

GLOBAL INVACOM GROUP LIMITED
(Company Registration No. 200202428H)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TACTILIS SDN. BHD.

PROPOSED SUBSCRIPTION OF CONVERTIBLE NOTES WITH 5.0% COUPON RATE TO BE ISSUED BY TACTILIS SDN. BHD.

PROPOSED ISSUANCE OF UNSECURED REDEEMABLE STRUCTURED CONVERTIBLE NOTES WITH 1.0% COUPON RATE

A. INTRODUCTION

1. Proposed Acquisition

The board of directors ("**Board**" and each director, a "**Director**") of Global Invacom Group Limited ("**Company**", together with its subsidiaries, the "**Group**") is pleased to announce that the Company has on 23 October 2018, entered into a conditional sale and purchase agreement ("**SPA**") with Tactilis Pte. Limited ("**Vendor**"), pursuant to which the Company will acquire the entire issued and paid-up share capital of Tactilis Sdn. Bhd. ("**Target**") held by the Vendor on the terms and subject to the conditions of the SPA ("**Proposed Acquisition**").

The Proposed Acquisition, if completed, is expected to result in a very substantial acquisition or a reverse-takeover of the Company pursuant to Rule 1015 of the Mainboard Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Proposed Acquisition, if completed, would also constitute a reverse takeover for the purposes of the AIM Rules for Companies (the "**AIM Rules**"). Accordingly, the Proposed Acquisition is subject to, *inter alia*, the approval of the SGX-ST and the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting of the Company to be convened pursuant to Rule 1015 of the Listing Manual.

Please refer to **Section B** of this Announcement for further details relating to the Proposed Acquisition.

2. Proposed Target Convertible Notes Subscription

On 23 October 2018, the Company has also entered into a subscription agreement ("**Target Convertible Notes Subscription Agreement**") with the Target in respect of the proposed subscription by the Company of the convertible notes with 5.0% coupon rate in the Target ("**Target Convertible Notes**"), pursuant to which the Company shall subscribe for the Target Convertible Notes ("**Initial Target Convertible Notes**") in a principal amount of US\$2,000,000 ("**Initial Fund**") in two (2) equal tranches ("**Initial Fund Injection**"). The Company has the option to subscribe for additional Target Convertible Notes ("**Additional Target Convertible Notes**") with an aggregate principal amount of up to US\$8,000,000.

Please refer to **Section C** of this Announcement for further details relating to the proposed subscription of the Target Convertible Notes ("**Proposed Target Convertible Notes Subscription**").

3. Proposed RCN Issuance

On 23 October 2018, the Company has also entered into a subscription agreement ("**RCN Subscription Agreement**") with (i) Advance Opportunities Fund ("**AOF**"); (ii) Advance Opportunities Fund I ("**AOF I**"); (iii) Advance Credit Fund SPC ("**ACF**") (for and on behalf of Golden Fund SP) (collectively, the "**Subscribers**") and (iv) Advance Capital Partners Asset Management Private Limited ("**ACPAM**") in connection with the issue by the Company to the

Subscribers of unsecured redeemable structured convertible notes with 1.0% coupon rate due 2021 (collectively, the “**RCN Notes**” and each, a “**RCN Note**”) with an aggregate principal amount of up to S\$20,000,000 in four (4) tranches (the “**Proposed RCN Issuance**”). The four (4) tranches of the RCN Notes (each, a “**Tranche**”) shall be referred to as “**Tranche 1 Notes**”, “**Tranche 2 Notes**”, “**Tranche 3 Notes**” and “**Tranche 4 Notes**”, respectively. The Tranche 1 Notes and Tranche 2 Notes shall comprise sixteen (16) equal sub-tranches of S\$250,000 each. The Tranche 3 Notes and Tranche 4 Notes shall comprise twelve (12) equal sub-tranches of S\$500,000 each.

Please refer to **Section D** of this Announcement for further details relating to the Proposed RCN Issuance.

B. PROPOSED ACQUISITION

1. INFORMATION RELATING TO THE TARGET AND THE VENDOR

Shareholders should note that information relating to the Target and the Vendor in this Section B and elsewhere in this Announcement was provided by the Vendor. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this Announcement in its proper form and context.

1.1 Information on the Target

The Target is a private limited company incorporated in Malaysia. Its sole shareholder is the Vendor.

The Target is primarily involved in the business of manufacturing and distribution of proprietary biometric system-on-card solutions (“**Target Business**”). Its main product offering is a biometric central card management system known as the Tactilis Touch, which serves as a medium of identity authentication between human users on one hand, and devices and servers on the other.

The prominent features of the Tactilis Touch include a sensor capable of capturing 20-40 minutia of fingerprints, which is more than the 5-8 minutia captured by standard fingerprint sensors. It has the ability to drive multiple applications and contains large memory space of up to 4 gigabytes. The Tactilis Touch is produced by a unique proprietary molding process which enables cost efficient manufacturing of the smart cards.

The Tactilis Touch is capable of managing multifactor identity authentication, in the forms of fingerprints, face recognition and iris recognition. It communicates with devices and servers by way of smart card contact, Bluetooth, WiFi, near-field communication (NFC) or global positioning system (GPS). The Tactilis Touch is also a medium with multiple applications, and supports remote updates, real-time administration and secure data backup. It enables end-to-end security which mitigates data manipulation, with secure data encryption throughout the system and requires biometric verification to activate applications. Its user-friendliness and low costs lie in its advantage that a single card may be used for multiple applications and no infrastructure is required for users’ enrollment.

The Target’s authentication and identity management services leverage a disruptive yet simple and user-friendly end-to-end infrastructure. The solutions offered by the Target enable its corporate clients to mitigate risks of identity fraud and theft, while enabling private individuals to manage and protect their personal data and identity.

Please refer to **Appendix A** of this Announcement for a summary of the key financial information of the Target for the last three (3) financial years ended 31 December.

1.2 Information on the Vendor

The Vendor is a company incorporated in Singapore.

The Vendor is owned by 53 shareholders consisting of individuals and corporate shareholders. Its largest shareholder is Trufinger Management Limited (“**Trufinger**”), which holds approximately 29.0% shareholding interest in the Vendor. The shareholders of Trufinger are Mr. Michael Dean Gardiner and Mr. David William Martin, who are nationals of the United States and New Zealand, respectively.

Mr. Michael Gardiner is the founder and chief executive officer of the Target who spearheads the Target Business. He is an entrepreneur with strong track record in founding and developing international companies in the area of microelectronics. His successful business ventures in the past include Advanced Component Labs (in Hong Kong and the United States) as well as High Gain Company (in Hong Kong).

Mr. David Martin is the Senior Vice President of Finance in the Target. He has over 30 years of experience in finance in Asia and the Middle East, supporting growth of companies through mergers, acquisitions and restructurings. He was previously a chief financial officer of Jardine Matheson Group for 14 years.

Further details of the Target and the Vendor will be included in the circular to be despatched to the Shareholders in due course.

2. KEY TERMS OF THE PROPOSED ACQUISITION

The salient terms of the SPA are set out as follows:

2.1 Proposed Acquisition

- (a) The Vendor shall sell to the Company, and the Company shall acquire from the Vendor, all of the ordinary shares in the share capital of the Target (“**Target Shares**”) held by the Vendor (“**Target Sale Shares**”) free and clear of all encumbrances and together with all rights, title and interest attaching thereto (including the right to receive all dividends and other distributions declared, paid or made thereon or thereafter) on the Completion Date (as defined hereinafter).

The Target Sale Shares, together with any Target Conversion Shares (as defined hereinafter), and such other new Target Shares as may be issued by the Target, shall constitute the entire issued and paid-up share capital of the Target on the Completion Date.

- (b) Target Convertible Notes

(i) Target Convertible Notes

The Company shall, and the Vendor shall procure that the Target, simultaneously with the entry of the SPA, enters into the Target Convertible Notes Subscription Agreement in respect of the Company’s subscription of the Initial Target Convertible Notes with a principal amount of US\$2,000,000.

The Initial Target Convertible Notes may be convertible fully into new Target Shares (“**Target Conversion Shares**”), representing a shareholding interest of 2.0% of the issued and paid-up share capital of the Target (on a fully diluted basis) (“**Target Share Capital**”).

Subject to the terms and conditions of the SPA and the Target Convertible Notes Subscription Agreement, the Company shall have the option to convert all (and not part of) the prevailing outstanding principal amount of the Target Convertible Notes within two (2) years from the First Closing Date (as defined hereinafter). The Target Convertible Notes will be automatically converted into Target Conversion Shares

upon the Company's receipt of the approval from the Shareholders in relation to the Proposed Acquisition ("**Automatic Conversion Event**").

The Target Convertible Notes shall have a validity period of two (2) years from the First Closing Date ("**Notes Maturity Date**").

(ii) Additional Target Convertible Notes

The Company shall have the option, exercisable at its sole discretion, to subscribe for Additional Target Convertible Notes for an aggregate principal amount of up to US\$8,000,000 ("**Additional Fund Injection**") at any time during the Option Period (as defined hereinafter) ("**Option**"), which shall be convertible fully into additional Target Conversion Shares ("**Additional Target Conversion Shares**") representing a shareholding interest of up to 8.0% (on a pro-rata basis based on the number of Additional Target Convertible Notes subscribed) in the Target Share Capital. The Additional Target Convertible Notes are subject to the Automatic Conversion Event and can also be converted prior to the Notes Maturity Date, subject to applicable terms and conditions.

"**Option Period**" means a period commencing from (and including) the closing date of the first tranche of the Initial Target Convertible Notes ("**First Closing Date**") until the earlier of (and including) (i) the Notes Maturity Date; or (ii) the completion of the Proposed Acquisition, or such other period as may be agreed in writing by the Company and Target.

Further information relating to the Target Convertible Notes are set out in **Section C** of this Announcement.

2.2 Consideration

(a) Total Valuation

The total valuation for the entire issued and paid-up share capital of the Target shall be US\$200,000,000 ("**Total Valuation**"), such amount to be determined and verified based on a valuation report to be issued by the independent professional valuer.

(b) The Initial Fund Injection for 2.0% of the Target Share Capital

An amount of US\$2,000,000 provided by the Company to the Target by way of subscription of the Initial Target Convertible Notes will be convertible into such number of Target Conversion Shares representing 2.0% of the Target Share Capital.

(c) Consideration payable

The consideration of the Proposed Acquisition comprises:

- (1) Initial Fund Injection by the Company amounting to US\$2,000,000 for the subscription of the Initial Target Convertible Notes; and
- (2) Consideration for the Target Sale Shares ("**Consideration**"), payable in the following manner:
 - (i) Scenario 1: If the Option is not exercised by the Company

If the Option is not exercised by the Company, the Consideration for the Target Sale Shares (representing 98.0% of the Target Share Capital), calculated based on the Total Valuation, shall be **US\$196,000,000**, to be satisfied in full by way of allotment and issue of 1,796,666,666 new ordinary shares in the share capital of the Company ("**Consideration Shares**") at the issue price of S\$0.15 per Consideration Share ("**Issue Price**") (on a pre-

consolidation basis before the Proposed Share Consolidation (as defined hereinafter)), to the Vendor.

- (ii) Scenario 2: If the Option is exercised by the Company
 - (A) Every Additional Target Convertible Notes with a principal amount of US\$1,000,000 will be convertible into such number of Additional Target Conversion Shares representing 1.0% of the Target Share Capital. A full conversion of the Additional Target Convertible Notes with an aggregate principal amount of up to US\$8,000,000 will be convertible into such number of Additional Target Conversion Shares representing 8.0% of the Target Share Capital.
 - (B) The Consideration for the Target Sale Shares (representing 90.0% (or more, on a pro-rata basis subject to the amount of Additional Target Convertible Notes subscribed) of the Target Share Capital), calculated based on the Total Valuation, shall be an amount of **US\$180,000,000** (or more, on a pro-rata basis subject to the amount of the Additional Target Convertible Notes subscribed), to be satisfied in full and paid to the Vendor on Completion by way of allotment and issue of 1,650,000,000 (or more, on a pro-rata basis subject to the amount of the Additional Target Convertible Notes subscribed) Consideration Shares at the Issue Price per Consideration Share (on a pre-consolidation basis before the Proposed Share Consolidation), to the Vendor.

In view of the above, the consideration for the entire Target Share Capital will be between US\$190,000,000 and US\$198,000,000, to be satisfied by way of (i) cash, in the amount between US\$2,000,000 and US\$10,000,000; and (ii) Consideration Shares, in such number between 1,650,000,000 Consideration Shares and 1,796,666,666 Consideration Shares at S\$0.15 each. The cash consideration shall be satisfied by way of (i) subscription of the Initial Target Convertible Notes of US\$2,000,000, which are convertible into 2.0% of the Target Share Capital; and (ii) exercising the Option to subscribe for Additional Target Convertible Notes of up to US\$8,000,000, which are convertible into up to 8.0% of the Target Share Capital. The shares consideration shall be satisfied by way of allotment and issue of Conversion Shares of such number between 1,650,000,000 Consideration Shares (representing 90.0% of the Target Share Capital (if the Option is exercised)) and 1,796,666,666 Consideration Shares (representing 98.0% of the Target Share Capital (if the Option is not exercised)).

For the purposes of computation of the Consideration, the agreed exchange rate shall be US\$1.00: S\$1.375, unless otherwise agreed in writing between the Parties.

- (d) The consideration for the entire Target Share Capital was arrived at on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the following:
 - (i) the Target being valued at US\$200,000,000;
 - (ii) the business prospects of the Target, the potential increase in the global demand for high-security biometric central card management system and the potential benefits arising from the Proposed Acquisition as discussed in Paragraph 3, Section B of this Announcement;
 - (iii) the Initial Target Convertible Notes which shall be automatically converted into 2.0% of the issued share capital of the Target upon the occurrence of the Automatic Conversion Event (as more particularly set out in Paragraphs 2.1(b)(i) and 2.2(b) in this Section B and paragraph 1.1 in Section C of this Announcement); and
 - (iv) if the Option is exercised, the Consideration shall be reduced proportionately depending on the percentage of the Target Share Capital into which the Additional

Target Convertible Notes are converted (as more particularly set out in Paragraphs 2.1(b)(ii) and 2.2(c), Section B of this Announcement).

- (e) In the event that the Proposed Share Consolidation takes place on or before Completion, the number of Consideration Shares and the Issue Price shall be adjusted accordingly based on the consolidation ratio to be agreed between the Company and the Vendor.

2.3 Independent Valuation

The Company will be commissioning an independent professional valuer to value the Target. Notwithstanding the above, if the total valuation of the Target as indicated in the valuation report of the independent professional valuer is lower than the Total Valuation by more than 15.0% of the Total Valuation, the Company and the Vendor shall negotiate and agree on the necessary adjustments, including the Total Valuation, the Consideration and the Issue Price. There shall not be any upward adjustment in the event that the valuation report indicates a higher valuation than the Total Valuation.

2.4 Additional Consideration

- (a) In the event that the Target achieves at least US\$25,000,000 in net profit before net interest expenses, tax, depreciation and amortization (which excludes share of results of joint ventures, material gains or losses which are of capital nature or non-operational related, acquisition related costs and non-cash gain on re-measurement of contingent consideration payable) ("**EBITDA Target**") based on its audited consolidated financial statements for the financial year ending 31 December 2019 ("**FY2019**") ("**FY2019 Account**"), the Company shall pay to the Vendor such additional consideration which shall not be more than US\$50,000,000 ("**Additional Consideration**") in new Shares ("**Additional Consideration Shares**"), based on, *inter alia*, on the following bases:
 - (i) For every US\$1,000,000 in excess of the EBITDA Target, the Company shall pay an Additional Consideration of US\$5,000,000. The Additional Consideration payable by the Company may be calculated based on the following formula:
Additional Consideration (US\$) = (Actual EBITDA Target for FY2019 – US\$25,000,000) x 5
 - (ii) The aggregate amount of Additional Consideration shall in any case not exceed US\$50,000,000. No Additional Consideration will be payable if the EBITDA Target for FY2019 exceeds US\$35,000,000.
 - (iii) In the event the EBITDA Target achieved by the Target is less than US\$25,000,000, no clawback or repayment of Consideration from the Vendor to the Company shall be required.
- (b) In the event that Additional Consideration Shares are issued in satisfaction of the Additional Consideration, the issue price of each new Additional Consideration Share shall be equal to the consolidated Issue Price (adjusted accordingly following the Proposed Share Consolidation) of each Consideration Share allotted and issued on Completion in satisfaction of the Consideration.

2.5 Conditions Precedent

Completion of the Proposed Acquisition ("**Completion**", and the date on which such Completion occurs, the "**Completion Date**") is conditional on the fulfilment (or waiver, as the case may be) of certain terms common to transactions of such nature, including, *inter alia*, the following conditions precedent ("**Conditions Precedent**"):

(a) Satisfactory due diligence by the Company on the Target

The outcome of the due diligence carried out by the Company into the financial, legal, contractual, tax, business and prospects of the Target being reasonably satisfactory to the Company, including without limitation, that the valuation of the Target by the Independent Valuer is not less than the Total Valuation, provided that the Company shall not deem the outcome of such due diligence unsatisfactory without reasonable cause and without first giving the Vendor a period of at least ten (10) business days to remedy any default in respect thereof.

(b) Satisfactory due diligence by the Vendor on the Company

The outcome of the due diligence carried out by the Vendor into the financial, legal, contractual, tax and business of the Company being reasonably satisfactory to the Vendor, including without limitation, the Minimum Cash Requirements (as defined hereinafter), provided that the Vendor shall not deem the outcome of such due diligence unsatisfactory without reasonable cause and without first giving the Company a period of at least 10 business days to remedy any default in respect thereof.

“Minimum Cash Requirements” means the available cash of the Company, which shall be at least S\$5,000,000 as at Completion, such amount includes: (i) an amount representing 50.0% of the transactional costs paid by the Company relating to the Proposed Acquisition and the related transactions contemplated in the SPA (**“Transactional Costs”**) paid by the Company; and (ii) any subscription amount paid by the Company for the subscription of the Target Convertible Notes which are not raised by the Company from the issuance of new Shares or convertible securities of the Company.

(c) Board’s and Shareholders’ Approval

The approvals of the Board and the Shareholders having been obtained by the Company for the entry into, implementation and completion of, the transactions contemplated under the SPA and all other transactions in connection therewith and incidental thereto, including the Proposed Share Consolidation, the Compliance Placement (as defined hereinafter), the Whitewash Waiver (as defined hereinafter) and it not having been revoked prior to Completion Date.

(d) Vendor’s board and shareholders’ approval

The approvals of the board of directors and shareholders of the Vendor having been obtained for the entry into, implementation and completion of, the transactions contemplated under the SPA and all other transactions in connection therewith and incidental thereto.

(e) Regulatory Approval

All necessary consents, approvals, confirmations and waivers of all relevant government bodies, stock exchange and other regulatory authorities having jurisdictions or authority over the Proposed Acquisition and all transactions contemplated under the SPA, including but not limited to the SGX-ST, the Monetary Authority of Singapore, the Securities Industry Council, or such other Singapore or Malaysia regulatory authorities or governmental agencies or departments, having been obtained by the Vendor and/or the Company, as the case may be.

(f) No Prescribed Occurrences and Illegality

No prescribed occurrences as set out in **Appendix B** of this Announcement (**“Prescribed Occurrences”**) having occurred in relation to the Vendor, the Target or the Company, other than as required or contemplated under the SPA between the date of the SPA and the Completion Date (both dates inclusive), and no relevant authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit,

investigation, inquiry or reference or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:

- (i) make any transaction contemplated in the SPA and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
- (ii) render the Company unable to purchase all or any of the Target Sale Shares in the manner set out in the SPA;
- (iii) render the Vendor unable to dispose all or any of their Target Sale Shares in the manner set out in the SPA; and/or
- (iv) render the Target unable or potentially unable to implement or undertake the Target Business.

(g) No Material Adverse Change

There not having been at any time after the entry into the SPA, any material adverse change, or events, acts or omissions likely to lead to such a change, in the business, assets, prospects, performance, financial position or results of operations of the Target and the Company.

(h) Representations, Undertakings and Warranties

All representations, undertakings and warranties of the Vendor and the Company under the SPA being complied with, and being true, complete, accurate and correct in all material respects.

(i) Other Third Party Consents

All necessary (if any) approvals and consents from any other parties or such other stakeholders as may be relevant) in respect of the transactions contemplated in the SPA and all other transactions in connection therewith and incidental thereto, including in particular the Proposed Acquisition, having been obtained and such approvals and consents not having been withdrawn, suspended, amended or revoked on or before the Completion Date, and to the extent that such approvals and consents are subject to conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled.

(j) Completion of the Proposed Share Consolidation

If required for the purposes of meeting any requirements under the Listing Manual, the Company shall seek the approval of the Shareholders to undertake a share consolidation exercise, at a consolidation ratio as may be agreed between the Company and the Vendor ("**Proposed Share Consolidation**"), which shall take effect on or before the Completion Date.

(k) Listing Status of the Company

The Company shall remain listed on the Mainboard of the SGX-ST at Completion Date.

2.6 Completion

Subject to all the Conditions Precedent being satisfied, fulfilled or waived, as the case may be, the Completion Date shall be the date falling no more than ten (10) business days after the satisfaction of the last Condition Precedent (or such other date as the Company and the Vendor

may agree in writing). In any event, the Completion Date shall not be later than the Long-Stop Date (as defined hereinafter).

2.7 Long-Stop Date

The long-stop date for the Proposed Acquisition shall be a date falling twelve (12) months from the date of the SPA (or such other date as may be agreed between the Company and the Vendor in writing). (“**Long-Stop Date**”). The SPA shall terminate automatically if any of the Conditions Precedent has not been fulfilled or waived, as the case may be, by such Long-Stop Date.

2.8 Other Salient Terms of the SPA

(a) Target Convertible Notes

Please refer to **Section C** of this Announcement for the agreed salient terms relating to the subscription of the Target Convertible Notes.

(b) Consultant Shares

The Company will allot and issue such number of new Shares (“**Consultant Shares**”) at the Issue Price for each Consultant Share representing 4.0% of the Total Valuation (subject to any adjustment according to Paragraph 2.3 above) to its consultant on Completion as consideration for the consultant providing consultancy services to the Company necessary or in connection with the Proposed Acquisition.

(c) Compliance Placement

Upon Completion, in the event the Company is unable to meet the minimum distribution and public float requirements under Rule 210(1)(a) and Rule 1015(3)(b) of the Listing Manual, or if it becomes necessary or required under the Listing Manual, the Company shall carry out a compliance placement (“**Compliance Placement**”) within one (1) month from the Completion Date, or such longer period of time as may be permitted by the SGX-ST.

(d) Permitted Purchaser Share Allotments

Other than Permitted Purchaser Share Allotments (as defined hereinafter) and as contemplated under the SPA, the Company shall not issue or enter into any agreement or arrangement for the issue of any new Shares or new consolidated Shares, options, or securities convertible into new Shares or new consolidated Shares, as the case may be.

“**Permitted Purchaser Share Allotments**” means the following allotment and issue of new Shares or dealing with treasury shares by the Company, where applicable:

- (i) transfer of treasury shares of the Company to its employees, directors or other persons pursuant to any share scheme of the Company;
- (ii) any dealing of the treasury shares by the Company as permitted under Section 76K(1C) of the Companies Act;
- (iii) any allotment of new Shares pursuant to the Global Invacom Performance Share Plan 2013 and Global Invacom Share Option Scheme 2013 (both as described under the Company’s annual report 2017); or
- (iv) any allotment and issue of new Shares with the prior written consent of the Vendor.

(e) Change of Name of the Company

The Company undertakes to do all that is necessary or desirable to obtain the approval of its Shareholders, and the Accounting and Corporate Regulatory Authority of Singapore, if

applicable, for the change of the name of the Company to such name as may be decided by the Vendor and notified to the Company in writing prior to Completion.

2.9 Whitewash Waiver

As the Vendor will own more than 30.0% of the enlarged share capital of the Company upon Completion, the Vendor will be required, under Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”), to make a general offer for the remaining Shares not owned or controlled by the Vendor and/or its concert parties (if any) except where the Securities Industry Council grants them a waiver of their obligation to make a general offer under Rule 14 of the Code (“**Whitewash Waiver**”).

It is a condition precedent of the Proposed Acquisition that the Securities Industry Council grants the Vendor and its concert parties, and does not revoke any such grant, a waiver of their obligation to make a general offer under Rule 14 of the Code for all Shares not already owned or controlled by them, and that the Shareholders approve a resolution for the waiver of their right to receive such a general offer from the Vendor and its concert parties at the extraordinary general meeting to be convened.

2.10 Moratorium

The Vendor undertakes to comply with, or procure compliance with, all applicable moratorium requirements as may be imposed on the Consideration Shares in accordance with (i) the Listing Manual; and (ii) any requirements imposed by the Financial Advisor and/or SGX-ST.

2.11 Break Fee

If either the Company or the Vendor (“**Breaking-up Party**”) terminates the SPA for any reason whatsoever other than those set out in the SPA, or inform the other party or through their actions, inactions, delays or omissions, caused the transaction not to be consummated in accordance with the SPA, the Breaking-up Party shall pay to the other party (“**Non Breaking-up Party**”) an amount equivalent to the aggregate of (i) US\$20,000,000 (“**Break Fee**”); and (ii) 100% of the Transactional Costs incurred up to the date of termination of the SPA.

In the event the Vendor is the Breaking-up Party, the Vendor shall procure the Target to redeem the Target Convertible Notes immediately upon such termination by the Vendor, together with the full payment of all Interest accrued, notwithstanding any terms of the Target Convertible Notes Subscription Agreement in the contrary (if any).

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Company was placed on the Watch-List of the SGX-ST pursuant to Rule 1311 of the Listing Manual with effect from 5 June 2018 after recording a volume-weighted average price of less than S\$0.20 and an average daily market capitalisation of less than S\$40 million over the then last six (6) months. The Company was required to meet the requirements of Rule 1314 of the Listing Manual within 36 months from 5 June 2018, failing which, the SGX-ST would either remove the Company from the Official List of the SGX-ST or suspend trading of the listed securities of the Company with a view to removing the Company from the Official List of the SGX-ST.

The Company is proposing to undertake the Proposed Acquisition, together with the Proposed Target Convertible Notes Subscription, and the Proposed RCN Issuance, pursuant to which the Target will be injected into the Company to meet the requirements under Rule 1314 of the Listing Manual to support the Company’s application to exit from the SGX-ST’s Watch-List.

The Board is also of the view that the Proposed Acquisition is in the best interests of the Company as it provides the Company with an opportunity to acquire an asset with a huge upside potential. The Proposed Acquisition is expected to give the Company a new lease of life and support the Company’s application to the SGX-ST for its removal from the SGX-ST’s Watch-List.

The Proposed Acquisition, if undertaken and completed, will have the potential to increase the market capitalisation of the Company, which will potentially widen its investor base and lead to an overall improvement in investors' interest and trading.

However, Shareholders should note that there is no certainty or assurance that the SGX-ST will grant the Company approval on its application to exit from the SGX-ST Watch-List and to remove the Company from the Watch-List pursuant to the Proposed Acquisition.

4. SOURCES OF FUNDS FOR PROPOSED ACQUISITION

The Company intends to satisfy the Consideration in the manner set out in Paragraph 2.2, Section B of this Announcement, by way of:

- (a) the allotment and issuance of the Consideration Shares; and
- (b) the Initial Fund Injection and/or Additional Fund Injection (as the case may be).

The Company intends to satisfy the Initial Fund Injection and Additional Fund Injection (as the case may be) by using its internally generated funds, funds raised from the Proposed RCN Issuance, other external sources or a combination of any of these sources.

5. SHARE CONSOLIDATION

In conjunction with the Proposed Acquisition, the Company proposes to undertake a share consolidation exercise before Completion at a consolidation ratio deemed fit by the Company and the Vendor. The purpose of the Proposed Share Consolidation is to allow the Company to comply with the requirement of the Listing Manual for a minimum issue price of S\$0.50 under Rule 1015(3)(d) of the Listing Manual.

6. LISTING ON AIM

Barring any unforeseen circumstances, the Company intends for the Shares to remain listed on the AIM Market of the London Stock Exchange ("**AIM**") upon completion of the Proposed Acquisition. In this regard, the Company is required to re-apply for the admission of Shares for trading on AIM and to obtain the approval of more than 50% of the Shareholders present and voting in a general meeting of the Company.

The Company's shares will remain suspended from trading on the AIM until such time when the Company publishes an admission document or confirms that the Proposed Acquisition is not proceeding.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL IN RELATION TO THE PROPOSED ACQUISITION

The Proposed Acquisition is governed by the rules in Chapter 10 of the Listing Manual. Based on the latest announced consolidated financial statements of the Group for the financial period ended 30 June 2018 ("**FP2018**") and the unaudited financial statements of the Target for the financial period ended 30 June 2018, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(b) to (d) of the Listing Manual are as follows:

		Assuming Option is not exercised	Assuming Option is exercised
(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value.	Not applicable for the Proposed Acquisition	Not applicable for the Proposed Acquisition
(b)	Net profits ⁽ⁱ⁾ attributable to the assets acquired, compared with the Group's net profits.	Not meaningful	Not meaningful

(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation ⁽ⁱⁱ⁾ based on the total number of issued shares excluding treasury shares.	2,860.3%	2,673.0%
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition compared with the number of equity securities previously in issue ⁽ⁱⁱⁱ⁾ .	661.4%	607.4%
(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. 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 for the Proposed Acquisition	Not applicable for the Proposed Acquisition

Notes:

- (i) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interests and extraordinary items.

The Target made a net loss of approximately US\$1.9 million or approximately S\$2.5 million (based on an exchange rate of 1.3268, being the average exchange rate of Singapore Dollars to United States Dollars for FP2018) for FP2018. The Group made a net profit of approximately US\$0.5 million or approximately S\$0.7 million for FP2018.

- (ii) Under Rule 1002(5), "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the SPA.

Accordingly, the market capitalisation of the Company is based on 271,662,227 Shares in issue (excluding treasury shares) and the weighted average price of S\$0.065 of the Shares transacted on 15 October 2018, being the last market date preceding the date of the SPA that the Shares were traded. The market capitalisation of the Company for the purposes of the Proposed Acquisition is approximately S\$17.7 million.

- (iii) This figure was computed based on the 1,796,666,666 Consideration Shares and 1,650,000,000 Consideration Shares (on a pre-consolidation basis before the Proposed Share Consolidation) to be issued based on the assumption that the Option is not exercised and if the Option is exercised, respectively, and 271,662,227 Shares in the issued and paid-up capital of the Company as at 30 June 2018.

As the relative figures under Rules 1006(c) and 1006(d) of the Listing Manual exceed 100%, the Proposed Acquisition constitutes a "Very Substantial Acquisition" or "Reverse Takeover" as defined in Rule 1015 of the Listing Manual. Accordingly, the Proposed Acquisition shall be conditional upon, *inter alia*, the approval of the Shareholders and the approval of the SGX-ST being obtained pursuant to Rule 1015 of the Listing Manual.

8. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial information relating to the Target used for illustrating the financial effects of the Proposed Acquisition as set out under this paragraph was provided by the Vendor.

The *pro forma* financial effects of the Proposed Acquisition on the net tangible assets ("NTA") per Share and earnings per Share ("EPS") are for illustrative purposes only and are not necessarily indicative of the results of operations or financial position of the Group that would have been attained had the Proposed Acquisition been completed at an earlier date.

The financial effects of the Proposed Acquisition are prepared based on the audited consolidated financial statements of the Group for FY2017, the audited financial statements of the Target for FY2017 and the following assumptions:

- (a) the financial effects on the Company's earnings and earnings per share are computed assuming the Proposed Acquisition was completed at the beginning of the financial year;
- (b) the financial effects on the Company's NTA are computed assuming the Proposed Acquisition was completed at the end of the financial year;
- (c) the Consideration Shares were issued at the Issue Price on 1 January 2017 for EPS computation and on 31 December 2017 for NTA computation;
- (d) assuming that 1,796,666,666 Consideration Shares and 1,650,000,000 Consideration Shares based on the assumption that the Option is not exercised and the Option is exercised, respectively (on a pre-consolidation basis), will be issued to the Vendor at an issue price of S\$0.15 per Consideration Share;
- (e) the analysis does not take into account the transactional costs and expenses which are related to the Proposed Acquisition and the related transactions as contemplated under the SPA;
- (f) the analysis does not take into account any dividend and distributions out of profits that may be declared by the Target in respect of the financial year ended 31 December 2017;
- (g) the computations do not take into account the issuance of the Compliance Placement Shares and the Additional Consideration Shares (as it is not possible to quantify in any meaningful way the total amount of new Shares to be issued pursuant to the Compliance Placement and as payment for the Additional Consideration Shares, as of the date of this Announcement); and
- (h) the computations do not take into account the issuance of RCN Conversion Shares (as defined hereinafter) arising from the Proposed RCN Issuance.

8.1 Net Tangible Assets ("NTA")

	Before Proposed Acquisition	Immediately after Proposed Acquisition (Assuming Option is not exercised)	Immediately after Proposed Acquisition (Assuming Option is exercised in full)
NTA as at 31 December 2017 (US\$)	43,946,000	239,580,184	233,946,000
Number of Shares (excluding treasury shares)	271,662,227	2,141,662,226	1,994,995,560
NTA per share (US\$ cents)	16.2	11.2	11.7

Notes:

- (i) NTA is computed based on total assets less total liabilities (excluding goodwill and intangible assets)
- (ii) The NTA per share is calculated based on a pre-consolidation basis

8.2 Earnings per Share (“EPS”)

	Before Proposed Acquisition	Immediately after Proposed Acquisition (Assuming Option is not exercised)	Immediately after Proposed Acquisition (Assuming Option is exercised in full)
Net profit of the Group for FY2017 (US\$)	2,949,000	588,949	588,949
Weighted average number of Shares excluding (treasury shares)	271,662,227	2,141,662,226	1,994,995,560
Earnings per Share (US\$ cents)	1.1	0.03	0.03

9. EXTRAORDINARY GENERAL MEETING

A circular containing, *inter alia*, details of the Proposed Acquisition and such other transactions in connection with and/or incidental to the Proposed Acquisition, together with the notice of extraordinary general meeting, will be despatched to the Shareholders in due course.

C. PROPOSED TARGET CONVERTIBLE NOTES SUBSCRIPTION

1. KEY TERMS OF THE PROPOSED TARGET CONVERTIBLE NOTES SUBSCRIPTION

The salient terms of the Target Convertible Notes Subscription Agreement are as follows:

1.1 Initial Funds Injection

The Company shall subscribe for the Initial Target Convertible Notes for a principal amount of US\$2,000,000 in two (2) equal tranches, comprising tranche 1 and tranche 2 of the Initial Target Convertible Notes.

The Initial Target Convertible Notes shall be convertible fully into Target Conversion Shares, representing a shareholding interest of 2.0% of the Target Share Capital on the date of the full conversion.

1.2 Options for Additional Target Convertible Notes

The Target has granted an Option to the Company, exercisable at the discretion of the Company, at any time and from time to time during the Option Period, by delivering (the date of such delivery, the “**Option Exercise Date**”) to the Company the exercise notice(s) for the subscription of Additional Target Convertible Notes, provided, *inter alia*, that:

- (a) each exercise of Option shall be for a minimum amount of US\$1,000,000;
- (b) the aggregate principal amount of the Additional Target Convertible Notes subscribed pursuant to the exercise of Option shall not be more than US\$8,000,000; and
- (c) the exercise notice shall be accompanied by the relevant subscription monies (after deducting the relevant cost and expenses).

1.3 Interest

The Target Convertible Notes shall entitle the Company to 5.0% interest per annum (“**Interest**”) on its total principal amount, with each successive interest period of one (1) year ending on 31 December of each year (“**Interest Period**”), provided that the first Interest Period shall commence from (and including) the First Closing Date and end on (and including) 31 December of the same year, unless otherwise agreed by the Company and the Target. Each subsequent Interest Period shall commence from (and including) 1 January and end on (and including) 31 December of the same year.

The Interest shall be adjusted to 10.0% per annum immediately with effect from the First Closing Date on a retrospective basis until the full payment of the Interest accrued, in the event of termination or abortion of the Proposed Acquisition, due to termination of this Agreement or otherwise.

1.4 Maturity

The Target Convertible Notes shall have a validity period of two (2) years from the First Closing Date.

1.5 Conversion

(a) Early Conversion

The Company shall have the option to convert all (and not part of) the prevailing outstanding principal amount of the Target Convertible Notes into Target Conversion Shares, on or before the Notes Maturity Date.

(b) Automatic Conversion

On the date of the Company’s receipt of the Shareholders’ approval in relation to the Proposed Acquisition, all (and not part of) the prevailing outstanding principal amount of the Target Convertible Notes shall be automatically converted into new Target Conversion Shares.

(c) Conversion mechanism

The Initial Target Convertible Notes shall be convertible fully into such number of Target Conversion Shares representing a shareholding interest of 2.0% of the Target Share Capital.

In the event the Option is exercised by the Company pursuant to which Additional Target Convertible Notes are subscribed for, the Additional Target Convertible Notes shall be convertible into such number of Target Conversion Shares representing a shareholding interest of up to 8.0% of the Target Share Capital (depending on the total amount of the Additional Target Convertible Notes subscribed by the Company).

1.6 Redemption

(a) Redemption upon Maturity

The Target Convertible Notes not converted or cancelled by the Target upon the Notes Maturity Date shall be redeemed by the Target at 100% of their principal amount on the Notes Maturity Date, together with the payment of all Interest (computed in the manner set out in Paragraph 1.3, Section C of this Announcement).

(b) Compulsory Redemption

The Target Convertible Notes not converted or cancelled by the Target shall be redeemed by the Target within three (3) months from the termination of the Proposed Acquisition due

to any reason whatsoever at 100% of their principal amount, together with the payment all Interest (computed in the manner set out in Paragraph 1.3 above).

2. SECURITY

As security for the Company on the due performance of the Target under the Target Convertible Notes Subscription Agreement, the Company has on 23 October 2018 entered into a share charge agreement (“**Share Charge**”) with the Vendor pursuant to which a first ranking fixed legal charge over such number of Target Sale Shares representing 10.0% of the Target Share Capital shall be created by Vendor in favour of the Company.

The Vendor further agrees that it shall create in favour of the Company, a first ranking fixed legal charge over such number of additional Target Sale Shares representing an additional shareholding interest of 10.0% of the Target Share Capital within fourteen (14) days from the date of a written request by the Company, provided that such request shall only be issued by the Company in the event that the total subscription monies paid by the Company for the subscription of the Target Convertible Notes exceeds US\$5,000,000 in aggregate.

3. RATIONALE FOR THE PROPOSED TARGET CONVERTIBLE NOTES SUBSCRIPTION

The Initial Fund Injection and/or the Additional Fund Injection (as the case may be) to be provided by the Company to the Target pursuant to the subscription of the Target Convertible Notes will be utilised by the Target to fulfill its business operation and expansion requirements, which will, upon successful deployment, enhance the Target’s financial and business positions. Given the Company’s intention to acquire the Target as its wholly-owned subsidiary (subject to the terms and conditions of the SPA), the growth and advancement of the business and prospects of the Target will be beneficial to the Company upon completion of the Proposed Acquisition.

In addition, the subscription monies paid by the Company pursuant thereto will permit the Company to acquire a shareholding interest of up to 10.0% of the Target Share Capital at a lower cost of acquisition. Please refer to Paragraph 2.2 of Section B of this Announcement for further details in this regard.

In any event, the subscription monies to be paid by the Company will carry an interest of 5.0% per annum, which may be increased to 10.0% per annum immediately with effect from the First Closing Date on a retrospective basis until the full payment of the Interest accrued, in the event of termination or abortion of the Proposed Acquisition, due to termination of this Agreement or otherwise. The Company will therefore be able to earn an interest income from the date of funding until full conversion or redemption of the Target Convertible Notes in the event that the Proposed Acquisition fails to complete.

The Company’s position will be further secured by the Share Charge comprising 10% of the Target Share Capital, which may be increased to an aggregate of 20% (in the event that the subscription amount for the Target Convertible Notes exceeds US\$5,000,000), in the event of default by the Target of the redemption and payment of the Interest.

Taking into account the above, the Board is therefore of the view that the Proposed Target Convertible Notes Subscription is in the best interest of the Company.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL IN RELATION TO THE PROPOSED TARGET CONVERTIBLE NOTES SUBSCRIPTION

The Proposed Convertible Notes Subscription is considered a “transaction” under the rules in Chapter 10 of the Listing Manual.

Under the Target Convertible Notes Subscription Agreement, the Company has committed to subscribe the Initial Target Convertible Notes for a principal amount of US\$2,000,000 in two (2) equal tranches. The Option will only be exercised by the Company if deemed fit by the Board, taking into account, *inter alia*, progress of the Proposed Acquisition and business operation and expansion of the Target.

For the purposes of this Announcement, the computation to be set out hereunder will be calculated based on the amount of the Initial Fund Injection, namely US\$2,000,000.

Based on the latest announced consolidated financial statements of the Group for FP2018 and the unaudited financial statements of the Target for the same period, the relative figures of the Initial Fund Injection computed on the bases set out in Rules 1006(b) to (d) of the Listing Manual are as follows:

- | | | |
|-----|--|----------------|
| (a) | Net asset value of the assets to be disposed of, compared with the group's net asset value. | Not applicable |
| (b) | Net profits ⁽ⁱ⁾ attributable to the assets acquired, compared with the Group's net profits. | Not meaningful |
| (c) | Aggregate value of the consideration given, compared with the Company's market capitalisation ⁽ⁱⁱ⁾ based on the total number of issued shares excluding treasury shares. | 11.3% |
| (d) | The number of equity securities issued by the Company as consideration for the Proposed Acquisition compared with the number of equity securities previously in issue. | Not applicable |
| (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. 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:

- (i) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interests and extraordinary items.

The Target made a net loss of approximately US\$1.9 million or approximately S\$2.5 million (based on an exchange rate of 1.3268, being the average exchange rate of Singapore Dollars to United States Dollars for FP2018) for FP2018. The Group made a net profit of approximately US\$0.5 million or approximately S\$0.7 million for FP2018.

- (ii) Under Rule 1002(5), "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the SPA.

Accordingly, the market capitalisation of the Company is based on 271,662,227 Shares in issue (excluding treasury shares) and the weighted average price of S\$0.065 of the Shares transacted on 15 October 2018, being the last market date preceding the date of the Target Convertible Notes Subscription Agreement that the Shares were traded. The market capitalisation of the Company for the purposes of the Proposed Acquisition is approximately S\$17.7 million.

As the relative figures under Rules 1006(c) of the Listing Manual exceeds 5.0% but is below 20.0%, the Initial Fund Injection pursuant to the Proposed Target Convertible Notes Subscription constitutes a "**Disclosable Transaction**" as defined under Rule 1010 of the Listing Manual.

However, as the Company is granted the Option to subscribe for Additional Target Convertible Notes of an aggregate principal amount of up to US\$8,000,000, such subscription, if effected, may trigger the requirement of shareholders' approval under Chapter 10 of the Listing Manual.

Accordingly, the Company will despatch a circular containing the required details of the Additional Fund Injection pursuant to the subscription of the Additional Target Convertible Notes, respectively and hold an extraordinary general meeting to obtain the shareholders' specific approval accordingly.

5. FINANCIAL EFFECTS OF THE INITIAL FUND INJECTION PURSUANT TO THE PROPOSED TARGET CONVERTIBLE NOTES SUBSCRIPTION

The financial information relating to the Target used for illustrating the financial effects of the Initial Fund Injection pursuant to the Proposed Target Convertible Notes Subscription as set out under this paragraph was provided by the Vendor.

The financial effects of the Initial Fund Injection pursuant to the Proposed Target Convertible Notes Subscription are prepared based on the audited consolidated financial statements of the Group for FY2017, the audited financial statements of the Target for FY2017 and the following assumptions:

- (a) the financial effects on the Company's earnings and earnings per share are computed assuming the Initial Fund Injection was completed at the beginning of the financial year;
- (b) the financial effects on the Company's NTA and gearing are computed assuming the Initial Fund Injection was completed at the end of the financial year;
- (c) the analysis not taking into account the transactional costs and expenses which are related to the Initial Fund Injection and the transaction in relation thereto;
- (d) the analysis does not take into account any dividend and distributions out of profits that may be declared by the Target in respect of the financial year ended 31 December 2017;
- (e) the computations do not take into the account the exercise of the Option as there is no certainty at this juncture that such Option would eventually be exercised and/or the extent that such Option will be exercised; and
- (f) the computations do not take into account the issuance of Shares arising from the Proposed RCN Issuance.

5.1 NTA

	Before Initial Fund Injection	Immediately after Initial Fund Injection
NTA as at 31 December 2017 (US\$)	43,946,000	43,946,000
Number of Shares (excluding treasury shares)	271,662,227	271,662,227
NTA per share (US\$ cents)	16.2	16.2

Notes:

- (i) NTA is computed based on total assets less total liabilities (excluding goodwill and intangible assets).
- (ii) The NTA per share is calculate on a pre-consolidation basis.

5.2 EPS

	Before Initial Fund Injection	Immediately after Initial Fund Injection
Net profit of the Group for FY2017 (US\$)	2,949,000	2,949,000

Weighted average number of Shares excluding (treasury shares)	271,662,227	271,662,227
Earnings per Share (US\$ cents)	1.1	1.1

D. PROPOSED RCN ISSUANCE

Pursuant to the RCN Subscription Agreement, the Company has agreed to issue to the Subscribers 1.0% unsecured redeemable structured convertible notes due 2021 (collectively, the “**RCN Notes**” and each, a “**RCN Note**”) with an aggregate principal amount of up to S\$20,000,000 in four (4) tranches (the “**Proposed RCN Issuance**”).

The four (4) tranches of the RCN Notes (each, a “**Tranche**”) shall be referred to as “**Tranche 1 RCN Notes**”, “**Tranche 2 RCN Notes**”, “**Tranche 3 RCN Notes**” and “**Tranche 4 RCN Notes**”, respectively. The Tranche 1 RCN Notes and Tranche 2 RCN Notes shall comprise sixteen (16) equal sub-tranches of S\$250,000 each. The Tranche 3 RCN Notes and Tranche 4 RCN Notes shall comprise twelve (12) equal sub-tranches of S\$500,000 each.

1. SALIENT TERMS OF THE RCN NOTES

Pursuant to the RCN Subscription Agreement, the Company, the Subscribers and ACPAM have agreed that the issue of the RCN Notes shall be on, *inter alia*, the following terms:

Subscription	<ul style="list-style-type: none"> (a) The Subscribers will subscribe for the Tranche 1 RCN Notes at the RCN Issue Price (as defined hereinafter). (b) The Company has an option to require the Subscribers to subscribe for Tranche 2 RCN Notes to Tranche 4 RCN Notes at the RCN Issue Price during the relevant option period (the “RCN Option Period”). In respect of the RCN Notes under each Tranche, the RCN Option Period means the period from the conversion date of the last of the RCN Notes comprised in the last sub-tranche of the preceding tranche to the tenth (10th) business day thereafter, or such other period as may be agreed between the Subscribers and the Company.
Issue price (the “ RCN Issue Price ”)	In relation to each sub-tranche of the relevant tranche, the amount equivalent to 100% of the principal amount of the RCN Notes for such sub-tranche.
Method of issue	The RCN Notes will be privately placed to and purchased by the Subscribers. No offering circular or information memorandum will be issued by the Company for the Proposed RCN Issuance.
Interest	1.0% interest per annum, payable semi-annually in arrears on 30 June and 31 December in each year. Each RCN Note shall cease to bear interest on conversion into new Shares (the “ RCN Conversion Shares ”) or from the due date for redemption.
Conversion	(a) Any RCN Note may be converted into RCN Conversion Shares at the option of its holder from the date on which it is issued up to the close of business on the day falling one (1) week before the RCN Maturity Date (as defined hereinafter).

	<p>(b) The number of RCN Conversion Shares to which a noteholder is entitled on conversion shall be determined by dividing the aggregate principal amount of the RCN Notes to be converted by the applicable Conversion Price (as defined hereinafter).</p>
<p>Conversion price (the “Conversion Price”)</p>	<p>The price at which each RCN Conversion Share shall be issued upon conversion shall be:</p> <p>(a) in respect of Tranche 1 RCN Notes, 90.0% of the daily average volume weighted average price (“VWAP”) per Share for the business day prior to the relevant conversion date of the RCN Notes on which Shares were traded on the SGX-ST;</p> <p>(b) in respect of the Tranche 2 RCN Notes, 80.0% of the average Closing Price per Share on any three (3) consecutive business days as selected by the relevant noteholder during the 45 business days immediately preceding the relevant conversion date on which Shares were traded on the SGX-ST;</p> <p>(c) in respect of the Tranche 3 RCN Notes, 82.0% of the average Closing Price per Share on any three (3) consecutive business days as selected by the relevant noteholder during the 45 business days immediately preceding the relevant conversion date on which Shares were traded on the SGX-ST; and</p> <p>(d) in respect of the Tranche 4 RCN Notes, 85.0% of the average Closing Price per Share on any three (3) consecutive business days as selected by the relevant noteholder during the 45 business days immediately preceding the relevant conversion date on which Shares were traded on the SGX-ST,</p> <p>provided that the Conversion Price of each RCN Note shall not be lower than the Minimum Conversion Price (as defined hereinafter).</p>
<p>Maximum Conversion Shares under Tranche 1 RCN Notes</p>	<p>The Subscriber agrees that the maximum number of RCN Conversion Shares to be allotted pursuant to conversion of the Tranche 1 RCN Notes shall be 50,000,000.</p>
<p>Minimum Conversion Price</p>	<p>The minimum conversion price for the RCN Notes shall be S\$0.01.</p>
<p>Shareholders’ Mandate</p>	<p>The Company intends to utilise the mandate provided to the Company pursuant to the Company’s Annual General Meeting held on 25 April 2018 in regards to the offer or sale, or invitation for subscription or purchase, or the issue, of the Tranche 1 RCN Notes and the RCN Conversion Shares arising therefrom upon the exercise of the Conversion Rights by the Subscribers.</p> <p>The allotment and issue of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes, and the RCN Conversion Shares arising therefrom upon the exercise of the Conversion Rights by the Subscribers will be subject to the approval of the shareholders of the Company at a general meeting.</p>
<p>Closing price of a Share (the “Closing Price”)</p>	<p>The closing price of the Shares on the SGX-ST for one (1) Share on a particular business day as adjusted pursuant to the terms and conditions of the RCN Notes (the “Terms and Conditions”).</p>

Closing date (“the Closing Date ”)	In respect of each sub-tranche of the RCN Notes, the date on which such sub-tranche of the RCN Notes is subscribed for and issued pursuant to the RCN Subscription Agreement.
Redemption	The Company may redeem the RCN Notes presented for conversion in cash at the Redemption Amount (as defined hereinafter) if the Conversion Price is less than or equal to 65.0% of the daily average VWAP per Share for the 45 consecutive business days period prior to, in respect of the respective Closing Dates.
Redemption amount (the “ Redemption Amount ”)	<p>The redemption amount is calculated according to the following formula:</p> $N \times \{P + [8.0\% \times P \times (D/365)] + I\}$ <p>Where:</p> <p>“D” = the amount of days elapsed since the relevant Closing Date.</p> <p>“N” = the number of RCN Notes presented for conversion.</p> <p>“P” = the face value of the RCN Notes presented for conversion.</p> <p>“I” = the remaining unpaid interest accrued on the RCN Notes presented for conversion.</p>
Maturity	<p>“RCN Maturity Date” means the date falling thirty-six (36) months from the Closing Date of the first sub-tranche of Tranche 1 RCN Notes. The RCN Notes which are not redeemed or purchased, converted or cancelled by the Company will be converted by the Company in accordance with the Terms and Conditions on the RCN Maturity Date.</p>
Conditions precedent to the closing of the first sub-tranche of Tranche 1 RCN Notes	<p>The Subscribers shall not be obliged to subscribe for the first sub-tranche of Tranche 1 RCN Notes unless the Company has satisfied the conditions precedent within three (3) calendar months from the date of the RCN Subscription Agreement, which shall include without limitation:</p> <ul style="list-style-type: none"> (a) all necessary corporate approvals relating to the Tranche 1 RCN Notes shall have been obtained, and such approval shall not have been amended, withdrawn, revoked or cancelled on or before the Closing Date of the first sub-tranche of Tranche 1 RCN Notes; (c) all necessary authority approvals relating to the RCN Notes shall have been obtained and such approval shall not have been amended, withdrawn, revoked or cancelled on or before the Closing Date of the first sub-tranche of Tranche 1 RCN Notes; (d) all necessary third party approvals relating to the RCN Notes shall have been obtained and such approval shall not have been amended, withdrawn, revoked or cancelled on or before the Closing Date of the first sub-tranche of Tranche 1 RCN Notes; (e) all the registration and submission required to be carried out by the Company for the transactions contemplated under the RCN

Subscription Agreement to any relevant authorities shall have been duly carried out;

(f)

- (i) all the representations, warranties, undertakings and covenants of the Company (including the warranties) set forth in the RCN Subscription Agreement shall be accurate and correct in all respects; and
- (ii) the Company shall have performed all of its undertakings or obligations under the RCN Subscription Agreement to be performed.

If any of the above conditions precedent are not satisfied or waived by the Subscribers, the RCN Subscription Agreement shall *ipso facto* cease, and the parties shall be released and discharged from their respective obligations, save for costs and expenses payable in relation to the RCN Notes and/or RCN Conversion Shares, indemnity by the Company and any antecedent breaches.

Conditions to each of the respective closings for the remaining RCN Notes

The Subscribers shall not be obliged to subscribe and pay for each sub-tranche of the RCN Notes (other than the first sub-tranche of Tranche 1 RCN Notes) unless the prescribed conditions (including without limitation, the following) have been satisfied:

- (a) all the corporate approvals, authority approvals and third party approvals for the transactions contemplated under the RCN Subscription Agreement (if not already obtained) shall have obtained and shall not have been amended, withdrawn, revoked or cancelled on or prior to each subsequent Closing Date;
- (b) at each Closing Date for the first sub-tranche of Tranche 2 RCN Notes to Tranche 4 RCN Notes, all the representations, warranties, undertakings and covenants of the Company set forth in the RCN Subscription Agreement including the warranties shall be accurate and correct in all respects at, and as if made on, that Closing Date; and
- (c) the Company shall have performed all of its undertakings or obligations under the RCN Subscription Agreement to be performed on or before that Closing Date.

On-Selling Restriction

The Subscribers undertake not to directly on-sell the Conversion Shares to the competitors of the Company or their associates, as notified by the Company in writing.

Fees

An administration fee of 6.0% of the principal amount of each sub-tranche of Tranche 1 RCN Notes to Tranche 4 RCN Notes issued is payable by the Company to ACPAM and/or AOF in such proportion as may be instructed by ACPAM and AOF accordingly on the Closing Date of each respective sub-tranche of RCN Notes.

Governing Law

Singapore laws

2. INFORMATION ON THE SUBSCRIBERS AND ACPAM

AOF is an open-ended fund with sub-funds incorporated in the Cayman Islands and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

AOF I is an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands on 27 January 2016 and has a registered office at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. AOF I is structured as a regulated mutual fund with the Cayman Islands Monetary Authority. The investment objective of AOF I is to achieve medium to long term capital appreciation through investment in financial instruments that assist small and medium capitalisation and publicly-listed companies. The investment strategy of AOF I is to provide funding solutions to companies that facilitate working capital requirements, business expansion, mergers and acquisitions, reverse take-overs, management by objective, debt restructuring and arbitrage trades using a combination of debt and equity securities.

ACF is an exempted company incorporated on 15 August 2017 and registered as a segregated portfolio company in the Cayman Islands and having its registered office at Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands, acting for and on behalf of Golden Fund SP (a segregated portfolio set up under ACF).

ACPAM is a company incorporated in Singapore on 5 June 2013 and has its registered office at 16 Collyer Quay, #29-01 Income at Raffles, Singapore 049318. ACPAM is a registered fund management company with the Monetary Authority of Singapore and has been appointed by the Subscribers to serve as the discretionary investment manager of all the investments of the Subscribers.

3. PROCEEDS

The Company intends to raise up to S\$20,000,000 gross proceeds from the issue of RCN Notes.

Up to S\$14,000,000 of the gross proceeds will be utilised for the subscription of the Target Convertible Notes. The related 6% administrative fees of up to S\$840,000 will be borne by the Target, and therefore does not constitute costs payable by the Company.

The remaining S\$6,000,000 of the gross proceeds will be utilised for (i) the Transactional Costs of approximately S\$3,000,000; and (ii) general working capital of the Company. The related 6% administrative fees of S\$360,000 will be borne by the Company.

The net proceeds, after deducting (i) the estimated fees and expenses related to the Proposed RCN Issuance amounting to approximately S\$80,000; and (ii) the 6% administrative fees for the RCN Notes payable by the Company of approximately S\$360,000, will be approximately S\$19,560,000 (the “**Net Proceeds**”).

The Company intends to use the Net Proceeds in the following manner:

Use of Net Proceeds	Percentage Allocation (%)
General Working Capital	13.09
Subscription of Target Convertible Notes	71.57
Transactional Costs	15.34

4. RATIONALE FOR ISSUING OF THE RCN NOTES

The Company intends to utilise the funds raised from the issuance of the RCN Notes to subscribe for the Target Convertible Notes, to pay for the Transactional Costs, and for the Company's general working capital purposes.

5. APPLICATION TO THE SGX-ST AND AIM

The Company will make an application to the SGX-ST for the listing of and quotation for the RCN Conversion Shares on the Official List of the SGX-ST. The Company will make the necessary announcement upon the receipt of the approval-in-principle from the SGX-ST for the listing of and quotation for the RCN Conversion Shares on the Official List of the SGX-ST. The RCN Notes will not be listed on the Official List of the SGX-ST and to fulfil its working capital requirements.

Given the Company's intention to remain listed on AIM following completion of the Proposed Acquisition, application shall also be made by the Company for the RCN Conversion Shares to be admitted to trading on AIM as well.

6. MANDATE AND EXTRAORDINARY GENERAL MEETING

Subject to the approval of the SGX-ST, if required, the Company intends to utilise the mandate provided to the Company pursuant to the Company's Annual General Meeting held on 25 April 2018 in regards to the offer or sale, or invitation for subscription or purchase, or the issue, of the Tranche 1 RCN Notes and the RCN Conversion Shares arising therefrom upon the exercise of the Conversion Rights by the Subscribers.

Further to the above, the Company intends to seek Shareholders' approval in relation to the subscription of the Tranche 2 RCN Notes to Tranche 4 RCN Notes and a circular containing, *inter alia*, the notice of the extraordinary general meeting and details of the terms and conditions of the Proposed RCN Issuance will be dispatched to the Shareholders in due course.

E. GENERAL

1. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, other than in their respective capacity as Directors or Shareholders of the Company, and controlling Shareholders of the Company, has any interest, direct or indirect, in the Proposed Acquisition, the Proposed Target Convertible Notes Subscription and the Proposed RCN Issuance.

2. NO INTERCONDITIONALITY

The Proposed Acquisition, Proposed Target Convertible Notes Subscription and Proposed RCN Issuance are not inter-conditional on each other.

3. INDICATIVE SUBMISSION AND COMPLETION TIMELINE

It is expected that the necessary submission relating to the Proposed Acquisition and such other related transactions will be made in April 2019, pending finalisation of the audited financial statements of the Group and the Target for the financial year ending 31 December 2018. Subject to the satisfaction of the conditions precedent under the SPA, including the approvals from the SGX-ST and the Shareholders, the Company expects that the Proposed Acquisition may be completed in the third quarter of 2019.

4. RESPONSIBILITY STATEMENT

The Directors (other than the Dissenting Directors (as defined hereinafter)) including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Vendor and the Target) 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 Acquisition, the Proposed Target Convertible Notes Subscription, the Proposed RCN Issuance, the Company and its subsidiaries as at the date hereof, and that they are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in the 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, through reasonable enquiries, that such information is accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

5. OTHER MATTERS

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition, the Proposed Target Convertible Notes Subscription and the Proposed RCN Issuance.

The Proposed Acquisition, the Proposed Target Convertible Notes Subscription and the Proposed RCN Issuance have been approved by the majority members of the Board, who have also approved the release of this Announcement. The three members of the Board that did not approve were Mr Cosimo Borrelli and Mr Basil Chan, both Independent Directors, and Mr Kenny Sim, a Non-Independent Director (collectively, the “Dissenting Directors”).

6. DOCUMENTS FOR INSPECTION

A copy of each of the SPA, the Target Convertible Notes Subscription Agreement, the Share Charge and the RCN Subscription Agreement will be made available for inspection during normal business hours at the registered office of the Company at 8 Temasek Boulevard, #18-02A Suntec Tower Three, Singapore 038988 for a period of three (3) months from the date of this Announcement.

7. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading the Shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition, Proposed Target Convertible Notes Subscription and/or Proposed RCN Issuance will be completed.

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

BY ORDER OF THE BOARD

**ANTHONY BRIAN TAYLOR
EXECUTIVE CHAIRMAN**

24 October 2018

APPENDIX A
SUMMARY OF PRO FORMA FINANCIAL STATEMENT OF THE TARGET

Summary of Pro Forma Financial Information of the Target

A summary of the audited profit and loss statement of the Target for each of the last three (3) financial years ended 31 December 2017 (“**FY2017**”), 31 December 2016 (“**FY2016**”) and 31 December 2015 (“**FY2015**”), respectively, and a summary of the audited balance sheet of the Target as at 31 December 2017, are set out below.

(a) Summary of Income Statement of the Target

USD	<-----Audited----->		
	FY2017	FY2016	FY2015
Revenue	31,925	3,600	-
Gross profit / (loss)	(486,832)	3,600	-
Profit / (loss) before tax	(2,360,051)	(1,214,411)	(835,945)
Profit / (loss) after tax	(2,360,051)	(1,214,411)	(835,945)

(b) Summary of Balance Sheet of the Target

As at 31 December 2017

USD	Audited
Non-current assets	1,160,576
Current assets	1,636,325
Non-current liabilities	-
Current liabilities	5,162,717
Net liabilities attributable to shareholders	2,796,901
Net tangible assets attributable to shareholders	2,796,901

**APPENDIX B
PRESCRIBED OCCURRENCE**

1. Prescribed Occurrences in relation to the Target shall mean the occurrence of any of the following:
 - (a) Reduction of Share Capital: Resolving to reduce its share capital in any way;
 - (b) Issuance of Debt Securities: Issuing, or agreeing to issue, convertible notes or other debt securities, save for the Target Convertible Notes;
 - (c) Allotment of Shares: Making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security, save for the Target Convertible Notes;
 - (d) Liquidation, Bankruptcy or Insolvency: Its liquidation, bankruptcy or insolvency;
 - (e) Termination of Business: The termination of substantially all or part of its assets or business;
 - (f) Appointment of Assignee, Receiver or Liquidator: The appointment of any assignee, receiver or liquidator for substantially all or part of its assets or business; and
 - (g) Attachment, Sequestration, Execution or Seizure: The attachment, sequestration, execution or seizure of substantially all or part of its assets.

2. Prescribed Occurrences in relation to the Vendor shall mean the occurrence of any of the following:
 - (a) Liquidation, Bankruptcy or Insolvency: Its liquidation, bankruptcy or insolvency;
 - (b) Termination of Business: The termination of substantially all or part of its assets or business;
 - (c) Appointment of Assignee, Receiver or Liquidator: The appointment of any assignee, receiver or liquidator for substantially all or part of its assets or business; and
 - (d) Attachment, Sequestration, Execution or Seizure: The attachment, sequestration, execution or seizure of substantially all or part of its assets.

3. Prescribed Occurrences in relation to the Company shall mean the occurrence of any of the following:
 - (a) Granting of Options: Granting an option to subscribe for new ordinary shares in the Company or securities convertible into ordinary shares in the Company or agreeing to grant such an option, save in respect of the transactions as agreed between the Company and the Vendor in writing;
 - (b) Issuance of Debt Securities: Issuing, or agreeing to issue, convertible notes, securities convertible into ordinary shares in the Company, or other debt securities, save in respect of the transactions as agreed between the Company and the Vendor in writing;
 - (c) Allotment of Shares: Making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security, save for the Permitted Purchaser Share Allotments;
 - (d) Liquidation, Bankruptcy or Insolvency: Its liquidation, bankruptcy or insolvency;

APPENDIX B
PRESCRIBED OCCURRENCE

- (e) Appointment of Assignee, Receiver or Liquidator: The appointment of any assignee, receiver or liquidator for substantially all or part of its assets or business;
- (f) Attachment, Sequestration, Execution or Seizure: The attachment, sequestration, execution or seizure of substantially all or part of its assets; and
- (g) Delisting or Suspension of Trading: The SGX-ST removing the Company from the Mainboard of the SGX-ST or suspending the trading of its ordinary shares listed and quoted on the Mainboard for a period longer than three (3) Market Days or such other period of extension which the SGX-ST may agree (which for the avoidance of doubt, shall not include any trading halts of its ordinary shares listed and quoted on the Mainboard of the SGX-ST, as the case may be, made at the request of the Company).