from the date of the SPA until Completion; and for this purpose shall, if necessary, obtain the approval of the SGX-ST for an extension to the 12-month period (commencing on the date the Company became a cash company) to meet the requirements for the new listing accordance with Rule 1017(2) of the Catalist Rules;
- (j) trading of the Shares on the SGX-ST shall not be suspended for longer than three (3) consecutive Business Days⁶ (which for the avoidance of doubt, shall not include any trading halts or suspensions of shares on the SGX-ST made at the request of the Company); and
- (k) all necessary corporate and regulatory approvals, consents and waivers required to complete the SPA and all transactions contemplated under the SPA, including those of the Sponsor and the SGX-ST, and including the receipt of listing and quotation notice in respect of the Consolidated Shares, the Consideration Shares, the Settlement Shares and the Consolidated Shares in satisfaction of the Sponsor Equity Fee on Catalist, having been obtained. If such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any Party, such conditions being acceptable to the Party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion.

In the event the conditions precedent to Completion set out in the SPA are not satisfied by 31 December 2018 (or such other date as the Parties may agree), the provisions of the SPA (save for certain provisions relating to, amongst others, confidentiality, costs and expenses, and governing law and dispute resolution) shall cease and terminate, and no Party shall have any claim against

⁶ "**Business Day**" is defined in the SPA as any day on which commercial banks are open for business in Singapore, other than Saturdays, Sundays and days which have been gazetted as public holidays in Singapore.

the other Party, without prejudice to any rights or liabilities which may have accrued prior to such termination or which are expressed to survive such termination.

2.5.5. Sponsor Equity Fee

The Company has appointed ZICO Capital Pte. Ltd. (the “**Sponsor**”) as its financial adviser to advise on the Proposed Acquisition. Subject to Completion, the Parties agree that as part of the Sponsor’s fees for its services in connection with the Proposed Acquisition (the “**Sponsor Equity Fee**”), the Company shall issue such number of new Consolidated Shares (the “**Sponsor Equity Fee Shares**”) to the Sponsor to constitute 0.8% of the diluted share capital of the Company immediately after the completion of the Proposed Share Consolidation, the Proposed Settlement Arrangements (which, for the avoidance of doubt, excludes any Shares to be issued after Completion pursuant to the exercise of the Company Options), the Proposed Acquisition, the iFashion Transaction and the settlement of the Sponsor Equity Fee.

The value of the Sponsor Equity Fee shall not exceed S\$1.5 million (the “**Maximum Sponsor Equity Fee**”), calculated as an aggregate of the number of new Consolidated Shares issued to the Sponsor multiplied by the issue price per new Consolidated Share equal to the VWAP of the Shares (as adjusted for the Proposed Share Consolidation) for the five (5) Market Days immediately preceding the latest practicable date of the Circular.

3. **PROPOSED SETTLEMENT ARRANGEMENTS**

3.1. **Details of the Proposed Settlement Arrangements**

In connection with the Proposed Acquisition, the Company will enter into an agreement with Mr. Ching, a controlling Shareholder as at the date of this announcement, pursuant to which Mr. Ching will, prior to or on Completion:

- (a) acquire all of the Company Bonds and the Company Options from the respective holders; and
- (b) enter into an agreement with the Company for the redemption of all of the Company Bonds,

in consideration of the issue and allotment by the Company to Mr. Ching of 100,000,000 new Consolidated Shares (the “**Settlement Shares**”) at an issue price of S\$0.005 for each Share (on a pre-Proposed Share Consolidation basis) (“**Settlement Issue Price**”) or S\$0.10 for each Settlement Share (on a post-Proposed Share Consolidation basis) (the “**Proposed Settlement Arrangements**”), with the aggregate issue price equivalent to S\$10.0 million (the “**Settlement Sum**”). Upon the signing of the agreement on the Proposed Settlement Arrangements, the Company will update Shareholders via an announcement on the SGXNet.

Pursuant to the terms of the option deeds of the Company Bonds, the aggregate principal amount of the Company Bonds with accrued interest up to 31 August 2018 shall amount to approximately S\$8.10 million. Please refer to paragraph 3.1 of the HOA Announcement for further details of the Company Bonds and Company Options.

Pursuant to the SPA, the Company has agreed that the Group shall not have any bonds, options or any securities convertible into Shares in issue as at Completion, save for the Company Options and any options issued under the ESOP prior to the date of the HOA (the “**Convertibles Requirement**”). The Proposed Settlement Arrangements will enable the Company to satisfy the Convertibles Requirements and the Vendors will receive their Consideration Shares without any concern about future potential dilution by third parties due to the outstanding convertible securities of the Company, which would make the Company an unattractive partner for a reverse takeover.

The Settlement Sum was determined taking into account the Convertibles Requirement, the financial support provided by Mr. Ching to the Group in the past two financial years ended 31 March 2017 and 2018⁷ and the rationale for and the benefits of the Proposed Acquisition and the Proposed Settlement Arrangements as set out in paragraphs 2.4 and 3.3 of this announcement, respectively.

3.2. Proposed Settlement Arrangements as an interested person transaction

Mr. Ching is a controlling Shareholder with 395,068,911 Shares as at the date of this announcement, representing an interest of approximately 22.0% in the existing issued and paid-up share capital of the Company of 1,797,792,986 Shares as at the date of this announcement (the “**Existing Share Capital**”). Accordingly, Mr. Ching is an “interested person” and the Proposed Settlement Arrangements will constitute an interested person transaction (“**IPT**”) under Chapter 9 of the Catalyst Rules.

Based on the Existing Share Capital, immediately following the allotment and issuance of the Settlement Shares, the Consideration Shares (assuming the Base Consideration of S\$80.0 million, the maximum Additional Consideration of S\$20.0 million and the Maximum iFashion Consideration of S\$25.0 million) and the Consolidated Shares in satisfaction of the Sponsor Equity Fee, and assuming no further issuance of new Shares by the Company and prior to the exercise of any of the Company Options, Mr. Ching will own 119,753,445 Consolidated Shares, representing an aggregate interest of approximately 18.7% of the enlarged share capital of the Company of 641,482,119 Consolidated Shares, and will remain as a controlling Shareholder.

The value of the Proposed Settlement Arrangements (being the amount at risk to the Company) is S\$10.0 million. Based on the Group’s latest audited financial statements for the financial year ended 31 March 2017 (“**FY2017**”), the Group recorded audited NTL of approximately S\$1.34 million as at 31 March 2017. Pursuant to Practice Note 10(A) paragraph 11 of the Catalyst Rules, tests based on assets and profits may not give a meaningful indication of the significance of a transaction to the issuer, for example, where the issuer is loss making and/or has a negative net asset value. As the Group recorded NTL as at 31 March 2017, the materiality of the Proposed Settlement Arrangements as an IPT cannot be meaningfully measured. Nevertheless, the Company will be seeking the approval of its independent Shareholders for the Proposed Settlement Arrangements as an IPT under Chapter 9 of the Catalyst Rules at the EGM to be convened.

Save for the Proposed Settlement Agreements, the Company has not entered into any IPT with Mr. Ching and his associates for the period from 1 April 2017 up to the date of this announcement. Other than the disposal of the Artimedia Group to the Company’s former Executive Director and Chief Technology Officer, which was approved by Shareholders at the extraordinary general meeting of Shareholders held on 27 July 2017, there were no other IPTs involving the Group with other interested persons for the period from 1 April 2017 up to the date of this announcement (excluding transactions less than S\$100,000).

⁷ This includes the subscription by Mr. Ching for 246,913,580 new Shares for the aggregate issue price of approximately S\$4.0 million on 13 February 2017, the undertaking by Mr. Ching to provide adequate funds to the Group to enable it to continue its operations on a going concern basis and to pay its liabilities as and when they fall due, up to 31 August 2018 (as detailed in the Company’s annual report for FY2017), and the provision by Mr. Ching of the Financial Support Undertaking, which was one of the conditions of the Waiver and the Application Confirmation (as defined in the 5 April Announcement) granted by the SGX-ST.

3.3. Rationale for and benefits of the Proposed Settlement Arrangements

The Proposed Settlement Arrangements are necessary to enable the Proposed Acquisition, as the Company would not normally be regarded as a suitable reverse takeover partner with the amount of debt and convertible securities currently outstanding. The Proposed Settlement Arrangements provide the Target Group and the Vendors with certainty that the Company will not carry extensive liabilities, as well as assurance that they are entering into a partnership with a supportive major Shareholder, who brings additional value to the the Group and the Target Group following Completion (collectively, the **"Enlarged Group"**), and has the capacity to provide financial support through the conversion of the Company Options at exercise prices above the Issue Price of the Consideration Shares.

As the current executive chairman and chief executive officer of Mainboard-listed Oxley Holdings Limited, Mr. Ching is a veteran in the corporate arena with a keen ability to identify market trends and business opportunities. Pursuant to the Proposed Settlement Arrangements, Mr. Ching shall undertake to provide consultancy services to the Enlarged Group for the growth and development of the Target Business following Completion. Mr. Ching has also introduced potential investors who are keen to invest in the Series D Bonds to support the Target Group's business. For the avoidance of doubt, no introducer fees will be paid to Mr. Ching in respect of the aforementioned fund-raising activity of the Target Group. The Board believes that Mr. Ching will be able to continue to leverage his extensive network and business experience to create business and investment opportunities for the Target Group's growing payment solutions business.

In view of the Proposed Acquisition, Mr. Ching believes in the growth and prospects of the Target Group and is demonstrating such confidence through the Proposed Settlement Arrangements, which will align his interests with that of the Company and the Target Group.

As long as Mr. Ching falls within the definition of "interested person" under the Catalist Rules, any provision of consultancy services by Mr. Ching to the Enlarged Group shall be subject to review and approval in accordance with Chapter 9 of the Catalist Rules.

4. THE PROPOSED SHARE CONSOLIDATION

In connection with the Proposed Acquisition, the Company proposes to undertake a consolidation (the **"Proposed Share Consolidation"**) of all its Shares on the basis of every 20 existing Shares into one (1) consolidated share (**"Consolidated Share"**). Subject to Shareholders' approval being obtained for the Proposed Share Consolidation, the Proposed Share Consolidation is intended to take effect on or before Completion. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which they are entitled to, based on their holdings of Shares as at the books closure date that will be determined by the Board (**"Books Closure Date"**), will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation shall be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company.

The Existing Share Capital comprises of 1,797,792,986 Shares. On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date, the Company will have a share capital of 89,889,649 Consolidated Shares (fractional entitlements to be disregarded) immediately after completion of the Proposed Share Consolidation.

Shareholders should note that the Issue Price per Consolidated Share and the number of Consolidated Shares to be issued pursuant to the SPA shall be subject to such consequential adjustments as may be required to account for any change to the final share consolidation ratio of the Proposed Share Consolidation, provided that any such consequential adjustments shall not affect the value of the Consolidated Shares to be issued to any Party under the SPA.

5. RELATIVE FIGURES UNDER RULE 1006

Based on the latest announced unaudited consolidated financial statements of the Group for the third quarter and three (3) months ended 31 December 2017, the relative figures of the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Catalyst Rules are as follows:

Rule 1006	Bases of calculation	Relative figure (%)
(a)	The net asset value of the assets to be disposed of, as compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	The net profits attributable to the Target Group, compared with the Group's net profits	Not meaningful ⁽²⁾
(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the Company's market capitalisation based on the total number of issued shares excluding the treasury shares	496.6 ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company previously in issue	496.6 ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Catalyst Rules is not applicable to an acquisition of assets.
- (2) Net profits/(loss) is defined to be profit or loss before income tax, minority interests and extraordinary items. As both the Target Group and the Group recorded net loss for the three (3) months ended 31 December 2017, the relative figure is not meaningful. For information, for the three (3) months ended 31 December 2017, the Target Group recorded unaudited net loss of approximately S\$0.56 million, whereas the Group recorded unaudited net loss of approximately S\$2.38 million.
- (3) Based on the Maximum Total Consideration of S\$125.0 million, and the Company's market capitalisation of approximately S\$25.17 million. The market capitalisation of the Company was computed based on the Existing Share Capital of 1,797,792,986 Shares (excluding treasury shares) and the VWAP of S\$0.014 per Share on 26 April 2018 (being the last Market Day on which the Shares were traded prior to the date of the SPA).
- (4) Based on (i) the proposed issuance and allotment of 446,428,570 Consideration Shares pursuant to the Proposed Acquisition, assuming the Maximum Total Consideration of S\$125.0 million; and (ii) on a post-Proposed Share Consolidation basis, the Existing Share Capital of 89,889,649 Consolidated Shares.
- (5) Rule 1006(e) of the Catalyst Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures under Rules 1006(c) and 1006(d) of the Catalyst Rules exceed 100.0%, and given that the Base Consideration Shares to be issued to the Vendors pursuant to the Proposed Acquisition shall constitute no less than 60.07% of the Enlarged Share Capital, the Proposed Acquisition will result in a change in control of the Company on Completion, and would constitute a

“Reverse Takeover” transaction pursuant to Rule 1015 of the Catalyst Rules. Accordingly, the Proposed Acquisition shall be conditional upon, amongst others, the approval of the SGX-ST and the Shareholders.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS ON THE GROUP

6.1. Bases and assumptions

The Proposed Acquisition, the Proposed Settlement Arrangements, the Proposed Share Consolidation shall be collectively be referred to as, the “Proposed Transactions”.

The unaudited *pro forma* financial effects of the Proposed Transactions are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Enlarged Group following completion of the Proposed Transactions.

The unaudited *pro forma* financial effects of the Proposed Transactions set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2017 and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2017, without any adjustment to align the financial year end of the Group with that of the Target Group.

For illustrative purposes only, the unaudited *pro forma* financial effects of the Proposed Transactions have been prepared based on, amongst others, the bases and key assumptions as set out under Schedule 4 of this announcement. Please refer to Schedule 4 of this announcement for further information on the bases and key assumptions.

6.2. Share capital of the Company

	Number of Shares / Consolidated Shares	S\$'000
Issued and paid-up share capital as at 31 March 2017	1,612,607,801	68,787
Issued and paid-up share capital as at 31 March 2017 (after adjusting for the issuance and allotment of 185,185,185 Shares subsequent to 31 March 2017)	1,797,792,986	71,778
Issued and paid-up share capital as at 31 March 2017 (after adjusting for the issuance and allotment of 185,185,185 Shares subsequent to 31 March 2017 and after completion of the Proposed Share Consolidation)	89,889,649	71,778
<u>Add:</u> Settlement Shares to be issued	100,000,000	10,000
<u>Add:</u> Consideration Shares to be issued	446,428,570	125,000
<u>Add:</u> Sponsor Equity Fee Shares to be issued in satisfaction of Sponsor Equity Fee	5,163,900	1,446
Issued and paid-up share capital after the Proposed Transactions	641,482,119	208,224

6.3. (NTL) / Net tangible assets (“NTA”) per Consolidated Share

	Before the Proposed Transactions	After the Proposed Transactions
(NTL) / NTA attributable to the equity holders of the Company as at 31 March 2017	(1,346,178)	22,662,067
Number of Consolidated Shares as at 31 March 2017 (after completion of the Proposed Share Consolidation)	89,889,649	641,482,119
(NTL) / NTA per Consolidated Share as at 31 March 2017 (cents)	(1.50)	3.53

6.4. Net (liabilities) / assets value per Consolidated Share

	Before the Proposed Transactions	After the Proposed Transactions
Net (liabilities) / assets attributable to the equity holders of the Company as at 31 March 2017	(917,330)	56,345,934
Number of Consolidated Shares as at 31 March 2017 (after completion of the Proposed Share Consolidation)	89,889,649	641,482,119
Net (liabilities) / assets value per Consolidated Share as at 31 March 2017 (cents)	(1.02)	8.78

6.5. LPS

	Before the Proposed Transactions	After the Proposed Transactions (before taking into account the Deemed Listing Expenses (as defined below))
Group (loss) after tax (after deducting non-controlling interests' share of losses) (S\$'000)	(15,856)	(23,955)
Weighted average number of Consolidated Shares (after completion of the Proposed Share Consolidation) (excluding treasury shares)	65,897,491	617,489,961
LPS (cents)	(24.06)	(3.88)

6.6. Gearing

	Before the Proposed Transactions	After the Proposed Transactions
Net borrowings (S\$'000)	12,698	7,837
(Negative equity) / Total equity (S\$'000)	(917)	56,346
Gearing (times)	Not meaningful	0.14

7. PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Please refer to Schedule 4 of this announcement for the one (1) year of *pro forma* financial information of the Enlarged Group.

8. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

8.1. Circular

The Circular setting out, amongst others, the terms of the Proposed Transactions and the Proposed Compliance Placement (if any), the Independent Valuation report on the Target Group, and the opinion and recommendations of the IFA (as defined below) in relation to the Whitewash Resolution (if required) and the Proposed Settlement Arrangements as an IPT under Chapter 9 of the Catalist Rules, together with a notice of EGM, will be despatched by the Company to the Shareholders in due course.

8.2. Documents available for inspection

Copies of the following documents will be made available for inspection during normal business hours at the registered office of the Company at 67 Ubi Avenue 1, #06-03 Starhub Green, Singapore 408942 for a period of three (3) months from the date of this announcement:

- (a) the HOA (as amended by the letter agreement dated 31 January 2018);
- (b) the SPA; and
- (c) the iFashion SPA (a copy of which is attached as Appendix A to the SPA).

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr. Ching, none of the Directors or controlling Shareholders has any interests, direct or indirect, in the Proposed Transactions, other than through their respective shareholding interests in the Company, if any.

10. SERVICE CONTRACTS

As at the date of this announcement, the Company has not entered into any service agreement with any person proposed to be appointed as a Director or executive officer in connection with the Proposed Transactions. It is envisaged that the Company will, on or prior to Completion, enter into service agreements on terms acceptable to the Company and the Target. The details of such appointments and service agreements (if any) will be set out in the Circular to be despatched to Shareholders in due course.

11. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company will be appointing an independent financial adviser (“IFA”) to advise the Directors who are considered independent of the Proposed Settlement Arrangements and the Whitewash Resolution (if required). The Company will announce the appointment of the IFA, and the advice of the IFA will be set out in the Circular to be despatched to Shareholders in due course.

12. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company will obtain an opinion from the IFA before forming its view on whether the Proposed Settlement Arrangements as an IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

13. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for any information on the Target Group, the iFashion Group, the Vendors and the iFashion Sellers 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 Transactions, the Proposed Compliance Placement, 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 (save that in respect of information relating to the Target Group, the iFashion Group, the Vendors and the iFashion Sellers in this announcement, such information is given based on information available to the Company as at the date of this announcement and is subject to further due diligence investigation and verification). 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.

14. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their Shares as the Proposed Acquisition, the Proposed Settlement Arrangements, the Proposed Share Consolidation and the Proposed Compliance Placement are subject to certain conditions, and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition, the Proposed Settlement Arrangements, the Proposed Share Consolidation and/or the Proposed Compliance Placement will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition, the Proposed Settlement Arrangements, the Proposed Share Consolidation and/or the Proposed Compliance Placement.

Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

HARRY NG
Non-Executive Chairman and Independent Director

2 May 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

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. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

SCHEDULE 1

LIST OF THE VENDORS

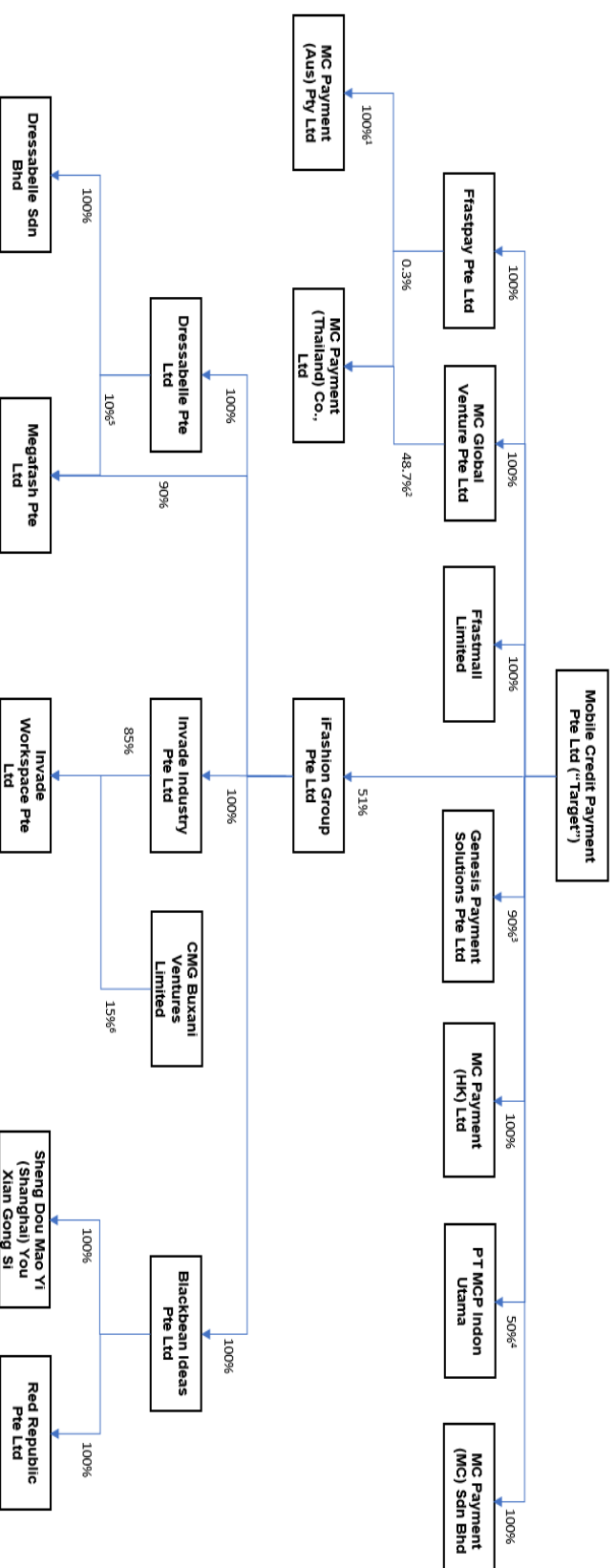
Name of Vendor	Number of shares in the Target as at the date of this announcement⁽¹⁾	Outstanding Series D Bond amount as at the date of this announcement	Number of shares in the Target immediately upon conversion of Series D Bonds⁽¹⁾
Koh Beng Kiok Anthony	230,500	-	230,500
Kim Moon Soo	55,000	-	55,000
Choi Eunsik	64,500	-	64,500
Goh Way Siong	197,333	-	197,333
Lee Hock Eng	53,041	-	53,041
Toh Soon Huat	143,813	-	143,813
Lee Yew Shin	143,813	-	143,813
NCK Global Capital Pte Ltd	170,000	-	170,000
Crest SCD Pte Ltd	72,000	-	72,000
Jeffery Ong @ Jeffery Rahardja	88,031	-	88,031
Chan Yew Chuen	23,359	-	23,359
Chua Long Seng	9,344	-	9,344
Seah Poh Hui	28,031	-	28,031
Tan Kwee Hock	9,344	-	9,344
Ng Cheo Beng	17,344	-	17,344
Ng Hwee	21,023	-	21,023
Leong Yin Ping	21,023	-	21,023
Ho Mun Sang	11,679	-	11,679
Chang Wei Nang Joey	23,359	-	23,359
Tay Ling Tat	9,344	-	9,344
Lee Soo Liap	18,687	-	18,687
ESW Manage Pte Ltd	140,155	-	140,155
Wong Yat Foo	35,039	-	35,039
Chee Kwang How (Chi Guanghao)	17,519	-	17,519
TH MCP Capital Limited	35,039	-	35,039
ACD MCP Capital Limited	35,038	-	35,038
Tje Min The	17,519	-	17,519
Intellect Asia Holdings Pte Ltd	35,039	-	35,039
MCN Investments Ltd	70,077	-	70,077
Tan Seo Boon	7,008	-	7,008
Lo Yiang Gek	7,008	-	7,008
Series D Bondholders⁽²⁾	-	S\$8,000,000	224,240
Total	1,822,009	-	2,046,249

Notes:

- (1) Fractions of shares in the Target have been disregarded.
- (2) Some of the holders of the Series D Bonds are holders of Target Shares.

SCHEDULE 2

GROUP STRUCTURE OF THE TARGET GROUP



Notes:

- (1) The Target owns the beneficial interest in 70.0% of the shares in the capital of McPayment (Aus) Pty Ltd. Fastpay Pte Ltd holds 100.0% of the shares in McPayment (Aus) Pty Ltd on trust for the Target (70.0%) and Georgoulas, Frank (30.0%).
- (2) The other shareholders of MC Payment (Thailand) Co., Ltd are Fastpay Pte Ltd and Satis Chuempibal who own 0.3% and 51.0% of the issued capital of MC Payment (Thailand) Co., Ltd respectively. MC Global Venture Pte Ltd and Fastpay Pte Ltd effectively own 60.0% of the voting rights in MC Payment (Thailand) Co., Ltd.
- (3) The other shareholder of Genesis Payment Solutions Pte Ltd is Jong Kim Poh who owns 10.0% of the issued capital of Genesis Payment Solutions Pte Ltd.

- (4) The other shareholders of PT MCP Indon Utama are Valerino Wijaya and Andrey Soebekti who own 41.0% and 9.0% of the issued capital of PT MCP Indon Utama, respectively.
- (5) Dressabelle Pte Ltd owns 166,667 preference shares in Megafash Pte Ltd which amounts to 10.0% of the ordinary shares in the capital of Megafash Pte Ltd on a fully-diluted and as-converted basis.
- (6) CMG Buxani Ventures Limited is a third party who loaned S\$400,000 to Invade Workspace Pte Ltd and the loan is convertible into 15.0% ordinary shares in the capital of Invade Workspace on a fully-diluted and as-converted basis.

SCHEDULE 3

TERMS OF THE FUND-RAISING ACTIVITIES

Issuer	The Target
Instrument	Ordinary shares or convertible bonds
Pre-money valuation	No less than S\$65.0 million
Total investment	Up to S\$12.0 million
Use of proceeds	<ul style="list-style-type: none">• Mergers and acquisitions• Working capital• Expansion into new markets
Investors	To be identified and communicated to the Company prior to close of the Fund-Raising Activities.
Conditions	<ul style="list-style-type: none">• All new investors must agree to participate in the Proposed Acquisition in respect of all their shares or convertible securities in the Target, and shall agree to cooperate and do all things necessary or desirable to complete the Proposed Acquisition.• The Fund-Raising Activities must be completed within three (3) months of the date of the SPA.

SCHEDULE 4

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

The historical financial information of the Target Group is based on the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2015 and the unaudited consolidated financial statements of the Target Group for the financial years ended 31 December 2016 and 2017. For the avoidance of doubt, the historical financial information of the iFashion Group has been consolidated with the Target Group's financial information with effect from 26 December 2017.

Income statement

S\$'000	(Audited) Financial year ended 31 December 2015	(Unaudited) Financial year ended 31 December 2016	(Unaudited) Financial year ended 31 December 2017
Revenue	11,467	9,269	5,209
Loss before tax	(779)	(2,260)	(3,871)
Loss after tax	(787)	(2,261)	(3,871)

Balance sheet

S\$'000	(Audited) As at 31 December 2015	(Unaudited) As at 31 December 2016	(Unaudited) As at 31 December 2017
Current assets	4,341	10,616	15,539
Non-current assets	2,618	6,365	31,056 ⁽¹⁾
Total assets	6,959	16,981	46,595
Current liabilities	3,709	4,963	33,400 ⁽²⁾
Non-current liabilities	2,559	5,751	12,485
Total liabilities	6,268	10,714	45,885
Net assets	691	6,267	710
Shareholders' equity	691	5,856	342
Non-controlling interest	-	411	368
Total equity	691	6,267	710

Notes:

- (1) Includes goodwill arising from the Target's acquisition of the Tranche 1 iFashion Shares.
- (2) Includes payables arising from the acquisition consideration in respect of the Target's acquisition of the Tranche 1 iFashion Shares.

PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A summary of the unaudited combined *pro forma* financial information of the Enlarged Group for FY2017 has been prepared for illustrative purposes only and is based on the latest audited consolidated financial statements of the Group for FY2017 and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2017, without any adjustment to align the financial year end of the Group with that of the Target Group.

For illustrative purposes only, the *pro forma* financial information of the Enlarged Group has been prepared based on, amongst others, the following bases and key assumptions:

- (a) the historical financial information of the iFashion Group has been consolidated with the Target Group's financial information with effect from 26 December 2017;
- (b) for the purpose of this analysis, the issue price of S\$0.014 for each Consideration Share (on a pre-Proposed Share Consolidation basis) or S\$0.28 for each Consideration Share (on a post-Proposed Share Consolidation basis), and S\$0.005 for each Settlement Share (on a pre-Proposed Share Consolidation basis) or S\$0.10 for each Settlement Share (on a post-Proposed Share Consolidation basis) is approximately the fair value price of the Company as at 31 March 2017;
- (c) the *pro forma* balance sheet of the Enlarged Group and financial effects of the Proposed Transactions on the Group's NTA per Share, net assets value per Share and gearing are computed based on the assumptions that (i) the issuance and allotment of 185,185,185 Shares pursuant to the exercise of the Company's options on 11 April 2017 was completed on 31 March 2017 instead; and (ii) the Proposed Transactions were completed on 31 March 2017;
- (d) as the shareholders of the Target Group on a collective basis will become the major shareholder of the Enlarged Group, the Proposed Transactions will result in a reverse acquisition within the meaning of the Singapore Financial Reporting Standard ("**SFRS**"). As the Group had disposed substantially all its business, the Proposed Transactions will not be considered a business combination within the meaning of FRS103 – Business Combination, and instead the Proposed Transactions will be considered as reverse acquisition along with share-based payment in accordance to FRS102 – Share-based Payment.

As the Proposed Transactions is a reverse acquisition, the Target Group will be deemed as the accounting acquirer (legal acquiree) and the Group will be the accounting acquiree (legal acquirer).

In accordance to FRS102, the difference between the fair value of consideration transferred and fair value of the assets of the Company shall be expensed off in the income statement of the Enlarged Group and is be treated as the listing expenses of the Target Group.

For the purpose of this analysis, the fair value of the consideration transferred is based on the market price of the Shares quoted on the SGX-ST amounting to approximately S\$25.2 million (as at 26 April 2018) and after adjusting for the financial effects of the Settlement Shares for the redemption of all of the Company Bonds. As the book value of the Company Bonds as at 31 March 2017 amounted to S\$7.2 million, it was assumed that the fair value of the Shares will increase by the same amount. Accordingly, the deemed fair value of the consideration transferred is S\$32.4 million.

The Company has a negative net asset value of S\$0.9 million and after adjusting for the Settlement Shares, the Company will have a net asset value of S\$6.3 million. The difference between fair value of consideration transferred (S\$32.4 million) and the net asset value of the Company (S\$6.3 million) amounted to S\$26.1 million is treated to be cost of listing to the Target Group (the “**Deemed Listing Expenses**”);

- (e) the *pro forma* income statement of the Enlarged Group and financial effects of the Proposed Transactions on the Group’s LPS are computed based on the assumptions that (i) the issuance and allotment of 185,185,185 Shares pursuant to the exercise of the Company’s options on 11 April 2017 was completed on 1 April 2017 instead; and (ii) the Proposed Transactions were completed on 1 April 2016;
- (f) the purpose of this analysis, it was assumed that the following events have taken place:
 - (i) the Phase 2 Funds amounting to S\$12.0 million have been raised by the Target and such New Investors have become shareholders of the Target Group. This resulted in an increase of S\$12.0 million of the Target Group’s net assets value as at 31 December 2017;
 - (ii) all holders of the Target Bonds have converted their Target Bonds into Target Shares;
 - (iii) 357,142,856 Consideration Shares in satisfaction of the Base Consideration and the Additional Consideration (assuming the maximum Additional Funds Raised) have been issued by the Company to the Vendors;
 - (iv) 100,000,000 Settlement Shares have been issued by the Company to Mr. Ching in satisfaction of the Settlement Sum;
 - (v) 5,163,900 Sponsor Equity Fee Shares have been issued by the Company to the Sponsor in satisfaction of the Sponsor Equity Fee; and
 - (vi) the Target Group has acquired the remaining 49.0% of the iFashion Shares that it does not own as at the date of this announcement and 89,285,714 iFashion Consideration Shares have been issued by the Company to the iFashion Sellers in satisfaction of the iFashion Consideration;
- (g) the expenses in connection with the Proposed Transactions are disregarded for the purpose of calculating the financial effects;
- (h) the Proposed Share Consolidation of every 20 Shares into one (1) Consolidated Share, fractional entitlements to be disregarded;
- (i) the analysis does not take into account the financial effects of the Proposed Compliance Placement;
- (j) the analysis does not take into account the outstanding Company Options and employee share options of the Target; and
- (k) save as set out above, there have not been any adjustments for the impact of any other transactions or events other than the Proposed Transactions.

Pro forma income statement

FY2017 S\$'000	(Unaudited)	
	Before taking into account the Deemed Listing Expenses	After taking into account the Deemed Listing Expenses
Revenue	26,960	26,960
Deemed Listing Expenses	-	(26,086)
Loss before tax	(23,998)	(50,084)
Loss after tax	(23,998)	(50,084)

Pro forma balance sheet

S\$'000	(Unaudited)	
	As at 31 March 2017	
Current assets	41,588	
Non-current assets	37,323	
Total assets	78,911	
Current liabilities	22,458	
Non-current liabilities	107	
Total liabilities	22,565	
Shareholders' equity	56,346	