

PROPOSED INVESTMENT INTO OAXIS HOLDINGS PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Ban Leong Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), wishes to announce that the Company’s wholly-owned subsidiary, AV Labs International Pte. Ltd. (“**AV Labs**”) has on 30 December 2022 entered into a convertible loan agreement (“**Convertible Loan**”) with Oasis Holdings Pte. Ltd. (“**Oaxis**”) for the proposed investment of US\$1,000,000 (“**Principal Amount**”) by way of redeemable convertible loan with a tenure of three years (“**Proposed Transaction**”).

2. PROPOSED TRANSACTION

2.1 Information on Oasis, and rationale for the Proposed Transaction

Oaxis is an investment holding company incorporated in Singapore on 9 December 2010. Oasis and its group companies are consumer electronics manufacturers, involved in the distribution, manufacture and sale of electronics and lifestyle products in the US, Singapore, Japan and Malaysia, and in particular the development of children-friendly hardware, wearable products and app ecosystem under the “MyFirst” brand. Oasis shall use all funds raised from the Proposed Transaction for business expansion.

The Company is interested to invest in Oasis as Oasis has complementary retail and distribution networks which the Group can tap into and leverage upon. The Company is also optimistic about the prospects of the MyFirst brand in light there is a demand for child-friendly products in a safe and controlled environment for early exposure of young children to the digital world, following the accelerated adoption of technology due to the COVID-19 pandemic.

2.2 Principal Amount

The Principal Amount will be funded through internally generated funds.

2.3 Conditions Precedent

The obligations of AV Labs to subscribe for the Convertible Loan shall be conditional upon, *inter alia*, the following conditions precedent being fulfilled within 3 months from the date of the Agreement:

- 2.3.1 the completion of the necessary legal, financial, commercial and operational due diligence investigations on Oasis and its group companies;
- 2.3.2 Oasis has obtained all third party and/or governmental consents, approvals and authorisations which are necessary or desirable in connection with the drawdown of the Convertible Loan and the issuance of shares upon conversion of the Convertible Loan;
- 2.3.3 the appointment of AV Labs nominee to the board of directors of Oasis where required by AV Labs; and
- 2.3.4 there has been no material adverse change in the capital markets and/or in the prospects, operations or financial condition of Oasis and its group companies.

2.4 Completion

Completion for subscription of the Convertible Loan shall take place on the fifth business day after fulfilment or waiver (as the case may be) of all conditions precedent, or such other date as may be mutually agreed ("**Completion Date**").

2.5 Post-Completion Undertakings

Oaxis has undertaken to complete the following within one month from the Completion Date:

- 2.5.1 the appointment of a reputable accounting firm approved by AV Labs as auditors; and
- 2.5.2 the repayment of all loan facilities extended by United Overseas Bank Limited to the Oaxis group of companies and the release and discharge of all securities given by the Oaxis group of companies in favour of United Overseas Bank Limited.

In the event that AV Labs elects to convert the Convertible Loan, Oaxis shall complete the restructuring exercise of the Oaxis group companies, such that each of Oaxis Asia Pte. Ltd., Oaxis Inc, Oaxis Japan KK, and myFirst Tech Sdn. Bhd become wholly-owned (in)direct subsidiaries of Oaxis prior to the conversion date.

2.6 Conversion

Convertible Loan Terms of Conversion

The Convertible Loan may be converted into the highest class of preference shares issued by Oaxis at the time of conversion, representing 13.89% of Oaxis' total issued shares (assuming conversion of all instruments convertible into shares of Oaxis) as at the Completion Date ("**Conversion Shares**"):

- (a) At any time during the tenure of the Convertible Loan in AV Labs' discretion; or
- (b) Automatically upon the occurrence of a liquidity event, such as a trade sale or initial public offering of shares.

The Conversion Shares shall rank *pari passu* in all respects with all other existing preference shares of the same class of Oaxis, and shall carry the right to receive all dividends and other distributions declared on or after the date of the conversion.

2.6 Other Material Terms

The material terms of the Convertible Loan include, *inter alia*,

- (a) The existing shareholders and directors shall provide an indemnity in respect of any liabilities or non-compliances of the Oaxis group of companies that are incurred prior to the Completion Date;
- (b) The provision of personal guarantees by the 2 directors and founders of Oaxis to secure the repayment of the Convertible Loan. The personal guarantees shall be discharged in the event that Oaxis raises not less than US\$5.0 million in a Series A fund-raising exercise;
- (c) The grant of a first right of refusal to AV Labs to subscribe for additional shares or instruments at subsequent fund-raising exercises of Oaxis; and
- (d) The execution of a shareholders' agreement with all shareholders of Oaxis on conversion of the Convertible Loan, in such form as may be mutually agreed.

2.7 Interest

The Convertible Loan will bear interest at a simple interest rate of 6% per annum. Interest shall be payable annually in advance.

Should an event of default occur, default interest shall accrue at a compounded rate of 6% per annum from the date of default until repayment is made.

2.9 Redemption of Convertible Loan

The redemption of the Convertible Loan shall take place within 30 days after Oasis' receipt of a written notice of redemption issued by AV Labs requiring the redemption of all the Convertible Loan then outstanding:

- (a) at any time upon the happening of an event of default provided in the Agreement;
- (b) immediately prior to the occurrence of the liquidity event; or
- (c) at any time after the Maturity Date.

3. RELATIVE FIGURES

The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are set out below:

Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	3.4% ⁽¹⁾
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares and returned shares	3.4% ⁽²⁾
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006 (e)	The aggregate volume or amount of proven and probable reserves to be disposed of compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) Based on the Company's unaudited consolidated profits before income tax and non-controlling interests for the half-year ended 30 September 2022 of S\$3,022,316 and Oasis' profits for the period ending 30 June 2022 of S\$103,160. The financial year end of Oasis is 31 December.

- (2) Based on the Principal Amount of S\$1,360,000 million at a conversion rate of US\$1: S\$1.36 and the Company's market capitalisation of \$39,491,620 on 29 December 2022 (being the market day preceding the date of the Agreement).

The Proposed Transaction is a "discloseable transaction" as defined in Rule 1010 of the Listing Manual which does not require the approval of shareholders of the Company as none of the relative figures exceed 20%.

4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the Proposed Transaction set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Transaction and/or full conversion of the Convertible Loan.

4.1 Net Tangible Assets ("NTA") Per Share

The effect of the Proposed Transaction on the NTA per share of the Group for FY2022, assuming that the Proposed Transaction had been effected at the end of FY2022 is as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$'000) ⁽¹⁾	41,887	41,969
Number of shares ('000) ⁽²⁾	112,833	112,833
NTA per share (Singapore cents)	37.12	37.20

Notes:

- (1) Based on the audited net tangible assets of the Group as at 31 March 2022 assuming the interest income of S\$81,600 is received in advance.
(2) Based on the total number of issued shares of the Company as at the date of this Announcement, excluding 3,666,800 treasury shares and 681,818 returned shares.

4.2 Earnings Per Share ("EPS")

The effect of the Proposed Transaction on the EPS of the Group for FY2022, assuming that the Proposed Transaction had been effected at the beginning of FY2022 is as follows:

	Before the Proposed Transaction	After the Proposed Transaction but before the full conversion of the Convertible Loan into Conversion Shares
Net profit attributable to owners of the Company (S\$'000) ⁽¹⁾	9,033	9,115
Number of shares ('000) ⁽²⁾	112,833	112,833
Basic EPS (Singapore cents)	8.01	8.08

Loan:

- (1) Based on the audited profits before income tax and non-controlling interests of the Group for FY2022 and assuming the interest income of S\$81,600 is received in advance.
(2) Based on the total number of issued shares of the Company as at the date of this Announcement, excluding 3,666,800 treasury shares and 681,818 returned shares.

5. SERVICE CONTRACT

There are no directors proposed to be appointed to the Company in connection with the Proposed Transaction.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, other than through their respective shareholdings (if any) in the Company.

7. DOCUMENTS FOR INSPECTION

A copy of the agreement for the Convertible Loan is available for inspection at the registered office of the Company at 150 Ubi Avenue 4, #04-01, Singapore 408825 during normal business hours for three months from the date of this announcement.

By Order of the Board

Ronald Teng Woo Boon
Managing Director
30 December 2022