

BROMAT HOLDINGS LTD.
(Company Registration No. 201715253N)
(Incorporated in Singapore)

RESPONSES TO SGX QUERIES

The Board of Directors (the “**Board**”) of Bromat Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 15 November 2024 in relation to the entry into a loan agreement as an interested party transaction.

The Company has received the following queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and wishes to provide its response below:

SGX-ST queries:

1. It was announced that the Company has entered into a loan agreement (the “**Loan Agreement**”) with Mr Frank Liu Tao (“**Mr Liu**” or the “**Lender**”), on 15 November 2024 and the interest on any Loan disbursed under the Loan Agreement shall accrue at an annual interest rate of 15.0% (“**Interest Rate**”). In addition, the Company shall pay the Lender an utilisation fee of 2.5% (“**Utilisation Fees**”) of the loan amount drawn down. Such Utilisation Fees will be subtracted by the Lender directly from the drawdown amount. In the event the loan is not paid by the maturity date as defined in the agreement, default interest of 1% will be charged (“**Default Interest**”).
 - a. How were the Interest Rate, Utilisation Fees and Default Interest determined? Please elaborate on what the Board has considered in entering into this Loan Agreement and how this is in the best interest of the Company and its shareholders.

Company’s response:

The Interest Rate, Utilisation Fees and Default Interest are commercially negotiated between the Lender and the Company, taking into consideration the fact that the financial position of the Group, quotation from alternative financing options, and Loan being an unsecured loan.

Management has engaged with other non-traditional lenders and their terms for an unsecured loan comprise the following:

Service fee: 3% of the Loan amount
Processing fee: 1.5% to 2.5%
Interest rate: 12% to 15%

In addition, the Company requires a short-term funding for working capital purposes while it completes the proposed rights issue, which was foreshadowed in the Company’s trade resumption proposal.

- b. What is the rationale for the Utilisation Fees? Is it common market practice for such loans to include Utilisation Fees?

Company’s response:

Utilisation Fee is another term for service or administration or processing fee. As referenced in its response to 1a above, the terms of unsecured loans typically comprise a service fee, processing and (sometimes) monitoring fee in addition to interest charged.

- c. Did the Company explore other potential lenders?

Company's response:

Yes. With reference to response to query 1(a), the Company also explored securing an unsecured loan from other non-traditional lenders. However, their proposed terms were less favourable than those offered by Mr Liu, and lacked the potential advantages associated with his involvement in the Company. For clarity, management has also approached financial institutions, and they have determined that the financial position of the Company at the current time does not meet their lending requirements.

- d. The Company announced on 13 March 2024, the Board's opinion regarding the Group's ability to operate as a going concern and the supporting bases including that, in addition to the Full Investment Amount of S\$5,000,000, the Investor's shareholder, Valiant Investments Limited ("**Valiant**") has placed an additional S\$3,500,000 in an escrow account which has been earmarked for the purpose of the working capital requirements of the Group as and when required, which is adequate to ensure that the Company has sufficient working capital for at least the next 12 months after the date of resumption of trading of the Company's shares.

Is there any change in the Investor's financial support to the Company? Why is the Company not utilising the funds in the escrow account?

Company's response:

There is no change to the Investor's financial support to the Company. As at the date of this announcement, the Company has fully drawn down and utilise the S\$3.5 million investment amount in the escrow account. Please refer to the table below for the breakdown:

Categories	Usage of S\$3.5 million escrow amount (%)
Repayment to OCBC and scheme creditors	60.3
Payment for legal and professional fees	21.0
Payment for acquisition of Dining Haus	9.5
Working capital	9.2

2. It was disclosed that the lender, Mr Liu was introduced by Valiant Investments Ltd ("**Valiant**") to the Company, and that a condition to the loan agreement is for Mr Liu to be appointed to the Board of the Company as a representative of Valiant. Valiant is a 50% shareholder of the Company's controlling shareholder, Gazelle Ventures Pte Ltd. It is further disclosed that the Loan Agreement may be terminated if Mr Liu is not appointed as a director of the Company

- a. Please elaborate on the relationships, business or otherwise, between Mr Liu and Valiant / Valiant's shareholders or directors.

Company's response:

Mr Liu is a business associate of Valiant Investments Limited, who is a shareholder of GV. Mr Liu is expected to be a source of contact for potential business opportunities and funding for the Company.

- b. Please explain why Mr Liu is to be appointed to the Board of the Company, as a representative of Valiant.

Company's response:

As stated above, Mr Liu is expected to introduce new business opportunities to the Company as part of the strategic initiatives planned by the Company to expand its product and service offerings.

- c. Please confirm if Mr Liu is extending the Loan to the Company in his own personal capacity and is not acting under the influence or instructions of any other parties.

Company's response:

Mr Liu is extending the Loan to the Company in his own personal capacity and the Company is not aware if Mr Liu is acting under the influence or instructions of any party.

- d. What is the status of the Nominating Committee's and Sponsor's assessment on Mr Liu's proposed appointment as a director of the Company?

Company's response:

Due diligence on the appointment of Mr Liu is currently underway. The Nominating Committee (NC) has not yet made a recommendation regarding his suitability as a director. Upon completion of the due diligence process, the Board will consult with the Company's sponsor before reaching a final decision.

- e. What are the Company's plans in the event Mr Liu is not appointed to the Company's board? What would be potential impact to the Group under such a scenario, given that the Loan will be "exclusively utilised by the Company for its working capital requirements".

Company's response:

In the event Mr Liu is not appointed to the Board, the Company will have to seek other financing from other non-traditional lenders.

3. Please provide the Board's confirmation that all material information has been announced to keep shareholders updated of developments in the Company and the Group.

Company's response:

The Board confirms, to the best of its knowledge, that all material information has been announced. The Company will make the necessary announcements as and when required and/or when there are material updates.

By Order of the Board

Lim Teck-Ean
Executive Director and Chief Executive Officer
25 November 2024

*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**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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