

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

ENTRY INTO A LOAN AGREEMENT AS AN INTERESTED PERSON TRANSACTION

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Bromat Holdings Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce 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, pursuant to which, *inter alia*, the Lender has agreed to extend an interest-levied loan of up to S\$600,000 to the Company (collectively, the "**Loans**" under all drawdowns and each a "**Loan**" under any drawdown), subject to the terms and conditions set out in the Loan Agreement.

2. TERMS OF THE LOAN AGREEMENT

The principal terms of the Loan Agreement are set out below:

(a) Amount, Interest, and Utilisation Fee

The aggregate principal amount of the Loan shall be up to S\$600,000. The Loans may be drawn down in tranches. Only one drawdown request for a Loan not exceeding S\$200,000 may be made at any one time.

The interest on any Loan disbursed under the Loan Agreement shall accrue at an annual interest rate of 15.0% ("**Interest Rate**") and shall be calculated on the basis of a 365-day year and the actual number of days elapsed and shall be payable to the Lender together with all principal amount of Loans outstanding at the Maturity Date (as defined below). The Company shall pay to the Lender a utilisation fee of 2.5% ("**Utilisation Fees**") of the total or any partial amount drawn down under the Loan Agreement. This Utilisation Fee will be subtracted by the Lender directly from the drawdown amount.

In the event that any amount due and payable under the Loan Agreement is not paid on or before the Maturity Date (as defined below), including but not limited to the principal amount of the Loans, any accrued interest, and the Utilisation Fee, then, without prejudice to any other rights or remedies of the Lender, the Company shall pay default interest on such overdue amount. The default interest shall accrue at an interest rate equal to one percent (1%) in addition to the Interest Rate for each month or part thereof that such amount remains unpaid, calculated from the due date up to the date of actual payment, both before and after judgment. This default interest shall be payable on demand by the Lender.

(b) Security and Ranking

The Loan shall be unsecured and shall rank *pari passu* with all other unsecured indebtedness of the Company.

(c) Maturity Date

The maturity date is established as six (6) months following the date on which the first drawdown of a Loan is made by the Company.

(d) **Prepayment**

The Company may prepay all or any part of the Loan drawn down in full, or in part of multiples of S\$50,000 at any time prior to the Maturity Date. All prepayments must be paid together with accrued interest calculated up to the day prior to the day of prepayment and must be made in Singapore Dollars.

(e) **Special Condition**

The Company shall ensure the appointment of Mr Liu as a non-executive and non-independent director of the Company within 30 days from the date of the Loan Agreement. In the event Mr Liu is appointed as a director of the Company, he will be a representative of Valiant Investments Limited ("**Valiant**"), the 50% shareholder of the controlling shareholder of the Company, Gazelle Ventures Pte. Ltd..

The appointment of Mr Liu is subject to the Sponsor's satisfactory due diligence and assessment of his suitability to act as a director of the Company by the Board and Nominating Committee of the Company.

In the event that Mr Liu is not appointed as non-executive and non-independent director of the Company, Mr Liu, may (at its sole discretion) terminate the Loan Agreement immediately, provided that termination shall not necessitate the immediate repayment of any outstanding Loans. All outstanding Loans shall be repayable at the Maturity Date with all interest accrued. However, should any portion of the Loan amount remain undisbursed at the time of such termination, the Company will, no longer, have the right to request any further draw down.

(f) **Right to Set-Off**

The Company grants to the Lender a right of set-off against all funds, securities or other assets of the Company in the possession of the Lender, or under the control of the Lender or any of its affiliates, to the extent of any outstanding amounts owing and payable by the Company under the Loan Agreement. This right to set-off may be exercised by the Lender without notice to the Company, at any time and from time to time, before or after the maturity date, until all amounts due under the Loan Agreement are paid in full.

The Company agrees that the Lender may, at its discretion, apply any such set-off amounts to the Lender's subscription, or at its direction, to Valiant's subscription, of Rights Shares under the "Proposed Rights Issue" announced by the Company on 30 September 2024. The exercise of the right to set-off by the Lender shall be deemed a payment by the Company and reduce the Company's obligations under the Loan Agreement accordingly.

(g) **Conditions Precedents**

The Loan may be drawn down by the Company, subject to the satisfaction or waiver of, *inter alia*, the conditions set out below:

- (i) **No Requirement for Shareholder approval.** As of the date of the Loan Agreement and until the full repayment of all amounts due and payable, no approval, consent, or authorisation of the shareholders of the Company is or will be required in connection with the execution, delivery, performance, validity, or enforceability of the Loan Agreement or the transactions contemplated hereby.
- (ii) **Shares Listed and Quoted.** As at the date of the Loan Agreement and on each day when a Loan is disbursed, the shares of the Company must remain listed and quoted on the SGX-ST, save for trading halts not exceeding three (3) market days.

- (iii) **Corporate Documents.** The Company shall have provided to the Lender certified copies of its corporate documents including but not limited to its certificate of incorporation, latest constitution, and documents evidencing the authority of its officers to enter into the Loan Agreement.
- (iv) **Legal Opinion.** The Company shall have provided a legal opinion from its counsel acceptable to the Lender, confirming the Company's power and authority to enter into and perform its obligations under the Loan Agreement, and the enforceability of the Loan Agreement against the Company according to its terms.
- (v) **Compliance Certificate.** The Company shall deliver to the Lender a compliance certificate signed by a duly authorised officer of the Company certifying that the representations and warranties contained in the Loan Agreement are true and correct on the date of the drawdown and that no event of default has occurred or is continuing.
- (vi) **No Material Adverse Change.** There shall have been no material adverse change in the financial condition, operations, or prospects of the Company since the date of the Loan Agreement.
- (vii) **Governmental and Regulatory Approvals.** The Company shall have obtained all necessary governmental and regulatory approvals required for the execution, delivery, and performance of the Loan Agreement and the transactions contemplated hereby.
- (viii) **Financial Statements.** The Company shall have delivered to the Lender its most recent audited financial statements and, if available, its most recent unaudited financial statements for the current fiscal year.
- (ix) **No Litigation.** There shall be no litigation, arbitration, or governmental investigation pending or threatened against the Company that could reasonably be expected to have a material adverse effect on the Company's ability to perform its obligations under the Loan Agreement.
- (x) **No Regulatory Action.** No regulatory action is taken or will be taken against the Company for any breach of the Catalist Rules (as defined below) or under any applicable law.
- (xi) **No Winding-Up.** As of the date of the Loan Agreement and at all times until the full repayment of the Loans, there shall be no winding-up, liquidation, or similar proceedings pending or threatened against the Company, whether voluntarily or involuntarily, that could reasonably be expected to adversely affect the Company's ability to perform its obligations under the Loan Agreement.
- (xii) **Insurance.** The Company shall have in place insurance policies with reputable insurers, in amounts and covering such risks as are customary for companies of similar size and operations in the same industry as the Company.
- (xiii) **Payment of Fees.** The Company shall have paid any and all fees, including but not limited to legal fees, due to the Lender in connection with the Loan Agreement and the transactions contemplated hereby.
- (xiv) **Other Documents.** The Company shall have delivered such other documents and completed such other actions as the Lender may reasonably require to effect the purposes of the Loan Agreement.

The satisfaction of the above condition precedents is for the sole benefit of the Lender, and only the Lender may waive, in writing, compliance with any of the above conditions precedent.

(h) Events of Default

All amounts outstanding under the Loan Agreement may be declared immediately due and repayable upon the occurrence of the following events of default:

- (i) **Non-Payment.** The Company fails to make any payment of principal, interest, Utilisation Fee, or any other amount due under the Loan Agreement (including costs and expense) on the due date and such failure continues for a period of ten (10) business days after written notice of such failure has been given to the Company by the Lender.
- (ii) **Breach of Agreement.** The Company breaches any representation, warranty, covenant, or agreement set forth in the Loan Agreement and such breach, if capable of being remedied, is not remedied within thirty (30) days after written notice thereof has been given to the Company by the Lender.
- (iii) **Insolvency.** The Company (a) is unable or admits inability to pay its debts as they mature; (b) makes a general assignment for the benefit of creditors; (c) commences any proceeding under any bankruptcy, insolvency, reorganisation, moratorium, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; (d) has any such petition filed against it which is not dismissed within sixty (60) days of filing; or (e) takes any action in furtherance of or indicating its consent to, approval of, or acquiescence in, any such proceeding or petition.
- (iv) **Material Adverse Change.** Any event or circumstance occurs that results or could reasonably be expected to result in a material adverse change in the financial condition, operations, business, or prospects of the Company.
- (v) **Judgments.** Any judgments or orders for the payment of money in excess of S\$100,000 in aggregate (excluding any amounts covered by insurance as to which the insurer has not denied coverage) are rendered against the Company and are not, within sixty (60) days, paid, discharged, or stayed pending appeal.
- (vi) **Security Interests.** Any involuntary attachment, execution, sequestration, or other judicial process is levied against all or any significant part of the Company's assets and is not discharged or stayed within thirty (30) days.
- (vii) **Misrepresentations.** Any representation or warranty made by the Company in the Loan Agreement or in any statement or certificate given in writing pursuant hereto or in connection therewith proves to have been false or misleading in any material respect when made or deemed made.
- (viii) **Cross-Default.** The Company defaults under any other agreement for borrowed money or any other material contract, which default could have a material adverse effect on the financial condition or operations of the Company or permits any other event to occur that entitles any other creditor to accelerate the maturity of any indebtedness in excess of S\$100,000.

3. RATIONALE FOR THE LOAN

- 3.1 As set out in the Company's Proposed Right Issue announcement dated 30 September 2024, with the new leadership in place, the new management has mapped out a series of strategic initiatives which includes the re-branding and diversifying the Group's food and beverage business ("**Strategic Initiatives**"). These Strategic Initiatives have yet to be fully implemented as additional funding is required.
- 3.2 The Food & Beverage (F&B) industry remains competitive with new players continually entering the market. The surge in new F&B outlets and concepts, from regions such as China, has heightened competition, while operational costs continue to rise. The Company will continue to expand its product and service offerings under the Shang Society brand and will continue to grow its institutional catering business. The Company is also looking at overseas expansion opportunities and acquisition target. The Board is cautiously optimistic that the Group will be able to weather the challenges ahead in the dynamic F&B landscape, drive sustainable growth and enhance profitability.
- 3.3 The Company is undertaking the Proposed Rights Issue and the Loan Agreement to strengthen the financial position and capital base of the Group. The net proceeds received would also be available for use for general corporate purposes, including for operating costs and strategic investments. This will enhance the Group's financial flexibility, enabling it to implement its Strategic Initiatives and capitalise on new opportunities.

4. USE OF PROCEEDS

The Loan shall be exclusively utilised by the Company for its working capital requirements.

5. INFORMATION ON THE LENDER

The Lender, Mr Liu is an individual investor who was introduced by Valiant to the Company. Mr Liu was formerly a Chief Representative of China for Stone Container Corp., a manufacturer of container board and has led various successful cases of investment in companies in Hong Kong and China. He also owns a commercial property in Shanghai, China.

6. INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES

Transactions entered into between an issuer's "interested person" and the issuer, its subsidiaries or associated companies (which the listed group or its interested persons have control over) are deemed interested person transactions ("**IPTs**") and subject to Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

As a special condition in the Loan Agreement, Mr Liu is proposed to be appointed as a director of the Company, accordingly the Loan Agreement constitutes an "interested person transaction" under Chapter 9 of the Catalist Rules.

Pursuant to Rule 909(3) of the Catalist Rules, in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. As the Loan is interest-levied, the total value of the transaction is approximately S\$61,000 (comprising of interest payable of S\$46,000 and utilisation fee of S\$15,000). The computation of the interest payable is on the assumption that the full amount of S\$600,000 is drawn down on the same day and is repayable at the end of the 6 months.

Pursuant to Rule 905(4) of the Catalist Rules, if a group's latest audited net tangible assets are negative, the issuer should consult the SGX-ST on the appropriate benchmark to calculate the relevant thresholds in Rule 905(1) and 905(2), which may be based on its market capitalisation. Based on the Company's latest audited financial statements for the full year ended 30 September

2022 and unaudited financial statements for the 9 months period ended 30 June 2024, the Group was in a net tangible liability position of approximately S\$7.06 million and S\$3.84 million respectively. The Company is in the process of consulting SGX-ST on the appropriate benchmark for the IPT calculation, which may be based on the market capitalisation of the Company.

Assuming if the market capitalization of the Company is used as the basis for the computation of the IPT materiality threshold, the value of the IPT of S\$61,000 represents approximately 0.22% of the Company market capitalization of S\$27.13 million (computed based on the VWAP of S\$0.09 and the total number of 308,259,172 shares of the Company) as at 30 September 2024.

Save as disclosed above, there are no other interested person transactions entered into by the Company with the Lender or his associates for the current financial year commencing 1 October 2024 up to the date of this announcement.

7. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee of the Company have considered the Company's lack of available options for alternative sources of funding and having reviewed the terms and rationale for the Loan Agreement, is of the view that the Loan Agreement by the Lender is on the best commercial terms available to the Company in the current circumstances, and is therefore is in the best interests of the Company. In arriving at this view, the Audit Committee of the Company has also taken into consideration, among others, accessibility to bank loans by the Group and interest rates of the unsecured private loans in the market.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement and save for interests arising from their respective shareholding interests in the Company and/or directorships in the Group, as the case may be, none of the Directors, or substantial Shareholders has any interest, direct or indirect, in the Loan Agreement.

9. 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 Loan Agreement, 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.

10. FURTHER ANNOUNCEMENTS

The Company will make the necessary announcements as and when required and/or when there are material updates in relation to the Loan Agreement.

BY ORDER OF THE BOARD

Lim Teck-Ean
Executive Director and Chief Executive Officer
15 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.

The contact person for the Sponsor is Ms. Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.