
**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Consolidated Financial Statements
For the financial years ended 31 December 2020, 2021 and 2022

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Directors' statement

For the financial years ended 31 December 2020, 2021 and 2022

In the opinion of the directors,

- (i) the accompanying consolidated financial statements of 17LIVE Inc. (the "Company") and its subsidiaries (collectively, the "Group") are properly drawn up so as to give a true and fair view of the consolidation financial positions of the Group as at 31 December 2020, 2021 and 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years ended 31 December 2020, 2021 and 2022; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Phua Jiexian Joseph
Director

Chua Joo Hock
Director

9 November 2023

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

**Independent auditor's report in relation to the audited consolidated financial statements of
17LIVE Inc. and its subsidiaries**

For the financial years ended 31 December 2020, 2021 and 2022

The Board of Directors
17LIVE Inc.
4th Floor Harbour Place 103
South Church Street P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

Report on the audit of the financial statements

Opinion

We have audited the accompanying consolidated financial statements of 17LIVE Inc. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets of the Group as at 31 December 2020, 2021 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the financial years ended 31 December 2020, 2021 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages A-6 to A-83.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the consolidated financial positions of the Group as at 31 December 2020, 2021 and 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years ended 31 December 2020, 2021 and 2022.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

**Independent auditor's report in relation to the audited consolidated financial statements of
17LIVE Inc. and its subsidiaries**

For the financial years ended 31 December 2020, 2021 and 2022

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Independent auditor's report in relation to the audited consolidated financial statements of
17LIVE Inc. and its subsidiaries**

For the financial years ended 31 December 2020, 2021 and 2022

Restriction on distribution and use

This report is made solely to you as a body and for the inclusion in the Circular of Vertex Technology Acquisition Corporation Ltd ("VTAC") to be issued in connection with VTAC's proposed acquisition of the entire issued share capital of the Company, being a reverse takeover.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

9 November 2023

Partner-in-charge: Sharon Peh

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Consolidated statements of comprehensive income
For the financial years ended 31 December 2020, 2021 and 2022**

(Expressed in United States Dollars)

	Note	2020 US\$	2021 US\$	2022 US\$
Operating revenue	4	411,360,430	497,782,292	363,717,850
Cost of revenue	5	(236,001,310)	(310,035,338)	(237,568,755)
Gross profit		175,359,120	187,746,954	126,149,095
Operating expenses				
Selling expenses		(97,079,510)	(129,179,652)	(64,310,830)
General and administrative expenses		(49,786,248)	(31,592,573)	(24,402,012)
Research and development expenses		(4,072,531)	(16,609,117)	(27,312,262)
Total operating expenses	6	(150,938,289)	(177,381,342)	(116,025,104)
Operating income		24,420,831	10,365,612	10,123,991
Non-operating income and expenses				
Other gains and losses				
- Revaluation (loss)/gain on financial liabilities	8	(59,105,881)	112,407,180	(55,860,150)
- Others	8	(12,554,312)	(2,790,961)	3,045,118
Finance costs	9	(71,660,193) (974,233)	109,616,219 (743,168)	(52,815,032) (171,948)
Total non-operating income and expenses		(72,634,426)	108,873,051	(52,986,980)
(Loss)/profit before income tax		(48,213,595)	119,238,663	(42,862,989)
Income tax expense	10	(5,286,793)	(9,727,770)	(8,153,842)
(Loss)/profit for the year from continuing operations		(53,500,388)	109,510,893	(51,016,831)
Profit for the year from discontinued operations	11	1,552,129	-	-
(Loss)/profit for the year		(51,948,259)	109,510,893	(51,016,831)
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss</i>				
Foreign currency translation		(211,943)	(2,976,784)	(3,951,456)
<i>Items that will not be reclassified to profit or loss</i>				
Change in credit risk of financial liabilities at fair value through profit or loss		(175,000)	(19,500)	700
Other comprehensive income for the year, net of tax		(386,943)	(2,996,284)	(3,950,756)
Total comprehensive income for the year		(52,335,202)	106,514,609	(54,967,587)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Consolidated statements of comprehensive income
For the financial years ended 31 December 2020, 2021 and 2022**

(Expressed in United States Dollars)

	Note	2020 US\$	2021 US\$	2022 US\$
(Loss)/income attributable to:				
Owners of the Company				
- continuing operations		(53,490,390)	109,510,893	(51,016,831)
- discontinued operations		1,552,129	-	-
Non-controlling interests				
- continuing operations		(9,998)	-	-
		<u>(51,948,259)</u>	<u>109,510,893</u>	<u>(51,016,831)</u>
Total comprehensive income attributable to:				
Owners of the Company				
- continuing operations		(51,906,485)	106,514,609	(54,967,587)
- discontinued operations		(428,717)	-	-
		<u>(52,335,202)</u>	<u>106,514,609</u>	<u>(54,967,587)</u>
Basic earnings per share				
	12			
Owners of the Company				
- continuing operations		(1.05)	3.31	(1.35)
- discontinued operations		0.03	-	-
		<u>(1.02)</u>	<u>3.31</u>	<u>(1.35)</u>
Diluted earnings per share				
	12			
Owners of the Company				
- continuing operations		(1.05)	(0.01)	(1.35)
- discontinued operations		0.03	-	-
		<u>(1.02)</u>	<u>(0.01)</u>	<u>(1.35)</u>

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**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Consolidated balance sheets
As at 31 December 2020, 2021 and 2022**

(Expressed in United States Dollars)

	Note	2020 US\$	2021 US\$	2022 US\$
ASSETS				
Non-current assets				
Property, plant and equipment	13	1,686,922	2,017,633	795,789
Right-of-use assets	14	8,688,274	8,114,534	1,848,265
Intangible assets	15	30,529,783	28,424,508	26,543,128
Deferred tax assets	16	3,169,184	2,194,774	1,537,813
Guarantee deposits		3,403,741	3,645,149	3,696,046
Total non-current assets		47,477,904	44,396,598	34,421,041
Current assets				
Prepaid operating expenses		1,473,165	4,457,704	3,369,559
Financial assets at fair value through profit or loss		144,745	108,813	–
Other current assets	17	1,277,185	2,433,266	2,325,918
Trade and other receivables	18	32,678,926	34,243,046	24,053,674
Cash and cash equivalents	19	92,491,374	59,090,846	39,259,309
Total current assets		128,065,395	100,333,675	69,008,460
Total assets		175,543,299	144,730,273	103,429,501
LIABILITIES				
Current liabilities				
Trade and other payables	21	89,624,295	82,752,531	59,043,917
Contract liabilities	4	8,032,045	9,982,872	7,273,934
Financial liabilities at fair value through profit or loss	22	821,000	295,000	211,102,456
Income tax payable		12,628,013	12,043,085	5,255,771
Lease liabilities	14	2,260,100	2,639,683	920,219
Loans and borrowings	23	5,696,687	1,164,988	–
Provisions		775,918	1,630,178	893,360
Other current liabilities		129,817	201,020	106,744
Total current liabilities		119,967,875	110,709,357	284,596,401
Net current assets/(liabilities)		8,097,520	(10,375,682)	(215,587,941)
Non-current liabilities				
Financial liabilities at fair value through profit or loss	22	278,664,192	154,948,006	–
Loans and borrowings	23	1,161,649	–	–
Deferred tax liabilities	16	1,939,550	1,406,024	855,590
Lease liabilities	14	7,423,678	6,429,734	1,012,263
Provisions		223,135	308,592	164,036
Total non-current liabilities		289,412,204	163,092,356	2,031,889
Total liabilities		409,380,079	273,801,713	286,628,290

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

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CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Consolidated balance sheets

For the financial years ended 31 December 2020, 2021 and 2022

(Expressed in United States Dollars)

	Note	2020 US\$	2021 US\$	2022 US\$
Equity				
Share capital	25	2,876	3,792	3,792
Share premium	26	21,383,500	25,409,440	25,409,440
Other reserves	27	8,959,154	1,100,037	(2,010,481)
Accumulated deficit		(264,182,310)	(155,584,709)	(206,601,540)
Total equity		<u>(233,836,780)</u>	<u>(129,071,440)</u>	<u>(183,198,789)</u>
Total liabilities and equity		<u>175,543,299</u>	<u>144,730,273</u>	<u>103,429,501</u>

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Consolidated statements of changes in equity
For the financial years ended 31 December 2020, 2021 and 2022**

(Expressed in United States Dollars)

2020	Note	Share capital US\$	Share premium US\$	Other reserves US\$	Accumulated deficit US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
At 1 January 2020		5,475	40,705,489	6,847,824	(198,809,716)	(151,250,928)	(596,631)	(151,847,559)
Loss for the year		-	-	-	(51,948,259)	(51,948,259)	(9,998)	(51,958,257)
Other comprehensive income: Change in credit risk of financial liabilities at fair value through profit or loss Foreign currency translation		-	-	(175,000) (211,943)	-	(175,000) (211,943)	-	(175,000) (211,943)
Other comprehensive income for the year, net of tax		-	-	(386,943)	-	(386,943)	-	(386,943)
Total comprehensive income for the year		-	-	(386,943)	(51,948,259)	(52,335,202)	(9,998)	(52,345,200)
Issuance of restricted share units	24	-	-	2,988,723	-	2,988,723	-	2,988,723
Disposal of subsidiaries		-	-	-	-	-	606,629	606,629
Repurchase and retirement of ordinary shares	25	(2,599)	(19,321,989)	-	(13,424,335)	(32,748,923)	-	(32,748,923)
Repurchase of restricted share units		-	-	(490,450)	-	(490,450)	-	(490,450)
At 31 December 2020		2,876	21,383,500	8,959,154	(264,182,310)	(233,836,780)	-	(233,836,780)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Consolidated statements of changes in equity
For the financial years ended 31 December 2020, 2021 and 2022**

(Expressed in United States Dollars)

2021	Note	Share capital US\$	Share premium US\$	Other reserves US\$	Accumulated deficit US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
At 1 January 2021		2,876	21,383,500	8,959,154	(264,182,310)	(233,836,780)	-	(233,836,780)
Profit for the year		-	-	-	109,510,893	109,510,893	-	109,510,893
Other comprehensive income:								
Change in credit risk of financial liabilities at fair value through profit or loss		-	-	(19,500)	-	(19,500)	-	(19,500)
Foreign currency translation		-	-	(2,976,784)	-	(2,976,784)	-	(2,976,784)
Other comprehensive income for the year, net of tax		-	-	(2,996,284)	-	(2,996,284)	-	(2,996,284)
Total comprehensive income for the year		-	-	(2,996,284)	109,510,893	106,514,609	-	106,514,609
Issuance of restricted share units	24	-	-	1,923,761	-	1,923,761	-	1,923,761
Share-based payments		1,040	4,951,477	(4,952,517)	-	-	-	-
Repurchase and retirement of ordinary shares	25	(124)	(925,537)	-	(913,292)	(1,838,953)	-	(1,838,953)
Repurchase of restricted share units		-	-	(1,834,077)	-	(1,834,077)	-	(1,834,077)
At 31 December 2021		3,792	25,409,440	1,100,037	(155,584,709)	(129,071,440)	-	(129,071,440)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Consolidated statements of changes in equity
For the financial years ended 31 December 2020, 2021 and 2022**

(Expressed in United States Dollars)

2022	Note	Share capital US\$	Share premium US\$	Other reserves US\$	Accumulated deficit US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
At 1 January 2022		3,792	25,409,440	1,100,037	(155,584,709)	(129,071,440)	-	(129,071,440)
Loss for the year		-	-	-	(51,016,831)	(51,016,831)	-	(51,016,831)
Other comprehensive income: Change in credit risk of financial liabilities at fair value through profit or loss		-	-	700	-	700	-	700
Foreign currency translation		-	-	(3,951,456)	-	(3,951,456)	-	(3,951,456)
Other comprehensive income for the year, net of tax		-	-	(3,950,756)	-	(3,950,756)	-	(3,950,756)
Total comprehensive income for the year		-	-	(3,950,756)	(51,016,831)	(54,967,587)	-	(54,967,587)
Issuance of restricted stock units	24	-	-	840,238	-	840,238	-	840,238
At 31 December 2022		3,792	25,409,440	(2,010,481)	(206,601,540)	(183,198,789)	-	(183,198,789)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Consolidated statements of cash flows
For the financial years ended 31 December 2020, 2021 and 2022**

(Expressed in United States Dollars)

	2020 US\$	2021 US\$	2022 US\$
Cash flows from operating activities			
(Loss)/profit before income tax from continuing operations	(48,213,595)	119,238,663	(42,862,989)
Profit before income tax from discontinued operations	1,552,129	–	–
Adjustments for:			
Expected credit losses	652,863	516,189	–
Impairment of goodwill	10,594,732	–	–
Impairment of other intangible assets	1,708,445	–	–
Gain on disposal of subsidiaries	(1,292,787)	–	–
Loss on repurchase of preference shares	–	2,708,549	–
Depreciation expense	2,709,947	2,868,002	2,590,617
Amortisation expense	3,176,250	2,217,357	2,300,960
Loss on disposal of property, plant and equipment	414,804	197,391	995,365
Share-based payments	2,988,723	1,923,761	840,238
Revaluation loss/(gain) on financial liabilities	59,105,881	(112,407,180)	55,860,150
Finance costs	974,233	743,168	171,948
Loss/(gain) on termination of leases	80,350	–	(338,996)
Operating cash flows before changes in working capital	34,451,975	18,005,900	19,557,293
Changes in working capital			
Trade and other receivables	(19,820,226)	(2,014,087)	10,189,372
Prepaid operating expenses	(168,625)	(2,984,539)	1,088,145
Other current assets	990,789	(1,222,303)	107,348
Trade and other payables	50,627,470	(6,871,764)	(23,708,614)
Other current liabilities	(768,638)	71,203	(94,276)
Contract liabilities	1,397,341	1,950,827	(2,708,938)
Provisions	730,569	939,717	(881,374)
Cash flows from operations	67,440,655	7,874,954	3,548,956
Interest paid	(564,621)	(398,700)	(4,583)
Income tax paid	(156,886)	(10,388,203)	(14,008,601)
Net cash flows from/(used in) operating activities	66,719,148	(2,911,949)	(10,464,228)
Investing activities			
(Increase)/decrease in financial assets at fair value through profit or loss	(144,745)	35,932	108,813
Purchase of property, plant and equipment	(1,475,026)	(1,051,686)	(438,061)
Purchase of intangible assets	(206,551)	(118,393)	(467,858)
Decrease/(increase) in guarantee deposits	711,818	(241,408)	(50,897)
Acquisition of a subsidiary	3,889,743	–	–
Disposal of subsidiaries	668,886	–	–
Net cash flows from/(used in) investing activities	3,444,125	(1,375,555)	(848,003)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

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CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Consolidated Statements of Cash Flows
For the financial years ended 31 December 2020, 2021 and 2022**

(Expressed in United States Dollars)

	2020 US\$	2021 US\$	2022 US\$
Financing activities			
Proceeds from issuance of preference shares	28,100,000	–	–
Proceeds from issuance of warrants	328,000	–	–
Repayments of principal portion of lease liabilities	(1,095,629)	(2,348,051)	(2,854,123)
Proceeds from loans and borrowings	6,672,000	–	–
Repayment of loans and borrowings	(705,277)	(5,833,334)	(1,166,666)
Repurchase and retirement of ordinary shares	(32,748,923)	(1,838,953)	–
Repurchase of restricted share units	(490,450)	(1,834,077)	–
Repurchase of preference shares	–	(14,563,055)	–
Interest paid	(181,480)	(202,422)	(164,210)
Net cash flows used in financing activities	(121,759)	(26,619,892)	(4,184,999)
Net increase/(decrease) in cash and cash equivalents	70,041,514	(30,907,396)	(15,497,230)
Net foreign exchange difference	685,208	(2,493,132)	(4,334,307)
Cash and cash equivalents at beginning of financial year	21,764,652	92,491,374	59,090,846
Cash and cash equivalents at end of financial year	92,491,374	59,090,846	39,259,309

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

1. Corporate information

17LIVE Inc. (the "Company") was incorporated as a Cayman Islands exempted company with limited liability on 28 February 2017 under the Companies Act of the Cayman Islands, under the name of M17 Entertainment Limited. On 23 September 2020, the Company changed its name to 17LIVE Inc..

The registered office of the Company is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business of the Company is located at 2-chōme-12-28 Kitaayama, Minato City, Tōkyō-to 107-006.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in operating live streaming platform. Information on the subsidiaries is disclosed in Note 35.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The consolidated financial statements are presented in United States Dollars ("USD" or "US\$") except when otherwise indicated.

Going concern

As of 31 December 2022, the Group's current and total liabilities exceeded its current and total assets by US\$215,587,941 and US\$183,198,789 respectively. Notwithstanding this, the consolidated financial statements of the Group have been prepared on a going concern basis due to the following:

- For the period from 1 January 2023 to 30 June 2023, the Group has generated positive operating cash flows of US\$3,988,445 and positive net cash flows of US\$2,438,289;
- As of 30 June 2023, the Group's current assets exceeded its current liabilities by US\$2,314,977;
- On 3 April 2023, the redemption date of all of the Group's preference shares, which amounted to US\$210,515,456 as of 31 December 2022, has been extended to 31 December 2025;
- The Group is expected to continue to generate positive operating cash flows and positive net cash flows to pay its liabilities as and when they fall due for the next 12 months from the issuance of the consolidated financial statements; and
- In connection with but not conditional on the completion of the Proposed Acquisition of the Group by Vertex Technology Acquisition Corporation Ltd, on 20 October 2023, the Company's shareholders approved, by way of an Extraordinary General Meeting, the conversion of the warrants and preference shares of the Group, which aggregated to US\$211,102,456, into equity. The conversion is expected to be take place before the completion of the Proposed Acquisition.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group during the financial years ended 31 December 2020, 2021 and 2022, except that during the financial years ended 31 December 2020, 2021 and 2022, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2020, 2021 and 2022 respectively. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 21: Lack of Exchangeability	1 January 2025

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation and business combination

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination (cont'd)

(a) Basis of consolidation (cont'd)

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combination (cont'd)*

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination (cont'd)

(b) Business combinations and goodwill (cont'd)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The Group's consolidated financial statements are presented in USD, which is also the Company's functional currency. Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

(a) Transactions and balances (cont'd)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(b) Consolidated financial statements

On consolidation, the assets and liabilities of foreign operations are translated into US dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.7 Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.7 *Current and non-current classification (cont'd)*

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.8 *Property, plant and equipment*

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Office equipment	2 to 5 years
Leasehold improvements	3 to 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	2 to 6 years
Motor vehicles	3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.11.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.9 Leases (cont'd)

Group as a lessee (cont'd)

(ii) Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases for low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.10 *Intangible assets (cont'd)*

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

(a) Trademarks

Trademarks are stated at acquisition cost. Trademarks have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 1 to 10 years.

(b) Technology

Technology is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

(c) User base

User base is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 1 to 4 years.

(d) Exclusive right to operate 17 app in Japan

Exclusive right is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 5.5 years.

(e) Domain

Domain is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 5 years.

2.11 *Impairment of non-financial assets*

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.11 *Impairment of non-financial assets (cont'd)*

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at end of the reporting period and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.12 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.13 *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in profit or loss when the right of payment has been established.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of financial instruments*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.15 *Cash and cash equivalents*

Cash and cash comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.17 *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 *Convertible preference shares*

Convertible preference shares with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract. On issuance of the convertible preference shares, the Group has elected to measure the entire instrument at fair value, with subsequent changes in fair value recognised in profit or loss.

When a conversion option is exercised, the financial liability is derecognised with a corresponding recognition of share capital.

2.19 *Employee benefits*

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(b) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees. They are recognised as an expense in the period in which the related service is performed.

2.20 *Share-based payments*

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 24.

That cost is recognised in employee benefits expense (Note 7), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.20 *Share-based payments (cont'd)*

Equity-settled transactions (cont'd)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.21 *Non-current assets held for sale and discontinued operations*

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.21 *Non-current assets held for sale and discontinued operations (cont'd)*

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in profit or loss.

Additional disclosures are provided in Note 11. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.22 *Revenue*

The Group generates revenue from live streaming and live-commerce. Revenue from live streaming is generated from the "17LIVE" platform. Revenue is recognised upon transfer of the promised virtual items to the users.

The Group operates live streaming with virtual points system where users can directly purchase virtual points or membership subscription on platforms or pay via online payment systems provided by third parties including payments using mobile phone, internet debit/credit card payment and other third party payment systems. The virtual points can be solely used to convert into virtual items on live streaming channels. Virtual points sold but not yet consumed by the purchasers are recorded as "Contract liabilities" and upon conversion, is recognised as revenue. Users are generally not entitled to any refund for the purchase of such virtual points and virtual items.

Virtual points can be sold in bundled packages, and the sales price is proportionally allocated to each virtual point based on the total package price, and recognised as revenue upon utilisation.

Any virtual points purchased by a user in Japan and not used will expire after a year and revenues from these virtual points will be recognised by the Group at such time. For users in other countries, any virtual points purchased do not expire.

Live streaming

Revenue from live streaming is generated from the "17LIVE" platform. The Group creates and offers virtual items to be purchased by users on live streaming channels, which the Group operates and maintains. Users are required to first purchase virtual points and use those virtual points to purchase virtual items based on specified prices as predetermined by the Group. Users purchase virtual items from the Group and gift them to performers (i.e. live streamers and V-Livers) to show support for their favourite performers.

Virtual points are removed from users' wallets and extinguished after being consumed by the users (i.e. by way of virtual gifting to the performers). Accordingly, amounts received from the sale of virtual points are first recorded as contract liabilities. For virtual items, revenue is recognised upon consumption by the users. The Group does not have further obligations to the user after the virtual items are consumed.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.22 Revenue (cont'd)

Live streaming (cont'd)

The Group recognises revenue on a gross basis from the sale of virtual items on the platform, as the Group produces and controls virtual items before they are transferred to the users, the prices of virtual items are set by the Group, and the Group is also exposed to the related credit risk, which is generally not recoverable from the performers.

In order to attract user traffic, the Group shares revenues with performers in accordance with the revenue sharing arrangements with the Group. The portion of revenue shared with the performers are accounted for as cost of revenue by the Group. If virtual points are provided to users free of charge for marketing purpose, the Group does not recognise any revenue when users convert it to virtual items. Based on the Group's revenue sharing arrangements, the expected amount to be paid to the live streamers when such free virtual points are utilised is recognised as cost of revenue.

Users can join the fan group of their favourite live streamers and become part of their core community by paying a subscription fee on a monthly basis and becoming an "army subscriber". The subscription fee is collected upfront from subscribers. The receipt of the revenue is initially recorded as contract liabilities and revenue is recognised over the period of the subscription.

Live-commerce

The Group operates its live commerce business through HandsUp, a platform that allows merchants to sell their products through live streaming in Japan, and OrderPally, a business-to-business live commerce matching and order management platform connecting merchants and users in Taiwan. Revenue from live-commerce is recognised in the period in which the services are rendered.

2.23 Cost of revenue

Cost of revenue relates to direct expenses incurred in order to generate revenue. Such costs are recorded as incurred. Cost of revenues consists primarily of (i) revenue sharing fees and content costs, including cash payments to various performers and content providers, (ii) server and bandwidth costs, (iii) channel costs, (iv) commission costs, and (v) other costs such as amortisation/impairment of intangible assets.

2.24 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.24 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

2. Summary of significant accounting policies (cont'd)

2.24 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying the accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of goodwill

As disclosed in Note 15 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 15 to the financial statements.

The carrying amount of goodwill as at 31 December 2020, 2021 and 2022 was US\$23,988,594.

(b) Fair value measurement of preference shares

The fair value of convertible preference shares is determined by considering the Group's recent funding raising activities and the fair value assessment of comparable companies at the end of the reporting period. The significant inputs used in the determination of the fair value of preference shares are disclosed and further explained in Note 31 to the financial statements.

As at 31 December 2020, 2021 and 2022, the carrying amounts of the Group's convertible preference shares were US\$278,664,192, US\$154,848,006 and US\$210,515,456 respectively.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

4. Revenue

	2020	2021	2022
	US\$	US\$	US\$
<u>Revenue from contracts with customers</u>			
Liver live streaming	406,898,863	489,706,591	354,586,643
V-liver live streaming	2,913,798	3,326,483	3,106,889
Others	1,547,769	4,749,218	6,024,318
	<u>411,360,430</u>	<u>497,782,292</u>	<u>363,717,850</u>
<u>Timing of revenue recognition</u>			
At a point in time	401,911,357	460,922,499	342,481,479
Over time	9,449,073	36,859,793	21,236,371
	<u>411,360,430</u>	<u>497,782,292</u>	<u>363,717,850</u>

Other revenue primarily comprises revenue from live-commerce and Wave App.

Contract liabilities

The Group has recognised the following contract liabilities in relation to revenue from contracts with customers:

	2020	2021	2022
	US\$	US\$	US\$
Contract liabilities – Live streaming	7,915,083	9,738,664	6,893,091
Others	116,962	244,208	380,843
	<u>8,032,045</u>	<u>9,982,872</u>	<u>7,273,934</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>5,928,670</u>	<u>6,050,964</u>	<u>6,516,064</u>

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

5. Cost of revenue

	2020	2021	2022
	US\$	US\$	US\$
Revenue sharing fees and live streaming costs	175,878,003	236,934,848	172,687,179
Channel costs	47,301,659	51,058,641	39,792,535
Server and bandwidth costs	8,880,751	19,790,237	20,459,137
Others	3,940,897	2,251,612	4,629,904
	<u>236,001,310</u>	<u>310,035,338</u>	<u>237,568,755</u>

6. Operating expenses

	2020	2021	2022
	US\$	US\$	US\$
Marketing expenses	78,397,416	98,654,366	41,718,767
Employee benefits expense	44,332,902	49,071,515	47,068,722
Depreciation and amortisation	5,886,197	5,085,359	4,891,577
Professional fees	9,666,111	9,788,004	8,959,292
Software and service fees	2,338,816	4,311,587	6,110,094
Allowance for/(reversal of) expected credit losses for trade receivables	330,262	516,189	(1,756)
Allowance for expected credit losses for other receivables	322,601	-	-
Others	9,663,984	9,954,322	7,278,408
	<u>150,938,289</u>	<u>177,381,342</u>	<u>116,025,104</u>

7. Employee benefits expense

	2020	2021	2022
	US\$	US\$	US\$
Wages and salaries	38,791,053	43,054,859	42,372,614
Contribution to defined contribution plans	1,865,343	2,983,670	2,808,416
Share-based payments	2,988,723	1,923,761	840,238
Labour and health insurance fees	578,394	917,074	810,715
Other personnel expenses	109,389	192,151	236,739
	<u>44,332,902</u>	<u>49,071,515</u>	<u>47,068,722</u>

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

8. Other gains and losses

	2020	2021	2022
	US\$	US\$	US\$
Revaluation (loss)/gain on:			
- Preference shares	(58,858,881)	111,881,180	(55,568,150)
- Warrants	(247,000)	526,000	(292,000)
	(59,105,881)	112,407,180	(55,860,150)
Impairment of goodwill	(10,594,732)	-	-
Impairment of intangible assets	(1,708,445)	-	-
Loss on repurchase of preference shares	-	(2,708,549)	-
Loss on disposal of property, plant and equipment	(414,804)	(197,391)	(995,365)
Foreign exchange (loss)/gain	(1,209,154)	567,685	2,826,708
(Loss)/gain on termination of leases	(80,350)	-	338,996
Refund of withholding tax	1,733,894	-	-
Others	(280,721)	(452,706)	874,779
	(71,660,193)	109,616,219	(52,815,032)

9. Finance costs

	2020	2021	2022
	US\$	US\$	US\$
Interest expense on:			
- Loans and borrowings	785,983	538,686	6,261
- Lease liabilities	181,480	202,422	164,210
	967,463	741,108	170,471
Unwinding of discount on provisions	6,770	2,060	1,477
Total finance costs	974,233	743,168	171,948

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

10. Income tax expense

The major components of income tax expense recognised in profit or loss for the financial years ended 31 December 2020, 2021 and 2022 were:

	2020 US\$	2021 US\$	2022 US\$
Current tax:			
- Current year	7,994,490	9,573,143	8,282,905
Deferred tax:			
- Origination and reversal of temporary differences	(2,707,697)	154,627	(129,063)
Income tax expense recognised in profit or loss	<u>5,286,793</u>	<u>9,727,770</u>	<u>8,153,842</u>

Relationship between tax expense and accounting (loss)/profit

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2020, 2021 and 2022 were as follows:

	2020 US\$	2021 US\$	2022 US\$
(Loss)/profit before tax from continuing operations	(48,213,595)	119,238,663	(42,862,989)
Profit before tax from discontinued operations	1,552,129	-	-
(Loss)/profit before tax	<u>(46,661,466)</u>	<u>119,238,663</u>	<u>(42,862,989)</u>
Tax at the domestic rates applicable to countries where the Group operates	5,974,327	7,170,752	3,349,575
Adjustments:			
Non-deductible expenses	382	386,274	3,902,921
Income not subject to taxation	(1,754,439)	(1,183,103)	(1,699,868)
Deferred tax assets not recognised	757,988	3,371,859	2,581,588
Others	308,535	(18,012)	19,626
Income tax expense recognised in profit or loss	<u>5,286,793</u>	<u>9,727,770</u>	<u>8,153,842</u>

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction. The Group principally operates in Taiwan and Japan, which have prevailing corporate tax rates of 20% and 36.8%, respectively.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

11. Discontinued operations

The Group disposed 100% of its shareholding in subsidiaries, Paktor Pte. Ltd. ("Paktor") and Jendes Limited ("Jendes") on 31 March 2020 and 30 April 2020 respectively. The disposals were to enable the Group to better focus on its core business, i.e. live streaming. The consideration paid was based on arm's length negotiation between the parties and the acquirer was an independent third party.

As a result, the income and expenses of Paktor and Jendes are presented separately in the consolidated statement of comprehensive income as "Profit from discontinued operations" for the financial year ended 31 December 2020.

The major classes of assets and liabilities of Paktor and Jendes are as follows:

	Paktor US\$	2020 Jendes US\$	Total US\$
Property, plant and equipment	40,704	-	40,704
Right-of-use assets	325,945	-	325,945
Intangible assets	35,553	3,437	38,990
Prepaid operating expenses	-	15,857	15,857
Other current assets	303,018	10,544	313,562
Trade and other receivables	6,343,171	11,029	6,354,200
Cash and cash equivalents	769,116	61,998	831,114
Trade and other payables	(1,004,043)	(1,338,590)	(2,342,633)
Contract liabilities	(4,063,381)	-	(4,063,381)
Current lease liabilities	(237,908)	-	(237,908)
Loans and borrowings	(208,551)	-	(208,551)
Non-current lease liabilities	(95,529)	-	(95,529)
	2,208,095	(1,235,725)	972,370
Non-controlling interests	-	606,629	606,629
Net assets/(liabilities) disposed	2,208,095	(629,096)	1,578,999
Cash consideration received	1,500,000	-	1,500,000
Less: Cash and cash equivalents of subsidiaries disposed	(769,116)	(61,998)	(831,114)
Net cash inflow/(outflow) on disposal of subsidiaries	730,884	(61,998)	668,886
Cash consideration received	1,500,000	-	1,500,000
Less:			
Net (assets)/liabilities disposed	(2,208,095)	629,096	(1,578,999)
Reclassification of foreign currency translation reserve	1,371,786	-	1,371,786
Gain on disposal of subsidiaries	663,691	629,096	1,292,787

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

11. Discontinued operations (cont'd)

Income statement disclosures:

	Paktor US\$	2020 Jendes US\$	Total US\$
Operating revenue	3,350,230	391,011	3,741,241
Cost of revenue	(1,119,660)	(129,893)	(1,249,553)
Selling expenses	(1,018,926)	(132,476)	(1,151,402)
General and administrative expenses	(205,827)	(148,619)	(354,446)
Research and development expenses	(727,515)	-	(727,515)
Other income	1,076	-	1,076
Other expenses	-	(59)	(59)
	279,378	(20,036)	259,342
Gain on disposal of subsidiaries	663,691	629,096	1,292,787
Profit from discontinued operations	943,069	609,060	1,552,129

Cash flow statement disclosures:

Operating	(766,002)	(41,829)	(807,831)
Investing	20,197	-	20,197
Financing	(102,006)	-	(102,006)
Net cash outflow	(847,811)	(41,829)	(889,640)

12. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2020	2021	2022
Continuing operations: (Loss)/profit attributable to owners of the Company (US\$)	(53,490,390)	109,510,893	(51,016,831)
Weighted average number of ordinary shares outstanding for basic earnings per share computation	51,133,758	33,047,738	37,923,882
Basic earnings per share computation (US\$ per share)	(1.05)	3.31	(1.35)

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements
For the financial years ended 31 December 2020, 2021 and 2022

12. Earnings per share (cont'd)

(a) Basic earnings per share (cont'd)

	2020	2021	2022
Discontinued operations: Profit attributable to owners of the Company (US\$)	1,552,129	-	-
Weighted average number of ordinary shares outstanding for basic earnings per share computation	51,133,758	-	-
Basic earnings per share computation (US\$ per share)	0.03	-	-

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2020	2021	2022
Continuing operations: (Loss)/profit attributable to owners of the Company (US\$)	(53,490,390)	109,510,893	(51,016,831)
Effects of dilution from:			
- Convertible preference shares and warrants	-	(112,407,180)	-
	(53,490,390)	(2,896,287)	(51,016,831)
Weighted average number of ordinary shares outstanding for basic earnings per share computation	51,133,758	33,047,738	37,923,882
Effects of dilution from:			
- Convertible preference shares	-	212,639,655	-
- Warrants	-	1,607,341	-
	51,133,758	247,294,734	37,923,882
Basic earnings per share computation (US\$ per share)	(1.05)	(0.01)	(1.35)

The diluted earnings per share for discontinued operations for the financial years ended 31 December 2020, 2021 and 2022 are the same as the basic earnings per share.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

12. Earnings per share (cont'd)

(b) Diluted earnings per share (cont'd)

Convertible preference shares and warrants were excluded from the calculation of diluted earnings per share for the financial years ended 31 December 2020 and 31 December 2022 as they were anti-dilutive.

Employee share options and restricted stock units were excluded from the calculation of diluted earnings per share for the financial years ended 31 December 2020, 2021 and 2022 as they were anti-dilutive.

13. Property, plant and equipment

	Office equipment US\$	Leasehold improvements US\$	Construction in progress US\$	Total US\$
Cost				
At 1 January 2020	991,692	1,326,529	–	2,318,221
Additions	309,664	143,715	1,021,647	1,475,026
Acquisition of a subsidiary	199,106	–	–	199,106
Disposals	–	(1,194,123)	–	(1,194,123)
Disposal of subsidiaries	(437,586)	–	–	(437,586)
Transfer	–	1,007,458	(1,007,458)	–
Exchange differences	57,624	63,999	525	122,148
<hr/>				
At 31 December 2020 and 1 January 2021	1,120,500	1,347,578	14,714	2,482,792
Additions	631,566	420,120	–	1,051,686
Disposals	(374,434)	(154,711)	–	(529,145)
Transfer	–	14,714	(14,714)	–
Exchange differences	(38,766)	22,864	–	(15,902)
<hr/>				
At 31 December 2021 and 1 January 2022	1,338,866	1,650,565	–	2,989,431
Additions	268,355	9,286	160,420	438,061
Disposals	(506,951)	(1,457,797)	–	(1,964,748)
Transfer	–	152,735	(152,735)	–
Exchange differences	(112,808)	(122,039)	(243)	(235,090)
<hr/>				
At 31 December 2022	987,462	232,750	7,442	1,227,654

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

13. Property, plant and equipment (cont'd)

	Office equipment US\$	Leasehold improvements US\$	Construction in progress US\$	Total US\$
Accumulated depreciation				
At 1 January 2020	767,855	633,111	–	1,400,966
Depreciation	243,846	247,763	–	491,609
Disposals	–	(779,319)	–	(779,319)
Disposal of subsidiaries	(396,882)	–	–	(396,882)
Exchange differences	68,780	10,716	–	79,496
At 31 December 2020 and 1 January 2021	683,599	112,271	–	795,870
Depreciation	223,642	265,598	–	489,240
Disposals	(297,894)	(33,860)	–	(331,754)
Exchange differences	13,287	5,155	–	18,442
At 31 December 2021 and 1 January 2022	622,634	349,164	–	971,798
Depreciation	286,252	211,919	–	498,171
Disposals	(439,300)	(530,083)	–	(969,383)
Exchange differences	(44,772)	(23,949)	–	(68,721)
At 31 December 2022	424,814	7,051	–	431,865
Net carrying amount				
At 31 December 2020	436,901	1,235,307	14,714	1,686,922
At 31 December 2021	716,232	1,301,401	–	2,017,633
At 31 December 2022	562,648	225,699	7,442	795,789

The property, plant and equipment were not pledged to others as collaterals.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

14. Leases

The Group has lease contracts for buildings and motor vehicles. Leases of buildings generally have lease terms between 2 to 6 years, while motor vehicles generally have lease terms of 3 years. The Group is restricted from assigning and subleasing the leased assets. There are no externally imposed covenants on these lease agreements.

The Group also has certain leases of billboards with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

(a) **Right-of-use assets**

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

	Buildings US\$	Motor vehicles US\$	Total US\$
At 1 January 2020	754,833	–	754,833
Additions	10,061,139	–	10,061,139
Disposals	(238,553)	–	(238,553)
Depreciation	(2,218,338)	–	(2,218,338)
Exchange differences	329,193	–	329,193
At 31 December 2020 and 1 January 2021	8,688,274	–	8,688,274
Additions	1,669,619	–	1,669,619
Depreciation	(2,378,762)	–	(2,378,762)
Exchange differences	135,403	–	135,403
At 31 December 2021 and 1 January 2022	8,114,534	–	8,114,534
Additions	1,406,808	73,352	1,480,160
Disposals	(4,968,251)	–	(4,968,251)
Depreciation	(2,088,371)	(4,075)	(2,092,446)
Exchange differences	(683,551)	(2,181)	(685,732)
At 31 December 2022	1,781,169	67,096	1,848,265

The disposals of right-of-use assets during the financial year ended 31 December 2022 relates mainly to the Group's relocation of its office premises in Taiwan.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

14. Leases (cont'd)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2020 US\$	2021 US\$	2022 US\$
At 1 January	619,894	9,683,778	9,069,417
Additions	9,952,315	1,576,671	1,480,160
Disposals	(158,203)	–	(5,307,247)
Accretion of interest	181,480	202,422	164,210
Payments	(1,277,109)	(2,550,473)	(3,018,333)
Exchange differences	365,401	157,019	(455,725)
	<u>9,683,778</u>	<u>9,069,417</u>	<u>1,932,482</u>
At 31 December	9,683,778	9,069,417	1,932,482
Current	2,260,100	2,639,683	920,219
Non-current	7,423,678	6,429,734	1,012,263
	<u>9,683,778</u>	<u>9,069,417</u>	<u>1,932,482</u>

The disposals of lease liabilities during the financial year ended 31 December 2022 relates mainly to the Group's relocation of its office premises in Taiwan.

(c) Amounts recognised in profit or loss

The amounts recognised in profit or loss in relation to leases are as follows:

	2020 US\$	2021 US\$	2022 US\$
Depreciation of right-of-use assets	2,218,338	2,378,762	2,092,446
Interest expense on lease liabilities	181,480	202,422	164,210
Expense relating to short-term leases (included in general and administrative expenses)	757,651	155,744	50,702
	<u>757,651</u>	<u>155,744</u>	<u>50,702</u>

(d) Total cash outflows

For the financial years ended 31 December 2020, 2021 and 2022, the Group's total cash outflows for leases were US\$2,034,760, US\$2,706,217 and US\$3,069,035 respectively.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Notes to financial statements
For the financial years ended 31 December 2020, 2021 and 2022**

15. Intangible assets

	Exclusive right to operate 17 app in Japan US\$	Trademarks US\$	Technology US\$	Goodwill US\$	User base US\$	Domain US\$	Total US\$
Cost							
At 1 January 2020	11,900,000	513,008	11,975,669	90,598,181	8,338,122	48,270	123,373,250
Additions	–	–	–	–	53,432	153,119	206,551
Acquisition of a subsidiary	–	516,365	1,500,000	10,594,732	525,000	–	13,136,097
Disposals	–	(471,519)	(5,915,643)	–	(1,437,606)	(48,270)	(7,873,038)
Disposal of subsidiaries	–	(5,434)	(147,178)	–	–	–	(152,612)
Exchange differences	–	1,417	(1,309)	–	1,353	5,298	6,759
At 31 December 2020 and 1 January 2021	11,900,000	553,837	7,411,539	101,192,913	7,480,301	158,417	128,697,007
Additions	–	55	–	–	87,523	30,815	118,393
Exchange differences	–	198	–	–	(9,882)	2,836	(6,848)
At 31 December 2021 and 1 January 2022	11,900,000	554,090	7,411,539	101,192,913	7,557,942	192,068	128,808,552
Additions	–	–	–	–	117,267	350,591	467,858
Exchange differences	–	(3,710)	–	–	(19,035)	(56,865)	(79,610)
At 31 December 2022	11,900,000	550,380	7,411,539	101,192,913	7,656,174	485,794	129,196,800

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Notes to financial statements
For the financial years ended 31 December 2020, 2021 and 2022**

15. Intangible assets (cont'd)	Exclusive right to operate 17 app in Japan US\$	Trademarks US\$	Technology US\$	Goodwill US\$	User base US\$	Domain US\$	Total US\$
Accumulated amortisation and impairment							
At 1 January 2020	3,425,757	391,857	11,938,808	66,609,587	8,308,354	—	90,674,363
Amortisation	2,163,636	169,120	500,000	—	292,674	50,820	3,176,250
Disposals	—	(471,519)	(5,915,643)	—	(1,437,606)	(48,270)	(7,873,038)
Disposal of subsidiaries	—	(1,997)	(111,625)	—	—	—	(113,622)
Impairment loss	—	445,945	1,000,000	10,594,732	262,500	—	12,303,177
Exchange differences	—	—	(1)	—	—	95	94
At 31 December 2020 and 1 January 2021	5,589,393	533,406	7,411,539	77,204,319	7,425,922	2,645	98,167,224
Amortisation	2,163,636	3,709	—	—	17,733	32,279	2,217,357
Exchange differences	—	(65)	—	—	(929)	457	(537)
At 31 December 2021 and 1 January 2022	7,753,029	537,050	7,411,539	77,204,319	7,442,726	35,381	100,384,044
Amortisation	2,163,636	1,796	—	—	29,305	106,223	2,300,960
Exchange differences	—	8,149	—	—	(2,703)	(36,778)	(31,332)
At 31 December 2022	9,916,665	546,995	7,411,539	77,204,319	7,469,328	104,826	102,653,672
Net carrying amount							
At 31 December 2020	6,310,607	20,431	—	23,988,594	54,379	155,772	30,529,783
At 31 December 2021	4,146,971	17,040	—	23,988,594	115,216	156,687	28,424,508
At 31 December 2022	1,983,335	3,385	—	23,988,594	186,846	380,968	26,543,128

**APPENDIX A: INDEPENDENT AUDITOR’S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

15. Intangible assets (cont’d)

The intangible assets were not pledged to others as collaterals.

Amortisation expense

The amortisation expense of intangible assets is included in “General and administrative expenses” in profit or loss.

As of 31 December 2022, exclusive right has a remaining amortisation of less than one year.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to three cash-generating units (“CGU”) for impairment testing as follows:

- 17LIVE Japan Inc. (“17LIVE Japan”)
- Next Entertainment Global Holding (“MeMe”)
- Ichi Nana Inc. (“Ichi Nana”)

The carrying amounts of goodwill allocated to each CGU are as follows:

	2020	2021	2022
	US\$	US\$	US\$
17LIVE Japan	23,988,594	23,988,594	23,988,594
MeMe	-	-	-
Ichi Nana	-	-	-
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	23,988,594	23,988,594	23,988,594
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17LIVE Japan

For 17LIVE Japan, the recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The key assumptions used for value-in-use calculations are as follows:

	2020	2021	2022
17LIVE Japan:			
Gross margin	48.00%	48.00%	50.00%
Terminal growth rate	1.20%	1.20%	0.80%
Pre-tax discount rate	35.00%	35.00%	25.00%
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**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

15. Intangible assets (cont'd)

Impairment testing of goodwill (cont'd)

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflect specific risks relating to the CGU.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for 17LIVE Japan, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

MeMe

Impairment loss recognised

As of 31 December 2020, management assessed the recoverable amount for the MeMe CGU based on fair value less costs of disposal, as the value-in-use method rendered a negative value-in-use for the MeMe CGU. As such, the fair value of the MeMe CGU was determined based on the fair value of its assets and liabilities as of 31 December 2020. The assets of the MeMe CGU mainly comprised current assets where carrying amounts approximate fair value, and non-current assets where fair value was based on the secondary market price.

During the financial year ended 31 December 2020, an impairment loss was recognised to write-down the carrying amount of goodwill and other intangible assets attributable to the MeMe CGU. The goodwill impairment loss of US\$10,594,732 and impairment of US\$1,708,445 for other intangible assets has been recognised in profit or loss under "Other gains and losses".

During the financial years ended 31 December 2021 and 2022, management has assessed that there were no indicators that the impairment of other intangible assets relating to the MeMe CGU of US\$1,708,445 should be reversed.

Ichi Nana

Impairment loss recognised

In the previous financial years, goodwill relating to the Ichi Nana CGU, which amounted to US\$66,609,587, had been fully impaired.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

16. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities during the financial years were as follows

	2020				
	1 January	Recognised in profit or loss	Business combination	Net exchange differences	31 December
Deferred tax assets:					
Temporary differences:					
Business tax	8,718	3,235	-	589	12,542
Accrued expenses	161,626	1,283,241	-	53,720	1,498,587
Contract liabilities	-	1,522,495	-	53,273	1,575,768
Unutilised tax losses	711,591	(725,049)	-	13,458	-
Others	3,935	75,485	-	2,867	82,287
	885,870	2,159,407	-	123,907	3,169,184
Deferred tax liabilities:					
Temporary differences:					
Unrealised exchange gain or loss	-	363,559	-	13,488	377,047
Business combination	1,966,024	(1,006,964)	505,000	-	1,464,060
Others	-	95,115	-	3,328	98,443
	1,966,024	(548,290)	505,000	16,816	1,939,550
	2021				
	1 January	Recognised in profit or loss	Business combination	Net exchange differences	31 December
Deferred tax assets:					
Temporary differences:					
Business tax	12,542	579,169	-	(28,498)	563,213
Accrued expenses	1,498,587	209,138	-	(166,288)	1,541,437
Contract liabilities	1,575,768	(1,480,754)	-	(95,014)	-
Other	82,287	7,939	-	(102)	90,124
	3,169,184	(684,508)	-	(289,902)	2,194,774
Deferred tax liabilities:					
Temporary differences:					
Unrealised exchange gain or loss	377,047	(94,937)	-	9,779	291,889
Business combination	1,464,060	(501,964)	-	-	962,096
Others	98,443	67,020	-	(13,424)	152,039
	1,939,550	(529,881)	-	(3,645)	1,406,024

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

16. Deferred tax assets and liabilities (cont'd)

	2022				
	1 January	Recognised in profit or loss	Business combination	Net exchange differences	31 December
Deferred tax assets:					
Temporary differences:					
Business tax	563,213	3,955	-	(72,710)	494,458
Accrued expenses	1,541,437	(308,496)	-	(195,200)	1,037,741
Other	90,124	(68,420)	-	(16,090)	5,614
	<u>2,194,774</u>	<u>(372,961)</u>	<u>-</u>	<u>(284,000)</u>	<u>1,573,813</u>
Deferred tax liabilities:					
Temporary differences:					
Unrealised exchange gain or loss	291,889	(61)	-	(28,793)	263,035
Business combination	962,096	(501,963)	-	-	460,133
Others	152,039	-	-	(19,617)	132,422
	<u>1,406,024</u>	<u>(502,024)</u>	<u>-</u>	<u>(48,410)</u>	<u>855,590</u>

The expiration dates of tax losses are as follows:

	2020	2021	2022
	US\$	US\$	US\$
Within 5 years	47,167	2,729,751	1,072,920
5 to 10 years	15,627,858	23,793,423	50,719,140
More than 10 years	932,908	247,990	620,002
No expiry date	-	11,094,935	6,550,862
	<u>16,607,933</u>	<u>37,866,099</u>	<u>58,962,924</u>
Unutilised tax losses not recognised as deferred tax assets	<u>16,607,933</u>	<u>37,866,099</u>	<u>58,962,924</u>

A breakdown of the Group's tax losses by country is as follows:

	2020	2021	2022
	US\$	US\$	US\$
Taiwan	15,217,274	23,425,708	50,719,140
Japan	410,584	367,715	-
Others	980,075	14,072,676	8,243,784
	<u>16,607,933</u>	<u>37,866,099</u>	<u>58,962,924</u>

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

16. Deferred tax assets and liabilities (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of US\$58,962,924 (2021: US\$37,866,099; 2020: US\$16,607,933) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Tax losses in Japan and the United States of America cannot be carried forward if there is a change in controlling shareholder, while there are no similar restrictions imposed by the tax authorities in Taiwan or Hong Kong.

Tax losses for companies in Taiwan can be carried forward for 10 years and tax losses for companies in Hong Kong have no expiry dates.

17. Other current assets

Other current assets mainly pertain to income tax receivable.

18. Trade and other receivables

	2020	2021	2022
	US\$	US\$	US\$
Trade receivables	31,827,913	34,211,638	24,133,554
Less: Allowance for expected credit losses	(832,277)	(1,374,897)	(1,270,309)
	<u>30,995,636</u>	<u>32,836,741</u>	<u>22,863,245</u>
Restricted deposits	464,037	465,690	284,977
Receivable from issuance of preference shares	950,411	830,411	710,411
Loans to employees	81,651	-	-
Sales tax receivable	83,065	24,962	26,422
Other receivables	104,126	85,242	168,619
	<u>32,678,926</u>	<u>34,243,046</u>	<u>24,053,674</u>

Trade receivables

Trade receivables are non-interest bearing and are generally on 20 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Loans to employees

Loans to employees are interest free, unsecured and repayable on demand. These loans are extended to employees and do not require any form of collateral from the employees. These loans have been fully repaid in 2021.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

18. Trade and other receivables (cont'd)

Restricted deposits

Restricted deposits consist of term deposits placed with banks with maturity of more than 3 months.

Expected credit losses

The movement in allowance for expected credit losses for trade receivables computed based on lifetime ECL was as follows:

	2020 US\$	2021 US\$	2022 US\$
At 1 January	664,647	832,277	1,374,897
Charge for the year	330,262	516,189	-
Written back	-	-	(1,756)
Written off	(149,551)	-	(16,928)
Exchange differences	(13,081)	26,431	(85,904)
	<hr/>	<hr/>	<hr/>
At 31 December	832,277	1,374,897	1,270,309

No allowance for ECL has been recognised in respect of the financial year ended 31 December 2022 as management has determined that the allowance for ECL is insignificant.

The ageing analysis and ECLs for trade receivables are as follows:

	2020 Gross carrying amount US\$	Loss allowance provision US\$	2021 Gross carrying amount US\$	Loss allowance provision US\$	2022 Gross carrying amount US\$	Loss allowance provision US\$
Current	30,983,887	-	32,367,947	-	22,226,326	-
Less than 30 days	6,626	-	195,661	-	583,363	-
31 to 90 days	3,003	-	207,945	-	40,454	-
91 to 120 days	160	-	119	-	-	-
More than 120 days	834,237	832,277	1,439,966	1,374,897	1,283,411	1,270,309
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	31,827,913	832,277	34,211,638	1,374,897	24,133,554	1,270,309

The movement in allowance for expected credit losses for other receivables computed based on 12-month ECL was as follows:

	2020 US\$	2021 US\$	2022 US\$
At 1 January	-	322,601	316,729
Charge for the year	322,601	-	-
Written off	-	(5,872)	(56,345)
	<hr/>	<hr/>	<hr/>
At 31 December	322,601	316,729	260,384

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

19. Cash and cash equivalents

	2020 US\$	2021 US\$	2022 US\$
Cash on hand	143,592	99,604	108,218
Cash at banks	92,347,782	58,991,242	39,151,091
	<u>92,491,374</u>	<u>59,090,846</u>	<u>39,259,309</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

20. Business combination

On 1 January 2020, the Group acquired Next Entertainment Global Holding and its subsidiaries through the issuance of preference shares (AA shares) of US\$12,219,300 and holdback shares of US\$1,357,700. The primary reason for the acquisition is to leverage the Group's existing industry expertise, facilities, and personnel in order to maximise synergies with respect to the acquisition and cooperative transaction.

The fair value of the identifiable assets and liabilities of Next Entertainment Global Holding as at acquisition date were:

	2020 US\$
Property, plant and equipment	199,106
Intangible assets	2,541,365
Deferred tax assets	312,683
Prepaid operating expenses	167,347
Trade and other receivables	1,221,598
Cash and cash equivalents	3,889,743
Trade and other payables	(2,962,908)
Contract liabilities	(1,239,981)
Other current liabilities	(641,685)
Deferred tax liabilities	(505,000)
Total identifiable net assets at fair value	<u>2,982,268</u>
Goodwill arising from acquisition	10,594,732
Purchase consideration	<u>13,577,000</u>
Purchase consideration	13,577,000
Less: Non-cash consideration	(13,577,000)
Consideration settled in cash	-
Less: Cash and cash equivalents of subsidiary acquired	(3,889,743)
Net cash inflow on acquisition	<u>3,889,743</u>

**APPENDIX A: INDEPENDENT AUDITOR’S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements
For the financial years ended 31 December 2020, 2021 and 2022

20. Business combination (cont’d)

Transaction costs

Transaction costs related to the acquisition of US\$78,081 have been recognised in “General and administrative expenses” in profit or loss for the financial year ended 31 December 2020.

Trade and other receivables acquired

The fair value of trade and other receivables acquired of US\$1,221,598 also represents their gross amounts. Subsequent to the acquisition, the Group has collected US\$1,204,925 of these receivables, and recognised expected credit losses amounting to US\$16,673.

Goodwill arising from acquisition

The goodwill of US\$10,594,732 comprises the value of the expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date, Next Entertainment Global Holding has contributed US\$28,834,625 of operating revenue and US\$597,277 to the Group’s profit for the year.

21. Trade and other payables

	2020	2021	2022
	US\$	US\$	US\$
Trade payables	41,945,318	48,259,219	33,747,088
Other payables	18,887,358	13,237,854	7,756,687
Accrued operating expenses	14,127,260	11,089,787	9,297,042
Sales tax payable	13,285,180	8,707,291	7,527,780
Withholding income tax	1,379,179	1,458,380	715,320
	<u>89,624,295</u>	<u>82,752,531</u>	<u>59,043,917</u>

Trade payables are non-interest bearing and are normally settled on 45 to 60 days’ terms.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

22. Financial liabilities at fair value through profit or loss

	2020 US\$	2021 US\$	2022 US\$
Current items:			
Warrants	1,009,000	1,009,000	1,009,000
Add: Fair value adjustment	(188,000)	(714,000)	(422,000)
	821,000	295,000	587,000
Preference shares	-	-	209,004,900
Add: Fair value adjustment	-	-	1,510,556
	-	-	210,515,456
	821,000	295,000	211,102,456
Non-current items:			
Preference shares	217,294,556	209,004,900	-
Add: Fair value adjustment	61,369,636	(54,056,894)	-
	278,664,192	154,948,006	-

The Group recognised a net revaluation (loss)/gain on financial liabilities at fair value through profit or loss of \$(59,105,881), \$112,407,180 and \$(55,860,150), and other comprehensive (loss)/gain of \$(175,000), \$(19,500) and \$700 for changes in credit risk on financial liabilities at fair value through profit or loss for the financial years ended 31 December 2020, 2021 and 2022, respectively.

Warrants

The transaction and contract information of warrants is as follows:

- (a) In August 2017, concurrent with the Facility Loan, warrants were issued by the Company which can be subscribed for a total of \$225,000 worth of fully paid Series B preference shares or to receive cash consideration. The warrants will expire ten years after the date of the issuance.

Warrants are exercisable at the option of the holder any time before the expiration date, for all or any part of the shares of warrant (but not for a fraction of a share) that may be purchased.

- (b) In August 2017 and March 2018, concurrent with the drawdown of Facility A and Facility B Loans, warrants were issued by the Company which can be purchased for a total of \$450,000 and \$600,000 worth of the same type of shares issued in the upcoming financing round.

The warrants will expire six years after the date of the issuance. The warrants are exercisable at the option of the holder, if and when an upcoming financing occurs on or before the expiration date, for all or any part of the shares of warrant (but not for a fraction of a share) that may be purchased.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

22. Financial liabilities at fair value through profit or loss (cont'd)

Warrants (cont'd)

- (c) In January 2020, concurrent with the drawdown of Facility C Loans, warrants were issued by the Company and the warrants can be purchased for a total of \$700,000 worth of the same type of shares issued in the upcoming financing round.

The warrants will expire five years after the date of the issuance. The warrants are exercisable at the option of the holder, if and when an upcoming financing occurs on or before the expiration date, for all or any part of the shares of warrant (but not for a fraction of a share) that may be purchased.

Preference shares

The transaction and contract information of preference shares are as follows:

- (a) In March 2017, the Group issued 73,610,098 shares of Series A convertible redeemable preference shares (the "Series A Shares") to facilitate the share swap for the acquisition of Ichi Nana Inc.
- (b) In August 2017 and December 2017, the Company issued 25,199,948 shares of Series B convertible redeemable preference shares (the "Series B Shares") at \$1.2964 per share for cash consideration of US\$32,669,213.
- (c) On 16 November 2018 and 28 February 2019, the Company entered into a Subscription Agreement to allot and issue 16,927,635 and 4,780,000 Series C convertible redeemable preference shares (the "Series C Shares") for a total consideration of US\$20,000,000 and US\$5,647,570, respectively.
- (d) In April, July, and September 2020, the Company issued 22,222,217 shares of Series D convertible redeemable preference shares (the "Series D Shares") at US\$1.26 per share for a total consideration of US\$28,000,000.
- (e) On 1 January 2020, the Company issued 9,964,361 shares and 1,107,156 holdback shares of Series AA convertible non-redeemable preference shares (the "Series AA Shares") at US\$1.2263 per share to acquire 100% shareholding of Next Entertainment Global Holding.

The rights, preferences and privileges of the preference shares are as follows:

Redemption rights

- (a) If a qualified initial public offering has not occurred before the 3rd year anniversary of the Series D shares issuance date, holders of any Series A, B, C and D Shares may request redemption of the preference shares of such series. On receipt of a redemption request from the holders, the Company shall redeem all or part, as requested, of the outstanding preference shares of such series.
- (b) The redemption prices of the Series A, B, C and D Shares shall be the entry price and issuance price respectively plus compounded interest of 8% per annum computed on the entry price and issuance price commencing from the relevant subscription date for such Series A, B, C and D Shares.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

22. Financial liabilities at fair value through profit or loss (cont'd)

Preference shares (cont'd)

Redemption rights (cont'd)

- (c) The shareholders of Series AA Shares have no redemption rights to the Company based on the signed agreement. However, based on the Shareholders' Agreement of the Company, the Company is obliged to redeem all or part of Series AA Shares at the applicable amount at any time on and after the occurrence of a "Liquidation Event". The requirement for the Company to deliver cash to the shareholders of Series AA Shares upon the occurrence of a "Liquidation Event" may be beyond the control of the Company, which caused the Company not having the unconditional right to avoid delivering cash to settle Series AA Shares. As a result, the Company accounted for the Series AA Shares as financial liabilities.

Liquidation Event is defined as (a) a liquidation, winding up or dissolution of the Company; (b) a merger, consolidation, acquisition or sale or other transaction or series related transactions of the Company where the shareholders do not retain control of and a majority of the voting power in the surviving corporation; (c) a Trade Sale; or (d) an exclusive licensing of all or substantially all Intellectual Property Rights belonging to the Group.

- (d) Subsequent to 31 December 2022, the redemption rights of all series of preference shares have been extended to 31 December 2025.

Conversion rights

- (a) Each preference share is convertible, at the option of the holder, at any time after the date of issuance of such preference shares (other than Series AA Share, which contains only automatic conversion term subject to point (c) below), according to a conversion ratio, subject to adjustments for dilution, including but not limited to stock splits, stock dividends and capitalisation and certain other events. Each preference share is convertible into a number of ordinary shares determined by dividing the applicable original issuance price by the conversion price.
- (b) The conversion ratio of each Series of preference shares were adjusted upon the issuance of the latest preference share.
- (c) Each preference share shall automatically be converted into ordinary shares, at the then applicable preference share conversion price, upon closing of a qualified initial public offering.

Voting rights

- (a) Each preference share (other than Series AA Shares) shall have the same voting rights as an ordinary share and shall carry one vote per preference share and shall be entitled to vote together with the ordinary shares on an "as-if converted" basis on all matters submitted to a vote of the shareholders of the Company. The holders of the preference shares shall be entitled to receive notices of, and attend, speak and vote at, any meetings of the shareholders of the Company.
- (b) The shareholders of Series AA Shares shall not have any voting rights and shall not be entitled to speak or vote at, any meetings of the Shareholders, or act by written consent.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

22. Financial liabilities at fair value through profit or loss (cont'd)

Preference shares (cont'd)

Dividend rights

- (a) The Series A to Series D preference shareholders rank pari passu with each other in relation to claims and/or payment of dividends. The preference shareholders (other than Series AA Shares) shall be entitled to receive, in preference to any dividend on the ordinary shares, non-cumulative dividends for each preference share at the rate equal to 8% of, as the case may be, the Series A preference share issue price, the Series B preference share issue price, the Series C preference share issue price and the Series D preference share issue price, for each respective preferred shareholder. No dividend, whether in cash, in property, in shares in the Company or otherwise may be declared or paid on any other class or series of shares unless and until the preferred dividends are first paid in full.
- (b) The shareholders of Series AA Shares shall be entitled to receive, in preference to any dividend on the ordinary shares, non-cumulative dividends if declared by the Board of Directors. No dividend, whether in cash, in property, in shares in the Company or otherwise may be declared or paid on any other class or series of shares unless and until the preferred dividends are first paid in full.

23. Loans and borrowings

	Period	2020 US\$	2021 US\$	2022 US\$
Current:				
Loan	1 February 2020 - 1 February 2022	5,696,687	1,164,988	-
Non-current:				
Loan	1 February 2020 - 1 February 2022	1,161,649	-	-
Total loans and borrowings		6,858,336	1,164,988	-

In February 2020, one of the subsidiaries, Ichi Nana Inc. entered into a twenty-four-month loan facility agreement with Innoven Capital Singapore Pte. Ltd., where a loan facility up to \$7,000,000 was made available to Ichi Nana. The loan bears an interest rate of 9.25% per annum.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

23. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	1 January 2020 US\$	Net cashflow US\$	Accretion of interest US\$	Net addition/ (disposal) US\$	Non-cash changes		31 December 2020 US\$
					Fair value adjustment US\$	Exchange differences US\$	
Long term loans (including current portion)	878,891	5,966,723	-	-	-	12,722	6,858,336
Lease liabilities	619,894	(1,277,109)	181,480	9,794,112	-	365,401	9,683,778
Financial liabilities at fair value through profit or loss:							
- Preference shares	178,053,311	28,100,000	-	-	72,510,881	-	278,664,192
- Warrants	246,000	328,000	-	-	(247,000)	-	821,000

	1 January 2021 US\$	Net cashflow US\$	Accretion of interest US\$	Net addition/ (disposal) US\$	Non-cash changes		31 December 2021 US\$
					Fair value adjustment US\$	Exchange differences US\$	
Long term loans (including current portion)	6,858,336	(5,833,334)	139,986	-	-	-	1,164,988
Lease liabilities	9,683,778	(2,550,473)	202,422	1,576,671	-	157,019	9,069,417
Financial liabilities at fair value through profit or loss:							
- Preference shares	278,664,192	(14,563,055)	-	-	(109,153,131)	-	154,948,006
- Warrants	821,000	-	-	-	(526,000)	-	295,000

	1 January 2022 US\$	Net cashflow US\$	Accretion of interest US\$	Net addition/ (disposal) US\$	Non-cash changes		31 December 2022 US\$
					Fair value adjustment US\$	Exchange differences US\$	
Long term loans (including current portion)	1,164,988	(1,166,666)	1,678	-	-	-	-
Lease liabilities	9,069,417	(3,018,333)	164,210	(3,827,087)	-	(455,725)	1,932,482
Financial liabilities at fair value through profit or loss:							
- Preference shares	154,948,006	-	-	-	55,567,450	-	210,515,456
- Warrants	295,000	-	-	-	292,000	-	587,000

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements
For the financial years ended 31 December 2020, 2021 and 2022

24. Share-based payments

Employee share option plan

The employee share option plan commenced in March 2017, upon the closing of the share swap among the Company, Paktor and Ichi Nana Inc. Under a share swap agreement, the Company became the holding company of Paktor and acquired 53.8% interest of Ichi Nana Inc.. Pursuant to the agreement, all share options and restricted share units of Paktor and Ichi Nana Inc., vested or unvested, shall be assumed by the Company and converted into share options and restricted share units of the Company, subject to the same terms and conditions that are applicable to Paktor and Ichi Nana Inc.'s options and restricted share units (including expiration date, vesting conditions and exercise provisions).

The disposal of Paktor in March 2020 did not have any impact on the outstanding and exercisable (i.e. vested) options or restricted share units. To the extent any options or restricted share units held by Paktor's employees were vested at the time of the disposal, such employees continued to hold such vested options and restricted share units.

The Company's share options are subject to a 4-year service vesting condition with 25% of the options becoming vested each year. Based on the terms of the award agreements with the grantees, the awards granted under the employee share option plan can either be equity-settled or cash-settled, at the discretion of the Company. As of 31 December 2020, 2021 and 2022, the Company expects to settle the outstanding share options in shares. Since the commencement of the employee share option plan, there has not been any settlement of share options in cash.

Movement of share options during the financial year

The following table shows the number (No.) and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	2020		2021		2022	
	No.	WAEP US\$	No.	WAEP US\$	No.	WAEP US\$
Outstanding at 1 January and 31 December	699,997	0.85	699,997	0.85	699,997	0.85
Exercisable at 31 December	699,997	0.85	699,997	0.85	699,997	0.85

No share options were vested, granted, exercised or forfeited during the financial years ended 31 December 2020, 2021 and 2022.

Fair value of share options granted

The fair value of share options granted is estimated at the date of the grant using a Binomial option-pricing model, taking into account the terms and conditions upon which the options were granted.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

24. Share-based payments (cont'd)

Fair value of share options granted (cont'd)

The following table lists the inputs to the Binomial option pricing model for the financial years ended 31 December 2020, 2021 and 2022.

	2020	2021	2022
Share price at grant date (US\$)	0.4164	0.4164	0.4164
Expected volatility (%)	48	48	48
Expected life of option (years)	4	4	4
Risk-free interest rate (% p.a.)	0.85	0.85	0.85

Restricted share units

The Company's restricted share units are subject to a 2 to 4 year vesting condition with 12.5% and 25% becoming vested after the first year and the remaining being vested evenly over the remaining periods between 12 to 36 months. The restricted share units granted by the Company can only be settled by shares.

In 2020, the Company granted restricted share units to its employees subject to certain Initial Public Offering and corporate transaction conditions and becoming vested after fulfilling the condition. The restricted share units granted by the Company can only be settled by shares. As at 31 December 2020, 2021 and 2022, no restricted share units were vested.

The Company's restricted share units are subject to the achievement of performance incentives, and vest based on the incentive for each year.

Movement of restricted share units during the financial year

The following table shows the movements in restricted share units during the financial year:

	2020	2021	2022
	Number of units	Number of units	Number of units
Outstanding at 1 January	30,327,012	55,769,761	40,901,923
- Granted	27,208,145	3,155,856	3,067,378
- Exercised	-	(10,404,605)	-
- Repurchased	(500,000)	(2,098,512)	-
- Forfeited	(1,265,396)	(5,520,577)	(15,677,819)
Outstanding at 31 December	55,769,761	40,901,923	28,291,482
Exercisable at 31 December	28,330,602	19,759,133	22,428,080

Fair value of restricted share units granted

The fair value of restricted shares units was determined using the market approach, making reference to the transaction price of most recent round of financing.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

24. Share-based payments (cont'd)

Restricted share units (cont'd)

Fair value of restricted share units granted (cont'd)

The following table lists the inputs for the fair value measurement of restricted share units for the financial years ended 31 December 2020, 2021 and 2022.

	2020	2021	2022
Transaction price (US\$)	1.18	1.26	1.26

Starting from 15 July 2015, the Board of Directors approved the issuance of restricted shares. The relevant information is as follows:

Type of arrangement	Grant date	Share price on grant date	Number of shares/units	Contract periods	Vesting condition
Restricted shares award agreement	2015.07.15~ 2016.12.16	0.4597~ 0.4779	4,550,611	4 years	Service period
Restricted shares award agreement	2018.02.13	0.980	13,942,929	4 years	Service period
Restricted shares award agreement	2018.04.01~ 2019.10.01	0.70~ 0.98099	15,755,122	2-4 years	Service period
Restricted shares award agreement	2020.01.01~ 2020.10.01	0.47	11,523,840	4 years	Service period
Restricted shares award agreement	2020.10.01	0.47	8,626,368	Indefinite	IPO/Corporate transaction
Restricted shares award agreement	2020.10.01	0.47	7,057,937	4 years	Performance incentive
Restricted shares award agreement	2021.01.01~ 2021.12.13	0.56	3,155,856	4 years	Service period
Restricted shares award agreement	2022.01.01~ 2022.12.1	0.29	3,067,378	4 years	Service period

The expenses incurred on share-based payment transactions for the financial years ended 31 December 2020, 2021 and 2022 amounted to US\$2,988,723, US\$1,923,761 and US\$840,238 respectively.

25. Share capital

	Note	Number of shares ('000)	US\$
At 1 January 2020		54,755	5,475
Repurchase and retirement of ordinary shares	(a)	(25,991)	(2,599)
At 31 December 2020 and 1 January 2021		28,764	2,876
Share-based payment		10,405	1,040
Repurchase and retirement of ordinary shares	(b)	(1,245)	(124)
At 31 December 2021, 1 January 2022 and 31 December 2022		37,924	3,792

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

25. Share capital (cont'd)

- (a) In November 2020, the Company repurchased 25,991,209 ordinary shares and 500,000 restricted share units from one of its original founders based on the signed share repurchase agreement. The repurchase price per share (per share unit) is set at US\$1.26, amounting to US\$33,378,923 in total. The par value of the ordinary shares is US\$0.0001 per share.

Subsequent to 31 December 2022, on 5 September 2023, the Company and the original founder entered into an agreement to waive the Company's further obligations under the share repurchase agreement, as well as the original founder's rights to the 699,997 share options and 699,997 restricted share units held by him, for an aggregate consideration of US\$1,920,000. The effects of this transaction have not been adjusted for in these financial statements.

- (b) In July and October 2021, the Company repurchased 1,244,998 ordinary shares for a total consideration of US\$1,838,953. The repurchased shares were subsequently retired. The par value of the ordinary shares is US\$0.0001 per share.

26. Share premium

Share premium pertains to the difference between the par value of the ordinary shares and the consideration paid for the repurchase of ordinary shares or the exercise of the restricted share units.

27. Other reserves

	2020	2021	2022
	US\$	US\$	US\$
Share-based payment reserve	19,966,539	15,103,706	15,943,944
Foreign currency translation reserve	1,672,999	(1,303,785)	(5,255,241)
Fair value reserve	(175,000)	(194,500)	(193,800)
Reorganisation reserve	(12,505,384)	(12,505,384)	(12,505,384)
Total	<u>8,959,154</u>	<u>1,100,037</u>	<u>(2,010,481)</u>

- (a) Share-based payment reserve

Share-based payment reserve represent the equity settled share options and restricted shares units granted to employees. The reserve is made up of the cumulative value of services rendered by employees recorded over vesting period commencing from grant date and is reduced by the expiry or exercise of the share options or restricted share units.

- (b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

27. Other reserves(cont'd)

(c) Fair value reserve

The change in credit risk of financial liabilities at fair value through profit or loss are recorded in the fair value reserve.

(d) Reorganisation reserve

In March 2017, under a share swap agreement, all the existing shareholders of Faktor exchanged their respective shares, including all of the ordinary and preference shares, for equivalent classes of shares of the Company on a 1 for 1.98 basis. The share swap agreements were regarded as a reorganisation of entities. The difference between the carrying amount of the Company and Faktor were recorded under reorganisation reserve.

28. Related party transactions

Key management compensation

	2020 US\$	2021 US\$	2022 US\$
Salaries and other short-term employee benefits	630,965	1,171,712	1,035,856
Share-based payment	852,767	1,221,858	304,270
Total	<u>1,483,732</u>	<u>2,393,570</u>	<u>1,340,126</u>

29. Pledged assets

The Group's assets pledged as collateral are as follows:

	Book value			Purpose
	2020 US\$	2021 US\$	2022 US\$	
Guarantee deposits	3,403,741	3,645,149	3,696,046	Restricted deposits pursuant to Japanese Payment Services Act Restricted deposits for credit cards
Restricted deposits	464,037	465,690	284,977	
	<u>3,867,778</u>	<u>4,110,839</u>	<u>3,981,023</u>	

30. Segment information

For management's purpose, the Group is organised into two operating business segments, namely:

- (a) Live streaming; and
- (b) Others, which include the business from live-commerce and Wave App.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

30. Segment information (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

	2020			
	Live streaming US\$	Others US\$	Unallocated US\$	Total US\$
Revenue from external customers	409,812,661	1,547,769	-	411,360,430
Results:				
Revaluation loss on financial liabilities	-	-	(59,105,881)	(59,105,881)
Depreciation and amortisation	(2,551,109)	(16,903)	(3,318,185)	(5,886,197)
Impairment of goodwill	-	-	(10,594,732)	(10,594,732)
Finance costs	(178,929)	(4,471)	(790,833)	(974,233)
Income tax expense	(6,953,139)	-	1,666,346	(5,286,793)
Segment profit/(loss)	60,171,977	(3,017,071)	(105,368,501)	(48,213,595)
Assets:				
Additions to non-current assets	10,704,424	-	1,038,292	11,742,716
Segment assets	88,329,200	834,047	86,380,052	175,543,299
Segment liabilities	100,866,944	843,264	307,669,871	409,380,079
	2021			
	Live streaming US\$	Others US\$	Unallocated US\$	Total US\$
Revenue from external customers	493,033,074	4,749,218	-	497,782,292
Results:				
Revaluation gain on financial liabilities	-	-	112,407,180	112,407,180
Depreciation and amortisation	(2,274,239)	(1,796)	(2,809,324)	(5,085,359)
Finance costs	(188,721)	-	(554,447)	(743,168)
Income tax expense	(4,015,788)	-	(5,711,982)	(9,727,770)
Segment profit/(loss)	38,618,712	(1,154,164)	81,774,115	119,238,663
Assets:				
Additions to non-current assets	2,408,938	-	430,760	2,839,698
Segment assets	88,027,853	3,175,927	53,526,493	144,730,273
Segment liabilities	99,450,890	1,366,651	172,984,172	273,801,713

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

30. Segment information (cont'd)

	2022			
	Live streaming US\$	Others US\$	Unallocated US\$	Total US\$
Revenue from external customers	357,693,532	6,024,318	-	363,717,850
Results:				
Revaluation loss on financial liabilities	-	-	(55,568,150)	(55,568,150)
Depreciation and amortisation	(2,029,420)	(564)	(2,861,593)	(4,891,577)
Finance costs	(154,084)	-	(17,864)	(171,948)
Income tax expense	(2,014,411)	-	(6,139,431)	(8,153,842)
Segment profit/(loss)	36,671,085	(872,294)	(78,661,780)	(42,862,989)
Assets:				
Additions to non-current assets	1,212,201	23,716	1,150,162	2,386,079
Segment assets	52,671,386	3,933,990	46,824,125	103,429,501
Segment liabilities	57,142,617	1,637,230	227,848,443	286,628,290

The Group's revenue and gross profit in local currency for Japan and Taiwan are as follows:

In local currency	2020		2021		2022	
	JPY	TWD	JPY	TWD	JPY	TWD
Revenue	30,492,984,344	2,097,800,913	40,021,712,175	2,429,147,402	32,892,935,548	2,582,613,219
Gross profit	14,668,088,526	517,294,633	16,770,024,077	593,370,532	13,694,815,060	513,499,334

Reconciliations

Segment assets are reconciled to total assets as follows:

	2020 US\$	2021 US\$	2022 US\$
Segment assets for reportable segments	88,329,200	88,027,853	52,671,386
Other segment assets	834,047	3,175,927	3,933,990
Total segment assets	89,163,247	91,203,780	56,605,376
Unallocated:			
Property, plant and equipment	187,059	209,631	152,173
Right-of-use assets	762,869	317,541	857,940
Intangible assets	30,363,868	28,290,436	26,231,087
Deferred tax assets	1,543,842	2,047,963	1,530,606
Cash and cash equivalents	50,065,156	20,442,990	14,705,722
Trade and other receivables	1,161,189	908,979	816,714
Prepaid operating expenses	277,469	462,994	533,337
Other current assets	1,137,569	75,749	1,577,075
Others	881,031	770,210	419,471
Total assets	175,543,299	144,730,273	103,429,501

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

30. Segment information (cont'd)

Reconciliations (cont'd)

The unallocated intangible assets mainly consist of goodwill, which is not allocated to any reportable segment, in view that the carrying value of goodwill arose from the acquisition of 17LIVE Japan, which is principally engaged in activities across the Group's segments.

The unallocated trade and other receivables mainly consist of receivable from the issuance of preference shares which is not allocated to any segments.

Segment liabilities are reconciled to total liabilities as follows:

	2020	2021	2022
	US\$	US\$	US\$
Segment liabilities for reportable segments	100,866,944	99,450,890	57,142,617
Other segment liabilities	843,264	1,366,651	1,637,230
Total segment liabilities	101,710,208	100,817,541	58,779,847
Unallocated:			
Trade and other payables	16,567,058	7,217,841	9,166,104
Income tax payable	2,186,500	7,593,181	5,623,923
Financial liabilities at fair value through profit or loss	279,485,191	155,243,005	211,102,455
Loans and borrowings	6,858,336	1,164,988	-
Provisions	187,765	323,118	341,485
Other current liabilities	776	181,443	163,541
Deferred tax liabilities	1,562,503	962,096	592,555
Lease liabilities	821,742	298,500	858,380
Total liabilities	409,380,079	273,801,713	286,628,290

Geographical information

	2020			
	Japan	Taiwan	Others	Total
	US\$	US\$	US\$	US\$
Revenue	285,841,235	71,023,148	54,496,047	411,360,430
Gross profit	137,686,142	17,513,527	20,159,451	175,359,120
Non-current assets	1,004,308	8,590,900	31,309,771	40,904,979
	2021			
	Japan	Taiwan	Others	Total
	US\$	US\$	US\$	US\$
Revenue	364,877,950	86,735,137	46,169,205	497,782,292
Gross profit	152,892,310	21,186,888	13,667,756	187,746,954
Non-current assets	671,757	7,360,776	30,524,142	38,556,675

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

30. Segment information (cont'd)

Geographical information (cont'd)

	2022			
	Japan US\$	Taiwan US\$	Others US\$	Total US\$
Revenue	251,926,993	86,830,039	24,960,818	363,717,850
Gross profit	104,888,589	17,264,361	3,996,145	126,149,095
Non-current assets	1,258,984	590,210	27,337,988	29,187,182

The revenue of geographical information does not include amounts from discontinued operations.

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheets.

31. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability. Regarding the convertible debentures payable and preference shares liabilities issued by the Group without active market is included in Level 3.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

31. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the reporting date:

	2020			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
<u>Recurring fair value measurements</u>				
Financial assets measured at fair value through profit or loss				
Money market fund investments	144,745	-	-	144,745
Total	144,745	-	-	144,745
Liabilities				
<u>Recurring fair value measurements</u>				
Financial assets measured at fair value through profit or loss				
Warrants	-	-	821,000	821,000
Preference shares	-	-	278,664,192	278,664,192
Total	-	-	279,485,192	279,485,192
2021				
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
<u>Recurring fair value measurements</u>				
Financial assets measured at fair value through profit or loss				
Money market fund investments	108,813	-	-	108,813
Total	108,813	-	-	108,813
Liabilities				
<u>Recurring fair value measurements</u>				
Financial assets measured at fair value through profit or loss				
Warrants	-	-	295,000	295,000
Preference shares	-	-	154,948,006	154,948,006
Total	-	-	155,243,006	155,243,006

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

31. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	2022			Total US\$
	Level 1 US\$	Level 2 US\$	Level 3 US\$	
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets measured at fair value through profit or loss				
Warrants	-	-	587,000	587,000
Preference shares	-	-	210,515,456	210,515,456
Total	-	-	211,102,456	211,102,456

There was no transfer between Level 1 and Level 2 for the years ended 31 December 2020, 2021 and 2022.

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The fair values of warrants are determined using the Black-Scholes pricing model where the significant unobservable input is expected volatility. An increase in the expected volatility used in isolation would result in an increase in the fair value.

The fair value of convertible and redeemable preference shares was determined using the market approach, making reference to the transaction price of the most recent round of financing and taking into consideration factors such as market volatility, successful exit and liquidation transaction.

The following table shows the information about fair value measurements using unobservable inputs (Level 3):

	2020 Range	2021 Range	2022 Range
Preference shares:			
- Risk-free rate	0.1%	0.7%	4.3%
- Volatility	55.0%	69.0%	76.0%
Warrants:			
- Risk-free rate	0.1% to 0.3%	0.59% to 1.08%	4.2% to 4.8%
- Volatility	49.4% to 54.9%	56.1% to 69.6%	68.0% to 89.4%

The following table shows the impact on the Level 3 fair value measurement of liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

31. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

				2020	
				Favourable	Unfavourable
		Input	Change	change	change
				US\$	US\$
Preference shares	Risk-free rate	±1%	336,215	(333,374)	
Preference shares	Volatility	±1%	178,878	(187,346)	
Warrant	Risk-free rate	±1%	21,000	(21,000)	
Warrant	Volatility	±1%	13,000	(13,000)	
				2021	
				Favourable	Unfavourable
		Input	Change	change	change
				US\$	US\$
Preference shares	Risk-free rate	±1%	101,178	(106,866)	
Preference shares	Volatility	±1%	100,153	(106,866)	
Warrant	Risk-free rate	±1%	7,000	(7,000)	
Warrant	Volatility	±1%	7,000	(7,000)	
				2022	
				Favourable	Unfavourable
		Input	Change	change	change
				US\$	US\$
Preference shares	Risk-free rate	±1%	163,545	(159,114)	
Preference shares	Volatility	±1%	116,097	(120,601)	
Warrant	Risk-free rate	±1%	8,000	(8,000)	
Warrant	Volatility	±1%	7,000	(8,000)	

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

31. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 liabilities measured at fair value

The following table presents the reconciliation for all liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Financial liabilities at fair value through profit or loss		
	2020 US\$	2021 US\$	2022 US\$
At 1 January	178,299,311	279,485,192	155,243,006
Issued during the period	41,905,000	-	-
Repurchased during the period	-	(14,563,055)	-
Loss on repurchase of preference shares	-	2,708,549	-
Revaluation loss/(gain) on financial liabilities	59,105,881	(112,407,180)	55,860,150
Change in credit risks through other comprehensive income	175,000	19,500	(700)
At 31 December	<u>279,485,192</u>	<u>155,243,006</u>	<u>211,102,456</u>

(ii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and IFRS 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

31. Fair value of assets and liabilities (cont'd)

- (d) Assets and liabilities not measured at fair value

Trade and other receivables, cash and cash equivalents, other current assets, trade and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

32. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The board of directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the management team. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

- (a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 180 days or there is significant difficulty of the counterparty.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

32. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

Information regarding loss allowance movement and credit risk exposure on trade receivables is disclosed in Note 18.

Excessive risk concentration

There is no significant concentration of credit risk relating to the Group's trade receivables.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

**Notes to financial statements
For the financial years ended 31 December 2020, 2021 and 2022**

32. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of financial assets recognised in the consolidated balance sheets.

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages and maintains adequate cash and cash equivalents to finance the Group's operations.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2020				
	Less than 1 year US\$	1 to 3 years US\$	3 to 5 years US\$	More than 5 years US\$	Total US\$
Financial liabilities					
Trade and other payables	74,959,936	-	-	-	74,959,936
Loans and borrowings	6,277,861	1,180,415	-	-	7,458,276
Lease liabilities	2,444,182	4,178,150	3,528,785	6,772	10,157,889
Preference shares	-	254,109,734	-	-	254,109,734
Warrants	821,000	-	-	-	821,000
Total net undiscounted financial liabilities	84,502,979	259,468,299	3,528,785	6,772	347,506,835

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	2021				
	Less than 1 year US\$	1 to 3 years US\$	3 to 5 years US\$	More than 5 years US\$	Total US\$
Financial liabilities					
Trade and other payables	72,586,860	-	-	-	72,586,860
Loans and borrowings	1,164,988	-	-	-	1,164,988
Lease liabilities	2,827,438	4,686,934	1,946,623	-	9,460,995
Preference shares	-	243,566,268	-	-	243,566,268
Warrants	295,000	-	-	-	295,000
<hr/>					
Total net undiscounted financial liabilities	76,874,286	248,253,202	1,946,623	-	327,074,111
<hr/>					
	2022				
	Less than 1 year US\$	1 to 3 years US\$	3 to 5 years US\$	More than 5 years US\$	Total US\$
Financial liabilities					
Trade and other payables	50,800,817	-	-	-	50,800,817
Lease liabilities	971,692	1,024,362	7,072	-	2,003,126
Preference shares	243,566,268	-	-	-	243,566,268
Warrants	587,000	-	-	-	587,000
<hr/>					
Total net undiscounted financial liabilities	295,925,777	1,024,362	7,072	-	296,957,211
<hr/>					

(c) Foreign exchange risk

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, primarily Hong Kong Dollar ("HKD").

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

32. Financial risk management objectives and policies (cont'd)

(c) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Change in USD rate	Effect on (loss)/profit before tax		
		2020 US\$	2021 US\$	2022 US\$
USD/HKD	+1%	(150,689)	(189,260)	(76,773)
	-1%	153,734	193,083	78,324

33. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	2020 US\$	2021 US\$	2022 US\$
Financial assets measured at amortised cost			
Trade and other receivables	32,595,861	34,218,084	24,027,252
Cash and cash equivalents	92,491,374	59,090,846	39,259,309
Guarantee deposits	3,403,741	3,645,149	3,696,046
	128,490,976	96,954,079	66,982,607
Financial liabilities measured at amortised cost			
Trade and other payables	74,959,936	72,586,860	50,800,817
Loans and borrowings	6,858,336	1,164,988	-
	81,818,272	73,751,848	50,800,817

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

34. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to improve the Group's capital structure, the Group may issue new shares or sell assets to reduce debt rate. The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total liabilities divided by total assets.

As of 31 December 2020, 2021 and 2022, the Group's debt ratios are as follows:

	2020 US\$	2021 US\$	2022 US\$
Total assets	175,543,299	144,730,273	103,429,501
Total liabilities	409,380,079	273,801,713	286,628,290
Debt ratio	2.33	1.89	2.77

35. Investments in subsidiaries

The Group has the following investments in subsidiaries during the financial years ended 31 December 2020, 2021 and 2022:

Name of subsidiary	Country of incorporation	Principal activities	Ownership (%)			Note
			2020	2021	2022	
Ichi Nana Inc.	British Virgin Islands	Live streaming	100	100	100	(a)
Paktor Pte. Ltd.	Singapore	On-line dating	–	–	–	(b)
Jendes Limited	Seychelles	Apparel	–	–	–	(c)
17LIVE Japan Inc.	Japan	Live streaming	100	100	100	(d)
17 Media SG Pte. Ltd.	Singapore	Live streaming	100	100	100	-
M17 Services (H.K.) Ltd.	Hong Kong	Entertainment agent	100	100	–	(e)
Ichi Nana Marketing Management	United Arab Emirates	Live streaming	Note	–	–	(f)
Next Entertainment Global Holding	Cayman Islands	Live streaming	100	100	100	(g)
Unicorn Entertainment Ltd. (Taiwan)*	Taiwan	Entertainment agent	Note	–	–	(h)
Together Production LLC*	Taiwan	Movie production and copyright holder	Note	Note	Note	–
Together Interactive Entertainment Limited*	Taiwan	Entertainment agent	Note	Note	Note	–
Together Interactive Media Limited*	Taiwan	Entertainment agent	Note	Note	Note	–
Together Universal Entertainment Limited*	Taiwan	Entertainment agent	Note	Note	Note	–
Together International Entertainment Limited*	Taiwan	Entertainment agent	Note	Note	Note	–
LIVIT Ltd.*	Taiwan	Entertainment agent	Note	Note	–	(i)
LIVIT Business Ltd.*	Taiwan	Entertainment agent	Note	Note	Note	–
LIVIT Universe Ltd.*	Taiwan	Entertainment agent	Note	Note	–	(i)

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

35. Investments in subsidiaries (cont'd)

Subsidiaries included in the consolidated financial statements (cont'd):

Name of subsidiary	Country of incorporation	Principal activities	Ownership (%)			Note
			2020	2021	2022	
HandsUp Inc.	Taiwan	Online retailing	100	100	100	–
Wave Inc.	Taiwan	Live streaming	Note	100	100	(j)
Next Entertainment Inc.	Taiwan	Live streaming and gaming	–	100	100	(k)
17LIVE Services Inc.	Taiwan	Technical services	–	100	100	(l)
17LIVE (SEA) Pte. Ltd.	Singapore	Live streaming	–	100	100	(m)
17LIVE Ltd.	Hong Kong	Live streaming	100	100	100	(n)
Next Entertainment (Hong Kong) Limited	Hong Kong	Live streaming	100	100	100	–
17LIVE (USA) Corp.	United States of America	Live streaming	–	100	100	(o)
Liontrek Entertainment India Pvt. Ltd.	India	Live streaming	100	100	100	(g)
Gaigai Pte Ltd.	Singapore	Off-line dating	–	–	–	(b)
Paktor Ltd. Taiwan Branch	Taiwan	Off-line dating	–	–	–	(b)
Paktor MY Sdn Bhd	Malaysia	Off-line dating	–	–	–	(b)
Paktor Hong Kong Ltd.	Hong Kong	Off-line dating	–	–	–	(b)
Picnic Pte Ltd.	Singapore	Off-line dating	–	–	–	(b)
17LIVE (Taiwan) Limited	Taiwan	Live streaming	–	100	100	(p)
Machipopo Co., Ltd.	Japan	Entertainment agent	100	100	100	–
M17 (USA) LLC	United States of America	Live streaming	100	100	100	–
MyMai Inc.*	Taiwan	Online retailing	Note	Note	Note	–
M17 Service Vietnam Company Limited	Vietnam	Technical service	–	–	–	(q)
M17 Service Holding Co., Ltd.	Thailand	Investment holding	100	–	–	(r)
M17 Service (Thailand) Co., Ltd.	Thailand	Technical service	100	–	–	(r)
Next Entertainment Limited	British Virgin Islands	Live streaming	100	100	100	(g)
Entertainment Vision Hong Kong Limited	Hong Kong	Live streaming	100	–	–	(g)(s)
Empower Next Limited*	Taiwan	E-sport team	Note	Note	Note	(g)
Next Entertainment Science & Technology (Beijing) Co., Ltd	People's Republic of China	Live streaming	100	100	100	(g)
Next Entertainment Japan	Japan	Live streaming	100	100	–	(g)(t)
Beijing Future Quyu Technology Co. Ltd.*	People's Republic of China	Live streaming	Note	Note	Note	(g)
Shenzhen Juli Future Network Technology Co., Ltd*	People's Republic of China	Live streaming	Note	Note	Note	(g)
Next Entertainment Inc.	Taiwan	Entertainment agent	–	100	100	(p)

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

35. Investments in subsidiaries (cont'd)

Note: As of 31 December 2022, these entities were held by other individual owners. The Group has yet to complete the legal process to acquire the ownership interests of these entities due to local regulation. The Group and the individual owners have entered into contractual agreements giving the Group the power to direct the relevant activities and the ability to use its power to affect variable returns. The operating activities and the finance function are also controlled by the Group. Management has assessed that the Group has control over these entities and the Group has included the results of these entities in the consolidated financial statements. The total assets from these entities amounted to US\$2,758,945, US\$1,444,859 and US\$355,752 as of 31 December 2020, 2021 and 2022 respectively, representing 1.57%, 1.00% and 0.34% of total consolidated assets. The total comprehensive income from these entities amounted to US\$(3,435,993), US\$2,189,590 and US\$959,120 for the financial years ended 31 December 2020, 2021 and 2022 respectively, representing 6.57%, 2.05% and (1.74)% of total consolidated comprehensive income.

- (a) The subsidiary changed its company name from "Machipopo, Inc." to "Ichi Nana Inc." in October 2020.
- (b) The Company disposed of Paktor Pte. Ltd. in March 2020, refer to Note 11 for details.
- (c) The Company disposed of Jendes Limited in May 2020, refer to Note 11 for details.
- (d) The subsidiary changed its company name from "17Media Japan Inc." to "17LIVE Japan Inc." in November 2020.
- (e) The subsidiary was de-registered in September 2022.
- (f) The subsidiary of the Company was established in October 2019 and dissolved in September 2021.
- (g) The Company acquired 100% shares of Next Entertainment Global Holding in January 2020, refer to Note 20 for details.
- (h) The Company disposed of Unicorn Entertainment in March 2021.
- (i) The subsidiaries of the Company were established in July 2020 and liquidated in December 2022.
- (j) The subsidiary changed its company name from "Beyond Entertainment Limited" to "Wave Inc." in June 2019. After a capital injection by Ichi Nana Inc. in July 2021, Wave Inc became a wholly owned subsidiary of Ichi Nana Inc. and Wave Inc. was subsequently transferred to 17LIVE Japan Inc. in December 2021.
- (k) Next Entertainment Inc. (Taiwan) was incorporated by Next Entertainment Limited in October 2021.
- (l) 17LIVE Services Inc. (Taiwan) was incorporated in July 2021.
- (m) 17LIVE (SEA) Pte. Ltd. was incorporated in Singapore by 17LIVE Japan Inc. in December 2021.
- (n) The subsidiary changed its company name from "17Media HK Ltd." to "17LIVE (HK) Ltd." in July 2020, and then to "17LIVE Ltd." in December 2020.
- (o) The subsidiary was incorporated in California, USA in January 2021.
- (p) The subsidiary was incorporated in Taiwan in October 2021.
- (q) The subsidiary of the Company was dissolved in June 2020.
- (r) The subsidiary was dissolved in April 2021.
- (s) The subsidiary was dissolved in April 2021.
- (t) The subsidiary was de-registered in March 2022.

**APPENDIX A: INDEPENDENT AUDITOR'S REPORT AND AUDITED
CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

17LIVE Inc. and its Subsidiaries

Notes to financial statements

For the financial years ended 31 December 2020, 2021 and 2022

36. Events occurring after the reporting period

On 3 April 2023, the redemption date of all of the Group's preference shares, which amounted to US\$210,515,456 as of 31 December 2022, has been extended to 31 December 2025.

On 2 October 2023, Vertex Technology Acquisition Corporation Ltd ("VTAC"), a special purpose acquisition company incorporated as a Cayman Islands exempted company with limited liability and listed on the Mainboard of the Singapore Exchange Securities Trading Limited, entered into a conditional sale and purchase agreement (the "SPA") with, among others, the Company (as the target) and 17LIVE Holding Limited ("17LIVE Holdco") (as the seller). Pursuant to the SPA, VTAC will acquire the entire issued and paid-up share capital of the Company from 17LIVE Holdco. The SPA contains customary representations, warranties and covenants by the parties thereto and the Completion (as defined in the SPA) is subject to certain conditions as further described in the SPA.

In connection with but not conditional on the completion of the Proposed Acquisition of the Group by VTAC, on 20 October 2023, the Company's shareholders approved, by way of an Extraordinary General Meeting, the conversion of the warrants and preference shares of the Group, which aggregated to US\$211,102,456, into equity. The conversion is expected to be take place before the completion of the Proposed Acquisition.

37. Authorisation of financial statements for issue

The consolidated financial statements for the financial years ended 31 December 2020, 2021 and 2022 were authorised for issue in accordance with a resolution of the directors on 9 November 2023.

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**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its Subsidiaries

Consolidated Financial Statements
For the six-month period ended 30 June 2023

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

**Directors' statement
For the six-month period ended 30 June 2023**

In the opinion of the directors,

- (i) the accompanying consolidated financial statements of 17LIVE Inc. (the "Company") and its subsidiaries (collectively, the "Group") are properly drawn up so as to give a true and fair view of the consolidation financial position of the Group as at 30 June 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the six-month period ended 30 June 2023; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Phua Jiexian Joseph
Director

Chua Joo Hock
Director

9 November 2023

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Independent auditor's report in relation to the unaudited consolidated financial statements of 17LIVE Inc. and its subsidiaries

For the six-month period ended 30 June 2023

The Board of Directors
17LIVE Inc.
4th Floor Harbour Place 103
South Church Street P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

Dear Sirs,

Introduction

We have reviewed the accompanying interim unaudited consolidated financial statements of 17LIVE Inc. (the "Company") and its subsidiaries (collectively, the "Group") which comprise the consolidated balance sheet of the Group as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies, as set out on pages B-5 to B-69. Management is responsible for the preparation and fair presentation of this interim unaudited consolidated financial statements in accordance with the International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on the interim unaudited consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2023 and its financial performance, changes in equity and cash flows for the six-month period ended 30 June 2023 in accordance with International Financial Reporting Standards.

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

**Independent auditor's report in relation to the unaudited consolidated financial statements of
17LIVE Inc. and its subsidiaries**

For the six-month period ended 30 June 2023

Restriction on distribution and use

This report is made solely to you as a body and for the inclusion in the Circular of Vertex Technology Acquisition Corporation Ltd ("VTAC") to be issued in connection with VTAC's proposed acquisition of the entire issued share capital of the Company, being a reverse takeover.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

9 November 2023

Partner-in-charge: Sharon Peh

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Consolidated statements of comprehensive income For the six-month period ended 30 June 2023

(Expressed in United States Dollars)

	Note	30 June 2023 (Unaudited) US\$	30 June 2022 (Unaudited) US\$
Operating revenue	4	150,984,528	200,421,415
Cost of revenue	5	(87,925,616)	(134,939,455)
Gross profit		63,058,912	65,481,960
Operating expenses			
Selling expenses		(24,315,104)	(37,147,966)
General and administrative expenses		(12,219,602)	(14,060,317)
Research and development expenses		(13,517,949)	(13,138,266)
Total operating expenses	6	(50,052,655)	(64,346,549)
Operating income		13,006,257	1,135,411
Non-operating income and expenses			
Other gains and losses			
- Revaluation loss on financial liabilities	8	(127,649,235)	(38,013,667)
- Others	8	(638,459)	3,156,561
Finance costs	9	(128,287,694) (53,763)	(34,857,106) (109,667)
Total non-operating expenses		(128,341,457)	(34,966,773)
Loss before income tax		(115,335,200)	(33,831,362)
Income tax expense	10	(2,909,563)	(8,142,785)
Loss for the period, attributable to owners of the Company		(118,244,763)	(41,974,147)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation		(1,210,349)	(2,605,973)
<i>Items that will not be reclassified to profit or loss</i>			
Change in credit risk of financial liabilities at fair value through profit or loss		(20,700)	1,900
Other comprehensive income for the period, net of tax		(1,231,049)	(2,604,073)
Total comprehensive income for the period, attributable to owners of the Company		(119,475,812)	(44,578,220)
Earnings per share			
Basic and diluted	11	(3.12)	(1.11)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Consolidated balance sheets As at 30 June 2023

(Expressed in United States Dollars)

	Note	30 June 2023 (Unaudited) US\$	31 December 2022 (Audited) US\$
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,186,719	795,789
Right-of-use assets	13	3,405,201	1,848,265
Intangible assets	14	25,188,892	26,543,128
Deferred tax assets	15	2,302,375	1,537,813
Guarantee deposits		3,490,677	3,696,046
Total non-current assets		35,573,864	34,421,041
Current assets			
Prepaid operating expenses		2,581,499	3,369,559
Other current assets	16	751,940	2,325,918
Trade and other receivables	17	20,551,791	24,053,674
Cash and cash equivalents	18	39,865,932	39,259,309
Total current assets		63,751,162	69,008,460
Total assets		99,325,026	103,429,501
LIABILITIES			
Current liabilities			
Trade and other payables	19	47,259,978	59,043,917
Contract liabilities	4	6,860,310	7,273,934
Financial liabilities at fair value through profit or loss	20	1,023,000	211,102,456
Income tax payable		3,415,305	5,255,771
Lease liabilities	13	1,614,677	920,219
Provisions		855,409	893,360
Other current liabilities		407,506	106,744
Total current liabilities		61,436,185	284,596,401
Net current assets/(liabilities)		2,314,977	(215,587,941)
Non-current liabilities			
Financial liabilities at fair value through profit or loss	20	337,749,391	–
Deferred tax liabilities	15	329,955	855,590
Lease liabilities	13	1,772,991	1,012,263
Provisions		359,504	164,036
Total non-current liabilities		340,211,841	2,031,889
Total liabilities		401,648,026	286,628,290

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

**Consolidated balance sheets
As at 30 June 2023**

(Expressed in United States Dollars)

	Note	30 June 2023 (Unaudited) US\$	31 December 2022 (Audited) US\$
Equity			
Share capital	22	3,792	3,792
Share premium	23	25,409,440	25,409,440
Other reserves	24	(2,889,929)	(2,010,481)
Accumulated deficit		(324,846,303)	(206,601,540)
Total equity		(302,323,000)	(183,198,789)
Total liabilities and equity		99,325,026	103,429,501

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

**Consolidated statements of changes in equity
For the six-month period ended 30 June 2023**

(Expressed in United States Dollars)

	Note	Share capital US\$	Share premium US\$	Other reserves US\$	Accumulated deficit US\$	Total equity US\$
Unaudited 30 June 2023						
At 1 January 2023		3,792	25,409,440	(2,010,481)	(206,601,540)	(183,198,789)
Loss for the period		–	–	–	(118,244,763)	(118,244,763)
Other comprehensive income: Change in credit risk of financial liabilities at fair value through profit or loss		–	–	(20,700)	–	(20,700)
Foreign currency translation		–	–	(1,210,349)	–	(1,210,349)
Other comprehensive income for the period, net of tax		–	–	(1,231,049)	–	(1,231,049)
Total comprehensive income for the period		–	–	(1,231,049)	(118,244,763)	(119,475,812)
Issuance of restricted share units	21	–	–	351,601	–	351,601
At 30 June 2023		3,792	25,409,440	(2,889,929)	(324,846,303)	(302,323,000)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

**Consolidated statements of changes in equity
For the six-month period ended 30 June 2023**

(Expressed in United States Dollars)

**Unaudited
30 June 2022**

	Note	Share capital US\$	Share premium US\$	Other reserves US\$	Accumulated deficit US\$	Total US\$
At 1 January 2022		3,792	25,409,440	1,100,037	(155,584,709)	(129,071,440)
Loss for the period		–	–	–	(41,974,147)	(41,974,147)
Other comprehensive income:						
Change in credit risk of financial liabilities at fair value through profit or loss		–	–	(2,605,973)	–	(2,605,973)
Foreign currency translation		–	–	1,900	–	1,900
Other comprehensive income for the period, net of tax		–	–	(2,604,073)	–	(2,604,073)
Total comprehensive income for the period		–	–	(2,604,073)	(41,974,147)	(44,578,220)
Issuance of restricted stock units	21	–	–	470,486	–	470,486
At 30 June 2022		3,792	25,409,440	(1,033,550)	(197,558,856)	(173,179,174)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Consolidated statements of cash flows For the six-month period ended 30 June 2023

(Expressed in United States Dollars)

	30 June 2023 (Unaudited) US\$	30 June 2022 (Unaudited) US\$
Cash flows from operating activities		
Loss before income tax	(115,335,200)	(33,831,362)
Adjustments for:		
Depreciation expense	1,053,772	1,647,526
Amortisation expense	1,333,837	1,096,280
Loss on disposal of property, plant and equipment	339,744	128,461
Share-based payments	351,601	470,486
Revaluation loss on financial liabilities	127,649,235	38,013,667
Finance costs	53,763	109,667
Gain on termination of leases	(3,942)	(22,592)
Professional fees in relation to the Proposed Acquisition	1,534,899	–
Operating cash flows before changes in working capital	16,977,709	7,612,133
Changes in working capital		
Trade and other receivables	3,501,883	7,513,332
Prepaid operating expenses	788,060	2,168,982
Other current assets	1,573,978	(83,259)
Trade and other payables	(13,318,838)	(20,038,724)
Other current liabilities	300,762	270,024
Contract liabilities	(413,624)	(2,136,080)
Provisions	(37,951)	91,587
Cash flows from/(used in) operations	9,371,979	(4,602,005)
Interest paid	–	(7,805)
Income tax paid	(5,383,534)	(11,441,622)
Net cash flows from/(used in) operating activities	3,988,445	(16,051,432)
Investing activities		
Decrease in financial assets at fair value through profit or loss	–	108,813
Purchase of property, plant and equipment	(964,143)	(311,275)
Purchase of intangible assets	–	(187,691)
Decrease/(increase) in guarantee deposits	205,369	(169,931)
Net cash flows used in investing activities	(758,774)	(560,084)
Financing activities		
Repayments of principal portion of lease liabilities	(739,698)	(1,339,365)
Repayment of loans and borrowings	–	(1,166,666)
Interest paid	(51,684)	(100,184)
Net cash flows used in financing activities	(791,382)	(2,606,215)
Net increase/(decrease) in cash and cash equivalents	2,438,289	(19,217,731)
Net foreign exchange difference	(1,831,666)	(3,700,288)
Cash and cash equivalents at beginning of financial period	39,259,309	59,090,846
Cash and cash equivalents at end of financial period	39,865,932	36,172,827

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements For the six-month period ended 30 June 2023

1. Corporate information

17LIVE Inc. (the “Company”) was incorporated as a Cayman Islands exempted company with limited liability on 28 February 2017 under the Companies Act of the Cayman Islands, under the name of M17 Entertainment Limited. On 23 September 2020, the Company changed its name to 17LIVE Inc..

The registered office of the Company is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business of the Company is located at 2-chōme-12-28 Kitaaooyama, Minato City, Tōkyō-to 107-006.

The Company and its subsidiaries (collectively, the “Group”) are principally engaged in operating live streaming platform. Information on the subsidiaries is disclosed in Note 32.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The consolidated financial statements are presented in United States Dollars (“USD” or “US\$”) except when otherwise indicated.

Going concern

As of 30 June 2023, the Group’s total liabilities exceeded its total assets by US\$302,323,000. Notwithstanding this, the consolidated financial statements of the Group have been prepared on a going concern basis due to the following:

- As of 30 June 2023, the Group’s current assets exceeded its current liabilities by US\$2,314,977;
- The Group is expected to continue to generate positive operating cash flows and positive net cash flows to pay its liabilities as and when they fall due for the next 12 months from the issuance of these interim consolidated financial statements; and
- In connection with but not conditional on the completion of the Proposed Acquisition of the Group by Vertex Technology Acquisition Corporation Ltd, on 20 October 2023, the Company’s shareholders approved, by way of an Extraordinary General Meeting, the conversion of the warrants and preference shares of the Group, which aggregated to US\$211,102,456, into equity. The conversion is expected to be take place before the completion of the Proposed Acquisition.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies*

The accounting policies have been consistently applied by the Group for the six-month period ended 30 June 2023, except that for the six-month period ended 30 June 2023, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangement	1 January 2024
Amendments to IAS 21: Lack of Exchangeability	1 January 2025

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 *Basis of consolidation and business combination*

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination (cont'd)

(a) Basis of consolidation (cont'd)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination (cont'd)

(b) Business combinations and goodwill (cont'd)

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The Group's consolidated financial statements are presented in USD, which is also the Company's functional currency. Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.6 *Foreign currency (cont'd)*

(b) Consolidated financial statements

On consolidation, the assets and liabilities of foreign operations are translated into US dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.7 *Current and non-current classification*

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.8 *Property, plant and equipment*

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Office equipment	2 to 5 years
Leasehold improvements	3 to 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.9 Leases (cont'd)

Group as a lessee (cont'd)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	2 to 6 years
Motor vehicles	3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.11.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.9 Leases (cont'd)

Group as a lessee (cont'd)

(iii) Short-term leases and leases for low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.10 *Intangible assets (cont'd)*

(a) Trademarks

Trademarks are stated at acquisition cost. Trademarks have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 1 to 10 years.

(b) Technology

Technology is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

(c) User base

User base is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 1 to 4 years.

(d) Exclusive right to operate 17 app in Japan

Exclusive right is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 5.5 years.

(e) Domain

Domain is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 5 years.

2.11 *Impairment of non-financial assets*

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.11 *Impairment of non-financial assets (cont'd)*

Impairment losses are recognised in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at end of the reporting period and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.12 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.13 *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in profit or loss when the right of payment has been established.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(b) Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.14 *Impairment of financial instruments*

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.15 *Cash and cash equivalents*

Cash and cash comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Convertible preference shares

Convertible preference shares with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract. On issuance of the convertible preference shares, the Group has elected to measure the entire instrument at fair value, with subsequent changes in fair value recognised in profit or loss.

When a conversion option is exercised, the financial liability is derecognised with a corresponding recognition of share capital.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(b) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees. They are recognised as an expense in the period in which the related service is performed.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.20 *Share-based payments*

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 24.

That cost is recognised in employee benefits expense (Note 7), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.21 Revenue

The Group generates revenue from live streaming and live-commerce. Revenue from live streaming is generated from the “17LIVE” platform. Revenue is recognised upon transfer of the promised virtual items to the users.

The Group operates live streaming with virtual points system where users can directly purchase virtual points or membership subscription on platforms or pay via online payment systems provided by third parties including payments using mobile phone, internet debit/credit card payment and other third party payment systems. The virtual points can be solely used to convert into virtual items on live streaming channels. Virtual points sold but not yet consumed by the purchasers are recorded as “Contract liabilities” and upon conversion, is recognised as revenue. Users are generally not entitled to any refund for the purchase of such virtual points and virtual items.

Virtual points can be sold in bundled packages, and the sales price is proportionally allocated to each virtual point based on the total package price, and recognised as revenue upon utilisation.

Any virtual points purchased by a user in Japan and not used will expire after a year and revenues from these virtual points will be recognised by the Group at such time. For users in other countries, any virtual points purchased do not expire.

Live streaming

Revenue from live streaming is generated from the “17LIVE” platform. The Group creates and offers virtual items to be purchased by users on live streaming channels, which the Group operates and maintains. Users are required to first purchase virtual points and use those virtual points to purchase virtual items based on specified prices as predetermined by the Group. Users purchase virtual items from the Group and gift them to performers (i.e. live streamers and V-Livers) to show support for their favourite performers.

Virtual points are removed from users’ wallets and extinguished after being consumed by the users (i.e. by way of virtual gifting to the performers). Accordingly, amounts received from the sale of virtual points are first recorded as contract liabilities. For virtual items, revenue is recognised upon consumption by the users. The Group does not have further obligations to the user after the virtual items are consumed.

The Group recognises revenue on a gross basis from the sale of virtual items on the platform, as the Group produces and controls virtual items before they are transferred to the users, the prices of virtual items are set by the Group, and the Group is also exposed to the related credit risk, which is generally not recoverable from the performers.

In order to attract user traffic, the Group shares revenues with performers in accordance with the revenue sharing arrangements with the Group. The portion of revenue shared with the performers are accounted for as cost of revenue by the Group. If virtual points are provided to users free of charge for marketing purpose, the Group does not recognise any revenue when users convert it to virtual items. Based on the Group’s revenue sharing arrangements, the expected amount to be paid to the live streamers when such free virtual points are utilised is recognised as cost of revenue.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.21 Revenue (cont'd)

Live streaming (cont'd)

Users can join the fan group of their favourite live streamers and become part of their core community by paying a subscription fee on a monthly basis and becoming an “army subscriber”. The subscription fee is collected upfront from subscribers. The receipt of the revenue is initially recorded as contract liabilities and revenue is recognised over the period of the subscription.

Live-commerce

The Group operates its live commerce business through HandsUp, a platform that allows merchants to sell their products through live streaming in Japan, and OrderPally, a business-to-business live commerce matching and order management platform connecting merchants and users in Taiwan. Revenue from live-commerce is recognised in the period in which the services are rendered.

2.22 Cost of revenue

Cost of revenue relates to direct expenses incurred in order to generate revenue. Such costs are recorded as incurred. Cost of revenues consists primarily of (i) revenue sharing fees and content costs, including cash payments to various performers, and content providers, (ii) server and bandwidth costs, (iii) channel costs, (iv) commission costs, and (v) other costs such as amortisation/impairment of intangible assets.

2.23 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying the accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of goodwill

As disclosed in Note 14 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14 to the financial statements.

The carrying amount of goodwill as at 30 June 2023 was US\$23,988,594 (31 December 2022: US\$23,988,594).

(b) Fair value measurement of preference shares

The fair value of convertible preference shares is determined by considering the Group's recent funding raising activities and the fair value assessment of comparable companies at the end of the reporting period. The significant inputs used in the determination of the fair value of preference shares are disclosed and further explained in Note 28 to the financial statements.

As at 30 June 2023, the carrying amount of the Group's convertible preference shares was US\$337,749,391 (31 December 2022: US\$210,515,456).

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

4.	Revenue	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
	<u>Revenue from contracts with customers</u>		
	Liver live streaming	146,038,201	195,610,710
	V-liver live streaming	1,544,578	1,853,581
	Others	3,401,749	2,957,124
		150,984,528	200,421,415
	<u>Timing of revenue recognition</u>		
	At a point in time	143,536,417	188,331,439
	Over time	7,448,111	12,089,976
		150,984,528	200,421,415

Other revenue primarily comprises revenue from live-commerce and Wave App.

Contract liabilities

The Group has recognised the following contract liabilities in relation to revenue from contracts with customers:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Contract liabilities – Live streaming	6,407,812	6,893,091
Others	452,498	380,843
	6,860,310	7,273,934
Revenue recognised for the six-month periods ended 30 June 2023 and 2022	4,357,032	5,833,681

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

5. Cost of revenue	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Revenue sharing fees and live streaming costs	64,804,184	101,296,040
Channel costs	13,489,535	22,777,643
Server and bandwidth costs	8,932,316	10,585,195
Others	699,581	280,577
	<hr/> 87,925,616	<hr/> 134,939,455 <hr/> <hr/>
6. Operating expenses	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Marketing expenses	15,050,652	25,218,630
Employee benefits expense	21,313,103	25,133,673
Depreciation and amortisation	2,387,609	2,743,806
Professional fees	6,248,587	6,548,943
Software and service fees	3,024,218	2,960,026
Others	2,028,486	1,741,471
	<hr/> 50,052,655	<hr/> 64,346,549 <hr/> <hr/>
7. Employee benefits expense	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Wages and salaries	19,496,562	22,598,451
Contribution to defined contribution plans	1,083,641	1,497,061
Share-based payments	351,601	470,486
Labour and health insurance fees	286,164	436,552
Other personnel expenses	95,135	131,123
	<hr/> 21,313,103	<hr/> 25,133,673 <hr/> <hr/>

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

8. Other gains and losses	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Revaluation loss on:		
- Preference shares	(127,213,235)	(37,822,667)
- Warrants	(436,000)	(191,000)
	<hr/>	<hr/>
	(127,649,235)	(38,013,667)
Loss on disposal of property, plant and equipment	(339,744)	(128,461)
Foreign exchange (loss)/gain	(637,915)	3,015,857
Gain on termination of leases	3,942	22,592
Others	335,258	246,573
	<hr/>	<hr/>
	(128,287,694)	(34,857,106)
	<hr/> <hr/>	<hr/> <hr/>

9. Finance costs	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Interest expense on:		
- Loans and borrowings	-	6,261
- Lease liabilities	51,684	100,184
	<hr/>	<hr/>
	51,684	106,445
Unwinding of discount on provisions	2,079	3,222
	<hr/>	<hr/>
Total finance costs	53,763	109,667
	<hr/> <hr/>	<hr/> <hr/>

10. Income tax expense

The major components of income tax expense recognised in profit or loss for the six-month periods ended 30 June 2023 and 2022 were:

	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Current tax:		
- Current year	4,360,568	8,157,526
Deferred tax:		
- Origination and reversal of temporary differences	(1,451,005)	(14,741)
	<hr/>	<hr/>
Income tax expense recognised in profit or loss	2,909,563	8,142,785
	<hr/> <hr/>	<hr/> <hr/>

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

10. Income tax expense (cont'd)

Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the six-month periods ended 30 June 2023 and 2022 were as follows:

	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Loss before tax	(115,335,200)	(33,831,362)
Tax at the domestic rates applicable to countries where the Group operates	3,503,160	6,010,520
Adjustments:		
Non-deductible expenses	317,124	519,328
Income not subject to taxation	(789,073)	(863,518)
Deferred tax assets not recognised	1,361,679	2,067,769
Benefits from previously unrecognised tax losses	(1,597,454)	–
Others	114,127	408,686
Income tax expense recognised in profit or loss	2,909,563	8,142,785

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction. The Group principally operates in Taiwan and Japan, which have prevailing corporate tax rates of 20% and 36.8%, respectively.

11. Earnings per share

Basic earnings per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Loss attributable to owners of the Company (US\$)	(118,244,763)	(41,974,147)
Weighted average number of ordinary shares outstanding for basic earnings per share computation	37,923,882	37,923,882
Basic earnings per share computation (US\$ per share)	(3.12)	(1.11)

Diluted earnings per share are similar to basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial period.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

12. Property, plant and equipment

	Office equipment US\$	Leasehold improvements US\$	Construction in progress US\$	Total US\$
Cost				
At 1 January 2022	1,338,866	1,650,565	–	2,989,431
Additions	268,355	9,286	160,420	438,061
Disposals	(506,951)	(1,457,797)	–	(1,964,748)
Transfer	–	152,735	(152,735)	–
Exchange differences	(112,808)	(122,039)	(243)	(235,090)
At 31 December 2022 and 1 January 2023	987,462	232,750	7,442	1,227,654
Additions	15,993	–	948,150	964,143
Disposals	(539,714)	–	–	(539,714)
Transfer	355,300	585,039	(940,339)	–
Exchange differences	(22,809)	(19,956)	(251)	(43,016)
At 30 June 2023 (Unaudited)	796,232	797,833	15,002	1,609,067
Accumulated depreciation				
At 1 January 2022	622,634	349,164	–	971,798
Depreciation	286,252	211,919	–	498,171
Disposals	(439,300)	(530,083)	–	(969,383)
Exchange differences	(44,772)	(23,949)	–	(68,721)
At 31 December 2022 and 1 January 2023	424,814	7,051	–	431,865
Depreciation	140,112	63,532	–	203,644
Disposals	(199,970)	–	–	(199,970)
Exchange differences	(11,235)	(1,956)	–	(13,191)
At 30 June 2023 (Unaudited)	353,721	68,627	–	422,348
Net carrying amount				
At 31 December 2022 (Audited)	562,648	225,699	7,442	795,789
At 30 June 2023 (Unaudited)	442,511	729,206	15,002	1,186,719

The property, plant and equipment were not pledged to others as collaterals.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

13. Leases

The Group has lease contracts for buildings and motor vehicles. Leases of buildings generally have lease terms between 2 to 4 years, while motor vehicles generally have lease terms of 3 years. The Group is restricted from assigning and subleasing the leased assets. There are no externally imposed covenants on these lease agreements.

The Group also has certain leases of billboards with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

(a) *Right-of-use assets*

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

	Buildings US\$	Motor vehicles US\$	Total US\$
At 1 January 2022	8,114,534	–	8,114,534
Additions	1,406,808	73,352	1,480,160
Disposals	(4,968,251)	–	(4,968,251)
Depreciation	(2,088,371)	(4,075)	(2,092,446)
Exchange differences	(683,551)	(2,181)	(685,732)
At 31 December 2022 and 1 January 2023	1,781,169	67,096	1,848,265
Additions	2,587,982	–	2,587,982
Disposals	(72,637)	–	(72,637)
Depreciation	(838,225)	(11,903)	(850,128)
Exchange differences	(107,580)	(701)	(108,281)
At 30 June 2023 (Unaudited)	3,350,709	54,492	3,405,201

The disposals of right-of-use assets during the financial year ended 31 December 2022 relates mainly to the Group's relocation of its office premises in Taiwan.

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

13. Leases (cont'd)

(b) **Lease liabilities**

The carrying amount of lease liabilities and the movements during the year are as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
At 1 January	1,932,482	9,069,417
Additions	2,376,130	1,480,160
Disposals	(76,579)	(5,307,247)
Accretion of interest	51,684	164,210
Payments	(791,382)	(3,018,333)
Exchange differences	(104,667)	(455,725)
	<hr/>	<hr/>
At 30 June 2023/31 December 2022	3,387,668	1,932,482
	<hr/>	<hr/>
Current	1,614,677	920,219
Non-current	1,772,991	1,012,263
	<hr/>	<hr/>
	3,387,668	1,932,482
	<hr/>	<hr/>

The disposals of lease liabilities during the financial year ended 31 December 2022 relates mainly to the Group's relocation of its office premises in Taiwan.

(c) **Amounts recognised in profit or loss**

The amounts recognised in profit or loss in relation to leases are as follows:

	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Depreciation of right-of-use assets	850,128	2,092,446
Interest expense on lease liabilities	51,684	100,184
Expense relating to short-term leases (included in general and administrative expenses)	49,302	15,451
	<hr/>	<hr/>

(d) **Total cash outflows**

For the six-month periods ended 30 June 2023 and 30 June 2022, the Group's total cash outflows for leases were US\$840,684 and US\$1,455,000 respectively.

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

**Notes to financial statements
For the six-month period ended 30 June 2023**

14. Intangible assets

	Exclusive right to operate 17 app in Japan US\$	Trademarks US\$	Technology US\$	Goodwill US\$	User base US\$	Domain US\$	Total US\$
Cost							
At 1 January 2022	11,900,000	554,090	7,411,539	101,192,913	7,557,942	192,068	128,808,552
Additions	–	–	–	–	117,267	350,591	467,858
Exchange differences	–	(3,710)	–	–	(19,035)	(56,865)	(79,610)
At 31 December 2022 and 1 January 2023	11,900,000	550,380	7,411,539	101,192,913	7,656,174	485,794	129,196,800
Exchange differences	–	(1,156)	–	–	(21,807)	(49,909)	(72,872)
At 30 June 2023 (Unaudited)	11,900,000	549,224	7,411,539	101,192,913	7,634,367	435,885	129,123,928
Accumulated amortisation and impairment							
At 1 January 2022	7,753,029	537,050	7,411,539	77,204,319	7,442,726	35,381	100,384,044
Amortisation	2,163,636	1,796	–	–	29,305	106,223	2,300,960
Exchange differences	–	8,149	–	–	(2,703)	(36,778)	(31,332)
At 31 December 2022 and 1 January 2023	9,916,665	546,995	7,411,539	77,204,319	7,469,328	104,826	102,653,672
Amortisation	1,081,819	487	–	–	24,368	227,163	1,333,837
Exchange differences	–	(1,118)	–	–	(8,464)	(42,891)	(52,473)
At 30 June 2023 (Unaudited)	10,998,484	546,364	7,411,539	77,204,319	7,485,232	289,098	103,935,036
Net carrying amount							
At 31 December 2022	1,983,335	3,385	–	23,988,594	186,846	380,968	26,543,128
At 30 June 2023 (Unaudited)	901,516	2,860	–	23,988,594	149,135	146,787	25,188,892

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements For the six-month period ended 30 June 2023

14. Intangible assets (cont'd)

The intangible assets were not pledged to others as collaterals.

Amortisation expense

The amortisation expense of intangible assets is included in “General and administrative expenses” in profit or loss.

As of 30 June 2023, exclusive right has a remaining amortisation of less than one year.

Impairment testing of goodwill for year ended 31 December 2022

Goodwill acquired through business combinations has been allocated to cash-generating units (“CGU”) for impairment testing as follows:

- 17LIVE Japan Inc. (“17LIVE Japan”)
- Next Entertainment Global Holding (“MeMe”)
- Ichi Nana Inc. (“Ichi Nana”)

The carrying amounts of goodwill allocated to each CGU are as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
17LIVE Japan	23,988,594	23,988,594
MeMe	-	-
Ichi Nana	-	-
	23,988,594	23,988,594

17LIVE Japan

For 17LIVE Japan, the recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The key assumptions used for value-in-use calculations are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
17LIVE Japan:		
Gross margin	50.00%	50.00%
Terminal growth rate	0.80%	0.80%
Pre-tax discount rate	25.00%	25.00%

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflect specific risks relating to the CGU.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

14. Intangible assets (cont'd)

Impairment testing of goodwill (cont'd)

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for 17LIVE Japan, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

MeMe

Impairment loss recognised

In the previous financial years, goodwill relating to the MeMe CGU, which amounted to US\$10,594,732, had been fully impaired.

Ichi Nana

Impairment loss recognised

In the previous financial years, goodwill relating to the Ichi Nana CGU, which amounted to US\$66,609,587, had been fully impaired.

15. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities during the financial period/year were as follows

	30 June 2023 (Unaudited)			
	1 January	Recognised in profit or loss	Net exchange differences	30 June
	US\$	US\$	US\$	US\$
Deferred tax assets:				
Temporary differences:				
Business tax	494,458	(85,254)	(37,369)	371,835
Accrued expenses	1,037,741	442,686	(122,278)	1,358,149
Unrealised exchange gain	–	580,338	(11,044)	569,294
Others	5,614	(2,179)	(338)	3,097
	1,537,813	935,591	(171,029)	2,302,375
Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange loss	263,035	(264,432)	1,397	–
Business combination	460,133	(250,982)	–	209,151
Others	132,422	–	(11,618)	120,804
	855,590	(515,414)	(10,221)	329,955

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

15. Deferred tax assets and liabilities (cont'd)

	31 December 2022 (Audited)			
	1 January US\$	Recognised in profit or loss US\$	Net exchange differences US\$	31 December US\$
Deferred tax assets:				
Temporary differences:				
Business tax	563,213	3,955	(72,710)	494,458
Accrued expenses	1,541,437	(308,496)	(195,200)	1,037,741
Other	90,124	(68,420)	(16,090)	5,614
	<u>2,194,774</u>	<u>(372,961)</u>	<u>(284,000)</u>	<u>1,537,813</u>
Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange loss	291,889	(61)	(28,793)	263,035
Business combination	962,096	(501,963)	–	460,133
Others	152,039	–	(19,617)	132,422
	<u>1,406,024</u>	<u>(502,024)</u>	<u>(48,410)</u>	<u>855,590</u>

The expiration dates of tax losses are as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Within 5 years	2,977,009	1,072,920
5 to 10 years	47,972,556	50,719,140
More than 10 years	224,274	620,002
No expiry date	5,709,405	6,550,862
	<u>56,883,244</u>	<u>58,962,924</u>
Unutilised tax losses not recognised as deferred tax assets	56,883,244	58,962,924

A breakdown of the Group's tax losses by country is as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Taiwan	49,921,704	50,719,140
Others	6,961,540	8,243,784
	<u>56,883,244</u>	<u>58,962,924</u>

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements For the six-month period ended 30 June 2023

15. Deferred tax assets and liabilities (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of US\$56,883,244 (31 December 2022: US\$58,962,924) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Tax losses in the United States of America cannot be carried forward if there is a change in controlling shareholder, while there are no similar restrictions imposed by the tax authorities in Taiwan or Hong Kong.

Tax losses for companies in Taiwan can be carried forward for 10 years and tax losses for companies in Hong Kong have no expiry dates.

16. Other current assets

Other current assets mainly pertain to income tax receivable.

17. Trade and other receivables

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Trade receivables	20,232,561	24,133,554
Less: Allowance for expected credit losses	(899,046)	(1,270,309)
	19,333,515	22,863,245
Restricted deposits	301,396	284,977
Receivable from issuance of preference shares	657,295	710,411
Sales tax receivable	124,125	26,422
Other receivables	135,460	168,619
	20,551,791	24,053,674

Trade receivables

Trade receivables are non-interest bearing and are generally on 20 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Restricted deposits

Restricted deposits consist of term deposits placed with banks with maturity of more than 3 months.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

17. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses for trade receivables computed based on lifetime ECL was as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
At 1 January	1,270,309	1,374,897
Written back	–	(1,756)
Written off	(356,404)	(16,928)
Exchange differences	(14,859)	(85,904)
	<hr/>	<hr/>
At 30 June/31 December	899,046	1,270,309

No allowance for ECL has been recognised in respect of the six-month period ended 30 June 2023 and financial year ended 31 December 2022 as management has determined that the allowance for ECL is insignificant.

The ageing analysis and ECLs for trade receivables are as follows:

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Gross carrying amount US\$	Loss allowance provision US\$	Gross carrying amount US\$	Loss allowance provision US\$
Current	19,311,646	–	22,226,326	–
Less than 30 days	10	–	583,363	–
31 to 90 days	15,523	–	40,454	–
91 to 120 days	1,364	–	–	–
More than 120 days	904,018	899,046	1,283,411	1,270,309
	<hr/>	<hr/>	<hr/>	<hr/>
	20,232,561	899,046	24,133,554	1,270,309

The movement in allowance for expected credit losses for other receivables computed based on 12-month ECL was as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
At 1 January	260,384	316,729
Written off	–	(56,345)
	<hr/>	<hr/>
At 30 June/31 December	260,384	260,384

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

**Notes to financial statements
For the six-month period ended 30 June 2023**

18. Cash and cash equivalents

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Cash on hand	155,544	108,218
Cash at banks	39,710,388	39,151,091
	<u>39,865,932</u>	<u>39,259,309</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

19. Trade and other payables

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Trade payables	28,105,525	33,747,088
Other payables	9,380,832	7,756,687
Accrued operating expenses	6,692,387	9,297,042
Sales tax payable	2,184,368	7,527,780
Withholding income tax	896,866	715,320
	<u>47,259,978</u>	<u>59,043,917</u>

Trade payables are non-interest bearing and are normally settled on 45 to 60 days' terms.

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

20. Financial liabilities at fair value through profit or loss

	30 June 2023 (Unaudited) US\$	31 December 2022 (Audited) US\$
Current items:		
Warrants	1,009,000	1,009,000
Add: Fair value adjustment	14,000	(422,000)
	1,023,000	587,000
Preference shares	–	209,004,900
Add: Fair value adjustment	–	1,510,556
	–	210,515,456
	1,023,000	211,102,456
Non-current items:		
Preference shares	209,004,900	–
Add: Fair value adjustment	128,744,491	–
	337,749,391	–

The Group recognised a net revaluation loss on financial liabilities at fair value through profit or loss of US\$127,649,235 and US\$38,013,667, and other comprehensive (loss)/gain of US\$(20,700) and US\$1,900 for changes in credit risk on financial liabilities at fair value through profit or loss for the six-month periods ended 30 June 2023 and 30 June 2022 respectively.

Warrants

The transaction and contract information of warrants is as follows:

- (a) In August 2017, concurrent with the Facility Loan, warrants were issued by the Company which can be subscribed for a total of \$225,000 worth of fully paid Series B preference shares or to receive cash consideration. The warrants will expire ten years after the date of the issuance.

Warrants are exercisable at the option of the holder any time before the expiration date, for all or any part of the shares of warrant (but not for a fraction of a share) that may be purchased.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

20. Financial liabilities at fair value through profit or loss (cont'd)

Warrants (cont'd)

- (b) In August 2017 and March 2018, concurrent with the drawdown of Facility A and Facility B Loans, warrants were issued by the Company which can be purchased for a total of \$450,000 and \$600,000 worth of the same type of shares issued in the upcoming financing round.

The warrants will expire six years after the date of the issuance. The warrants are exercisable at the option of the holder, if and when an upcoming financing occurs on or before the expiration date, for all or any part of the shares of warrant (but not for a fraction of a share) that may be purchased.

- (c) In January 2020, concurrent with the drawdown of Facility C Loans, warrants were issued by the Company and the warrants can be purchased for a total of \$700,000 worth of the same type of shares issued in the upcoming financing round.

The warrants will expire five years after the date of the issuance. The warrants are exercisable at the option of the holder, if and when an upcoming financing occurs on or before the expiration date, for all or any part of the shares of warrant (but not for a fraction of a share) that may be purchased.

Preference shares

The transaction and contract information of preference shares are as follows:

- (a) In March 2017, the Group issued 73,610,098 shares of Series A convertible redeemable preference shares (the "Series A Shares") to facilitate the share swap for the acquisition of Ichi Nana Inc.
- (b) In August 2017 and December 2017, the Company issued 25,199,948 shares of Series B convertible redeemable preference shares (the "Series B Shares") at \$1.2964 per share for cash consideration of US\$32,669,213.
- (c) On 16 November 2018 and 28 February 2019, the Company entered into a Subscription Agreement to allot and issue 16,927,635 and 4,780,000 Series C convertible redeemable preference shares (the "Series C Shares") for a total consideration of US\$20,000,000 and US\$5,647,570, respectively.
- (d) In April, July, and September 2020, the Company issued 22,222,217 shares of Series D convertible redeemable preference shares (the "Series D Shares") at US\$1.26 per share for a total consideration of US\$28,000,000.
- (e) On 1 January 2020, the Company issued 9,964,361 shares and 1,107,156 holdback shares of Series AA convertible non-redeemable preference shares (the "Series AA Shares") at US\$1.2263 per share to acquire 100% shareholding of Next Entertainment Global Holding.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements For the six-month period ended 30 June 2023

20. Financial liabilities at fair value through profit or loss (cont'd)

Preference shares (cont'd)

The rights, preferences and privileges of the preference shares are as follows:

Redemption rights

- (a) If a qualified initial public offering has not occurred before the 3rd year anniversary of the Series D shares issuance date, holders of any Series A, B, C and D Shares may request redemption of the preference shares of such series. On receipt of a redemption request from the holders, the Company shall redeem all or part, as requested, of the outstanding preference shares of such series.
- (b) The redemption prices of the Series A, B, C and D Shares shall be the entry price and issuance price respectively plus compounded interest of 8% per annum computed on the entry price and issuance price commencing from the relevant subscription date for such Series A, B, C and D Shares.
- (c) The shareholders of Series AA Shares have no redemption rights to the Company based on the signed agreement. However, based on the Shareholders' Agreement of the Company, the Company is obliged to redeem all or part of Series AA Shares at the applicable amount at any time on and after the occurrence of a "Liquidation Event". The requirement for the Company to deliver cash to the shareholders of Series AA Shares upon the occurrence of a "Liquidation Event" may be beyond the control of the Company, which caused the Company not having the unconditional right to avoid delivering cash to settle Series AA Shares. As a result, the Company accounted for the Series AA Shares as financial liabilities.

Liquidation Event is defined as (a) a liquidation, winding up or dissolution of the Company; (b) a merger, consolidation, acquisition or sale or other transaction or series related transactions of the Company where the shareholders do not retain control of and a majority of the voting power in the surviving corporation; (c) a Trade Sale; or (d) an exclusive licensing of all or substantially all Intellectual Property Rights belonging to the Group.

- (d) During the six-month period ended 30 June 2023, the redemption rights of all series of preference shares have been extended to 31 December 2025.

Conversion rights

- (a) Each preference share is convertible, at the option of the holder, at any time after the date of issuance of such preference shares (other than Series AA Share, which contains only automatic conversion term subject to point (c) below), according to a conversion ratio, subject to adjustments for dilution, including but not limited to stock splits, stock dividends and capitalisation and certain other events. Each preference share is convertible into a number of ordinary shares determined by dividing the applicable original issuance price by the conversion price.
- (b) The conversion ratio of each Series of preference shares were adjusted upon the issuance of the latest preference share.
- (c) Each preference share shall automatically be converted into ordinary shares, at the then applicable preference share conversion price, upon closing of a qualified initial public offering.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

20. Financial liabilities at fair value through profit or loss (cont'd)

Preference shares (cont'd)

Voting rights

- (a) Each preference share (other than Series AA Shares) shall have the same voting rights as an ordinary share and shall carry one vote per preference share and shall be entitled to vote together with the ordinary shares on an "as-if converted" basis on all matters submitted to a vote of the shareholders of the Company. The holders of the preference shares shall be entitled to receive notices of, and attend, speak and vote at, any meetings of the shareholders of the Company.
- (b) The shareholders of Series AA Shares shall not have any voting rights and shall not be entitled to speak or vote at, any meetings of the Shareholders, or act by written consent.

Dividend rights

- (a) The Series A to Series D preference shareholders rank pari passu with each other in relation to claims and/or payment of dividends. The preference shareholders (other than Series AA Shares) shall be entitled to receive, in preference to any dividend on the ordinary shares, non-cumulative dividends for each preference share at the rate equal to 8% of, as the case may be, the Series A preference share issue price, the Series B preference share issue price, the Series C preference share issue price and the Series D preference share issue price, for each respective preferred shareholder. No dividend, whether in cash, in property, in shares in the Company or otherwise may be declared or paid on any other class or series of shares unless and until the preferred dividends are first paid in full.
- (b) The shareholders of Series AA Shares shall be entitled to receive, in preference to any dividend on the ordinary shares, non-cumulative dividends if declared by the Board of Directors. No dividend, whether in cash, in property, in shares in the Company or otherwise may be declared or paid on any other class or series of shares unless and until the preferred dividends are first paid in full.

**APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

17LIVE Inc. and its subsidiaries

**Notes to financial statements
For the six-month period ended 30 June 2023**

20. Financial liabilities at fair value through profit or loss (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	1 January 2023 US\$	Net cash flow US\$	Accretion of interest US\$	Net addition US\$	Non-cash changes		30 June 2023 US\$
					Fair value adjustment US\$	Exchange differences US\$	
Unaudited 30 June 2023							
Lease liabilities	1,932,482	(791,382)	51,684	2,299,551	-	(104,667)	3,387,668
Financial liabilities at fair value through profit or loss:							
- Preference shares	210,515,456	-	-	-	127,233,935	-	337,749,391
- Warrants	587,000	-	-	-	436,000	-	1,023,000
Audited 31 December 2022							
Long term loans (including current portion)	1,164,988	(1,166,666)	1,678	-	-	-	-
Lease liabilities	9,069,417	(3,018,333)	164,210	(3,827,087)	-	(455,725)	1,932,482
Financial liabilities at fair value through profit or loss:							
- Preference shares	154,948,006	-	-	-	55,567,450	-	210,515,456
- Warrants	295,000	-	-	-	292,000	-	587,000

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

21. Share-based payments

Employee share option plan

The employee share option plan commenced in March 2017, upon the closing of the share swap among the Company, Paktor Pte. Ltd. (“Paktor”) and Ichi Nana Inc. Under a share swap agreement, the Company became the holding company of Paktor and acquired 53.8% interest of Ichi Nana Inc. Pursuant to the agreement, all share options and restricted share units of Paktor and Ichi Nana Inc, vested or unvested, shall be assumed by the Company and converted into share options and restricted share units of the Company, subject to the same terms and conditions that are applicable to Paktor and Ichi Nana Inc’s options and restricted share units (including expiration date, vesting conditions and exercise provisions).

The disposal of Paktor in March 2020 did not have any impact on the outstanding and exercisable (i.e. vested) options or restricted share units. To the extent any options or restricted share units held by Paktor’s employees were vested at the time of the disposal, such employees continued to hold such vested options and restricted share units.

The Company’s share options are subject to a 4-year service vesting condition with 25% of the options becoming vested each year. Based on the terms of the award agreements with the grantees, the awards granted under the employee share option plan can either be equity-settled or cash-settled, at the discretion of the Company. As of 31 December 2022 and 30 June 2023, the Company expects to settle the outstanding share options in shares. Since the commencement of the employee share option plan, there has not been any settlement of share options in cash.

Movement of share options during the financial year

The following table shows the number (No.) and weighted average exercise prices (“WAEP”) of, and movements in, share options during the financial period/year:

	30 June 2023		31 December 2022	
	(Unaudited)		(audited)	
	No.	WAEP	No.	WAEP
		US\$		US\$
Outstanding at 1 January and 30 June/ 31 December	699,997	0.85	699,997	0.85
Exercisable at 30 June/31 December	699,997	0.85	699,997	0.85

No share options were vested, granted, exercised or forfeited during the six-month period ended 30 June 2023 and the financial year ended 31 December 2022.

Fair value of share options granted

The fair value of share options granted is estimated at the date of the grant using a Binomial option-pricing model, taking into account the terms and conditions upon which the options were granted.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

21. Share-based payments (cont'd)

Fair value of share options granted (cont'd)

The following table lists the inputs to the Binomial option pricing model for the six-month period ended 30 June 2023 and the financial year ended 31 December 2022.

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Share price at grant date (US\$)	0.4164	0.4164
Expected volatility (%)	48	48
Expected life of option (years)	4	4
Risk-free interest rate (% p.a.)	0.85	0.85

Restricted share units

The Company's restricted share units are subject to a 2 to 4 year vesting condition with 12.5% and 25% becoming vested after the first year and the remaining being vested evenly over the remaining periods between 12 to 36 months. The restricted share units granted by the Company can only be settled by shares.

In 2020, the Company granted restricted share units to its employees subject to certain Initial Public Offering and corporate transaction conditions and becoming vested after fulfilling the condition. The restricted share units granted by the Company can only be settled by shares. As at 30 June 2023, no restricted share units were vested.

The Company's restricted share units are subject to the achievement of performance incentives, and vest based on the incentive for each year.

Movement of restricted share units during the financial period/year

The following table shows the movements in restricted share units during the financial period/year:

	2023 Number of units (Unaudited)	2022 Number of units (Audited)
Outstanding at 1 January	28,291,482	40,901,923
- Granted	484,908	3,067,378
- Forfeited	(1,540,429)	(15,677,819)
Outstanding at 30 June/31 December	27,235,961	28,291,482
Exercisable at 30 June/31 December	23,202,876	22,428,080

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements For the six-month period ended 30 June 2023

21. Share-based payments (cont'd)

Fair value of restricted share units granted

The fair value of restricted shares units was determined using the market approach, making reference to the transaction price of most recent round of financing.

The following table lists the inputs for the fair value measurement of restricted share units for the six-month period ended 30 June 2023 and the financial year ended 31 December 2022.

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Transaction price (US\$)	1.26	1.26

Starting from 15 July 2015, the Board of Directors approved the issuance of restricted shares. The relevant information is as follows:

Type of arrangement	Grant date	Share price on grant date	Number of shares/units	Contract periods	Vesting condition
Restricted shares award agreement	2015.07.15~ 2016.12.16	0.4597~ 0.4779	4,550,611	4 years	Service period
Restricted shares award agreement	2018.02.13	0.980	13,942,929	4 years	Service period
Restricted shares award agreement	2018.04.01~ 2019.10.01	0.70~ 0.98099	15,755,122	2-4 years	Service period
Restricted shares award agreement	2020.01.01~ 2020.10.01	0.47	11,523,840	4 years	Service period
Restricted shares award agreement	2020.10.01	0.47	8,626,368	Indefinite	IPO/Corporate transaction
Restricted shares award agreement	2020.10.01	0.47	7,057,937	4 years	Performance incentive
Restricted shares award agreement	2021.01.01~ 2021.12.13	0.56	3,155,856	4 years	Service period
Restricted shares award agreement	2022.01.01~ 2022.12.1	0.29	3,067,378	4 years	Service period
Restricted shares award agreement	2023.01.01~ 2023.06.30	0.43	484,908	4 years	Service period

The expenses incurred on share-based payment transactions for the six-month periods ended 30 June 2023 and 30 June 2022 amounted to US\$351,601 and US\$470,486 respectively.

Subsequent to 30 June 2023, on 5 September 2023, the Company and one of its original founders entered into an agreement to waive the Company's further obligations under a share repurchase agreement, as well as the original founder's rights to the 699,997 share options and 699,997 restricted share units held by him, for an aggregate consideration of US\$1,920,000. The effects of this transaction have not been adjusted for in these financial statements.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

22. Share capital

	Number of shares ('000)	US\$
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	37,924	3,792

The par value of the ordinary shares is US\$0.0001 per share.

23. Share premium

Share premium pertains to the difference between the par value of the ordinary shares and the consideration paid for the repurchase of ordinary shares or the exercise of the restricted share units.

24. Other reserves

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Share-based payment reserve	16,295,545	15,943,944
Foreign currency translation reserve	(6,465,590)	(5,255,241)
Fair value reserve	(214,500)	(193,800)
Reorganisation reserve	(12,505,384)	(12,505,384)
	(2,889,929)	(2,010,481)

(a) Share-based payment reserve

Share-based payment reserve represent the equity settled share options and restricted shares units granted to employees. The reserve is made up of the cumulative value of services rendered by employees recorded over vesting period commencing from grant date and is reduced by the expiry or exercise of the share options or restricted share units.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Fair value reserve

The change in credit risk of financial liabilities at fair value through profit or loss are recorded in the fair value reserve.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

24. Other reserves (cont'd)

(d) Reorganisation reserve

In March 2017, under a share swap agreement, all the existing shareholders of Paktor exchanged their respective shares, including all of the ordinary and preference shares, for equivalent classes of shares of the Company on a 1 for 1.98 basis. The share swap agreements were regarded as a reorganisation of entities. The difference between the carrying amount of the Company and Paktor were recorded under reorganisation reserve.

25. Related party transactions

Key management compensation

	30 June 2023 US\$ (Unaudited)	30 June 2022 US\$ (Unaudited)
Salaries and other short-term employee benefits	397,340	557,658
Share-based payment	152,490	160,685
	549,830	718,253

26. Pledged assets

The Group's assets pledged as collateral are as follows:

	Book value		Purpose
	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)	
Guarantee deposits	3,490,677	3,696,046	Restricted deposits pursuant to Japanese Payment Services Act
Restricted deposits	301,396	284,977	Restricted deposits for credit cards
	3,792,073	3,981,023	

27. Segment information

For management's purpose, the Group is organised into two operating business segments, namely:

- (a) Live streaming; and
- (b) Others, which include the business from live-commerce and Wave App.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

27. Segment information (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

	30 June 2023 (Unaudited)			
	Live streaming US\$	Others US\$	Unallocated US\$	Total US\$
Revenue from external customers	147,582,779	3,401,749	-	150,984,528
Results:				
Revaluation loss on financial liabilities	-	-	(127,649,235)	(127,649,235)
Depreciation and amortisation	(1,063,728)	(23,020)	(1,300,861)	(2,387,609)
Finance costs	(43,031)	-	(10,732)	(53,763)
Income tax credit/(expense)	841,342	-	(3,750,905)	(2,909,563)
Profit/(loss) before income tax	20,520,408	153,321	(136,008,929)	(115,335,200)
Assets:				
Additions to non-current assets	3,539,956	2,722	9,447	3,552,125
Segment assets	43,364,787	4,404,012	51,556,227	99,325,026
Segment liabilities	52,026,243	1,811,084	347,810,699	401,648,026

	30 June 2022 (Unaudited)			
	Live streaming US\$	Others US\$	Unallocated US\$	Total US\$
Revenue from external customers	197,464,291	2,957,124	-	200,421,415
Results:				
Revaluation loss on financial liabilities	-	-	(38,013,667)	(38,013,667)
Depreciation and amortisation	(1,415,825)	(8,247)	(1,319,735)	(2,743,806)
Finance costs	(100,702)	-	(8,965)	(109,667)
Income tax expense	(874,221)	-	(7,268,564)	(8,142,785)
Profit/(loss) before income tax	17,532,259	(554,545)	(50,809,076)	(33,831,362)

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

27. Segment information (cont'd)

	31 December 2022 (Audited)			
	Live streaming US\$	Others US\$	Unallocated US\$	Total US\$
Assets:				
Additions to non-current assets	1,212,201	23,716	1,150,162	2,386,079
Segment assets	52,671,386	3,933,990	46,824,125	103,429,501
<hr/>				
Segment liabilities	57,142,617	1,637,230	227,848,443	286,628,290

The Group's revenue and gross profit in local currency for Japan and Taiwan are as follows:

In local currency	30 June 2023 (Unaudited)		30 June 2022 (Unaudited)	
	JPY	TWD	JPY	TWD
Revenue	13,981,106,407	1,167,412,843	17,183,197,540	1,288,420,371
Gross profit	7,022,141,925	259,001,800	6,652,079,890	226,392,646

Reconciliations

Segment assets are reconciled to total assets as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Segment assets for reportable segments	43,364,787	52,671,386
Other segment assets	4,404,012	3,933,990
<hr/>		
Total segment assets	47,768,799	56,605,376
<hr/>		
Unallocated:		
Property, plant and equipment	136,097	152,173
Right-of-use assets	591,855	857,940
Intangible assets	25,108,551	26,231,087
Deferred tax assets	1,733,081	1,530,606
Cash and cash equivalents	21,740,360	14,705,722
Trade and other receivables	745,183	816,714
Prepaid operating expenses	461,745	533,337
Other current assets	656,242	1,577,075
Others	383,113	419,471
<hr/>		
Total assets	99,325,026	103,429,501

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

27. Segment information (cont'd)

Reconciliations (cont'd)

The unallocated intangible assets mainly consist of goodwill, which is not allocated to any reportable segment, in view that the carrying value of goodwill arose from the acquisition of 17LIVE Japan, which is principally engaged in activities across the Group's segments.

The unallocated trade and other receivables mainly consist of receivable from the issuance of preference shares which is not allocated to any segments.

Segment liabilities are reconciled to total liabilities as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Segment liabilities for reportable segments	52,026,243	57,142,617
Other segment liabilities	1,811,084	1,637,230
Total segment liabilities	53,837,327	58,779,847
Unallocated:		
Trade and other payables	4,383,976	9,166,104
Income tax payable	3,349,033	5,623,923
Financial liabilities at fair value through profit or loss	338,772,391	211,102,455
Provisions	319,057	341,485
Other current liabilities	43,001	163,541
Deferred tax liabilities	329,955	592,555
Lease liabilities	613,286	858,380
Total liabilities	401,648,026	286,628,290

Geographical information

	30 June 2023 (Unaudited)			
	Japan US\$	Taiwan US\$	Others US\$	Total US\$
Revenue	103,851,658	38,216,427	8,916,443	150,984,528
Gross profit	52,160,470	8,478,683	2,419,759	63,058,912
Non-current assets	936,106	3,525,007	25,319,699	29,780,812

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

27. Segment information (cont'd)

Geographical information (cont'd)

	30 June 2022			
	(Unaudited)			
	Japan	Taiwan	Others	Total
	US\$	US\$	US\$	US\$
Revenue	140,197,709	44,888,566	15,335,140	200,421,415
Gross profit	54,274,320	7,887,520	3,320,120	65,481,960

	31 December 2022			
	(Audited)			
	Japan	Taiwan	Others	Total
	US\$	US\$	US\$	US\$
Non-current assets	1,258,984	590,210	27,337,988	29,187,182

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the consolidated balance sheet.

28. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability. Regarding the convertible debentures payable and preference shares liabilities issued by the Group without active market is included in Level 3.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

28. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the reporting date:

	30 June 2023 (Unaudited)			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets measured at fair value through profit or loss				
Warrants	-	-	1,023,000	1,023,000
Preference shares	-	-	337,749,391	337,749,391
Total	-	-	338,772,391	338,772,391

	31 December 2022 (Audited)			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets measured at fair value through profit or loss				
Warrants	-	-	587,000	587,000
Preference shares	-	-	210,515,456	210,515,456
Total	-	-	211,102,456	211,102,456

There was no transfer between Level 1 and Level 2 for the six-month period ended 30 June 2023 and for the financial year ended 31 December 2022.

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The fair values of warrants are determined using the Black–Scholes pricing model where the significant unobservable input is expected volatility. An increase in the expected volatility used in isolation would result in an increase in the fair value.

The fair value of convertible and redeemable preference shares was determined using the market approach and taking into consideration factors such as market volatility, successful exit and liquidation transaction.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

28. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using unobservable inputs (Level 3):

	30 June 2023 Range (Unaudited)	31 December 2022 Range (Audited)
Preference shares:		
– Risk-free rate	5.5%	4.3%
– Volatility	69.0%	76.0%
Warrants:		
– Risk-free rate	4.8% to 5.5%	4.2% to 4.8%
– Volatility	46.1% to 75.0%	68.0% to 89.4%

The following table shows the impact on the Level 3 fair value measurement of liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

				30 June 2023 Recognised in profit or loss	
				Favourable change US\$ (Unaudited)	Unfavourable change US\$ (Unaudited)
	Input	Change			
Preference shares	Risk-free rate	±1%		112,000	(108,631)
Preference shares	Volatility	±1%		26,617	(37,761)
Warrant	Risk-free rate	±1%		7,000	(10,000)
Warrant	Volatility	±1%		6,000	(7,000)
				31 December 2022 Recognised in profit or loss	
				Favourable change US\$ (Audited)	Unfavourable change US\$ (Audited)
	Input	Change			
Preference shares	Risk-free rate	±1%		163,545	(159,114)
Preference shares	Volatility	±1%		116,097	(120,601)
Warrant	Risk-free rate	±1%		8,000	(8,000)
Warrant	Volatility	±1%		7,000	(8,000)

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

28. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 liabilities measured at fair value

The following table presents the reconciliation for all liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Financial liabilities at fair value through profit or loss	
	2023	2022
	US\$	US\$
	(Unaudited)	(Audited)
At 1 January	211,102,456	155,243,006
Revaluation loss on financial liabilities	127,649,235	55,860,150
Change in credit risks through other comprehensive income	20,700	(700)
	<hr/>	<hr/>
At 30 June/31 December	<u>338,772,391</u>	<u>211,102,456</u>

(iii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and IFRS 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(c) Assets and liabilities not measured at fair value

Trade and other receivables, cash and cash equivalents, other current assets, trade and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

29. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The board of directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the management team. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 180 days or there is significant difficulty of the counterparty.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

Information regarding loss allowance movement and credit risk exposure on trade receivables is disclosed in Note 18.

Excessive risk concentration

There is no significant concentration of credit risk relating to the Group's trade receivables.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of financial assets recognised in the consolidated balance sheets.

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages and maintains adequate cash and cash equivalents to finance the Group's operations.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	30 June 2023 (Unaudited)			
	Less than 1 year US\$	1 to 3 years US\$	3 to 5 years US\$	Total US\$
Financial liabilities				
Trade and other payables	44,178,744	-	-	44,178,744
Lease liabilities	1,679,843	1,799,197	-	3,479,040
Preference shares	-	295,230,828	-	295,230,828
Warrants	1,023,000	-	-	1,023,000
Total net undiscounted financial liabilities	46,881,587	297,030,025	-	343,911,612
	31 December 2022 (Audited)			
	Less than 1 year US\$	1 to 3 years US\$	3 to 5 years US\$	Total US\$
Financial liabilities				
Trade and other payables	50,800,817	-	-	50,800,817
Lease liabilities	971,692	1,024,362	7,072	2,003,126
Preference shares	243,566,268	-	-	243,566,268
Warrants	587,000	-	-	587,000
Total net undiscounted financial liabilities	295,925,777	1,024,362	7,072	296,957,211

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

29. Financial risk management objectives and policies (cont'd)

(c) Foreign exchange risk

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, primarily Hong Kong Dollar ("HKD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Change in USD rate	Effect on loss before tax	
		30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
USD/HKD	+1%	(28,117)	(76,773)
	-1%	28,685	78,324

30. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Financial assets measured at amortised cost		
Trade and other receivables	20,427,666	24,027,252
Cash and cash equivalents	39,865,932	39,259,309
Guarantee deposits	3,490,677	3,696,046
	63,784,275	66,982,607
Financial liabilities measured at amortised cost		
Trade and other payables	44,178,744	50,800,817
	44,178,744	50,800,817

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements For the six-month period ended 30 June 2023

31. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to improve the Group's capital structure, the Group may issue new shares or sell assets to reduce debt rate. The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total liabilities divided by total assets.

As at 30 June 2023 and 31 December 2022, the Group's debt ratios are as follows:

	30 June 2023 US\$ (Unaudited)	31 December 2022 US\$ (Audited)
Total assets	99,325,026	103,429,501
Total liabilities	401,648,026	286,628,290
Debt ratio	4.04	2.77

32. Investments in subsidiaries

The Group has the following investments in subsidiaries as at 30 June 2023 and 31 December 2022:

Name of subsidiary	Country of incorporation	Principal activities	Ownership (%)		Note
			30.6.2023	31.12.2022	
Ichi Nana Inc.	British Virgin Islands	Live streaming	100	100	–
17LIVE Japan Inc.	Japan	Live streaming	100	100	–
17 Media SG Pte. Ltd.	Singapore	Live streaming	–	100	(a)
Next Entertainment Global Holding	Cayman Islands	Live streaming	100	100	–
Together Production LLC*	Taiwan	Movie production and copyright holder	Note	Note	–
Together Interactive Entertainment Limited*	Taiwan	Entertainment agent	Note	Note	–
Together Interactive Media Limited*	Taiwan	Entertainment agent	Note	Note	–
Together Universal Entertainment Limited*	Taiwan	Entertainment agent	Note	Note	–
Together International Entertainment Limited*	Taiwan	Entertainment agent	Note	Note	–
LIVIT Business Ltd.*	Taiwan	Entertainment agent	Note	Note	–
HandsUp Inc.	Taiwan	Online retailing	100	100	–
Wave Inc.	Taiwan	Live streaming	100	100	–
Next Entertainment Inc.	Taiwan	Live streaming and gaming	100	100	–
17LIVE Services Inc.	Taiwan	Technical services	100	100	–
17LIVE (SEA) Pte. Ltd.	Singapore	Live streaming	100	100	–
17LIVE Ltd.	Hong Kong	Live streaming	100	100	–
Next Entertainment (Hong Kong) Limited	Hong Kong	Live streaming	100	100	–

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements For the six-month period ended 30 June 2023

32. Investments in subsidiaries (cont'd)

Subsidiaries included in the consolidated financial statements (cont'd):

Name of subsidiary	Country of incorporation	Principal activities	Ownership (%)		Note
			30.6.2023	31.12.2022	
17LIVE (USA) Corp.	United States of America	Live streaming	100	100	–
Liontrek Entertainment India Pvt. Ltd.	India	Live streaming	100	100	–
17LIVE (Taiwan) Limited	Taiwan	Live streaming	100	100	–
Machipopo Co., Ltd.	Japan	Entertainment agent	100	100	–
M17 (USA) LLC	United States of America	Live streaming	100	100	–
MyMai Inc.*	Taiwan	Online retailing	Note	Note	–
Next Entertainment Limited	British Virgin Islands	Live streaming	100	100	–
Empower Next Limited*	Taiwan	E-sport team	Note	Note	–
Next Entertainment Science & Technology (Beijing) Co., Ltd	People's Republic of China	Live streaming	100	100	–
Beijing Future Quyu Technology Co. Ltd.*	People's Republic of China	Live streaming	–	Note	(b)
Shenzhen Juli Future Network Technology Co., Ltd*	People's Republic of China	Live streaming	–	Note	(c)
Next Entertainment Inc.	Taiwan	Entertainment agent	100	100	–

Note: As of 30 June 2023, these entities were held by other individual owners. The Group has yet to complete the legal process to acquire the ownership interests of these entities due to local regulation. The Group and the individual owners have entered into contractual agreements giving the Group the power to direct the relevant activities and the ability to use its power to affect variable returns. The operating activities and the finance function are also controlled by the Group. Management has assessed that the Group has control over these entities and the Group has included the results of these entities in the consolidated financial statements. As of 30 June 2023 and 31 December 2022, total assets from these entities amounted to \$337,287 and \$355,752, representing 0.34% and 0.34% of total consolidated assets. For the six-month period ended 30 June 2023 and financial year ended 31 December 2022, total comprehensive income from these entities amounted to \$(65,041) and \$959,120, representing 0.05% and (1.74)% of total comprehensive income.

- (a) The subsidiary was de-registered in January 2023 and had already completed the liquidation process.
- (b) The subsidiary was dissolved in April 2023 and had already completed the liquidation process.
- (c) The subsidiary was dissolved in March 2023 and had already completed the liquidation process.

APPENDIX B: INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

17LIVE Inc. and its subsidiaries

Notes to financial statements
For the six-month period ended 30 June 2023

33. Events occurring after the reporting period

On 2 October 2023, Vertex Technology Acquisition Corporation Ltd (“VTAC”), a special purpose acquisition company incorporated as a Cayman Islands exempted company with limited liability and listed on the Mainboard of the Singapore Exchange Securities Trading Limited, entered into a conditional sale and purchase agreement (the “SPA”) with, among others, the Company (as the target) and 17LIVE Holding Limited (“17LIVE Holdco”) (as the seller). Pursuant to the SPA, VTAC will acquire the entire issued and paid-up share capital of the Company from 17LIVE Holdco. The SPA contains customary representations, warranties and covenants by the parties thereto and the Completion (as defined in the SPA) is subject to certain conditions as further described in the SPA.

In connection with but not conditional on the completion of the Proposed Acquisition of the Group by VTAC, on 20 October 2023, the Company’s shareholders approved, by way of an Extraordinary General Meeting, the conversion of the warrants and preference shares of the Group, which aggregated to US\$211,102,456, into equity. The conversion is expected to be take place before the completion of the Proposed Acquisition.

34. Authorisation of financial statements for issue

The consolidated financial statements for the six-month period ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 9 November 2023.

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**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

Index	Page
Independent Auditor's Report	C-2
Unaudited Pro Forma Consolidated Statements of Comprehensive Income	C-5
Unaudited Pro Forma Consolidated Balance Sheet	C-6
Unaudited Pro Forma Consolidated Statements of Cash Flows	C-8
Statement of Adjustments for the Unaudited Pro Forma Consolidated Statements of Comprehensive Income	C-10
Statement of Adjustments for the Unaudited Pro Forma Consolidated Balance Sheet	C-14
Statement of Adjustments for the Unaudited Pro Forma Consolidated Statements of Cash Flows	C-18
Notes to the Unaudited Pro Forma Consolidated Financial Information	C-24

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED
FINANCIAL INFORMATION OF VERTEX TECHNOLOGY ACQUISITION CORPORATION LTD
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND THE
SIX-MONTH PERIOD ENDED 30 JUNE 2023**

The Board of Directors
Vertex Technology Acquisition Corporation Ltd
250 North Bridge Road
#11-01 Raffles City Tower
Singapore 179101

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Vertex Technology Acquisition Corporation Ltd (the "Company") and 17LIVE Inc. (the "Target Company") and its subsidiaries (collectively, the "Target Group", and together with the Company, the "Enlarged Group") by management in connection with the Company's proposed acquisition of the Target Group (the "Proposed Acquisition").

The pro forma financial information consists of the pro forma consolidated balance sheets as at 31 December 2022 and 30 June 2023, the pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2022 and the six-month period ended 30 June 2023, the pro forma consolidated statements of cash flows for the financial year ended 31 December 2022 and the six-month period ended 30 June 2023, and related notes as set out in pages C-5 to C-28 of the Circular issued by the Company. The applicable criteria on the basis of which management has compiled the pro forma financial information are described in Note 3.

The pro forma financial information has been compiled by management to illustrate the impact of the events set out in Note 2 on the Enlarged Group's financial position as at 31 December 2022 and 30 June 2023 as if the events had taken place on 31 December 2022 and 30 June 2023, respectively; and its financial performance and cash flows for the financial year ended 31 December 2022 and the six-month period ended 30 June 2023 as if the events had taken place on 1 January 2022.

As part of this process, information about the Enlarged Group's financial position, financial performance and cash flows has been extracted by management from the following:

- (a) Audited financial statements of the Company for the financial year ended 31 December 2022, on which an audit report has been published;
- (b) Audited consolidated financial statements of the Target Group for the financial years ended 31 December 2020, 2021 and 2022, on which an audit report has been included within the Circular;
- (c) Unaudited interim financial statements of the Company for the six-month period ended 30 June 2023, on which no review report has been published; and
- (d) Unaudited interim consolidated financial statements of the Target Group for the six-month period ended 30 June 2023, on which a review report has been included within the Circular.

Management's Responsibility for the Pro Forma Financial Information

Management is responsible for compiling the pro forma financial information on the basis as described in Note 3.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED
FINANCIAL INFORMATION OF VERTEX TECHNOLOGY ACQUISITION CORPORATION LTD
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND THE
SIX-MONTH PERIOD ENDED 30 JUNE 2023 (CONT'D)**

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply *Singapore Standard on Quality Control 1* and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by management on the basis as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the pro forma financial information on the basis as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction on 1 January 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (i) The related pro forma adjustments give appropriate effect to those criteria; and
- (ii) The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgement, having regard to the practitioner's understanding of the nature of the Enlarged Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**INDEPENDENT AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED
FINANCIAL INFORMATION OF VERTEX TECHNOLOGY ACQUISITION CORPORATION LTD
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND THE
SIX-MONTH PERIOD ENDED 30 JUNE 2023 (CONT'D)**

Auditor's Responsibilities (cont'd)

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion,

- (e) The unaudited pro forma consolidated financial information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Enlarged Group, which are in accordance with International Financial Reporting Standards;
 - (ii) on the basis of the applicable criteria stated in Note 3 to the pro forma consolidated financial information; and
- (f) each material adjustment made to the information used in the preparation of the pro forma financial information is appropriate for the purpose of preparing such unaudited pro forma financial information.

Restriction on Distribution and Use

This report has been prepared solely for inclusion in the Circular of the Company to be issued in connection with the Company's Proposed Acquisition of the Target Group.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
9 November 2023

Partner-in-charge: Sharon Peh

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND THE SIX-MONTH PERIOD
ENDED 30 JUNE 2023**

(Amounts expressed in United States Dollars)

	6 months ended 30.6.2023 US\$	Year ended 31.12.2022 US\$
Operating revenue	150,984,528	363,717,850
Cost of revenue	(87,925,616)	(237,568,755)
Gross profit	63,058,912	126,149,095
Operating expenses		
Selling expenses	(24,315,104)	(64,435,048)
General and administrative expenses	(12,963,225)	(25,523,838)
Research and development expenses	(13,517,949)	(27,312,262)
Total operating expenses	(50,796,278)	(117,271,148)
Operating income	12,262,634	8,877,947
Non-operating income and expenses		
Other gains and losses		
- Revaluation gain on financial liabilities	639,657	5,900,465
- Others	1,560,676	(33,276,466)
Finance income, net	2,200,333	(27,376,001)
	3,018,183	2,607,421
Total non-operating income and expenses	5,218,516	(24,768,580)
Profit/(loss) before income tax	17,481,150	(15,890,633)
Income tax expense	(3,140,295)	(8,409,904)
Profit/(loss) for the period/year attributable to owners of the Company	14,340,855	(24,300,537)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Foreign currency translation	(1,210,349)	(3,951,456)
Other comprehensive income for the period/year, net of tax	(1,210,349)	(3,951,456)
Total comprehensive income for the period/year attributable to owners of the Company	13,130,506	(28,251,993)
Basic and diluted earnings per share	0.06	(0.11)

The accompanying accounting policies and explanatory notes form an integral part of the unaudited pro forma consolidated financial information.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2022 AND 30 JUNE 2023**

(Amounts expressed in United States Dollars)

	30.6.2023	31.12.2022
	US\$	US\$
ASSETS		
Non-current assets		
Property, plant and equipment	1,186,719	795,789
Right-of-use assets	3,405,201	1,848,265
Intangible assets	25,188,892	26,543,128
Deferred tax assets	2,302,375	1,537,813
Guarantee deposits	3,490,677	3,696,046
Total non-current assets	35,573,864	34,421,041
Current assets		
Prepaid operating expenses	2,582,602	3,376,020
Short-term investments	159,170,447	157,280,550
Other current assets	751,940	2,325,918
Trade and other receivables	20,551,791	24,053,674
Cash and cash equivalents	26,988,996	26,875,783
Total current assets	210,045,776	213,911,945
Total assets	245,619,640	248,332,986
LIABILITIES		
Current liabilities		
Trade and other payables	45,864,687	59,443,818
Contract liabilities	6,860,310	7,273,934
Financial liabilities at fair value through profit or loss	1,470,625	2,118,236
Income tax payable	3,903,055	5,518,326
Lease liabilities	1,614,677	920,219
Provisions	855,409	893,360
Other current liabilities	407,506	106,744
Total current liabilities	60,976,269	76,274,637
Net current assets	149,069,507	137,637,308
Non-current liabilities		
Deferred tax liabilities	329,955	855,590
Lease liabilities	1,772,991	1,012,263
Provisions	359,504	164,036
Total non-current liabilities	2,462,450	2,031,889
Total liabilities	63,438,719	78,306,526

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2022 AND 30 JUNE 2023 (CONT'D)**

(Amounts expressed in United States Dollars)

	30.6.2023	31.12.2022
	US\$	US\$
Equity		
Share capital	21,203,421	21,383,501
Share premium	520,679,716	394,301,886
Other reserves	(2,889,929)	(2,010,481)
Accumulated deficit	(356,812,287)	(243,648,446)
	182,180,921	170,026,460
Total equity		
	245,619,640	248,332,986
Total liabilities and equity	245,619,640	248,332,986

The accompanying accounting policies and explanatory notes form an integral part of the unaudited pro forma consolidated financial information.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND THE SIX-MONTH PERIOD
ENDED 30 JUNE 2023**

(Amounts expressed in United States Dollars)

	6 months ended 30.6.2023 US\$	Year ended 31.12.2022 US\$
Operating activities		
Profit/(loss) before income tax	17,481,150	(15,890,633)
Adjustments for:		
Depreciation expense	1,053,772	2,590,617
Amortisation expense	1,333,837	2,300,960
Loss on disposal of property, plant and equipment	339,744	995,365
Share-based payments	351,601	840,238
Revaluation gain on financial liabilities	(639,657)	(5,900,464)
Finance income	(3,071,947)	(2,779,370)
Finance costs	53,763	171,948
Gain on termination of leases	(3,942)	(338,996)
Professional fees in relation to the Proposed Acquisition	–	14,486,261
Listing expense in relation to the Proposed Acquisition	–	22,560,644
Operating cash flows before changes in working capital	16,898,321	19,036,570
Changes in working capital		
Trade and other receivables	3,501,883	10,189,372
Prepaid operating expenses	793,446	1,081,843
Other current assets	1,573,978	107,348
Trade and other payables	(13,576,038)	(24,282,505)
Other current liabilities	300,762	(94,276)
Contract liabilities	(413,624)	(2,708,938)
Provisions	(37,951)	(881,374)
Cash flows from operations	9,040,777	2,448,040
Interest paid	–	(4,583)
Income tax paid	(5,383,534)	(14,008,601)
Net cash flows generated from/(used in) operating activities	3,657,243	(11,565,144)
Investing activities		
Interest received	3,165,311	1,547,736
Purchase of short-term investments	(2,987,162)	(155,978,429)
Cash deposited in escrow account	(182,473)	(331,666)
Decrease in financial assets at fair value through profit or loss	–	108,813
Purchase of property, plant and equipment	(964,143)	(438,061)
Purchase of intangible assets	–	(467,858)
Increase in guarantee deposits	205,369	(50,897)
Professional fees paid in relation to the Proposed Acquisition	–	(15,122,187)
Net cash flows used in investing activities	(763,098)	(170,732,549)

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND THE SIX-MONTH PERIOD
ENDED 30 JUNE 2023 (CONT'D)**

(Amounts expressed in United States Dollars)

	6 months ended 30.6.2023 US\$	Year ended 31.12.2022 US\$
Financing activities		
Proceeds from issuance of Sponsor Promote shares	–	18,593
Proceeds from issuance of redeemable shares	–	132,177,593
Proceeds from issuance of Sponsor IPO shares	–	22,273,368
Payment of offering expenses relating to redeemable shares	–	(2,326,289)
Proceeds from issuance of private placement warrants	–	5,939,565
Repayments of principal portion of lease liabilities	(739,698)	(2,854,123)
Repayment of loans and borrowings	–	(1,166,666)
Interest paid	(51,684)	(164,210)
Net cash flows (used in)/generated from financing activities	(791,382)	153,897,831
Net increase/(decrease) in cash and cash equivalents	2,102,763	(28,399,862)
Net foreign exchange difference	(1,840,205)	(4,146,867)
Cash and cash equivalents at beginning of financial period/year	26,543,965	59,090,846
Cash and cash equivalents at end of financial period/year	26,806,523	26,544,117

The accompanying accounting policies and explanatory notes form an integral part of the unaudited pro forma consolidated financial information.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in United States Dollars)

	Unaudited Financial Statements of the Company 30.6.2023 US\$	Unaudited Financial Statements of the Target Group 30.6.2023 US\$	Pro Forma Adjustments ⁽¹⁾ US\$	Unaudited Pro Forma Consolidated Statement of Comprehensive Income 30.6.2023 US\$
Operating revenue	–	150,984,528	–	150,984,528
Cost of revenue	–	(87,925,616)	–	(87,925,616)
Gross profit	–	63,058,912	–	63,058,912
Operating expenses				
Selling expenses	–	(24,315,104)	–	(24,315,104)
General and administrative expenses	(743,623)	(12,219,602)	–	(12,963,225)
Research and development expenses	–	(13,517,949)	–	(13,517,949)
Total operating expenses	(743,623)	(50,052,655)	–	(50,796,278)
Total operating income and expense	(743,623)	13,006,257	–	12,262,634
Non-operating income and expenses				
Other gains and losses				
- Revaluation (loss)/gain on financial liabilities	639,657	(127,649,235)	127,649,235 (ii)	639,657
- Others	1,451,433	(638,459)	747,702 (i), (iii)	1,560,676
Finance income/(costs), net	2,091,090 1,620,513	(128,287,694) (53,763)	128,396,937 1,451,433 (i)	2,200,333 3,018,183
Total non-operating income and expenses	3,711,603	(128,341,457)	129,848,370	5,218,516
Profit/(loss) before income tax	2,967,980	(115,335,200)	129,848,370	17,481,150
Income tax expense	(230,732)	(2,909,563)	–	(3,140,295)
Profit/(loss) for the period attributable to owners of the Company	2,737,248	(118,244,763)	129,848,370	14,340,855

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in United States Dollars)

	Unaudited Financial Statements of the Company 30.6.2023 US\$	Unaudited Financial Statements of the Target Group 30.6.2023 US\$	Pro Forma Adjustments ⁽¹⁾ US\$	Unaudited Pro Forma Consolidated Statement of Comprehensive Income 30.6.2023 US\$
Other comprehensive income: <i>Items that may be reclassified to profit or loss</i>				
Foreign currency translation	–	(1,210,349)	–	(1,210,349)
Change in credit risk of financial liabilities at fair value through profit or loss	–	(20,700)	20,700 (ii)	–
Other comprehensive income for the period, net of tax	–	(1,231,049)	20,700	(1,210,349)
Total comprehensive income for the period attributable to owners of the Company	2,737,248	(119,475,812)	129,869,070	13,130,506
Basic and diluted earnings per share	0.46	(3.12)		0.06

Note to the Pro Forma Adjustments:

- (1) The pro forma adjustments relate to:
- (i) Reversal of interest expense on redeemable shares of the Company US\$1,451,433 and reversal of modification gain on redeemable shares of the Company of US\$1,451,433
 - (ii) Reversal of the revaluation loss on warrants and preference shares of the Target Group aggregating to US\$127,649,235 and changes in credit risk of warrants and preference shares of the Target Group of US\$20,700
 - (iii) Reversal of professional fees accrued and/or paid during the six-month period ended 30 June 2023 in relation to the Proposed Acquisition, which amounted to US\$2,199,135, and which are deemed to have been incurred on 1 January 2022

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

(Amounts expressed in United States Dollars)

	Audited Financial Statements of the Company 31.12.2022 US\$	Audited Financial Statements of the Target Group 31.12.2022 US\$	Pro Forma Adjustments⁽²⁾ US\$	Unaudited Pro Forma Consolidated Statement of Comprehensive Income 31.12.2022 US\$
Operating revenue	–	363,717,850	–	363,717,850
Cost of revenue	–	(237,568,755)	–	(237,568,755)
Gross profit	–	126,149,095	–	126,149,095
Operating expenses				
Selling expenses	(124,218)	(64,310,830)	–	(64,435,048)
General and administrative expenses	(1,121,826)	(24,402,012)	–	(25,523,838)
Research and development expenses	–	(27,312,262)	–	(27,312,262)
Total operating expenses	(1,246,044)	(116,025,104)	–	(117,271,148)
Total operating income and expense	(1,246,044)	10,123,991	–	8,877,947
Non-operating income and expenses				
Other gains and losses				
- Revaluation gain/(loss) on financial liabilities	5,900,465	(55,860,150)	55,860,150 (iii)	5,900,465
- Others	725,321	3,045,118	(37,046,905) (i), (iv)	(33,276,466)
Finance income/(costs), net	6,625,786 159,823	(52,815,032) (171,948)	18,813,245 2,619,546 (ii)	(27,376,001) 2,607,421
Total non-operating income and expenses	6,785,609	(52,986,980)	21,432,791	(24,768,580)
Profit/(loss) before income tax	5,539,565	(42,862,989)	21,432,791	(15,890,633)
Income tax expense	(256,062)	(8,153,842)	–	(8,409,904)
Profit/(loss) for the year attributable to owners of the Company	5,283,503	(51,016,831)	21,432,791	(24,300,537)

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

(Amounts expressed in United States Dollars)

	Audited Financial Statements of the Company 31.12.2022 US\$	Audited Financial Statements of the Target Group 31.12.2022 US\$	Pro Forma Adjustments⁽²⁾ US\$	Unaudited Pro Forma Consolidated Statement of Comprehensive Income 31.12.2022 US\$
Other comprehensive income: <i>Items that may be reclassified to profit or loss</i>				
Foreign currency translation	–	(3,951,456)	–	(3,951,456)
Change in credit risk of financial liabilities at fair value through profit or loss	–	700	(700) (iii)	–
Other comprehensive income for the year, net of tax	–	(3,950,756)	(700)	(3,951,456)
Total comprehensive income for the year attributable to owners of the Company	5,283,503	(54,967,587)	21,432,091	(28,251,993)
Basic and diluted earnings per share	1.21	(1.35)		(0.11)

Note to the Pro Forma Adjustments:

- ⁽²⁾ The pro forma adjustments relate to:
- (i) The effects of the reverse takeover accounting for the Proposed Acquisition, including the issuance of Sponsor Promote shares, with a resultant listing expense of US\$22,560,644
 - (ii) Reversal of interest expense on redeemable shares of the Company of US\$2,619,546
 - (iii) Reversal of the revaluation loss on warrants and preference shares of the Target Group aggregating to US\$55,860,150 and changes in credit risk of warrants and preference shares of the Target Group of US\$700
 - (iv) Total estimated professional fees in relation the Proposed Acquisition amounting to US\$15,122,187, of which US\$14,486,261 has been recognised in profit or loss, and US\$635,926 has been offset against share premium

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
BALANCE SHEET
AS AT 30 JUNE 2023**

(Amounts expressed in United States Dollars)

	Unaudited Financial Statements of the Company 30.6.2023 US\$	Unaudited Financial Statements of the Target Group 30.6.2023 US\$	Pro Forma Adjustments ⁽³⁾ US\$	Unaudited Pro Forma Consolidated Statement of Financial Position 30.6.2023 US\$
ASSETS				
Non-current assets				
Property, plant and equipment	–	1,186,719	–	1,186,719
Right-of-use assets	–	3,405,201	–	3,405,201
Intangible assets	–	25,188,892	–	25,188,892
Deferred tax assets	–	2,302,375	–	2,302,375
Guarantee deposits	–	3,490,677	–	3,490,677
Total non-current assets	–	35,573,864	–	35,573,864
Current assets				
Prepaid operating expenses	1,103	2,581,499	–	2,582,602
Short-term investments	159,170,447	–	–	159,170,447
Other current assets	–	751,940	–	751,940
Trade and other receivables	–	20,551,791	–	20,551,791
Cash and cash equivalents	1,807,477	39,865,932	(14,684,413) (i), (iv)	26,988,996
Total current assets	160,979,027	63,751,162	(14,684,413)	210,045,776
Total assets	160,979,027	99,325,026	(14,684,413)	245,619,640
LIABILITIES				
Current liabilities				
Trade and other payables	384,511	47,259,978	(1,779,802) (iv)	45,864,687
Contract liabilities	–	6,860,310	–	6,860,310
Financial liabilities at fair value through profit or loss	1,470,625	1,023,000	(1,023,000) (iii)	1,470,625
Financial liabilities at amortised cost	129,734,723	–	(129,734,723) (ii)	–
Income tax payable	487,750	3,415,305	–	3,903,055
Lease liabilities	–	1,614,677	–	1,614,677
Provisions	–	855,409	–	855,409
Other current liabilities	–	407,506	–	407,506
Total current liabilities	132,077,609	61,436,185	(132,537,525)	60,976,269
Net current assets	28,901,418	2,314,977	117,853,112	149,069,507

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
BALANCE SHEET
AS AT 30 JUNE 2023 (CONT'D)**

(Amounts expressed in United States Dollars)

	Unaudited Financial Statements of the Company 30.6.2023 US\$	Unaudited Financial Statements of to the Target Group 30.6.2023 US\$	Pro Forma Adjustments ⁽³⁾ US\$	Unaudited Pro Forma Consolidated Statement of Financial Position 30.6.2023 US\$
Non-current liabilities				
Financial liabilities at fair value through profit or loss	–	337,749,391	(337,749,391)	–
Deferred tax liabilities	–	329,955	–	329,955
Lease liabilities	–	1,772,991	–	1,772,991
Provisions	–	359,504	–	359,504
Total non-current liabilities	–	340,211,841	(337,749,391)	2,462,450
Total liabilities	132,077,609	401,648,026	(470,286,916)	63,438,719
Equity				
Share capital	21,811,463	3,792	(611,834)	21,203,421
Share premium	–	25,409,440	495,270,276	520,679,716
Other reserves	–	(2,889,929)	–	(2,889,929)
Accumulated deficit	7,089,955	(324,846,303)	(39,055,939)	(356,812,287)
Total equity	28,901,418	(302,323,000)	455,602,503	182,180,921
Total liabilities and equity	160,979,027	99,325,026	(14,684,413)	245,619,640

Notes to the Pro Forma Adjustments:

- ⁽³⁾ The pro forma adjustments relate to:
- (i) The effects of the reverse takeover accounting for the Proposed Acquisition, including the issuance of Sponsor Promote shares, with a resultant listing expense of US\$19,678,856
 - (ii) Conversion of all of the redeemable shares of the Company of US\$129,734,723 into equity
 - (iii) Conversion of the warrants and preference shares of the Target Group aggregating to US\$338,772,391 into equity
 - (iv) Total estimated professional fees in relation to the Proposed Acquisition of US\$15,122,187, which are deemed to have been incurred and settled in cash. US\$14,486,261 has been recognised in profit or loss, and US\$635,926 has been offset against share premium.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
BALANCE SHEET
AS AT 31 DECEMBER 2022**

(Amounts expressed in United States Dollars)

	Audited Financial Statements of the Company 31.12.2022 US\$	Audited Financial Statements of the Target Group 31.12.2022 US\$	Pro Forma Adjustments⁽⁴⁾ US\$	Unaudited Pro Forma Consolidated Statement of Financial Position 31.12.2022 US\$
ASSETS				
Non-current assets				
Property, plant and equipment	–	795,789	–	795,789
Right-of-use assets	–	1,848,265	–	1,848,265
Intangible assets	–	26,543,128	–	26,543,128
Deferred tax assets	–	1,537,813	–	1,537,813
Guarantee deposits	–	3,696,046	–	3,696,046
Total non-current assets	–	34,421,041	–	34,421,041
Current assets				
Prepaid operating expenses	6,461	3,369,559	–	3,376,020
Short-term investments	157,280,550	–	–	157,280,550
Other current assets	–	2,325,918	–	2,325,918
Trade and other receivables	–	24,053,674	–	24,053,674
Cash and cash equivalents	2,720,068	39,259,309	(15,103,594) (i), (iv)	26,875,783
Total current assets	160,007,079	69,008,460	(15,103,594)	213,911,945
Total assets	160,007,079	103,429,501	(15,103,594)	248,332,986
LIABILITIES				
Current liabilities				
Trade and other payables	399,901	59,043,917	–	59,443,818
Contract liabilities	–	7,273,934	–	7,273,934
Financial liabilities at fair value through profit or loss	2,118,236	211,102,456	(211,102,456) (iii)	2,118,236
Financial liabilities at amortised cost	130,805,715	–	(130,805,715) (ii)	–
Income tax payable	262,555	5,255,771	–	5,518,326
Lease liabilities	–	920,219	–	920,219
Provisions	–	893,360	–	893,360
Other current liabilities	–	106,744	–	106,744
Total current liabilities	133,586,407	284,596,401	(341,908,171)	76,274,637
Net current assets/(liabilities)	26,420,672	(215,587,941)	326,804,577	137,637,308

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
BALANCE SHEET
AS AT 31 DECEMBER 2022 (CONT'D)**

(Amounts expressed in United States Dollars)

	Audited Financial Statements of the Company 31.12.2022 US\$	Audited Financial Statements of the Target Group 31.12.2022 US\$	Pro Forma Adjustments ⁽⁴⁾ US\$	Unaudited Pro Forma Consolidated Statement of Financial Position 31.12.2022 US\$
Non-current liabilities				
Deferred tax liabilities	–	855,590	–	855,590
Lease liabilities	–	1,012,263	–	1,012,263
Provisions	–	164,036	–	164,036
Total non-current liabilities	–	2,031,889	–	2,031,889
Total liabilities	133,586,407	286,628,290	(341,908,171)	78,306,526
Equity				
Share capital	21,991,522	3,792	(611,813)	21,383,501
Share premium	–	25,409,440	368,892,446	394,301,886
Other reserves	–	(2,010,481)	–	(2,010,481)
Accumulated deficit	4,429,150	(206,601,540)	(41,476,056)	(243,648,446)
Total equity	26,420,672	(183,198,789)	326,804,577	170,026,460
Total liabilities and equity	160,007,079	103,429,501	(15,103,594)	248,332,986

Notes to the Pro Forma Adjustments:

- ⁽⁴⁾ The pro forma adjustments relate to:
- (i) The effects of the reverse takeover accounting for the Proposed Acquisition, including the issuance of Sponsor Promote shares, with a resultant listing expense of US\$22,560,644
 - (ii) Conversion of all of the redeemable shares of the Company of US\$130,805,715 into equity
 - (iii) Conversion of the warrants and preference shares of the Target Group aggregating to US\$211,102,456 into equity
 - (iv) Total estimated professional fees in relation to the Proposed Acquisition amounting to US\$15,122,187 which are deemed to have been incurred and settled in cash. US\$14,486,261 has been recognised in profit or loss, and US\$635,926 has been offset against share premium.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in United States Dollars)

	Unaudited Financial Statements of the Company 30.6.2023 US\$	Unaudited Financial Statements of the Target Group 30.6.2023 US\$	Pro Forma Adjustments⁽⁵⁾ US\$		Unaudited Pro Forma Consolidated Statement of Cash Flows 30.6.2023 US\$
Operating activities					
Profit/(loss) before income tax	2,967,980	(115,335,200)	129,848,370	(i), (ii), (iii)	17,481,150
Adjustments for:					
Depreciation expense	–	1,053,772	–		1,053,772
Amortisation expense	–	1,333,837	–		1,333,837
Loss on disposal of property, plant and equipment	–	339,744	–		339,744
Share-based payments	–	351,601	–		351,601
Revaluation loss/(gain) on financial liabilities	(639,657)	127,649,235	(127,649,235)	(ii)	(639,657)
Finance income	(3,071,947)	–	–		(3,071,947)
Finance costs	1,451,433	53,763	(1,451,433)	(i)	53,763
Gain on termination of leases	–	(3,942)	–		(3,942)
Modification gain on redeemable shares	(1,451,433)	–	1,451,433	(i)	–
Professional fees in relation to the Proposed Acquisition	664,236	1,534,899	(2,199,135)	(iii)	–
Operating cash flows before changes in working capital	(79,388)	16,977,709	–		16,898,321
Changes in working capital					
Trade and other receivables	–	3,501,883	–		3,501,883
Prepaid operating expenses	5,386	788,060	–		793,446
Other current assets	–	1,573,978	–		1,573,978
Trade and other payables	(257,200)	(13,318,838)	–		(13,576,038)
Other current liabilities	–	300,762	–		300,762
Contract liabilities	–	(413,624)	–		(413,624)
Provisions	–	(37,951)	–		(37,951)
Cash flows (used in)/generated from operations	(331,202)	9,371,979	–		9,040,777
Income tax paid	–	(5,383,534)	–		(5,383,534)
Net cash flows (used in)/generated from operating activities	(331,202)	3,988,445	–		3,657,243

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (CONT'D)**

(Amounts expressed in United States Dollars)

	Unaudited Financial Statements of the Company 30.6.2023 US\$	Unaudited Financial Statements of the Target Group 30.6.2023 US\$	Pro Forma Adjustments⁽⁵⁾ US\$	Unaudited Pro Forma Consolidated Statement of Cash Flows 30.6.2023 US\$
Investing activities				
Interest received	3,165,311	–	–	3,165,311
Purchase of short-term investments	(2,987,162)	–	–	(2,987,162)
Cash deposited in escrow account	(182,473)	–	–	(182,473)
Purchase of property, plant and equipment	–	(964,143)	–	(964,143)
Decrease/(increase) in guarantee deposits	–	205,369	–	205,369
Professional fees paid in relation to the Proposed Acquisition	(419,333)	–	419,333	– (iii)
Net cash flows used in investing activities	(423,657)	(758,774)	419,333	(763,098)
Financing activities				
Repayments of principal portion of lease liabilities	–	(739,698)	–	(739,698)
Interest paid	–	(51,684)	–	(51,684)
Net cash flows used in financing activities	–	(791,382)	–	(791,382)
Net (decrease)/increase in cash and cash equivalents	(754,859)	2,438,289	419,333	2,102,763
Net foreign exchange difference	(8,539)	(1,831,666)	–	(1,840,205)
Cash and cash equivalents at beginning of financial period	2,388,402	39,259,309	(15,103,746)	26,543,965
Cash and cash equivalents at end of financial period	1,625,004	39,865,932	(14,684,413)	26,806,523

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (CONT'D)**

For the purpose of the unaudited pro forma consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Unaudited Financial Statements of the Company 30.6.2023 US\$	Unaudited Financial Statements of the Target Group 30.6.2023 US\$	Pro Forma Adjustments⁽⁵⁾ US\$		Unaudited Pro Forma Consolidated Statement of Cash Flows 30.6.2023 US\$
Cash and cash equivalents	1,807,477	39,865,932	(14,684,413)	(iii)	26,988,996
Less: Cash balances held in escrow account	(182,473)	–	–		(182,473)
Cash and cash equivalents at end of financial period	1,625,004	39,865,932	(14,684,413)		26,806,523

Note to the Pro Forma Adjustments:

- ⁽⁵⁾ The pro forma adjustments relate to:
- (i) Reversal of interest expense on redeemable shares of the Company US\$1,451,433 and reversal of modification gain on redeemable shares of the Company of US\$1,451,433
 - (ii) Reversal of the revaluation loss on warrants and preference shares of the Target Group aggregating to US\$127,649,235 and changes in credit risk of warrants and preference shares of the Target Group of US\$20,700
 - (iii) Reversal of professional fees accrued and/or paid during the six-month period ended 30 June 2023 in relation to the Proposed Acquisition, which amounted to US\$2,199,135. Total estimated professional fees in relation to the Proposed Acquisition amount to US\$15,122,187, which are deemed to have been incurred and settled in cash as of 1 January 2022.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

(Amounts expressed in United States Dollars)

	Audited Financial Statements of the Company 31.12.2022 US\$	Audited Financial Statements of the Target Group 31.12.2022 US\$	Pro Forma Adjustments⁽⁶⁾ US\$		Unaudited Pro Forma Consolidated Statement of Cash Flows 31.12.2022 US\$
Operating activities					
Profit/(loss) before income tax	5,539,565	(42,862,989)	21,432,791	(i), (ii), (iii), (iv)	(15,890,633)
Adjustments for:					
Depreciation expense	–	2,590,617	–		2,590,617
Amortisation expense	–	2,300,960	–		2,300,960
Loss on disposal of property, plant and equipment	–	995,365	–		995,365
Share-based payments	–	840,238	–		840,238
Revaluation loss/(gain) on financial liabilities	(5,900,464)	55,860,150	(55,860,150)	(iii)	(5,900,464)
Finance income	(2,779,370)	–	–		(2,779,370)
Finance costs	2,619,546	171,948	(2,619,546)	(ii)	171,948
Gain on termination of leases	–	(338,996)	–		(338,996)
Professional fees in relation to the Proposed Acquisition	–	–	14,486,261	(iv)	14,486,261
Listing expense in relation to the Proposed Acquisition	–	–	22,560,644	(i)	22,560,644
Operating cash flows before changes in working capital	(520,723)	19,557,293	–		19,036,570
Changes in working capital					
Trade and other receivables	–	10,189,372	–		10,189,372
Prepaid operating expenses	(6,302)	1,088,145	–		1,081,843
Other current assets	–	107,348	–		107,348
Trade and other payables	(573,891)	(23,708,614)	–		(24,282,505)
Other current liabilities	–	(94,276)	–		(94,276)
Contract liabilities	–	(2,708,938)	–		(2,708,938)
Provisions	–	(881,374)	–		(881,374)
Cash flows (used in)/generated from operations	(1,100,916)	3,548,956	–		2,448,040
Interest paid	–	(4,583)	–		(4,583)
Income tax paid	–	(14,008,601)	–		(14,008,601)
Net cash flows used in operating activities	(1,100,916)	(10,464,228)	–		(11,565,144)

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

(Amounts expressed in United States Dollars)

	Audited Financial Statements of the Company 31.12.2022 US\$	Audited Financial Statements of the Target Group 31.12.2022 US\$	Pro Forma Adjustments⁽⁶⁾ US\$		Unaudited Pro Forma Consolidated Statement of Cash Flows 31.12.2022 US\$
Investing activities					
Interest received	1,547,736	–	–		1,547,736
Purchase of short-term investments	(155,978,429)	–	–		(155,978,429)
Cash deposited in escrow account	(331,666)	–	–		(331,666)
Decrease in financial assets at fair value through profit or loss	–	108,813	–		108,813
Purchase of property, plant and equipment	–	(438,061)	–		(438,061)
Purchase of intangible assets	–	(467,858)	–		(467,858)
Increase in guarantee deposits	–	(50,897)	–		(50,897)
Professional fees paid in relation to the Proposed Acquisition	–	–	(15,122,187)	(iv)	(15,122,187)
Net cash flows used in investing activities	(154,762,359)	(848,003)	(15,122,187)		(170,732,549)
Financing activities					
Proceeds from issuance of Sponsor Promote shares	–	–	18,593	(i)	18,593
Proceeds from issuance of Redeemable shares	132,177,593	–	–		132,177,593
Proceeds from issuance of Sponsor IPO shares	22,273,368	–	–		22,273,368
Payment of offering expenses relating to redeemable shares	(2,326,289)	–	–		(2,326,289)
Proceeds from issuance of private placement warrants	5,939,565	–	–		5,939,565
Repayments of principal portion of lease liabilities	–	(2,854,123)	–		(2,854,123)
Repayment of loans and borrowings	–	(1,166,666)	–		(1,166,666)
Interest paid	–	(164,210)	–		(164,210)
Net cash flows generated from/(used in) financing activities	158,064,237	(4,184,999)	18,593		153,897,831
Net increase/(decrease) in cash and cash equivalents	2,200,962	(15,497,230)	(15,103,594)		(28,399,862)
Net foreign exchange difference	187,440	(4,334,307)	–		(4,146,867)
Cash and cash equivalents at beginning of financial year	–	59,090,846	–		59,090,846
Cash and cash equivalents at end of financial year	2,388,402	39,259,309	(15,103,594)		26,544,117

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**STATEMENT OF ADJUSTMENTS FOR THE UNAUDITED PRO FORMA CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

For the purpose of the unaudited pro forma consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Unaudited Financial Statements of the Company 31.12.2022 US\$	Unaudited Financial Statements of the Target Group 31.12.2022 US\$	Pro Forma Adjustments⁽⁶⁾ US\$		Unaudited Pro Forma Consolidated Statement of Cash Flows 31.12.2022 US\$
Cash and cash equivalents	2,720,068	39,259,309	(15,103,594)	(i), (iv)	26,875,783
Less: Cash balances held in escrow account	(331,666)	–	–		(331,666)
Cash and cash equivalents at end of financial year	2,388,402	39,259,309	(15,103,594)		26,544,117

Note to the Pro Forma Adjustments:

- ⁽⁶⁾ The pro forma adjustments relate to:
- (i) The effects of the reverse takeover accounting for the Proposed Acquisition, including the issuance of Sponsor Promote shares, with a resultant listing expense of US\$22,560,644
 - (ii) Conversion of all of the redeemable shares of the Company of US\$130,805,715 into equity
 - (iii) Conversion of the warrants and preference shares of the Target Group aggregating to US\$211,102,456 into equity
 - (iv) Total estimated professional fees in relation to the Proposed Acquisition amounting to US\$15,122,187, which are deemed to have been incurred and paid as of 1 January 2022. US\$14,486,261 has been recognised in profit or loss, and US\$635,926 has been offset against share premium.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

1. Corporate information

Vertex Technology Acquisition Corporation Ltd (the "Company") is incorporated in the Cayman Islands. The address of the Company's registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. As of 31 December 2022 and 30 June 2023, the Company had not commenced any operations.

17LIVE Inc. (the "Target Company") was incorporated as a Cayman Islands exempted company with limited liability on 28 February 2017 under the Companies Act of the Cayman Islands, under the name of M17 Entertainment Limited. On 23 September 2020, the Company changed its name to 17LIVE Inc..

The registered office of the Target Company is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business of the Company is located at 2-chōme-12-28 Kitaoyama, Minato City, Tōkyō-to 107-006.

The Target Company and its subsidiaries (collectively, the "Target Group") are principally engaged in operating live streaming platform. The principal activities of its subsidiaries are disclosed in Note 35 to the audited consolidated financial statements of the Target Group for the financial years ended 31 December 2020, 2021 and 2022 as included in Appendix A of the Circular.

2. Significant events

The unaudited pro forma consolidated financial information has been prepared for inclusion in the Circular to shareholders of the Company in connection with the Proposed Acquisition of the Target Group. The enlarged group of companies comprising the Company and the Target Group, following the completion of the Proposed Acquisition, is collectively known as the Enlarged Group.

The unaudited pro forma consolidated financial information of the Enlarged Group, because of their nature, are not necessarily indicative of the financial position and of the financial performance that would have been attained had the significant events actually occurred earlier. Save as disclosed in this report, management, for the purpose of preparing this set of unaudited pro forma consolidated financial information of the Enlarged Group, have not considered the effects of other events.

Save for the following significant events discussed below, the directors, as at the date of this report, are not aware of other significant events subsequent to 30 June 2023 that would have a significant effect on the Enlarged Group's financial statements.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

2. Significant events (cont'd)

The Proposed Acquisition

On 2 October 2023, the Company announced that it had entered into a conditional Share Purchase Agreement with 17LIVE Holding Limited (the "Vendor"), the Target Company, Mr Lien Chien-Lin, Mr Ng Jing Shen and Mr Kenta Masuda (the "Management Warrantors") and Mr. Phua Jiexian Joseph (the "Founder") to acquire the entire issued share capital of the Target Company for a purchase consideration of US\$682,200,000, which shall be satisfied by (a) the issue and allotment of 160,605,109 new ordinary shares in the capital of the Company to the Vendor at S\$5.00 per share, and (b) subject to the satisfaction of certain financial targets for earnout, the issue and allotment of additional 24,408,000 new ordinary shares in the capital of the Company to the earnout shareholders (the "Proposed Acquisition"). The Proposed Acquisition is subject to the approval of shareholders of the Company at an extraordinary general meeting of the Company.

An addendum to the Share Purchase Agreement was entered into on 26 October 2023 to amend the number of new ordinary shares to 160,162,651.

The Proposed Acquisition would result in a reverse takeover of the Company.

Directly attributable costs related to the Proposed Acquisition is estimated to amount to US\$15,122,187, of which US\$14,486,261 has been recognised in profit or loss, and US\$635,926 has been offset against share premium.

In connection with but not conditional on the completion of the Proposed Acquisition, on 20 October 2023, the Target Company's shareholders approved, by way of an Extraordinary General Meeting, the conversion of the warrants and preference shares of the Target Group, which aggregated to US\$338,772,391 and US\$211,102,456 as of 30 June 2023 and 31 December 2022 respectively, into equity. The conversion is expected to be take place before the completion of the Proposed Acquisition.

3. Basis of preparation of the unaudited pro forma consolidated financial information

- (a) The unaudited pro forma consolidated financial information of the Enlarged Group pursuant to the Proposed Acquisition set out in this report is expressed in United States Dollars ("USD" or "US\$") except as otherwise indicated. The financial information has been prepared for illustrative purposes only. It has been prepared based on certain assumptions and after making certain adjustments to show what:
- (i) the unaudited pro forma consolidated statements of comprehensive income of the Enlarged Group for the financial year ended 31 December 2022 and the six-month period ended 30 June 2023 would have been if the Enlarged Group structure pursuant to the Proposed Acquisition as described in Note 2 had been in place since 1 January 2022;
 - (ii) the unaudited pro forma consolidated statements of financial position of the Enlarged Group as at 31 December 2022 and 30 June 2023 would have been if the Enlarged Group structure pursuant to the Proposed Acquisition as described in Note 2 had been in place on those dates; and

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

3. Basis of preparation of the unaudited pro forma consolidated financial information (cont'd)

(a) (cont'd):

- (iii) the unaudited pro forma consolidated statements of cash flows of the Enlarged Group for the financial year ended 31 December 2022 and the six-month period ended 30 June 2023 would have been if the Enlarged Group structure pursuant to the Proposed Acquisition as described in Note 2 had been in place since 1 January 2022.

The objective of the unaudited pro forma consolidated financial information of the Enlarged Group is to show what the historical financial information would have been had the Enlarged Group structure pursuant to the Proposed Acquisition existed since 1 January 2022. However, the unaudited pro forma consolidated financial information of the Enlarged Group is not necessarily indicative of the financial performance or related effects on the financial position that would have been obtained had the Enlarged Group structure pursuant to the Proposed Acquisition actually existed earlier.

(b) In presenting the unaudited pro forma consolidated financial information of the Enlarged Group, the following key assumptions and adjustments were taken into account:

(i) The Proposed Acquisition

The issuance of 160,162,651 new ordinary shares at S\$5.00 per share in connection with the Proposed Acquisition would result in the Vendor holding a controlling interest in the enlarged share capital of the Company. In accordance with IFRS 3 *Business Combinations*, the acquisition of the Target Company by the Company is accounted for as a reverse acquisition wherein the Target Company is deemed to be the accounting acquirer and the Company the accounting acquiree.

The consideration transferred for the Proposed Acquisition is measured using the quoted market price of the Company's shares on the date of acquisition, multiplied by the 160,162,651 shares expected to be issued. The fair value per share as of 31 December 2022 and 30 June 2023 is assumed to be S\$4.81 per share, based on the quoted market price of the Company's shares as of 2 October 2023, being the date of the Share Purchase Agreement, of S\$4.81.

Directly attributable costs related to the Proposed Acquisition is assumed to be US\$15,122,187, of which US\$14,486,261 has been recognised in profit or loss, and US\$635,926 has been offset against share premium.

(ii) Conversion of redeemable shares of the Company

In connection with the Proposed Acquisition, the redeemable shares of the Company is assumed to be fully converted into equity, and there are no redeeming shareholders. Accordingly, the interest expense on the redeemable shares recognised during the financial period/year have been reversed.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

3. Basis of preparation of the unaudited pro forma consolidated financial information (cont'd)

(b) (cont'd):

(iii) Conversion of warrants and preference shares of the Target Company

In connection with but not conditional on the completion of the Proposed Acquisition, on 20 October 2023, the Target Company's shareholders approved, by way of an Extraordinary General Meeting, the conversion of the warrants and preference shares of the Target Group into equity. Accordingly, the revaluation gains/losses on the warrants and preference shares recognised during the financial period/year have been reversed.

(iv) Issuance of Sponsor Promote shares

In connection with the Proposed Acquisition, 5,096,735 Sponsor Promote shares is expected to be issued for a nominal consideration of S\$25,000 (equivalent to US\$18,593).

(c) The unaudited pro forma consolidated financial information of the Enlarged Group is based on the following:

- (i) the audited financial statements of the Company for the financial year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS");
- (ii) the unaudited interim financial statements of the Company for the six-month period ended 30 June 2023, which have been prepared in accordance with IFRS;
- (iii) the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2022, which have been prepared in accordance with IFRS; and
- (iv) the unaudited interim consolidated financial statements of the Target Group for the six-month period ended 30 June 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The audited financial statements of the Company for the financial year ended 31 December 2022 were audited by KPMG LLP, Public Accountants and Chartered Accountants, Singapore. The independent auditor's report of the aforementioned audited financial statements were not subject to any qualification.

The audited consolidated financial statements of the Target Group for the financial year ended 31 December 2022 were audited by Ernst & Young LLP, Public Accountants and Chartered Accountants, Singapore. The independent auditor's report of the aforementioned audited financial statements were not subject to any qualification.

**APPENDIX C: UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION OF THE ENLARGED GROUP FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022 AND THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

4. Significant accounting policies

The unaudited pro forma consolidated financial information is prepared using the same accounting policies as the audited financial statements of the Company for the financial year ended 31 December 2022, and the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2022 as disclosed in Note 2 to the audited consolidated financial statements of the Target Group for the financial years ended 31 December 2020, 2021 and 2022 as included in Appendix A of the Circular.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION**

OF

**17LIVE GROUP LIMITED
(ADOPTED BY SPECIAL RESOLUTION DATED [] AND EFFECTIVE ON [])**

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
17LIVE GROUP LIMITED**

(ADOPTED BY SPECIAL RESOLUTION DATED [] AND EFFECTIVE ON [])

- 1 The name of the Company is 17Live Group Limited.
- 2 The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as the Directors may decide.
- 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.
- 4 The liability of each Member is limited to the amount unpaid on such Member's shares.
- 5 The share capital of the Company is SGD\$50,000.00 divided into 500,000,000 ordinary shares of a par value of SGD\$0.0001 each.
- 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
- 7 Capitalised terms that are not defined in this Amended and Restated Memorandum of Association bear the respective meanings given to them in the Amended and Restated Articles of Association of the Company.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
17LIVE GROUP LIMITED**

(ADOPTED BY SPECIAL RESOLUTION DATED [] AND EFFECTIVE ON [])

1 Interpretation

1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

"Affiliate" in respect of a person, means any other person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person, and (a) in the case of a natural person, shall include, without limitation, such person's spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, whether by blood, marriage or adoption or anyone residing in such person's home, a trust for the benefit of any of the foregoing, a company, partnership or any natural person or entity wholly or jointly owned by any of the foregoing and (b) in the case of an entity, shall include a partnership, a corporation or any natural person or entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity.

"Applicable Law" means, with respect to any person, all provisions of laws, statutes, ordinances, rules, regulations, permits, certificates, judgments, decisions,

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

	decrees or orders of any governmental authority applicable to such person.
"Articles"	means these amended and restated articles of association of the Company.
"Audit Committee"	means the audit committee of the board of directors of the Company established pursuant to the Articles, or any successor committee.
"Auditor"	means the person for the time being performing the duties of auditor of the Company (if any).
"business day"	means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorised or obligated by law to close in Singapore.
"Chairperson"	shall mean the Chairperson presiding at any meeting of members or of the board of Directors.
"Communication Facilities"	shall mean video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video-communication, internet or online conferencing application or telecommunications facilities by means of which all Persons participating in a meeting are capable of hearing and be heard by each other.
"Company"	means the above named company.
"Company's Website"	means the website of the Company and/or its web-address or domain name (if any).
"Designated Stock Exchange"	means the Singapore Exchange Securities Trading Limited on which the securities of the Company are listed for trading (abbreviation: SGX).
"Directors"	means the directors for the time being of the Company.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

"Dividend"	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Articles.
"Electronic Communication"	<p>means a communication transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person):</p> <p>(a) by means of a telecommunication system; or</p> <p>(b) other means while in an electronic form as otherwise decided and approved by the Directors,</p> <p>such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form.</p>
"Electronic Record"	has the same meaning as in the Electronic Transactions Act.
"Electronic Transactions Act"	means the Electronic Transactions Act (As Revised) of the Cayman Islands.
"Equity-linked Securities"	means any debt or equity securities that are convertible, exercisable or exchangeable for Shares, including but not limited to a private placement of equity or debt.
"Independent Director"	means an independent director of the Company.
"Laws"	means the Statute and every other act of the legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its Memorandum and/or these Articles.
"Market Day"	means a day on which the Designated Stock Exchange is open for trading in securities.
"Member"	has the same meaning as in the Statute.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

"Memorandum"	means the amended and restated memorandum of association of the Company.
"Nominating Committee"	means the nominating committee of the board of directors of the Company established pursuant to the Articles, or any successor committee.
"Officer"	means a person appointed to hold an office in the Company.
"Ordinary Resolution"	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
"Person"	shall mean any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires.
"Present"	shall mean, in respect of any Person, such Person's presence at a general meeting of members, which may be satisfied by means of such Person or, if a corporation or other non-natural Person, its duly authorised representative (or, in the case of any member, a proxy which has been validly appointed by such member in accordance with these Articles), being: (a) physically present at the meeting; or (b) in the case of any meeting at which Communication Facilities are permitted in accordance with these Articles, including any Virtual Meeting, connected by means of the use of such Communication Facilities.
"Register of Members"	means the register of Members maintained in accordance with the Statute and includes (except

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

	where otherwise stated) any branch or duplicate register of Members.
"Registered Office"	means the registered office for the time being of the Company.
"relevant intermediary"	has the meaning ascribed to it in the Singapore Companies Act.
"Remuneration Committee"	means the remuneration committee of the board of directors of the Company established pursuant to the Articles, or any successor committee.
"S\$" or "Singapore Dollars"	means the legal currency of Singapore.
"Seal"	means the common seal of the Company and includes every duplicate seal.
"Share"	means an ordinary share of par value SGD\$0.0001 in the share capital of the Company and includes a fraction of a share.
"Singapore Companies Act"	means the Companies Act 1967 of Singapore.
"Singapore Securities and Futures Act"	means the Securities and Futures Act 2001 of Singapore.
"Special Resolution"	means a resolution that has been passed by a majority of at least three-quarters of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, and includes a unanimous written resolution.
"Statute"	means the Companies Act (As Revised) of the Cayman Islands.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

"telecommunication system"	means any system used or intended to be used for telecommunications.
"telecommunications"	means a transmission, emission or reception of signs, signals, writing, images, sounds or intelligence of any nature by wire, radio, optical or other electro-magnetic systems whether or not such signs, signals, writing, images, sounds or intelligence have been subjected to rearrangement, computation or other processes by any means in the course of their transmission, emission or reception.
"Treasury Share"	means a Share held in the name of the Company as a treasury share in accordance with the Statute.
"Virtual Meeting"	shall mean any general meeting of the members at which the members (and any other permitted participants of such meeting, including, without limitation, the Chairperson of such meeting and any Directors) are permitted to attend and participate solely by means of Communication Facilities.

1.2 In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations as well as any other legal or natural person;
- (d) "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) "shall" shall be construed as imperative and "may" shall be construed as permissive;

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- (f) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced;
- (g) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (h) the term "and/or" is used herein to mean both "and" as well as "or." The use of "and/or" in certain contexts in no respects qualifies or modifies the use of the terms "and" or "or" in others;
- (i) the term "or" shall not be interpreted to be exclusive and the term "and" shall not be interpreted to require the conjunctive (in each case, unless the context otherwise requires);
- (j) headings are inserted for reference only and shall be ignored in construing the Articles;
- (k) any requirements as to delivery under the Articles include delivery in the form of an Electronic Record;
- (l) where the Company is required to record any information in any company records in writing, that requirement may be met by information in the form of an Electronic Record in accordance with the Electronic Transactions Act;
- (m) any requirements as to execution or signature under the Articles including the execution of the Articles themselves can be satisfied in the form of an electronic signature as defined in the Electronic Transactions Act;
- (n) sections 8 and 19(3) of the Electronic Transactions Act shall not apply;
- (o) the expressions "Depositor" and "Depository" shall have the meanings ascribed to them respectively in the Singapore Securities and Futures Act;
- (p) the term "clear days" in relation to the period of a notice means that period excluding the day when the notice is received or

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

deemed to be received and the day for which it is given or on which it is to take effect; and

- (q) the term "holder" in relation to a Share means a person whose name is entered in the Register of Members as the holder of such Share.

2 Commencement of Business

- 2.1 The business of the Company may be commenced as soon after incorporation of the Company as the Directors shall see fit.
- 2.2 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

3 Issue of Shares and other Securities

- 3.1 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred or other rights or restrictions, whether in regard to Dividends or other distributions, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute, the Articles and the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law) vary such rights.
- 3.2 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Company may issue rights, options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Directors may from time to time determine.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- 3.3 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Company may issue units of securities in the Company, which may be comprised of whole or fractional Shares, rights, options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company, upon such terms as the Directors may from time to time determine.
- 3.4 The Company shall not issue Shares to bearer.
- 3.5 Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. The rights attaching to shares of a class other than Shares, including preference shares, shall be as determined by the Directors prior to issuance and must be expressed but subject to such limitations in respect of such class of shares as may be prescribed by the Designated Stock Exchange. The total number of issued preference shares shall not exceed the total number of Shares issued at any time. Provisions 1(a) and (b)
- 3.6 The holders of any preference shares shall have the same rights as the holders of Shares as regards: Provision 1(d)
- (a) the right to receive notices, reports, balance sheets and any financial information provided to Members holding Shares, including any notices of general meetings of the Company; and
 - (b) the right to attend and vote at any general meeting of the Company including any general meeting convened for the purpose of reducing the Company's capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposition to be submitted to the meeting directly affects their rights and privileges or on any proposition when the dividend on the preference shares is in arrear for more than six months.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

- 3.7 The Company has power to issue preference shares ranking equally with, or in priority to, preference shares already issued. Provision 1(c)

4 Register of Members

- 4.1 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.
- 4.2 The Directors may determine that the Company shall maintain one or more branch registers of Members in accordance with the Statute. The Directors may also determine which register of Members shall constitute the principal register and which shall constitute the branch register or registers, and to vary such determination from time to time.
- 4.3 The Directors may determine that a Depository may maintain a branch register of Members in accordance with the Statute and the rules and regulations of the Designated Stock Exchange.

5 Closing Register of Members or Fixing Record Date

- 5.1 The Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose.
- 5.2 If no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Directors resolving to pay such Dividend or other distribution is passed, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

6 Certificates for Shares

- 6.1 Every person whose name is entered as a Member in the Register of Members shall be entitled to receive, within ten Market Days (or such other period as may be approved by the Designated Stock Exchange) of the closing date of any application for Shares or, as the case may be, the date of lodgement of a registrable transfer, one certificate for all such person's shares of any one class or several certificates in reasonable denominations each for a part of the Shares so allotted or transferred. Where such a Member transfers part only of the Shares comprised in a certificate, the old certificate shall be cancelled and a new certificate or certificates for the balance of such Shares issued in lieu thereof and such Member shall pay a maximum fee of S\$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation in respect of such partial transfer as may be prescribed by the Designated Stock Exchange. Provision 2
- 6.2 Share certificates representing Shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and, subject to the Articles, no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
- 6.3 If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing Shares held by such person and request the Company to issue in lieu two or more share certificates representing such Shares in such proportions as such person may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S\$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation as may be prescribed by the Designated Stock Exchange. Provision 2

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- 6.4 The Company shall not be bound to register more than three persons as the registered holders of a Share except in the case of executors or administrators (or trustees) of the estate of a deceased Member. Provision 4(d)
- 6.5 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
- 6.6 Subject to the provisions of the Applicable Law, if a share certificate is defaced, worn out, lost, destroyed or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the Member, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in the case of defacement or wearing out) upon delivery of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a Member or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. Provisions 1(g) and 2
- 6.7 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.
- 6.8 Share certificates shall be issued within the relevant time limit as prescribed by the Statute, if applicable, or as the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law may from time to time determine, whichever is shorter, after the allotment or, except in the case of a Share transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgement of a Share transfer with the Company.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

7 Transfer of Shares

- 7.1 All transfers of the legal title in Shares may be effected by the registered holders thereof by an instrument of transfer in writing in the form for the time being approved by the Designated Stock Exchange or in any other form acceptable to the Directors. The instrument of transfer of any Share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the Shares concerned until the name of the transferee is entered in the Register of Members in respect thereof. Provision 4(a)
- 7.2 The Directors may in their sole discretion refuse to register any instrument of transfer of Shares unless:
- (a) such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof; and Provision 4(b)
 - (b) if the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, evidence satisfactory to the Directors of the like transfer of such right, option, warrant or unit is provided to the Directors.
- 7.3 Save as set out in Article 7.2, there shall be no restriction on the transfer of fully paid Shares except where required by the Applicable Law or the rules and regulations of the Designated Stock Exchange. Provision 4(c)

8 Redemption, Repurchase and Surrender of Shares

- 8.1 Subject to the provisions of the Statute, and, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Company may issue shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company as the Directors may determine prior to the issuance of such shares.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

- 8.2 Subject to the provisions of the Statute and Article 10.2, and, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Company may purchase its own shares (including any redeemable shares) in such manner and on such other terms as the Directors may agree with the relevant Member.
- 8.3 For the avoidance of doubt, subject to, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, redemptions, repurchases and surrenders of shares in the circumstances described in this Article 8 shall not require further approval of the Members (excluding any repurchase of preference shares described in Article 10.2).
- 8.4 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.
- 8.5 The Directors may accept the surrender for no consideration of any fully paid Share.

9 Treasury Shares

- 9.1 The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
- 9.2 The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).
- 9.3 The Company shall not exercise any right in respect of the Treasury Shares save as prescribed by Articles 9.1 and 9.2 above, and the Statute.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

10 Variation of Rights of Shares

- 10.1 Subject to Article 3.1 and 10.2, if at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class (save and except for preference shares (other than redeemable preference shares)) may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued shares of that class where such variation is considered by the Directors not to have a material adverse effect upon such rights. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of shares of the relevant class at a separate meeting of such class held for such purpose. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class Present may demand a poll.
- 10.2 Notwithstanding Articles 8.2 and 10.1, subject to the provisions of the Applicable Law, preference shares (other than redeemable preference shares) may be repaid or repurchased and the special rights attached to preference shares may be altered, varied or abrogated only with the sanction of a Special Resolution passed at a separate class meeting of the preference shareholders concerned (but not otherwise), provided always that where the necessary majority for such a Special Resolution is not obtained at such class meeting, the consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two calendar months of the date of such meeting shall be as valid and effectual as a Special Resolution adopted at such meeting. Provision 5
- 10.3 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or shares issued with preferred or other rights.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

11 Commission on Sale of Shares

The Company may, in so far as the Statute permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any Shares. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

12 Non Recognition of Trusts

The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by the Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the holder.

13 Lien on Shares

- 13.1 The Company shall have a first and paramount lien on every Share (not being a fully paid Share) and dividends from time to time declared in respect of such Shares. Such lien shall be restricted to unpaid calls and instalments upon the specific Shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the Shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any Share shall for some limited period be exempt wholly or partially from the provisions of this regulation. The registration of a transfer of any such Share shall operate as a waiver of the Company's lien thereon. Provision 3(a)
- 13.2 The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been received or deemed to have been received by the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold. Any such Shares on which the Company has a lien or whose call remain unpaid, and which are sold pursuant to this Article

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

will be sold pursuant to procedure for the sale of forfeited Shares as described in Article 15.

13.3 To give effect to any such sale the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The purchaser or such purchaser's nominee shall be registered as the holder of the Shares comprised in any such transfer, and the purchaser shall not be bound to see to the application of the purchase money, nor shall such purchaser's title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under the Articles.

13.4 The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities (including unpaid calls and accrued interest and expenses) and any residue shall be paid to the person entitled to the Shares at the time of the sale or to such person's executors, administrators or assigns, or as such person may direct. Provision 3(b)

14 Call on Shares

14.1 Subject to the terms of the allotment and issue of any Shares, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares (whether in respect of par value or premium), and each Member shall (subject to receiving at least fourteen clear days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

14.2 A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

14.3 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- 14.4 If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.
- 14.5 An amount payable in respect of a Share on issue or allotment or at any fixed date, whether on account of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of the Articles shall apply as if that amount had become due and payable by virtue of a call.
- 14.6 The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.
- 14.7 The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance. Provision 1(e)
- 14.8 No such amount paid in advance of calls, whether carrying interest or not, shall entitle the Member paying such amount to any portion of a Dividend or other profit or distribution payable in respect of any period prior to the date upon which such amount would, but for such payment, become payable. Provision 1(e)

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

15 Forfeiture of Shares

- 15.1 If a call or instalment of a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 15.2 If the notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all Dividends, other distributions or other monies payable in respect of the forfeited Share and not paid before the forfeiture.
- 15.3 A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share in favour of that person.
- 15.4 A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest at such rate as the Directors may determine, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.
- 15.5 A certificate in writing under the hand of one Director or Officer that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The certificate shall (subject to the execution of an instrument of transfer) constitute a good title to the Share and the

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

person to whom the Share is sold or otherwise disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

- 15.6 The provisions of the Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.

16 Transmission of Shares

- 16.1 If a Member dies, the survivor or survivors (where he was a joint holder), or his legal personal representatives (where he was a sole holder), shall be the only persons recognised by the Company as having any title to his Shares. The estate of a deceased Member is not thereby released from any liability in respect of any Share, for which he was a joint or sole holder.
- 16.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may be required by the Directors, elect, by a notice in writing sent by him to the Company, either to become the holder of such Share or to have some person nominated by him registered as the holder of such Share. If he elects to have another person registered as the holder of such Share he shall sign an instrument of transfer of that Share to that person. The Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution, as the case may be.
- 16.3 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends, other distributions and other advantages to which he would be entitled if he were the holder of such Share. However, he shall not, before becoming a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Directors may at any time give notice requiring

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the Share (but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles), the Directors may thereafter withhold payment of all Dividends, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

17 Amendments of Memorandum and Articles of Association, Alteration of Capital and Rights of Pre-emption

17.1 The Company may by Ordinary Resolution:

- (a) increase its authorised share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination;
- (d) by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value; and
- (e) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

17.2 Notwithstanding Articles 3 and 17.1(a) above, subject to any direction Provision 1(f) to the contrary that may be given by the Company in a general meeting or except as permitted under the rules and regulations of the

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

Designated Stock Exchange, all new Shares shall, before issue, be offered to such Members who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing Shares to which they are entitled. The offer shall be made by notice specifying the number of Shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the Member to whom the offer is made that such Member declines to accept the Shares offered, the Directors may dispose of those Shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares which (by reason of the ratio which the new Shares bear to Shares held by persons entitled to an offer of new Shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 17.2.

- 17.3 All new Shares created in accordance with the provisions of Article 3 and this Article 17 shall be subject to the same provisions of these Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.
- 17.4 Subject to the applicable provisions of the Statute, the Singapore Companies Act and the rules and regulations of the Designated Stock Exchange, the Company may by Special Resolution:
- (a) change its name;
 - (b) alter or add to the Articles;
 - (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
 - (d) reduce its share capital or any capital redemption reserve fund.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

18 Offices and Places of Business

Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office. The Company may, in addition to its Registered Office, maintain such other offices or places of business as the Directors determine.

19 General Meetings

19.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.

19.2 The Company may, but shall not (unless required by the Statute or where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law) be obliged to, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. For so long as the Shares of the Company are listed on the Designated Stock Exchange, the Company shall hold all its general meetings in Singapore (unless prohibited by any Applicable Law) or such other jurisdiction as permitted or required by the Applicable Law or the rules or regulations of the Designated Stock Exchange. At these general meetings the report of the Directors (if any) shall be presented.

19.3 The Company shall hold its annual general meeting within four months from the end of its financial year (or such other period as may be permitted by the Applicable Law or the rules and regulations of the Designated Stock Exchange). Provision 10

19.4 The Directors, the chief executive officer or the Chairperson of the board of Directors may call general meetings, and general meetings shall also be convened on a Members' requisition. On such a Members' requisition, the Directors shall immediately proceed duly to convene an extraordinary general meeting of the Company to be held as soon as practicable but in any case not later than two months after the receipt by the Company of the requisition.

19.5 A Members' requisition is a requisition of Members holding at the date of deposit of the requisition not less than ten per cent of the total number

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

of paid-up Shares which as at that date carry the right to vote at general meetings of the Company.

- 19.6 The Members' requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 19.7 If there are no Directors as at the date of the deposit of the Members' requisition or if the Directors do not within twenty-one days after the date of the deposit of the Members' requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than fifty per cent of the total voting rights of all of the requisitionists, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months from that date.
- 19.8 A general meeting convened by the requisitionists in accordance with Article 19.7 above shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

20 Notice of General Meetings

- 20.1 Any general meeting at which it is proposed to pass a Special Resolution shall be called by twenty-one calendar days' notice in writing at the least. An annual general meeting and any other extraordinary general meeting shall be called by fourteen calendar days' notice in writing at the least; provided always that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed: Provision 7
- (a) in the case of an annual general meeting, by all of the Members entitled to attend and vote thereat; and
 - (b) in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent in par value of the Shares giving that right.
- 20.2 The period of notice shall in each case be exclusive of the day on which it is despatched and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all Members other than such as are not under the provisions of these Articles and the Statute entitled to receive such notices from the Company. Provision 7
- 20.3 So long as the Shares in the Company are listed on the Designated Stock Exchange, notices of any general meeting shall be given by advertisement in the daily press in Singapore and in writing to the Designated Stock Exchange. Provision 7
- 20.4 The Directors may make Communication Facilities available for a specific general meeting or all general meetings of the Company so that members and other participants may attend and participate at such general meetings by means of such Communication Facilities. Without limiting the generality of the foregoing, the Directors may determine that any general meeting may be held as a Virtual Meeting subject to, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

- 20.5 Every notice calling a general meeting shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at the general meeting. Any notice of a general meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. Provision 7
- 20.6 The notice of any general meeting at which Communication Facilities will be utilised (including any Virtual Meeting) must disclose the Communication Facilities that will be utilised, including the procedures to be followed by any member or other participant of the general meeting who wishes to utilise such Communication Facilities for the purpose of attending, participating and voting at such meeting.
- 20.7 The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.

21 Proceedings at General Meetings

- 21.1 No business shall be transacted at any general meeting unless a quorum is Present. Two Members Present shall be a quorum unless there is only one Member of the Company in which case that Member may constitute a quorum. For the avoidance of doubt, where a Member is the Depository, one or more person(s) attending as the Depository's proxy or as the Depository's duly authorised representative may count towards the quorum.
- 21.2 A person may participate at a general meeting by Communications Facilities by means of which all the persons participating in the meeting can communicate with each other simultaneously and instantaneously using such Communication Facilities. Participation by a person in a general meeting in this manner is treated as a person being Present at that meeting.
- 21.3 A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by or on behalf of all of the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations or other non-natural persons, signed

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.

- 21.4 If a quorum is not Present within half an hour from the time appointed for the meeting to commence or if during such a meeting a quorum ceases to be Present, the meeting, if convened upon a Members' requisition, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or to such other day and at such other time and/or place as the Directors may by not less than ten calendar days' notice appoint. At the adjourned meeting any one or more Members Present shall be a quorum. For the avoidance of doubt, where a Member is the Depository, one or more person(s) attending as the Depository's proxy or as the Depository's duly authorised representative may count towards the quorum.
- 21.5 The Directors may, at any time prior to the time appointed for the meeting to commence, appoint any person to act as Chairperson of a general meeting of the Company or, if the Directors do not make any such appointment, the Chairperson, if any, of the board of Directors shall preside as Chairperson at such general meeting. If there is no such Chairperson, or if such Person shall not be Present within fifteen minutes after the time appointed for the meeting to commence, or is unwilling to act, the Directors Present shall elect one of their number to be Chairperson of the meeting.
- 21.6 If no Director is willing to act as Chairperson or if no Director is Present within fifteen minutes after the time appointed for the meeting to commence, the Members Present shall choose one of their number to be Chairperson of the meeting.
- 21.7 The Chairperson of any general meeting shall be entitled to attend and participate at such general meeting by means of Communication Facilities, and to act as the Chairperson, in which event:
- (a) the Chairperson shall be deemed to be Present at the meeting;
- and

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- (b) if the Communication Facilities are interrupted or fail for any reason to enable the Chairperson to hear and be heard by all other Persons attending and participating at the meeting, then the other Directors Present at the meeting shall choose another Director Present to act as Chairperson of the meeting for the remainder of the meeting; provided that (i) if no other Director is Present at the meeting, or (ii) if all the Directors Present decline to take the chair, then the meeting shall be automatically adjourned to the same day in the next week and at such time and place as shall be decided by the board of Directors.
- 21.8 The Chairperson may, with the consent of a meeting at which a quorum is Present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 21.9 If a notice is issued in respect of a general meeting and the Directors, in their absolute discretion, consider that it is impractical or undesirable for any reason to hold that general meeting at the place, the day and the hour specified in the notice calling such general meeting, the Directors may, subject always to the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, postpone the general meeting to another place, day and/or hour provided that notice of the place, the day and the hour of the rearranged general meeting is promptly given to all Members. No business shall be transacted at any postponed meeting other than the business specified in the notice of the original meeting.
- 21.10 When a general meeting is adjourned or postponed for thirty days or more, notice of the adjourned or postponed meeting shall be given as in the case of an original meeting. The Chairperson of the meeting may (and, if required by the rules or regulations of the Designated Stock Exchange, shall) appoint at least one scrutineer (who shall be independent of the persons undertaking the poll process).
- 21.11 For so long as the Shares of the Company are listed on the Designated Stock Exchange, if required by the rules or regulations of the Designated Stock Exchange, all resolutions at general meetings shall

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

be voted by poll unless such requirement is waived by the Designated Stock Exchange.

- 21.12 A poll shall be taken as the Chairperson directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was required or demanded.
- 21.13 A poll demanded on the election of a Chairperson or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such date, time and place as the Chairperson of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.
- 21.14 In the case of an equality of votes the Chairperson shall be entitled to a second or casting vote.

22 Votes of Members

- 22.1 Subject to any rights or restrictions attached to any Shares, every Member Present in any such manner, including a Depository, shall have one vote for every Share of which such Member is the holder. Provision 8(a)
- 22.2 In the case of joint holders of Shares, any one of such persons may vote, but if more than one of such persons is Present at a meeting, the person whose name stands first on the Register of Members shall alone be entitled to vote to the exclusion of the votes of the other joint holders. Provision 8(b)
- 22.3 A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person on such Member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.
- 22.4 No person shall be entitled to vote at any general meeting unless he is registered as a Member on the record date for such meeting and unless all calls or other monies then payable by such Member in respect of Shares have been paid. Provision 8(a)

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- 22.5 No objection shall be raised as to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time in accordance with this Article shall be referred to the Chairperson whose decision shall be final and conclusive.
- 22.6 An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and, if afforded the opportunity, to speak at the meeting the same as any other voting Member. Votes may be cast either personally or by proxy (or in the case of a corporation or other non-natural person by its duly authorised representative or proxy). A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Member appoints more than one proxy the instrument of proxy shall specify the number of Shares in respect of which each proxy is entitled to exercise the related votes. Provisions 8(a) and (e)
- 22.7 A Member, including for the avoidance of doubt a Depository, holding more than one Share need not cast the votes in respect of such Member's Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing such Member, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which such Member is appointed either for or against a resolution and/or abstain from voting a Share or some or all of the Shares in respect of which such Member is appointed.
- 22.8 To the extent permitted by Applicable Law, where a Member (or, where the Member is the Depository, a Depositor) is required by the rules or regulations of the Designated Stock Exchange or a court order to abstain from voting on a resolution at a general meeting, such Member (or, where the Member is the Depository, a Depositor) shall not be entitled to vote on the relevant resolution and shall be required to abstain from voting such member's Shares (including by proxy or by attorney or being a corporation by its duly authorised representative) in respect of such resolution, and if the Member casts any votes (whether by proxy or by attorney or being a corporation by its duly authorised representative) in contravention of this Article or, if the rules or

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

regulations of the Designated Stock Exchange require the Company to do so, the Company shall be entitled to disregard such votes.

23 Proxies

- 23.1 Any Member entitled to attend, vote and speak at a meeting of the Company who is the holder of two or more Shares shall be entitled to appoint not more than two proxies to attend, vote and speak instead of such Member at the same general meeting provided that if the Member is the Depository:
- (a) the Depository may appoint more than two proxies to attend, vote and speak at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise;
 - (b) unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository as at a time not earlier than forty-eight hours prior to the time of the relevant general meeting supplied by the Depository to the Company and notwithstanding any other provision of these Articles, the appointment of proxies by virtue of this Article 23.1(b) shall not require an instrument of proxy or the lodgement of any instrument of proxy;
 - (c) the Company shall accept as valid in all respects the form of instrument of proxy approved by the Depository (the "**Depository Proxy Form**") for use at the date relevant to the general meeting in question naming a Depositor (the "**Nominating Depositor**") and permitting that Nominating Depositor to nominate a person or persons other than the Nominating Depositor as the proxy or proxies appointed by the Depository. A Nominating Depositor who is not a relevant intermediary may nominate not more than two persons to attend and vote in such Nominating Depositor's place as proxy or proxies appointed by the Depository, and a Nominating Depositor who is a relevant intermediary may nominate more than two persons to attend and vote in its place as proxies appointed by the Depository. The Company shall, in determining rights to vote and other matters in respect of a

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

completed Depository Proxy Form submitted to it, have regard to the instructions given by and the notes (if any) set out in the Depository Proxy Form. The submission of any Depository Proxy Form shall not affect the operation of Article 23.1(b) and shall not preclude a Depositor appointed as a proxy by virtue of Article 23.1(b) from attending and voting at the relevant meeting but in the event of attendance by such Depositor the Depository Proxy Form submitted bearing such Depositor's name as the Nominating Depositor shall be deemed to be revoked;

- (d) the Company shall reject any Depository Proxy Form of a Nominating Depositor if such Nominating Depositor's name is not shown in the records of the Depository as at a time not earlier than forty-eight hours prior to the time of the relevant general meeting supplied by the Depository to the Company; and
- (e) on a poll the maximum number of votes which a Depositor, or proxies appointed pursuant to a Depository Proxy Form in respect of that Depositor, is able to cast shall be the number of Shares credited to the Securities Account of that Depositor as shown in the records of the Depository as at a time not earlier than forty-eight hours prior to the time of the relevant general meeting supplied by the Depository to the Company (or such timing as may be stipulated by the Designated Stock Exchange from time to time), whether that number is greater or smaller than the number specified in any Depository Proxy Form or instrument of proxy executed by or on behalf of the Depository.

23.2 The instrument appointing a proxy shall be in writing and:

- (a) in the case of an individual shall be:
 - (i) executed under the hand of the appointor or of such Member's attorney duly authorised in writing if the instrument is delivered personally or sent by post; or
 - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by Electronic Communication; and

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

- (b) in the case of a corporation or other non-natural person, shall be:
 - (i) under the hand of its duly authorised representative, or in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate, if the instrument is delivered personally or sent by post; or
 - (ii) authorised by that corporation or non-natural person through such method and in such manner as may be approved by the Directors, if the instrument is submitted by Electronic Communication.

23.3 The Directors may, in their absolute discretion, approve the method and manner for an instrument appointing a proxy to be authorised by an appointor, or deposited with or received by the Company, as well as any authentication procedure for authentication of such instrument as contemplated in Articles 23.2(a)(ii) and 23.2(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Article 23.2(a)(i) and/or (as the case may be) Article 23.2(b)(i) shall apply, provided that if the instrument appointing a proxy is delivered personally or sent by post, it shall be deposited physically at the Registered Office not less than 48 hours before the time appointed for the meeting or adjourned meeting to commence at which the person named in the instrument proposes to vote.

23.4 A proxy need not be a Member.

Provision 8(c)

23.5 The instrument appointing a proxy and (if required by the board of Directors) the power of attorney or other authority (if any) under which it is signed or authorised on behalf of the appointor (which shall, for this purpose, include a Depositor), or a certified copy of such power or authority:

- (a) if sent personally or by post, must be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate); or

- (b) if submitted by Electronic Communication, must be received through such means as may be specified by the Company for that purpose in or by way of note to or in any document accompanying the notice convening the meeting, and in either case, not less than forty-eight hours (or such timing as may be stipulated by the Designated Stock Exchange from time to time) before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

23.6 The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by Electronic Communication, as contemplated in Article 23.5(b). Where the Directors do not so specify, Article 23.5(a) shall apply.

23.7 The Chairperson may in any event at the Chairperson's discretion declare that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted, or which has not been declared to have been duly deposited by the Chairperson, shall be invalid.

23.8 The instrument appointing a proxy may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to confer the authority to demand or join or concur in demanding a poll.

Provision 8(d)

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- 23.9 Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

24 Corporate Members

- 24.1 Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member.
- 24.2 If a Depository (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it sees fit to act as its representative at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Depository (or its nominee(s)) as if such person was the registered holder of such Shares held by the Depository (or its nominee(s)).

25 Shares that May Not be Voted

Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

26 Directors and Chief Executive Officer(s)

- 26.1 There shall be a board of Directors consisting of not less than one person provided however that the Company may by Ordinary Resolution increase or reduce the limits in the number of Directors. All Directors of the Company shall be natural persons. Provision 9(a)
- 26.2 The Directors may from time to time appoint one or more of their body to be Chief Executive Officer or Chief Executive Officers (or other equivalent position) of the Company and may from time to time (subject to the provisions of any contract between such Director(s) and the Provision 9(i)

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

Company) remove or dismiss such Director(s) from the office of Chief Executive Officer(s) and appoint another or others in such Director(s) place(s). Where an appointment is for a fixed term, such term shall not exceed five years.

- 26.3 A Chief Executive Officer (or person holding an equivalent position) shall at all times be subject to the control of the Directors but subject thereto the Directors may from time to time entrust to and confer upon a Chief Executive Officer (or person holding an equivalent position) for the time being such of the powers exercisable under these Articles by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. Provision 9(j)

27 Powers of Directors

- 27.1 Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 27.2 All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall determine by resolution.
- 27.3 The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

27.4 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party. Provision 6

28 Appointment and Removal of Directors

28.1 The Company may by Ordinary Resolution appoint any person to be a Director or may by Ordinary Resolution remove any Director.

28.2 At each Annual General Meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third), selected in accordance with Article 28.3, shall retire from office by rotation (in addition to any Director retiring pursuant to Article 28.4), provided always that, if required by the rules and regulations of the Designated Stock Exchange, all Directors shall retire at least once every three years.

28.3 The Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

28.4 The Directors may appoint any person to be a Director, either to fill a casual vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors. Any person so appointed by the Directors shall hold office only until the next annual general meeting. Such Director shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Provision 9(b)

28.5 No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless not less than eleven nor more than forty-two clear calendar days (exclusive of the date on which Provision 9(h)

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

the notice is given) before the date appointed for the meeting there shall have been lodged at the Registered Office notice in writing signed by some Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of such Member's intention to propose such person for election or notice in writing signed by the person to be proposed giving such person's consent to the nomination and signifying that person's candidature for the office, provided always that in the case of a person recommended by the Directors for election not less than nine clear calendar days' notice shall be necessary and notice of each and every such person shall be served on the Members at least seven calendar days prior to the meeting at which the election is to take place.

29 Vacation of Office of Director

The office of a Director shall be vacated if:

- (a) the Director gives notice in writing to the Company that he resigns the office of Director; or
- (b) the Director absents himself, herself or itself (for the avoidance of doubt, without being represented by proxy) from three consecutive meetings of the board of Directors without special leave of absence from the Directors, and the Directors pass a resolution that such Director has by reason of such absence vacated office; or
- (c) the Director dies, has a bankruptcy order made against such Director or makes any arrangement or composition with such Director's creditors generally; or Provision 9(g)
- (d) the Director becomes mentally disordered (including being of unsound mind) and incapable of managing such Director's affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for such Director's detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to such Director's property or affairs; Provision 9(g)

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- (e) the Director shall become disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds (in which event such Director must immediately resign from the board); or Provision 9(n)
- (f) the Director is removed from office by Ordinary Resolution.

30 Proceedings of Directors

- 30.1 The quorum for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be a majority of the Directors then in office, including the Chairperson; provided, however, a quorum shall nevertheless exist at a meeting at which a quorum would exist but for the fact that the Chairperson is voluntarily absent from the meeting and notifies the board of Directors his decision to be absent from that meeting, before or at the meeting.
- 30.2 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes (except where only two Directors are present and form the quorum or when only two Directors are competent to vote on the question in issue), the Chairperson shall have a second or casting vote. Provision 9(m)
- 30.3 A person may participate in a meeting of the Directors or any committee of Directors by Communications Facilities by means of which all the persons participating in the meeting can simultaneously and instantaneously communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. Unless otherwise determined by the Directors, the meeting shall be deemed to be held at the place where the Chairperson is located, or deemed to be located, at the start of the meeting.
- 30.4 A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of the Directors or, in the case of a resolution in writing relating to the removal of any Director or the vacation of office by any Director, all of the Directors other than the Director who is the subject of such resolution shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

The expressions “in writing” and “signed” include approval by any such Director by facsimile or any form of Electronic Communication approved by the Directors for such purpose from time to time and in accordance with the Applicable Law.

- 30.5 A Director may, or other Officer on the direction of a Director shall, call a meeting of the Directors by at least two days' notice in writing to every Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors either at, before or after the meeting is held. To any such notice of a meeting of the Directors all the provisions of the Articles relating to the giving of notices by the Company to the Members shall apply *mutatis mutandis*.
- 30.6 The continuing Directors (or a sole continuing Director, as the case may be) may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles as the necessary quorum of Directors the continuing Directors or Director may act only for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose (except in an emergency). If there be no Directors or Director able or willing to act, then any two Members may summon a general meeting for the purpose of appointing Directors. Provision 9(k)
- 30.7 The Directors may elect and appoint a Chairperson by the affirmative vote of a simple majority of the Directors then in office, and determine the period for which the Chairperson is to hold office. The Chairperson shall preside as chairperson at every meeting of the board of Directors. To the extent the Chairperson is not present within five minutes after the time appointed for the meeting to commence, the Directors present may choose one of their number to be Chairperson of the meeting.
- 30.8 All acts done by any meeting of the Directors or of a committee of the Directors shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director, and/or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

30.9 A Director may be represented at any meetings of the board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

31 Alternate Directors

31.1 Any Director may at any time by writing under such Director's hand and deposited at the Registered Office, or delivered at a meeting of the Directors, nominate any person (other than another Director) for appointment to be such Director's Alternate Director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by the majority of the other Directors, shall have effect only upon and subject to being so approved. A person shall not act as Alternate Director to more than one Director at the same time. Provision 9(l)

31.2 An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if such person were a Director but such person shall not be entitled to receive from the Company in respect of such person's appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to such person's principal as such principal may by notice in writing to the Company from time to time direct, provided always that any fees payable to such Alternate Director shall be deducted from the relevant appointing principal's remuneration. Provision 9(l)

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

32 Directors' Interests

- 32.1 A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- 32.2 A Director may act by himself, herself, itself or by, through or on behalf of such Director's firm in a professional capacity for the Company and the Director or the Director's firm shall be entitled to remuneration for professional services as if the Director were not a Director.
- 32.3 A Director may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder, a contracting party or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by the Director as a director or officer of, or from such Director's interest in, such other company.
- 32.4 No person shall be disqualified from the office of Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director shall be in any way interested be or be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director holding office or of the fiduciary relationship thereby established. A Director shall not vote in respect of any contract or proposed contract or transaction in which such Director has directly or indirectly any personal material interest. Provision 9(e)
- 32.5 Notwithstanding any other provision of the Articles, a Director that is in any way interested in a proposed contract or transaction, whether directly or indirectly, may be counted as part of the quorum for a meeting of the Directors at which a resolution in respect of such proposed contract or proposed transaction is tabled provided that such an interested Director shall not be permitted to vote in respect of such proposed contract or proposed transaction at such board meeting (or pursuant to a resolution in writing to be signed by all the Directors or all the members of a committee

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

of the Directors whom are entitled to vote on same) notwithstanding any notice given to the board of Directors regarding such interest.

33 Minutes

The Directors shall cause minutes to be made in books kept for the purpose of recording all appointments of Officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of the Directors, including the names of the Directors present at each meeting.

34 Delegation of Directors' Powers

- 34.1 The Directors may delegate any of their powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one or more Directors (including, without limitation, the Audit Committee, the Remuneration Committee and the Nominating Committee). Any such delegation may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 34.2 The Directors may establish any committees, local boards or agencies or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any person to be a member of such committees, local boards or agencies. Any such appointment may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and any such appointment may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 34.3 The Directors may adopt formal written charters for committees. Each of these committees shall be empowered to do all things necessary to exercise the rights of such committee set forth in the Articles and shall have such powers as the Directors may delegate pursuant to the Articles and as required by the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

otherwise under Applicable Law. Each of the Audit Committee, the Remuneration Committee and the Nominating Committee, if established, shall consist of such number of Directors as the Directors shall from time to time determine (or such minimum number as may be required from time to time by the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law). For so long as any class of Shares is listed on the Designated Stock Exchange, the Audit Committee, the Remuneration Committee and the Nominating Committee shall be made up of such number of Independent Directors as is required from time to time by the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law.

- 34.4 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.
- 34.5 The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.
- 34.6 The Directors may appoint such Officers as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment an Officer may be removed by resolution of the Directors or Members. An Officer may vacate his office at any time if he gives notice in writing to the Company that he resigns his office.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

35 [Reserved]

36 Remuneration of Directors

Provision 9(d)

36.1 The remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company and shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

36.2 The Directors may by resolution approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond his ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

36.3 Notwithstanding Articles 36.1 and 36.2 above, all remuneration in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.

Provision 9(c)

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

37 Authentication

- 37.1 Any Director or a Company secretary or any person appointed by the Directors for the purpose of authentication may authenticate any documents affecting the Memorandum and Articles of the Company and any resolution passed by the Company or the Directors or any committee, and any books, records, documents and financial statements relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts financial statements are elsewhere than at the Registered Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Directors.
- 37.2 A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.
- 37.3 Any authentication or certification made pursuant to this Article 37 may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

38 Seal

- 38.1 The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some Officer or other person appointed by the Directors for the purpose.
- 38.2 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

determine, with the addition on its face of the name of every place where it is to be used.

- 38.3 A Director or Officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

39 Dividends, Distributions and Reserve

- 39.1 Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Directors may resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. A Dividend shall be deemed to be an interim Dividend unless the terms of the resolution pursuant to which the Directors resolve to pay such Dividend specifically state that such Dividend shall be a final Dividend. No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.
- 39.2 Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly, provided that where such Shares are partly paid, all Dividends or other profits or distributions must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid Shares. Provision 1(e)
- 39.3 For the purposes of this Article 39, amounts paid or credited as paid on a Share in advance of calls are to be ignored. Provision 1(e)
- 39.4 The Directors may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
- 39.5 The Directors may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in particular (but without limitation) by the distribution of shares,

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Directors.

- 39.6 Except as otherwise provided by the rights attached to any Shares, Dividends and other distributions may be paid in any currency. The Directors may determine the basis of conversion for any currency conversions that may be required and how any costs involved are to be met.
- 39.7 The Directors may, before resolving to pay any Dividend or other distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the discretion of the Directors, be employed in the business of the Company.
- 39.8 Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 39.9 No Dividend or other distribution shall bear interest against the Company.
- 39.10 Any Dividend or other distribution which cannot be paid to a Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

40 Capitalisation

The Directors may at any time capitalise any sum standing to the credit of any of the Company's reserve accounts or funds (including the share premium account and capital redemption reserve fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distribution; and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power given to the Directors to make such provisions as they think fit in the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

41 Books of Account

- 41.1 The Directors shall cause proper books of account (including, where applicable, material underlying documentation including contracts and invoices) to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

give a true and fair view of the state of the Company's affairs and to explain its transactions.

- 41.2 The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.
- 41.3 The Directors may cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

42 Audit

- 42.1 The Directors may appoint an Auditor of the Company who shall hold office on such terms as the Directors determine, subject to any requirements as may be prescribed by the Designated Stock Exchange.
- 42.2 Without prejudice to the freedom of the Directors to establish any other committee, if the Shares (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, and if required by the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Directors shall establish and maintain an Audit Committee as a committee of the Directors and shall adopt a formal written Audit Committee charter and review and assess the adequacy of the formal written charter on an annual basis. The composition and responsibilities of the Audit Committee shall comply with the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law.
- 42.3 If the Shares (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Company shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilise the Audit Committee for the review and approval of potential conflicts of interest.

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

- 42.4 The remuneration of the Auditor shall be fixed by the Audit Committee (if one exists). If no Audit Committee exists, the remuneration of the Auditor shall be determined by the Directors.
- 42.5 If the office of Auditor becomes vacant by resignation or death of the Auditor, or by the Auditor becoming incapable of acting by reason of illness or other disability at a time when such Auditor's services are required, the Directors shall fill the vacancy and determine the remuneration of such Auditor.
- 42.6 Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers such information and explanation as may be necessary for the performance of the duties of the Auditor.
- 42.7 Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any other time during their term of office, upon request of the Directors or any general meeting of the Members.
- 42.8 Any payment made to members of the Audit Committee (if one exists) shall require the review and approval of the Directors, with any Director interested in such payment abstaining from such review and approval.

43 Notices

- 43.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him, her or it or to such Member's address as shown in the Register of Members or at any other address supplied by such Member to the Company. Notice may also be served in accordance with the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or by placing it on the Company's Website.

**APPENDIX D: PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- 43.2 Without prejudice to the provisions of Article 43.1, but subject otherwise to the Applicable Law and the rules and regulations of the Designated Stock Exchange relating to Electronic Communication, any notice or document (including, without limitation, any financial statements, balance sheet or report) which is required or permitted to be given, sent or served under the Applicable Law, the rules or regulations of the Designated Stock Exchange or under these Articles by the Company or by the Directors, to a Member may be given, sent or served using Electronic Communication:
- (a) to the current address of that person; and/or
 - (b) by making it available on the Company's Website, in accordance with the provisions of these Articles, the Applicable Law and the rules and regulations of the Designated Stock Exchange.
- 43.3 When the Company uses Electronic Communication to send a notice or document to a Member, the Company shall inform the Member as soon as practicable of how to request a physical copy of that notice or document from the Company. The Company shall provide a physical copy of that notice or document upon such request.
- 43.4 For the purposes of Article 43.2 above, a Member shall be implied to have agreed to receive such notice or document by way of such Electronic Communication and shall not have a right to elect to receive a physical copy of such notice or document.
- 43.5 Notwithstanding Article 43.4 above, the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of Electronic Communication or as a physical copy, and a Member shall be deemed to have consented to receive such notice or document by way of Electronic Communication if such Member was provided with such an opportunity and such Member failed to make an election within the specified time, and such Member shall not in such an event have a right to receive a physical copy of such notice or document.
- 43.6 Subject to the rules and regulations of the Designated Stock Exchange, where a notice or document is served to a Member by making it available on the Company's website pursuant to Article 43.2(b) above,

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

the Company shall give separate notice to the Member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:

- (a) by sending such separate notice to the Member personally or through the post or by fax pursuant to Article 43.1;
- (b) by sending such separate notice to the Member using Electronic Communication to his current address pursuant to Article 43.2(a);
- (c) by way of advertisement in a daily newspaper; and/or
- (d) by way of announcement on the Designated Stock Exchange.

43.7 Where a notice is sent by:

- (a) courier; service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier;
- (b) post; service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays in the Cayman Islands) following the day on which the notice was posted;
- (c) cable, telex or fax; service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted;
- (d) e-mail or other Electronic Communication; service of the notice shall be deemed to be effected by:
 - (i) transmitting the e-mail or other Electronic Communication to the current address of the intended recipient pursuant to Article 43.2(a) and the notice shall be deemed to have been received at the time of

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

transmission of the Electronic Communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the e-mail or other Electronic Communication was delayed or not successfully sent), unless otherwise provided under the Applicable Law and/or the rules or regulations of the Designated Stock Exchange, and it shall not be necessary for the receipt of the e-mail or other Electronic Communication to be acknowledged by the recipient; and

- (ii) making it available on the Company's Website pursuant to Article 43.2(b) and the notice shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the Company's website, unless otherwise provided under the Applicable Law and/or the rules or regulations of the Designated Stock Exchange.

43.8 Any notice or other document delivered or sent by post to, or left at the address of, any Member or given, sent or served by Electronic Communication in accordance with these Articles shall, notwithstanding that such Member is then dead, suffering from mental disorder or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death, mental disorder or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any Share registered in the name of such Member as sole or joint holder unless such Member's name shall, at the time of the service or delivery of the notice or document, have been removed from the Register of Members as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under such Member) in the share.

43.9 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a share or shares in consequence of the death, mental disorder, or bankruptcy or otherwise of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description. Upon supplying to the Company an

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

address within Singapore for the service of notices, such person or persons shall be entitled to have served upon such person or persons at such address any notice or document to which the Member would but for such Member's death, mental disorder, bankruptcy or otherwise be entitled and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

- 43.10 Notice of every general meeting shall be given in any manner authorised by the Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for such Member's death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

44 Winding Up

- 44.1 If the Company shall be voluntarily wound up, the application to wind up the Company shall, subject to Applicable Law, be made in Singapore pursuant to the provisions of the Insolvency, Restructuring and Dissolution Act 2018, No. 40 of 2018, of Singapore. If the Company shall be involuntarily wound up, the administration of the winding-up process shall be by the Cayman Islands court in accordance with the Statute. Provision 11
- 44.2 If the Company shall be wound up, the liquidator shall, subject always to Applicable Law, apply the assets of the Company in satisfaction of creditors' claims in such manner and order as such liquidator thinks fit. Subject to the rights attaching to any Shares, in a winding up:
- (a) if the assets available for distribution amongst the Members shall be insufficient to repay the whole of the Company's issued share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them; or
 - (b) if the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the
- Provision 11

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise.

- 44.3 If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, subject to the rights attaching to any Shares and Applicable Law, and with the approval of a Special Resolution of the Company and any other approval required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose set such value as such liquidator deems fair upon any assets and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like approval, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability. Provision 11

45 Indemnity and Insurance

- 45.1 Subject to the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, every Director and Officer (which for the avoidance of doubt, shall not include auditors of the Company), together with every former Director and former Officer (each an "**Indemnified Person**") shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own negligence, actual fraud, wilful default, breach of duty or breach of trust. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default of such Indemnified Person. No person shall be found to have committed negligence, actual fraud, wilful default, breach of duty or breach of trust under this Article

APPENDIX D: PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

unless or until a court of competent jurisdiction shall have made a finding to that effect.

- 45.2 The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.
- 45.3 The Directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or Officer against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

46 Financial Year and Financial Statements

Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

47 Transfer by Way of Continuation

If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

48 Mergers and Consolidations

The Company shall have the power to merge or consolidate with one or more other constituent companies (as defined in the Statute) upon such terms as the Directors may determine and (to the extent required by the Statute) with the approval of a Special Resolution.

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION**

OF

~~VERTEX TECHNOLOGY ACQUISITION CORPORATION LTD~~

17LIVE GROUP LIMITED

~~(ADOPTED BY SPECIAL RESOLUTION DATED 6 JANUARY 2022[] AND EFFECTIVE ON 6
JANUARY 2022[])~~

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
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**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
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**AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION**

OF

~~VERTEX TECHNOLOGY ACQUISITION CORPORATION LTD~~
17LIVE GROUP LIMITED

**(ADOPTED BY SPECIAL RESOLUTION DATED ~~6 JANUARY 2022~~ [] AND EFFECTIVE ON ~~6~~
~~JANUARY 2022~~ [])**

- 1 The name of the Company is ~~Vertex Technology Acquisition Corporation Ltd~~17Live Group Limited.
- 2 The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as the Directors may decide.
- 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.
- 4 The liability of each Member is limited to the amount unpaid on such Member's shares.
- 5 The share capital of the Company is SGD\$50,000.00 divided into 500,000,000 ordinary shares of a par value of SGD\$0.0001 each.
- 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
- 7 Capitalised terms that are not defined in this Amended and Restated Memorandum of Association bear the respective meanings given to them in the Amended and Restated Articles of Association of the Company.

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
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**THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES**

**AMENDED AND RESTATED
ARTICLES OF ASSOCIATION**

OF

~~VERTEX TECHNOLOGY ACQUISITION CORPORATION LTD~~

17LIVE GROUP LIMITED

**(ADOPTED BY SPECIAL RESOLUTION DATED ~~6 JANUARY 2022~~ [] AND EFFECTIVE ON ~~6~~
JANUARY 2022 [])**

1 Interpretation

1.1 In the Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

"Acquisition Mandate"

~~means the following non-exhaustive general criteria and guidelines which the Company has identified as important in evaluating prospective target businesses for the purposes of the Business Combination:~~

- ~~(a) technology-driven businesses;~~
- ~~(b) fast-growing scalable businesses;~~
- ~~(c) businesses at an inflection point;~~
- ~~(d) strong management teams;~~
- ~~(e) cross-border potential with market leadership; and~~

~~Where relevant, compliance with relevant provision(s) of Appendix 2.2 of the Listing Manual~~

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

(f) ~~appropriate valuation,~~

~~each of which is further detailed in the Prospectus, and has the same meaning as in the Prospectus.~~

"Affiliate"	in respect of a person, means any other person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person, and (a) in the case of a natural person, shall include, without limitation, such person's spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, whether by blood, marriage or adoption or anyone residing in such person's home, a trust for the benefit of any of the foregoing, a company, partnership or any natural person or entity wholly or jointly owned by any of the foregoing and (b) in the case of an entity, shall include a partnership, a corporation or any natural person or entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity.
"Applicable Law"	means, with respect to any person, all provisions of laws, statutes, ordinances, rules, regulations, permits, certificates, judgments, decisions, decrees or orders of any governmental authority applicable to such person.
"Articles"	means these amended and restated articles of association of the Company.
"Audit Committee"	means the audit committee of the board of directors of the Company established pursuant to the Articles, or any successor committee.
"Auditor"	means the person for the time being performing the duties of auditor of the Company (if any).

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

"Business Combination" ~~means a merger, share exchange, asset acquisition, share purchase, reorganisation or similar business combination involving the Company, with one or more businesses or entities (the "target business"), which Business Combination: (a) as long as the securities of the Company are listed on the Designated Stock Exchange, must occur with one or more target businesses that together have an aggregate fair market value of at least 80 per cent of the assets held in the Escrow Account (excluding the deferred underwriting commissions and taxes payable on the income earned on the Escrow Account) at the time of the signing of the definitive agreement to enter into such Business Combination; and (b) must not be solely effectuated with another blank cheque company or a similar company with nominal operations.~~

"business day" means any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorised or obligated by law to close in Singapore.

"Chairperson" shall mean the Chairperson presiding at any meeting of members or of the ~~Board~~board of Directors.

"Communication Facilities" shall mean video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video-communication, internet or online conferencing application or telecommunications facilities by means of which all Persons participating in a meeting are capable of hearing and be heard by each other.

"Company" means the above named company.

"Company's Website" means the website of the Company and/or its web-address or domain name (if any).

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

"Designated Stock Exchange"	means the Singapore Exchange Securities Trading Limited on which the securities of the Company are listed for trading (abbreviation: SGX).
"Directors"	means the directors for the time being of the Company.
"Dividend"	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Articles.
"Electronic Communication"	<p>means a communication transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person):</p> <p>(a) by means of a telecommunication system; or</p> <p>(b) other means while in an electronic form as otherwise decided and approved by the Directors,</p> <p>such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form.</p>
"Electronic Record"	has the same meaning as in the Electronic Transactions Act.
"Electronic Transactions Act"	means the Electronic Transactions Act (As Revised) of the Cayman Islands.
"Equity-linked Securities"	means any debt or equity securities that are convertible, exercisable or exchangeable for Shares issued in a financing transaction in connection with a Business Combination, including but not limited to a private placement of equity or debt.
"Escrow Account"	means the escrow account established by the

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

	Company upon the consummation of the IPO and into which a certain amount of the net proceeds of the IPO will be deposited.
"Independent Director"	means an independent director of the Company.
"IPO"	means the Company's initial public offering of securities.
"Laws"	means the Statute and every other act of the legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its Memorandum and/or these Articles.
"Market Day"	means a day on which the Designated Stock Exchange is open for trading in securities.
"Member"	has the same meaning as in the Statute.
"Memorandum"	means the amended and restated memorandum of association of the Company.
"Nominating Committee"	means the nominating committee of the board of directors of the Company established pursuant to the Articles, or any successor committee.
"Officer"	means a person appointed to hold an office in the Company.
"Ordinary Resolution"	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
"Person"	shall mean any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as

[Different first page setting changed from on in original to off in modified.]

APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND ARTICLES OF ASSOCIATION

the context so requires.

"Present"

shall mean, in respect of any Person, such Person's presence at a general meeting of members, which may be satisfied by means of such Person or, if a corporation or other non-natural Person, its duly authorised representative (or, in the case of any member, a proxy which has been validly appointed by such member in accordance with these Articles), being:

- (a) physically present at the meeting; or
- (b) in the case of any meeting at which Communication Facilities are permitted in accordance with these Articles, including any Virtual Meeting, connected by means of the use of such Communication Facilities.

~~"Prospectus"~~

~~means the prospectus dated on or about 6 January 2022 lodged with the Monetary Authority of Singapore in connection with the listing of securities by the Company.~~

~~"Redemption Notice"~~

~~means a notice in a form approved by the Company by which a holder of Shares is entitled to require the Company to redeem its Shares, subject to any conditions contained therein.~~

"Register of Members"

means the register of Members maintained in accordance with the Statute and includes (except where otherwise stated) any branch or duplicate register of Members.

"Registered Office"

means the registered office for the time being of the Company.

"relevant intermediary"

has the meaning ascribed to it in the Singapore Companies Act.

"Remuneration Committee"

means the remuneration committee of the board of directors of the Company established pursuant to the Articles, or any successor committee.

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

"Representative"	means a representative of the Underwriters.
"S\$" or "Singapore Dollars"	means the legal currency of Singapore.
"Seal"	means the common seal of the Company and includes every duplicate seal.
"Share"	means an ordinary share of par value SGD\$0.0001 in the share capital of the Company and includes a fraction of a share.
"Singapore Companies Act"	means the Companies Act, Chapter 50, 1967 of Singapore.
"Singapore Securities and Futures Act"	means the Securities and Futures Act, Chapter 289 <u>2001</u> of Singapore.
"Special Resolution"	means a resolution that has been passed by a majority of at least three-quarters of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, and includes a unanimous written resolution.
"Statute"	means the Companies Act (As Revised) of the Cayman Islands.
"telecommunication system"	means any system used or intended to be used for telecommunications.
"telecommunications"	means a transmission, emission or reception of signs, signals, writing, images, sounds or intelligence of any nature by wire, radio, optical or other electro-magnetic systems whether or not such signs, signals, writing, images, sounds or intelligence have been subjected to rearrangement, computation or other processes by any means in the course of their transmission,

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

emission or reception.

"Treasury Share"

means a Share held in the name of the Company as a treasury share in accordance with the Statute.

~~**"Underwriter"**~~

~~means an underwriter of the IPO from time to time and any successor underwriter.~~

"Virtual Meeting"

shall mean any general meeting of the members at which the members (and any other permitted participants of such meeting, including, without limitation, the Chairperson of such meeting and any Directors) are permitted to attend and participate solely by means of Communication Facilities.

1.2 In the Articles:

- (a) words importing the singular number include the plural number and vice versa;
- (b) words importing the masculine gender include the feminine gender;
- (c) words importing persons include corporations as well as any other legal or natural person;
- (d) "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
- (e) "shall" shall be construed as imperative and "may" shall be construed as permissive;
- (f) references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced;
- (g) any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

those terms;

- (h) the term "and/or" is used herein to mean both "and" as well as "or." The use of "and/or" in certain contexts in no respects qualifies or modifies the use of the terms "and" or "or" in others;
- (i) the term "or" shall not be interpreted to be exclusive and the term "and" shall not be interpreted to require the conjunctive (in each case, unless the context otherwise requires);
- (j) headings are inserted for reference only and shall be ignored in construing the Articles;
- (k) any requirements as to delivery under the Articles include delivery in the form of an Electronic Record;
- (l) where the Company is required to record any information in any company records in writing, that requirement may be met by information in the form of an Electronic Record in accordance with the Electronic Transactions Act;
- (m) any requirements as to execution or signature under the Articles including the execution of the Articles themselves can be satisfied in the form of an electronic signature as defined in the Electronic Transactions Act;
- (n) sections 8 and 19(3) of the Electronic Transactions Act shall not apply;
- (o) the expressions "Depositor" and "Depository" shall have the meanings ascribed to them respectively in the Singapore Securities and Futures Act;
- (p) the term "clear days" in relation to the period of a notice means that period excluding the day when the notice is received or deemed to be received and the day for which it is given or on which it is to take effect; and
- (q) the term "holder" in relation to a Share means a person whose name is entered in the Register of Members as the holder of such Share.

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

2 Commencement of Business

- 2.1 The business of the Company may be commenced as soon after incorporation of the Company as the Directors shall see fit.
- 2.2 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

3 Issue of Shares and other Securities

- 3.1 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred or other rights or restrictions, whether in regard to Dividends or other distributions, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper, and may also (subject to the Statute, the Articles and the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law) vary such rights.
- 3.2 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Company may issue rights, options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Directors may from time to time determine.
- 3.3 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and, where applicable, the rules and regulations of the Designated Stock

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Company may issue units of securities in the Company, which may be comprised of whole or fractional Shares, rights, options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company, upon such terms as the Directors may from time to time determine.

- 3.4 The Company shall not issue Shares to bearer.
- 3.5 Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. The rights attaching to shares of a class other than Shares, including preference shares, shall be as determined by the Directors prior to issuance and must be expressed but subject to such limitations in respect of such class of shares as may be prescribed by the Designated Stock Exchange. The total number of issued preference shares shall not exceed the total number of Shares issued at any time. Provisions 1(a) and (b)
- 3.6 The holders of any preference shares shall have the same rights as the holders of ~~ordinary shares~~ Shares as regards: Provision 1(d)
- (a) the right to receive notices, reports, balance sheets and any financial information provided to Members holding Shares, including any notices of general meetings of the Company; and
 - (b) the right to attend and vote at any general meeting of the Company including any general meeting convened for the purpose of reducing the Company's capital or winding up or sanctioning a sale of the undertaking of the Company or where the ~~proposal~~ proposition to be submitted to the meeting directly affects their rights and privileges or on any ~~proposal~~ proposition when the dividend on the preference shares is in arrear for more than six months.
- 3.7 The Company has power to issue preference shares ranking equally with, or in priority to, preference shares already issued. Provision 1(c)

4 Register of Members

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- 4.1 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.
- 4.2 The Directors may determine that the Company shall maintain one or more branch registers of Members in accordance with the Statute. The Directors may also determine which register of Members shall constitute the principal register and which shall constitute the branch register or registers, and to vary such determination from time to time.
- 4.3 The Directors may determine that a Depository may maintain a branch register of Members in accordance with the Statute and the rules and regulations of the Designated Stock Exchange.

5 Closing Register of Members or Fixing Record Date

- 5.1 The Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or other distribution, or in order to make a determination of Members for any other purpose.
- 5.2 If no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend or other distribution, the date on which notice of the meeting is sent or the date on which the resolution of the Directors resolving to pay such Dividend or other distribution is passed, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

6 Certificates for Shares

- 6.1 Every person whose name is entered as a Member in the Register of Members shall be entitled to receive, within ten Market Days (or such other period as may be approved by the Designated Stock Exchange) of the closing date of any application for Shares or, as the case may be, the date of lodgement of a registrable transfer, one certificate for all

Provision 2

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

such person's shares of any one class or several certificates in reasonable denominations each for a part of the Shares so allotted or transferred. Where such a Member transfers part only of the Shares comprised in a certificate, the old certificate shall be cancelled and a new certificate or certificates for the balance of such Shares issued in lieu thereof and such Member shall pay a maximum fee of S\$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation in respect of such partial transfer as may be prescribed by the Designated Stock Exchange.

- 6.2 Share certificates representing Shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and, subject to the Articles, no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.
- 6.3 If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing Shares held by such person and request the Company to issue in lieu two or more share certificates representing such Shares in such proportions as such person may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S\$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation as may be prescribed by the Designated Stock Exchange. Provision 2
- 6.4 The Company shall not be bound to register more than three persons as the registered holders of a Share except in the case of executors or administrators (or trustees) of the estate of a deceased Member. Provision 4(d)
- 6.5 The Company shall not be bound to issue more than one certificate for

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

- 6.6 Subject to the provisions of the Applicable Law, if a share certificate is defaced, worn out, lost, destroyed or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the Member, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in the case of defacement or wearing out) upon delivery of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a Member or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. Provisions 1(g) and 2
- 6.7 Every share certificate sent in accordance with the Articles will be sent at the risk of the Member or other person entitled to the certificate. The Company will not be responsible for any share certificate lost or delayed in the course of delivery.
- 6.8 Share certificates shall be issued within the relevant time limit as prescribed by the Statute, if applicable, or as the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law may from time to time determine, whichever is shorter, after the allotment or, except in the case of a Share transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgement of a Share transfer with the Company.

7 Transfer of Shares

- 7.1 All transfers of the legal title in Shares may be effected by the registered holders thereof by an instrument of transfer in writing in the form for the time being approved by the Designated Stock Exchange or in any other form acceptable to the Directors. The instrument of transfer of any Share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided always that an instrument of transfer in respect of which the transferee is the Provision 4(a)

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the Shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

- 7.2 The Directors may in their sole discretion refuse to register any instrument of transfer of Shares unless:
- (a) such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof; and Provision 4(b)
 - (b) if the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, evidence satisfactory to the Directors of the like transfer of such right, option, warrant or unit is provided to the Directors.
- 7.3 Save as set out in Article 7.2, there shall be no restriction on the transfer of fully paid Shares except where required by the Applicable Law or the rules and regulations of the Designated Stock Exchange. Provision 4(c)

8 Redemption, Repurchase and Surrender of Shares

- 8.1 Subject to the provisions of the Statute, and, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Company may issue shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company as the Directors may determine prior to the issuance of such shares. ~~Members are entitled to request the redemption of Shares in the circumstances pertaining to a Business Combination pursuant to Article 50.~~
- 8.2 Subject to the provisions of the Statute and Article 10.2, and, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Company may purchase its own shares (including any redeemable shares) in such manner and on such other terms as the Directors may agree with the relevant

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Member.

- 8.3 For the avoidance of doubt, subject to, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, redemptions, repurchases and surrenders of shares in the circumstances described in this Article 8 shall not require further approval of the Members (excluding any repurchase of preference shares described in Article 10.2).
- 8.4 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.
- 8.5 The Directors may accept the surrender for no consideration of any fully paid Share.

9 Treasury Shares

- 9.1 The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
- 9.2 The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

9.3 The Company shall not exercise any right in respect of the Treasury Shares save as prescribed by Articles 9.1 and 9.2 above, and the Statute.

10 Variation of Rights of Shares

- 10.1 Subject to Article 3.1 and 10.2, if at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class (save and except for preference shares (other than redeemable preference shares)) may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued shares of that class where such variation is

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

considered by the Directors not to have a material adverse effect upon such rights. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of shares of the relevant class at a separate meeting of such class held for such purpose. To any such meeting all the provisions of the Articles relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class Present may demand a poll.

- 10.2 Notwithstanding Articles 8.2 and 10.1, subject to the provisions of the Applicable Law, preference shares (other than redeemable preference shares) may be repaid or repurchased and the special rights attached to preference shares may be altered, varied or abrogated only with the sanction of a Special Resolution passed at a separate class meeting of the preference shareholders concerned (but not otherwise), provided always that where the necessary majority for such a Special Resolution is not obtained at such class meeting, the consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two calendar months of the date of such meeting shall be as valid and effectual as a Special Resolution adopted at such meeting. Provision 5

- 10.3 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or shares issued with preferred or other rights.

11 Commission on Sale of Shares

The Company may, in so far as the Statute permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any Shares. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

12 Non Recognition of Trusts

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by the Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the holder.

13 Lien on Shares

- 13.1 The Company shall have a first and paramount lien on every Share (not being a fully paid Share) and dividends from time to time declared in respect of such Shares. Such lien shall be restricted to unpaid calls and instalments upon the specific Shares in respect of which such ~~moneys~~ monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the Shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any Share shall for some limited period be exempt wholly or partially from the provisions of this regulation. The registration of a transfer of any such Share shall operate as a waiver of the Company's lien thereon. Provision 3(a)
- 13.2 The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been received or deemed to have been received by the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold. Any such Shares on which the Company has a lien or whose call remain unpaid, and which are sold pursuant to this Article will be sold pursuant to procedure for the sale of forfeited Shares as described in Article 15.
- 13.3 To give effect to any such sale the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The purchaser or such purchaser's nominee shall be registered as the holder of the Shares comprised in any such transfer, and the purchaser shall not be bound to see to the application of the purchase money, nor shall such purchaser's title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

under the Articles.

- 13.4 The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities (including unpaid calls and accrued interest and expenses) and any residue shall be paid to the person entitled to the Shares at the time of the sale or to such person's executors, administrators or assigns, or as such person may direct. Provision 3(b)

14 Call on Shares

- 14.1 Subject to the terms of the allotment and issue of any Shares, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares (whether in respect of par value or premium), and each Member shall (subject to receiving at least fourteen clear days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.
- 14.2 A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
- 14.3 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 14.4 If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.
- 14.5 An amount payable in respect of a Share on issue or allotment or at any fixed date, whether on account of the par value of the Share or

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of the Articles shall apply as if that amount had become due and payable by virtue of a call.

- 14.6 The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.
- 14.7 The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance. Provision 1(e)
- 14.8 No such amount paid in advance of calls, whether carrying interest or not, shall entitle the Member paying such amount to any portion of a Dividend or other profit or distribution payable in respect of any period prior to the date upon which such amount would, but for such payment, become payable. Provision 1(e)

15 Forfeiture of Shares

- 15.1 If a call or instalment of a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 15.2 If the notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all Dividends, other distributions or other monies payable in respect of the forfeited Share and not paid before the forfeiture.
- 15.3 A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share in favour of that person.

- 15.4 A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest at such rate as the Directors may determine, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.
- 15.5 A certificate in writing under the hand of one Director or Officer that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The certificate shall (subject to the execution of an instrument of transfer) constitute a good title to the Share and the person to whom the Share is sold or otherwise disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
- 15.6 The provisions of the Articles as to forfeiture shall apply in the case of ~~non-payment~~non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.

16 Transmission of Shares

- 16.1 If a Member dies, the survivor or survivors (where he was a joint holder), or his legal personal representatives (where he was a sole holder), shall be the only persons recognised by the Company as having any title to his Shares. The estate of a deceased Member is not thereby released from any liability in respect of any Share, for which he

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

was a joint or sole holder.

16.2 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may be required by the Directors, elect, by a notice in writing sent by him to the Company, either to become the holder of such Share or to have some person nominated by him registered as the holder of such Share. If he elects to have another person registered as the holder of such Share he shall sign an instrument of transfer of that Share to that person. The Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution, as the case may be.

16.3 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends, other distributions and other advantages to which he would be entitled if he were the holder of such Share. However, he shall not, before becoming a Member in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the Share (but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the relevant Member before his death or bankruptcy or liquidation or dissolution or any other case than by transfer, as the case may be). If the notice is not complied with within ninety days of being received or deemed to be received (as determined pursuant to the Articles), the Directors may thereafter withhold payment of all Dividends, other distributions, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

**17 Amendments of Memorandum and Articles of Association,
Alteration of Capital and Rights of Pre-emption**

17.1 The Company may by Ordinary Resolution:

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- (a) increase its authorised share capital by such sum as the Ordinary Resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (c) convert all or any of its paid-up Shares into stock, and reconvert that stock into paid-up Shares of any denomination;
- (d) by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value; and
- (e) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

- 17.2 Notwithstanding Articles 3 and 17.1(a) above, subject to any direction to the contrary that may be given by the Company in a general meeting or except as permitted under the rules and regulations of the Designated Stock Exchange, all new Shares shall, before issue, be offered to such Members who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing Shares to which they are entitled. The offer shall be made by notice specifying the number of Shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the ~~person~~Member to whom the offer is made that such Member declines to accept the Shares offered, the Directors may dispose of those Shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares which (by reason of the ratio which the new Shares bear to Shares held by persons entitled to an offer of new Shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 17.2. Provision 1(f)

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- 17.3 All new Shares created in accordance with the provisions of Article 3 and this Article 17 shall be subject to the same provisions of these Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.
- 17.4 Subject to the applicable provisions of the Statute, the Singapore Companies Act and the rules and regulations of the Designated Stock Exchange, the Company may by Special Resolution:
- (a) change its name;
 - (b) alter or add to the Articles;
 - (c) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
 - (d) reduce its share capital or any capital redemption reserve fund.

18 Offices and Places of Business

Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office. The Company may, in addition to its Registered Office, maintain such other offices or places of business as the Directors determine.

19 General Meetings

- 19.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 19.2 The Company may, but shall not (unless required by the Statute or where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law) be obliged to, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. For so long as the Shares of the Company are listed on the Designated Stock Exchange, the Company shall hold all its general meetings in Singapore (unless prohibited by any Applicable Law) or such other jurisdiction as

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

permitted or required by the Applicable Law or the rules or regulations of the Designated Stock Exchange. At these general meetings the report of the Directors (if any) shall be presented.

- 19.3 The Company shall hold its annual general meeting within four months from the end of its financial year (or such other period as may be permitted by the Applicable Law or the rules and regulations of the Designated Stock Exchange). Provision 10
- 19.4 The Directors, the chief executive officer or the Chairperson of the board of Directors may call general meetings, and general meetings shall also be convened on a Members' requisition. On such a Members' requisition, the Directors shall immediately proceed duly to convene an extraordinary general meeting of the Company to be held as soon as practicable but in any case not later than two months after the receipt by the Company of the requisition.
- 19.5 A Members' requisition is a requisition of Members holding at the date of deposit of the requisition not less than ten per cent of the total number of paid-up Shares which as at that date carry the right to vote at general meetings of the Company.
- 19.6 The Members' requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 19.7 If there are no Directors as at the date of the deposit of the Members' requisition or if the Directors do not within twenty-one days after the date of the deposit of the Members' requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than fifty per cent of the total voting rights of all of the requisitionists, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months from that date.
- 19.8 A general meeting convened by the requisitionists in accordance with Article 19.7 above shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Directors.

20 Notice of General Meetings

20.1 Any general meeting at which it is proposed to pass a Special Resolution shall be called by ~~21~~twenty-one calendar days' notice in writing at the least. An annual general meeting and any other extraordinary general meeting shall be called by ~~14~~fourteen calendar days' notice in writing at the least; provided always that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed: Provision 7

(a) in the case of an annual general meeting, by all of the Members entitled to attend and vote thereat; and

(b) in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent in par value of the Shares giving that right.

~~20.2 Any general meeting at which it is proposed to consider any proposal in connection with a Business Combination shall be called by 21 calendar days' notice in writing at the least, or such other period of notice as may be required pursuant to the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law.~~ Provision 7

20.2 ~~20.3~~ The period of notice shall in each case be exclusive of the day on which it is despatched and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all Members other than such as are not under the provisions of these Articles and the Statute entitled to receive such notices from the Company.

20.3 ~~20.4~~ So long as the Shares in the Company are listed on the Designated Stock Exchange, notices of any general meeting shall be given by advertisement in the daily press in Singapore and in writing to the Designated Stock Exchange. Provision 7

20.4 ~~20.5~~ The Directors may make Communication Facilities available for a

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

specific general meeting or all general meetings of the Company so that members and other participants may attend and participate at such general meetings by means of such Communication Facilities. Without limiting the generality of the foregoing, the Directors may determine that any general meeting may be held as a Virtual Meeting subject to, where applicable, the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law.

20.5 ~~20.6~~ Every notice calling a general meeting shall specify the place, the day and the hour of the meeting and the general nature of the business to be conducted at the general meeting. Any notice of a general meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. Provision 7

20.6 ~~20.7~~ The notice of any general meeting at which Communication Facilities will be utilised (including any Virtual Meeting) must disclose the Communication Facilities that will be utilised, including the procedures to be followed by any member or other participant of the general meeting who wishes to utilise such Communication Facilities for the purpose of attending, participating and voting at such meeting.

20.7 ~~20.8~~ The accidental omission to give notice of a general meeting to, or the ~~non-receipt~~non-receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.

21 Proceedings at General Meetings

21.1 No business shall be transacted at any general meeting unless a quorum is Present. Two Members Present shall be a quorum unless there is only one Member of the Company in which case that Member may constitute a quorum. For the avoidance of doubt, where a Member is the Depository, one or more person(s) attending as the Depository's proxy or as the Depository's duly authorised representative may count towards the quorum.

21.2 A person may participate at a general meeting by Communications Facilities by means of which all the persons participating in the

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

meeting can communicate with each other simultaneously and instantaneously using such Communication Facilities. Participation by a person in a general meeting in this manner is treated as a person being Present at that meeting.

- 21.3 A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by or on behalf of all of the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations or other non-natural persons, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.
- 21.4 If a quorum is not Present within half an hour from the time appointed for the meeting to commence or if during such a meeting a quorum ceases to be Present, the meeting, if convened upon a Members' requisition, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or to such other day and at such other time and/or place as the Directors may by not less than ten calendar days' notice appoint. At the adjourned meeting any one or more Members Present shall be a quorum. For the avoidance of doubt, where a Member is the Depository, one or more person(s) attending as the Depository's proxy or as the Depository's duly authorised representative may count towards the quorum.
- 21.5 The Directors may, at any time prior to the time appointed for the meeting to commence, appoint any person to act as Chairperson of a general meeting of the Company or, if the Directors do not make any such appointment, the Chairperson, if any, of the board of Directors shall preside as Chairperson at such general meeting. If there is no such Chairperson, or if such Person shall not be Present within fifteen minutes after the time appointed for the meeting to commence, or is unwilling to act, the Directors Present shall elect one of their number to be Chairperson of the meeting.
- 21.6 If no Director is willing to act as Chairperson or if no Director is Present within fifteen minutes after the time appointed for the meeting to commence, the Members Present shall choose one of their number to

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

be Chairperson of the meeting.

21.7 The Chairperson of any general meeting shall be entitled to attend and participate at such general meeting by means of Communication Facilities, and to act as the Chairperson, in which event:

- (a) the Chairperson shall be deemed to be Present at the meeting; and
- (b) if the Communication Facilities are interrupted or fail for any reason to enable the Chairperson to hear and be heard by all other Persons attending and participating at the meeting, then the other Directors Present at the meeting shall choose another Director Present to act as Chairperson of the meeting for the remainder of the meeting; provided that (i) if no other Director is Present at the meeting, or (ii) if all the Directors Present decline to take the chair, then the meeting shall be automatically adjourned to the same day in the next week and at such time and place as shall be decided by the board of Directors.

21.8 The Chairperson may, with the consent of a meeting at which a quorum is Present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

21.9 If, ~~prior to a Business Combination,~~ a notice is issued in respect of a general meeting and the Directors, in their absolute discretion, consider that it is impractical or undesirable for any reason to hold that general meeting at the place, the day and the hour specified in the notice calling such general meeting, the Directors may, subject always to the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, postpone the general meeting to another place, day and/or hour provided that notice of the place, the day and the hour of the rearranged general meeting is promptly given to all Members. No business shall be transacted at any postponed meeting other than the business specified in the notice of the original meeting.

21.10 When a general meeting is adjourned or postponed for thirty days or

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

more, notice of the adjourned or postponed meeting shall be given as in the case of an original meeting. The Chairperson of the meeting may (and, if required by the rules or regulations of the Designated Stock Exchange, shall) appoint at least one scrutineer (who shall be independent of the persons undertaking the poll process).

21.11 For so long as the Shares of the Company are listed on the Designated Stock Exchange, if required by the rules or regulations of the Designated Stock Exchange, all resolutions at general meetings shall be voted by poll unless such requirement is waived by the Designated Stock Exchange.

21.12 A poll shall be taken as the Chairperson directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was required or demanded.

21.13 A poll demanded on the election of a Chairperson or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such date, time and place as the Chairperson of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.

21.14 In the case of an equality of votes the Chairperson shall be entitled to a second or casting vote.

22 Votes of Members

22.1 Subject to any rights or restrictions attached to any Shares, every Member Present in any such manner, including a Depository, shall have one vote for every Share of which such Member is the holder. Provision 8(a)

22.2 In the case of joint holders of Shares, any one of such persons may vote, but if more than one of such persons is Present at a meeting, the person whose name stands first on the Register of Members shall alone be entitled to vote to the exclusion of the votes of the other joint holders. Provision 8(b)

22.3 A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

a show of hands or on a poll, by his committee, receiver, curator bonis, or other person on such Member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

22.4 No person shall be entitled to vote at any general meeting unless he is registered as a Member on the record date for such meeting ~~and~~ unless all calls or other monies then payable by ~~him~~such Member in respect of Shares have been paid. Provision 8(a)

22.5 No objection shall be raised as to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time in accordance with this Article shall be referred to the Chairperson whose decision shall be final and conclusive.

22.6 An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and, if afforded the opportunity, to speak at the meeting the same as any other voting Member. Votes may be cast either personally or by proxy (or in the case of a corporation or other non-natural person by its duly authorised representative or proxy). A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Member appoints more than one proxy the instrument of proxy shall specify the number of Shares in respect of which each proxy is entitled to exercise the related votes. Provisions 8(a) and (e)

22.7 A Member, including for the avoidance of doubt a Depository, holding more than one Share need not cast the votes in respect of such Member's Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing such Member, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which such Member is appointed either for or against a resolution and/or abstain from voting a Share or some or all of the Shares in respect of which such Member is appointed.

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

22.8 To the extent permitted by Applicable Law, where a Member (or, where the Member is the Depository, a Depositor) is required by the rules or regulations of the Designated Stock Exchange or a court order to abstain from voting on a resolution at a general meeting, such Member (or, where the Member is the Depository, a Depositor) shall not be entitled to vote on the relevant resolution and shall be required to abstain from voting such member's Shares (including by proxy or by attorney or being a corporation by its duly authorised representative) in respect of such resolution, and if the Member casts any votes (whether by proxy or by attorney or being a corporation by its duly authorised representative) in contravention of this Article or, if the rules or regulations of the Designated Stock Exchange require the Company to do so, the Company shall be entitled to disregard such votes.

23 Proxies

23.1 Any Member entitled to attend, vote and speak at a meeting of the Company who is the holder of two or more Shares shall be entitled to appoint not more than two proxies to attend, vote and speak instead of such Member at the same general meeting provided that if the Member is the Depository:

- (a) the Depository may appoint more than two proxies to attend, vote and speak at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise;

- (b) unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository as at a time not earlier than forty-eight ~~(48)~~ hours prior to the time of the relevant general meeting supplied by the Depository to the Company and notwithstanding any other provision of these Articles, the appointment of proxies by virtue of this Article 23.1(b) shall not require an instrument of proxy or the lodgement of any instrument of proxy;

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- (c) the Company shall accept as valid in all respects the form of instrument of proxy approved by the Depository (the “**Depository Proxy Form**”) for use at the date relevant to the general meeting in question naming a Depositor (the “**Nominating Depositor**”) and permitting that Nominating Depositor to nominate a person or persons other than the Nominating Depositor as the proxy or proxies appointed by the Depository. A Nominating Depositor who is not a relevant intermediary may nominate not more than two persons to attend and vote in such Nominating Depositor's place as proxy or proxies appointed by the Depository, and a Nominating Depositor who is a relevant intermediary may nominate more than two persons to attend and vote in its place as proxies appointed by the Depository. The Company shall, in determining rights to vote and other matters in respect of a completed Depository Proxy Form submitted to it, have regard to the instructions given by and the notes (if any) set out in the Depository Proxy Form. The submission of any Depository Proxy Form shall not affect the operation of Article 23.1(b) and shall not preclude a Depositor appointed as a proxy by virtue of Article 23.1(b) from attending and voting at the relevant meeting but in the event of attendance by such Depositor the Depository Proxy Form submitted bearing such Depositor's name as the Nominating Depositor shall be deemed to be revoked;
- (d) the Company shall reject any Depository Proxy Form of a Nominating Depositor if such Nominating Depositor's name is not shown in the records of the Depository as at a time not earlier than forty-eight ~~(48)~~ hours prior to the time of the relevant general meeting supplied by the Depository to the Company; and
- (e) on a poll the maximum number of votes which a Depositor, or proxies appointed pursuant to a Depository Proxy Form in respect of that Depositor, is able to cast shall be the number of Shares credited to the Securities Account of that Depositor as shown in the records of the Depository as at a time not earlier than forty-eight ~~(48)~~ hours prior to the time of the relevant general meeting supplied by the Depository to the Company (or such timing as may be stipulated by the Designated Stock

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Exchange from time to time), whether that number is greater or smaller than the number specified in any Depository Proxy Form or instrument of proxy executed by or on behalf of the Depository.

23.2 The instrument appointing a proxy shall be in writing and:

- (a) in the case of an individual shall be:
 - (i) executed under the hand of the appointor or of such Member's attorney duly authorised in writing if the instrument is delivered personally or sent by post; or
 - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by Electronic Communication; and
- (b) in the case of a corporation or other non-natural person, shall be:
 - (i) under the hand of its duly authorised representative, or in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate, if the instrument is delivered personally or sent by post; or
 - (ii) authorised by that corporation or non-natural person through such method and in such manner as may be approved by the Directors, if the instrument is submitted by Electronic Communication.

23.3 The Directors may, in their absolute discretion, approve the method and manner for an instrument appointing a proxy to be authorised by an appointor, or deposited with or received by the Company, as well as any authentication procedure for authentication of such instrument as contemplated in Articles 23.2(a)(ii) and 23.2(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Article 23.2(a)(i) and/or (as the case

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

may be) Article 23.2(b)(i) shall apply, provided that if the instrument appointing a proxy is delivered personally or sent by post, it shall be deposited physically at the Registered Office not less than 48 hours before the time appointed for the meeting or adjourned meeting to commence at which the person named in the instrument proposes to vote.

23.4 A proxy need not be a Member. Provision 8(c)

23.5 The instrument appointing a proxy and (if required by the ~~Board~~board of Directors) the power of attorney or other authority (if any) under which it is signed or authorised on behalf of the appointor (which shall, for this purpose, include a Depositor), or a certified copy of such power or authority:

- (a) if sent personally or by post, must be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate); or
- (b) if submitted by Electronic Communication, must be received through such means as may be specified by the Company for that purpose in or by way of note to or in any document accompanying the notice convening the meeting, and in either case, not less than forty-eight ~~(48)~~ hours (or such timing as may be stipulated by the Designated Stock Exchange from time to time) before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve ~~(12)~~ months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve ~~(12)~~ months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

and in such event, the instrument appointing a proxy shall be deemed to be revoked.

- 23.6 The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by Electronic Communication, as contemplated in Article 23.5(b). Where the Directors do not so specify, Article 23.5(a) shall apply.
- 23.7 The Chairperson may in any event at the Chairperson's discretion declare that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted, or which has not been declared to have been duly deposited by the Chairperson, shall be invalid.
- 23.8 The instrument appointing a proxy may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to ~~include~~confer the power~~authority~~ to demand or join or concur in demanding a poll. Provision 8(d)
- 23.9 Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.
- 24 Corporate Members**
- 24.1 Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

exercise if it were an individual Member.

- 24.2 If a Depository (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it sees fit to act as its representative at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Depository (or its nominee(s)) as if such person was the registered holder of such Shares held by the Depository (or its nominee(s)).

25 Shares that May Not be Voted

Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

26 Key Personnel

~~26.1 Prior to the consummation of a Business Combination, in the event of the resignation or replacement of any Directors or Officers of the Company (which are not due to natural cessation events such as death, bankruptcy, disqualification from acting as a director under Applicable Law (as may be applicable), mental disorder or other medical reasons), the Company shall convene a general meeting at which a Special Resolution shall be passed for the Company's continued listing on the Designated Stock Exchange.~~

- ~~26.2 In the event that a Special Resolution for the Company's continued listing on the Designated Stock Exchange is not passed at the general meeting convened pursuant to Article 26.1 above, the Company shall be liquidated in accordance with Article 45.~~

26 ~~27~~ Directors and Chief Executive Officer(s)

Provision 9(a)

- 26.1 ~~27.1~~ There shall be a board of Directors consisting of not less than one person provided however that the Company may by Ordinary Resolution increase or reduce the limits in the number of Directors. All

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Directors of the Company shall be natural persons.

26.2 ~~27.2~~ The Directors may from time to time appoint one or more of their body to be Chief Executive Officer or Chief Executive Officers (or other equivalent position) of the Company and may from time to time (subject to the provisions of any contract between such Director(s) and the Company) remove or dismiss such Director(s) from the office of Chief Executive Officer(s) and appoint another or others in such Director(s) place(s). Where an appointment is for a fixed term, such term shall not exceed five years. Provision 9(i)

26.3 ~~27.3~~ A Chief Executive Officer (or person holding an equivalent position) shall at all times be subject to the control of the Directors but subject thereto the Directors may from time to time entrust to and confer upon a Chief Executive Officer (or person holding an equivalent position) for the time being such of the powers exercisable under these Articles by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. Provision 9(j)

27 ~~28~~ **Powers of Directors**

27.1 ~~28.1~~ Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

27.2 ~~28.2~~ All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Directors shall determine by resolution.

27.3 ~~28.3~~ The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

27.4 ~~28.4~~ The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Provision 6

28 ~~29~~ Appointment and Removal of Directors

28.1 ~~29.1~~ The Company may by Ordinary Resolution appoint any person to be a Director or may by Ordinary Resolution remove any Director.

28.2 ~~29.2~~ At each Annual General Meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third), selected in accordance with Article ~~29.3~~28.3, shall retire from office by rotation (in addition to any Director retiring pursuant to Article ~~29.4~~28.4), provided always that, if required by the rules and regulations of the Designated Stock Exchange, all Directors shall retire at least once every three years.

28.3 ~~29.3~~ The Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

28.4 ~~29.4~~ The Directors may appoint any person to be a Director, either to fill a casual vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum

Provision 9(b)

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

number of Directors. Any person so appointed by the Directors shall hold office only until the next annual general meeting. Such Director shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

28.5 ~~29.5~~ No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless not less than ~~44~~eleven nor more than ~~42~~forty-two clear calendar days (exclusive of the date on which the notice is given) before the date appointed for the meeting there shall have been lodged at the Registered Office notice in writing signed by some Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of such Member's intention to propose such person for election or notice in writing signed by the person to be proposed giving such person's consent to the nomination and signifying that person's candidature for the office, provided always that in the case of a person recommended by the Directors for election not less than nine clear calendar days' notice shall be necessary and notice of each and every such person shall be served on the Members at least seven calendar days prior to the meeting at which the election is to take place. Provision 9(h)

29 ~~30~~ **Vacation of Office of Director**

The office of a Director shall be vacated if:

- (a) the Director gives notice in writing to the Company that he resigns the office of Director; or
 - (b) the Director absents himself, herself or itself (for the avoidance of doubt, without being represented by proxy) from three consecutive meetings of the board of Directors without special leave of absence from the Directors, and the Directors pass a resolution that such Director has by reason of such absence vacated office; or
 - (c) the Director dies, has a bankruptcy order made against such Director or makes any arrangement or composition with such Director's creditors generally; or
- Provision 9(g)

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- (d) the Director becomes mentally disordered (including being of unsound mind) and incapable of managing such Director's affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for such Director's detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to such Director's property or affairs; ~~or~~ Provision 9(g)
- (e) the Director shall become disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds (in which event such Director must immediately resign from the board); or Provision 9(n)
- (f) the Director is removed from office by Ordinary Resolution.

30 ~~31~~ Proceedings of Directors

30.1 ~~31.1~~—The quorum for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be a majority of the Directors then in office, including the Chairperson; provided, however, a quorum shall nevertheless exist at a meeting at which a quorum would exist but for the fact that the Chairperson is voluntarily absent from the meeting and notifies the board of Directors his decision to be absent from that meeting, before or at the meeting.

30.2 ~~31.2~~—Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes (except where only two Directors are present and form the quorum or when only two Directors are competent to vote on the question in issue), the Chairperson shall have a second or casting vote. Provision 9(m)

30.3 ~~31.3~~—A person may participate in a meeting of the Directors or any committee of Directors by Communications Facilities by means of which all the persons participating in the meeting can simultaneously and instantaneously communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

presence in person at that meeting. Unless otherwise determined by the Directors, the meeting shall be deemed to be held at the place where the Chairperson is located, or deemed to be located, at the start of the meeting.

30.4 ~~31.4~~ A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of the Directors or, in the case of a resolution in writing relating to the removal of any Director or the vacation of office by any Director, all of the Directors other than the Director who is the subject of such resolution shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held. The expressions "in writing" and "signed" include approval by any such Director by facsimile or any form of Electronic Communication approved by the Directors for such purpose from time to time and in accordance with the Applicable Law.

30.5 ~~31.5~~ A Director may, or other Officer on the direction of a Director shall, call a meeting of the Directors by at least two days' notice in writing to every Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors either at, before or after the meeting is held. To any such notice of a meeting of the Directors all the provisions of the Articles relating to the giving of notices by the Company to the Members shall apply *mutatis mutandis*.

30.6 ~~31.6~~ The continuing Directors (or a sole continuing Director, as the case may be) may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles as the necessary quorum of Directors the continuing Directors or Director may act only for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose (except in an emergency). If there be no Directors or Director able or willing to act, then any two Members may summon a general meeting for the purpose of appointing Directors.

Provision 9(k)

30.7 ~~31.7~~ The Directors may elect and appoint a Chairperson ~~of their board~~ by the affirmative vote of a simple majority of the Directors then in office, and determine the period for which such Person the Chairperson is to hold office; but if no such, The Chairperson is

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

~~elect~~~~ed, or if at any~~ shall preside as chairperson at every meeting of the board of Directors. To the extent the Chairperson is not present within five minutes after the time appointed for the meeting to commence, the Directors present may choose one of their number to be Chairperson of the meeting.

30.8 ~~31.8~~ All acts done by any meeting of the Directors or of a committee of the Directors shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director, and/or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.

30.9 ~~31.9~~ A Director may be represented at any meetings of the board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

31 ~~32~~ Alternate Directors

31.1 ~~32.1~~ Any Director may at any time by writing under such Director's hand and deposited at the Registered Office, or delivered at a meeting of the Directors, nominate any person (other than another Director) for appointment to be such Director's Alternate Director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by the majority of the other Directors, shall have effect only upon and subject to being so approved. A person shall not act as Alternate Director to more than one Director at the same time.

Provision 9(l)

31.2 ~~32.2~~ An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if such person were a Director but such person shall not be entitled to receive from the Company in respect of such person's appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to such person's principal as such principal may by notice in writing to the Company from time to time direct, provided

Provision 9(l)

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

always that any fees payable to such Alternate Director shall be deducted from the relevant appointing principal's remuneration.

32 ~~33~~ Directors' Interests

32.1 ~~33.1~~ A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

32.2 ~~33.2~~ A Director may act by himself, herself, itself or by, through or on behalf of such Director's firm in a professional capacity for the Company and the Director or the Director's firm shall be entitled to remuneration for professional services as if the Director were not a Director.

32.3 ~~33.3~~ A Director may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder, a contracting party or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by the Director as a director or officer of, or from such Director's interest in, such other company.

32.4 No person shall be disqualified from the office of Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director shall be in any way interested be or be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director holding office or of the fiduciary relationship thereby established. A Director shall not vote in respect of any contract or proposed contract or transaction in which such Director has directly or indirectly any personal material interest. Provision 9(e)

32.5 ~~33.4~~ Notwithstanding any other provision of the Articles, a Director that is in any way interested in a proposed contract or transaction, whether directly or indirectly, may be counted as part of the quorum for a meeting of the Directors at which a resolution in respect of such proposed contract

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

or proposed transaction is tabled provided that such an interested Director shall not be permitted to vote in respect of such proposed contract or proposed transaction at such board meeting (or pursuant to a resolution in writing to be signed by all the Directors or all the members of a committee of the Directors whom are entitled to vote on same) notwithstanding any notice given to the board of Directors regarding such interest.

~~33.5 A general notice that a Director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.~~

33 34-Minutes

The Directors shall cause minutes to be made in books kept for the purpose of recording all appointments of Officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of the Directors, including the names of the Directors present at each meeting.

34 35-Delegation of Directors' Powers

34.1 ~~35.1~~The Directors may delegate any of their powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one or more Directors (including, without limitation, the Audit Committee, the Remuneration Committee and the Nominating Committee). Any such delegation may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

34.2 ~~35.2~~The Directors may establish any committees, local boards or agencies or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any person to

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

be a member of such committees, local boards or agencies. Any such appointment may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and any such appointment may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

34.3 ~~35.3~~ The Directors may adopt formal written charters for committees. Each of these committees shall be empowered to do all things necessary to exercise the rights of such committee set forth in the Articles and shall have such powers as the Directors may delegate pursuant to the Articles and as required by the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law. Each of the Audit Committee, the Remuneration Committee and the Nominating Committee, if established, shall consist of such number of Directors as the Directors shall from time to time determine (or such minimum number as may be required from time to time by the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law). For so long as any class of Shares is listed on the Designated Stock Exchange, the Audit Committee, the Remuneration Committee and the Nominating Committee shall be made up of such number of Independent Directors as is required from time to time by the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law.

34.4 ~~35.4~~ The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.

34.5 ~~35.5~~ The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.

34.6 ~~35.6~~—The Directors may appoint such Officers as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment an Officer may be removed by resolution of the Directors or Members. An Officer may vacate his office at any time if he gives notice in writing to the Company that he resigns his office.

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

36 No Minimum Shareholding

The Company in general meeting may fix a minimum shareholding required to be held by a Director, but unless and until such a shareholding qualification is fixed a Director is not required to hold Shares.

35 [Reserved]

36 37-Remuneration of Directors

Provision 9(d)

36.1 ~~37.1~~ The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of the Company and shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting. The Directors shall also, ~~whether prior to or after the consummation of a Business Combination,~~ be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

36.2 ~~37.2~~ The Directors may by resolution approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond his ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

36.3 ~~37.3~~ Notwithstanding Articles ~~37.1~~ 36.1 and ~~37.2~~ 36.2 above, all remuneration in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.

Provision 9(c)

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

37 ~~38~~-Authentication

37.1 ~~38.1~~ Any Director or a Company secretary or any person appointed by the Directors for the purpose of authentication may authenticate any documents affecting the Memorandum and Articles of the Company and any resolution passed by the Company or the Directors or any committee, and any books, records, documents and financial statements relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts financial statements are elsewhere than at the Registered Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Directors.

37.2 ~~38.2~~ A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

37.3 ~~38.3~~ Any authentication or certification made pursuant to this Article ~~38~~ 37 may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

38 ~~39~~-Seal

38.1 ~~39.1~~ The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some Officer or other person appointed by the Directors for the purpose.

38.2 ~~39.2~~ The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

where it is to be used.

38.3 ~~39.3~~ A Director or Officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

39 40-Dividends, Distributions and Reserve

39.1 ~~40.1~~ Subject to the Statute and this Article and except as otherwise provided by the rights attached to any Shares, the Directors may resolve to pay Dividends and other distributions on Shares in issue and authorise payment of the Dividends or other distributions out of the funds of the Company lawfully available therefor. A Dividend shall be deemed to be an interim Dividend unless the terms of the resolution pursuant to which the Directors resolve to pay such Dividend specifically state that such Dividend shall be a final Dividend. No Dividend or other distribution shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.

39.2 ~~40.2~~ Except as otherwise provided by the rights attached to any Shares, all Dividends and other distributions shall be paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly, provided that where such Shares are partly paid, all Dividends or other profits or distributions must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid Shares. Provision 1(e)

39.3 ~~40.3~~ For the purposes of this Article ~~40~~39, amounts paid or credited as paid on a Share in advance of calls are to be ignored. Provision 1(e)

39.4 ~~40.4~~ The Directors may deduct from any Dividend or other distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.

39.5 ~~40.5~~ The Directors may resolve that any Dividend or other distribution be paid wholly or partly by the distribution of specific assets and in

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Directors.

39.6 ~~40.6~~ Except as otherwise provided by the rights attached to any Shares, Dividends and other distributions may be paid in any currency. The Directors may determine the basis of conversion for any currency conversions that may be required and how any costs involved are to be met.

39.7 ~~40.7~~ The Directors may, before resolving to pay any Dividend or other distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the discretion of the Directors, be employed in the business of the Company.

39.8 ~~40.8~~ Any Dividend, other distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, other distributions, bonuses, or other monies payable in respect of the Share held by them as joint holders.

39.9 ~~40.9~~ No Dividend or other distribution shall bear interest against the Company.

39.10 ~~40.10~~ Any Dividend or other distribution which cannot be paid to a
[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Member and/or which remains unclaimed after six months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. Any Dividend or other distribution which remains unclaimed after a period of six years from the date on which such Dividend or other distribution becomes payable shall be forfeited and shall revert to the Company.

40 ~~41~~ Capitalisation

The Directors may at any time capitalise any sum standing to the credit of any of the Company's reserve accounts or funds (including the share premium account and capital redemption reserve fund) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; appropriate such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend or other distribution; and apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power given to the Directors to make such provisions as they think fit in the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

41 ~~42~~ Books of Account

41.1 ~~42.1~~—The Directors shall cause proper books of account (including, where applicable, material underlying documentation including contracts and invoices) to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

41.2 ~~42.2~~The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.

41.3 ~~42.3~~The Directors may cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

42 ~~43~~-Audit

42.1 ~~43.1~~The Directors may appoint an Auditor of the Company who shall hold office on such terms as the Directors determine, subject to any requirements as may be prescribed by the Designated Stock Exchange.

42.2 ~~43.2~~Without prejudice to the freedom of the Directors to establish any other committee, if the Shares (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, and if required by the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, the Directors shall establish and maintain an Audit Committee as a committee of the Directors and shall adopt a formal written Audit Committee charter and review and assess the adequacy of the formal written charter on an annual basis. The composition and responsibilities of the Audit Committee shall comply with the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law.

42.3 ~~43.3~~If the Shares (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Company shall conduct an appropriate review of all related party transactions on an ongoing basis

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

and shall utilise the Audit Committee for the review and approval of potential conflicts of interest.

42.4 ~~43.4~~—The remuneration of the Auditor shall be fixed by the Audit Committee (if one exists). If no Audit Committee exists, the remuneration of the Auditor shall be determined by the Directors.

42.5 ~~43.5~~—If the office of Auditor becomes vacant by resignation or death of the Auditor, or by the Auditor becoming incapable of acting by reason of illness or other disability at a time when such Auditor's services are required, the Directors shall fill the vacancy and determine the remuneration of such Auditor.

42.6 ~~43.6~~—Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers such information and explanation as may be necessary for the performance of the duties of the Auditor.

42.7 ~~43.7~~—Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any other time during their term of office, upon request of the Directors or any general meeting of the Members.

42.8 ~~43.8~~—Any payment made to members of the Audit Committee (if one exists) shall require the review and approval of the Directors, with any Director interested in such payment abstaining from such review and approval.

43 44-Notices

43.1 ~~44.1~~—Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him, her or it or to such Member's address as shown in the Register of Members or at any other address supplied by such Member to the Company. Notice may also be served in accordance with the rules and regulations of the Designated Stock

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Exchange and/or any other competent regulatory authority or by placing it on the Company's Website.

43.2 ~~44.2~~ Without prejudice to the provisions of Article ~~44.1~~43.1, but subject otherwise to the Applicable Law and the rules and regulations of the Designated Stock Exchange relating to Electronic Communication, any notice or document (including, without limitation, any financial statements, balance sheet or report) which is required or permitted to be given, sent or served under the Applicable Law, the rules or regulations of the Designated Stock Exchange or under these Articles by the Company or by the Directors, to a Member may be given, sent or served using Electronic Communication:

- (a) to the current address of that person; and/or
- (b) by making it available on the Company's Website, in accordance with the provisions of these Articles, the Applicable Law and the rules and regulations of the Designated Stock Exchange.

43.3 ~~44.3~~ When the Company uses Electronic Communication to send a notice or document to a Member, the Company shall inform the Member as soon as practicable of how to request a physical copy of that notice or document from the Company. The Company shall provide a physical copy of that notice or document upon such request.

43.4 ~~44.4~~ For the purposes of Article ~~44.2~~43.2 above, a Member shall be implied to have agreed to receive such notice or document by way of such Electronic Communication and shall not have a right to elect to receive a physical copy of such notice or document.

43.5 ~~44.5~~ Notwithstanding Article ~~44.4~~43.4 above, the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of Electronic Communication or as a physical copy, and a Member shall be deemed to have consented to receive such notice or document by way of Electronic Communication if such Member was provided with such an opportunity and such Member failed to make an election within the specified time, and such Member shall not in such an event have a right to receive a physical copy of such notice or document.

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

43.6 ~~44.6~~ Subject to the rules and regulations of the Designated Stock Exchange, where a notice or document is served to a Member by making it available on the Company's website pursuant to Article ~~44.2(b)~~ 43.2(b) above, the Company shall give separate notice to the Member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:

- (a) by sending such separate notice to the Member personally or through the post or by fax pursuant to Article ~~44.143.1~~;
- (b) by sending such separate notice to the Member using Electronic Communication to his current address pursuant to Article ~~44.2(a)~~ 43.2(a);
- (c) by way of advertisement in a daily newspaper; and/or
- (d) by way of announcement on the Designated Stock Exchange.

43.7 ~~44.7~~ Where a notice is sent by:

- (a) courier; service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier;
- (b) post; service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays in the Cayman Islands) following the day on which the notice was posted;
- (c) cable, telex or fax; service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted;
- (d) e-mail or other Electronic Communication; service of the notice shall be deemed to be effected by:

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

- (i) transmitting the e-mail or other Electronic Communication to the current address of the intended recipient pursuant to Article ~~44.2(a)~~ 43.2(a) and the notice shall be deemed to have been received at the time of transmission of the Electronic Communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the e-mail or other Electronic Communication was delayed or not successfully sent), unless otherwise provided under the Applicable Law and/or the rules or regulations of the Designated Stock Exchange, and it shall not be necessary for the receipt of the e-mail or other Electronic Communication to be acknowledged by the recipient; and

- (ii) making it available on the Company's Website pursuant to Article ~~44.2(b)~~ 43.2(b) and the notice shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the Company's website, unless otherwise provided under the Applicable Law and/or the rules or regulations of the Designated Stock Exchange.

43.8 ~~44.8~~ Any notice or other document delivered or sent by post to, or left at the address of, any Member or given, sent or served by Electronic Communication in accordance with these Articles shall, notwithstanding that such Member is then dead, suffering from mental disorder or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death, mental disorder or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any Share registered in the name of such Member as sole or joint holder unless such Member's name shall, at the time of the service or delivery of the notice or document, have been removed from the Register of Members as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under such Member) in the share.

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

43.9 ~~44.9~~ A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a share or shares in consequence of the death, mental disorder, or bankruptcy or otherwise of a Member in the same manner as other notices which are required to be given under the Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description. Upon supplying to the Company an address within Singapore for the service of notices, such person or persons shall be entitled to have served upon such person or persons at such address any notice or document to which the Member would but for such Member's death, mental disorder, bankruptcy or otherwise be entitled and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

43.10 ~~44.10~~ Notice of every general meeting shall be given in any manner authorised by the Articles to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for such Member's death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

44 ~~45~~-Winding Up

Provision 11

44.1 ~~45.1~~ If the Company shall be voluntarily wound up, the application to wind up the Company shall, subject to Applicable Law, be made in Singapore pursuant to the provisions of the Insolvency, Restructuring and Dissolution Act 2018, No. 40 of 2018, of Singapore. If the Company shall be involuntarily wound up, the administration of the winding-up process shall be by the Cayman Islands court in accordance with the Statute.

Provision 11

44.2 ~~45.2~~ If the Company shall be wound up, the liquidator shall, subject always to Applicable Law, apply the assets of the Company in satisfaction of creditors' claims in such manner and order as such

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

liquidator thinks fit. Subject to the rights attaching to any Shares, in a winding up:

- (a) if the assets available for distribution amongst the Members shall be insufficient to repay the whole of the Company's issued share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them; or
- (b) if the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the Company's issued share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise.

44.3 ~~45.3~~ If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, subject to the rights attaching to any Shares and Applicable Law, and with the approval of a Special Resolution of the Company and any other approval required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose set such value as such liquidator deems fair upon any assets and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like approval, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability. Provision 11

45 ~~46~~-Indemnity and Insurance

45.1 Subject to the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, every Director and Officer (which for the avoidance of doubt, shall not include auditors of the Company), together with every former Director and former Officer (each an "**Indemnified Person**")

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own negligence, actual fraud, wilful default, breach of duty or breach of trust. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result (whether direct or indirect) of the carrying out of their functions unless that liability arises through the actual fraud or wilful default of such Indemnified Person. No person shall be found to have committed negligence, actual fraud, wilful default, breach of duty or breach of trust under this Article unless or until a court of competent jurisdiction shall have made a finding to that effect.

45.2 ~~46.2~~—The Company shall advance to each Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any advance of any expenses hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person.

45.3 ~~46.3~~—The Directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or Officer against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

46 ~~47~~ **Financial Year and Financial Statements**

Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

year of incorporation, shall begin on 1st January in each year.

47 ~~48-Transfer by Way of Continuation~~

If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

48 ~~49-Mergers and Consolidations~~

The Company shall have the power to merge or consolidate with one or more other constituent companies (as defined in the Statute) upon such terms as the Directors may determine and (to the extent required by the Statute) with the approval of a Special Resolution.

~~50 Business Combination~~

~~50.1 Notwithstanding any other provision of the Articles, this Article shall apply during the period commencing upon the adoption of the Articles and terminating upon the first to occur of the consummation of a Business Combination and the full distribution of the Escrow Account and such other bank accounts of the Company pursuant to this Article. In the event of a conflict between this Article and any other Articles, the provisions of this Article shall prevail.~~

~~50.2 For as long as the Company remains listed on the Designated Stock Exchange, any proposed change of Acquisition Mandate for the Business Combination must be approved by Special Resolution passed at a general meeting of the Company convened for such purpose.~~

~~50.3 Prior to the consummation of a Business Combination, the Company shall:~~

~~(a) submit such Business Combination to its Members for approval;
and~~

~~(b) only utilise the funds in the Escrow Account in accordance with the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law, provided that any instructions issued by the Company for the release of such funds from the Escrow~~

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

~~Account shall be signed by at least two Independent Directors.~~

~~50.4 The Company shall not call for a general meeting for the purposes of approving a Business Combination unless the approval of a majority of Independent Directors has been obtained. At a general meeting called for the purposes of approving a Business Combination pursuant to this Article, in the event that such Business Combination is approved by Ordinary Resolution, the Company shall be authorised to consummate such Business Combination.~~

~~50.5 Any Member holding Shares may, in connection with any vote on a Business Combination, elect to have their Shares redeemed for cash, in accordance with any applicable requirements provided for in the related prospectus and notice of general meeting materials (the "**IPO Redemption**") provided that no such Member acting together with any Affiliate of theirs or any other person with whom they are acting in concert or as a partnership, limited partnership, syndicate, or other group for the purposes of acquiring, holding, or disposing of Shares may exercise this redemption right with respect to more than 15% of the Shares in the aggregate without the prior consent of the Company and provided further that any beneficial holder of Shares on whose behalf a redemption right is being exercised must identify itself to the Company in connection with any redemption election in order to validly redeem such Shares. If so demanded, the Company shall pay any such redeeming Member, regardless of whether such Member votes for or against such proposed Business Combination, a per Share redemption price payable in cash from the Escrow Account (calculated in accordance with the agreement relating to the Escrow Account and the rules and regulations of the Designated Stock Exchange and/or any other competent regulatory authority or otherwise under Applicable Law), but only in the event that the applicable proposed Business Combination is approved and in connection with its consummation.~~

~~50.6 A Member may not withdraw a Redemption Notice once submitted to the Company unless the Directors determine (in their sole discretion) to permit the withdrawal of such redemption request (which they may do in whole or in part).~~

~~50.7 In the event that the Company does not consummate a Business Combination within twenty-four months from the consummation of the~~

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

~~IPO (or up to thirty-six months if such date is extended as described in the Prospectus), or such later time as the Members may approve in accordance with the Articles, the Company shall:~~

~~(a) cease all operations except for the purpose of winding up subject to Article 45 above;~~

~~(b) as promptly as reasonably possible, redeem the Shares other than at least one issued Share, at a per Share price, payable in cash, equal to the aggregate amount then on deposit in (i) the Escrow Account, including interest earned on the funds held in the Escrow Account and not previously released to the Company (less operating expenses, taxes payable and any liquidation expenses) and (ii) such other bank accounts of the Company, divided by the number of then Shares in issue, which redemption will completely extinguish Members' rights as Members (including the right to receive further liquidation distributions, if any); and~~

~~(c) as promptly as reasonably possible following such redemption, subject to the approval of the Company's remaining Members and the Directors, liquidate and dissolve,~~

~~subject in each case to its obligations under Cayman Islands law to provide for claims of creditors and other requirements of Applicable Law.~~

~~50.8 A holder of Shares shall be entitled to receive distributions from the Escrow Account only in the event of an IPO Redemption, a repurchase of shares or a distribution of the Escrow Account pursuant to this Article 50. In no other circumstance shall a holder of Shares have any right or interest of any kind in the Escrow Account.~~

~~50.9 After the IPO, and prior to the consummation of a Business Combination, unless pursuant to and in compliance with the applicable provisions of the rules and regulations of the Designated Stock Exchange, the Company shall not issue additional Shares or any other securities that would entitle the holders thereof to:~~

~~(a) receive funds from the Escrow Account; or~~

[Different first page setting changed from on in original to off in modified.]

**APPENDIX E: BLACKLINE OF PROPOSED NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION AGAINST CURRENT MEMORANDUM AND
ARTICLES OF ASSOCIATION**

~~(b) vote as a class with Shares on a Business Combination.~~

~~50.10 A Director shall not vote in respect of a Business Combination in which such Director has a conflict of interest with respect to the evaluation of such Business Combination. In addition, such Director must disclose such interest or conflict to the other Directors.~~

~~50.11 As long as the securities of the Company are listed on the Designated Stock Exchange, the Company must complete one or more Business Combinations having an aggregate fair market value of at least 80 per cent of the assets held in the Escrow Account (excluding the deferred underwriting commissions and taxes payable on the income earned on the Escrow Account) at the time of the Company's signing a definitive agreement in connection with a Business Combination.~~

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Independent Market Research on the Media and Entertainment Industry with a Focus on the Interactive Video Streaming Platform, V-Liver, and Live Commerce Industries

23rd October 2023



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APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



3G	: The 3rd generation of cellular network
4G	: The 4th generation of cellular network
5G	: The 5th generation of cellular network
ACG	: Animation, comics, and games
AI	: Artificial intelligence
APAC	: Asia-Pacific
ARPU	: Average revenue per-user
ARPPU	: Average revenue per-paying user
Asia/Asian	: Philippines, Singapore, Malaysia, Thailand, Indonesia, Japan, and Taiwan
AVOD	: Advertising-based video-on-demand
CAGR	: Compound annual growth rate
COVID-19	: Coronavirus disease 2019
DAU	: Daily active user
DLC	: Downloadable content
FLV	: Flash video format
GDP	: Gross domestic product
HEVC IP	: High-efficiency video coding intellectual property
ICT	: Information communication technology
IP	: Intellectual property
Livers	: Live streamer
MAU	: Monthly active user
Mbps	: Megabyte per-second
MENA	: Middle East and North Africa
OTT	: Over-the-top
PC	: Personal computer
PUGC	: Professionally curated user-generated content
QC	: Quality control
RPG	: Role-playing game
RTMP	: Real-time messaging protocol
SaaS	: Software-as-a-Service
SEA	: Philippines, Singapore, Malaysia, Thailand, and Indonesia
SMB	: Small and medium-sized business
SNS	: Social networking service
SVOD	: Subscription video-on-demand
TAM	: Total addressable market
TVOD	: Transactional video-on-demand
UGC	: User-generated content
UI	: User interface
USA	: United States of America
V-Liver/Vliver	: Virtual Idol
VOD	: Video-on-demand
Vtuber	: Virtual YouTuber
WebRTC	: Web real-time communication
YoY	: Year-on-year

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



Table of Contents

1. MACROECONOMIC OVERVIEW FOR SELECTED COUNTRIES IN ASIA	6
1.1.1. GROSS DOMESTIC PRODUCT (GDP) PER CAPITA	6
1.1.2. DEMOGRAPHIC AND SOCIOECONOMIC TRENDS	7
1.1.3. POPULATION AND AGE GROUP	7
1.1.4. DIGITAL INDICATORS	9
1.1.5. SMARTPHONE USERS	9
1.1.6. INTERNET USERS AND PENETRATION RATE	10
1.1.7. TRENDS ON PERSONAL ENTERTAINMENT SPEND AS A PROPORTION OF TOTAL INCOME	11
1.1.8. OUTLOOK—IMPACT OF COVID-19 AND SHIFT IN CONSUMER ENTERTAINMENT	11
2. OVERVIEW OF ASIA MEDIA AND ENTERTAINMENT INDUSTRY	12
2.1.1. INDUSTRY DEFINITION AND SEGMENTATION	12
2.1.2. VALUE CHAIN AND ECOSYSTEM ANALYSIS	14
2.1.3. KEY TRENDS IN THE INDUSTRY	15
2.1.4. MARKET SIZING, FORECAST, AND SHARE ESTIMATES	17
3. OVERVIEW OF INTERACTIVE VIDEO STREAMING PLATFORM MARKET	18
3.1.1. INDUSTRY OVERVIEW	18
3.1.2. EVOLUTION OF THE INTERACTIVE VIDEO STREAMING MARKET	18
3.1.3. INDUSTRY VALUE CHAIN	19
3.1.4. KEY DRIVERS	21
3.1.5. GROWTH CHALLENGES	24
3.1.6. KEY TRENDS	26
3.1.7. KEY METRICS COMPARISON	28
3.1.8. JAPAN	29
3.1.9. MARKET SIZE	29
3.1.10. COMPETITIVE LANDSCAPE AND MARKET SHARE	30
3.1.11. OPERATIONAL PERFORMANCE	31
3.1.12. TAIWAN	32
3.1.13. MARKET SIZE	32
3.1.14. COMPETITIVE LANDSCAPE AND MARKET SHARE	33
3.1.15. OPERATIONAL PERFORMANCE	34
3.1.16. COMPANY POSITIONING	34
3.1.17. SALES AND MARKET STRATEGY	34
3.1.18. OPPORTUNITIES	35
4. OVERVIEW OF INTERACTIVE VIDEO STREAMING PLATFORM MARKET IN MAJOR SOUTHEAST ASIAN COUNTRIES	37
4.1.1. TRENDS (DRIVERS AND RESTRAINTS)	37

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



4.1.2. MARKET SIZE	38
4.1.3. OUTLOOK	39
5. BRIEF OVERVIEW OF V-LIVERS LANDSCAPE	40
5.1.1. INDUSTRY OVERVIEW	40
5.1.2. DRIVERS	43
5.1.3. MARKET SIZE	44
5.1.4. DEMOGRAPHICS	45
5.1.5. GLOBAL OUTLOOK	46
6. BRIEF OVERVIEW OF LIVE COMMERCE	47
6.1.1. INDUSTRY OVERVIEW	47
6.1.2. KEY DRIVERS	48
6.1.3. GROWTH CHALLENGES	49
6.1.4. MARKET SIZE	50
6.1.5. TRENDS	52
7. SUMMARY PROSPECTS AND OUTLOOK	53
8. APPENDIX	55
8.1.1. HISTORY OF LIVE COMMERCE IN CHINA	55

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



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The market research process for this study has been undertaken through secondary/desktop research as well as primary research, which involves discussing the status of the industry with leading participants and experts. The research methodology used is the Expert Opinion Consensus Methodology.

Quantitative market information is subject to fluctuations due to possible changes in the business and industry climate. Frost & Sullivan's estimates and assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

This study has been prepared for 17LIVE INC. ("the Company"). No part of this study may be otherwise given, lent, resold, or disclosed to non-customers without our written permission. Furthermore, no part may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without our permission.

Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective, and it may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be liable for any loss suffered because of reliance on the information contained in this study. This study should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in it or otherwise.

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APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



1 MACROECONOMIC OVERVIEW FOR SELECTED COUNTRIES IN ASIA

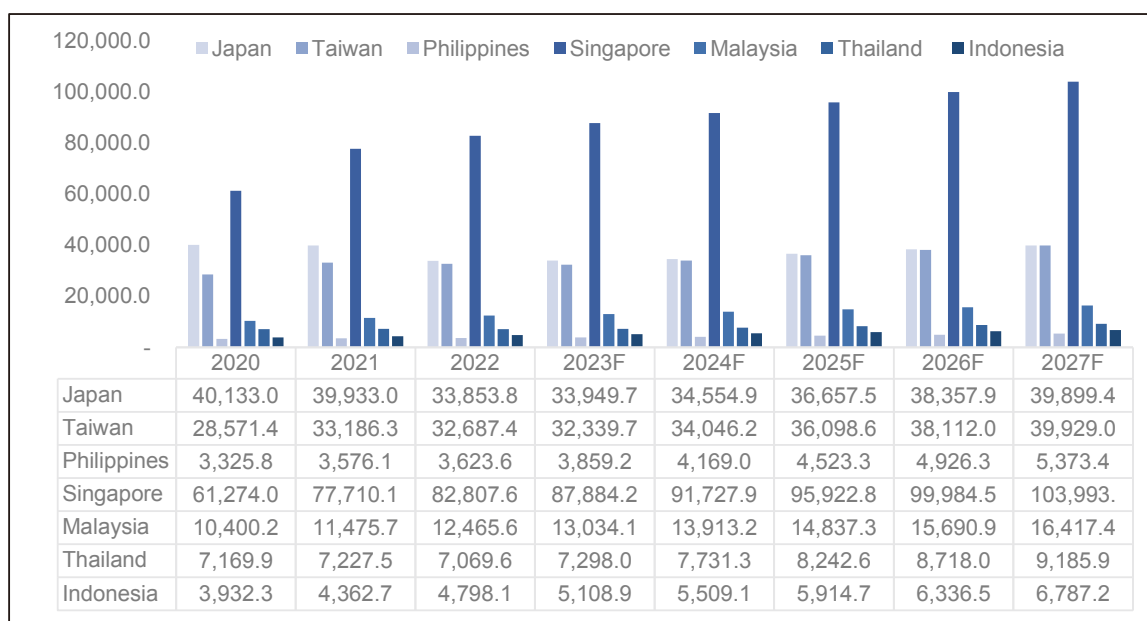
1.1 GROSS DOMESTIC PRODUCT (GDP) PER CAPITA

The **GDP** per capita for 5 selected countries in Southeast Asia (**SEA**) being Singapore Malaysia, Thailand, Philippines and Indonesia as well as Japan and Taiwan (collectively '**selected countries in Asia**' or '**Asian**') increased from USD 154,806.7 in 2020 to USD 177,305.7 in 2022, growing at a compound annual growth rate (**CAGR**) of 7.0% during the period, notwithstanding the 32-year plunge of the Japanese yen's value against the US dollar. The opening up and growth of the other economies in the wake of the easing of COVID-19 restrictions largely offset the yen's decreased value. Frost & Sullivan expects this GDP growth to moderate in the post-pandemic forecast period (2023-2027), recording a CAGR of 4.8% as consumer confidence improves in the wake of stabilized economics.

Of the Asian countries, Singapore had the highest GDP per capita at USD 82,807.6 in 2022, followed by Japan and Taiwan with a GDP per capita of USD 33,853.8 and USD 32,687.4, respectively. The GDP per capita in Indonesia, Malaysia, Thailand, and the Philippines ranged between USD 3,623.6 and USD 12,465.6 in 2022.

The following chart illustrates the Asian countries' GDP per capita from 2020 to 2027.

Figure 1-1: GDP per Capita at Current Prices in Selected Countries in Asia, 2020–2027F



Source: IMF World Economic Outlook 2023, Compiled by Frost & Sullivan

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

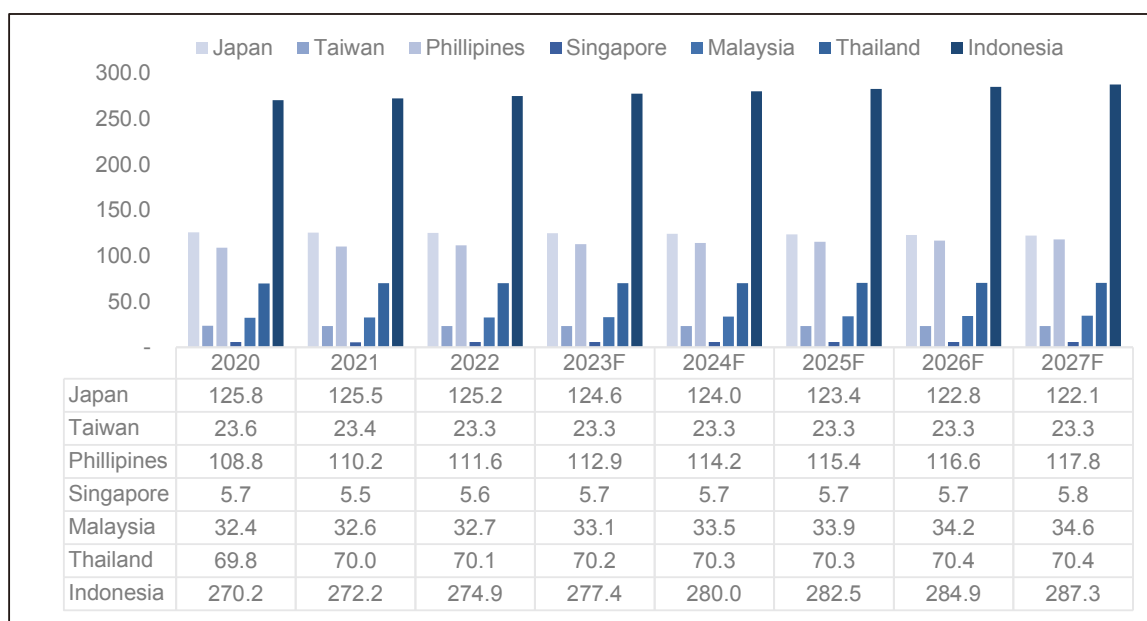


1.2 DEMOGRAPHIC AND SOCIOECONOMIC TRENDS

1.2.1 Population and Age Group

The rapidly aging population in Asian countries coupled with declining fertility rates are posing significant challenges to the economies.

Figure 1-2: Total Population of Selected Countries in Asia in Millions, 2020–2027F



Source: World Bank, Compiled by Frost & Sullivan

This aging population has contributed to an overall shrinking population. Experts forecast Japan's population, one of the oldest countries in the world with a median age of 48.6 years, is expected to decline during the forecast period. Its 2022 population reached 125.2 million people, with individuals under 20 years old making up approximately 11.8% of the entire population. This decrease in population size could limit the country's economic growth because of increasing healthcare costs and the reduced availability of young people in the workforce. To circumvent this challenge, the government is encouraging the elderly to lead healthier lifestyles, increasing the age of retirement, and introducing incentives to help young couples in raising children.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



Figure 1-3: Population by Age Group in Selected Countries in Asia, 2020-2027F

		Japan	Taiwan	Phillipines	Singapore	Malaysia	Thailand	Indonesia
2020	0-14	11.9%	12.8%	30.9%	12.2%	23.3%	16.1%	25.7%
	15-64	58.5%	72.0%	63.8%	74.7%	69.7%	70.1%	67.6%
	65+	29.6%	15.2%	5.2%	13.2%	7.0%	13.9%	6.7%
2021	0-14	11.8%	12.7%	30.6%	12.0%	23.0%	15.8%	25.5%
	15-64	58.4%	71.4%	64.0%	73.9%	69.8%	69.7%	67.7%
	65+	29.8%	16.0%	5.3%	14.1%	7.3%	14.5%	6.8%
2022	0-14	11.6%	12.6%	30.3%	11.8%	22.7%	15.5%	25.2%
	15-64	58.5%	70.7%	64.2%	73.0%	69.8%	69.3%	67.9%
	65+	29.9%	16.7%	5.4%	15.1%	7.5%	15.2%	6.9%
2023	0-14	11.5%	12.6%	30.0%	11.7%	22.4%	15.2%	24.9%
	15-64	58.5%	70.0%	64.4%	72.2%	69.8%	68.8%	68.1%
	65+	30.1%	17.5%	5.6%	16.1%	7.8%	16.0%	7.0%
2024	0-14	11.3%	12.5%	29.7%	11.6%	22.2%	14.9%	24.5%
	15-64	58.5%	69.3%	64.5%	71.3%	69.7%	68.3%	68.2%
	65+	30.2%	18.2%	5.8%	17.1%	8.1%	16.7%	7.3%
2025	0-14	11.2%	12.5%	29.4%	11.5%	22.0%	14.6%	24.2%
	15-64	58.4%	68.6%	64.7%	70.4%	69.6%	67.9%	68.3%
	65+	30.4%	18.9%	6.0%	18.1%	8.4%	17.5%	7.5%
2026	0-14	11.1%	12.5%	29.1%	11.4%	21.8%	14.3%	23.8%
	15-64	58.4%	67.9%	64.8%	69.5%	69.5%	67.4%	68.4%
	65+	30.5%	19.7%	6.1%	19.1%	8.7%	18.3%	7.8%
2027	0-14	11.0%	12.4%	28.8%	11.3%	21.6%	14.0%	23.5%
	15-64	58.4%	67.2%	64.9%	68.6%	69.5%	66.9%	68.5%
	65+	30.7%	20.5%	6.3%	20.1%	9.0%	19.0%	8.1%

Source: UN World Population Prospect; World Bank; Compiled by Frost & Sullivan

Despite having a prominent forward looking technology industry, especially in semiconductor manufacturing, seniors still dominate Taiwan's population. With its fertility rate declining and life expectancy rate improving, Taiwan is now facing an aging population with a median age of 41.3 years old, and population numbers have been shrinking since 2020.

Indonesia, the fourth-most populated country in the world and the most populous country in SEA will have an estimated population of 282.5 million by 2025, a CAGR increase of 1.0% over 2023 to 2027. Although Indonesia's total fertility rate has been declining, the United Nations expects the country to have a relatively young population in upcoming years, as its median age in 2020 was an estimated 29.7 years and will increase moderately to 31.0 years in 2025.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

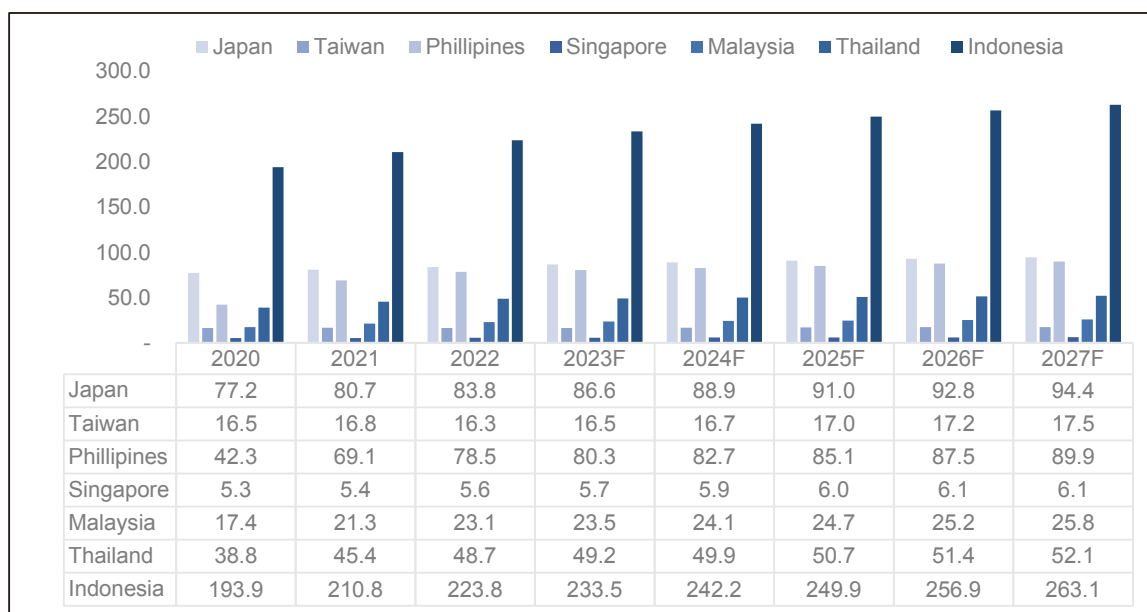


1.3 DIGITAL INDICATORS

1.3.1 Smartphone Users

Smartphone penetration in Asian countries has driven economic development and reflects the growing standard of living among the Asian diasporas. Smartphones elevate living standards by providing easy access to information, services, and online education. They enhance communication, promote economic empowerment through digital platforms, improve productivity with various tools, and offer essential services in emerging markets, all contributing to a better quality of life. All Asian countries registered an increase in smartphone usage as the device became an integral part of life, especially in the wake of the COVID-19 pandemic, during which more people conducted economic transactions online. The following chart depicts the number of smartphone users in the Asian countries from 2020 until the end of our forecast period in 2027.

Figure 1-4: Number of Smartphone Users in Millions in Selected Countries in Asia, 2020-2027F



Source: Statista¹; Interviews with selected industry participants; Frost & Sullivan

¹ Japan: Statista.(October 5, 2023). Number of smartphone users in Japan from 2019 to 2023 with a forecast until 2028 (in millions) [Graph]. In Statista. Retrieved October 19, 2023, from [Japan: number of smartphone users 2028 | Statista](#); Taiwan: Statista. (August 14, 2023). Number of smartphone users in Taiwan 2017-2028 (in millions) [Graph]. In Statista. Retrieved October 19, 2023, from [Taiwan: number of smartphone users 2017-2028 | Statista](#); Phil: Statista. (September 26, 2023). Number of smartphone users in the Philippines from 2019 to 2028 (in millions) [Graph]. In Statista. Retrieved October 19, 2023, from [Smartphone users in the Philippines 2028 | Statista](#); Singapore: Statista. (September 12, 2023). Number of smartphone users in Singapore from 2019 to 2028 (in millions) [Graph]. In Statista. Retrieved October 19, 2023, from [Singapore: smartphone users 2028 | Statista](#); Malaysia: Statista. (August 14, 2023). Number of smartphone users in Malaysia from 2013 to 2028 (in millions) [Graph]. In Statista. Retrieved October 19, 2023, from [Malaysia: number of smartphone users 2013-2028 | Statista](#); Thailand: Statista. (August 14, 2023). Number of smartphone users in Thailand from 2013 to 2028 (in millions) [Graph]. In Statista. Retrieved October 19, 2023, from [Thailand: number of smartphone users 2013-2028 | Statista](#); Indonesia: Statista. (September 19, 2022). Number of smartphone users in Indonesia from 2018 to 2028 (in millions) [Graph]. In Statista. Retrieved October 19, 2023, from [Indonesia: smartphone users 2028 | Statista](#).

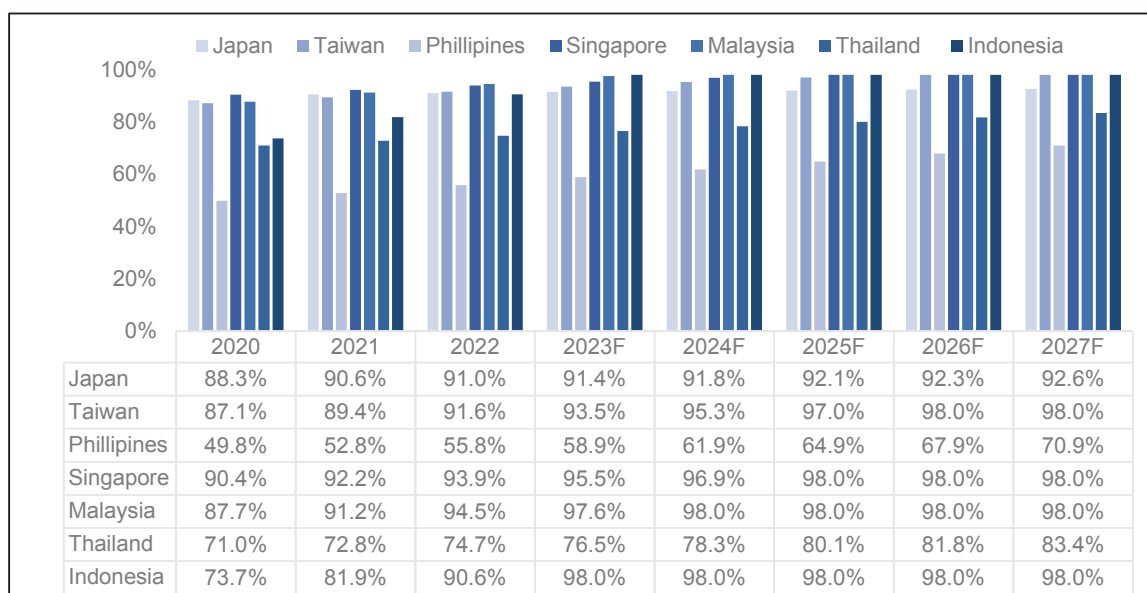
APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



1.3.2 Internet Users and Penetration Rate

Internet penetration in the Asian countries has been growing on account of rising demand and associated efforts by the respective governments in instituting infrastructure projects to provide their populations with internet access. The Philippines continues to have the lowest penetration, while Malaysia, Japan, Singapore, and Taiwan have penetration rates of more than 90%. In 2021, Japan spent an estimated record USD 2.4 billion on information and communications technology (ICT) and internet infrastructure. The focus on digitization and improving the internet economy has resulted in a robust internet ecosystem with high-speed connectivity. Ookla² reported Japan's median fixed internet connection speed at 150.3 megabits per second (mbps). According to industry sources, the country had an estimated total of 112.8 million internet users in 2022. As of 2023, Taiwan had 22.3 million internet users, with an internet penetration rate of 93.5% and with a median fixed internet connection at 124.4 mbps.³

Figure 1-5: Internet Penetration Rate in Selected Countries in Asia, 2020-2027F ⁴



Source: Statista⁵; Interviews with selected industry participants; Frost & Sullivan

² Ookla, the company behind Speedtest, is the global leader in fixed broadband and mobile network testing applications, data, and analysis. (<https://www.speedtest.net/about>)

³ Kemp, Simon. Digital 2023: Taiwan. [Digital 2023: Taiwan — DataReportal – Global Digital Insights](#). 13 February 2023. Date accessed: 13 July 2023.

⁴ Data for internet and smart phone users and penetration rates are averages and is contingent on the time of capture of this data which may affect the consistency of such metrics across countries.

⁵ Internet - Japan. (n.d.). Retrieved October 23, 2023, from <https://www.statista.com/outlook/co/digital-connectivity-indicators/internet/japan>; Internet - Taiwan. (n.d.). Retrieved October 23, 2023, from <https://www.statista.com/outlook/co/digital-connectivity-indicators/internet/taiwan>; Statista. (July 25, 2023). Internet penetration rate in the Philippines from 2019 to 2028 [Graph]. In Statista. Retrieved October 23, 2023, from <https://www.statista.com/statistics/975072/internet-penetration-rate-in-the-philippines/>

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

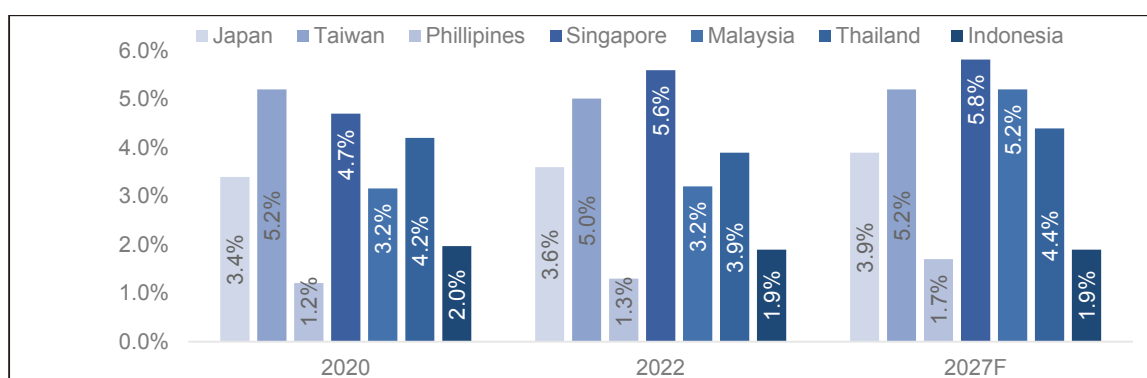


1.4 TRENDS ON PERSONAL ENTERTAINMENT SPEND AS A PROPORTION OF TOTAL INCOME

As each country enters the recovery phase following the pandemic, most nations are readjusting and concentrating on returning their economies to pre-pandemic states.

On average, all countries in Asia spent less than 5% of their total income on personal entertainment during the pandemic, with the lowest spenders among them being Indonesia and the Philippines, which spent less than 2% of their income on personal entertainment. As the effects of the pandemic declined and the economies returned to normalcy, discretionary spending improved, and Asian economies saw an uptick in personal entertainment expenses. For instance, Taiwan, one of the nations least affected by the pandemic, recorded among the lowest decline (6% in 2020 versus Malaysia's nearly 50% decline) in absolute entertainment spending among the Asian countries. Asians continue to spend the most on shopping, and movies/entertainment have grown in popularity, especially after the pandemic, during which all outdoor entertainment centers closed.

Figure 1-6: Estimated Personal Entertainment Spend as a Proportion of Total Income in Selected Countries in Asia, 2020, 2022 and 2027F



Source: Industry sources; Frost & Sullivan

1.5 OUTLOOK—IMPACT OF COVID-19 AND SHIFT IN CONSUMER ENTERTAINMENT

The COVID-19 pandemic significantly impacted the interactive video streaming industry and shifted consumer entertainment preferences, including causing a surge in viewership demand for online streaming platforms. With people staying at home because of lockdowns and social distancing measures, more people consumed digital content, which accelerated the shift from traditional television viewing to online streaming. Factors such as convenience, the availability of a wide range of content, and the ability to watch on demand have driven this shift. Furthermore, the entertainment industry adapted to the shift in consumer behavior by embracing live streaming and online platforms. Virtual concerts and live events and performances have become popular, allowing artists and entertainers to connect with their audiences remotely. Platforms such as YouTube Live, 17LIVE, and TikTok are live streaming more events and performances. The interactive video streaming industry has experienced an emergence of new platforms and technologies catering to different forms of content, including gaming, podcasts, and educational content. This diversification provides consumers with a wide array of options to choose from based on their interests and preferences.

Internet - Singapore. (n.d.). Retrieved October 23, 2023, from <https://www.statista.com/outlook/co/digital-connectivity-indicators/internet/singapore>; Statista. (July 25, 2023). Internet penetration rate in Malaysia 2013-2028 [Graph]. In Statista. Retrieved October 23, 2023, from <https://www.statista.com/statistics/975058/internet-penetration-rate-in-malaysia/>; Statista. (July 25, 2023). Internet penetration rate in Thailand 2019-2028 [Graph]. In Statista. Retrieved October 23, 2023, from <https://www.statista.com/statistics/975067/internet-penetration-rate-in-thailand/>; <https://www.statista.com/outlook/co/digital-connectivity-indicators/internet/indonesia#internet-penetration>

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

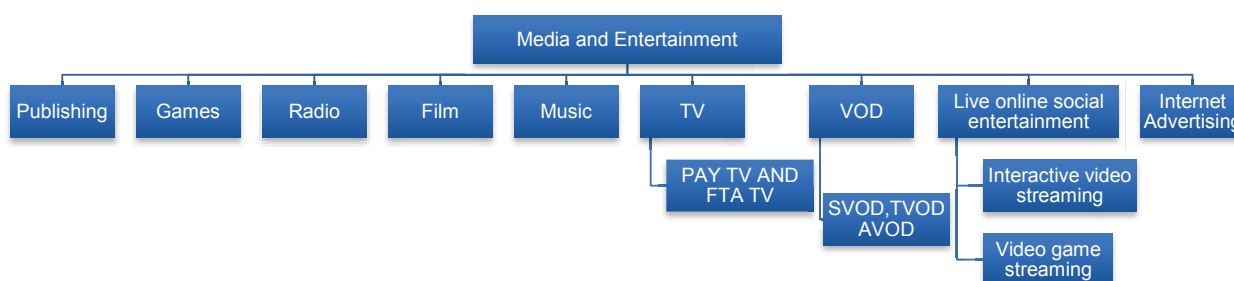


Frost & Sullivan believes that, while the initial surge in growth that the industry experienced during the pandemic has receded, many of the shifts in consumer behavior and preferences are likely to continue in the forecast period.

2 OVERVIEW OF ASIA MEDIA AND ENTERTAINMENT INDUSTRY

2.1 INDUSTRY DEFINITION AND SEGMENTATION

Figure 2-1: Media and Entertainment Industry Definitions and Segmentation, Asia⁶



Source: Frost & Sullivan

The following provides the definition and scope of each segment (and related sub-segments) of the media and entertainment industry:

- a) **Publishing:** The publishing segment comprises books (including books targeting the general consumer, educational publications, and professional books), magazines (including both consumer magazines and trade magazines) and newspapers (including daily, weekly, and monthly newspapers).
- b) **Games:** The gaming segment covers mobile, personal computer (PC), and console games, including physical discs and digital versions of the games, additional downloadable content, gaming subscription services, and in-app purchases. The segment excludes gaming hardware or devices themselves (i.e., mobile devices, PCs, and game consoles).
- c) **Radio:** The radio segment includes consumer subscriptions to radio services and advertisements by radio stations and networks.
- d) **Film:** The film segment comprises box office sales and advertisements in cinemas. However, it does not include digital film sales, advertisements on digital film media, merchandise related to films, or concessions.
- e) **Music:** The music segment comprises physical music discs, digital music, and live music but does not include merchandise or concessions related to music artists or other musical acts.

⁶ Asia, for the purpose of this IMR, includes all the countries in Asia with the exception of China, Hong Kong, Afghanistan, North Korea, Macau, Yemen, and the European and African Nations of Russia, Turkey, Egypt, and Azerbaijan

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

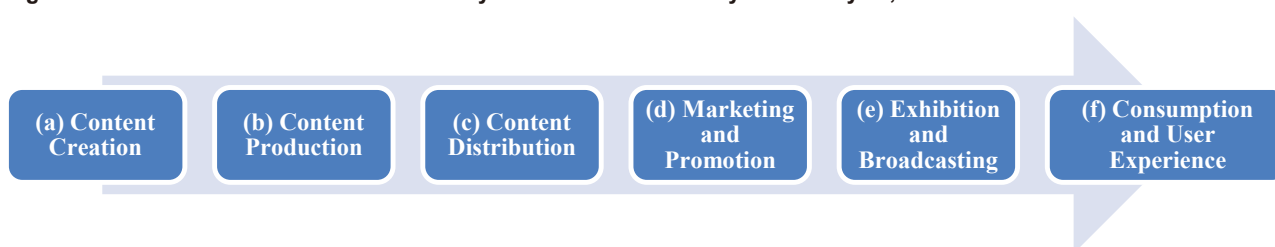


- f) **TV (Pay TV and Free to Air (FTA) TV):** The pay TV segment comprises basic and premium TV channel paid subscriptions, including broadcast, network, sports, and/or professional entertainment content, and the advertisements these channels show. The FTA TV segment refers to video content broadcasted on FTA television networks, including advertisements.
- g) **Video on Demand (VOD):** This segment refers to an interactive television technology that enables users to watch long-form video content on demand, unlike video content that users consume through traditional live linear programming. VOD services consists of 3 categories:
- **Subscription VOD (SVOD):** This paid model requires consumers to pay a monthly fee to access the broad catalog of movies and TV series offerings.
 - **Transactional VOD (TVOD):** Also known as pay-per-view, consumers pay for the video(s) they select.
 - **Advertising-based VOD (AVOD):** This free model allows consumers to view video content without paying in exchange for watching advertisements.
- h) **Live Online Social Entertainment:** This segment refers to platforms that allow users to broadcast live video content through the internet and is not under VOD services. Under this segment, viewers can watch the content via their own endpoint devices. Some differentiators set this segment apart from VOD, such as through the inclusion of more social elements and diversified monetization methods. This segment does not include platforms such as Facebook Live and Instagram Live, as their genesis is in social networking platforms, and the live feature is only 1 among the many features that are present on the main platforms. 17LIVE INC. primarily operates in this segment.
- The live online social entertainment can be sub-divided into 2 categories:
- **Interactive Video Streaming:** This sub-segment consists of companies that started out offering live interactive video streaming as their main business, and it also features a virtual gifting business model, in which viewers buy virtual gifts online and send them to their preferred streamer, which the streamer can then cash out at a predetermined rate. Companies operating in this space include 17Live, Lang Live, Bigo Live, Showroom, and Pochocha.
 - **Video Game Streaming:** This sub-segment consists of companies that focus on streaming video game content. Unlike interactive video streaming, which emphasizes the streamers and their interaction with their audience, the entertainment content of video game streaming emphasizes the gameplay elements, and to a smaller extent the reactions of the videogame streamer to the game they are playing. Notable platforms include Twitch, Caffeine, and Mobcrush.
- i) **Internet Advertising:** The Internet advertising segment comprises advertisements on online platforms, including paid search, display, and classified advertisements

2.2 VALUE CHAIN AND ECOSYSTEM ANALYSIS

The ensuing information explains the 6 steps that make up the media and entertainment industry value chain and the typical business models they follow:

Figure 2-2-: Media and Entertainment Industry Value Chain and Ecosystem Analysis, Asia



Source: Frost & Sullivan

- a) **Content Creation:** Content creators, such as writers, authors, screenwriters, musicians, filmmakers, and artists generate ideas, develop concepts, and create original content, such as movies, TV shows, music albums, books, video games, and news articles.
- b) **Content Production:** Once the creators develop their content, it moves into the production phase, in which production companies, studios, and recording labels engage in activities such as filming, recording, editing, special effects, sound design, and artwork creation.
- c) **Content Distribution:** After the production phase, publishers and distributors make the content available to the target audience. Distribution channels vary depending on the type of media and include cinemas, DVD/Blu-ray sales, CD sales, and VOD and digital platforms.
- d) **Marketing and Promotion:** When the content is available for distribution, marketing agencies, publicists, and advertising companies create awareness and generate interest among the target audience using many avenues, such as ad campaigns, public relations, press releases, trailers, and posters.
- e) **Exhibition and Broadcasting:** Theaters, broadcasters, streaming platforms, and event organizers display or broadcast content to the audience by way of activities such as theatrical screening, television broadcasts, radio broadcasts, live concerts, and streaming on various platforms.
- f) **Consumption and User Experience:** Finally, the audience consumes the content by attending a movie in the cinema, watching a TV show at home, listening to music on a streaming platform, or playing a video game. User experience, accessibility, and convenience are important factors at this stage.

Apart from the core value chain, the media and entertainment industry relies on additional revenue streams, such as merchandising, licensing, product placements, endorsements, and sponsorships, which contribute to the overall profitability of the content and associated intellectual property.

2.3 KEY TRENDS IN THE INDUSTRY

Demographic Shift and Social Media's Contribution Toward the Industry

Millennials⁷ account for an estimated 25%, or approximately 1.1 billion people, of Asia's population. Researchers refer to them as digital natives because they are the 1st generation to have grown up in a world of digital technology. They have a comprehensive awareness of digital tools, digital literacy abilities, and a natural aptitude for interacting with the online environment, and their exposure to and experiences with digital technology have significantly changed the ways in which they connect with others, communicate, work, and learn. Gen Z⁸ are digital natives and have several traits in common with Millennials. This generation lives in a time when technologies are in their most advanced stage yet, and Gen Z's behavior has significantly altered the way individuals perceive social media.

Both Millennials and Gen Z use social media extensively, as pioneers and fluent users, respectively. As of July 2023, Thailand, Malaysia, The Philippines and Indonesia reported an above-average⁹ time spent on social media, with The Philippines topping the charts at an average of 3 hours and 44 minutes of time spent daily. According to industry experts, the country also had the largest number of social media users¹⁰ who were inclined to follow influencers or other experts on social media. While Millennials experienced the development of smartphones, Gen Z entered a world where people were already using mobile devices on a wide scale. The Millennials have been at the forefront of social media's explosive growth, with this generation favoring platforms such as Instagram, Snapchat, and TikTok, which provide more interactive and visual content.

Social media has significantly contributed to the media and entertainment industry's growth and will continue to do so in the forecast period. Frost & Sullivan believes that social media has revolutionized the marketing methods of media and entertainment companies, the impact of influencers and live streamers on social media, and the means by which the general population engages and perceives entertainment content today.

Rise of the Digital Platform

Utilization of the internet in the media and entertainment industry has resulted in a significant interdependence between the two. The internet allows multiple platforms to distribute content—including over-the-top (OTT) services, such as VOD platforms, live streaming services, and music streaming platforms.

The evolution of technology affects consumer behavior. Most people want ease-of-use, personalization, and a hands-on consumer experience, which is becoming more possible as digital platforms apply the latest technology. For instance, with artificial intelligence (AI) and machine learning, streaming services analyze user data, such as past viewing patterns and search history, to create personalized content recommendations, which are more likely to lead to a positive viewing experience. This strategy has helped them boost engagement and lower churn.

⁷ Frost & Sullivan defines the millennial population as individuals born between 1981 and 2000 (i.e., people between the ages of 20 and 39 as of 2020).

⁸ Generation Z, or Gen Z, comes after Millennials and refers to those who were born between the late 1990s and the early 2010s.

⁹ Regional average of Asian countries

¹⁰ Approximately, 40-45% of social media users aged 16 to 64 who follow influencers or other experts on social media.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



Awareness Globally Towards the Attractiveness of the Asian Market

Companies and global consumers are becoming increasingly aware of and interested in Asia's media and entertainment industry. With the significant possibilities of business integration and content creation in Asia, many big players have already started building their engagement in the Asian market. Netflix and Amazon Prime, for instance, have invested in creating more Asian-focused content, such as K-drama series and Indonesian action movies, and have introduced Asian representation in their original content.

According to industry sources, Netflix spent an approximately USD 1.9 billion on local content in APAC in 2022. With 47% of their earnings coming from Korea, Japan, India, Australia, and a few SEA nations, experts see this move as a means to capitalize on the growing demand for Asian content.

The Asian market is attracting global audiences, giving it the potential for a much stronger stance in the global media and entertainment industry. Because of this shift toward Asian content, Frost & Sullivan believes that a growing trend and potential for the cinema and OTT VOD industry exists in Asia, especially in terms of produced content.

Notwithstanding the opening of economies post the pandemic where there has been an uptick in moviegoers and outdoor activities, Frost & Sullivan believes that the trend of watching one's favorite icons and stars on the various interactive video streaming platforms and OTT services will continue, as people have grown accustomed to the convenience of viewing their chosen video any time of the day. Therefore, the potential of outdoor entertainment is not likely to affect the OTT and interactive video streaming sectors.

Convergence of OTT Platforms

Increasingly, consumers view OTT services as mainstream market services rather than niche services and are now gravitating towards them, rather than the traditional means of consuming entertainment, because of the industry's growth and benefits. The emergence of numerous OTT VOD platforms has upended the traditional entertainment market, and many traditional companies are gradually offering OTT services as the market exhibits steady and mature growth. For instance, RCTI, one of Indonesia's largest television companies, introduced RCTI+ as a means of embracing this new kind of entertainment.

Many people have switched from traditional to OTT platforms because the latter are more engaging, personalized, and mobile-first focused. Approximately 64% of users aged between 16 and 34 and 57% of users aged between 35 and 45 use smartphones to access OTT services. The shift in consumer behavior and the increasing level of internet penetration¹¹ in Asia are driving this growth in competition for OTT services. The convergence and disruption of OTT services has affected a variety of media, including television, music, radio, and movies and is likely to have a greater impact in the forecast period.

Gaming Industry and Interactive Video Streaming—The Future of Media and Entertainment

Asia has contributed significantly to the growth of video games, which has a growing addressable market and is likely to continue to supply new players and innovative gaming concepts. Japan is well-known for its console gaming, while South Korea is well-known for its online gaming and eSports scenes. The internet

¹¹ Asia's internet penetration rate was approximately 64.7% in 2022, and it will continue expanding with technology advancements during the forecast period.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



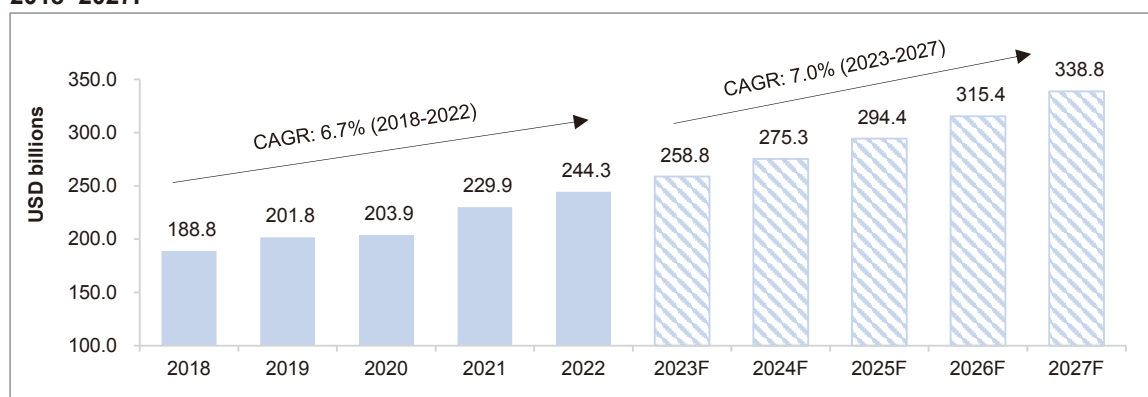
driven gaming era is forcing traditional console behemoths to rethink their strategies, while new competitors from China and SEA are also gaining traction in the global gaming market.

Frost & Sullivan is optimistic about the gaming industry's potential, especially in combination with the immersive OTT services that platforms for live streaming video games offer. While Twitch, YouTube Live, and regional Asian streaming services, such as Nimo TV, have given new life to the gaming industry and its adjacent community, these platforms and the emergence of numerous well-funded eSport teams and competitions are likely to serve as catalysts for a flourishing eSports industry in SEA. Mobile gaming breakthroughs, pioneering interactive video streaming platforms, and a strong eSports presence in Asia can potentially contribute to the growth of Asia's media and entertainment industry.

2.4 MARKET SIZING, FORECAST, AND SHARE ESTIMATES

Driven by the aforementioned factors, the total revenue for the Asian media and entertainment industry increased from approximately USD 189 billion in 2018 to USD 244 billion in 2022 and is expected to reach USD 339 billion by 2027 registering a CAGR of 7% in the forecast period (2023-2027).

Figure 2-3: Market Size and Forecast of the Media and Entertainment Industry (USD billion), Asia, 2018–2027F



Source: Frost & Sullivan; Other industry sources

Figure 2-4: Market Size and Forecast of the Media and Entertainment Industry (USD billion), Asia, 2018–2027F

Year	2018	2019	2020	2021	2022	2023F	2024F	2025F	2026F	2027F
TV	61.1	60.6	56.3	59.1	61.2	60.5	59.7	58.9	58.0	57.2
Internet Advertising	32.5	38.6	41.1	50.1	55.9	62.9	71.1	80.6	91.2	103.3
Publishing	50.7	51.5	50.4	52.7	53.7	54.7	55.7	56.9	58.2	59.5
Gaming	21.8	23.3	27.8	31.1	32.7	36.0	39.7	44.1	48.8	54.0
VOD	6.3	9.6	14.0	19.6	19.6	21.5	23.7	26.0	28.4	31.1
Music	6.0	6.3	6.4	7.3	7.8	8.4	8.9	9.6	10.2	10.9
Cinema	6.5	7.1	2.4	3.2	5.9	6.2	6.6	7.0	7.5	8.0
Live Online Social Entertainment	1.5	2.3	3.6	4.9	5.7	6.9	8.2	9.7	11.3	13.3
Radio	2.5	2.4	1.9	1.9	1.9	1.9	1.8	1.7	1.6	1.6
Total	188.9	201.7	203.9	229.9	244.3	258.8	275.3	294.4	315.4	338.8

Source: Frost & Sullivan; Other industry sources.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



3 OVERVIEW OF INTERACTIVE VIDEO STREAMING PLATFORM MARKET

3.1 INDUSTRY OVERVIEW

3.1.1 Evolution of the Interactive Video Streaming Market

Interactive video streaming initially began on PC/desktop-based devices because of technical limitations, which primarily confined streamers to fixed, indoor locations and restricted users' viewing experience to times when they had access to a PC/desktop. However, technology advancement has changed this, including the availability of higher bandwidth through the implementation of 4G networks, increased smartphone adoption, improved smartphone capabilities, and a larger number of mobile broadband users.

The emergence of mobile applications has reduced technological barriers in establishing interactive video streaming platforms and brought greater convenience for both streamers and viewers. Interactive video streaming platforms globally are now concentrating their efforts on enhancing their mobile applications by introducing more interactive and engaging features and improving user interface (UI) design.

Figure 3-1: Evolution of Interactive Video Streaming Services, Early 2000s–2027

	Live Broadcasting			Interactive Video Streaming	
	Early 2000s	2010–2014	2015–2018	2019–2022	2023–2027
Content	- UGC	- UGC with enhanced content - Emergence of gaming-only live stream platforms	- UGC with increased content diversity and more powerful tools for content control - PUGC - Strengthened content control and monitoring	- UGC with increased content diversity and more powerful tools for content control - PUGC - Alliances with functional applications, such as gaming, online shopping, and healthcare	- Increasing popularity of V/liver segment in interactive video streaming industry - Improved online shopping experience through live commerce platform
Access	- Web-based online access	- Mobile apps - Web-based online access	- Exponential growth of mobile users with mobile broadband - Web-based online access	- Mobile apps expected to be the mainstream while online access is complementary	- Mobile apps expected to be the mainstream while online access is complementary
Technology	- Web-based broadcasting technology	- Development of mobile apps - Video quality enhancement - UI enhancement	- Enhancement of interaction channels and payment methods - Quality control & monitoring - Beautification tools	- Augmented reality/mixed reality/artificial intelligence (especially machine learning) integration - Analytics	- Augmented reality/mixed reality - Artificial intelligence - Blockchain
Revenue Streams	- Advertising (e.g., ad-roll)	- Emergence of virtual gifting/reward model	- Virtual gifts - Subscriptions	- Virtual gifts - Subscriptions - Value-added services	- Virtual gifts - Subscriptions - In-app purchases

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



					- Value-added services
Consumer Base	- Limited	- Millennials (especially gamers)	- Millennials - Generation Z	- All demographics	- All demographics
Geographical Presence	- Started in Western countries	- Western countries - China	- Northeast Asia - Southeast Asia - North America	- Whole of Asia - North America - Europe - Middle East and North Africa	- Whole of Asia - North America - Europe - Middle East and North Africa

Source: Frost & Sullivan Analysis

3.1.2 Industry Value Chain

The interactive video streaming value chain consists of 4 steps. As the graphic below explains, each step employs various technologies to fulfill the services and enhance users' experience.

Figure 3-2: Interactive Video Streaming Value Chain and Ecosystem Analysis, Global, 2022



Source: Frost & Sullivan Analysis

Infrastructure: Various technologies enable the high-quality live streams that consumers experience across multiple platforms. Multiple video streaming technologies power the entire value chain, including streaming protocols that enable the delivery of media across the internet, codecs that convert raw video files into shareable digital files, and content delivery networks that enable the seamless broadcast of live stream videos. Additionally, creators employ AI and augmented reality (**AR**) technologies to make live edits and enhancements to the captured video and personalized content recommendations to users. Developments in devices such as smartphones, tablets, and microphones and the increased affordability of these devices have made live stream accessible to the average consumer, and the growing penetration of smartphones and high-speed wireless internet have enabled consumers to live stream anytime, anywhere.

(a) Content production and development: In the pure-play interactive video streaming market, streamers generate most of the content. Popular content genres include singing, painting, and animal streaming. Many streamers generally produce, capture, and stream from their homes. Interactive video

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



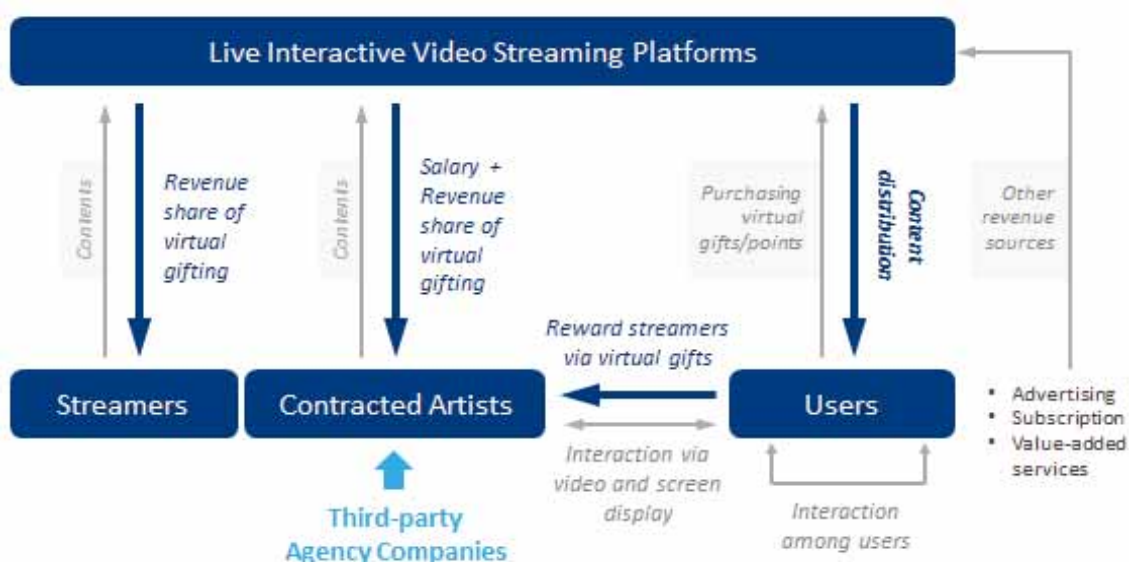
streaming platform companies may provide their top streamers with the support of operational teams to help with aspects such as image design, copywriting, business development, and market analysis to deliver high-quality content and generate revenue. Interactive video streaming platforms are increasingly producing their own unique content programs to capture more users and market base.

- (b) **Content acquisition and processing:** To increase user retention, interactive video stream platforms acquire (and train) top live streamers by offering them contract agreements. To ensure that the published content observes local laws and regulations, platforms engage in pre-screening and content monitoring—typically leveraging AI and manual monitoring. AI-powered filter programs help to spot and filter illegal and unfriendly content, such as obscene language and sexual content.
- (c) **Content distribution and delivery:** Interactive video streaming platforms have built-in technologies, such as web real-time communications and real-time messaging protocol, that enable low-latency streaming of UGC.
- (d) **Content consumption:** The younger population and middle-aged men with relatively higher income levels largely make up the user base of pure-play interactive video streaming, and users generally consume live stream content via the platform apps they have installed on their smartphones or tablets and accessed through wireless internet connections.

Monetization: Content monetization consists of 3 distinct segments. First, the monetization process begins with viewers of live streams who purchase virtual gifts for their preferred streamers, which the streamers can sell back to the platforms, thereby initiating a revenue-sharing model based on a mutually agreed-upon ratio. Second, interactive video streaming companies derive revenue through sale of user subscription plans, granting users access to exclusive content and privileges in exchange for a recurring fee. Third, platforms can effectively monetize their reach by offering digital advertising spaces to brands that align with their target audience, thus facilitating targeted marketing opportunities.

17LIVE is mainly involved in content acquisition, processing, distribution, and delivery. It has both contracted and non-contracted streamers and uses both AI software and a moderation team to filter illegal and unfriendly content. The majority of 17LIVE’s revenue comes from the sales of virtual gifts and subscription plans.

Figure 3-3: Interactive Video Streaming Market Business Model Analysis, 2022



Source: Frost & Sullivan Analysis

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



3.1.3 Key Drivers

Widespread availability of affordable internet

Since access to live streaming content requires owning a smart device and having access to affordable and stable internet services, the global availability and affordability of internet services, particularly in Taiwan and Japan, has played a significant role in facilitating the industry's growth. In Taiwan specifically, smartphone ownership has been increasing. According to industry sources, close to 90% of the population owned a smartphone in 2022, and this percentage will continue to increase. Among the countries in scope of this report, the penetration rate of smartphones in Japan is one of the highest, accounting for 91.9% in 2022.²

In addition, the availability and affordability of internet in SEA presents both opportunities and challenges. Many countries in SEA have made significant strides to promote public access to ICT and improve internet accessibility. In SEA, Philippines continues to have the lowest penetration, while in Malaysia and Singapore, penetration rates exceed 90%. According to industry sources, about 20% of SEA residents still do not have internet access due to higher price of fixed broadband in countries such as Indonesia, the Philippines, and Thailand.¹² However, the region is becoming increasingly wireless through devices such as smartphones and tablets. Smartphone penetration in SEA has been rapidly increasing and will continue to grow. Some countries, such as Indonesia and the Philippines, report a 100% mobile penetration rate.¹³

Furthermore, the penetration rate of 5G technology, both in Taiwan and Japan, has grown rapidly, increasing from 2.3% in 2020 to 19.0% in 2022 in the case of Taiwan, and increasing from 16.5% in 2020 to approximately 94.2% in 2022 in Japan, where it will reach 98% in 2023.¹⁴ This significant increase in 5G coverage has improved network speeds, enabling users in both countries to enjoy higher-quality interactive video streaming experiences. Additionally, the cost of mobile internet in Taiwan and Japan has become more affordable. From 2019 to 2022, the price of 1 GB of mobile data in Taiwan significantly decreased, and in Japan, the cost decreased approximately 15.2% from 2020 to 2022. This affordability factor plays a crucial role in making the internet more accessible in both countries, potentially leading to an expansion of the customer base in the interactive video streaming industry.

The advancement of mobile payment

The penetration rate of mobile payment in Taiwan has experienced substantial growth, increasing from 21.6% in 2020 to 34.3% in 2022.¹⁵ The rapid 12.6% increase during a span of just 2 years represents the most rapid growth among 11 surveyed internet applications.¹⁶ Consumers are preferring mobile payment¹⁷ options on interactive interactive video streaming platforms in Taiwan, using payment platforms, such as

¹² Aaron Raj. Internet Accessibility and Affordability still a Connectivity Hurdle in Southeast Asia. [Internet accessibility and affordability still a connectivity hurdle in Southeast Asia \(techwireasia.com\)](https://techwireasia.com). 7 June 2023. Accessed 13 July 2023.

¹³ E-ASEAN. Connecting to grow. [E-ASEAN | ASEAN Investment](https://www.esri.cao.go.jp/jp/stat/shouhi/kekkanoyouten2022.pdf). Accessed 13 July 2023.

² Cabinet Office. Consumer Trends Survey. <https://www.esri.cao.go.jp/jp/stat/shouhi/kekkanoyouten2022.pdf>.

³ Taiwan Network Information Center. Taiwan Internet Report 2022.

https://report.twnic.tw/2022/en/assets/download/TWNIC_TaiwanInternetReport_2022_EN.pdf, n.d. For Taiwan, the penetration rate of 2020 was calculated based on the population using 5G network above 12 years old and the penetration rate of 2022 was calculated based on the population using 5G network above 18 years old. If we adjust to the same base, it is expected that the penetration rate of 5G will be even higher in 2022.

¹⁵ Taiwan Network Information Center. Taiwan Internet Report 2022.

https://report.twnic.tw/2022/assets/download/TWNIC_TaiwanInternetReport_2022_CH.pdf, n.d.

¹⁶ Ibid. The 11 surveyed applications include online shopping, online sales, mobile payment, crypto currency, reading e-books, online learning, watching free videos, online games, online apps for making friends, food delivery.

¹⁷ Mobile payment refers to the use of mobile phones to make monetary purchases through a credit or debit card or through direct debit at the bank account or debit a pre-paid wallet.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



Neweb Pay and MyCard. Notably, more than 70% of people in the 30–39 age bracket uses mobile payment services, which gives them a sense of familiarity when paying through the live streaming application.¹⁸

Japan experienced similar adoption of mobile payments, with PayPay dominating the mobile payment market, followed by RakutenPay and D-harai. The usage of mobile payments has increased from 34.4% in December 2019 to 51.8% in February 2022 and is likely to reach 80% in 2023. Nearly 75% of Gen Z have adopted mobile payments, which is 5% more than Millennials. Such high adoption rates are a significant impetus for the interactive video streaming industry in these countries.¹⁹

Similarly, SEA is experiencing an increase in real-time digital payments. In countries such as Singapore and Malaysia, the volume of real-time online payments is likely to increase significantly in 2024.²⁰ Mobile payment wallets have become a vital part of the SEA consumer landscape. According to industry sources, consumers in Indonesia prefer platforms such as GoPay, Dana, and Ovo, while in Malaysia, Touch'nGo and Grabpay dominate. Frost & Sullivan believes the increase in online payments is significantly impacting the interactive video streaming industry, facilitating its growth and expanding opportunities for content creators to monetize their broadcasts.

The growing disposable income and spending in SEA

According to OECD, SEA's economy is expected to grow by 4.6% in 2023 and 4.8% in 2024.²¹ This growth can contribute to higher disposable incomes, giving individuals more funds to spend on entertainment and leisure, including live streaming. The increase in disposable income is also likely to lead to more consumer spending on virtual gifts, donations, and subscription services on these platforms, directly benefiting live streamers and platforms alike. The projected growth in the region's economy, coupled with the popularity of gaming and eCommerce, supports the potential for the interactive video streaming industry to thrive in SEA.

Improvements in the quality of live streaming because of technological advancements

Technological advancements, including the emergence of 5G, AI, and the metaverse, have significantly contributed to the enhancement of live streaming quality. For instance, the improved network capabilities that 5G has facilitated, coupled with the implementation of edge computing, have reduced latency, thereby elevating the overall quality of live streaming experiences. Additionally, the adoption of High-Efficiency Video Coding Intellectual Property bonding technology has enabled high-quality video coverage during live events.

Moreover, these technological advancements have improved video quality and made solutions more accessible by reducing their implementation costs. AI, machine learning, and deep learning technologies have played a crucial role in enhancing content-filtering efficiency. Platforms can leverage these technologies to identify and filter out inappropriate content, such as sexual or terrorist-related materials. AI has enabled live stream applications to efficiently analyze users' viewing history round-the-clock to provide personalized content recommendations, improving user retention.

Furthermore, AR and virtual reality (VR) technologies have increased interactivity and immersion in live streaming. Viewers and live streamers may utilize various filters, and multiple on-site VR panoramic cameras allow remote audiences to experience the real environment of the venue, without any blind spots, and independently select their preferred viewing angles. Overall, advancements in technologies, such as

¹⁸ Ibid.

¹⁹ Soumu. https://www.soumu.go.jp/main_content/000724576.pdf

²⁰ Finfan. The rise of real-time digital payments in Southeast Asia. [The rise of real-time digital payments in Southeast Asia \(finfan.vn\)](#). Date accessed: 13 July 2023.

²¹ OECD. Economic Outlook for Southeast Asia, China and India 2023. [Overview-Economic-Outlook-Southeast-Asia-China-India.pdf \(oecd.org\)](#). 2023.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



5G, AI, and the metaverse, have significantly improved the quality, accessibility, interactivity, and immersion of live streaming, enhancing viewers and live streamers experiences and capabilities.

Increasing variety of entertainment programs and better interactive video streaming platforms

The availability of a diverse range of entertainment content has significantly contributed to the attractiveness and therefore, the expansion of interactive video streaming platforms. These platforms offer a wide array of content, including live chat shows, music performances, gaming streams, and cooking shows. This variety caters to different interests and preferences, attracting a larger audience base. By offering an extensive selection of entertainment programs, interactive video streaming platforms can capture the attention of various demographics and engage viewers for longer durations. In addition, interactive video streaming platforms have increasingly developing their own in-house content, as opposed to relying on UGC alone, to draw viewership and enhance user retention. For instance, leading pure-play in interactive video streaming companies are commonly hosting and producing live music shows and/or competitions.

Culture of fandom in Japan and growing popularity of Vlivs

The Japanese fandom culture holds a unique and prominent place, particularly when it comes to anime, manga, games, and related media. Japanese fans exhibit a deep passion and devotion toward their favorite franchises, characters, and idols. This fervent fandom culture extends beyond mere appreciation and has evolved into an immersive subculture that involves cosplay (the practice of dressing up as anime characters), fan art, fanfiction, merchandise collection, and attending conventions or events. Anime conventions and events have become popular gathering places for fans to celebrate their favorite shows, cosplay as their beloved characters, and engage in different anime-related activities. These events provide opportunities for fans to interact, share their love for anime, and showcase their creative talents. In East Asia, anime is the second-most in-demand genre, behind only the superhero category and just ahead of science fiction. Within the region, the popularity of anime is not the same everywhere. Predictably, it is most popular in East Asia, followed by SEA. The impact of anime extends beyond entertainment. For example, to a certain extent, the influence of anime is evident in various aspects of SEA society namely fashion trends, art, and even tourism.

The intersection of the well-established fandom culture surrounding anime, manga, games, and similar interests with the emergence of Vlivs presents notable advantages. Fans seek to engage with their beloved characters or games and desire interaction with fellow enthusiasts. Fans strongly desire others to recognize them as devoted members within the community. The introduction of Vlivs in this context brings significant benefits. Being digital entities, Vlivs possess an inherent longevity that is advantageous both for the companies and the fans themselves. This is especially so for Vlivs that are managed by companies, as fans need not worry about their idol retiring or any unforeseen circumstances that could alter their perception or connection, because even if the person behind the Vlivs retires, the company that holds the rights to the idol can replace the voice artist behind it. This perpetual availability and stability provide a sense of reassurance and continuity for fans, ensuring an enduring bond with their Vlivs and the associated fandom culture.

3.1.4 Growth Challenges

Concerns about AI and privacy protection

Concerns surrounding AI and privacy protection pose significant challenges to the interactive video streaming industry. Users are wary of platforms mishandling their personal data or sharing it without their consent. Additionally, the use of AI algorithms for content filtering and moderation raises questions about censorship and the risk of algorithmic bias. Security vulnerabilities and the lack of transparency in AI decision-making exacerbate these concerns. To overcome these restraints, interactive video streaming platforms must prioritize privacy protection, transparency, and ethical AI use by implementing robust data privacy policies, addressing algorithmic biases, and enhancing security measures. Building trust and ensuring user confidence in data handling and content moderation are vital for the industry's growth and sustainability.

Decreasing screen time and declining entertainment expenditure post COVID-19

Taiwan

The interactive video streaming industry experienced significant growth during the COVID-19 pandemic and social distancing restrictions, as people sought digital content and services amidst limited outdoor activities. According to industry sources, the global number of hours people spent watching live streams greatly increased between 2019 and 2020. However, with the pandemic wearing out, people are gradually returning to physical activities and spending less time consuming digital content, including interactive video streaming. Daily internet usage has decreased from 2022 levels, indicating a potential decline in live streaming consumption. Additionally, the economic disruptions from the pandemic have significantly decreased Taiwanese households' expenditure on entertainment. The share of recreation, culture, and education in household expenditure dropped from 9.53% in 2019 to 6.43% in 2021, with spending decreasing from NTD 77,322 to NTD 54,700.²² This decline in entertainment expenditure poses a challenge to the revenue sustainability of interactive video streaming platforms, as it may affect viewer gifting and subscription fees. As a result, interactive video streaming platforms may face constraints in their revenue growth and long-term viability.

Japan

The outbreak of the COVID-19 pandemic hindered one's ability to attend physical events and seek traditional forms of entertainment, such as nightlife activities, social gathering, and outdoor sports events. As a result, individuals in Japan turned to virtual entertainment alternatives to fulfill their leisure needs, leading to an increase in the number of users and a higher penetration rate of live streaming users. According to Frost & Sullivan, the market experienced a year-on-year (YoY) growth rate of approximately 55% on average between 2019 and 2022. However, it is worth noting that the pace of growth will moderate during the forecasted period. While the pandemic created favorable conditions for the interactive video streaming market's rapid expansion, Frost & Sullivan anticipates that the YoY growth rate will stabilize at approximately 23% between 2023 and 2027. Despite this moderation, the market size remains substantial, underscoring its' resilience and long-term potential.

²² National Statistics, Republic of China (Taiwan)

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



SEA

Screen time in SEA, as in other parts of the world, saw a surge during the pandemic because of various factors, such as remote work, online education, and limited opportunities for social interaction. People spent increased amounts of time on their screens for entertainment purposes, including watching movies, playing video games, using social media, and live streaming. According to an industry survey in Singapore, out of the list of common pandemic leisure activities, Singaporeans intend to reduce spending on video streaming services along with online shopping and online gaming.²³ Thailand reflects a similar scenario, where the resumption of normalcy following the pandemic has led to a decrease in internet usage and online purchases among local internet users. Frost & Sullivan believes that the influence of the COVID-19 pandemic on online viewership and spending in SEA overall will decrease as the region moves closer to a state of normalcy and gradually returns to pre-pandemic patterns.

Platforms need to find ways to stand out given heightened competition and saturated market conditions

Heightened competition and a saturated market pose significant restraints for the interactive video streaming industry, necessitating platforms to find innovative ways to stand out. As more platforms enter the market, the competition intensifies and fragments the audience base. With numerous platforms vying for viewer attention, it becomes challenging to capture and retain a substantial user base. To overcome these restraints, interactive video streaming platforms must seek innovative strategies to differentiate themselves. This can include offering unique and exclusive content, implementing novel features or interactive experiences, fostering a vibrant community, or targeting niche audiences. Platforms need to continuously adapt and evolve to stay relevant in a highly competitive environment and stand out from the saturated market.

In Taiwan, a trend exists among interactive video streaming platforms to recruit top live streamers from one another by offering more competitive salary packages. However, the sustainability of the high revenue both live streamers and platforms generate is questionable as the market returns to normalcy from the peak lockdown stages. As a reference, according to the China Association of Performing Arts, Mainland China has approximately 24,000 multi-channel network (MCN) companies, a number that has remained relatively stable since 2021. However, more than 30% of these companies reported a decrease in profitability in 2022.²⁴ Additionally, the annual revenue of prominent Chinese platforms, such as Huya and Douyu, experienced a significant drop of 20%–30% in 2022 compared to 2021.²⁵ This decline is reflected in the earnings of top Chinese live streamers, who used to earn in excess of tens of millions of RMB per year in 2020 and 2021 but earned only 1 to 2 million RMB in 2022, representing just one-tenth of their previous revenue during the COVID-19 pandemic.²⁶

The Japanese interactive video streaming market is competitive and platforms such as 17LIVE, Pochocha, and Showroom are vying for users' attention, and standing out and attracting a large user base can be challenging because of limited differentiation in features and content. Pochocha's successful strategy involves assigning ranks to live streamers, incentivizing popular streamers to use the platform and attract more viewers. This unique revenue-sharing model helps platforms tap into the influence of top streamers and drive user engagement.

²³ Adobo magazine. Insight: Singaporeans' spending on leisure expected to increase despite inflation, shifting away from pandemic activities. [Insight: Singaporeans' spending on leisure expected to increase despite inflation, shifting away from pandemic activities - adobo Magazine Online](#). 11 May 2022. Accessed: 14 July 2023.

²⁴ China Association of Performing Arts. Report on the Development of China's Online Performance (Live Streaming and Short Videos) Industry (2022-2023). [中国网络表演（直播与短视频）行业发展报告.pdf \(capa.com.cn\)](#). 30 May 2023.

²⁵ Ibid.

²⁶ Industry sources

3.1.5 Key Trends

Virtual streamers phenomenon

Virtual streamers, known as Vtubers (virtual YouTubers), have become a prominent phenomenon in the streaming industry. Kizuna AI, often regarded as the first Vtuber, gained significant recognition after starting her virtual streaming journey in 2016. With more than 4 million subscribers across various channels, she has played a pivotal role in popularizing the Vtuber concept. Vtubers can similarly engage in various activities, such as gaming, cooking sessions, song performances, and interactive Q&A sessions with their fans. They have garnered a substantial following on video sharing and social media platforms, with dedicated fan bases and corporate sponsorships. This emerging trend has captured the attention of companies in Japan and China, leading to investments in the creation and management of these virtual influencers.²⁷

While the market for virtual streamers in Taiwan is still in its early stages, it shows promising growth potential, especially among Gen Z. The widespread popularity of anime in Taiwan, coupled with the establishment of the Taiwan Vtuber Association, indicates a growing interest in Vtubers. In contrast, virtual streamers are very popular in Japan because of a variety of factors, such as the possibility of not showing their faces and the option of choosing an ideal visual. VLivers make up a large part of the interactive video streaming market in Japan and present the fastest-growing trend in the industry.

Frost & Sullivan believes that as this trend continues to gain traction, virtual streamers are likely to become more prevalent in both Taiwan's and Japan's streaming landscape, attracting a dedicated fan base and potentially leading to developments in the industry.

AI-generated streamers

The progress of AI technology has enabled the emergence of AI streamers representing a notable advancement within the virtual streamers segment. Unlike human-backed virtual streamers, AI and machine learning algorithms power AI streamers, eliminating the need for human involvement in their live streams. Prominent examples of AI streamers on platforms such as Twitch include Neoro-sama, the AI Seinfeld Show, and the Athene AI Show. Live interactions with AI streamers tend to be relatively restricted for now because of the limitations of technology. However, with AI technology developing so quickly, the quality and capabilities of AI streamers is expected to catch up with those of human-backed virtual streamers in the forecast period. As AI algorithms continue to advance, the potential for more engaging and interactive experiences with AI streamers is expected to increase.

Success of nagesen gifting in Japan

Japanese users tend to engage in gifting practices and often expect some form of reciprocity as a gesture of appreciation. They may communicate directly with content creators (referred to as a liver) and make specific requests. In Japan, numerous apps and services offer gifting capabilities within interactive video streaming platforms. For example, YouTube's live streaming feature, YouTube LIVE, enables users to give gifts to streamers using the Super Chat feature. Other popular interactive video streaming apps with gifting features include 17LIVE, TwitCasting, Showroom, and NicoNico Live.²⁸

According to industry experts, a small percentage (close to 5%) of viewers have given gifting money (*nagesen*) to the streamers while a majority watched without ever gifting during live streaming. Most of those people have gifted between 100 yen and 300 yen in a single instance. Approximately 20% of people

²⁷ City University of Hong Kong. More Kawaii than a Real-Person Live Streamer: Understanding How the Otaku Community Engages with and Perceives Virtual YouTubers. <https://www.cs.cityu.edu.hk/~zhiconlu/assets/pdf/CHI2021Vtuber.pdf>. May 2021.

²⁸ Business Insider. TikTok がついに「投げ銭」機能を 2021 年から開始。ライブ配信者の収益化元年に? . <https://www.businessinsider.jp/post-225576>.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



chose 500 yen to 1,000 yen, and a smaller group of people gave between 1 yen and 100 yen. On the contrary, approximately 5% of the gifting population gifted more than 10,000 yen. The most common platform that users mentioned that practiced gifting was YouTube, followed by 17LIVE, TwitCasting, and Showroom.

Otaku and Hikikomori population's affinity with interactive video streaming

The Ministry of Health, Labor, and Welfare of Japan recognizes *Shakaiteki hikikomori*, known as social withdrawal, as a condition in which an individual voluntarily isolates himself within his home for a duration of more than six months and refrains from participating in social activities, such as attending school or work. Notably, this condition does not involve psychosis, which refers to a severe mental disorder affecting an individual's thoughts, emotions, and perception of reality. Instead, feelings of social anxiety, introversion, or other factors lead individuals to retreat from society and limit their interactions with the outside world.²⁹ According to estimates, the number of individuals who fall under the broader definition of *hikikomori* in Japan, which includes those who primarily stay at home but venture out for errands related to their hobbies, is approximately 696,000 nationwide.³⁰

An *otaku* is typically a young individual who displays a strong interest and extensive knowledge in subjects such as anime, manga, video games, and related fandoms. An *otaku* is passionate about a broad range of popular culture, not just fixated on computers or computer games. Some *otaku* may find it challenging to engage in face-to-face interactions and socialize with others in real life, preferring online communities.³¹ However, not all *otaku* share this difficulty. Some *otaku* possess well-developed social skills and actively participate in both virtual and real-life communities related to their interests. While some individuals identify themselves as both *otaku* and *hikikomori* because of shared social difficulties, the terms describe distinct aspects of behavior and do not necessarily go hand in hand. *Otaku* may have social difficulties, such as finding it challenging to engage in face-to-face interactions; however, it is not a defining characteristic of being an *otaku*. Many *otaku* actively participate in fan communities, attend conventions, and engage in both online and offline interactions related to their interests.

The engagement of *otaku* and *hikikomori* individuals presents opportunities for the interactive video streaming industry. Their targeted interests and dedicated engagement make them a valuable audience for specialized content. Interactive video streaming platforms can provide a space for them to gather, interact, and foster a sense of belonging within the community. The online accessibility of live streaming accommodates their preference for virtual interactions, while the inclusion of Vlivs and characters enhances their connection and immersion. By recognizing and catering to their interests, the live stream industry can tap into a passionate and engaged viewer base, contributing to growth and community-building.

²⁹ Saito K. *Hikikomori no hyouka: shien ni kansuru gaidorain*. Tokyo: Japan's Ministry of Health, Labour and Welfare, 2010.

³⁰ Japanese Cabinet. 第2節 若年無業者, フリーター, ひきこ.

³¹ https://www8.cao.go.jp/youth/whitepaper/h25honpen/b1_04_02.html

³¹ Cambridge Dictionary. *Otaku*. <https://dictionary.cambridge.org/pt/dicionario/ingles/otaku>

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



3.1.6 Key Metrics Comparison

Taiwan

According to a survey conducted by the Taiwan Network Information Center, 77% of Taiwanese internet users watch live streams and online videos or listen to music during their time on the internet. In addition, 56.6% of Taiwanese internet users indicated live stream as one of their online entertainment activities. Among them, 61.3% are male and 51.6% are female.³² Live streaming is most popular among people aged 15 to 19 and 35 to 39 where 64.7% and 62.4% of respondents in the respective age groups watch live streaming.

Japan

According to industry sources, nearly half of Japanese netizens watch live stream videos, and it is most popular among people aged between 20 and 30, as more than 60% of such internet users in that age group were inclined to watch live streaming videos as of 2022. Industry experts opine that nearly one-fifth of Japanese internet users have experience as live streamers, making this social activity significantly popular among all age-groups, especially among Gen Zs.

China

China has a large interactive video streaming market with stable growth. The amount of live stream users in China reached 751 million, accounting for 70.3% of Chinese netizens as of December 2022, a 7% increase compared to December 2021.³³

³² Taiwan Network Information Center. Taiwan Internet Report 2020. <https://www.twnic.tw/doc/twrp/202012e.pdf> . n.d.

³³ China Internet Network Information Center. The 51st Statistical Report on China's Internet Development. <https://cnnic.cn/NMediaFile/2023/0322/MAIN16794576367190GBA2HA1KQ.pdf> . Mar 2023.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

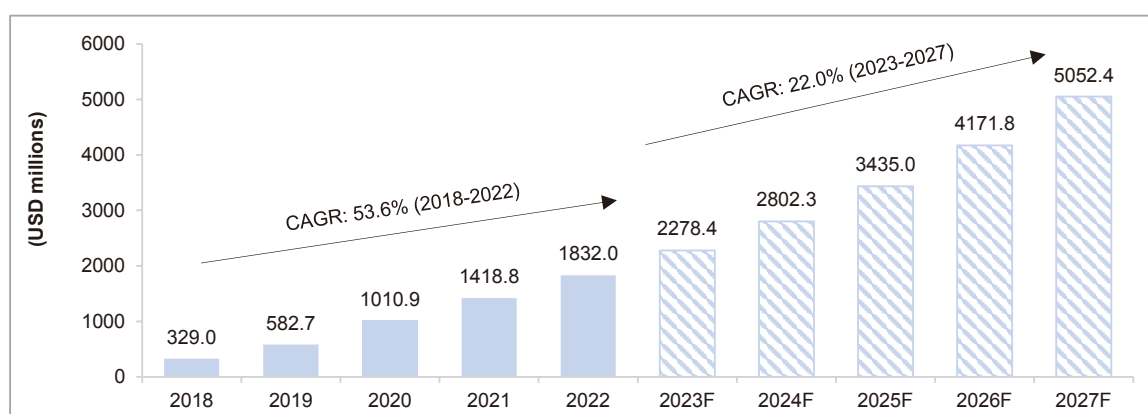


3.2 JAPAN

3.2.1 Market Size

The interactive video streaming market in Japan has witnessed significant growth, attaining a market size of approximately USD 1.8 billion in 2022. One of the primary drivers of this expansion is the increasing popularity of virtual live streaming. Vlivsers, with their immersive and interactive experiences, played a pivotal role in generating approximately 34.4% of the total market size in 2022.

Figure 3-4: Revenue Forecast of Interactive Video Streaming Segments (USD million), Japan, 2018-2027F



Source: Frost & Sullivan's primary interviews, desktop research, and analysis

Note:

1. Sources include a combination of (i) Interviews with industry and in-house experts; (ii) company reports and other presentation materials including but not limited to news articles, press releases, and publicly available industry data; (iii) Frost & Sullivan's desktop research on sources including but not limited to databases of industry associations, trade bodies, and government agencies.

The interactive video streaming market in Japan is expected to continue to grow at a CAGR of 22.0% from 2023 to 2027, albeit at a gradually decelerating pace. From 2023 to 2025, the expansion of virtual live streaming is expected to drive market growth at a CAGR of 22.0%. This immersive and interactive form of content consumption is likely to attract a growing audience and stimulate market expansion. In the subsequent years of 2026 and 2027, the growth rate is likely to stabilize at 21%, indicating a natural progression toward market maturity and reaching saturation points in certain segments. Frost & Sullivan believes that this underscores the persistent demand for interactive video streaming services in Japan, suggesting potential opportunities for market development.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

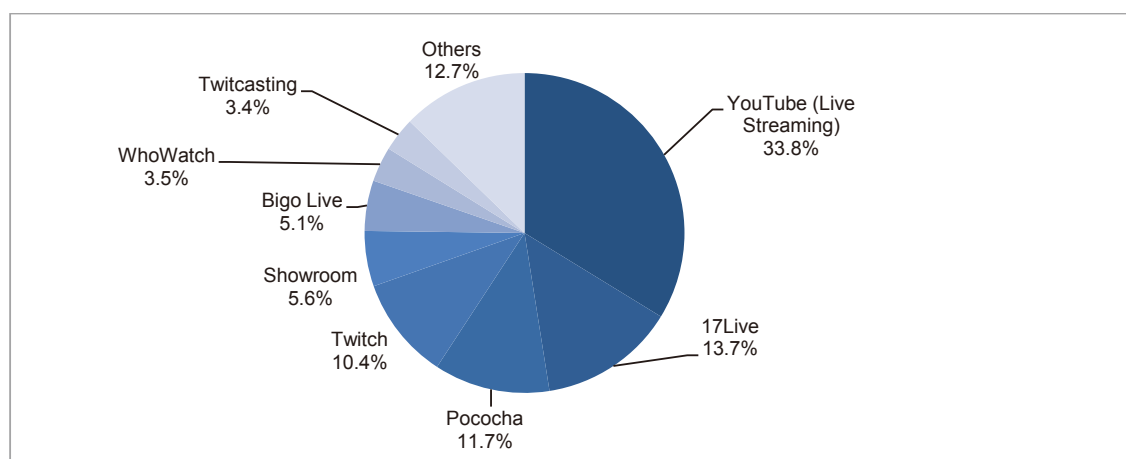


3.2.2 Competitive Landscape and Market Share

In the Japanese market, the leading platforms in terms of revenue within the interactive video streaming sector include YouTube, 17LIVE, POCOCHA, Showroom, Twitcasting, WhoWatch, and Bigo Live. As of 2022, 17LIVE was one of the market leaders, with a market share of 13.7% by revenue. Since entering the Japanese market in August 2017, 17LIVE has experienced consistent YoY growth, surpassing Showroom to secure its position. When considering virtual live streamers' revenue (**Figure 3-5a**), YouTube Live led the market in 2022, capturing 33.8% of the market share, because it has adopted a live streaming video system with accessible entry requirements, attracting prominent companies, particularly those managing Vlivs, since its start in Japan in 2011. DeNA owns the 3rd- and 5th-largest players, POCOCHA (with a market share of 11.7%) and Showroom (with a market share of 5.6%). Showroom has consistently reported low YoY revenue growth since it launched in 2015, whereas POCOCHA has established itself in the market since its entry in January 2017.

Twitch and Bigo enjoy market shares of 10.4% and 5.1%, respectively. Twitch, a platform that mainly focuses on game livestreaming, is still growing in Japan since it started in 2017. Bigo Live, originating from Singapore, entered the Japanese market in early 2016 and localized its content specifically for Japan in 2018. WhoWatch, which launched in 2015 and operates exclusively in Japan, accounted for 3.5% of the market share in 2022, and other smaller players collectively accounted for 12.7% of the market share in 2022. Notably, the aggregate value excludes TikTok revenue from the overall market sizing.

Figure 3-5a: Market Share by Revenue, Interactive Video Streaming Market, Japan, 2022E



Source: Frost & Sullivan's primary interviews, desktop research, and analysis

Note:

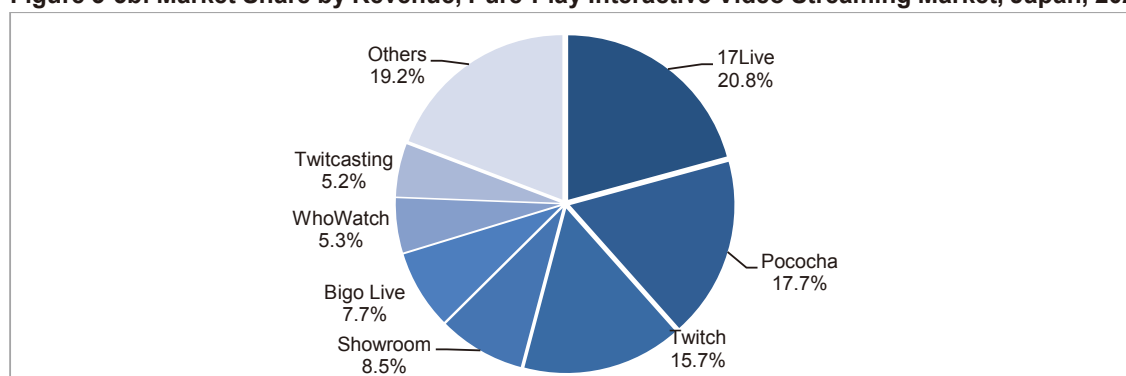
1. Frost & Sullivan's estimated market players' revenue based on 1) Mobile applications' estimated gross revenue and overall industry observation of interactive video streaming market, 2) Quarterly financial reporting by public listed companies, 3) Company disclosure. The interactive video streaming market estimates for Japan include Vlivs.
2. In the 3-5a chart, out of YouTube's 33.8% market share, only approximately 20% corresponds to pure-play live streaming, while the other 80% is composed of virtual live.
3. The Others category includes smaller apps that provide only interactive video streaming and do not account for more than 5% of the market share. This includes (but is not limited to) Hakuna Live, MixChannel, LiveDreamer, マシエ LIVE, 21Live, and Live Me.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



Nevertheless, when considering only pure-play interactive video streaming (which disregards the Vlivs segment, as presented in Figure 3-5b), YouTube is not considered³⁴ as a player in the market, leaving 17LIVE as the top provider with 20.8% of the market share.

Figure 3-5b: Market Share by Revenue, Pure-Play Interactive Video Streaming Market, Japan, 2022E



Source: Frost & Sullivan's primary interviews, desktop research, and analysis

Notes:

1. Frost & Sullivan's estimated market players' revenue based on 1) Mobile applications' estimated gross revenue and overall industry observation of interactive video streaming market, 2) Quarterly financial reporting by public listed companies, 3) Company disclosure. The interactive video stream market estimates for Japan include Vlivs.
2. In the 3-5b chart, only pure-play revenue was considered. YouTube is excluded from this analysis.
3. The Others category refers to smaller apps that only provide interactive video streaming and do not account for more than 5% of the market share. This includes (but is not limited to) Hakuna Live, MixChannel, LiveDreamer, マジエ LIVE, 21Live, and Live Me.

3.2.3 Operational Performance

Among the pure-play interactive video streaming companies, 17LIVE led in revenue and operational performance³⁵, showcasing a strong gross profit margin, average revenue per user (ARPU), and average view duration per daily active user (DAU). However, in the overall interactive video streaming landscape, which includes virtual live streaming, YouTube outperforms 17LIVE.

Figure 3-6: Operational Performance for Select Apps, Japan, 2022E

Metrics/App Names	17LIVE	Pococha	Showroom	YouTube (overall interactive video streaming)	YouTube (Without VLiver)
MAU	350,000	301,311.8	144,306.4	>1,050,000.0	~215,000
Gross Profit Margin (%)	41.6	28-32	26-30	40.0	28%-32%
Est. ARPPU (USD)	301.0	210-230	190-220	406.4	285-325
Est. ARPU (USD)	59.9	59.4	59.2	49.1	47.9
Average View Duration per DAU (minutes)	106.0	100.9	92.7	150.0	40-50

Source: Frost & Sullivan's primary interviews, desktop research and analysis

Note: Sources include a combination of (i) Interviews with industry and in-house experts; (ii) company reports and other presentation materials including but not limited to news articles, press releases, and publicly available industry data; (iii) Frost & Sullivan's desktop research on sources including but not limited to databases of industry associations, trade bodies, and government agencies.

³⁴ Virtual live streamers provide most of YouTube's live streaming revenue, which explains why their revenue is so much lower when this area of the market is disregarded (Figure 3-5b).

³⁵ Operational Performance for the purpose of this report comprises MAU, Gross Profit Margin, ARPU, ARPPU, Average View Duration per DAU (in minutes)

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

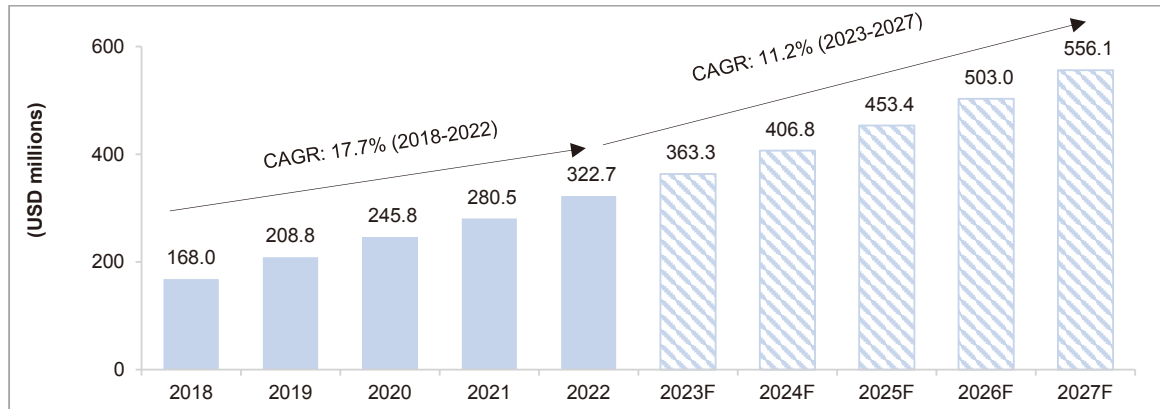


3.3 TAIWAN

3.3.1 Market Size

According to Frost & Sullivan's market forecast, the interactive video streaming segment registered a CAGR of 17.7% between 2018 and 2022 reaching a market size of USD 322.7 million in 2022. Going forward, the market is expected to grow at a CAGR of 11.2% reaching a market size of USD 556.1 million in 2027. The introduction of new segments such as new content and services, to attract and retain viewers strongly fueled this growth in the pandemic years. However, the market also faced new challenges during the pandemic, such as the competition for screentime from other modes of entertainment, including OTT streaming services. Additionally, Taiwan is expected to be a mature market in the interactive video streaming segment in the forecast period resulting in a slower and normalized growth rate. Hence, its earning potential will remain strong but without the same levels of growth as in the late 2010s³⁶. Frost & Sullivan estimates that with the growth of the market and the introduction of new technologies and trends, such as the use of Vlivs, the DAU of interactive video streaming platforms will reach 300,000 by the end of the forecast period.

Figure 3-7: Estimated Revenue Forecast of Interactive Pure-Play Interactive Video Streaming Segments (USD million), Taiwan, 2018-2027F



Source: Frost & Sullivan's primary interviews, desktop research, and analysis

Note:

1. Sources include a combination of (i) Interviews with industry and in-house experts; (ii) company reports and other presentation materials including but not limited to news articles, press releases, and publicly available industry data; (iii) Frost & Sullivan's desktop research on sources including but not limited to databases of industry associations, trade bodies, and government agencies.
2. The market size does not include Vlivs live streaming as it remains a nascent market in Taiwan.

³⁶ Interactive video streaming began to grow rapidly in the mid-2010s with the launch of homegrown interactive video streaming company 17Live in 2015 and other companies, such as Lang Live, UpLive, and Bigo Live, which make up the crucial players in the interactive live video streaming market in Taiwan.

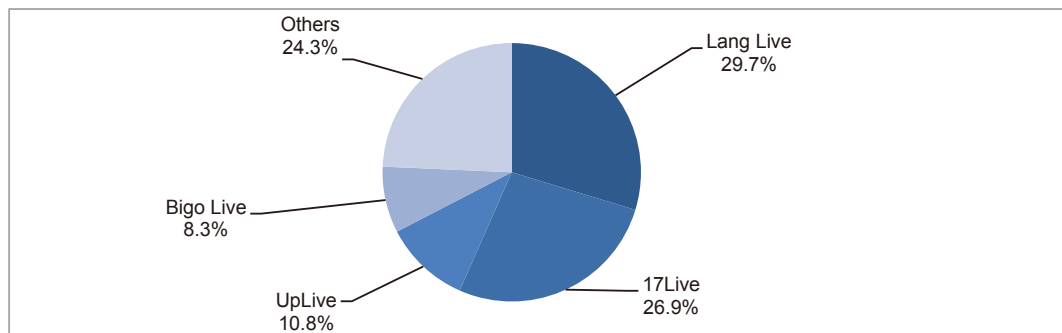
APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



3.3.2 Competitive Landscape and Market Share

Taiwan's top interactive video streaming apps include 17LIVE, Lang Live, UpLive, and Bigo Live. The market also consists of smaller players, such as True Love Live, 1024 Live, and PD Live. As of 2022, 17LIVE commanded 26.9% market share by revenue in Taiwan. Since its launch in 2015, 17LIVE has maintained its position as one of the top two leading companies in the Taiwanese interactive video streaming market. Together with Lang Live, the Company owns more than half of Taiwan's interactive video stream market. 17LIVE further solidified its position by acquiring MeMeLive in 2019. Lang Live, another Taiwanese company that was launched in 2016 and owned 29.7% of the market share. Lang Inc. acquired Lang Live in 2020, bolstering its presence in the market. UpLive, which began operations in China in 2016 and swiftly entered Taiwan in the same year, was the 3rd-largest with a 10.8% market share. Bigo Live, which started its operations in Singapore and launched in Taiwan, Hong Kong, and Macau in late 2016, occupied 8.3% of the market share in Taiwan, coming in at 4th place.

Figure 3-8: Estimated Market Share by Revenue, Pure-Play Interactive Video Streaming Market, Taiwan, 2022E



Source: Frost & Sullivan's primary interviews, desktop research, and analysis

Note: Frost & Sullivan's estimated market players' revenue based on 1) mobile applications estimated gross revenue and overall industry observation of the interactive video streaming market, 2) Quarterly financial reporting of publicly listed companies, and company disclosures 3) The market share allocation does not include Viiviers live streaming as it remains a nascent market in Taiwan. 4) For both leading companies, 17Live and Lang Live, the reported revenues used for the calculation of respective market shares are predominantly derived from their pure-play interactive video streaming services in Taiwan; i.e. at least 98% of the reported revenues consist of pure-play live stream revenue.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



3.3.3 Operational Performance

Among the major players in Taiwan's pure-play interactive video streaming market, 17LIVE and Lang Live dominate the market with a combined market share of 56.6% in 2022. These 2 market leaders outperform their competitors, UpLive and Bigo Live, in all selected operational metrics (Figure 3-9). Even though Lang Live has a higher MAU and average view duration per DAU than 17LIVE, the latter has a more effective monetization strategy and more paying users, outperforming Lang Live in terms of ARPPU and ARPU.

Figure 3-9: Operational Performance for Select Apps, Taiwan, 2022E

Metrics/ App Names	17LIVE	Lang Live	UpLive	Bigo Live
MAU	114,000.0	192,480.0	57,744.0	38,496.0
Gross Profit Margin (%)	19.9	28.0	<40 ¹	<37.6 ¹
Est. ARPPU (USD)	350.0	260.3	96.9	<452 ¹
Est. ARPU (USD)	63.3	41.4	50.1	58.2
Average View Duration per DAU (minutes)	81.0	130.0	120.0	NA

Source: Frost & Sullivan's primary interviews, desktop research, and analysis

Note: 1. Figures denote overall Company numbers. Geographical split pertaining to Taiwan was not available as on date of this report preparation. Sources include a combination of (i) Interviews with industry and in-house experts; (ii) company reports and other presentation materials including but not limited to news articles, press releases, and publicly available industry data; (iii) Frost & Sullivan's desktop research on sources including but not limited to databases of industry associations, trade bodies, government agencies, such as National Development Council (Taiwan), Taiwan Statistical Data Book.

3.4 COMPANY POSITIONING³⁷

3.4.1 Sales and Market Strategy

Japan

17LIVE's strategy for the Japanese market comprises initiatives in various areas. It aims to establish itself as a prominent Vtuber agency by focusing on Vlivs management, collaborating with established companies, and nurturing talented V-Livers. This new strategy means that 17LIVE is likely to be the 1st virtual live platform to manage Vlivs among the players in this report. The company plans to develop Vliv-related products, incorporating technological advancements and expanding its content portfolio. Additionally, it is venturing into mobile game development and recognizing the potential of interactive games that allow users and streamers to play together. The company also integrates live commerce into its platform, providing an alternative revenue option for streamers and enabling SMB merchants and major brands to tap into their user base. Furthermore, the company organizes diverse offline events to foster engagement, support streamers' growth, and create immersive user experiences. It also invests in cutting-edge streaming technology to develop its own technology to optimize the user experience and focus on talent acquisition and management, training programs for streamers, and in-person gatherings to support community building. With a focus on customer retention, 17LIVE provides personalized services, incentives, and loyalty programs to enhance user satisfaction.

Streamers generate revenue through virtual gifting and subscriptions, and the company organizes offline events and festivals for streamers to interact with their fans. Through these initiatives and dedication to quality content, 17LIVE aims to establish a strong presence in the virtual entertainment industry in Japan while prioritizing user satisfaction, streamer growth, and innovative streaming technology. According to

³⁷ Unless otherwise specified, this section on Company positioning (ListCo positioning) has been drafted based on information provided by the Company/ListCo. Frost & Sullivan has not conducted any independent diligence on the data or information thus obtained.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



Frost & Sullivan, 17LIVE is the first Vliwer agency with its' own live streaming platform and is poised for a significantly strong growth in the forecast period.

Taiwan

17LIVE adopts a multi-pronged approach to increase brand awareness and market penetration in Taiwan. The company regularly hosts offline events, such as newbie exclusive programs, to incubate new streamers and music events featuring the 17LIVE's musician streamers. In addition, 17LIVE participates in various government events, such as Taiwan Lantern Festival and Creative Expo Taiwan, to increase its brand exposure. On top of building an offline presence, it engages in strategic partnerships to spread brand awareness through different channels. For instance, by sponsoring a professional basketball team, Kaohsiung Steelers, 17LIVE has incorporated its name into its logo and enjoys publicity at each of the baseball team's sporting event and press release. Thus far, 17LIVE is the only pure-play interactive video stream platform with such a co-branding strategy with a leading professional sports club. Additionally, the company collaborated with Sanrio, a leading Japanese entertainment company, and Supau, a top Taiwanese drinks brand, to promote itself.

Offering localized content is a crucial success factor for attracting and retaining live stream users. 17LIVE has adopted a unique strategy in Taiwan by engaging with politicians from various political parties and inviting them to participate in live streaming on its platform. Some of the Taiwan politicians that have appeared on 17LIVE's platform include the Taiwan President, Tsai Ing-Wen, and the former Mayor of Taipei, Ko Wen-je. The platform's original content offerings include live singing competitions, fortune telling programs, and outdoor game shows.

3.5 OPPORTUNITIES

Horizontal and Vertical Integration³⁸

Taiwan's interactive video streaming market has reached a mature stage and is experiencing consolidation. Three major players, 17LIVE, Lang Live, and UpLive, hold a combined market share of about 65%, with 17LIVE alone accounting for 26.9% of the market. This dominance has resulted in other players, such as Bigo Live, gradually fading out of the Taiwanese market. In Japan, the interactive live streaming industry has also seen significant development and expansion. Several major players, such as 17Live, POCOCHA and Twitch, have established a dominant position, holding a combined market share of around 54.1%. While Taiwan is in a consolidation stage, Japan's market is well established, with companies adopting various forms of vertical integration to strengthen their market position. Three of the main vertical integration approaches are content creation, technology development and monetization.

In the pure-play interactive video streaming industry, quality streamers are a crucial success factor, as users tend to follow the streamers rather than the platform. However, online celebrities or influencers typically have a limited lifespan, making it unsustainable for the streaming platforms to rely solely on UGC for revenue. To address this, interactive video streaming platforms have developed in-house programs to enhance user stickiness and retention. For example, 17LIVE offers unique content, such as fortune-telling programs and outdoor game shows, as part of its product differentiation strategy, which other leading players in interactive video streaming market will likely adopt. Similar to Taiwan, having quality streamers is a key success factor for live streaming platforms in Japan. These platforms focus on attracting and retaining top content creators to appeal to their audiences.

Interactive video streaming companies may also pursue vertical integration, which can offer significant benefits in Taiwan's relatively mature market. By vertically integrating their operations, interactive video streaming companies can have more control over the entire production process, from sourcing talent and

³⁸ Vertical integration refers to the integration of two firms that are involved in different stages of the supply chain or production process. Horizontal integration occurs when a company expands its business by acquiring or merging with similar companies in the same industry and at the same level of the supply chain.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



creating content to delivering it to users. This allows for streamlined operations, increased efficiency, and improved coordination between different aspects of the business. It reduces reliance on external partners and platforms, providing greater autonomy and flexibility in decision-making. With inhouse teams for talent management, content production, and marketing, interactive video streaming companies can eliminate intermediary costs and capture more value their services generate. This can result in higher profit margins and increased competitiveness in the market.

Live Commerce

Taiwan's eCommerce penetration rate exceeded 50% in 2022³⁹. As the demand for online products and services continues to increase, retailers in Taiwan are intensifying their efforts to expand their eCommerce presence. In this regard, many retailers are incorporating live commerce into their overall eCommerce strategy. Live commerce offers a highly interactive and real-time engagement experience leveraging the urgency created during limited live commerce sessions. Consequently, Frost & Sullivan believes that the conversion rate of live commerce is expected to surpass that of traditional eCommerce.

Live commerce in Japan is still in its early stages but shows growth potential. Only a small percentage of respondents have made purchases through live commerce platforms, indicating a low adoption rate. However, owing to enthusiasm and momentum surrounding live commerce, the companies in the eCommerce industry are actively working to enhance its popularity. The market's expansion will require a shift in Japanese society's online shopping behavior, which may take time owing to cultural reasons. Nonetheless, the lack of a dominant player in the market presents an opportunity for early entrants to establish themselves and access potential revenue.

V-Livers

V-Livers present significant opportunities for the interactive video streaming industry. Due to their digital nature, V-Livers can attract a global fan base, transcending language and cultural barriers. This expands the reach of interactive video streaming platforms and increases their market presence. Moreover, V-Livers provide diverse monetization channels through virtual gifting, merchandise sales, and paid subscriptions, generating sustainable revenue streams for both the personalities and the platforms. Collaborations with other content creators, virtual or real, offer cross-promotion opportunities and expand brand exposure. V-Livers accelerate technological advancements, utilizing cutting-edge technologies, such as motion capture and AI-generated content. By embracing these virtual personalities, interactive stream platforms can tap into their innovative potential, attract a wider audience, and stay competitive in the evolving landscape of online entertainment. According to Frost & Sullivan, V-Livers are a significant revenue source in Japan's interactive video industry and will positively impact its growth in the forecast period. The industry's size is visible in the market size section for Japan—accounting for 34.4% of the total market size in 2022. Besides live streaming, one of the most promising opportunities in this market is virtual talent agencies, such as AnyColor and Hololive.

³⁹ Taiwan Network Information Center. Service Application Overview. https://report.twnic.tw/2022/TrendAnalysis_globalCompetitiveness.html. 2022. n.d.

4 OVERVIEW OF INTERACTIVE VIDEO STREAMING PLATFORM MARKET IN MAJOR SOUTHEAST ASIAN COUNTRIES

4.1 TRENDS (DRIVERS AND RESTRAINTS)

Following the internet adaptation and development of allied sectors in the region in 2015 and thereafter, the media and entertainment industry witnessed an increase in the number of content creators who used live streaming to share snippets of their lives with their followers. Various influencers in different industries, including beauty bloggers and professional gamers, saw live streaming as an effective way to stay connected with people. As a result, live blogging platforms, such as Bigo Live, have seen a massive increase in popularity in Indonesia and Thailand. Social media and eCommerce companies have also begun offering various live streaming solutions. Countries such as Thailand are at the forefront of live stream adoption, with many digital consumers making online purchases using live streams.

Indonesia: Interactive video streaming platforms in Indonesia provide localization features, including local language support, localized content curation, and customer service in the Indonesian language. This localization strategy enhances user experience and fosters a deeper connection with the local audience. The Indonesian government has implemented live streaming content regulations to address content moderation, copyright infringement, and user protection issues. Platforms must comply with these regulations to operate legally in the country. Social media personalities are also popular live streamers in Indonesia. These personalities often live stream their daily lives, hobbies, ideas, and opinions on various topics. Some of the most popular social media personalities who live stream in Indonesia include Awkarin, Jess No Limit, and Raditya Dika. Pure-play interactive video streaming platforms in Indonesia have integrated social commerce features, enabling viewers to purchase directly from live streams. For example, Uplive, a live streaming platform, incorporates eCommerce elements, allowing streamers to sell products and viewers to make real-time purchases.

The Philippines: Filipino streamers often organize charity streams, donation drives, and fundraising events, leveraging their live streams to raise awareness and support various social causes. Being the country with the lowest internet penetration in SEA, it has a smaller fraction of the addressable market. However, with the 2nd-largest population in SEA, the Philippines market is likely to be a perfect geography for interactive video streaming companies to expand their operations.

Thailand: Thailand is one of the largest internet consumption countries in the world, with individuals using it for an average of more than 8 hours per day. Social media platforms have a significant presence in Thailand, with platforms such as Facebook, LINE, BIGO, and Instagram enjoying wide usage. Thais use social media for various purposes, including connecting with friends and family, consuming news and entertainment, and engaging with brands and businesses. With people spending most of such time on social activities, online live streaming has a significant opportunity in the country. The Thai government has been actively promoting digital transformation and internet connectivity across the country. Initiatives such as the Digital Thailand strategy aim to improve broadband infrastructure, provide internet access to rural areas, and foster the growth of the digital economy.

Malaysia: Live streaming and eCommerce have started to converge in Malaysia. Brands and retailers leverage live streaming to showcase and sell products directly to consumers. Live shopping events and product demonstrations have become popular, allowing viewers to make real-time purchases during the live stream. Malaysia has one of the highest internet penetration rates globally, with more than 95% of individuals using the internet, according to the World Bank in 2021. In line with its high population, Malaysia is home to one of the largest addressable audiences for live streaming among SEA nations. The Malaysian government has launched various initiatives to promote digital transformation and internet accessibility. Programs such as the National Fiberisation and Connectivity Plan aim to improve broadband infrastructure and expand internet connectivity throughout the country. More than 95% of the internet population uses social media in the country, with platforms such as Facebook, Instagram, and Twitter being popular for social networking, content sharing, and communication. The appeal of connecting with friends, sharing updates, and consuming content has contributed to high internet usage.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

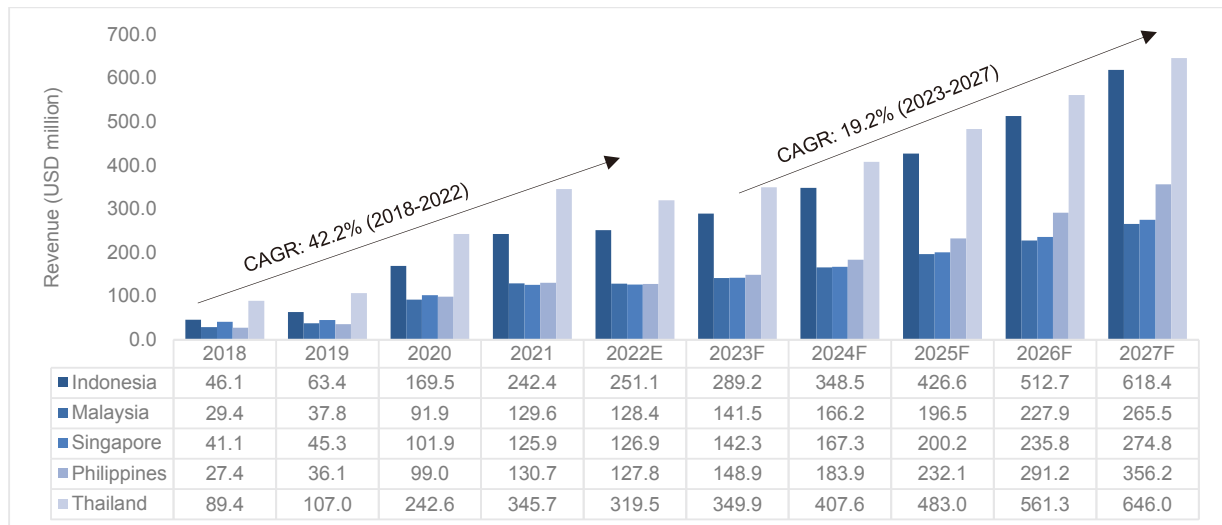


Singapore: Technological advancements in streaming technology have improved Singapore's overall live streaming experience. These advancements include better video quality, reduced latency, and enhanced interactivity, making live streams more engaging and accessible. Singapore has one of the highest monetized customer penetration rates for interactive video streaming platforms, with the average revenue per user being one of the highest in SEA. This factor contributes to a large market size for Singapore in live streaming, even with a relatively low population. About 90% of live streaming conversations center around Millennials and Gen Z or those aged between 18 to 34. This group is also more supportive of live streaming content and mostly uses these platforms. The Media Development Authority of Singapore provides guidelines for online content, including live streaming. To ensure responsible content creation and distribution, these guidelines cover various aspects, such as classification, content ratings, and age restrictions.

4.2 MARKET SIZE

The interactive video streaming market in SEA recorded revenues of USD 233.3 million in 2018 and reached USD 953.6 million in 2022 at a CAGR of 42.2%. A booming internet market and increasing digital awareness owing to the COVID-19 pandemic fueled this growth. Going forward, the market is expected to reach USD 2160.9 million, recording a moderated CAGR of 19.2% from 2023 to 2027.

Figure 4-1: Estimated Market size and forecast of Interactive Video Streaming (USD million), SEA, 2018-2027F



Source: Frost & Sullivan's primary interviews, desktop research and analysis



4.3 OUTLOOK

With increasing internet and smartphone penetration levels, improvements in digital infrastructure, and various SEA governments' digitalization and smart nation efforts, the quality and penetration rate of live streaming in the region will continue growing. The industry in SEA is expected to benefit from the emergence of new monetization models as live stream adoption increases. Notably, the model of virtual gifting, as researchers observed in Northeast Asian countries, such as China, Japan, and Taiwan, will not sustain in SEA owing to the lack of super-spending users who are willing to splurge on expensive virtual gifts for their favorite streamers.⁴⁰

A crucial area of growth is the continued expansion of live commerce. According to Frost & Sullivan, Vietnam, Thailand, and Indonesia are the leading markets in live commerce penetration and market size by gross merchandise value. Popular platforms in the region for live shopping include major social media platforms, such as Facebook, Instagram, and TikTok, and leading eCommerce platforms, including Shopee and Lazada. Despite the dominance of Facebook and Instagram as major social media platforms hosting live commerce, they lack live shopping engagement tools and integration with eCommerce engines, such as conversion tools (e.g., a check-out function). As a result, a growth opportunity in the SEA live commerce ecosystem lies in live commerce enablers, such as enterprises that provide full-stack solutions for hosting live commerce on multiple channels, streamlining the process of collecting customer orders from these various channels, and promoting products and live events.

Another growth area in SEA's live stream market is game live streaming. Owing to the popularity of eSports in the region, SEA has 40 million esports viewers according to industry sources, with gaming content fast becoming mainstream entertainment. According to industry sources, more than 50% of the region's online users consume gaming video content, with YouTube Live and Twitch being the region's most popular gaming live stream platforms. As the gaming industry continues to expand, more game live streaming apps will enter the region to capture this fast-growing market.

As live streaming becomes more prevalent in the region, governments will step up regulatory measures for content moderation and copyrights. Also, as awareness about potentially harmful social media content grows, many countries have implemented or are in the process of introducing laws to protect users from online harm. For instance, Singapore proposed a new Code of Practice for Online Safety and the Content Code for Social Media Services that would legally require social media platforms, which most, if not all, interactive video streaming platforms fall under, to implement safety standards and content moderation processes.⁴¹

⁴⁰ KrAsia. "Live streaming in Southeast Asia: from 'in-real-life' broadcasting to shopping and gaming". <https://kr-asia.com/live-streaming-in-southeast-asia-from-in-real-life-broadcasting-to-shopping-and-gaming>. 30 Sep 2019.

⁴¹ The Straits Times. "Spore joins other places that have enacted or proposed laws to regulate online content". <https://www.straitstimes.com/singapore/spore-joins-other-places-that-have-enacted-or-proposed-laws-to-regulate-online-content>. 20 Jun 2022.

5 BRIEF OVERVIEW OF V-LIVERS LANDSCAPE

5.1 INDUSTRY OVERVIEW

Japan

The Animation Comic and Games (**ACG**) culture, which encompasses anime, comics, and games, originated in Japan and has evolved over time. Various economic and social events, including Manga (a form of Japanese comics) and anime, have influenced the development of ACG. Even during the economic crisis years in Japan, the ACG industry remained stable and continued to produce influential works. The emergence of the internet facilitated the promotion of ACG culture globally, and online communities dedicated to discussing anime and Manga flourished.

The V-Livers concept in Japan deeply connects with ACG. The 1st appearance of a V-Livers in Japan was in 1982. It started with Lynn Minmay coming from the anime series Super Dimension Fortress Macross. The songs Lynn Minmay performed as an idol singer became a hit within the series, and she would later become the 1st fictional singer to garner major real-world success⁴². In 1989, the radio program All Night Nippon introduced Yui Hoga, where multiple voice actors and singers took on roles as radio personalities, swimsuit gravure models, and singers⁴³.

Following Lynn Minmay, Hatsune Miku originated as a character within the Vocaloid software, which Crypton Future Media (Sapporo) introduced in 2007. Vocaloid is a virtual female vocal (synthetic voice) singing software. The emergence of user-friendly free software for creating 3D character dances gained immense popularity among the younger generation, who primarily consumed internet content rather than traditional television. Many consider these 2 characters the beginning of the virtual live concept in Japan today, although the name was still not coined back then.

Since 2010, the anime industry has experienced significant expansion across various fronts, including distribution, collaborations, stage performances, and exhibitions. One recent trend of virtual streamers and idols became especially popular with the lockdowns owing to COVID-19. A notable area of growth is the virtual live music performed by V-Livers. These virtual idol concerts have transformed the music production, consumption, and performance experience in our digital society. The concerts are known for their unique blend of technology, animation, and live music performance.

The COVID-19 pandemic resulted in a temporary suspension of live presentations by real and idols, leading to the growth of V-Livers owing to their continued availability online. Nevertheless, in Japan real-life concerts are regularly held for V-Livers, where the idols are displayed on screen or as a hologram. While the pandemic has temporarily hindered this upward trajectory, a substantial demand remains for immersive user experiences centering around anime.⁴⁴ V-Livers, such as Hatsune Miku and KD/A (a virtual girl group of Riot Games to promote its video game League of Legends and its in-game products), have gained significant popularity. These V-Livers have garnered massive fan bases and achieved chart-topping success. The concept has expanded to include virtual avatars similar to real people, for example, Travis Scott's virtual concert on Fortnite. V-Livers have emerged as a captivating and influential aspect of ACG culture, engaging fans and pushing the boundaries of multimedia entertainment⁴⁵.

⁴² Kotaku. The Fictional (Yet Amazingly Popular) Singers of Japan. <https://kotaku.com/the-fictional-yet-amazingly-popular-singers-of-japan-5940894>

⁴³ RYM. Japanese Idol Compendium. <https://rateyourmusic.com/list/Fyaos/%E2%9C%AFjapanese-idol-compendium%E2%9C%AF7/>

⁴⁴ Nikkei Asia. "Japan's music industry rises again in new 'age of discovery'". <https://asia.nikkei.com/Business/Business-trends/Japan-s-music-industry-rises-again-in-new-age-of-discovery>

⁴⁵ Rouse. An alternate dimension: Virtual idols. <https://rouse.com/insights/news/2020/an-alternate-dimension-virtual-idols>.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



Taiwan

Taiwan's V-Liver concept is nascent and is significantly different from the North Asian market, which is more developed. The animation industry started developing in recent years because of the sharp increase in mobile device usage in the country and the development of new media platforms, such as the interactive video streaming industry, from 2016 onward⁴⁶. This resulted in new opportunities and markets for content creators to leverage. The concept of V-Liver became popular as technology advanced in areas such as motion capture and gesture control.

Moreover, Taiwan has also experienced the development of the ACG sub-culture since the 1990s, when most of the fan population were adolescents⁴⁷. This translated into physical conventions, such as Comic World, a quarterly event Taiwan has held since 1997, with turnouts of approximately 5000 participants at each event⁴⁸. The popularity of the ACG sub-culture has grown tremendously during the past decade, with events, such as the 2023 Taichung International ACG Expo in Taiwan, continuing to see many visitors⁴⁹. The growth of the ACG sub-culture has the potential to spill over to the V-Liver concept in Taiwan, which Vtubers are driving from the Japanese market. Momosuze Nene is a Vtuber from Japan with a strong following outside of Japan in countries such as Taiwan and Hong Kong, with an average fan gifting between 30,000 to 50,000 Taiwan dollars⁵⁰. The adoption of V-Liver in Taiwan is likely to increase in the forecast period owing to the existing Japanese Vtubers and the ACG culture that has established itself within the country.

SEA

The ACG culture has flourished in SEA during the past decade, with animation titles taking up a sizable proportion of the total share of minutes watched in the media and entertainment industry. On Netflix in Indonesia, about 18% of the total minutes watched were anime titles, lagging behind only more established content, such as Korean (31%) and American titles (29%)⁵¹. Frost & Sullivan estimates that this preference is likely to be consistent among most SEA countries because of the cultural and geographical proximity to Japan, which has seen a significant expansion of anime during the past few decades.

V-Livers in SEA are still nascent entities with only a handful of use cases. One such case was the launch of Project Kavvai, a program to identify and develop V-Livers in ASEAN⁵². Aozora Kurumi was the 1st V-Livers under this program and was going to generate online content in areas such as gaming and lifestyle⁵³. However, Kurumi was only active for 1 year and retired from the space in 2022. Kurumi would remain in the broader ecosystem of V-Livers as part of Project Kavvai, as the region continued to embrace the concept of a V-Livers⁵⁴.

From these experiences, the region has increasingly noticed the potential of V-Livers in areas such as brand and marketing, which drives the acceptance and usage of V-Livers in SEA. The increased accessibility of animation titles and collaborations with mainstream media are crucial drivers that is likely to improve the general acceptance of anime in SEA⁵⁵ and generate a second-order effect to boost the

⁴⁶ Animation and Visual Effects Association. <https://www.avataiwan.org/簡介與緣起?lang=en>. Date accessed: 13 June 2023

⁴⁷ Jin-shiow, Chen. The Comic/anime Fan Culture in Taiwan: With a Focus on Adolescents' Experiences. <https://core.ac.uk/download/pdf/51288538.pdf>. 1 January 2003. Date accessed: 11 July 2023.

⁴⁸ Ibid pp 3

⁴⁹ Sean, Lin. Taichung International ACG Expo kicks off. FocusTaiwan. <https://focustaiwan.tw/culture/202304010008>. 4 January 2023. Date accessed: 11 July 2023.

⁵⁰ Ching-hsuan, Hung. Japanese Vtuber, a virtual anime pop idol and show host sets Taiwan alight. Radio Free Asia. <https://www.rfa.org/english/news/china/taiwan-vtuber-08062022083451.html>. 6 August 2022. Date accessed: 11 July 2023

⁵¹ Culture Group. 2023 Culture Drop | The Anime Impact. <https://culturegroup.asia/content/culture-drop/2023-culture-drop-the-anime-impact/>. 8 June 2023. Date accessed: 18 July 2023.

⁵² Sivakumar, Yoganeetha. airasia retires first virtual idol Kurumi after one year. <https://www.marketing-interactive.com/airasia-retires-first-virtual-idol-kurumi-after-one-year>. 5 July 2022. Date accessed: 18 July 2023.

⁵³ Lai, Adrian. Malaysian Airline AirAsia is Debuting A Virtual Idol in Southeast Asia. <https://sea.ign.com/airasia/171710/news/a-malaysian-airline-is-debuting-a-virtual-idol-for-gaming-in-southeast-asia>. 6 May 2021. Date accessed: 18 July 2023.

⁵⁴ Sivakumar, Yoganeetha. airasia retires first virtual idol Kurumi after one year. <https://www.marketing-interactive.com/airasia-retires-first-virtual-idol-kurumi-after-one-year>. 5 July 2022. Date accessed: 18 July 2023.

⁵⁵ Cameron, Robert. Brands Should Harness the Power of Anime in Their Marketing Strategy in Southeast Asia. <https://www.brandinginsia.com/brands-should-harness-the-power-of-anime-in-their-marketing-strategy-in-southeast-asia/>. 13 June 2023. Date accessed: 18 July 2023.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



popularity of V-Livers in the region. Furthermore, the current crop of V-Livers has already embraced localization where the idol is fluent and can converse in languages and dialects familiar to the region⁵⁶. This would be an important driver for the acceptance of V-Livers within the region, as viewers will be able to directly relate to and connect with the V-Livers.

United States of America (USA)

The V-Liver concept in the USA is part of the broader global trend of interactive entertainment. With the emergence of the interactive entertainment industry, comprising virtual idols, virtual streamers, virtual humans, and digital personalities, the concept is likely to unlock its' growth potential in the forecast period. The USA, Japan, Indonesia, and China have a significant user base for V-Livers.⁵⁷ The USA, in particular, is the largest entertainment consumer and media market globally. Internet users in the USA spend a significant amount of time with various sources of entertainment, making it an attractive consumer market for V-Liver. Moreover, the pervasive influence of Japanese anime and games in the USA is also increasing, with Japanese companies such as Nintendo playing a significant role in increasing the popularity of ACG among North American fans. Further, akin to Japan, North American countries place significant emphasis on copyright protection, encompassing software and virtual character design copyright making it suitable for IP virtual live development.⁵⁸

The development of digital characters or personas in the USA is trending toward virtual influencers. While a V-Liver is a character or persona primarily associated with the field of music and entertainment, virtual influencers are used for marketing and promotional purposes. They often resemble real-life humans that professionals make using advanced technology such as computer-generated imagery. Virtual influencers are present on social media platforms and collaborate with brands to reach a wider audience. Virtual influencers have gained popularity in recent years, particularly in the fashion and beauty industry. In the USA, virtual influencers can have a substantial following on social media platforms, engaging millions of users. For example, virtual influencers, such as Lu Do Magalu, have gained 6.4 million Instagram followers, while Lil Miquela has 2.7 million Instagram followers. These numbers showcase the influence and impact that virtual influencers have on their audience. Brands have recognized the power of virtual influencers in reaching and engaging with consumers, due to the unique opportunity accorded to brands to create customized digital characters representing their values and brand identity. Quality of content is a major reason for a virtual influencer's fan following. According to an industry survey⁵⁹ among consumers in the USA who followed at least 1 virtual influencer, content dominated with 26.6%, 18.6% of respondents cited virtual influencer storytelling, and 15.5% said they found virtual influencers to be inspirational.

Frost & Sullivan is of the opinion that both virtual influencers and V-Liver have emerged as a new trend in social media and influencer marketing owing to their ability to effectively promote products and services and facilitate collaborations with their dedicated fan base, offering promising prospects globally and in the USA.

⁵⁶ Lai, Adrian. Malaysian Airline AirAsia is Debuting A Virtual Idol in Southeast Asia. <https://sea.ign.com/airasia/171710/news/a-malaysian-airline-is-debuting-a-virtual-idol-for-gaming-in-southeast-asia>. 6 May 2021. Date accessed: 18 July 2023.

⁵⁷ Sun Lei and Sun Jiashan. China Daily. Time to unlock growth potential of 'virtual idol' sector. [Time to unlock growth potential of 'virtual idol' sector - Chinadaily.com.cn](https://www.chinadaily.com.cn). 22 July 2023. Date accessed: 25 July 2023.

⁵⁸ Ibid.

⁵⁹ The Influencer Marketing Factory. (March 29, 2022). Reasons why consumers follow virtual influencers in the United States as of March 2022 [Graph]. In Statista. Retrieved August 02, 2023, from <https://www.statista.com/statistics/1302739/reasons-consumers-follow-virtual-influencers-us/>

5.2 DRIVERS

Transformative technologies fuel the increase of V-Livers

The rise of V-Livers in the late 2010s, particularly in countries such as China, can be attributed to significant investments in this area and the advancements in modern technologies, such as voice and motion capture and AR.⁶⁰ These investments have paved the way for notable developments in motion capture technologies, leveraging ML and AI. Consequently, the visual effects of V-Livers have become more accurate and can now be produced faster.⁶¹ The enhanced motion capture capabilities are crucial for V-Livers, as they enable a more realistic experience, capturing many actions with greater detail through various sensors tracking the movements of the streamer in real time. Furthermore, the availability of faster internet connections has played a vital role in supporting the utilization of bandwidth-intensive technologies, improving the overall quality of V-Livers and live performances. This attracts a larger user base to participate in virtual live events, creating a more engaging and immersive experience for the audience.

Immersive collaborative platforms facilitate growth of V-Livers, revolutionizing fan engagement

Collaborative platforms have facilitated the emergence of V-Livers by providing a global reach, enabling UGC, and fostering interaction and engagement between fans and V-Livers. These platforms have allowed fans to actively contribute to the V-Liver ecosystem while facilitating direct interaction and a sense of ownership. According to Frost & Sullivan, combining technology and fan engagement has transformed V-Livers into a cultural phenomenon, shaping new entertainment trends and monetization opportunities. Frost & Sullivan believes that such user-engagement for the audience and additional revenue for V-Livers are likely to serve as an impetus for future growth of V-Livers in the country.

V-Livers provide reliable monetizable assets

V-Livers, whether based on AI or personified by individuals behind avatars, offer unique opportunities for monetization and asset reliability.⁶² AI-based V-Livers are seen as reliable assets owing to their consistent performance and lack of personal life issues that could impact their popularity.⁶³ This reliability attracts investors and donors interested in supporting these V-Livers. Additionally, the anonymity and separation of their virtual and real lives make them appealing from a branding perspective, allowing their identities to remain hidden and focusing solely on their work as V-Livers.

V-Livers may also contribute to increased merchandise sales in 2 main ways. Firstly, they possess a dedicated and passionate fan base that eagerly purchases merchandise related to their favorite idols, including clothing, accessories, and collectibles. Brands can capitalize on this by collaborating with V-Livers to offer exclusive merchandise and customized products, tapping into the existing fan base's enthusiasm. Secondly, V-Livers enable brands to explore virtual selling, leveraging technology to connect with customers and sell products or services remotely. This approach proves valuable in instances where there are limited physical sales channels, as brands can engage with fans through virtual events, live streams, social media, and VR experiences, creating interactive and immersive shopping opportunities.

⁶⁰ Y. Q. Wang. A Brief Analysis of the Development of Chinese Virtual Idol Industry Empowered by 5G+Motion Capture Technology-Taking the Virtual Idol Group A-SOUL as an Example. Journal of Physics: Conference Series. <https://iopscience.iop.org/article/10.1088/1742-6596/2278/1/012011/pdf>. 2022. Date accessed: 14 June 2023

⁶¹ Salvi, Nikhil. Machine Learning for Motion Capture: How AI is transforming the accuracy and speed of motion capture in visual effects production. 22 March 2023. Date accessed: 15 June 2023.

⁶² Phuc, Dang. Virtual Idol: A Product of Advanced Technology You Need to Know. <https://animost.com/ideas-inspirations/virtual-idol/>. 16 January 2023. Date accessed: 15 June 2023

⁶³ Shen, Lu. Why China's falling in love with virtual idols. Protocol. <https://www.protocol.com/china/virtual-idols-metaverse-china>. 12 October 2021. Date accessed: 13 June 2023

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

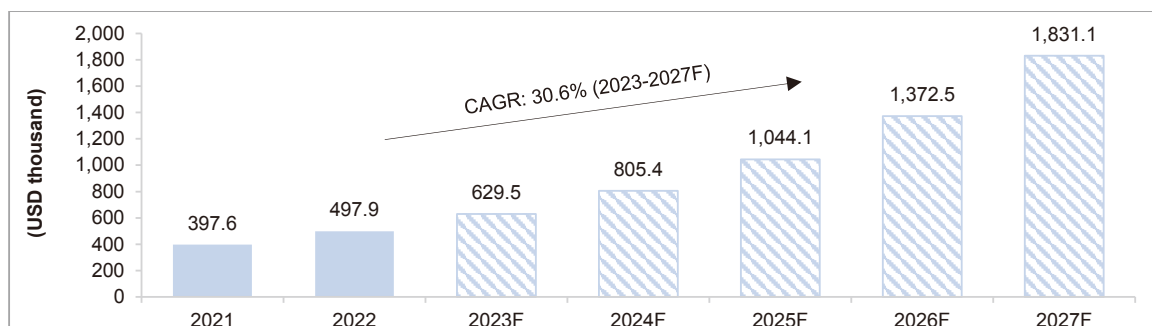


5.3 MARKET SIZE

Taiwan

Frost & Sullivan estimates that the market for V-Livers in Taiwan will grow from USD 0.6 million in 2023 to USD 1.8 million in 2027, with a CAGR of 30.6% for the period. The current market size of V-Livers in Taiwan is much smaller than in Japan. The existing Vtubers from Taiwan are driven by individuals as opposed to Vtuber agencies which are lacking in Taiwan. The adoption of advanced technology, which already exists in the Japanese market, will drive future growth of V-Livers. These technologies are likely to enable more sophisticated motion capture and facilitate the development of new content for V-Livers. The recognition of the reliability and effectiveness of V-Livers in the interactive video streaming industry is also likely to attract more investors driving it further. Additionally, enterprises targeting Gen Z consumers will show increased interest in leveraging V-Livers as a crucial marketing strategy to engage with this younger demographic.

Figure 5-1: Estimated Revenue Forecast of V-Liver Livestreaming (USD thousand), Taiwan, 2022-2027F



Source: Frost & Sullivan's primary interviews, desktop research and analysis

Note:

1. Sources include a combination of (i) Interviews with industry and in-house experts; (ii) company reports and other presentation materials including but not limited to news articles, press releases, and publicly available industry data; (iii) Frost & Sullivan's desktop research on sources including but not limited to databases of industry associations, trade bodies, and government agencies.
2. The market size is estimated as total addressable market (TAM), calculated based on the estimation of the total revenue from the V-Liver market which consists of Vtubers (virtual idols on YouTube) and idols on the interactive video streaming platforms who use virtual avatars.

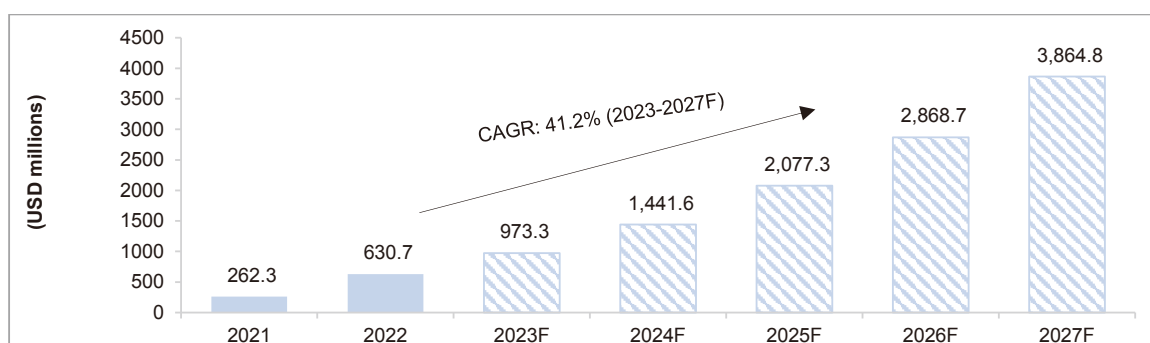
APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



Japan

Frost & Sullivan estimates that the market for V-Livers in Japan is expected to grow from USD 973.3 million in 2023 to approximately USD 3,864.8 million in 2027, at a CAGR of 41.2% for the period. The current market size of V-Livers⁶⁴ in Japan largely comprises Vtubers created by individuals which makes up the majority of V-livers in terms of numbers of creators, however, in terms of monetary value, the bigger share of revenue still originated from those created by the V-liver companies. The introduction of new technologies and better internet connection is expected to drive future growth, improving the experience of virtual live streaming.

Figure 5-2: Estimated Revenue Forecast of V-Liver Livestreaming (USD Million), Japan, 2021-2027F



Note:

1. Sources include a combination of (i) Interviews with industry and in-house experts; (ii) company reports and other presentation materials including but not limited to news articles, press releases, and publicly available industry data; (iii) Frost & Sullivan's desktop research on sources including but not limited to databases of industry associations, trade bodies, government agencies.

5.4 DEMOGRAPHICS

According to Frost & Sullivan, most V-Liver followers belong to the Gen Z. This trend is global, including in markets such as Taiwan and Japan. In Taiwan, more than 75% of V-Liver viewers fall within the age range of 16 to 23. Whereas, in Japan, Holo Live and NIJISANJI, to which the majority of popular Vtubers belong, state that about 45% of their viewers are between the ages of 18 and 24 and about 30% between the ages of 25 and 34⁶⁵. These age groups represent a significant consumer segment owing to its strong technological exposure and awareness of the latest trends within the entertainment industry. In contrast, fans of traditional idols encompass a more diverse range of age groups. This diversity stems from V-Liver followers' exposure to technology from a young age, fostering a greater appreciation and acceptance of animated content. On the other hand, the followers of in-person idols seek companionship and, therefore, prioritize interactions with real individuals. This preference for genuine human interaction contributes to the diverse nature of in-person idol consumers.

⁶⁴ There were approximately 20,000 V-Livers in Japan at the end of 2022.

⁶⁵ PIA. 【設計者が解説】なぜ課金する？若者人気拡大中の「VTuber・バーチャルアイドル」の押さえておきたいポイントと、セグメント活用方法. <https://data.pia.co.jp/news/pia-segments/5362/>



5.5 GLOBAL OUTLOOK

V-Livers are expected to achieve significant growth in the upcoming decade, primarily in East Asia, particularly China and Japan. Taiwan, owing to its proximity to these countries, is likely to benefit from a spill-over effect. The technological advancements within the V-Liver landscape is expected to drive this anticipated growth, resulting in faster response speeds and shorter development cycles for new idols owing to improvements in AI. Furthermore, this growth is likely to generate new opportunities in marketing and advertising, as brands recognize V-Livers as valuable collaborators that offer improved access to the target demographic of 16 to 23-year-olds⁶⁶. Frost & Sullivan believes that as these developments gain traction, global brands will take notice, potentially expanding the wave of V-Liver adoption beyond East Asia and into Western markets. This in-turn is likely to create new revenue streams for the V-Livers and catalyze sustained growth.

⁶⁶ Mengyuan Ge. China's virtual idols are reshaping the ways brands reach Gen Z consumers. KrAsia. <https://kr-asia.com/chinas-virtual-idols-are-reshaping-the-ways-brands-reach-gen-z-consumers>. 29 January 2022. Date accessed: 4 July 2023.

6 BRIEF OVERVIEW OF LIVE COMMERCE

6.1 INDUSTRY OVERVIEW

Live commerce, or livestream shopping, is an eCommerce model that integrates online shopping with interactive video streaming. It entails a live broadcast in which a host or influencer showcases and demonstrates products in real time to an audience virtually, allowing viewers to interact, ask questions, and make purchases directly through the live stream. Live commerce has gained popularity owing to its ability to create engaging, interactive, and entertaining shopping experiences. It bridges the gap between traditional retail and online shopping by providing a unique blend of entertainment, social interaction, and product discovery.

Live commerce typically takes place on eCommerce websites and social media platforms. Brands and resellers would partner with influencers or individual creators to conduct live shopping events on these platforms. These influencers and individual creators would develop the content for live streams, likely in collaboration with the retailers and brands, including the products they plan to promote, the storylines, and the scripts. Many live commerce hosts produce, record, and stream live shopping events from their homes or at retail storefronts. Users usually consume live commerce content via the platform apps they install on their smartphones or tablets and access through wireless internet. Platforms publishing these live shopping events usually allow viewers to interact with live commerce hosts through chat functions and reactions. Retailers and platforms are responsible for ensuring a seamless customer journey on the sites of live commerce, especially the checkout processes. Typically, a link for live shopping viewers to purchase the items would appear on-screen. To ensure a frictionless customer journey, retailers and live commerce platforms must ensure their systems are well-integrated.

China

In recent years, the live commerce market in China has rapidly expanded, and China is now one of the most important participants in the global live commerce market. The COVID-19 lockdown has shifted consumption from offline to online, stimulating the live commerce market to expand on both the demand and supply sides. Mass consumer goods, including apparel, food and beverages, cosmetic products, and consumer electronics, initially contributed to the market expansion in China.

According to the China Internet Network Information Center, the users of live commerce in China experienced significant growth from 220 million in 2018 to 372 million in 2020 and 515 million in 2022, representing a five-year CAGR of 23.7%. As of December 2022, 68.6% of domestic live-streaming users use live commerce on domestic live commerce platforms (led by Taobao, Douyin, and Kuaishou), which are continuously improving their business operations and infrastructures to enhance merchants' and users' experiences.

Going forward, Frost & Sullivan believes that the live commerce market in China is expected to continue its' growth momentum, with a greater variety of product categories and types and enhanced product and service quality. Nevertheless, it is forecasted that user scale and penetration growth in China may slow down in the forecast period given the existing high-base. Taobao, Douyin, Kuaishou, and other domestic live commerce platforms will continue establishing differentiated competitive advantages to drive user traffic and revenue.

Taiwan

Taiwan's live commerce market follows China's model, incorporating live streaming on comprehensive eCommerce sites, short video platforms, and social media. Facebook and YouTube are the most popular platforms for social media live commerce, while Line entered the market in 2018 but remains smaller. Momo and Shopee are the top choices for eCommerce platforms with live stream functions. Brands are considering developing their own live stream channels on their official websites to avoid processing fees on social media or eCommerce platforms. According to industry sources, more than 70% of internet users in Taiwan have participated in live commerce streams, indicating a significantly high penetration rate for live commerce. Moreover, more than 25% of internet users make purchases during live stream sessions. Owing to the relatively high conversion rate of live commerce, retailers are increasingly emphasizing live streaming as a crucial marketing strategy.

Japan

The live commerce market in Japan is still in its relatively early stages, showing slower progress despite the COVID-19 pandemic acting as a catalyst. The slow growth may be due to the preference for in-person shopping experiences and the dominance of established eCommerce platforms. However, consistent YoY growth has indicated the market's potential. The future trajectory of the live commerce market in Japan heavily relies on the platforms that facilitate its integration. Live commerce predominantly occurs on popular social media platforms, such as Instagram and YouTube Live. Influencers and sellers conduct live sessions on these platforms and separate websites, announcing product availability and details. These interactive live sessions generate high levels of engagement, resulting in sold-out products and significant shopping activity. However, a notable constraint in the Japanese market is the lack of integrated platforms seamlessly combining live commerce and social media. Existing platforms provide separate services rather than a unified live commerce experience. This limitation hampers the widespread integration of live commerce into popular platforms and presents a hurdle to this practice's overall growth and adoption. Several players contribute to the live commerce market in Japan, with SHOWROOM holding the largest market share, followed by platforms such as Base and Mirrativ.

6.2 KEY DRIVERS

Increasing shift in consumer preference toward mobile-first shopping

A notable increase in consumer preference for mobile-first shopping reflects a shift in shopping habits. With smartphones' widespread availability and convenience, more consumers rely on mobile devices for shopping. Several factors drive this trend, including the ease of browsing and purchasing products on mobile apps, the ability to shop on the go, and the seamless integration of mobile wallets and payment options. The trend of mobile-first shopping will continue, and as technology advances and mobile devices become more sophisticated, consumers will increasingly rely on their smartphones for shopping, prompting retailers to prioritize mobile optimization and create seamless experiences across devices.

Growth of influencer marketing

The exponential growth of social media usage has led to the emergence of influencers or microcelebrities⁶⁷. A research study revealed that young consumers often refer to social media platforms, such as Instagram or YouTube, to gather information from product reviews before making purchases. Social influencers' recommendations on these platforms often shape consumers' buying decisions. Younger social media users perceive endorsements by these online celebrities as more credible and relatable.⁶⁸ As a result, retailers increasingly employ influencers to market products on social media live streams as a crucial marketing strategy.

Integration of live stream and eCommerce platform to create interactive and engaging shopping experiences

Advancements in live commerce technology have integrated live stream features with eCommerce platforms, enabling accessible checkout options during live streams and real-time interactions between buyers and hosts. This seamless combination of audience engagement and instant purchase is a crucial enabler of social media commerce. The increasing consumer demand for interactive and engaging shopping experiences in Japan drives live commerce, which allows consumers to participate in real-time product demonstrations, ask questions, and receive immediate responses, creating a personalized and immersive shopping journey that appeals to Japanese consumers.

⁶⁷ Croes & Bartels. Young adults' motivations for following social influencers and their relationship to identification and buying behaviour. <https://www.sciencedirect.com/science/article/pii/S0747563221002338>. Nov 2021.

⁶⁸ Ibid.

6.3 GROWTH CHALLENGES

Efficiently scaling and streamlining logistical operations is crucial for the successful expansion of live commerce

Effective logistics and distribution channels are crucial in ensuring a smooth last mile user journey in live commerce. Uncertainty in parcel arrival time is a common pain point for online shoppers, highlighting the importance of flexible logistics services. However, for interactive video streaming companies primarily focused on live commerce, establishing an efficient logistics network can be challenging, as they may lack expertise in eCommerce logistics. For example in Japan, a crucial challenge is the availability of products to meet the demand that live commerce sessions generate. The success of live commerce campaigns often exceeds expectations, resulting in inventory shortages and difficulties in fulfilling customer orders promptly. Technical problems, particularly server-related issues, also challenge the smooth functioning of live commerce in Japan. Robust server infrastructure is necessary to handle the high traffic volume and real-time interactions during live sessions. Any technical glitches or server failures can disrupt the live commerce experience, leading to customer dissatisfaction and missed sales opportunities. Therefore, investing in the necessary technical infrastructure is crucial to ensure live commerce operations run smoothly.

The risk of fraud can pose a challenge to the live commerce industry

The risk of fraud poses a significant challenge in the live commerce industry, as the real-time nature of transactions and the lack of physical interaction make it harder to verify the authenticity of sellers and products, requiring stringent measures to ensure consumer trust and mitigate fraudulent activities. In Taiwan, for example, regulations on online businesses are lacking, contributing to a lack of trust in online sellers, including live commerce hosts. Consumers remain vulnerable to online fraud and consider buying from individual influencers riskier than purchasing from an established brand or retailer. The perceived risk of not receiving the agreed products (or that products will be below expectations) restrains consumers from purchasing through live stream shopping channels. Hence, effective regulation to ensure consumer safety when engaging in online transactions is a crucial enabler for live commerce's future growth.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

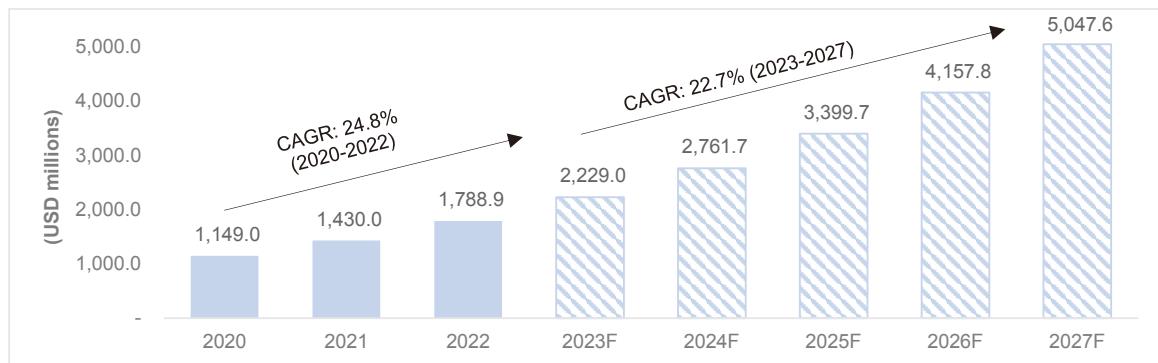


6.4 MARKET SIZE

Taiwan

Frost & Sullivan forecasts that Taiwan's social media live commerce market is expected to grow from USD 2,229.0 million in 2023 to USD 5,047.6 million in 2027, at a CAGR of 22.7%. The COVID-19 pandemic and lockdowns have greatly accelerated the growth of online retail, including social media live commerce. The closure of physical stores fueled this trend, prompting consumers to turn to online platforms, including Facebook and YouTube, for purchases. Group bulk purchases, especially among middle-aged consumers with limited access to overseas products, have become popular in Taiwan. While growth will remain strong post-pandemic, it may moderate as the initial surge in online shopping subsides.

Figure 6-1: Estimated Revenue Forecast of Social Media Live Commerce (USD million), Taiwan, 2020-2027F



Source: Frost & Sullivan's primary interviews, desktop research, and analysis

Note:

1. Sources include a combination of (i) Interviews with industry and in-house experts; (ii) company reports and other presentation materials including but not limited to news articles, press releases, and publicly available industry data; (iii) Frost & Sullivan's desktop research on sources including but not limited to databases of industry associations, trade bodies, government agencies.
2. The market size is estimated as TAM, calculated based on the estimation of total revenue from live commerce sales on social media platforms in Taiwan; i.e., it does not include live commerce sales on eCommerce platforms or revenue of companies that offer live commerce as software-as-a-service

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



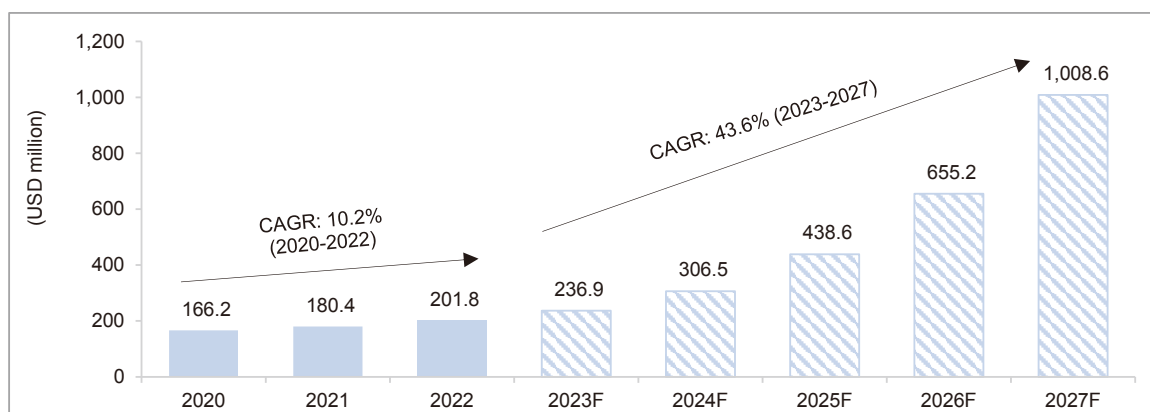
Japan

While currently small, the live commerce market in Japan shows significant potential. As platforms and brands invest in expanding and improving live commerce offerings, companies can tap into untapped market segments and drive growth. The market size of live commerce in Japan was about USD 201.8 million in 2022 registering a historical CAGR of 10.2% over 2020-2022. Going forward, it is expected to grow from USD 236.9 million in 2023 to USD 1.0 billion in 2027 at a CAGR of 43.6%. The market size includes social networking services (SNS), Software-as-a-Service (SaaS), and dedicated mobile applications. Among the different segments, SNS platforms dominate the market, accounting for approximately 60% of the market share in 2022. SaaS solutions comprise a 10% share, while dedicated live commerce apps, such as Showroom and Base, make up the remaining 30%.

In Japan, industries often use live commerce as a marketing tool and promote collaborations between influencers and brands or live stream events featuring popular personalities. Live streaming activities typically take place on platforms such as YouTube, Instagram, or Facebook, while sales happen on separate dedicated websites.

Frost & Sullivan believes Japan's live commerce market experienced a slower onset of growth in the historical period, and is likely to register a faster growth rate starting in 2024. This is because major retail players in Japan, such as Shiseido, Isetan, and LaLaport, are currently entering the live commerce market and leveraging their already established brand name for sales and engagement with customers. These established brands' entry in the market is likely to contribute to the expansion and accelerated growth of live commerce in Japan.

Figure 6-2: Estimated Revenue Forecast of Live Commerce (USD million), Japan, 2020-2027F



Source: Frost & Sullivan's primary interviews, desktop research and analysis

Note:

1. Sources include a combination of (i) Interviews with industry and in-house experts; (ii) company reports and other presentation materials including but not limited to news articles, press releases, publicly available industry data; (iii) Frost & Sullivan's desktop research on sources including but not limited to databases of industry associations, trade bodies, government agencies.
2. The market size is estimated as TAM, calculated based on the estimation of total revenue from live commerce sales on social media platforms in Japan.
3. The market size reflects the live commerce conducted through SNS, SaaS and platforms.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT

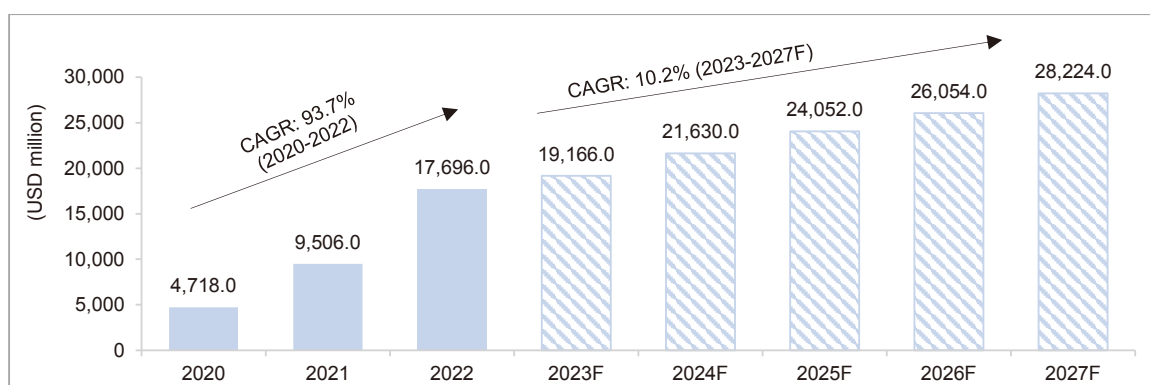


China

China's live commerce market has significantly expanded during the last 5 years because of multiple factors related to supply and demand. According to Frost & Sullivan, the market size of the live commerce industry in China, in terms of revenue, has increased from RMB 33.7 billion (USD 4,718 million) in 2020 to RMB 126.4 billion (USD 17,696 million) in 2022 at a CAGR of 93.7%. On the supply side, the primary market drivers are the massive investments in manpower, capital, and traffic by major live commerce platforms, the increasing diversity of product categories and types, the development of live streaming and relevant technologies, the improvement of streamers' professionalism, and the expansion of MCN live streaming process management services.

Going forward, China's live commerce market is likely to maintain its growth momentum, albeit at a lower rate, owing to the market maturity of the live commerce sector. According to Frost & Sullivan, the market size of the live commerce industry in China, in terms of revenue, will reach RMB 201.6 billion (USD 28,224 million) in 2027 at a CAGR of 10.2% during 2023–2027. In parallel, the user base of live commerce in China is also expected to grow from 515 million in 2022 to 607 million in 2027.

Figure 6-3: Estimated Revenue Forecast of Live Commerce (USD million), China, 2020-2027F



Source: Frost & Sullivan's primary interviews, desktop research and analysis

6.5 TRENDS

Collaboration with global and local brands

Live commerce in Japan is characterized by collaborations between global companies, local entities, and influencer-driven brands. Industry leaders, including Uniqlo, Shiseido, and Nike, have explored live commerce through platforms such as Instagram and are experimenting with SaaS services on their websites. This indicates a growing interest from established brands to leverage the interactive nature of live commerce and engage with consumers in real time. The trend extends beyond fashion to include various sectors, such as beauty and makeup.

Increased use of immersive technologies

Features such as AR/VR in product demonstrations, enhancements, advertising, and customer service are emerging. AR allows consumers to visualize products in real-world environments, giving them a better sense of how they will look or fit in their own space. VR, on the other hand, creates virtual environments that users can explore, enabling a more interactive and engaging shopping experience. These technologies are likely to enable an immersive and personalized social shopping experience. In the future, consumers will directly interact with a live commerce host in a virtual shop through avatars. Several social VR start-ups

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



have received more funding, as investors have started to see social VR's potential.⁶⁹ Social media giants, such as Meta, have also made tangible investments in metaverse technology. The company acquired Oculus VR, Inc., a leading company in immersive VR technology, for USD 2 billion in 2014.⁷⁰

7 SUMMARY PROSPECTS AND OUTLOOK

The Asian interactive video streaming industry is likely to continue its' growth trajectory in the forecast period reaching a cumulative market value of USD 7.7 billion in 2027. V-Liver and Live Commerce are also expected to register considerable growth in the forecast period reaching market sizes of approximately USD 3.8 billion and USD 6 billion respectively.

Japan is likely to be a key contributor to this growth in growth and is expected to attract more entrants and competition among streaming services. This trend reflects the increasing popularity and demand for streaming content in Japan. The market is expected to continue to grow also owing to the increasing popularity of virtual live streaming, particularly V-Liver experiences. This immersive and interactive form of content consumption is likely to attract a growing audience, indicating potential opportunities for market development, such as in live commerce. While live commerce in Japan is still in its early stage, its' future depends on integrating live commerce into platforms such as 17LIVE, where influencers and sellers can conduct interactive sessions to promote and sell products.

17LIVE's strategy for expansion in the Japanese market comprises initiatives in different areas. These initiatives include a V-Liver (as 17LIVE's main strategy in the Japanese market is to establish itself as a prominent Vtuber agency), a mobile game (as 17LIVE is venturing into the development of a mobile game that encompasses a diverse range of genres to cater to various player preferences), real-time and game - interaction (with the Live x Game project merging live streaming interactions with immersive gameplay, aiming to create an engaging and interactive experience), live commerce (with 17LIVE's live commerce strategy involving integrating HandsUp, a live commerce system solution, into the 17LIVE platform), and events (with 17LIVE organizing a diverse range of events that offer streamers and users unique and immersive experiences).

In Taiwan, the interactive video streaming market has seen rapid growth in the past decades because of the introduction of new programs and services during the pandemic. While Taiwan is a mature market in the interactive video streaming segment, the introduction of new technologies and trends, such as the use of V-Livers, is expected to contribute to the industry's overall growth. The V-Liver industry in Taiwan is still in its early stages compared to the more developed North Asian markets.

However, recent years have seen increased mobile device usage and the emergence of interactive live video streaming platforms drive the animation industry's growth. Additionally, the ACG sub-culture in Taiwan, which has seen significant growth over the past decade, has the potential to influence the V-Livers. In Taiwan, live commerce has become a thriving trend in the eCommerce market, and social media has played a crucial role in driving the growth of live commerce, with Facebook and YouTube being the most popular platforms for social media live commerce. A crucial competitive advantage that 17LIVE has over popular social media live commerce platforms in Taiwan, such as Facebook and YouTube, is strong relationships with Japanese merchants owing to its existing HandsUp customer base in Japan. This is likely to allow 17LIVE to facilitate the export of Japanese products to the Taiwan market. Such cross-border trade remains limited to Taiwanese eCommerce platforms. In addition, the company has a ready pool of live streamers who are well-versed in hosting live stream sessions, a skill required for effective and engaging live commerce. The company also has a wide pool of existing users that retailers can tap into to expand

⁶⁹ BeyondGames.biz. Metaverse Startup Raises Funding From Oculus Investors. <https://www.beyondgames.biz/21848/metaverse-startup-raises-funding-from-oculus-investors/>. 26 April 2022.

⁷⁰ Meta. Facebook to Acquire Oculus. <https://about.fb.com/news/2014/03/facebook-to-acquire-oculus/>. 25 March 2014.

APPENDIX F: INDEPENDENT MARKET RESEARCH REPORT



the reach of their products. Given that 17LIVE's target audience is generally middle-aged males with relatively high income levels, retailers should curate their products and brands to cater to such an audience.

SEA has seen a surge in the popularity of live streaming platforms, with social media and eCommerce companies offering their own live streaming solutions. The implementation of localized features and regulations in these countries has enhanced the user experience and compliance. Live streaming and eCommerce are converging, allowing brands and retailers to showcase and sell products directly to consumers. The main area of growth is the continued expansion of live commerce, particularly with live commerce enablers that provide full-stack solutions, streamlining customer orders and promoting products and live events across multiple channels. Given 17LIVE's experience with HandsUP as a live commerce system solution, the company is likely to tap into this growth opportunity in SEA's live commerce ecosystem. In addition, the company's expertise in managing live streamers is expected to enable it to offer talent management services, which could differentiate it from other solution providers.

8 APPENDIX

8.1 HISTORY OF LIVE COMMERCE IN CHINA

Stage I: Emergence (2016)

Live streaming has an early origin in China, and domestic PC-based entertainment websites (e.g., games and live shows) were the ones that first employed this format. Later on, the ecology of the interactive streaming industry gradually matured as well-known gaming platforms, such as Huya and Douyu, shifted their focus to mobile live streaming.

For China, 2016 was the 1st year of live commerce. Taobao officially introduced its live streaming to eCommerce in May after a three-month trial run, while JD launched its live streaming function 4 months later that year. In 2016, China had 325 million users of live streaming, with more than 300 platforms providing internet live streaming services and a market size of more than RMB 25 billion in terms of gross merchandise volume (GMV).

Stage II: Rapid Development (2017–2020)

During this period, Taobao started to develop its influencer system (红人体系) and successfully spread the concept of live commerce to broader consumer groups during the Double 11 shopping festival. Live streaming has become the highlight of its major promotions. Taobao also launched its standalone live commerce app, Taobao Live (later renamed DianTao), before the Chinese New Year in 2019. Meanwhile, leading short video and social content platforms, including Douyin and Kuaishou, started to enter the live eCommerce market in March and June of 2018, respectively. They have also gradually launched and enhanced their key eCommerce functions and tools, such as shopping carts and shop entrances, to strengthen their capabilities and competitiveness during these years. Overall, leading live commerce platforms in China progressed toward integrating upstream and downstream resources at this stage.

Around this time, the live commerce market also made refinement, with the rapid emergence of professional market participants, such as MCNs. Most of China's leading live commerce platforms have cultivated their own super streamers with an annual GMV of more than 10 billion, or even over a billion, in a single live streaming session. For instance, the 2 largest live commerce streamers in China, Viya and Li Jiaqi, generated RMB 31.1 billion and RMB 21.9 billion of GMV in 2020, respectively. In addition to professional and amateur streamers, many celebrities and major open leaders became important participants in the live commerce broadcast rooms. Factory and shop hosts also began to make an impact, demonstrating a distinct trend toward popularization.

By the end of 2020, China had registered 8,862 live commerce-related enterprises with 1.23 million registered streamers. The GMV and revenue of the live commerce market in China reached RMB 1.3 trillion and RMB 33.7 billion, respectively, in 2020.

Stage III: Standardization (2021-2023)

With approximately 430 million users and a GMV of RMB 2.4 trillion in 2021, the live commerce industry has become one of the main sectors of the Chinese internet economy. China's live commerce industry has become increasingly normalized while embracing standardized reform.

Between 2021 and 2023, the Ministry of Commerce, the Cyberspace Administration of China, and other relevant departments have successively issued a series of supportive policies encouraging the deep integration of live commerce with the domestic offline economy and regulatory policies to guide the live commerce platforms, streamers, service providers, and other market participants in implementing partial corrections and stabilizing the market.

It is worth noting that Douyin, Taobao, and Kuaishou are all able to provide their users with a differentiated experience based on their own competitive advantages and remain the 3 most dominant live eCommerce platforms in China, accounting for more than 80% of the market in terms of GMV. However, the user traffic of top-tier streamers is gradually being shared with mid-tier streamers and corporate-owned streamers simultaneously.

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APPENDIX G: GOVERNMENT REGULATIONS

GOVERNMENT REGULATIONS

The Target Group conducts its material business operations in Japan and Taiwan. Although the Target Group is not required to obtain and therefore has not obtained any permits or licences to operate its business, the live streaming and internet industries are heavily regulated, and certain registrations and notifications may be required to be made under certain regulations with respect to the current business of the Target Group as set forth below. The Target Group has made all registrations and filed all notifications as required under the applicable regulations that would materially affect its business operations and is in compliance with the laws & regulations that would materially affect its business operations.

The following is a summary of the main laws and regulations of Japan and Taiwan that are material to the Target Group's business as at the Latest Practicable Date:

Japan

Foreign Exchange and Foreign Trade Act of Japan

Foreign Investment

The Foreign Exchange and Foreign Trade Act of Japan (the “**FEFTA**”) regulates international transactions including payments, capital transactions and inward or outward direct investments. Although the FEFTA stipulates that foreign investors are generally permitted to make inward foreign direct investments, prior filing is required for investments in sectors considered to be of serious concern of national security (the “**Designated Business Investments**”), and *ex post facto* notification is required for certain other sectors. With respect to the prior filing for Designated Business Investments, the foreign investor must observe a statutory 30-day waiting period after the prior filing is made to the relevant authorities. During the waiting period, the relevant authorities will review the proposed investment and determine whether to take any action. The relevant authorities have discretion to either recommend changes to or discontinue the proposed investment. If the relevant authorities have no issue with the proposed investment, the foreign investor may proceed with the proposed investment, subject to conditions (if any). In recent years, Japanese foreign investment regulations have been tightened by the amended FEFTA (which came into full force on 7 June 2020), especially in relation to investments that may impair national security. Under the amended FEFTA, the threshold for the prior filing requirement relating to the acquisition of shares in a listed company operating in a designated industry by a foreigner has been lowered from 10% to 1% of the total shares in the listed company. A prior filing exemption system has also been introduced. Designated industries include services for cyber-security related industries, such as custom software services, embedded software services, package software services, data processing services, web portal providers, application service providers, and internet support services.

Dividend Distribution and Proceeds of Sale

Pursuant to the FEFTA, foreign investors are generally permitted to convert dividends paid on shares in a Japanese company and the proceeds from the sale of shares in a Japanese company into foreign currency and repatriate abroad.

APPENDIX G: GOVERNMENT REGULATIONS

Copyright Act of Japan

Authors' rights with respect to works and performances, phonograms, broadcasts and cablecasts are protected by the Copyright Act of Japan. If such content infringes on the copyright of third parties, the platform provider could be liable for damages.

Consumer Contract Act of Japan

The Consumer Contract Act of Japan (the "**Consumer Contract Act**") is the primary legislation which protects the interests of individuals as consumers in Japan. Pursuant to the Consumer Contract Act, consumers may elect to rescind their offer or acceptance of a contract with business operators when certain conditions are fulfilled, such as, the offer or acceptance was made due to a misunderstanding on the part of the consumers as a result of any unfair act or omission on the part of the business operators. Further, any provisions in consumer contracts seeking to exempt business operators from liability for damages, compel consumers to waive their rights to rescission or otherwise unfairly harm the interests of consumers are null and void, in whole or in part.

Telecommunications Business Act of Japan

The Telecommunications Business Act of Japan (the "**TBA**") regulates telecommunication businesses in order to ensure the proper and reasonable operation of telecommunication businesses and promote fair competition thereof. Under the TBA, a person who conducts the telecommunications business is generally required to be registered with the Minister of Internal Affairs and Communications of Japan as a telecommunications business operator. However, as long as the scale of the telecommunications line facilities or the scope of areas where the telecommunications line facilities are installed do not exceed certain thresholds set forth in the Ordinance for Enforcement of the TBA, or fall within a certain category of radio facilities, submission of a written notification to the Minister of Internal Affairs and Communications of Japan, rather than registration, is required. If a corporation fails to comply with the such registration or notification requirement under the TBA, the responsible officer or employee of such corporation who violated such registration or notification requirement may be subject to imprisonment for not more than six months or a fine of not more than JPY 500,000, and the corporation may be subject to a fine of not more than JPY 500,000. For details on the potential risk of violation by the Target Group, please refer to Section 16.2 titled "*Risk Factors – Risks relating to Doing Business in Jurisdictions in which the Target Group Operates – The Target Group may be subject to licensing requirements and restrictions on foreign investment in jurisdictions in which it operates*" of this Circular.

No person is allowed to violate the secrecy of communications handled by a telecommunications business operator, such as unauthorised acquisition, use or disclosure of such communications (including, but not limited to, the contents of communications, the dates and places of the communications, the names and addresses, telephone numbers and IP addresses, as well as the existence of the communications). The TBA also requires a telecommunications business operator to, among other things, provide its service without unfair and discriminatory treatment and, if a natural disaster, an accident or any other emergency occurs or is likely to occur, prioritise communications services which are necessary for: (i) prevention of the disaster or disaster relief efforts; (ii) securing transportation, communications or electric power supplies; or (iii) maintaining public order. If, among other things, the secrecy of communications handled by a telecommunications business operator is violated by any person, such person may be subject to criminal sanctions. If, among other things, the secrecy of communications is not appropriately maintained in connection with the operation of the telecommunications business, a

APPENDIX G: GOVERNMENT REGULATIONS

telecommunications business operator does not satisfy the foregoing requirements, or its business operations are otherwise inappropriate, such telecommunications business operator may be subject to administrative action and/or criminal sanctions.

Specified Commercial Transactions Act of Japan

The Specified Commercial Transactions Act of Japan (the “**SCTA**”) regulates certain commercial transactions of goods or services, including the sale and purchase of virtual items.

Pursuant to the SCTA, when a consumer purchases virtual items, the platform provider must appropriately indicate on the order confirmation screen all information relating to the virtual items as designated under the SCTA, including the quantity and price of virtual items, time and method of payment, timing of delivery and termination, and cancellations and refunds. Such information may also be indicated on a reference page which is clear and not misleading to the customers. A person who fails to comply with this requirement will be subject to imprisonment for not more than three years and/or a fine of not more than JPY3 million. If the representative, manager, agent, or employee of a corporation or an individual fails to comply with the obligation in relation to the business of such corporation or individual, the corporation or individual will be separately subject to a fine of not more than JPY100 million.

Act against Unjustifiable Premiums and Misleading Representations of Japan

The Act against Unjustifiable Premiums and Misleading Representations of Japan (the “**Act against Unjustifiable Premiums**”) restricts or prohibits certain acts by business operators in any industries that may interfere with general consumers’ voluntary and rational decision-making by inducing consumers to enter into transactions with such business operators for goods or services through means of unjustifiable premiums and misleading representations. Pursuant to the Act against Unjustifiable Premiums, business operators are generally subject to certain restrictions and prohibitions on providing money or other economic gains as a means of inducing consumers to enter into transactions for goods or services, as well as certain prohibitions on making misleading statements to general consumers in connection with the transaction. Depending on the circumstances, granting of points or rewards in games offered on a business operator’s platforms may be considered as a means of inducing consumers to enter into transactions with such business operator for goods or services, and therefore may be subject to certain limitations and prohibitions under the Act against Unjustifiable Premiums. If a violation of such limitations or prohibitions is committed by a business operator, the Japanese government may order the business operator (or its successor thereof) to cease committing such violation or take measures necessary to prevent the reoccurrence of such violation, or, in relation to the implementation thereof, make a public notification and take other necessary measures. If a corporation fails to comply with the governmental order, the responsible officer or employee of such corporation who violated the order, and the representative of the corporation, may be subject to imprisonment of up to two years and/or a fine of up to JPY 3 million, and the corporation may be subject to a fine of up to JPY 300 million.

Pursuant to the Act against Unjustifiable Premiums, certain limitations and prohibitions are imposed by the competent authority on the offering of premiums, including the maximum value of premiums, the total amount of premiums, the kind of premiums, or means of offering of the premiums. For details on the potential risk of violation by the Target Group, please refer to Section 16.1 titled “*Risk Factors – Risks relating to Business and Industry of the Target Group – The Target Group’s live streaming platforms which enable its users to purchase the virtual points to play online in-app games on its platforms may be adversely affected by changes to the regulation of gambling and gambling related activities under applicable laws*” of this Circular.

APPENDIX G: GOVERNMENT REGULATIONS

Act on the Limitation of Liability for Damages of Specified Telecommunication Service Providers and the Right to Demand Disclosure of Identification Information of the Senders of Japan

The Act on the Limitation of Liability for Damages of Specified Telecommunication Service Providers and the Right to Demand Disclosure of Identification Information of the Senders of Japan regulates the distribution of electronic information by communication service providers publicly through the internet. If information distributed in connection with the services of the service providers results in the infringement of rights of third parties, the service providers will be required to disclose information relating to the person responsible for the infringement.

Act on Special Measures of the Civil Code Concerning Electronic Consumer Contracts and Electronic Acceptance Notice of Japan

The Act on Special Measures of the Civil Code Concerning Electronic Consumer Contracts and Electronic Acceptance Notice of Japan (the “**Act on Special Measures of the Civil Code**”) provides special contract law rules for electronic consumer contracts in respect of certain mistakes by consumers (typically, mis-click or mis-tap). Pursuant to the Act on Special Measures of the Civil Code, after consumers execute an electronic contract with business operators, consumers can claim invalidity of an online offer or acceptance on the basis of business operators’ error, even if the consumers were grossly negligent in making such offer or acceptance (such defence is not available under the Civil Code of Japan). However, if business operators have implemented a measure that asks consumers to reconfirm their offer or acceptance (for example, showing a pop-up window and asking for reconfirmation of acceptance), the defence will not be available.

Installment Sales Act

The Installment Sales Act (the “**ISA**”) provides for the necessary measures to ensure the fairness of transactions related to installment sales, etc., to prevent damages that purchasers may suffer, and to ensure the proper management of credit card numbers, as well as protect the interests of purchasers and achieve smooth distribution of goods and the smooth provision of services. The ISA stipulates the obligations of the business for each type of contract category, i.e. installment sales, loan-backed sales, intermediation of comprehensive credit purchase, and intermediation of individual credit purchases. Business operators (including the Target Group) handling credit card information are obliged to take the measures (i) to prevent leakage, loss, or damage, and to otherwise properly manage credit card information and (ii) to prevent unauthorised use of credit cards.

Payment Services Act of Japan

A prepaid payment instruments issuer (the “**Instrument Issuer**”) must comply with certain requirements pursuant to the Payment Services Act of Japan (the “**PSA**”), including obligations to: (i) (i) make a notification with (where such prepaid payment instruments can only be used to purchase goods or services offered by the issuer or its affiliates, such as the virtual points issued by 17LIVE), or be registered with (where such prepaid payment instruments can be used to purchase goods or services offered by third parties), the director general of the competent local finance bureau as a prepaid payment instruments issuer; (ii) make a notification of any change in the notified or registered information, such as changes in the Instrument Issuer’s trade name; (iii) deposit or enter into certain guarantee or trust agreements for at least 50% of the total amount of unused balance of the prepaid payment instruments at the end of the first and third quarters of every year, if such total amount is more than JPY10 million; (iv) refund the unused balance in the

APPENDIX G: GOVERNMENT REGULATIONS

event the Instrument Issuer discontinues the business of issuing prepaid payment instruments or in other specified situations; (v) take certain measures for secure information management in connection with the issuance of the prepaid payment instruments; (vi) provide certain information to users; and (v) file a report to the regulator on the Instrument Issuer and the prepaid payment instruments semi-annually. The Instrument Issuer may be subject to administrative action (such as a business improvement order and a business suspension order) and/or criminal sanctions in the event of a violation of the PSA.

The Instrument Issuer must file a notification, rather than apply for registration, with the director general of the competent local finance bureau of the Ministry of Finance if its prepaid payment instruments can only be used to purchase goods or services that are offered by itself or its affiliates, when the unused balance of the prepaid payment instruments exceeds JPY 10 million at the end of the first or third quarter of any year. For details on the potential risk of violation by the Target Group, please refer to Section 16.2 titled “*Risk Factors – Risks relating to Doing Business in Jurisdictions in which the Target Group operates – The Target Group may be subject to licensing requirements and restrictions on foreign investment in jurisdictions in which it operates*” of this Circular.

Penal Code of Japan

The Penal Code of Japan prohibits gambling and running any place for gambling for profit. Generally, gambling may be deemed to have taken place when at least two persons bet on an outcome of a contest of chance for a prize of property or economic interest. A contest of chance does not constitute gambling if it is structured in a way such that neither participant will in any event be able to lose property or economic interest as a result.

Act on Prevention of Transfer of Criminal Proceeds of Japan

Pursuant to the Act on Prevention of Transfer of Criminal Proceeds of Japan, financial institutions and other business operators are required to perform customer identification, submit suspicious transaction reports and maintain records of customer identification and transactions. A prepaid payment instruments issuer is only required to submit suspicious transaction reports if it issues “high-value electronically transferable prepaid payment instruments” that can be used to purchase goods or services offered by third parties. Given that the virtual points issued by the Target Group can only be used on 17LIVE, and cannot be used to purchase goods or services offered by third parties, the Target Group is therefore not required to submit suspicious transaction reports under the PSA.

Act on the Protection of Personal Information of Japan

The Act on the Protection of Personal Information of Japan (the “**PPIA**”) and its related guidelines impose various requirements on businesses which collect, use or process personal information. Pursuant to the PPIA, such businesses are required to lawfully use the personal information they have collected in accordance with their stated purposes and take appropriate measures to maintain the security of such information. Such businesses are also subject to restrictions with respect to the provision of personal information to third parties. An amendment to the PPIA effective from 30 May 2017 established a new regulatory authority and introduced new rules on the handling of, and cross-border transfer of, personal information. A further amendment effective from 1 April 2022 introduced new rules on the handling of personally identifiable information and pseudonymously processed the information and expanded protective measures applicable to personal information and obligations of business operators handling personal information, which

APPENDIX G: GOVERNMENT REGULATIONS

requires data breaches to be reported to the Personal Information Protection Commission, the Japanese administrative body with respect to the protection of personal information, and the affected data subjects.

Act on the Establishment of Enhanced Environments for the Youths' Safe and Secure Internet Use of Japan

In order to provide a safer internet environment to individuals who are under 18 years old (the “**Minors**”), the Act on the Establishment of Enhanced Environments for the Youths' Safe and Secure Internet Use of Japan (the “**Internet Safety Act**”) regulates any person who provides, by way of a publicly accessible server, services of making information available for public viewing via the internet.

Pursuant to the Internet Safety Act, if information harmful to the sound growth of the Minors is distributed on a service provider's platform, the service provider shall endeavour to take actions to prevent the Minors from accessing such information. The service provider shall also endeavour to establish a reporting system for tips or enquiries from the public regarding any distribution of potentially harmful information on its platforms. In addition, when the service provider establishes such system, it shall endeavour to keep records thereof.

Labour Standards Act and the Labour Contracts Act of Japan

Japanese labour-related laws including the Labour Standards Act and the Labour Contracts Act of Japan generally provide employees with broad protection in relation to their employment agreement, compensation, termination, working hours, holidays and rest days, and accident compensation. In particular, termination of employees is strictly regulated in Japan, and a dismissal which lacks objectively reasonable grounds or is against public policy or social norms will likely constitute an abuse of power and therefore be declared invalid.

Taiwan

Foreign Exchange Regulation Act of Taiwan

Foreign exchange matters are generally governed by Foreign Exchange Regulation Act of Taiwan (the “**Foreign Exchange Regulation Act**”), which was last amended on 29 April 2009, and regulated by the Ministry of Finance of Taiwan and the Central Bank of the Republic of China (Taiwan) (the “**Taiwan Central Bank**”). The Taiwan Central Bank promulgated the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions effective from 26 December 2022, which regulate the declaration of foreign exchange receipts, disbursements or transactions involving not less than NT\$500,000 or its equivalent in foreign currency.

Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions of Taiwan

Pursuant to the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions of Taiwan, foreign exchange must be approved by the Taiwan Central Bank on a payment-by-payment basis. A single remittance by a Taiwan company with an amount exceeding US\$1 million must be reported to the Taiwan Central Bank with supporting documents, and remittances by a company with an annual aggregate amount of foreign exchange purchased or sold exceeding US\$50 million may not be processed without the approval of the Taiwan Central Bank.

APPENDIX G: GOVERNMENT REGULATIONS

Company Act of Taiwan

Except under limited circumstances, a Taiwan company is not permitted to distribute dividends or make other distributions to shareholders in any given year for which it did not record net income or retained earnings (excluding reserves). The Company Act of Taiwan (the “**Company Act**”) also requires that 10% of annual net income (less prior years’ losses, if any, and applicable income taxes) be set aside as a legal reserve until the accumulated legal reserve equals the paid-in capital of such Taiwan company.

Statute for Investment by Foreign Nationals of Taiwan

Foreign Investments

Foreign investments in Taiwan are governed by the Statute for Investment by Foreign Nationals (the “**FIL**”), which was last amended on 19 November 1997. Foreign investors may invest in Taiwan by way of subscription of shares issued by Taiwan companies, contribution to registered capital of Taiwan companies, establishment of branch offices, proprietary businesses or partnerships, or provision of loans to Taiwan companies for a period of at least one year, as long as the industry the foreign investors seek to invest in is not listed in the negative list promulgated by the Ministry of Economic Affairs of Taiwan (the “**MOEA**”), from time to time.

Financial Assistance from Offshore Entities

Pursuant to the FIL, an offshore entity may provide loans to a Taiwan company, as long as the offshore entity does not hold any equity interest in the Taiwan company. There is no limit on the amount of loans a Taiwan company may receive from an offshore entity. There is also no limit on the guarantee which may be provided by an offshore entity to a Taiwan company. However, if an offshore entity has been recognised by the MOEA as a “foreign company”, it will be subject to the restrictions in Article 16 of the Company Act, which provides that a company shall not act as a guarantor of any nature, unless otherwise permitted by any other law or by the articles of incorporation of the company.

ROC Act

Pursuant to the ROC Act, the investment in Taiwanese companies by PRC investors is subject to the approval by the Taiwan government. The definition of “PRC investors” under the ROC Act does not only include the entities incorporated under the laws of PRC and PRC individuals, but also offshore entities (1) which are controlled by PRC entities or individuals; or (2) in which PRC entities or individuals hold more than 30% of the ultimate beneficial ownership. Moreover, the Taiwan government has promulgated a “positive list”, which lists businesses or industries that are available for investment by PRC investors. PRC investors are prohibited from investing in any businesses or industries that are outside of the scope of the “positive list”. In addition, a PRC investor that is associated with the Communist Party of China, military, administrative or political agencies or institutions of the PRC will generally be restricted from investing in Taiwanese companies. Failure to comply with such requirements under the ROC Act will result in an administrative fine ranging from NT\$120,000 to NT\$25,000,000 and corrective measures being imposed by the competent authorities.

APPENDIX G: GOVERNMENT REGULATIONS

Electronic Signatures Act of Taiwan

Taiwan does not have a specific statute regulating the information technology sector. The relevant regulations are mainly set out in the Electronic Signatures Act of Taiwan (the “**Electronic Signatures Act**”) promulgated on 14 November 2001. The main purpose of the Electronic Signatures Act is to encourage the use of electronic transactions, ensure the security of electronic transactions, and facilitate the development of electronic commerce. Pursuant to the Electronic Signatures Act, unless otherwise restricted by law, documents may be maintained in electronic form, and an electronic signature may be used with the consent of the other party.

Copyright Act, Patent Act, Trademark Act and Trade Secrets Act of Taiwan

Intellectual Property Rights

Intellectual property rights in Taiwan are protected primarily through the Copyright Act of Taiwan (last amended on 15 June 2022) (the “**Copyright Act**”), the Patent Act of Taiwan (last amended on 4 May 2022), the Trademark Act of Taiwan (last amended on 24 May 2023), the Trade Secrets Act of Taiwan (last amended on 15 January 2020) and the Integrated Circuit Layout Protection Act (last amended on 12 June 2002) in Taiwan.

Live Streaming Operations

Pursuant to the Copyright Act, a platform provider will not be liable for any copyright infringement by its users as long as it (i) removes or blocks access to the infringing content in accordance with the requirements under the Copyright Act or other applicable laws; or (ii) in good faith, removes or blocks access to the infringing content as soon as it becomes aware of such infringement. However, if any of the employees of the platform provider infringes the copyright of third parties, the platform provider may be jointly liable for such infringement if it fails to prove that it has performed its duty of care in its supervision of employees.

Consumer Protection Act of Taiwan

Consumer Protection

Pursuant to Article 17 of the Consumer Protection Act of Taiwan (the “**CPA**”), competent authorities may, by way of public gazette, announce requirements on standard contracts used by companies in certain designated industries, including mandatory and prohibitory provisions. Contractual provisions contradictory to these requirements are null and void without affecting the validity of the remaining parts of the contract, unless the contract is clearly unconscionable to one of the parties, in which case the entire contract will be null and void. Pursuant to Article 56-1 of the CPA, if a company fails to rectify the non-compliance in its contractual provisions within the period of time ordered by the competent authorities, an administrative fine ranging from NT\$30,000 to NT\$300,000 may be imposed. If a company’s failure is continuous, a consecutive administrative fine ranging from NT\$50,000 to NT\$500,000 may be imposed. The administrative fine may be imposed repeatedly for further continuous failure to rectify the non-compliance.

Pursuant to Article 56-1 of the CPA, if a company fails to rectify the non-compliance in its contractual provisions within the period of time ordered by the competent authorities, an administrative fine ranging from NT\$30,000 to NT\$300,000 may be imposed. If a company’s failure is continuous, a consecutive administrative fine ranging from NT\$50,000 to NT\$500,000 may be imposed. The administrative fine may be imposed repeatedly for further continuous failure to rectify the non-compliance.

APPENDIX G: GOVERNMENT REGULATIONS

The Ministry of Economic Affairs of Taiwan amended the Guidelines for Mandatory and Prohibited Provisions in Online Games Standard Contract on 10 August 2022, which has been made effective since 1 January 2023 (the “**Guidelines**”). Upon the inauguration of the Ministry of Digital Affairs of Taiwan (the “**MODA**”) on 27 August 2022, the MODA became the supervisory authority of online games and it promulgated standard contract for online gaming services on 22 December 2022 (the “**Model Contract**”). Pursuant to the Guidelines, the following items should be set forth in the standardised contracts entered into between a games provider and the consumers: the parties to the contract (and their respective identifications), legal representative, termination right, payment and the relevant matters, age rating of the games, hardware requirements, probability of winning prizes or rewards, use of user’s account information and password, notification and process for breach of user’s account or password, record keeping and the relevant matters, privacy provision, digital records, quality of connection to the server(s), responsibilities of games provider and consumer, management and rules of the games, violation of the said rules, remedy, amendment to the contract, refund, cease of operations and jurisdiction. Furthermore, any games-related advertisement or promotion provided to the consumer shall be deemed to form part of the contract, as well as any fee schedule or rules provided or announced by the games provider. The consumer may terminate the gaming contract within seven days after the using the games without cause and may request for full refund of any unused funds. The games provider or any of its employees, agents or management staff of the gaming service shall not request the consumer to provide his/her account password. The games provider shall keep the consumer’s account and the relevant game records for a period of at least 30 days. The games provider shall also grant access to consumer for his/her game records at a cost of no more than NT\$200. If any maintenance is required and the operation of the games will be paused, a seven-day prior public announcement should be made on the website and access page so the consumers will be deemed informed. The games provider must establish fair and reasonable management rules for the games, which shall be incorporated as part of the contract between the consumers and the games provider. Any complaint with respect to the games and relevant matters that has been submitted to the games provider shall be handled and responded to the consumers within 15 days. Any proposed amendment to the contract between the games provider and consumers shall be publicly announced before such amendment, and any amendment without such prior public announcement shall be null and void. In case that the games provider ceased a particular game, it shall notify the consumers, make full refund of the unused funds and make other reasonable compensation to the consumers.

As a general rule, the CPA articles relating to the Model Contract (from Article 11 to Article 17-1) would be applicable to the companies that adopt Model Contract in its operations relating to consumers. These include the interpretation of the Model Contract, reasonable pre-execution review period of the Model Contract (no more than 30 days), etc. In terms of any advertisements or promotions of the online games, Articles 22 through 26 of CPA would also be applicable to govern the contents of such advertisements or promotions or other warranties to the consumers. The online games providers are subject to the supervision of the competent authorities pursuant to chapter 4 of the CPA. Lastly, any dispute between the online games providers against the consumer shall be resolved pursuant to chapter 5 of the CPA, which includes administrative complaint, mediation and court proceeding process.

As of the Latest Practicable Date, it is unclear whether any or all of the Guidelines are applicable to Target Group’s business. Pursuant to the CPA, the MODA has the discretion to amend the Guidelines or the Model Contract promulgated under the Guidelines from time to time.

APPENDIX G: GOVERNMENT REGULATIONS

Live Commerce

Pursuant to the CPA, a business operator may be deemed as a “trader” by engaging in the design, production, manufacture, import or distribution of goods, or provision of services. A trader is required to comply with the relevant provisions in the CPA in relation to its relationship with its customers, including the requirements indicated in the mandatory or prohibitory provisions for contract of adhesion of retail industries conducting e-commerce trading and the requirement for a 7-days’ return period.

Games

Pursuant to Article 6 of the Guidelines for Mandatory and Prohibited Provisions in Online Games Standard Contract promulgated by the Ministry of Digital Affairs pursuant to the CPA, if the prizes or rewards are granted to consumers based on chance, the ratio of winning chances shall be disclosed to the consumers. Pursuant to Article 56 of the CPA, administrative fines ranging from NT\$50,000 to NT\$500,000 may be imposed upon the failure to remedy any breach before the prescribed deadline after the competent authority’s order for remedy.

Digital Media Act

Taiwan regulatory authorities have drafted and announced the Digital Media Act. The Digital Media Act has not been reviewed by the Legislative Yuan of Taiwan, and therefore, it is uncertain as to when or whether such act will come into effect.

Digital media communication is defined under the Digital Media Act as the transmission of the sound, image, word, data or other information through cable, wireless, satellite, or any other electronic transmission device. Digital media communication service suppliers are subject to various disclosure obligations, including disclosure of business details, terms and conditions of use, privacy policy, and notice and complaint mechanism. Digital media communication service providers are also required to establish a proper data security framework and are encouraged (but not obligated to) to establish or adopt necessary self-disciplined review and countermeasures towards illegal content. If a provider fails to comply with these requirements leading to users suffering losses, it may be subject to compensation claims from users or investigations from competent authorities.

The Digital Media Act exempts internet service providers from the tort liabilities for information generated by their users, if internet service providers were not aware of such infringement and had taken proper remedial measures. However, tort liabilities in relation to copyright infringement are only exempted when requirements under Articles 90-4 to 90-12 of Copyright Act are met.

Act Governing Electronic Payment Institutions of Taiwan

The Act Governing Electronic Payment Institutions, which was last amended on 19 January 2023 (the “**Electronic Payment Act**”) is applicable to persons who provide products or services deemed as an “electronic payment account”, which means a payment instrument that accepts the registration and account opening by users to keep track of their funds transfer and funds deposit record through a network or electronic payment platform, and uses electronic equipment to convey the receipt/payment information via connection, or a “stored value card”, which means a physical or non-physical payment instrument in the form of a chip, card, or certificate with data storage or computing functions that uses electronic, magnetic, or optical technology to store monetary value.

APPENDIX G: GOVERNMENT REGULATIONS

Pursuant to the Electronic Payment Act, an “electronic payment institution” means an institution approved by the Financial Supervisory Commission to operate the following businesses: (i) collecting and making payments for real transactions as an agent, (ii) receiving stored funds, (iii) engaging in domestic and foreign small-amount remittance business; (iv) engaging in buying and selling foreign currencies and currents issued by the PRC, Hong Kong, or Macau related to the business stipulated in the preceding paragraphs; (v) providing contracted institution with integrated service of payment related information communication; (vi) providing shared terminal devices for contracted institutions; (vii) providing information communication between users and between users and contracted institutions; (viii) providing electronic invoices systems and related value-added services; (ix) providing related services such as custody of payments for product (service) gift certificates and assistance for issuance, sales and underwriting; (x) providing reward points integration and redeem payments for real transactions as an agent; (xi) providing storage segmentations or applications in a stored value card to the others for use; (xii) providing the planning, establishment, maintenance, or consulting services for information system and equipment related to the businesses specified in the preceding paragraphs; and (xiii) other businesses approved by the competent authority. However, a company which only engages in the business of collecting and making payments for real transactions as an agent and the total balance of funds it collects/pays and keeps does not exceed a daily average amount of NT\$2 billion in any given year is not considered an electronic payment institution.

Fair Trade Act of Taiwan

Pursuant to the Fair Trade Act of Taiwan (the “**Fair Trade Act**”), an enterprise who knows or should have known that any statement made in a testimonial and endorsement advertisement is or may be misleading or false but still allows the merchant to make such statement to public may be held jointly liable with the merchant(s) making such statement, for any damages suffered by the consumers. The Fair Trade Commission may order correction of the violation or suspension of business, and impose an administrative fine ranging from NT\$50,000 to NT\$25 million on such enterprise. If such enterprise fails to take required remedial actions within the specified time period, remedial orders and administrative fines ranging from NT\$100,000 to NT\$50 million may be imposed repeatedly.

Further, the Fair Trade Act provides that an enterprise shall not permit misleading or false advertisement of products or services, or advertisement of products or services which may infringe the trademark or names of third parties, diminish competition, or otherwise harm fair trade, on its platforms.

Money Laundering Control Act of Taiwan

Pursuant to the Money Laundering Control Act of Taiwan, which was last amended on 14 June 2023, a person engages in money laundering when he/she/it (i) knowingly disguises or conceals the origin of the proceeds of specified unlawful activity, or transfers or converts the proceeds of specified unlawful activity to help others avoid criminal indictment; (ii) disguises or conceals the true nature, source, the movement, the location, the ownership, and the disposition or other rights of the proceeds of specified unlawful activity; or (iii) accepts, obtains, possesses or uses the proceeds of specified unlawful activity committed by others.

APPENDIX G: GOVERNMENT REGULATIONS

Regulations Governing Anti-Money Laundering of Financial Institutions of Taiwan

Pursuant to the Regulations Governing Anti-Money Laundering of Financial Institutions of Taiwan, online payment platforms are required to establish anti-money laundering internal control systems, which must include internal control procedures to prevent money laundering and counter terrorism financing, and file the details of such systems with the competent regulatory authority. If a third party online payment platform fails to perform its anti-money laundering obligations, it may be subject to administrative fines in accordance with the relevant regulations and/or suspension or rescission of its licence.

Protection of Children and Youths Welfare and Rights Act of Taiwan

Live Streaming Operations

Pursuant to Article 46 of the Protection of Children and Youths Welfare and Rights Act of Taiwan, as amended on 20 January 2021 (the “**Children Protection Act**”), internet platform providers are required to adopt self-disciplinary regulations setting out protective measures to be taken to prevent harmful content being distributed to the Minors (under the age of 18). Upon notification to the competent authority that certain content on their platform is harmful, or that no clear and workable protective measures have been taken in accordance with the self-disciplinary regulations, internet platform providers must limit the distribution and browsing of the harmful content, or remove the harmful content from their platforms. Internet platform providers shall (i) observe the online behaviour of the Minors; (ii) implement a complaint reporting mechanism; (iii) implement a content classification regime; (iv) implement a content filtering system; (v) promote online safety for children and youths; and (vi) adopt self-disciplinary regulations and other preventive and protective measures. The Ministries of Health and Welfare, municipal governments or county governments of Taiwan may impose an administrative fine ranging from NT\$60,000 to NT\$300,000 on an internet platform provider who fails to remove the harmful content and may order the internet platform providers to rectify the non-compliance within a specified period. Continuous failure to rectify the non-compliance may result in repeated enforcement action by the competent authority.

In addition, distribution or transmission of content that is harmful to children or youths’ mental or physical health through the internet is prohibited. A person who fails to adopt any specific and feasible protective measure or fails to comply with the protective mechanism set by the internet platform supplier, thus exposing children or youths to such content, may receive an administrative fine ranging from NT\$100,000 to NT\$500,000, and the Ministries of Health and Welfare, municipal governments or county governments of Taiwan may also publish such person’s name and order such person to cure such breach within a given period. A platform provider is also subject to the requirement of adopting specific and feasible protective measures. Continuous failure to rectify the non-compliance may result in repeated enforcement action by the competent authority. In the event of material violation, the business of the platform provider may be suspended for a period of between one month and one year.

Games

Pursuant to the Game Software Rating Management Regulations promulgated pursuant to the Children Protection Act, social gaming activities are subject to the classification requirements provided therein. The content of the games included in the social gaming activities should not be in violation of provisions of other laws and regulations pursuant to Article 3 of the Game Software Rating Management Regulations. The producer or distributor (whether by physical or electronic or on-line method) should complete the rating or classification of the game software and disclose

APPENDIX G: GOVERNMENT REGULATIONS

such information via a clearly identifiable method pursuant to Articles 10 to 14 of the Game Software Rating Management Regulations. Additional procedural and documentation requirements will apply for the rating/classification if the game is developed or funded by PRC person. However, in the event of any violation of the Criminal Code, the producer or distributor of a game software are not and will not be exempted from the criminal violation by completing the rating or classification of such game software. Please refer to Appendix G titled “*Government Regulations – Taiwan – Criminal Code of Taiwan*” of this Circular for further details.

Criminal Code of Taiwan

Pursuant to Article 266 of the Criminal Code of Taiwan (the “**Criminal Code**”), a person who gambles in a public place or a place of gambling open to the public or via telecommunication equipment, electronic communication, internet, or other similar means will be subject to a criminal fine of no more than NT\$50,000, unless the item that is subject to the gambling is one to provide for temporary amusement, meaning that such item has a minor economic interest and can be consumed instantly in the view of an average person, for example, a bowl of noodle or a bottle of soft drink. Article 268 of the Criminal Code further provides that a person who furnishes a place to gamble or assembles persons to gamble with the intention to make profit shall be sentenced to imprisonment for not more than three years, and may be subject to a criminal fine of not more than NT\$90,000. In addition, the earnings of illegal gambling are subject to forfeiture upon court order.

However, under the laws of Taiwan, social gaming activities are permitted, if the rewards gained in the games cannot be converted into cash or cash equivalent. Please refer to Appendix G titled “*Government Regulations – Taiwan – Protection of Children and Youths Welfare and Rights Act of Taiwan – Games*” of this Circular for further details.

Personal Information Protection Act of Taiwan

The Personal Data Protection Act of Taiwan last amended on 31 May 2023 (the “**Taiwan PDPA**”) governs the collection, processing and use of personal information. Companies that collect, process or use personal information in Taiwan are required to disclose the name of the party collecting the personal information and the purpose of collecting the personal information subject to the data subject’s consent, as appropriate. Data subjects should also be informed of their rights under the Taiwan PDPA and how they can exercise such rights. Failure to comply with the Taiwan PDPA will give rise to fines and criminal liability. A non-government agency shall not collect or process specific personal information unless it is for a legitimate specific purpose and complies with all of the conditions provided in the relevant laws. In addition, collection of sensitive personal data is subject to additional, more stringent, requirements.

Companies are also required to establish a proper plan for data security and mechanism for monitoring inappropriate content distribution or other tortious acts in accordance with the Taiwan PDPA or Children Protection Act. Please refer to Appendix G titled “*Government Regulations – Taiwan – Protection of Children and Youths Welfare and Rights Act of Taiwan*” of this Circular for further details.

Labour Standards Act, Labour Pension Act, Labour Insurance Act, Employment Insurance Act, Labour Occupational Accident Insurance and Protection Act and National Health Insurance Law of Taiwan

Pursuant to the Labour Standards Act of Taiwan (the “**Labour Standards Act**”), which was last amended on 10 June 2020, employers are not allowed to terminate employment contracts without statutory cause or employer’s consent. Termination of employees as a result of a change of

APPENDIX G: GOVERNMENT REGULATIONS

ownership of the employer is prohibited, unless (a) it meets the requirement under Article 11(1) of the Labour Standards Act or (b) the employer is to be dissolved due to specified transactions under the Business Mergers and Acquisitions Act.

Pursuant to the Labour Standards Act and the Labour Pension Act of Taiwan, employers are required to contribute no less than six percent of an employee's monthly salary into such employee's pension account. Pursuant to the Labour Insurance Act, the Employment Insurance Act and the Labour Occupational Accident Insurance and Protection Act of Taiwan, employers are required to withhold and pay for the applicable social insurance premium for employees. In addition, pursuant to the National Health Insurance Law of Taiwan, employers are required to pay for a certain statutory percentage of the employees' health insurance premium.

APPENDIX H: RULES OF THE COMPANY ESOP

17LIVE GROUP LIMITED EMPLOYEE SHARE OPTION PLAN

17LIVE Group Limited, a Cayman Islands exempted company (the “**Company**”), sets forth herein the terms and conditions of its Employee Share Option Plan (the “**Plan**”), as follows:

1. PURPOSE

The Plan is intended to enhance the ability of the Company and its Affiliates (as defined herein) to attract and retain highly-qualified employees, and Non-Employee Directors, and to motivate such employees and Non-Employee Directors to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company through awards of Options, SARs, Restricted Shares, RSUs, other share-based awards, and cash awards.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

“**Acquiror**” shall have the meaning set forth in **Section 15.2(ii)**.

“**Affiliate**” means an entity in which the Company has a controlling interest, directly or indirectly through one or more intermediaries.

“**Associate**” shall have the meaning ascribed to it in the Listing Manual, and “**Associates**” shall be construed accordingly.

“**Award**” means a grant, under the Plan, of an Option, SAR, Restricted Shares, RSU, Other Stock-based Award or cash award.

“**Award Agreement**” means a written agreement (including an agreement transmitted electronically) between the Company and a Grantee, or notice from the Company or an Affiliate to a Grantee that evidences and sets out the terms and conditions of an Award.

“**Board**” means the Board of Directors of the Company.

“**Cause**” shall be defined as that term is defined in the Grantee’s offer letter or other applicable employment agreement; or, if there is no such definition, “**Cause**” means, as determined by the Company and unless otherwise provided in an applicable Award Agreement: (i) the Grantee’s willful failure to perform his or her duties and responsibilities; (ii) the Grantee’s illegal conduct or gross misconduct, in either case that is willful and results in material and demonstrable damage to the business or reputation of the Company; (iii) the Grantee’s commission of any act of fraud, embezzlement, dishonesty or willful misconduct; (iv) unauthorized use or disclosure by the Grantee of any proprietary information of the Company or any Affiliate; or (v) Grantee’s willful breach of any of his or her obligations under any agreement with the Company or any Affiliate. The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to the existence of Cause.

APPENDIX H: RULES OF THE COMPANY ESOP

“**Change in Control**” shall mean, in the case of a particular Award, unless the applicable Award Agreement states otherwise or contains a different definition of “Change in Control,” (i) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company and its subsidiaries to an independent third party, (ii) the sale to or acquisition by an independent third party of more than 50% of the outstanding shares of the Company, (iii) the approval by the holders of the outstanding voting power of the Company of a reorganization, merger or consolidation of the Company, as a result of which an independent third party will own more than 50% of the then outstanding combined voting power of the Company or (iv) the approval by the Company’s shareholders of a complete liquidation or dissolution of the Company.

Solely to the extent required by Section 409A, an event described above shall not constitute a Change in Control for purposes of the payment (but not vesting) terms and conditions of any Award that is determined to be subject to Section 409A unless such event also constitutes a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the Company’s assets within the meaning of Section 409A (a “**409A Change in Control Event**”).

“**Code**” means the US Internal Revenue Code of 1986, as it may be amended from time to time. Any reference to a section of the Code shall be deemed to include a reference to any valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or promulgated thereunder.

“**Committee**” means the remuneration committee of the Board. The Board shall cause the Committee to satisfy the applicable requirements of any stock exchange on which the Common Stock may then be listed.

“**Company**” shall have the meaning set forth in the preamble.

“**Controlling Shareholder**” shall have the meaning assigned to it in the Listing Manual, and “**Controlling Shareholders**” shall be construed accordingly.

“**Disability**” means “permanent and total disability” as set forth in Code Section 22(e)(3).

“**Effective Date**” means the date falling on or around 8 December 2023, or such other date as the Board may determine.

“**Fair Market Value**” means, as of any date, the value of Shares determined as follows: (a) If the Shares are listed on one or more established and regulated securities exchanges, national market systems or automated quotation system on which Shares are listed, quoted or traded, Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; (b) If the Shares are not listed on an established securities exchange, national market system or automated quotation system, but are regularly quoted by a recognized securities dealer, Fair Market Value shall be the closing sales price for such shares as quoted by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked

APPENDIX H: RULES OF THE COMPANY ESOP

prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; or (c) In the absence of an established market for the Shares of the type described in (a) and (b), above, the Fair Market Value shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such sale, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value.

"Family Member" means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the applicable individual, any person sharing the applicable individual's household (other than a tenant or employee), a trust in which any one or more of these persons have more than 50% of the beneficial interest, a foundation in which any one or more of these persons (or the applicable individual) control the management of assets, and any other entity in which one or more of these persons (or the applicable individual) own more than 50% of the voting interests.

"Grantee" means a person who receives or holds an Award under the Plan.

"Incentive Stock Option" means an Option that is an "incentive stock option" within the meaning of Code Section 422.

"Issued Share" means, collectively, all outstanding Shares issued pursuant to Awards.

"Listing Manual" means the Listing Manual of the SGX-ST.

"Non-Employee Director" means a member of the Board who is not an employee.

"Nonstatutory Stock Option" means an Option that is not an Incentive Stock Option.

"Option" means an option to purchase one or more Shares under the Plan, including an Incentive Stock Option and a Nonstatutory Stock Option.

"Option Price" means the exercise price for each Share subject to an Option.

"Other Share-based Award" means Awards consisting of Share units, or other Awards, valued in whole or in part by reference to, or otherwise based on, Shares, other than Options, SARs, Restricted Stock and RSUs.

"Plan" shall have the meaning set forth in the preamble.

"Purchase Price" means the purchase price for each Share under a grant of Restricted Stock.

"Restricted Period" shall have the meaning set forth in **Section 10.1**.

APPENDIX H: RULES OF THE COMPANY ESOP

“**Restricted Stock**” means restricted Shares awarded to a Grantee under **Section 10**.

“**Restricted Stock Unit**” or “**RSU**” means a bookkeeping entry representing the equivalent of Shares, awarded to a Grantee under **Section 10**.

“**SAR**” means a right granted to a Grantee under **Section 9**.

“**SAR Exercise Price**” means the per Share exercise price of a SAR granted under **Section 9**.

“**Section 409A**” means Code Section 409A.

“**Separation from Service**” means the termination of the applicable Grantee’s employment with, and performance of services for, the Company and each Affiliate. Unless otherwise determined by the Company, if a Grantee’s employment or service with the Company or an Affiliate terminates but the Grantee continues to provide services to the Company or an Affiliate in a non-employee director capacity or as an employee or officer, as applicable, such change in status shall not be deemed a Separation from Service. Approved temporary absences from employment because of illness, vacation, or leave of absence and transfers among the Company and its Affiliates shall not be considered Separations from Service. Notwithstanding the foregoing, with respect to any Award that constitutes nonqualified deferred compensation under Section 409A, “Separation from Service” shall mean a “separation from service” as defined under Section 409A.

“**Service Provider**” means an employee or Non-Employee Director of the Company or an Affiliate.

“**Share**” means an ordinary share of the Company.

“**SGX-ST**” means the Singapore Exchange Securities Trading Limited.

“**Substitute Award**” means any Award granted in assumption of or in substitution for an award of a company or business acquired by the Company or an Affiliate or with which the Company or an Affiliate combines.

“**Ten Percent Shareholder**” means an individual who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its subsidiaries. In determining stock ownership, the attribution rules of Code Section 424(d) shall be applied.

“**Termination Date**” means the date that is ten (10) years after the Effective Date, unless the Plan is earlier terminated by the Board under **Section 5.2**.

“**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

3. ADMINISTRATION OF THE PLAN

APPENDIX H: RULES OF THE COMPANY ESOP

3.1. General

The Plan will be administered by the Committee, as delegate of the Board. All determinations and decisions made by the Committee pursuant to the Plan will be final, conclusive and binding on all persons and will be given the maximum deference permitted by law. To the extent permitted by applicable law, the Board shall have the power and authority to delegate its powers and responsibilities hereunder to the Committee, which shall have full authority to act in accordance with its charter (as in effect from time to time), and with respect to the authority of the Board to act hereunder. All references to the Board shall be deemed to include a reference to the Committee, to the extent such power or responsibilities of the Board have been delegated; *provided* that the Board shall retain the right to exercise the authority of the Committee to the extent consistent with applicable law and the applicable requirements of any securities exchange on which the Shares may then be listed.

3.2. Committee Composition

The Board may elect one or more officers or directors to sit on the Committee at its sole discretion. Each such officer or director will not be excluded from participating in the Plan if otherwise eligible, but he or she may not act on or pass any matters pertaining specifically to his or her own benefit or eligibility under the Plan. The Board or a committee of the Board will act on any matters pertaining specifically to the benefit or eligibility of such officer under the Plan.

3.3. Authority of Board

Except as specifically provided in **Section 14** or as otherwise may be required by applicable law, regulatory requirement, or the articles of incorporation or the bylaws of the Company, the Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations, including determinations of fact, not inconsistent with the specific terms and conditions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan. The interpretation and construction by the Board of the Plan, any Award, or any Award Agreement shall be final, binding, and conclusive. Without limitation, the Board shall have full and final authority, subject to the other terms and conditions of the Plan, to:

- (i) construe and interpret the Plan and apply its provisions;
- (ii) designate Grantees;
- (iii) determine the type or types of Awards to be made to a Grantee and the applicable Grant Date;
- (iv) determine the number of Shares to be subject to an Award;
- (v) establish the terms and conditions of each Award (including, but not limited to, the Option Price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the Shares subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options);

APPENDIX H: RULES OF THE COMPANY ESOP

- (vi) prescribe the form of each Award Agreement;
- (vii) amend, modify, or supplement the terms and conditions of any outstanding Award, including the authority, in order to effectuate the purposes of the Plan, to modify Awards to foreign nationals or individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom;
- (viii) promulgate, amend and rescind rules and regulations relating to the administration of the Plan;
- (ix) to authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan; and
- (x) to modify the Option Price or SAR Exercise Price of any outstanding Option or SAR, provided that if the modification effects a repricing, shareholder approval shall be required before the repricing is effective.

Any or all of the provisions of the Plan may be modified from time to time and at any time, by a resolution of the Board, except that any modification which would be to the advantage of Grantees under the Plan, such as the repricing of the Option Price and the replacement of existing Options, shall be subject to the prior approval of shareholders of the Company in a general meeting.

3.4. Separation from Service for Cause; Clawbacks

3.4.1. Separation from Service for Cause

The Company may annul an Award if the Grantee incurs a Separation from Service for Cause.

3.4.2. Clawbacks

All awards, amounts, or benefits received or outstanding under the Plan shall be subject to clawback, cancellation, recoupment, rescission, payback, reduction, or other similar action in accordance with any Company clawback or similar policy (“**Clawback Policy**”) or any applicable law related to such actions. In addition, a Grantee may be required to repay to the Company previously paid compensation, whether provided pursuant to the Plan or an Award Agreement in accordance with the Clawback Policy. A Grantee’s acceptance of an Award shall be deemed to constitute the Grantee’s acknowledgement of and consent to the Company’s application, implementation, and enforcement of any applicable Company clawback or similar policy that may apply to the Grantee, whether adopted before or after the Effective Date and whether before or after the Grant Date of an Award, and any applicable law relating to clawback, cancellation, recoupment, rescission, payback, or reduction of compensation, and the Grantee’s agreement that the Company may take any actions that may be necessary to effectuate any such policy or applicable law, without further consideration or action.

APPENDIX H: RULES OF THE COMPANY ESOP

3.5. Deferral Arrangement

The Board may permit or require the deferral of any Award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish and in accordance with Section 409A, which may include terms and conditions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred units.

3.6. No Liability

No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award, or Award Agreement.

3.7. Book Entry

Notwithstanding any other term or condition of the Plan to the contrary, the Company may elect to satisfy any requirement under the Plan for the delivery of stock certificates through the use of book-entry.

3.8. Eligibility of Grantees

The following persons are eligible to participate in the Plan, at the absolute discretion of the Committee:

- (i) highly qualified employees who hold such rank as may be designated by the Committee from time to time;
- (ii) Non-Employee Directors of the Company;
- (iii) Controlling Shareholders and their Associates, who satisfy the eligibility criteria set out in Section 3.8(i) and (ii) above.

Controlling Shareholders and their Associates who satisfy the criteria set out in **Section 3.8(i)** and **(ii)** above shall be eligible to participate in the Plan provided that:

- (a) their participation; and
- (b) the actual or maximum number of Shares and terms of any Options to be granted to them,

have been approved by independent shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation; and (ii) the actual or maximum number of Shares and terms of any Options to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders for the participation in the Plan of a Controlling Shareholders or their Associate who is, at the relevant time, already a Grantee.

APPENDIX H: RULES OF THE COMPANY ESOP

4. SHARES SUBJECT TO THE PLAN

4.1. Authorized Number of Shares

Subject to adjustment under **Section 15**, the total number of Shares authorized to be issued pursuant to Awards awarded under the Plan shall not exceed 2,114,891 Shares or such other number of Shares as may be authorized by the Board or the Committee (if so designated by the Board), which shall not, in any event, exceed 15.0% of the total number of issued Shares (excluding Shares held by the Company as treasury shares, if any) when aggregated with (a) the total number of Shares issued and/or to be issued pursuant to Awards already awarded under the Plan; and (b) the aggregate number of Shares over which options or awards are granted under any other share option scheme or share schemes of the Company. Shares issued under the Plan shall consist in whole or in part of authorized but unissued Shares, treasury Shares, or Shares purchased on the open market or otherwise, all as determined by the Company from time to time. All of the Shares available under this 4.1 shall be available for issuance under Incentive Stock Options.

The aggregate number of Shares which may be issued pursuant to Awards awarded under the Plan to Grantees who are Associates of Controlling Shareholders shall not exceed 25.0% of the total number of Shares available under the Plan preceding the grant of the relevant new Shares.

The aggregate number of Shares which may be issued pursuant to Awards awarded under the Plan to each Grantee who is an Associate of a Controlling Shareholder shall not exceed 10.0% of the total number of Shares available under the Plan preceding the grant of the relevant new Shares.

4.2. Share Counting

4.2.1. General

Each Share granted in connection with an Award shall be counted as one Share against the limit in **Section 4.1**, subject to this **Section 4.2**.

4.2.2. Cash-Settled Awards

Any Award settled in cash shall be counted as Shares for all purposes under the Plan, and shall not be available for grant again under the Plan.

4.2.3. Expired or Terminated Awards

If any Award under the Plan expires, or is terminated, surrendered, or forfeited, in whole or in part, the unissued Shares covered by such Award shall again be available for the grant of Awards.

4.2.4. Repurchased, Surrendered, or Forfeited Awards

If Issued Shares are repurchased by, or are surrendered or forfeited to the Company at no more than cost, such Shares shall again be available for the grant of Awards.

APPENDIX H: RULES OF THE COMPANY ESOP

4.2.5. Payment of Option Price or Tax Withholding in Shares

Notwithstanding anything to the contrary contained herein: Shares subject to an Award under the Plan shall not again be made available for issuance or delivery under the Plan if such Shares are (i) Shares tendered in payment of an Option, (ii) Shares delivered or withheld by the Company to satisfy any tax withholding obligation, (iii) Shares covered by a Share-settled SAR or other Shares that were not issued upon the settlement of the SAR.

4.2.6. Substitute Awards

In the case of any Substitute Award, such Substitute Award shall not be counted against the number of Shares reserved under the Plan.

5. EFFECTIVE DATE, DURATION, AND AMENDMENTS

5.1. Term

The Plan shall be effective as of the Effective Date, provided that it has been approved by the Company's shareholders. The Plan shall terminate automatically on the ten-year anniversary of the Effective Date and may be terminated on any earlier date as provided in **Section 5.2**.

5.2. Amendment and Termination of the Plan

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any Awards which have not been made. An amendment shall be contingent on approval of the Company's shareholders to the extent stated by the Board, required by applicable law, or required by applicable securities exchange listing requirements. No Awards may be granted after the Termination Date. The applicable terms and conditions of the Plan, and any terms and conditions applicable to Awards granted before the Termination Date shall survive the termination of the Plan and continue to apply to such Awards. No amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, materially impair rights or obligations under any Award theretofore awarded.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1. Service Providers

Awards may be made to any Service Provider, as the Board may determine and designate from time to time, in its discretion, subject to **Section 3.8** and **Section 8.7** in the case of an Incentive Stock Option. The Board may grant an Award to a person who is reasonably expected to become a Service Provider provided that such grant is contingent upon such person becoming a Service Provider.

6.2. Successive Awards

Service Providers may receive more than one Award, subject to such restrictions as are provided herein.

APPENDIX H: RULES OF THE COMPANY ESOP

6.3. Stand-Alone, Additional, Tandem, and Substitute Awards

The Board may grant Awards either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate, or any other right of a Grantee to receive payment from the Company or any Affiliate. Such additional, tandem, substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, the Board shall have the right to require the surrender of such other Award in consideration for the grant of the new Award. Subject to **Section 3.3(ix)**, and the requirements of applicable law, the Board shall have the right, in its discretion, to make Awards in substitution or exchange for any other award under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Affiliate, in which the value of Shares subject to the Award is equivalent in value to the cash compensation (for example, RSUs or Restricted Stock).

7. AWARD AGREEMENT

Each Award shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Without limiting the foregoing, an Award Agreement may be provided in the form of a notice that provides that acceptance of the Award constitutes acceptance of all terms and conditions of the Plan and the notice. Award Agreements granted from time to time or at the same time need not contain similar terms and conditions but shall be consistent with the terms and conditions of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Nonstatutory Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Nonstatutory Stock Options.

8. TERMS AND CONDITIONS OF OPTIONS

8.1. Option Price

The Option Price of each Option shall be fixed by the Board and stated in the related Award Agreement. Each Option shall be separately designated in the Award Agreement as either an Incentive Stock Option or Nonqualified Option if it is awarded to a Grantee who is a U.S. citizen or U.S. resident with U.S. source income. The Option Price of each Option (except those that constitute Substitute Awards) shall be at least the Fair Market Value of a Share on the trading date immediately preceding the Grant Date; *provided, however*, that in the event that a Grantee is a Ten Percent Shareholder as of the Grant Date, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the Grant Date. In no case shall the Option Price of any Option be less than the par value of a Share or at a discount to the Fair Market Value of a Share on the trading date immediately preceding the Grant Date.

8.2. Vesting

Subject to **Section 8.3**, each Option shall become exercisable at such times and under such terms and conditions (including, without limitation, performance requirements) as may be determined by the Board and stated in the Award Agreement, provided that the Options may be exercisable only after one

APPENDIX H: RULES OF THE COMPANY ESOP

year from the date of grant. No Option may be exercised for a fraction of a Share. The Board may, but shall not be required to, provide for an acceleration of vesting and exercisability in the terms of any Award Agreement upon the occurrence of a specified event.

8.3. Term

Each Option shall terminate, and all rights to purchase Shares thereunder shall cease, upon the expiration of the Option term determined by the Board and stated in the Award Agreement not to exceed ten years from the Grant Date, or under such circumstances and on any date before ten years from the Grant Date as may be set forth in the Plan or as may be fixed by the Board and stated in the related Award Agreement; *provided, however*, that in the event that the Grantee is a Ten Percent Shareholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option at the Grant Date shall not be exercisable after the expiration of five years from its Grant Date.

8.4. Limitations on Exercise of Option

Notwithstanding any other term or condition of the Plan, in no event may any Option be exercised, in whole or in part after the occurrence of an event which results in termination of the Option.

8.5. Method of Exercise

An Option, save for those granted at a discount, is exercisable after one year from the date of grant. An Option that is exercisable may be exercised by the Grantee's delivery of a notice of exercise to the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares. To be effective, notice of exercise must be made in accordance with procedures established by the Company from time to time.

8.6. Rights of Holders of Options

Unless otherwise stated in the related Award Agreement, an individual holding or exercising an Option shall have none of the rights of a shareholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject Shares or to direct the voting of the subject Shares) until the Shares covered thereby are fully paid and issued to him or her. Except as provided in **Section 15** or the related Award Agreement, no adjustment shall be made for dividends, distributions, or other rights for which the record date is before the date of such issuance.

8.7. Limitations on Incentive Stock Options

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of the Option is an employee of the Company or any Affiliate; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the Shares with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its Affiliates) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted. No Option shall be treated as an Incentive Stock Option unless such Option complies with Code Section 422.

APPENDIX H: RULES OF THE COMPANY ESOP

9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS (SARs)

9.1. Right to Payment

A SAR shall confer on the Grantee a right to receive, upon exercise thereof, the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the SAR Exercise Price. No payment will be made if the Fair Market Value on the date of exercise is below the SAR Exercise Price. The Award Agreement for a SAR (except those that constitute Substitute Awards) shall specify the SAR Exercise Price, which shall be fixed on the Grant Date as not less than the Fair Market Value of a Share on that date. SARs may be granted alone or in conjunction with all or part of an Option or at any subsequent time during the term of such Option or in conjunction with all or part of any other Award. A SAR granted in tandem with an outstanding Option after the Grant Date of such Option shall have a SAR Exercise Price that is equal to the Option Price; *provided, however*, that the SAR Exercise Price may not be less than the Fair Market Value of a Share on the Grant Date of the SAR to the extent required by Section 409A.

9.2. Other Terms

The Board shall determine at the grant date, or thereafter, the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which SARs shall cease to be or become exercisable after Separation from Service or upon other terms or conditions, the method of exercise, whether or not a SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR.

9.3. Term of SARs

The term of a SAR granted under the Plan shall be determined by the Board, in its sole discretion, and stated in the related Award Agreement; *provided, however*, that such term shall not exceed ten years.

9.4. Payment of SAR Amount

The Payment for the SAR may be settled in cash or in Shares, as determined by the Committee and set forth in the Award Agreement. The Committee will consider settlement of the SAR in cash only if (i) there are legal or regulatory prohibitions around the issue of Shares to a Grantee and (ii) the financial position of the Company permits the settlement of the SAR in cash, including whether the Company in a net positive cash flow statement at such time an SAR is being exercised or purchased. For the avoidance of doubt, any SAR that is settled in cash shall not be available for grant again under the Plan. Upon exercise of a SAR, a Grantee shall be entitled to receive payment from the Company (in cash or Shares) in an amount determined by multiplying:

- (i) the excess of the Fair Market Value of a Share on the date of exercise over the SAR Exercise Price; by
- (ii) the number of Shares with respect to which the SAR is exercised.

APPENDIX H: RULES OF THE COMPANY ESOP

10. TERMS AND CONDITIONS OF RESTRICTED STOCK AND RESTRICTED STOCK UNITS (RSUs)

10.1. Restrictions

At the time of grant, the Board may, in its sole discretion, establish a period of time (a “**Restricted Period**”) and any additional restrictions including the satisfaction of corporate or individual performance objectives applicable to an Award of Restricted Stock or Restricted Stock Units. Each Award of Restricted Stock or RSUs may be subject to a different Restricted Period and additional restrictions. Neither Restricted Stock nor RSUs may be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other applicable restrictions.

10.2. Restricted Stock Certificates

The Company shall issue, in the name of each Grantee to whom Restricted Stock have been granted, stock certificates or other evidence of ownership representing the total number of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date. The Board may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantee’s benefit until such time as the Restricted Stock is forfeited to the Company or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee; provided, however, that such certificates shall bear a legend or legends that comply with any applicable securities laws and regulations and make appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

10.3. Rights of Holders of Restricted Stock

Unless the Board otherwise provides in an Award Agreement and subject to **Section 17.10**, holders of Restricted Stock shall have rights as shareholders, including voting and dividend rights.

10.4. Rights of Holders of RSUs

10.4.1. Settlement of RSUs

RSUs may be settled in cash or Shares, as determined by the Board and set forth in the Award Agreement. For the avoidance of doubt, any RSU that is settled in cash shall not be available for grant again under the Plan. The Award Agreement shall also set forth whether the RSUs shall be settled (i) within the time period specified for “short term deferrals” under Section 409A or (ii) otherwise within the requirements of Section 409A, in which case the Award Agreement shall specify upon which events such RSUs shall be settled.

10.4.2. Voting and Dividend Rights

Unless otherwise stated in the applicable Award Agreement and subject to **Section 17.10**, holders of RSUs shall not have rights as shareholders, including no voting or dividend or dividend equivalents rights.

APPENDIX H: RULES OF THE COMPANY ESOP

10.4.3. Creditor's Rights

A holder of RSUs shall have no rights other than those of a general creditor of the Company. RSUs represent an unfunded and unsecured obligation of the Company, subject to the applicable Award Agreement.

10.5. Purchase of Restricted Stock

The Grantee shall be required, to the extent required by applicable law, to purchase Restricted Stock from the Company at a Purchase Price equal to the greater of (i) the aggregate par value of the Shares represented by such Restricted Stock or (ii) the Purchase Price, if any, specified in the related Award Agreement, provided always that the Purchase Price shall not be at a discount exceeding 20% of the Fair Market Value of the Shares on the trading date immediately preceding the Grant Date. The Purchase Price shall be payable in a form described in **Section 11**. In no case shall the Purchase Price be less than the par value of a Share.

10.6. Delivery of Stock

Upon the expiration or termination of any Restricted Period and the satisfaction of any other terms and conditions prescribed by the Board, the restrictions applicable to Restricted Stock or RSUs settled in Shares shall lapse, and, unless otherwise provided in the Award Agreement, a stock certificate for such Shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

11. FORM OF PAYMENT FOR OPTIONS AND RESTRICTED STOCK

11.1. General Rule

Payment of the Option Price for an Option or the Purchase Price for Restricted Stock shall be made in cash or in cash equivalents acceptable to the Company, except as provided in this **Section 11**.

11.2. Surrender of Shares

To the extent the Award Agreement so provides, payment of the Option Price for Shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock may be made all or in part through the tender to, or withholding by, the Company of Shares that shall be valued, for purposes of determining the extent to which the Option Price or Purchase Price for Restricted Stock has been paid thereby, at their Fair Market Value on the date of exercise or surrender. Notwithstanding the foregoing, in the case of an Incentive Stock Option, the right to make payment in the form of already owned Shares may be authorized only at the time of grant.

11.3. Cashless Exercise

With respect to an Option only (and not with respect to Restricted Stock), to the extent permitted by law and to the extent the Award Agreement so provides, payment of the Option Price may be made all or in part by delivery (on a form acceptable to the Company) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of the Option Price and any withholding taxes described in **Section 17.3**.

APPENDIX H: RULES OF THE COMPANY ESOP

11.4. Other Forms of Payment

To the extent the Award Agreement so provides, payment of the Option Price or the Purchase Price for Restricted Stock may be made in any other form that is consistent with applicable laws, regulations, and rules, including the Company's withholding of Shares otherwise due to the exercising Grantee.

12. TERMS AND CONDITIONS OF PERFORMANCE AWARDS

The right of a Grantee to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Board which shall include, but is not limited to, his rank, job performance, years of service, potential for future development, future contribution to the success and development of the Company and the extent of effort and difficulty with which the performance conditions may be achieved. The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce the amounts payable under any Award subject to performance conditions.

13. OTHER SHARE-BASED AWARDS

13.1. Grant of Other Stock-based Awards

Other Stock-based Awards may be granted either alone or in addition to or in conjunction with other Awards. Other Stock-based Awards may be granted in lieu of other cash or other compensation to which a Service Provider is entitled from the Company or may be used in the settlement of amounts payable in Shares under any other compensation plan or arrangement of the Company. Subject to the terms and conditions of the Plan, the Board shall have the sole and complete authority to determine the persons to whom and the time or times at which such Awards may be made, the number of Shares to be granted under such Awards, and all other terms and conditions of such Awards. Unless the Board determines otherwise, any such Award shall be confirmed by an Award Agreement, which shall contain such terms and conditions as the Board determines to be necessary or appropriate to carry out the intent of the Plan with respect to such Award.

13.2. Terms of Other Share-based Awards

Any Shares subject to Awards made under this **Section 13** may not be sold, assigned, transferred, pledged, or otherwise encumbered before the date on which the Shares are issued, or, if later, the date on which any applicable restriction, performance, or deferral period lapses.

14. REQUIREMENTS OF LAW

The Company shall not be required to sell or issue any Shares under any Award if the sale or issuance of such Shares would constitute a violation by the Grantee, any other individual, or the Company of any law or regulation of any governmental authority, including any applicable securities laws or regulations. If at any time the Company determines that the listing, registration, or qualification of any Shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a term or condition of, or in connection with, the issuance or purchase of Shares hereunder, no Shares may be issued or sold to the Grantee or any other individual exercising

APPENDIX H: RULES OF THE COMPANY ESOP

an Option unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any terms and conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of Shares under the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable until the Shares covered by such Option are registered or are exempt from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption. The Board may require the Grantee to sign such additional documentation, make such representations, and furnish such information as the Board may consider appropriate in connection with the grant of Awards or issuance or delivery of Shares in compliance with applicable laws.

15. EFFECT OF CHANGES IN CAPITALIZATION

15.1. Changes in Equity

If (i) the number of outstanding Shares is increased or decreased or the Shares are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any rights issue, capital reduction, recapitalization, reclassification, stock split or sub-division, reverse split, consolidation of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such Shares effected without receipt of consideration by the Company occurring after the Effective Date or (ii) there occurs any spin-off, split-up, extraordinary cash dividend, or other distribution of assets by the Company, (A) the number and kinds of shares for which grants of Awards may be made (including the per-Grantee maximums set forth in **Section 4**), (B) the number and kinds of shares for which outstanding Awards may be exercised or settled, and (C) the performance goals relating to outstanding Awards, shall be equitably adjusted by the Company; *provided* that any such adjustment shall comply with Section 409A. In addition, in the event of any such increase or decrease in the number of outstanding shares or other transaction described in clause (ii) above, the number and kind of shares for which Awards are outstanding and the Option Price per share of outstanding Options and SAR Exercise Price per share of outstanding SARs shall be equitably adjusted; *provided* that any such adjustment shall comply with Section 409A and no adjustments shall be made in as a result, the Grantee receives a benefit that a shareholder of the Company does not receive.

15.2. Change in Control

Subject to the requirements and limitations of Section 409A, if applicable, the Board may provide for any one or more of the following in connection with a Change in Control, which such actions need not be the same for all Grantees:

- (i) Accelerated Vesting. Unless otherwise provided in any Award Agreement, upon a Change in Control, the exercisability, vesting and/or settlement of an Award shall not accelerate.
- (ii) Assumption, Continuation or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the “**Acquiror**”), may, without the consent of any

APPENDIX H: RULES OF THE COMPANY ESOP

Grantee, either assume or continue the Company's rights and obligations under each or any Award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding Award or portion thereof a substantially equivalent award with respect to the Acquiror's stock, as applicable. For purposes of this **Section 15.2**, if so determined by the Board, in its discretion, an Award denominated in Shares shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the Plan and the applicable Award Agreement, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a Share on the effective date of the Change in Control was entitled; provided, however, that if such consideration is not solely common stock of the Acquiror, the Board may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise or settlement of the Award, for each Share subject to the Award, to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Shares pursuant to the Change in Control. If any portion of such consideration may be received by holders of Shares pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable future payment of such consideration. Any Award or portion thereof which is neither assumed or continued by the Acquiror in connection with the Change in Control nor exercised or settled as of the time of consummation of the Change in Control shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control.

- (iii) Cash-Out of Awards. The Board may, in its discretion and without the consent of any Grantee, determine that, upon the occurrence of a Change in Control, each or any Award or a portion thereof outstanding immediately prior to the Change in Control and not previously exercised or settled shall be canceled in exchange for a payment with respect to each vested Share (and each unvested Share, if so determined by the Board) subject to such canceled Award in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per Share in the Change in Control, reduced by the exercise or purchase price per share, if any, under such Award. If any portion of such consideration may be received by holders of Shares pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable future payment of such consideration. In the event such determination is made by the Board, the amount of such payment (reduced by applicable withholding taxes, if any) shall be paid to Grantees in respect of the vested portions of their canceled Awards as soon as practicable following the date of the Change in Control and in respect of the unvested portions of their canceled Awards in accordance with the vesting schedules applicable to such Awards. The Board may, in its discretion, without payment of any consideration to the Grantee, cancel any outstanding Award to the extent not vested or exercised immediately prior to the Change

APPENDIX H: RULES OF THE COMPANY ESOP

in Control and not otherwise assumed or continued by the Acquiror in accordance with **Section 15.2(ii)** above.

15.3. Adjustments

Adjustments under this **Section 15** related to Shares or other securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive, and adjustments other than on a capitalisation issue must be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable. Unless the Board considers an adjustment to be appropriate, the issue of Shares or other securities as consideration for an acquisition or a private placement of Shares or other securities shall not normally be regarded as a circumstance requiring adjustment. No fractional Shares or other securities shall be issued under any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole Share.

16. NO LIMITATIONS ON COMPANY

The grant of Awards shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

17. TERMS APPLICABLE GENERALLY TO AWARDS

17.1. Disclaimer of Rights

No term or condition of the Plan or any Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company or any Affiliate either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding any other term or condition of the Plan, unless otherwise stated in the applicable Award Agreement, no Award shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a Service Provider. The obligation of the Company to pay any benefits under the Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the terms and conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the Plan.

17.2. Nonexclusivity of the Plan

The adoption of the Plan shall not be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals), including, without limitation, the granting of Options as the Board determines desirable.

APPENDIX H: RULES OF THE COMPANY ESOP

17.3. Withholding Taxes

Whenever Shares are to be issued in satisfaction of Awards granted under the Plan, the Company may require the Grantee to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the issuance of such Shares. When, under applicable tax laws, a Grantee incurs tax liability in connection with the exercise, vesting, purchase or settlement of any Award that is subject to tax withholding and the Grantee is obligated to pay the Company the amount required to be withheld, the Board may in its sole discretion allow the Grantee to satisfy the minimum withholding tax obligation by electing to have the Company withhold from the Shares to be issued that minimum number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined, provided that in no event will the Company withhold Shares if such withholding would result in adverse accounting consequences to the Company. All elections by a Grantee to have Shares withheld for this purpose will be made in accordance with the requirements established by the Board for such elections and be in writing in a form acceptable to the Board.

17.4. Other Terms and Conditions; Employment Agreements

Each Award Agreement may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion. In the event of any conflict between the terms and conditions of an employment agreement and the Plan, the terms and conditions of the employment agreement shall govern.

17.5. Severability

If any term or condition of the Plan or any Award Agreement is determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining terms and conditions hereof and thereof shall be severable and enforceable, and all terms and conditions shall remain enforceable in any other jurisdiction.

17.6. Abstention from Voting

Shareholders who are eligible to participate in the Plan must abstain from voting on any Shareholders' resolution relating to the Plan, including any Shareholders' resolution relating to the implementation of the Plan, or the making of offers and grants of options under the Plan at a discount not exceeding the maximum discount, or the participation by, and options granted to, Controlling Shareholders and their Associates and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

17.7. Governing Law

The Plan and all Award Agreements will be construed in accordance with and governed by the laws of the Cayman Islands without regard to the principles of conflicts of law that could cause the application of the laws of any jurisdiction other than the Cayman Islands. For purposes of resolving any dispute that arises under the Plan, each Grantee will be subject to the dispute resolution provisions set forth in the applicable Award Agreement.

APPENDIX H: RULES OF THE COMPANY ESOP

17.8. Section 409A

The Plan and Awards (and payments and benefits thereunder) are intended to be exempt from, or to comply with, Section 409A, and, accordingly, to the maximum extent permitted, the Plan, Award Agreements and other agreements or arrangements relating to Awards shall be interpreted accordingly. Notwithstanding anything to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, (A) a Grantee shall not be considered to have had a Separation from Service and no payment or benefit shall be due to the Grantee under the Plan or an Award until the Grantee would be considered to have incurred a “separation from service” from the Company and its Affiliates within the meaning of Section 409A and (B) if the Grantee is a “specified employee” (as defined in Section 409A), amounts that would otherwise be payable and benefits that would otherwise be provided under the Plan or an Award during the six-month period immediately following the Grantee’s separation from service shall instead be paid or provided on the first business day after the date that is six months following the Grantee’s separation from service (or death, if earlier). Each amount to be paid or benefit to be provided under the Plan or an Award shall be construed as a separate identified payment for purposes of Section 409A. The Company makes no representation that any or all of the payments or benefits provided under the Plan or an Award will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment or benefit. The Grantee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A, and the Company, its Affiliates and their respective employees, officers, directors, agents and representatives (including legal counsel) will not have any liability to any Grantee with respect to any taxes, penalties, interest or other costs or expenses the Grantee or any related party may incur with respect to or as a result of Section 409A or for damages for failing to comply with Section 409A.

17.9. Separation from Service

The Board shall determine the effect of a Separation from Service upon Awards, and such effect shall be set forth in the appropriate Award Agreement. Without limiting the foregoing, the Board may provide in the Award Agreements at the time of grant, or any time thereafter with the consent of the Grantee, the actions that may be taken upon the occurrence of a Separation from Service, including accelerated vesting or termination, depending upon the circumstances surrounding the Separation from Service.

17.10. Transferability of Awards and Issued Shares

17.10.1. Transfers in General

Except as provided in **Section 17.9.2**, no Award shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution, and, during the lifetime of the Grantee, only the Grantee personally (or the Grantee’s personal representative) may exercise rights under the Plan.

17.10.2. Family Transfers

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Award (other than Incentive Stock Options) to any Family Member. For the

APPENDIX H: RULES OF THE COMPANY ESOP

purpose of this **Section 17.9.2**, a “not for value” transfer is a transfer that is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than 50% of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. After a transfer under this **Section 17.9.2**, any such Award shall continue to be subject to the same terms and conditions as were applicable immediately before transfer. Subsequent transfers of transferred Awards are prohibited except to Family Members of the original Grantee in accordance with this **Section 17.9.2** or by will or the laws of descent and distribution.

17.11. Dividend Equivalent Rights

If specified in the Award Agreement, the recipient of an Award may be entitled to receive dividend equivalent rights with respect to the Shares or other securities covered by an Award. The terms and conditions of a dividend equivalent right may be set forth in the Award Agreement. Dividend equivalents credited to a Grantee may be paid in cash or deemed to be reinvested in additional Shares or other securities of the Company at a price per unit equal to the Fair Market Value of a Share on the date that such dividend was paid to shareholders. Notwithstanding the foregoing, dividends or dividend equivalents shall not be paid on any Award or portion thereof that is unvested or on any Award that is subject to the achievement of performance criteria before the Award has become earned and payable.

17.12. Data Protection

A Grantee’s acceptance of an Award shall be deemed to constitute, as permitted under applicable law, the Grantee’s acknowledgement of and consent to the collection and processing of personal data relating to the Grantee so that the Company can meet its obligations and exercise its rights under the Plan and generally administer and manage the Plan. This data shall include data about participation in the Plan and Shares offered or received, purchased, or sold under the Plan and other appropriate financial and other data (such as the date on which the Awards were granted) about the Grantee and the Grantee’s participation in the Plan.

17.13. Disqualifying Dispositions

Any Grantee who shall make a “disposition” (as defined in Section 424 of the Code) of all or any portion of Shares acquired upon exercise of an Incentive Stock Option within two years from the Grant Date of such Incentive Stock Option or within one year after the issuance of the Shares acquired upon exercise of such Incentive Stock Option shall be required to immediately advise the Company in writing as to the occurrence of the sale and the price realized upon the sale of such Shares.

17.14. Disclosures in Annual Reports

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

- (i) the names of the members of the Committee administering the Plan;
- (ii) the information required in the table below for the following participants of the Plan:
 - (a) Participants who are directors of the Company;

APPENDIX H: RULES OF THE COMPANY ESOP

- (b) Participants who are Controlling Shareholders and their Associates; and
- (c) Participants (other than those in paragraphs (a) and (b) above) who have received Shares issued pursuant to the Awards granted under the Plan and/or options or awards granted under any other share option scheme or share schemes of the Company which, in aggregate, represent 5.0% or more of the aggregate of the total number of Shares available under the Plan and any other share option scheme or share schemes of the Company, collectively:

Name of Participant	Aggregate number of shares comprised in Awards granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the Plan to the end of the financial year under review	Shares comprised in Awards which have been issued since commencement of the Plan to end of the financial year under review	Aggregate number of Shares comprised in Awards which have not been vested or exercised as at the end of the financial year

- (iii) the names of and number and terms of Shares comprised in the Awards granted to each director and employee of the Company and its Affiliates who receive 5.0% or more of the total number of Awards available to all directors and employees of the Company and its Affiliates under the Plan during the financial year under review;
- (iv) the aggregate number of Shares comprised in Awards granted under the Plan to the directors and employees of the Company and its Affiliates for the financial year under review, and since the commencement of the Plan to the end of the financial year under review;
- (v) the number and proportion of Shares comprised in Awards granted at a discount during the financial year under review in respect of every 10% discount rate, up to the maximum quantum of discount granted; and
- (vi) any other information required to be so disclosed pursuant to the Listing Manual and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

17.15. Plan Construction

In the Plan, unless otherwise stated, the following uses apply:

- (i) references to a statute or law refer to the statute or law and any amendments and any successor statutes or laws, and to all valid and binding governmental regulations, court

APPENDIX H: RULES OF THE COMPANY ESOP

- decisions, and other regulatory and judicial authority issued or rendered thereunder, as amended, or their successors, as in effect at the relevant time;
- (ii) in computing periods from a specified date to a later specified date, the words “from” and “commencing on” (and the like) mean “from and including,” and the words “to,” “until” and “ending on” (and the like) mean “to and including”;
 - (iii) indications of time of day shall be based upon the time applicable to the location of the principal headquarters of the Company;
 - (iv) the words “include,” “includes” and “including” (and the like) mean “include, without limitation,” “includes, without limitation” and “including, without limitation” (and the like), respectively;
 - (v) all references to articles and sections are to articles and sections in the Plan;
 - (vi) all words used shall be construed to be of such gender or number as the circumstances and context require;
 - (vii) the captions and headings of articles and sections have been inserted solely for convenience of reference and shall not be considered a part of the Plan, nor shall any of them affect the meaning or interpretation of the Plan; and
 - (viii) any reference to an agreement, plan, policy, form, document or set of documents, and the rights and obligations of the parties under any such agreement, plan, policy, form, document or set of documents, shall mean such agreement, plan, policy, form, document or set of documents as amended from time to time, and any and all modifications, extensions, renewals, substitutions or replacements thereof.

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APPENDIX I: RULES OF THE EIS

17LIVE GROUP LIMITED EXECUTIVE INCENTIVE SCHEME

17LIVE Group Limited, a Cayman Islands exempted company (the “**Company**”), sets forth herein the terms and conditions of its Executive Incentive Scheme (the “**Scheme**”), as follows:

1. PURPOSE

The Scheme is intended to enhance the ability of the Company and its Affiliates (as defined herein) to attract and retain Key Executives, and to motivate such Key Executives to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company through awards of RSUs.

2. DEFINITIONS

For purposes of interpreting the Scheme and related documents (including Award Agreements), the following definitions shall apply:

“**Acquiror**” shall have the meaning set forth in **Section 11.2(ii)**.

“**Affiliate**” means an entity in which the Company has a controlling interest, directly or indirectly through one or more intermediaries.

“**Associate**” shall have the meaning ascribed to it in the Listing Manual, and “**Associates**” shall be construed accordingly.

“**Award**” means a grant, under the Scheme, of an RSU.

“**Award Agreement**” means a written agreement (including an agreement transmitted electronically) between the Company and a Grantee, or notice from the Company or an Affiliate to a Grantee that evidences and sets out the terms and conditions of an Award.

“**Board**” means the Board of Directors of the Company.

“**Cause**” shall be defined as that term is defined in the Grantee’s offer letter or other applicable employment agreement; or, if there is no such definition, “**Cause**” means, as determined by the Company and unless otherwise provided in an applicable Award Agreement: (i) the Grantee’s willful failure to perform his or her duties and responsibilities; (ii) the Grantee’s illegal conduct or gross misconduct, in either case that is willful and results in material and demonstrable damage to the business or reputation of the Company; (iii) the Grantee’s commission of any act of fraud, embezzlement, dishonesty or willful misconduct; (iv) unauthorized use or disclosure by the Grantee of any proprietary information of the Company or any Affiliate; or (v) Grantee’s willful breach of any of his or her obligations under any agreement with the Company or any Affiliate. The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to the existence of Cause.

“**Change in Control**” shall mean, in the case of a particular Award, unless the applicable Award Agreement states otherwise or contains a different definition of “Change in Control,” (i) any sale, lease,

APPENDIX I: RULES OF THE EIS

exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company and its subsidiaries to an independent third party, (ii) the sale to or acquisition by an independent third party of more than 50% of the outstanding shares of the Company, (iii) the approval by the holders of the outstanding voting power of the Company of a reorganization, merger or consolidation of the Company, as a result of which an independent third party will own more than 50% of the then outstanding combined voting power of the Company or (iv) the approval by the Company's shareholders of a complete liquidation or dissolution of the Company.

Solely to the extent required by Section 409A, an event described above shall not constitute a Change in Control for purposes of the payment (but not vesting) terms and conditions of any Award that is determined to be subject to Section 409A unless such event also constitutes a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the Company's assets within the meaning of Section 409A (a "**409A Change in Control Event**").

"**Code**" means the US Internal Revenue Code of 1986, as it may be amended from time to time. Any reference to a section of the Code shall be deemed to include a reference to any valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or promulgated thereunder.

"**Committee**" means the remuneration committee of the Board. The Board shall cause the Committee to satisfy the applicable requirements of any stock exchange on which the Common Stock may then be listed.

"**Company**" shall have the meaning set forth in the preamble.

"**Controlling Shareholder**" shall have the meaning assigned to it in the Listing Manual, and "**Controlling Shareholders**" shall be construed accordingly.

"**Disability**" means "permanent and total disability" as set forth in Code Section 22(e)(3).

"**Effective Date**" means the date falling on or around 8 December 2023, or such other date as the Board may determine.

"**Fair Market Value**" means, as of any date, the value of Shares determined as follows: (a) If the Shares are listed on one or more established and regulated securities exchanges, national market systems or automated quotation system on which Shares are listed, quoted or traded, Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in *The Wall Street Journal* or such other source as the Committee deems reliable; (b) If the Shares are not listed on an established securities exchange, national market system or automated quotation system, but are regularly quoted by a recognized securities dealer, Fair Market Value shall be the closing sales price for such shares as quoted by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in *The Wall Street Journal* or such other source as the

APPENDIX I: RULES OF THE EIS

Committee deems reliable; or (c) In the absence of an established market for the Shares of the type described in (a) and (b), above, the Fair Market Value shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such sale, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value.

"Family Member" means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the applicable individual, any person sharing the applicable individual's household (other than a tenant or employee), a trust in which any one or more of these persons have more than 50% of the beneficial interest, a foundation in which any one or more of these persons (or the applicable individual) control the management of assets, and any other entity in which one or more of these persons (or the applicable individual) own more than 50% of the voting interests.

"Grantee" means a person who receives or holds an Award under the Scheme.

"Issued Share" means, collectively, all outstanding Shares issued pursuant to Awards.

"Key Executives" means the members of the management team of the Company as confirmed by the Committee.

"Listing Manual" means the Listing Manual of the SGX-ST.

"Restricted Period" shall have the meaning set forth in **Section 8.1**.

"Restricted Stock Unit" or **"RSU"** means a bookkeeping entry representing the equivalent of Shares, awarded to a Grantee under **Section 8**.

"Scheme" shall have the meaning set forth in the preamble.

"Section 409A" means Code Section 409A.

"Separation from Service" means the termination of the applicable Grantee's employment with, and performance of services for, the Company and each Affiliate. Unless otherwise determined by the Company, if a Grantee's employment or service with the Company or an Affiliate terminates but the Grantee continues to provide services to the Company or an Affiliate in a non-employee director capacity or as an employee or officer, as applicable, such change in status shall not be deemed a Separation from Service. Approved temporary absences from employment because of illness, vacation, or leave of absence and transfers among the Company and its Affiliates shall not be considered Separations from Service. Notwithstanding the foregoing, with respect to any Award that constitutes nonqualified deferred compensation under Section 409A, "Separation from Service" shall mean a "separation from service" as defined under Section 409A.

"Service Provider" means an employee of the Company or an Affiliate.

APPENDIX I: RULES OF THE EIS

“Share” means an ordinary share of the Company.

“SGX-ST” means the Singapore Exchange Securities Trading Limited.

“Substitute Award” means any Award granted in assumption of or in substitution for an award of a company or business acquired by the Company or an Affiliate or with which the Company or an Affiliate combines.

“Termination Date” means the date that is three (3) years after the Effective Date.

3. ADMINISTRATION OF THE PLAN

3.1. General

The Scheme will be administered by the Committee, as delegate of the Board. All determinations and decisions made by the Committee pursuant to the Scheme will be final, conclusive and binding on all persons and will be given the maximum deference permitted by law. To the extent permitted by applicable law, the Board shall have the power and authority to delegate its powers and responsibilities hereunder to the Committee, which shall have full authority to act in accordance with its charter (as in effect from time to time), and with respect to the authority of the Board to act hereunder. All references to the Board shall be deemed to include a reference to the Committee to the extent such power or responsibilities of the Board have been delegated, including:

- (i) approving the list of Grantees and the number of Awards to be granted to each Grantee;
- (ii) approving the vesting schedule and vesting conditions of the Awards to be set out in the Award Agreement with each Grantee, *provided* that, such Award Agreement shall provide that (A) vesting of the Awards shall take place during the three-year period after the Grant Date, in such number of tranches and in such portion to be set out in the Award Agreement; and (B) vesting of each tranche of the Awards shall be conditional upon (y) continued employment of the Grantee by the Company as at the applicable vesting date; and (z) the satisfaction of certain financial targets and key performance indicators, details of which shall be set out in the Award Agreement (the “Financial Targets”);
- (iii) determining whether the vesting conditions with respect to each tranche of the Awards have been satisfied, including the Financial Targets (determined by reference to the relevant audited consolidated financial statements of the Company); and
- (iv) (A) if the Financial Targets with respect to a tranche are satisfied, submitting its approval and recommendation to the Board for allotment and issuance of Shares pursuant to such vested tranche; or (B) if the Financial Targets with respect to a tranche are not satisfied, but the financial figure(s) achieved is 5% (or less) below the relevant Financial Target, determining, in its sole discretion, whether to approve the allotment and issuance of Shares pursuant to such tranche in any event; for the avoidance of doubt, if the financial figure(s) achieved is more than 5% below the relevant Financial Target, the rights of the Grantee to the Shares in relation to such vesting condition shall lapse and be extinguished;

APPENDIX I: RULES OF THE EIS

provided that the Board shall retain the right to exercise the authority of the Committee to the extent consistent with applicable law and the applicable requirements of any securities exchange on which the Shares may then be listed.

3.2. Committee Composition

The Board may elect one or more officers or directors to sit on the Committee in its sole discretion. Each such officer or director will not be excluded from participating in the Scheme if otherwise eligible, but he or she may not act on or pass any matters pertaining specifically to his or her own benefit or eligibility under the Scheme. The Board or a committee of the Board will act on any matters pertaining specifically to the benefit or eligibility of such officer under the Scheme.

3.3. Authority of Board

Except as specifically provided in **Section 10** or as otherwise may be required by applicable law, regulatory requirement, or the articles of incorporation or the bylaws of the Company, the Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Scheme, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations, including determinations of fact, not inconsistent with the specific terms and conditions of the Scheme that the Board deems to be necessary or appropriate to the administration of the Scheme. The interpretation and construction by the Board of the Scheme, any Award, or any Award Agreement shall be final, binding, and conclusive. Without limitation, the Board shall have full and final authority, subject to the other terms and conditions of the Scheme, to:

- (i) construe and interpret the Scheme and apply its provisions;
- (ii) designate Grantees;
- (iii) determine the number of Shares to be subject to an Award;
- (iv) establish the terms and conditions of each Award (including, but not limited to, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the Shares subject thereto);
- (v) prescribe the form of each Award Agreement;
- (vi) amend, modify, or supplement the terms and conditions of any outstanding Award, including the authority, in order to effectuate the purposes of the Scheme, to modify Awards to foreign nationals or individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom;
- (vii) promulgate, amend and rescind rules and regulations relating to the administration of the Scheme; and
- (viii) to authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Scheme.

APPENDIX I: RULES OF THE EIS

Any or all of the provisions of the Scheme may be modified from time to time and at any time, by a resolution of the Board, except that any modification which would be to the advantage of Grantees under the Scheme, shall be subject to the prior approval of shareholders of the Company in a general meeting.

3.4. Separation from Service; Clawbacks

3.4.1. Separation from Service other than for Cause

Any unvested portion of an Award shall lapse if the Grantee incurs a Separation from Service during the vesting period.

3.4.2. Separation from Service for Cause

The Company may annul an Award (whether vested or unvested) if the Grantee incurs a Separation from Service for Cause.

3.4.3. Clawbacks

All awards, amounts, or benefits received or outstanding under the Scheme shall be subject to clawback, cancellation, recoupment, rescission, payback, reduction, or other similar action in accordance with any Company clawback or similar policy (“**Clawback Policy**”) or any applicable law related to such actions. In addition, a Grantee may be required to repay to the Company previously paid compensation, whether provided pursuant to the Scheme or an Award Agreement in accordance with the Clawback Policy. A Grantee’s acceptance of an Award shall be deemed to constitute the Grantee’s acknowledgement of and consent to the Company’s application, implementation, and enforcement of any applicable Company clawback or similar policy that may apply to the Grantee, whether adopted before or after the Effective Date and whether before or after the Grant Date of an Award, and any applicable law relating to clawback, cancellation, recoupment, rescission, payback, or reduction of compensation, and the Grantee’s agreement that the Company may take any actions that may be necessary to effectuate any such policy or applicable law, without further consideration or action.

3.5. Deferral Arrangement

The Board may permit or require the deferral of any Award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish and in accordance with Section 409A, which may include terms and conditions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred units.

3.6. No Liability

No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Scheme, any Award, or Award Agreement.

APPENDIX I: RULES OF THE EIS

3.7. Book Entry

Notwithstanding any other term or condition of the Scheme to the contrary, the Company may elect to satisfy any requirement under the Scheme for the delivery of stock certificates through the use of book-entry.

3.8. Eligibility of Grantees

At the absolute discretion of the Committee, Key Executives are eligible to participate in the Scheme.

4. SHARES SUBJECT TO THE PLAN

4.1. Authorized Number of Shares

Subject to adjustment under **Section 11**, the total number of Shares authorized to be issued pursuant to Awards awarded under the Scheme shall not exceed 2,550,000 Shares, which shall not, in any event, exceed 15.0% of the total number of issued Shares (excluding Shares held by the Company as treasury shares, if any) when aggregated with (a) the total number of Shares issued and/or to be issued pursuant to Awards already awarded under the Scheme; and (b) the aggregate number of Shares over which RSUs are granted under any other share option scheme or share schemes of the Company. Shares issued under the Scheme shall consist in whole or in part of authorized but unissued Shares, treasury Shares, or Shares purchased on the open market or otherwise, all as determined by the Company from time to time.

4.2. Share Counting

4.2.1. General

Each Share granted in connection with an Award shall be counted as one Share against the limit in **Section 4.1**, subject to this **Section 4.2**.

4.2.2. Expired or Terminated Awards

If any Award under the Scheme expires, or is terminated, surrendered, or forfeited, in whole or in part, the unissued Shares covered by such Award shall again be available for the grant of Awards.

4.2.3. Repurchased, Surrendered, or Forfeited Awards

If Issued Shares are repurchased by, or are surrendered or forfeited to the Company at no more than cost, such Shares shall again be available for the grant of Awards.

4.2.4. Tax Withholding in Shares

Notwithstanding anything to the contrary contained herein: Shares subject to an Award under the Scheme shall not again be made available for issuance or delivery under the Scheme if

APPENDIX I: RULES OF THE EIS

such Shares are Shares delivered or withheld by the Company to satisfy any tax withholding obligation.

4.2.5. Substitute Awards

In the case of any Substitute Award, such Substitute Award shall not be counted against the number of Shares reserved under the Scheme.

5. EFFECTIVE DATE, DURATION, AND AMENDMENTS

5.1. Term

The Scheme shall be effective as of the Effective Date. The Scheme shall terminate automatically on the three-year anniversary of the Effective Date.

5.2. Amendment and Termination of the Scheme

The Board may, at any time and from time to time, amend or suspend the Scheme as to any Awards which have not been made. No Awards may be granted after the Termination Date. The applicable terms and conditions of the Scheme, and any terms and conditions applicable to Awards granted before the Termination Date shall survive the termination of the Scheme and continue to apply to such Awards. No amendment, suspension, or termination of the Scheme shall, without the consent of the Grantee, materially impair rights or obligations under any Award theretofore awarded.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1. Service Providers

Awards may be made to any Service Provider, as the Board may determine and designate from time to time, in its discretion, subject to **Section 3.8**. The Board may grant an Award to a person who is reasonably expected to become a Service Provider provided that such grant is contingent upon such person becoming a Service Provider.

6.2. Successive Awards

Service Providers may receive more than one Award, subject to such restrictions as are provided herein.

6.3. Stand-Alone, Additional, Tandem, and Substitute Awards

The Board may grant Awards either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate, or any other right of a Grantee to receive payment from the Company or any Affiliate. Such additional, tandem, substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, the Board shall have the right to require the surrender of such other Award in consideration for the grant of the new Award. Subject to **Section 3.3(viii)**, and the requirements of applicable law, the Board shall have the right, in its discretion, to make Awards in substitution or exchange for any other

APPENDIX I: RULES OF THE EIS

award under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Affiliate, in which the value of Shares subject to the Award is equivalent in value to the cash compensation.

7. AWARD AGREEMENT

Each Award shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Without limiting the foregoing, an Award Agreement may be provided in the form of a notice that provides that acceptance of the Award constitutes acceptance of all terms and conditions of the Scheme and the notice. Award Agreements granted from time to time or at the same time need not contain similar terms and conditions but shall be consistent with the terms and conditions of the Scheme.

8. TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS (RSUs)

8.1. Restrictions

At the time of grant, the Board may, in its sole discretion, establish a period of time (a “**Restricted Period**”) and any additional restrictions including the satisfaction of corporate or individual performance objectives applicable to an Award of Restricted Stock Units. Each Award of RSUs may be subject to a different Restricted Period and additional restrictions. The RSUs may not be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other applicable restrictions.

8.2. Rights of Holders of RSUs

8.2.1. Settlement of RSUs

RSUs shall be settled in Shares, and the allotment and issuance of Shares shall be completed within fourteen (14) trading days after the applicable vesting date. The Award Agreement shall also set forth whether the RSUs shall be settled (i) within the time period specified for “short term deferrals” under Section 409A or (ii) otherwise within the requirements of Section 409A, in which case the Award Agreement shall specify upon which events such RSUs shall be settled.

8.2.2. Voting and Dividend Rights

Unless otherwise stated in the applicable Award Agreement, holders of RSUs shall not have rights as shareholders, including no voting or dividend or dividend equivalents rights.

8.2.3. Creditor’s Rights

A holder of RSUs shall have no rights other than those of a general creditor of the Company. RSUs represent an unfunded and unsecured obligation of the Company, subject to the applicable Award Agreement.

APPENDIX I: RULES OF THE EIS

8.3. Delivery of Stock

Upon the expiration or termination of any Restricted Period and the satisfaction of any other terms and conditions prescribed by the Board, the restrictions applicable to RSUs settled in Shares shall lapse, and, unless otherwise provided in the Award Agreement, a stock certificate for such Shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

9. TERMS AND CONDITIONS OF PERFORMANCE AWARDS

The right of a Grantee to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Board which shall include, but is not limited to, his rank, job performance, years of service, potential for future development, future contribution to the success and development of the Company and the extent of effort and difficulty with which the performance conditions may be achieved. The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce the amounts payable under any Award subject to performance conditions.

10. REQUIREMENTS OF LAW

The Company shall not be required to sell or issue any Shares under any Award if the sale or issuance of such Shares would constitute a violation by the Grantee, any other individual, or the Company of any law or regulation of any governmental authority, including any applicable securities laws or regulations. If at any time the Company determines that the listing, registration, or qualification of any Shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a term or condition of, or in connection with, the issuance or purchase of Shares hereunder, no Shares may be issued or sold to the Grantee or any other individual exercising an Option unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any terms and conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. The Board may require the Grantee to sign such additional documentation, make such representations, and furnish such information as the Board may consider appropriate in connection with the grant of Awards or issuance or delivery of Shares in compliance with applicable laws.

11. EFFECT OF CHANGES IN CAPITALIZATION

11.1. Changes in Equity

If the number of outstanding Shares is increased or decreased or the Shares are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any rights issue, capital reduction, recapitalization, reclassification, stock split or sub-division, reverse split, consolidation of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such Shares effected without receipt of consideration by the Company occurring after the Effective Date, (A) the number and kinds of shares for which grants of Awards may be made, (B) the number and kinds of shares for which outstanding Awards may be settled, and (C) the performance goals relating to outstanding Awards, shall be equitably adjusted by the Company;

APPENDIX I: RULES OF THE EIS

provided that any such adjustment shall comply with Section 409A and no adjustments shall be made is as a result, the Grantee receives a benefit that a shareholder of the Company does not receive.

11.2. Change in Control

Subject to the requirements and limitations of Section 409A, if applicable, the Board may provide for any one or more of the following in connection with a Change in Control, which such actions need not be the same for all Grantees:

- (i) Accelerated Vesting. Unless otherwise provided in any Award Agreement, upon a Change in Control, the vesting and/or settlement of an Award shall not accelerate.
- (ii) Assumption, Continuation or Substitution. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the “**Acquiror**”), may, without the consent of any Grantee, either assume or continue the Company’s rights and obligations under each or any Award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding Award or portion thereof a substantially equivalent award with respect to the Acquiror’s stock, as applicable. For purposes of this **Section 11.2**, if so determined by the Board, in its discretion, an Award denominated in Shares shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the Scheme and the applicable Award Agreement, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a Share on the effective date of the Change in Control was entitled; provided, however, that if such consideration is not solely common stock of the Acquiror, the Board may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise or settlement of the Award, for each Share subject to the Award, to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Shares pursuant to the Change in Control. If any portion of such consideration may be received by holders of Shares pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board’s good faith estimate of the present value of the probable future payment of such consideration. Any Award or portion thereof which is neither assumed or continued by the Acquiror in connection with the Change in Control nor exercised or settled as of the time of consummation of the Change in Control shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control.
- (iii) Cash-Out of Awards. The Board may, in its discretion and without the consent of any Grantee, determine that, upon the occurrence of a Change in Control, each or any Award or a portion thereof outstanding immediately prior to the Change in Control and not previously settled shall be canceled in exchange for a payment with respect to each vested Share (and each unvested Share, if so determined by the Board) subject to such canceled Award in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such

APPENDIX I: RULES OF THE EIS

case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per Share in the Change in Control. If any portion of such consideration may be received by holders of Shares pursuant to the Change in Control on a contingent or delayed basis, the Board may, in its sole discretion, determine such Fair Market Value per share as of the time of the Change in Control on the basis of the Board's good faith estimate of the present value of the probable future payment of such consideration. In the event such determination is made by the Board, the amount of such payment (reduced by applicable withholding taxes, if any) shall be paid to Grantees in respect of the vested portions of their canceled Awards as soon as practicable following the date of the Change in Control and in respect of the unvested portions of their canceled Awards in accordance with the vesting schedules applicable to such Awards. The Board may, in its discretion, without payment of any consideration to the Grantee, cancel any outstanding Award to the extent not vested immediately prior to the Change in Control and not otherwise assumed or continued by the Acquiror in accordance with **Section 11.2(ii)** above.

11.3. Adjustments

Adjustments under this **Section 11** related to Shares or other securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive, and adjustments other than on a capitalization issue must be confirmed in writing by the auditors of the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable. Unless the Board considers an adjustment to be appropriate, the issue of Shares or other securities as consideration for an acquisition or a private placement of Shares or other securities shall not normally be regarded as a circumstance requiring adjustment. No fractional Shares or other securities shall be issued under any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole Share.

12. NO LIMITATIONS ON COMPANY

The grant of Awards shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

13. TERMS APPLICABLE GENERALLY TO AWARDS

13.1. Disclaimer of Rights

No term or condition of the Scheme or any Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company or any Affiliate either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding any other term or condition of the Scheme, unless otherwise stated in the applicable Award Agreement, no Award shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a Service Provider. The obligation of the Company to pay any benefits under the Scheme shall be interpreted as a contractual obligation to pay only those amounts

APPENDIX I: RULES OF THE EIS

described herein, in the manner and under the terms and conditions prescribed herein. The Scheme shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the Scheme.

13.2. Nonexclusivity of the Scheme

The adoption of the Scheme shall not be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals).

13.3. Withholding Taxes

Whenever Shares are to be issued in satisfaction of Awards granted under the Scheme, the Company may require the Grantee to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the issuance of such Shares. When, under applicable tax laws, a Grantee incurs tax liability in connection with the exercise, vesting, purchase or settlement of any Award that is subject to tax withholding and the Grantee is obligated to pay the Company the amount required to be withheld, the Board may in its sole discretion allow the Grantee to satisfy the minimum withholding tax obligation by electing to have the Company withhold from the Shares to be issued that minimum number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined, provided that in no event will the Company withhold Shares if such withholding would result in adverse accounting consequences to the Company. All elections by a Grantee to have Shares withheld for this purpose will be made in accordance with the requirements established by the Board for such elections and be in writing in a form acceptable to the Board.

13.4. Other Terms and Conditions; Employment Agreements

Each Award Agreement may contain such other terms and conditions not inconsistent with the Scheme as may be determined by the Board, in its sole discretion. To the maximum extent permitted by applicable law, in the event of any conflict between the terms and conditions of an employment agreement and the Scheme, the terms and conditions of the Scheme shall govern.

13.5. Abstention from Voting

Shareholders who are eligible to participate in the Scheme must abstain from voting on any Shareholders' resolution relating to the Scheme, including any Shareholders' resolution relating to the implementation of the Scheme, and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

13.6. Severability

If any term or condition of the Scheme or any Award Agreement is determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining terms and conditions hereof and thereof shall be severable and enforceable, and all terms and conditions shall remain enforceable in any other jurisdiction.

APPENDIX I: RULES OF THE EIS

13.7. Governing Law

The Scheme and all Award Agreements will be construed in accordance with and governed by the laws of the Cayman Islands without regard to the principles of conflicts of law that could cause the application of the laws of any jurisdiction other than the Cayman Islands. For purposes of resolving any dispute that arises under the Scheme, each Grantee will be subject to the dispute resolution provisions set forth in the applicable Award Agreement.

13.8. Section 409A

The Scheme and Awards (and payments and benefits thereunder) are intended to be exempt from, or to comply with, Section 409A, and, accordingly, to the maximum extent permitted, the Scheme, Award Agreements and other agreements or arrangements relating to Awards shall be interpreted accordingly. Notwithstanding anything to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, (A) a Grantee shall not be considered to have had a Separation from Service and no payment or benefit shall be due to the Grantee under the Scheme or an Award until the Grantee would be considered to have incurred a “separation from service” from the Company and its Affiliates within the meaning of Section 409A and (B) if the Grantee is a “specified employee” (as defined in Section 409A), amounts that would otherwise be payable and benefits that would otherwise be provided under the Scheme or an Award during the six-month period immediately following the Grantee’s separation from service shall instead be paid or provided on the first business day after the date that is six months following the Grantee’s separation from service (or death, if earlier). Each amount to be paid or benefit to be provided under the Scheme or an Award shall be construed as a separate identified payment for purposes of Section 409A. The Company makes no representation that any or all of the payments or benefits provided under the Scheme or an Award will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment or benefit. The Grantee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A, and the Company, its Affiliates and their respective employees, officers, directors, agents and representatives (including legal counsel) will not have any liability to any Grantee with respect to any taxes, penalties, interest or other costs or expenses the Grantee or any related party may incur with respect to or as a result of Section 409A or for damages for failing to comply with Section 409A.

13.9. Separation from Service

The Board shall determine the effect of a Separation from Service upon Awards, and such effect shall be set forth in the appropriate Award Agreement. Without limiting the foregoing, the Board may provide in the Award Agreements at the time of grant, or any time thereafter with the consent of the Grantee, the actions that may be taken upon the occurrence of a Separation from Service, including accelerated vesting or termination, depending upon the circumstances surrounding the Separation from Service.

13.10. Transferability of Awards and Issued Shares

13.10.1. Transfers in General

Except as provided in **Section 13.9.2**, no Award shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution, and,

APPENDIX I: RULES OF THE EIS

during the lifetime of the Grantee, only the Grantee personally (or the Grantee's personal representative) may exercise rights under the Scheme.

13.10.2. Family Transfers

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Award to any Family Member. For the purpose of this **Section 13.9.2**, a "not for value" transfer is a transfer that is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than 50% of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. After a transfer under this **Section 13.9.2**, any such Award shall continue to be subject to the same terms and conditions as were applicable immediately before transfer. Subsequent transfers of transferred Awards are prohibited except to Family Members of the original Grantee in accordance with this **Section 13.9.2** or by will or the laws of descent and distribution.

13.11. Data Protection

A Grantee's acceptance of an Award shall be deemed to constitute, as permitted under applicable law, the Grantee's acknowledgement of and consent to the collection and processing of personal data relating to the Grantee so that the Company can meet its obligations and exercise its rights under the Scheme and generally administer and manage the Scheme. This data shall include data about participation in the Scheme and Shares offered or received, purchased, or sold under the Scheme and other appropriate financial and other data (such as the date on which the Awards were granted) about the Grantee and the Grantee's participation in the Scheme.

13.12. Disclosures in Annual Reports

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Scheme continues in operation:

- (i) the names of the members of the Committee administering the Scheme;
- (ii) the information required in the table below for the following participants of the Scheme:
 - (a) Participants who are directors of the Company;
 - (b) Participants who are Controlling Shareholders and Associates of Controlling Shareholder(s); and
 - (c) Participants (other than those in paragraphs (a) and (b) above) who have received Shares issued pursuant to the Awards granted under the Scheme and/or RSUs granted under any other share option scheme or share schemes of the Company which, in aggregate, represent 5.0% or more of the aggregate of the total number of Shares available under the Scheme and any other share option scheme or share schemes of the Company, collectively:

APPENDIX I: RULES OF THE EIS

Name of Participant	Aggregate number of shares comprised in Awards granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of the Scheme to the end of the financial year under review	Shares comprised in Awards which have been issued since commencement of the Scheme to end of the financial year under review	Aggregate number of Shares comprised in Awards which have not been vested or exercised as at the end of the financial year
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- (iii) the names of and number and terms of Shares comprised in the Awards granted to each Key Executive who receive 5.0% or more of the total number of Awards available to all Key Executives under the Scheme during the financial year under review;
- (iv) the aggregate number of Shares comprised in Awards granted under the Scheme to the Key Executives for the financial year under review, and since the commencement of the Scheme to the end of the financial year under review; and
- (v) the number and proportion of Shares comprised in Awards granted at a discount during the financial year under review in respect of every 10% discount rate, up to the maximum quantum of discount granted; and
- (vi) any other information required to be so disclosed pursuant to the Listing Manual and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

13.13. Scheme Construction

In the Scheme, unless otherwise stated, the following uses apply:

- (i) references to a statute or law refer to the statute or law and any amendments and any successor statutes or laws, and to all valid and binding governmental regulations, court decisions, and other regulatory and judicial authority issued or rendered thereunder, as amended, or their successors, as in effect at the relevant time;
- (ii) in computing periods from a specified date to a later specified date, the words “from” and “commencing on” (and the like) mean “from and including,” and the words “to,” “until” and “ending on” (and the like) mean “to and including”;
- (iii) indications of time of day shall be based upon the time applicable to the location of the principal headquarters of the Company;

APPENDIX I: RULES OF THE EIS

- (iv) the words “include,” “includes” and “including” (and the like) mean “include, without limitation,” “includes, without limitation” and “including, without limitation” (and the like), respectively;
- (v) all references to articles and sections are to articles and sections in the Scheme;
- (vi) all words used shall be construed to be of such gender or number as the circumstances and context require;
- (vii) the captions and headings of articles and sections have been inserted solely for convenience of reference and shall not be considered a part of the Scheme, nor shall any of them affect the meaning or interpretation of the Scheme; and
- (viii) any reference to an agreement, plan, policy, form, document or set of documents, and the rights and obligations of the parties under any such agreement, plan, policy, form, document or set of documents, shall mean such agreement, plan, policy, form, document or set of documents as amended from time to time, and any and all modifications, extensions, renewals, substitutions or replacements thereof.

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APPENDIX J: FINANCIAL TARGETS FOR EARNOUT

FINANCIAL TARGETS FOR EARNOUT

Following Completion, the Purchaser shall allot and issue up to 24,408,000 Earnout Shares in favour of the Earnout Shareholders based on the following terms:

1. The Earnout Shares shall be vested in two tranches on the Earnout Vesting Dates, namely, 30 April 2024 and 30 August 2024.
2. Upon the release of the audited consolidated financial results of the Purchaser on SGXNET for FY2023, where the Group Operating Revenue is equal to or more than US\$320.0 million:
 - (i) if the total V-Liver Operating Revenue is equal to or exceeds US\$5.0 million, the Earnout Shareholders shall be entitled to the allotment and issuance of 4,068,000 Earnout Shares; and
 - (ii) separately, if the Group EBITDA is equal to or exceeds US\$25.0 million, the Earnout Shareholders shall be entitled to the allotment and issuance of an additional 4,068,000 Earnout Shares.

The Purchaser shall allot and issue the above Earnout Shares to the account of the Earnout Shareholders within 14 Market Days after 30 April 2024.

For the avoidance of doubt, if the Group Operating Revenue for FY2023 is less than US\$320.0 million, the Earnout Shareholders shall not be entitled to the allotment and issuance of any Earnout Shares under paragraphs 2(i) or 2(ii) above.

3. Upon the release of the unaudited consolidated financial results of the Purchaser on SGXNET for six months ending 30 June 2024 (“1H FY2024”), where the Group Operating Revenue for 1H FY2024 is equal to or more than US\$180.0 million:
 - (i) if the total V-Liver Operating Revenue is equal to or exceeds US\$6.0 million, the Earnout Shareholders shall be entitled to the allotment and issuance of 8,136,000 Earnout Shares; and
 - (ii) separately, if the Group EBITDA is equal to or exceeds US\$17.0 million, the Earnout Shareholders shall be entitled to the allotment and issuance of an additional 8,136,000 Earnout Shares.

The Purchaser shall allot and issue the above Earnout Shares to the account of the Earnout Shareholders within 14 Market Days after 30 August 2024.

For the avoidance of doubt, (i) if the Group Operating Revenue for 1H FY2024 is less than US\$180.0 million, the Earnout Shareholders shall not be entitled to the allotment and issuance of any Earnout Shares under paragraphs 3(i) or 3(ii) above and (ii) the Purchaser’s financials shall be excluded from the calculation of Group Operating Revenue and Group EBITDA for 1H FY2024 if Completion takes place in 2024.

4. For the avoidance of doubt, if the Purchaser fails to achieve the Group Operating Revenue stipulated under paragraph 2 but is able to meet the Group Operating Revenue stipulated under paragraph 3, the Earnout Shareholders shall be entitled to the allotment and issuance of Earnout Shares in accordance with paragraph 3 above. Similarly, if the Purchaser fails to achieve the Group Operating Revenue stipulated under paragraph 3 but is able to meet the Group Operating Revenue stipulated under paragraph 2, the Earnout Shareholders shall be entitled to the allotment and issuance of Earnout Shares in accordance with paragraph 2 above.

APPENDIX J: FINANCIAL TARGETS FOR EARNOUT

5. The Earnout Shares to be allotted and issued in accordance with paragraphs 2 and 3 above shall be allotted and issued to each Earnout Shareholder on a *pro rata* basis, by reference to the following formula:

$$A = \frac{B}{C} \times D$$

Where:

- A = The Earnout Shares attributable to each Earnout Shareholder for each Earnout Vesting Date
- B = The Earnout Qualification Shares held by each Earnout Shareholder on each Earnout Record Date, where “**Earnout Qualification Shares**” shall be the lower of (i) the number of Shares held by such Earnout Shareholder on such Earnout Record Date; or (ii) the number of Consideration Shares allotted and issued to such Earnout Shareholder on the Completion Date
- C = The aggregate Earnout Qualification Shares held by all Earnout Shareholders on each Earnout Record Date
- D = The aggregate Earnout Shares to be allotted and issued to the Earnout Shareholders by the Purchaser for each Earnout Vesting Date

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

TERMS AND CONDITIONS OF THE SPA

A. Conditions Precedent

The sale and purchase of the Sale Shares is conditional upon the satisfaction of the following conditions (the “**Conditions**”), unless otherwise waived in accordance with Clause 4.4 of the SPA:

- (a) no applicable laws having been enacted, amended or proposed which would prohibit, materially restrict or materially delay the implementation of the transactions contemplated in the SPA;
- (b) the Company having obtained the approval of the SGX-ST for the Completion of the Proposed Business Combination pursuant to the terms of the SPA and where such approval is subject to conditions, the compliance by the Target Company and (where relevant) the Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST;
- (c) the Company having obtained the approval of SGX-ST for the listing and quotation of the Consideration Shares, the PIPE Shares, the Special Bonus Shares, the Earnout Shares, the ESOP Shares and the EIS Shares on the SGX-ST and where such approval is subject to conditions, the compliance by the Target Company and (where relevant) the Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST;
- (d) the Target Company having rectified or resolved the issues identified through the legal, financial and tax due diligence conducted by the Company to the reasonable satisfaction of the Company in its sole and absolute discretion;
- (e) the Company having delivered evidence satisfactory to the Vendor that the Completion Remaining Escrow Amount shall be no less than S\$60.0 million;
- (f) the Restructuring having been completed and the Vendor having provided the Company with a written notice confirming that the Restructuring has been completed;
- (g) the Vendor not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the SPA or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
- (h) there having occurred no Material Adverse Change, or any development reasonably likely to involve a prospective Material Adverse Change, in respect of the Group, whether or not arising from transactions in the ordinary course of business subsequent to the date of the SPA;
- (i) the Target Shareholders’ Agreement having been terminated;
- (j) the Company having obtained the Company Shareholders’ Approval at the EGM for the Completion of the Proposed Business Combination and all other transactions contemplated pursuant to the Transaction Documents; and
- (k) the Company having performed and complied with all of its undertakings in the SPA in all material respects and the Company not having materially breached the undertakings in the SPA.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

B. Undertakings (Clause 5 of the SPA)

1. From the date of the SPA until Completion:
 - (a) the Vendor undertakes to the Company that, unless otherwise directed by the Company, it shall procure that (a) all the obligations in Part A of Section C of Appendix K to this Circular shall be complied with at all times and (b) any and all material issues identified through the legal, financial and tax due diligence conducted by the Company that may arise between the date of the SPA until Completion are resolved or rectified to the reasonable satisfaction of the Company in its sole and absolute discretion provided that the Vendor shall be granted sufficient notice and sufficient time to resolve or rectify any such material issues as may be requested by the Company;
 - (b) the Company undertakes to the Vendor that, unless otherwise directed by the Vendor, it shall procure that all the obligations in Part B of Section C of Appendix K to this Circular shall be complied with at all times; and
 - (c) each of the Vendor and the Company undertakes that it shall procure that all the obligations in Part C of Section C of Appendix K to this Circular shall be complied with at all times.
2. The Vendor undertakes to the Company that, within three days prior to the submission of the final Circular to SGX-ST on or around 23 October 2023, the Vendor shall provide the Company with an addendum to the SPA setting out the confirmed number of Sale Shares to be sold to the Company at Completion, and the number of Consideration Shares attributable to the shareholders of the Vendor (if the Vendor so designates) receiving the Consideration Shares, such addendum when countersigned by the Company shall be deemed incorporated in the SPA. For this purpose, the confirmed number of Sale Shares shall comprise the aggregate of (a) the number of Basic Sale Shares, (b) the number of 17LIVE Vested RSUs which have been converted into shares in the Target Company and (c) such number of shares allotted and issued by the Target Company pursuant to the exercise and conversion of the 17LIVE Warrants, all of which comprise 100% of the issued and paid-up share capital of the Target Company as at such date.
3. As soon as reasonably practicable after Completion, the Target Company shall use its commercially reasonable efforts to procure that the following subsidiaries of the Target Company shall be wound up, liquidated or otherwise dissolved as soon as reasonably practicable:
 - (a) NEGH;
 - (b) NEHK;
 - (c) NEBJ;
 - (d) Ichi Nana Inc.; and
 - (e) Machipopo.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

4. As soon as reasonably practicable after Completion:
 - (a) the Target Company shall use its commercially reasonable efforts to provide to the Company copies of the following documents:
 - (i) in respect of M17 Services Vietnam Co., Ltd., a tax clearance letter or a screenshot of the government website indicating that the company has completed its tax clearance; and
 - (ii) in respect of each of M17 Service Holding Co., Ltd. and M17 Services (Thailand) Co., Ltd., a Tor.6 form provided by the Thai Taxation Authority recording the tax audit process for liquidation and the Department of Business Development, Ministry of Commerce (DBD)'s affidavit stating that the relevant entity has successfully notified the DBD of the completion of the liquidation process and the settlement of all outstanding tax obligations;
 - (b) the Target Company shall evaluate the Target Group's tax position in consultation with the Company and if the Target Company and the Company agree to change the contracting party of the Apple Developer Program Licence Agreement entered into with Apple from 17LIVE HK to 17LIVE Japan, the Target Company shall deliver to the Company documentary evidence reasonably satisfactory to the Company that such change has been effected²¹; and
 - (c) the Target Company shall procure that Liontrek shall use its commercially reasonable efforts to obtain favourable outcome of its appeal in relation to the erroneous tax demand of US\$62,400 issued by Indian Taxation Authority for FY2021 corporate income tax.
5. The Target Company shall, by no later than 31 December 2035 or such earlier date as may be required by the relevant Taxation Authority, procure that Ichi Nana Inc. Taiwan Branch and Wave pay the intercompany service fees (in respect of which potential withholding tax obligations or liability of up to US\$1,388,000 may be incurred) to 17LIVE HK and 17LIVE Japan.

²¹ In Japan, 17LIVE HK has been the entity registered under the Apple Developer Program which collects the payments from in-app purchases at Apple, but 17LIVE Japan has been the actual operating entity which pays the commission fees to Apple for the payments from users made through Apple's in-app purchases. Since 17LIVE Japan is not the contracting party with Apple, it has not been able to claim input credit for its Japanese consumption tax ("JCT") payable in relation to the commission payments, and changing the contracting party from 17LIVE HK to 17LIVE Japan will allow 17LIVE Japan to claim the input credit which may be applied to reduce the amount of JCT paid for corporate income tax purposes. There is no material adverse impact on the Target Group's business if it fails to change the contracting party. The purpose of this clause was to ensure that the Target Group would evaluate its tax position and improve tax efficiency as a whole, and if appropriate, take the tax advantage by changing of contracting party under the Apple Developer Program.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

C. Undertakings Pending Completion

Part A: Undertakings by the Seller

1. The Vendor undertakes to the Company that, unless (i) as permitted under the Transaction Documents, (ii) as required by applicable law, (iii) as set out in the Disclosure Letter or the Restructuring plan, (iv) as otherwise directed by or consented to by the Company in writing, it shall procure that (A) each Group Company shall carry on business in the ordinary course in all material respects as carried on at the date of the SPA, and (B) none of the Group Companies shall:
 - (a) make any change to its articles of association or constitutive document, as the case may be;
 - (b) create, allot, issue, sub-divide, consolidate, repay, redeem or repurchase any shares in its share capital;
 - (c) declare or pay, or determine to be payable, a dividend, or make a distribution, whether in cash, shares or in kind;
 - (d) acquire, or agree to acquire, any material asset, business or undertakings involving consideration, expenditure or liability in each case in excess of US\$3 million;
 - (e) assume or incur any additional borrowings, or any other indebtedness in the nature of borrowings;
 - (f) save as Disclosed in the Disclosure Letter, assume or incur any liability, obligation or expense, actual or contingent, which, when aggregated together with such liabilities, obligations or expenses assume or incurred during the period from the date of the SPA to Completion, is in excess of US\$3 million;
 - (g) enter into any joint venture, partnership or agreement or arrangement for the sharing of profits or assets;
 - (h) acquire any shares or other securities or interest in any person or other venture or acquire any business carried on by any person;
 - (i) grant, amend or agree to amend, the terms of any loans, indebtedness or other financial facilities;
 - (j) give a guarantee, an indemnity or similar undertaking to incur a financial or other obligation arising by reference to a third party's obligation or liability;
 - (k) not enter into a long-term, onerous, unusual or material agreement, arrangement or obligation;
 - (l) not amend or terminate a material agreement, arrangement or obligation to which it is a party or terminate any contract or commitment which is not capable of being terminated without compensation or which is not in the ordinary course of business;
 - (m) open or close any premises;

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- (n) dispose of, sell or transfer, or create any encumbrance on or over, any material asset, business or undertaking;
 - (o) submit any application for any merger, amalgamation, consolidation, or similar proceeding;
 - (p) submit any application or petition for the winding up, administration, receivership, judicial management or any other similar proceeding;
 - (q) enter into any transaction with a director, officer, Vendor or a person connected with any of them;
 - (r) institute or settle any legal proceedings;
 - (s) make any changes to the accounting procedures or principles by reference to which the Audited Accounts or the Interim Accounts were prepared or its accounting reference date;
 - (t) employ, dismiss (except for cause) or materially change the terms of employment or engagement (including any increase in salary or benefits) of any director or senior management (being C-suite executives);
 - (u) not pass any shareholders' resolution;
 - (v) enter into any agreement or arrangement, whether in writing or otherwise, to do any of the foregoing or allow or permit any of the foregoing.
2. Without prejudice to the generality of paragraph 1 above, each of the Vendor and the Target Company undertakes to the Company that the Vendor shall, and shall procure that each of the Group Companies, shall:
- (a) co-operate with the Company to ensure the efficient continuation of management and operations of the Group after Completion and prepare for the introduction of the Company's normal working procedures; or
 - (b) provide the Company and its Representatives with reasonable access, during normal business hours, and with reasonable advance written notice, in such manner as to not interfere with the normal operation of the Group Companies and so long as not restricted by applicable law, to all of the properties, books, contracts, commitments, tax returns, records and appropriate officers and employees of the Group Companies, in each case as the Company and its Representatives may reasonably request solely for purposes of consummating the transactions contemplated by the SPA. Nothing in this sub-Clause shall require the Group Companies to provide to the Company or its Representatives any information which, in the reasonable opinion of legal counsel of the Target Company, would result in the loss of legal professional privilege.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

3. The Vendor undertakes to the Company that it will not, and it will procure the Group Companies not to:
 - (a) continue, re-start, enter into, initiate or participate in any Third Party Negotiations;
 - (b) invite, induce, encourage, solicit or respond to any approach that might lead to Third Party Negotiations;
 - (c) invite, induce, encourage or solicit any offer or expression of interest from a Third Party in relation to a Restricted Transaction;
 - (d) enter into any agreement, arrangement or understanding (whether or not legally binding) with a Third Party in connection with a Restricted Transaction; or
 - (e) supply, disclose or otherwise make available to a Third Party any information concerning the Vendor or any Group Company for the purpose of enabling it to evaluate, or decide whether to make an offer in connection with or otherwise pursue, a Restricted Transaction.

Part B: Undertakings by the Company

1. From the date of the SPA through the Completion Date, (a) the Company shall use reasonable best efforts to ensure it remains listed as a public company on SGX-ST and (b) the Company shall promptly apply for, and shall use reasonable best efforts to cause the Consideration Shares, Earnout Shares, Company ESOP Shares, EIS Shares and Special Bonus Shares to be approved for listing on SGX-ST and accepted for clearance by CDP, subject to official notice of issuance, prior to the Completion Date.
2. Except (i) as contemplated or permitted by the Transaction Documents, (ii) as required by applicable law, or (iii) as consented to by the Vendor in writing, from the date of the SPA through the Completion Date, the Company (1) shall operate its business in the ordinary course of business and (2) shall not:
 - (a) seek any approval from its shareholders to change, modify or amend the Escrow Agreement or the M&AA, except as contemplated by the Transaction Documents or (ii) change, modify or amend the Escrow Agreement or its respective constitutive document, except as expressly contemplated by the Transaction Documents;
 - (b) (i) declare, set aside, establish a record date for, make or pay any dividend or other distribution, payable in cash, shares, property or otherwise, with respect to any of its share capital, (ii) split, combine, subdivide, reclassify or amend any terms of its equity securities or (iii) redeem, repurchase, cancel or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any of its equity securities;
 - (c) merge, consolidate or amalgamate with or into, or acquire (by purchasing a substantial portion of the assets of or any equity in, or by any other manner) or make any advance or loan to or investment in any other Person or be acquired by any other Person;
 - (d) issue or sell any debt securities or options, warrants, rights or conversion or other rights to acquire debt securities;
 - (e) (i) issue any equity securities, other than the issuance of equity securities of the Company pursuant to the Transaction Documents, or (ii) grant any options, warrants, rights of conversion or other equity-based awards;

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- (f) settle or agree to settle any claim or action before any Governmental Authority or any other third party or that imposes injunctive or other non-monetary relief on the Company; or
 - (g) enter into any agreement or otherwise make any commitment to do any action prohibited under this paragraph 2 of Part B of Section C of Appendix K of this Circular.
3. From the date of the SPA through the Completion Date, the Company will not, and it will cause its affiliates and its and their respective representatives not to, directly or indirectly: (a) solicit, initiate, submit, facilitate (including by means of furnishing or disclosing information), discuss or negotiate, directly or indirectly, any enquiry, proposal or offer (written or oral) with respect to an “initial business combination”; (b) furnish or disclose any non-public information to any Person in connection with or that could reasonably be expected to lead to an “initial business combination”; (c) enter into any agreement, arrangement or understanding regarding an “initial business combination” or (d) otherwise cooperate in any way with, or assist or participate in, or knowingly facilitate or encourage any effort or attempt by any Person to do or seek to do any of the foregoing.
4. From the date of the SPA through the Completion Date, the Company will use reasonable efforts to accurately and timely file all reports required to be filed or furnished with the SGX-ST and otherwise comply in all material respects with its reporting obligations under applicable laws.

Part C: Joint Covenants

1. Each of the Vendor and the Company shall use their commercially reasonable efforts to cooperate in good faith with any Governmental Authority and to undertake promptly any and all action required to obtain any necessary or advisable regulatory approvals, consents, actions, nonactions or waivers in connection with the Transactions (the “**Regulatory Approvals**”) as soon as practicable and any and all action necessary to consummate the Transactions as contemplated hereby.
2. With respect to each of the Regulatory Approvals and any other requests, inquiries, actions or other proceedings by or from Governmental Authorities, each of the Vendor and the Company shall (i) diligently and expeditiously defend and use commercially reasonable efforts to obtain any necessary clearance, approval, consent or Regulatory Approval under any applicable laws prescribed or enforceable by any Governmental Authority for the Transactions and to resolve any objections as may be asserted by any Governmental Authority with respect to the Transactions; and (ii) cooperate fully with each other in the defence of such matters. To the extent not prohibited by applicable law, the Vendor shall promptly furnish to the Company, and the Company shall promptly furnish to the Vendor, copies of any material, substantive notices or written communications received by such party or any of its affiliates from any Governmental Authority with respect to the Transactions, and each such party shall permit counsel to the other parties an opportunity to review in advance, and each such party shall consider in good faith the views of such counsel in connection with, any proposed material, substantive written communications by such party or its affiliates to any Governmental Authority concerning the Transactions. Each of the Vendor and the Company agrees to make all filings, to provide all information required of such party and to reasonably cooperate with each other, in each case, in connection with the Regulatory Approvals; provided, further, that such party shall not be required to provide information to the extent that (w) any applicable law

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

requires it or its affiliates to restrict or prohibit access to such information, (x) in the reasonable judgement of such party, the information is subject to confidentiality obligations to a third party, (y) in the reasonable judgement of such party, the information is commercially sensitive and disclosure of such information would have a material impact on the business, results of operations or financial condition of such party, or (z) disclosure of any such information would reasonably be likely to result in the loss or waiver of the attorney-client, work product or other applicable privilege.

3. The Company shall convene and hold an extraordinary general meeting to consider and vote upon the Transactions in accordance with the M&AA to be held as promptly as reasonably practicable. The Company will use its reasonable best efforts to obtain the vote or consent of its Shareholders required by and in compliance with all applicable law, the Mainboard Rules and the M&AA.
4. This Circular shall include a statement to the effect that the board of directors of the Company has recommended that the Shareholders vote in favour of the Transactions at the EGM (the “**Recommendation**”) and neither the Board nor any committee thereof shall withhold, withdraw, qualify, amend or modify, or publicly propose or resolve to withhold, withdraw, qualify, amend or modify, the Recommendation.
5. Unless otherwise consented to in writing by each of the Company and the Vendor (which consent shall not be unreasonably withheld, conditioned or delayed), the Company shall not permit any amendment or modification to be made to, any waiver (in whole or in part) or provide consent to (including consent to termination), any provision or remedy under, or any replacements of, any of the PIPE Subscription Agreements. Each of the parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by the PIPE Subscription Agreements on the terms and conditions described therein, including maintaining in effect the PIPE Subscription Agreements and to: (a) satisfy on a timely basis all conditions and covenants applicable to it in the PIPE Subscription Agreements and otherwise comply with its obligations thereunder, (b) without limiting the rights of any party to enforce certain of such PIPE Subscription Agreements in the event that all conditions in the PIPE Subscription Agreements (other than conditions that the Company or any of its affiliates control the satisfaction of and other than those conditions that by their nature are to be satisfied at the closings under the PIPE Subscription Agreements) have been satisfied, consummate the transactions contemplated by the PIPE Subscription Agreements at or prior to Completion; (c) confer with each other regarding timing of the expected closings under the PIPE Subscription Agreements; and (d) deliver notices to the applicable counterparties to the PIPE Subscription Agreements sufficiently in advance of Completion to cause them to fund their obligations as far in advance of Completion as permitted by the PIPE Subscription Agreements. Without limiting the generality of the foregoing, the Company and the Vendor, as applicable, shall each give the other party prompt written notice: (A) of any breach or default (or any event or circumstance that, with or without notice, lapse of time or both, could give rise to any breach or default) by any party to any PIPE Subscription Agreement known to the Company or the Vendor, as applicable; (B) of the receipt of any notice or other communication from any party to any PIPE Subscription Agreement to the Company or the Vendor, as applicable, with respect to any actual, potential, threatened or claimed expiration, lapse, withdrawal, material breach, material default, termination or repudiation by any party to any PIPE Subscription Agreement or any provisions of any PIPE Subscription Agreement; and (C) if the Company or the Vendor, as applicable, does not expect the Company to receive, all or any portion of the investment amount for the PIPE

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

Shares on the terms, in the manner or from the private investors as contemplated by the PIPE Subscription Agreements. The Company and the Vendor shall take all actions required under the PIPE Subscription Agreements with respect to the timely book-entry or issuance and delivery of any physical certificates evidencing the PIPE Shares as and when required under any such PIPE Subscription Agreements. Each party shall use its reasonable efforts to, and shall instruct its financial advisers to, keep the other parties and the other parties' financial advisers reasonably informed with respect to the PIPE Financing during such period, including by (i) providing regular updates and (ii) consulting and cooperating with, and considering in good faith any feedback from, the other parties or the other parties' financial advisers with respect to the PIPE Financing.

D. Representations and Warranties²²

Part A: Warrantor Warranties

1. CAPACITY AND AUTHORITY

- 1.1. The Vendor is a limited liability company incorporated under the laws of its jurisdiction of incorporation, and has been in continuous existence since incorporation.

²² In relation to these representations and warranties, the Disclosure Letter (which is made available for public inspection at the principal place of business of the Company during normal business hours for a period of six months from the date of this Circular) was delivered to the Company. For ease of reference, the material information set out in the Disclosure Letter and the references to the corresponding disclosure in the Circular sections are set out below:

1. RSUs of the Target Company: A breakdown of the 17LIVE Vested RSUs and the 17LIVE Unvested RSUs are set out in Section 12.1 titled "*Proposed Adoption of the Company Employee Share Option Plan – Rationale of the Company ESOP*" of this Circular.
2. Share capital of the Target Company: A breakdown of the share capital of the Target Company and the changes in the issued share capital of the Target Company are set out in Section 23.4 titled "*Enlarged Group Corporate and Shareholding Structure – Share Capital of the Target Company*" of this Circular.
3. Share Exchange Agreement and Restructuring: The contemplated Restructuring prior to Completion of the Proposed Business Combination is set out in Section 23.4 titled "*Enlarged Group Corporate and Shareholding Structure – Share Capital of the Target Company*" of this Circular.
4. Subsidiaries of the Target Company: A list of the subsidiaries of the Target Company is set out Section 23.3 titled "*Enlarged Group Corporate and Shareholding Structure – Corporate Structure of the Enlarged Group after Completion*" of this Circular.
5. Submission of reports to the PSA: The failure by the Target Company to submit reports pursuant to the PSA is set out in Section 16.2 titled "*Risk Factors – Risks relating to Doing Business in Jurisdictions in which the Target Group Operates*" of this Circular.
6. Permanent Establishment: The permanent establishment risk for profits of operating entities is set out in Section 16.2 titled "*Risk Factors – Risks relating to Doing Business in Jurisdictions in which the Target Group Operates*" of this Circular.
7. PRC tax liability: The failure by the Target Group to complete Bulletin 7 tax reporting is set out in Section 16.2 titled "*Risk Factors – Risks relating to Doing Business in Jurisdictions in which the Target Group Operates*" of this Circular.
8. Japan tax audit: The tax audit by NTA with respect to JCT is set out in Section 16.2 titled "*Risk Factors – Risks relating to Doing Business in Jurisdictions in which the Target Group Operates*" of this Circular.
9. Winding up of subsidiaries of the Target Company: A list of subsidiaries of the Target Company to be wound up is set out in this Appendix K titled "*Terms and Conditions of the SPA*" of this Circular.
10. Share repurchases by the Target Company: The share repurchases by the Target Company is set out in Section 23.4 (Share Capital of the Target Company) of the Circular.
11. Company ESOP: An overview of the Company ESOP is set out in Section 12.2 (Overview of the Company ESOP) of the Circular.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 1.2. The Vendor has full power and authority to enter into and perform the SPA and each of the Transaction Documents to which it is a party, and the SPA and each of the Transaction Documents constitutes or will when executed, constitute binding obligations on the Vendor in accordance with their terms.
- 1.3. Upon the completion of the Restructuring, the Vendor has the right, power and authority to transfer the Sale Shares, free from any lien, charge, equity, encumbrance, or third party interest of any nature whatsoever and together with all rights of any nature attaching or accruing to them.
- 1.4. The Vendor has obtained all applicable governmental, statutory, regulatory or other consents, authorisations, approvals, licenses, waivers or exemptions required to empower them to enter into and to perform its obligations under the SPA and the Transaction Documents.

2. THE SALE SHARES AND THE GROUP COMPANIES

- 2.1. Upon the completion of the Restructuring, the Vendor will be the sole legal and beneficial owner of the Sale Shares. The Sale Shares shall on Completion be properly and validly transferred to the Company in accordance with Applicable Law and free from all Encumbrances.
- 2.2. Save as Disclosed in the Disclosure Letter, other than the SPA, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, transfer, redemption or repayment of, or the grant to a person of the right to require the allotment, issue, transfer, redemption or payment of, any shares or other similar equity interest in the capital of any Group Company (including an option or right of pre-emption or conversion).
- 2.3. Save as Disclosed in the Disclosure Letter, other than as set out in the SPA, the Company has no other Subsidiaries or associated companies, or interests in any other entity (whether incorporated or unincorporated).

3. INFORMATION

- 3.1. The corporate information and particulars in respect of each Group Company set out in the SPA is true, accurate and not misleading.
- 3.2. All information contained in any document or communication (whether oral or written) which has been given or made available by or on behalf of the Vendor, the Target Company or their respective Representatives to the Company or the Company's Representatives in the course of the negotiations leading to the SPA and due diligence investigations carried out by or on behalf of the Company was so given or made available in full and in good faith (and to the extent such information is required to be updated or amended in order to ensure that such information remains accurate as set forth below, such amended or new information has been provided to the relevant parties) and was, when given (as amended or supplemented), and remains (as amended or supplemented), true, complete and accurate in all respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make such information, in the light of the circumstances under which they were made not misleading whether because of any omission or ambiguity or for any other reason. The Warrantors are not aware of any fact or matter not Disclosed to the Company which renders any such information untrue, inaccurate or misleading or the disclosure of which might affect the

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

valuation of the Target Company or the willingness of the Company to purchase the Sale Shares from the Vendor, on the terms of the SPA or the price at or terms upon which the Company would be willing to purchase the Sale Shares.

4. SELLER CIRCULAR SECTIONS

- 4.1. Each of the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents as it relates to the Group Companies (as at their respective dates of issuance) contains, and in the case of any amendment or supplement to the Circular as at the date of its issuance to the Shareholders and the Completion Date will contain, all information that Shareholders and their professional advisers would reasonably require and reasonably expect to find there, or that is necessary to enable Shareholders and their advisers to make a properly informed assessment of the merits and risks of the Proposed Business Combination and the PIPE Financing, including, without limitation, the assets and liabilities, financial position, profits and losses and prospects of the Group Companies.
- 4.2. Each of the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents as it relates to the Group Companies (as at their respective dates of issuance) does not, and will not, and in the case of any amendment or supplement to the Circular as at the date of its issuance to the Shareholders and the Completion Date does not, contain any untrue statement of a material fact or omit to state any fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- 4.3. Each of the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents (as at their respective dates of issuance) contains, and in the case of any amendment or supplement to the Circular as at the date of its issuance to the Shareholders and the Completion Date will contain, all particulars and information required by, and is in compliance with all applicable provisions of, the SFA, the Mainboard Rules and all other requirements of the SGX-ST and the MAS. The statements of intention, opinion, belief or expectation contained in the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review), the PIPE Financing marketing documents (as at their respective dates of issuance) and the SPA are, and in the case of any amendment or supplement to the Circular at the date of its issuance to the Shareholders and the Completion Date will be made after due, careful and proper consideration and, where appropriate, are based on assumptions referred to in each of the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents (as at their respective dates of issuance) and represent reasonable and fair expectations based on all relevant facts known or which ought reasonably to have been known by the Vendor and given in good faith after due and careful enquiry.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

5. CORPORATE RECORDS

- 5.1. Save as Disclosed in the Disclosure Letter, the copies of the articles of association (or the equivalent constitutive documents) of each Group Company Disclosed to the Company or its Representatives are true, accurate and complete in all respects and contain full details of the rights and restrictions attached to the share capital of each Group Company. Copies of all the resolutions and agreements (including without limitation, shareholders' agreements, voting agreements, etc.) required to be annexed to or incorporated in the articles of association (or the equivalent constitutive documents) of each Group Company by the law applicable are annexed or incorporated and there have been no amendments to such articles of association (or the equivalent constitutive documents) since the date hereof.
- 5.2. Save as Disclosed in the Disclosure Letter, the statutory records, registers and books (including minute books) and the books of account of each Group Company have been properly kept, are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and all records and documents (including documents of title and copies of all subsisting agreements to which each Group Company is a party) are its property, in its possession or under its control.
- 5.3. No Group Company has received any notice of any application or intended application under any applicable legislation for the rectification of its statutory records, registers and/or books.
- 5.4. Save as Disclosed in the Disclosure Letter, all returns, particulars, resolutions and other documents which each Group Company is required by law to file with or deliver to any authority in any jurisdiction have been correctly made up and filed or, as the case may be, delivered. In particular, all charges in favour of each Group Company have (if appropriate) been registered in accordance with the provisions of any applicable legislation.
- 5.5. No Group Company has given a power of attorney or other authority by which a person may enter into an agreement, arrangement or obligation on the relevant Group Company's behalf (other than an authority for a director, other officer or employee to enter into an agreement in the usual course of that person's duties).

6. ACCOUNTS

- 6.1. Save as Disclosed in the Audited Accounts and the Interim Accounts have been prepared in accordance with all Applicable Laws and the IFRS.
- 6.2. The Audited Accounts have been audited by an auditor or firm of accountants qualified to act as auditors in the relevant jurisdictions and the auditors' report(s) required to be annexed to the Audited Accounts is unqualified.
- 6.3. Save as Disclosed in the Disclosure Letter, the Audited Accounts and the Interim Accounts give a true and fair view of the state of affairs and the assets and liabilities of each Group Company as at the date of the Audited Accounts and the Interim Accounts respectively and the profits and losses, changes in equity and cash flows of each Group Company for the relevant financial period.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 6.4. The Audited Accounts and the Interim Accounts make:
- (a) full provision for all actual liabilities;
 - (b) proper and adequate provision for (or note in accordance with good accountancy practice) all contingent liabilities;
 - (c) proper and adequate provision or reserve for all bad and doubtful debts; and
 - (d) due provision for depreciation and amortisation and for any obsolescence of assets.
- 6.5. Full provision or reserve has been made in the Audited Accounts and the Interim Accounts for all Taxation liable to be assessed on each Group Company or for which it is or may become accountable in respect of:
- (a) profits, gains or income (as computed for Taxation purposes) arising or accruing or deemed to arise or accrue on or before the date of the Audited Accounts and/or the Interim Accounts respectively;
 - (b) any transactions effected or deemed to be effected on or before the date of the Audited Accounts and/or the Interim Accounts respectively or provided for in the Audited Accounts and/or the Interim Accounts respectively;
 - (c) distributions made or deemed to be made on or before the date of the Audited Accounts and/or the Interim Accounts respectively or provided for in the Audited Accounts and/or the Interim Accounts respectively; and
 - (d) deferred Taxation.
- 6.6. The profits and losses of the Target Company and its Subsidiaries for the financial year ended on the Last Accounting Date as shown by the Audited Accounts and the Interim Accounts and the trend of profits thereby shown have not (except as therein Disclosed) been affected by inconsistencies of accounting practices, by the inclusion of unusual or non-recurring items of income or expenditure, by transactions entered into otherwise than on normal commercial terms or by any other factors rendering such profits for all or any of such periods exceptionally high or low (other than as Disclosed in the relevant accounts).
- 6.7. The Interim Accounts have been prepared on a basis consistent with the Audited Accounts without any changes in accounting policies used.
- 6.8. The Interim Accounts have been prepared on a basis consistent with the Audited Accounts and there has been no revaluation of any assets, fixed or otherwise, from the value of those assets stated in the Audited Accounts.
- 7. TRANSACTIONS AFFECTING THE AUDITED ACCOUNTS AND INTERIM ACCOUNTS**
- 7.1. No Group Company has any outstanding loan capital, and none of them have factored any of their debts, or engaged in financing of a type which would not be required to be shown or reflected in the Audited Accounts and the Interim Accounts or borrowed any money which has not repaid, save as Disclosed in the relevant accounts.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 7.2. There are no liabilities (including contingent liabilities) which are outstanding on the part of any of the Group Companies, other than those liabilities Disclosed in the Audited Accounts and the Interim Accounts or which have arisen in the ordinary course of business since the date of the Audited Accounts and the Interim Accounts respectively.
- 7.3. No transaction of any importance to which a Group Company has been party has taken place which, if it had taken place on or before the date of the Audited Accounts or the Interim Accounts, would have been required to be Disclosed or reflected in the Audited Accounts or the Interim Accounts, as the case may be.
- 7.4. Revenue costs of an occasional or seasonal nature (including any holiday pay, closure and redundancy costs of fixed-term projects or contracts, bonuses, customer rebates, excess use charges under leasing agreements and maintenance, repairs and renewals) were accrued so as to match them as closely as possible to the related income and provided in the Audited Accounts and the Interim Accounts to the extent of the accrual as at the date of the Audited Accounts and the Interim Accounts respectively.
- 7.5. No value was attributed in the Audited Accounts and the Interim Accounts to any asset which was not beneficially owned by a Group Company at the date of the Audited Accounts or the Interim Accounts, as the case may be, or which in the case of fixed assets, were not in full and exclusive use for the purposes of the relevant Group Company's business.

8. CHANGES SINCE THE AUDITED ACCOUNTS DATE

- 8.1. Since the Last Accounting Date as regards each Group Company:
- (a) its business has been lawfully carried on in the ordinary course and so as to maintain the same as a going concern;
 - (b) save as Disclosed in the Disclosure Letter, it has not acquired or disposed of any assets or assumed or incurred any liabilities (including contingent liabilities) or agreed to do any of the foregoing otherwise than in the ordinary course of carrying on its business;
 - (c) its business has not been adversely affected by the loss of any important customer, streamer, streamer's agency or source of supply or by any abnormal factor not affecting similar businesses to a like extent or by any other cause and the Warrantors are not aware of any facts which are likely to give rise to any such effects;
 - (d) no dividend or other distribution has been, or agreed to be, declared, made or paid to its members except as provided for in the Audited Accounts;
 - (e) neither its turnover, trading position nor net profit before tax has deteriorated;
 - (f) no change has been made in the emoluments or other terms of employment of its directors or any of its employees;
 - (g) it has not borrowed any money or issued any guarantee or created any Encumbrance over any asset other than as Disclosed in the Audited Accounts;
 - (h) no share or loan capital has been allotted, issued, repaid or redeemed and no agreement or arrangement has been made to do any of the foregoing;

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- (i) there has been no unusual change in the number of monthly active streamers, monthly active users and paying users;
- (j) it has not entered into any unusual, long term or onerous commitments or contracts;
- (k) save as Disclosed in the Disclosure Letter, after making due and careful enquiries, it has not learnt of any circumstance making bad or doubtful any of its book debts;
- (l) it has not entered into either a lease of or a license to assign any of its Property or at any time assigned or otherwise disposed of all or any part of the its Property otherwise than in the ordinary course of carrying on its business;
- (m) it has not made or agreed to make any payment other than routine payments in the ordinary and usual course of trading;
- (n) it has not by reason of any default by it or any other person in any of its obligations become bound or liable to be called upon to repay prematurely any loan capital or borrowed moneys or other forms of indebtedness or pay under any guarantee, indemnity or other forms of liability;
- (o) it has not released any debtor on terms that the debtor pays less than the book value of its debt and no debt owing to it has been deferred, subordinated or written off or has proved to any extent irrecoverable;
- (p) there has been no Material Adverse Change and no event, fact or matter has occurred or is likely to occur which will or is likely to give rise to any such change;
- (q) there has been no Material Adverse Change in its working capital requirements;
- (r) it has not knowingly waived or released any proprietary rights howsoever arising;
- (s) it has not acquired or disposed of or granted any right or option or created any other Encumbrance, save for those created pursuant to the SPA;
- (t) no resolution has been passed and nothing has been done in the conduct or management of the affairs of the Group Company which would be likely to reduce the net asset value of the Group Company;
- (u) no change has been made to the accounting practices adopted in relation to the Group Company and the accounting practices adopted for the Group Company are consistent with those adopted in the Audited Accounts;
- (v) it has not changed its accounting reference period; and
- (w) no claim sounding in damages has been made against the Group Company.

9. TAXATION

- 9.1. Each Group Company is and has at all times been resident only in its country of incorporation for all Taxation purposes. To the best of the Warrantors' knowledge, no Group Company has been determined by the relevant Taxation Authority as having established a permanent establishment or other place of business in any jurisdiction other

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

than its country of incorporation. In particular, no determination has been made by the Japanese Taxation Authority that Ichi Nana Inc. has established a permanent establishment in Japan for tax purposes and Ichi Nana Inc. has not been required to be registered as a foreign company in Japan.

9.2. Save as Disclosed in the Disclosure Letter, without prejudice to any other provision of the SPA, there is no liability to Taxation in respect of, as a result of or in consequence of any claim for Taxation which has been made or may hereafter be made:

- (a) in respect of or arising from any transaction effected or deemed to have been effected on or before Completion; or
- (b) by reference to any income, profits or gains earned, accrued or received on or before Completion,

except:

- (i) to the extent that provision or reserve specifically in respect thereof was made in the Audited Accounts or the Interim Accounts;
- (ii) in respect of Taxation attributable to transactions arising out of the ordinary course of the normal business of a Group Company; and
- (iii) to the extent that such claim arises as a result only of any provision or reserve in respect thereof being insufficient by reason of any increase in rates of Taxation made after the date hereof with retrospective effect,

and there are no circumstances likely to give rise to such a liability.

9.3. There are no outstanding Tax liabilities in respect of the M17 Services Vietnam Co., Ltd., 17 Service Holding Co., Ltd. and M17 Services (Thailand) Co., Ltd..

9.4. No Group Company is or will become, liable to pay, or make reimbursement or indemnity in respect of, any Taxation (or amounts corresponding thereto) as a consequence of the failure by any other person to discharge that Taxation within any specified period or otherwise, where such Taxation relates to a profit, income or gain, transaction, event, omission or circumstance arising, occurring or deemed to arise or occur (whether wholly or partly) prior to Completion.

9.5. Save as Disclosed in the Disclosure Letter, no relief (whether by way of deduction, reduction, set-off, exemption, postponement, roll-over, repayment or allowance or otherwise) from, against or in respect of any Taxation has been claimed and/or given to a Group Company which could or might be effectively withdrawn, postponed, restricted, clawed back or otherwise lost as a result of any act, omission, event or circumstance arising or occurring prior to or on Completion. In particular:

- (a) the unutilised tax losses amounting to US\$33.5 million of Ichi Nana Inc. Taiwan Branch has not been recognised as deferred tax losses in the Audited Accounts due to the potential forfeiture of the same;
- (b) the unutilised tax losses amounting to US\$5.1 million of NETW has not been recognised as deferred tax losses in the Audited Accounts due to the potential

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

forfeiture of the same upon the winding up, deregistration or dissolution of Next Entertainment Limited Taiwan Branch;

- (c) the unutilised tax losses amounting to US\$3.4 million of Wave has not been recognised as deferred tax losses in the Audited Accounts due to the potential forfeiture of the same;
 - (d) the unutilised tax losses amounting to US\$5.5 million of 17LIVE HK has not been recognised as deferred tax losses in the Audited Accounts due to the potential forfeiture of the same; and
 - (e) Liontrek is not subject to any potential disallowance of the tax losses amounting to US\$225,000 utilised by it.
- 9.6. Save as Disclosed in the Disclosure Letter, all returns, accounts, computations, notices and information which are or have been required to be made, given or delivered by a Group Company for any Taxation purpose (i) have been made, given or delivered within the requisite periods or within permitted extensions of such periods, (ii) are up-to-date, complete and accurate and made on a proper basis, and (iii) none of them is, or is likely to be, the subject of any dispute with the Taxation Authority and the Tax returns will not give rise to any assessment, adjustment or set-off (including any claim for interest on unpaid Tax) by the relevant Taxation Authority. In particular, Ichi Nana Inc. Taiwan Branch has settled the additional corporate income tax payable for FY2016 to FY2020 with the Taiwan tax authority.
- 9.7. No transaction has been effected since the Last Accounting Date by a Group Company in respect of which any consent or clearance from the Taxation Authority was or will be required or was or could have been sought (i) without such consent or clearance having been validly obtained before the transaction was effected, (ii) otherwise than in accordance with the terms of and so as to satisfy any conditions attached to such consent or clearance, and (iii) otherwise than at a time when and in circumstances in which such consent or clearance was and will be valid and effective.
- 9.8. All particulars furnished to the Taxation Authority in connection with any application for consent or clearance by a Group Company since the Last Accounting Date fully and accurately disclosed all facts and circumstances material to the decision of the Taxation Authority.
- 9.9. There are no circumstances that have arisen since the making of any application for any such consent or clearance which might reasonably be expected to cause such consent or clearance to be or become invalid or to be withdrawn by the Taxation Authority.
- 9.10. No Group Company has since the Last Accounting Date taken any action which has had, or will have, the result of altering, prejudicing or in any way disturbing any arrangement or agreement between a Group Company and the Taxation Authority.
- 9.11. All Taxes assessed or imposed by any government or governmental or statutory body which have been or will be assessed upon a Group Company in relation to periods on or before Completion have been or will be paid on or before the relevant due date for payment.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 9.12. Save as Disclosed in the Disclosure Letter, there is no further liability or contingent liability for Taxation otherwise than as a result of operating activities in the ordinary course of a Group Company's business since the Last Accounting Date. No Group Company has received any notice, inquiry, or internal or external allegation from Taiwan Taxation Authority in respect of the transfer of know-how from Ichi Nana Inc. Taiwan Branch to 17LIVE Services Inc. in September 2021 (the "Spin-off"). To the best of the Warrantors' knowledge, any potential corporate income tax and value-added tax liability on 17LIVE Taiwan (in its capacity as the successor entity of Ichi Nana Inc. Taiwan Branch) in respect of the Spin-off would not result in a Material Adverse Change.
- 9.13. Each Group Company has made all deductions and withholdings in respect or on account of Taxation which it is required or entitled by any relevant legislation to make from any payments made by it including, but not limited to, interest, annuities or other annual payments, royalties, rent, remuneration, payments to employees or sub-contractors or payments to a non-resident and each has accounted in full to the relevant Taxation Authority for any Taxation so deducted or withheld. In particular:
- (a) the intercompany service fees payable by Ichi Nana Inc. Taiwan Branch and Wave to 17LIVE HK and 17LIVE Japan (in respect of which potential withholding tax obligations or liability of up to US\$1,388,000 may be incurred) are classified under Civil Law No. 125 with a 15-years request period²³;
 - (b) there are no potential withholding tax obligations or liability on Ichi Nana Inc. Taiwan Branch, 17LIVE Services Inc. and Wave for intercompany service fees payable to 17LIVE Japan; and
 - (c) there are no potential withholding tax obligations or liability on NETW for intercompany payables.
- 9.14. Proper records have been maintained in respect of all such deductions and withholdings and all regulations applicable thereto have been complied with.
- 9.15. No Group Company owns, or has agreed to acquire, any asset, and no Group Company has received or agreed to receive any services or facilities (including without limitation, the benefit of any licences or agreements), the consideration for the acquisition or provision of which was or will be in excess of its market value, or otherwise than on an arm's length basis.
- 9.16. No Group Company has disposed, or agreed to dispose, of any assets, and has not provided or agreed to provide any services or facilities (including without limitation, the benefit of any licences) which was or will be less than its market value, or otherwise than on an arm's length basis.

23 The Target Group represented to the Company that the relevant unpaid intercompany service fees are classified under Taiwan's Civil Law No. 125 with a 15-year request period (i.e. creditors have a period of 15 years to request for such account payable to be paid). The Target Group had represented to the Company that, having considered the cash tax impact (Corporate Income Tax vs Withholding Tax), it plans to have the intercompany services fee paid and recognise the account payable as other income at such point where there will be tax efficiencies in doing so (for example, in a deficit year), but in any case within 15 years from 2020. Accordingly, the Company had included this undertaking in the SPA to ensure that such intercompany services are paid within 15 years from 2020. The purpose of this clause was to ensure that the Target Group would evaluate its tax position and improve tax efficiency as a whole, and there is no material adverse implication on the Target Company's business if it fails to have the intercompany services paid and recognise the account payable as other income.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 9.17. No asset owned by a Group Company has at any time since its acquisition been subject to a reduction in value such that any allowable loss arising on its disposal is likely to be reduced or eliminated or any chargeable gain arising on its disposal is likely to be increased.
- 9.18. No Group Company nor any of its directors or officers has paid, or become liable to pay, any fine, penalty or interest charged by virtue of any statutory provision relating to Taxation.
- 9.19. No Group Company has since the Last Accounting Date engaged in, been a party to, or been otherwise involved in any transaction or series of transactions or scheme or arrangement of which the main purpose, or one of the main purposes, was or may be perceived to be the evasion of or avoidance of, or deferral of or a reduction in the liability to, Taxation, in contravention of any applicable laws.
- 9.20. Save as Disclosed in the Disclosure Letter, no Group Company been the subject of an investigation, discovery or access order by or involving any Taxation Authority and there are no circumstances existing which make it likely that an investigation, discovery or order will be made.
- 9.21. Save as Disclosed in the Disclosure Letter, each Group Company is in compliance with all applicable transfer pricing laws and regulations, including the execution and maintenance of contemporaneous documentation substantiating its transfer pricing practices and methodology. The prices for any intercompany loans and balances, good or service provided by or to each Group Company are at arm's length price for the purposes of all applicable transfer pricing laws.
- 9.22. In relation to stamp duty assessable or payable in the jurisdictions where any Group Company carries out its business, save for the documents in respect of the transactions contemplated under the SPA which are subject to stamp duty, all documents of which the enforcement each Group Company may, in such Group Company's opinion, be reasonably interested in have been duly stamped.
- 9.23. 17LIVE SEA has completed Singapore goods and services tax ("GST") registration and there is no Singapore GST due and payable by 17LIVE SEA as of the date of the SPA.

10. DEBTS TO, AND CONTRACTS WITH, CONNECTED PERSONS

- 10.1. Save as Disclosed in the Audited Accounts or the Interim Accounts, there are:
- (a) no loans or quasi-loans made by a Group Company to, and no debts (whether or not due for payment and including contingent liabilities) other than debts which have arisen in the ordinary course of business or unfulfilled obligations (present or future, actual or contingent) owing by the Target Company to any director, officer, employee or shareholder of a Group Company or any person connected to any of them;
 - (b) no credit transactions by a Group Company acting as creditor for the benefit of any director, officer, employee or shareholder of a Group Company or any person connected to any of them;
 - (c) no debts owing by a Group Company other than debts which have arisen in the ordinary course of business;

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- (d) no securities given by or to a Group Company (including guarantees or indemnities) for any such loans, quasi-loans, credit transactions or debts as aforesaid; and
 - (e) no claim or circumstance which may give rise to a claim against a Group Company by any director, officer, employee or shareholder of a Group Company or any person connected to any of them.
- 10.2. There is no contract, arrangement or understanding to which a Group Company is a party or by which it is bound which is not on entirely arm's length terms.
- 10.3. Save as Disclosed in the Audited Accounts or the Interim Accounts, none of the book debts which are included in the Audited Accounts or the Interim Accounts or which have arisen after the Last Accounting Date have been outstanding for more than three months from their due dates for payment and each such debt has realised or will realise in the normal course of collection its full value as included in the Audited Accounts or the Interim Accounts or in the books of a Group Company after taking into account any provision for such debt made in the Audited Accounts or the Interim Accounts.
- 10.4. The share repurchase agreement between Li-Tchen Huang and the Target Company dated 10 November 2020 has been terminated and the parties thereto have entered into a deed of release dated 5 September 2023 to the effect that there are no further claims against the Group Companies for any payments, claims, outstandings or liability whatsoever.

11. INDEBTEDNESS AND WORKING CAPITAL

- 11.1. Save as Disclosed in the Disclosure Letter, and the Audited Accounts or the Interim Accounts, no Group Company has outstanding, and no Group Company has agreed to create or incur, loan capital, borrowings or indebtedness in the nature of borrowings.
- 11.2. The total borrowings of any member of the Group does not exceed any limitations on such member's borrowing powers contained in the constitution (or the equivalent constitutive documents) of the relevant member of the Group or in any debenture or other deed or document binding on such member.
- 11.3. Save as Disclosed in the Disclosure Letter, no Group Company is a party to any loan agreement, facility letter or other agreement for the provision of credit or financing facilities to it or any agreement for the sale, factoring or discounting of debts.
- 11.4. No Group Company engaged in any borrowing or financing transaction or arrangement which does not appear as borrowings in the Audited Accounts.
- 11.5. No Group Company has lent any money that has not been repaid and there are no debts owing to a Group Company other than debts that have arisen in the normal course of business.
- 11.6. The debts owing to each Group Company shown in the Audited Accounts and the Interim Accounts were paid in full on the date they became due (except for any provision for bad or doubtful debts made in the Audited Accounts and the Interim Accounts).
- 11.7. All other debts owing to a Group Company are or will be recoverable in full as and when they fall due.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 11.8. Each Group Company shall be free of any debt or liability of any nature whatsoever (whether actual, contingent or otherwise) as at the Completion Date (other than debts that have arisen in the normal course of business).
- 11.9. No Group Company given or entered into or undertaken to give or enter into any guarantee, Encumbrances or other security agreement or arrangement for the liability, borrowings or other obligations of any person and no Group Company is responsible for the indebtedness or the default in performance of any person.
- 11.10. Save as Disclosed in the Disclosure Letter, no event has occurred or been alleged to have occurred and no circumstances have arisen which:
- (a) constitutes an event of default as defined under a loan agreement, facility letter or other agreement for the provision of credit or financing facilities, or otherwise gives rise to an obligation to repay (prematurely or otherwise), under an agreement relating to borrowing or indebtedness in the nature of borrowing (or will do so with the giving of notice or lapse of time or both);
 - (b) will lead to an Encumbrance constituted or created in connection with borrowing or indebtedness in the nature of borrowing, a guarantee, an indemnity, or other obligation of a Group Company becoming enforceable (or will do so with the giving of notice or lapse of time or both);
 - (c) would entitle a provider of finance to a Group Company (other than on a normal overdraft facility) to call in the whole or any part of the monies advanced or to enforce its security (or will do so with the giving of notice or lapse of time or both); or
 - (d) would entitle a provider of finance to a Group Company to withdraw, reduce or not renew any existing facilities to a Group Company or alter any terms thereof to a Group Company's disadvantage.
- 11.11. The change in the shareholdings of the Target Company upon Completion will not:
- (a) result in the termination of or materially affect any financial agreement or arrangement to which a Group Company is a party or subject; or
 - (b) result in any indebtedness of a Group Company becoming due, or capable of being declared due and payable, prior to its stated maturity.
- 11.12. The Target Company has sufficient working capital available to meet its ongoing working capital requirements.
- 11.13. Having regard to the existing working capital available to it, each Group Company has sufficient working capital for the purposes of:
- (a) continuing to carry on its business in its present form and at its present level of turnover; and
 - (b) executing, carrying out and fulfilling in accordance with their respective terms all orders, projects and contractual obligations which have been placed with or undertaken by such member.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

12. ASSETS

- 12.1. All assets (including all intangible assets) owned, held or used by and all debts due to each Group Company which are included in the Audited Accounts or the Interim Accounts or have otherwise been represented as being the property of and due to a Group Company:
- (a) are legally and beneficially owned by it free from any Encumbrance; and
 - (b) are in its possession or under its exclusive control.
- 12.2. There is no Encumbrance on, over or affecting the whole or any part of the undertaking, assets or debts of a Group Company (including, where appropriate, its investment in its Subsidiaries or associated companies) and there is no agreement or commitment to give or create any Encumbrance and no claim has been made by any person to be entitled to any Encumbrance.
- 12.3. Each Group Company has good and marketable title to all the assets owned by it.
- 12.4. The assets owned by each Group Company comprise all the assets necessary to enable the relevant Group Company to carry on its business fully and effectively in the ordinary course as carried on up to and as at the date of the SPA and no such assets are used wholly or partly for any purpose other than the Group's business.
- 12.5. All assets owned or used by a Group Company which are subject to a requirement of licensing or registration of ownership, possession or use are duly licensed or registered in its sole name.
- 12.6. All plant, machinery, equipment and vehicles owned or used by each Group Company are in good and safe repair and condition having regard to their respective age, have been regularly and properly maintained, are suitable for the purposes of which they are used and intended and are in working order, and none is in a dangerous or (in the case of vehicles) unroadworthy condition or in need of renewal or replacement.
- 12.7. All maintenance contracts (i) in respect of assets of each Group Company which it is normal or prudent to have maintained by independent or specialist contractors, and (ii) in respect of all assets which it is obliged to maintain or repair under any hire purchase, leasing, rental, insurance or other agreement, are in full force and effect.

13. CORPORATE MATTERS

- 13.1. Save as Disclosed in the Disclosure Letter, each Group Company is a limited liability company duly incorporated under the laws of its jurisdiction of incorporation, has been in continuous existence since incorporation, has all corporate powers required to carry on its business as now conducted and is duly qualified to do business in each jurisdiction where the nature of the properties owned or leased by it or the activities conducted by it make such qualification necessary.
- 13.2. No Group Company has exercised any lien over any of its issued shares.
- 13.3. Save as Disclosed in the Disclosure Letter, no Group Company reduced, repaid or purchased any of its share capital, and there are no options or other agreements

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

outstanding which call for the issue of or accord to any person the right to call for the issue of any shares in the capital of the relevant Group Company or the right to require the creation of any Encumbrance over any shares in its share capital.

- 13.4. Save as Disclosed in the Disclosure Letter, except for the SPA, there is no option, right to acquire, mortgage, charge, pledge, lien or other form of security or Encumbrance on, over or affecting the shares or capital in, or any of the assets or businesses of, a Group Company and there is no agreement or commitment to give or create any of the foregoing.
- 13.5. Each Group Company has complied with its constitution (or the equivalent constitutive documents) in all respects and none of the activities, agreements, commitments or rights of a Group Company is *ultra vires* or unauthorised.
- 13.6. Save as Disclosed in the Disclosure Letter, all governmental approvals, licences and authorisations which were necessary or desirable in connection with the incorporation of each Group Company, the allotment or transfer of shares in each Group Company to the present and former holders thereof and the establishment of each Group Company (including the appointment of directors) were duly obtained.
- 13.7. Save as Disclosed in the Audited Accounts or the Interim Accounts, no Group Company is the legal or beneficial owner or holder of any share or has any interest of any description in any other corporation and does not have any associated company (that is to say, a company which falls to be treated as such for the purposes of the IFRS).

14. COMPLIANCE WITH LAW, PERMITS AND LICENCES

- 14.1. Save as Disclosed in the Disclosure Letter, each Group Company has carried on its business in accordance with Applicable Laws, regulations and by-laws in its country of incorporation or elsewhere and so far as the Warrantors are aware in any relevant country, including all Applicable Laws relating to money laundering and gaming. There is no investigation or enquiry by, or order, decree or judgment of, any court or any governmental agency or regulatory body outstanding or anticipated against a Group Company which may have an adverse effect upon their assets or business.
- 14.2. Save as Disclosed in the Disclosure Letter, all statutory and other requirements applicable to the carrying on of the business of each Group Company as now carried on, and all terms and conditions applicable to any licences, consents and certifications involved in the carrying on of such business, have been complied with and the Warrantors are not aware of any breach thereof or of any intended or contemplated refusal or revocation of any such licence or consent.
- 14.3. Save as Disclosed in the Disclosure Letter, each Group Company has obtained, and has complied with the terms and conditions of, each Permit.
- 14.4. Save as Disclosed in the Disclosure Letter, each Permit is in force, unimpeachable and unconditional or subject only to a condition that has been satisfied. No expenditure or work is or will be necessary to comply with, maintain or obtain a Permit, and no Permit will be revoked, suspended, cancelled, varied or not renewed.
- 14.5. Each action required for the renewal or extension of each Permit has been taken.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 14.6. No Permit will be revoked, suspended, cancelled, varied or not renewed as a result of the execution or performance of the SPA or any document to be executed at or before Completion.
- 14.7. Each Group Company is not a party to any agreement, arrangement or concerted practice nor is it carrying on any practice which in whole or in part contravenes or is invalidated by any anti-trust, fair trading, consumer protection or similar legislation in any jurisdiction where such Group Company has assets or carries on business or in respect of which any filing, registration or notification is required or is advisable pursuant to such legislation (whether or not the same has in fact been made).

15. LITIGATION AND DISPUTES

- 15.1. Save as Disclosed in the Disclosure Letter, no Group Company and no person for whose acts or defaults a Group Company may be vicariously liable is involved, or has during the three (3) years prior to the date of the SPA been involved, in a civil, criminal, arbitration, administrative or other proceeding (other than as plaintiff in the collection of debts arising in the ordinary course of its business).
- 15.2. There are no fact or circumstance exists which might give rise to a civil, criminal, arbitration, administrative or other proceeding involving a Group Company or a person for whose acts or defaults a Group Company may be vicariously liable (other than involvement as plaintiff in the collection of debts arising in the ordinary course of its business).
- 15.3. No Group Company nor any person for whose acts or defaults a Group Company may be vicariously liable has committed any criminal, illegal or other unlawful act or any breach of contract or statutory duty or any tortious or other act or default which could lead to a claim or proceedings against a Group Company or give rise to or increase the liability or obligation of a Group Company or which could entitle any other person to terminate any contract to which a Group Company is a party.
- 15.4. There is not in force any court injunction, order or directive restraining or restricting a Group Company from carrying on its business or any part thereof or entering into or performing the SPA.
- 15.5. There is no outstanding judgment, order or decree of any court, tribunal or regulatory or government body or any undertaking to any court, judicial authority or regulatory or government body or any outstanding arbitration award against a Group Company, or a person for whose acts or defaults a Group Company may be vicariously liable.
- 15.6. There are no civil, criminal, administrative or disciplinary or arbitration proceedings in progress, pending or threatened against a Group Company, or a person for whose acts or defaults a Group Company may be vicariously liable and there are no facts likely to give rise to any such proceedings.
- 15.7. There is not and has not been any governmental or other investigations, inquiries or disciplinary proceedings by or before any regulatory, administrative, supervisory or government body concerning a Group Company, whether on-going, pending or threatened and no fact or circumstance exist which might give rise to any such investigation, inquiry or proceedings.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

15.8. No Group nor any person for whose acts or defaults a Group Company may be vicariously liable has induced a person to enter into an agreement or arrangement with a Group Company by means of an unlawful, corrupt or immoral payment, bribe, contribution, gift or other inducement or has given or offered or made an unlawful, corrupt or immoral payment, bribe, contribution, gift or other inducement to a Government Official or employee.

15.9. No Group Company has been convicted of any offence. No officer, employee, agent or former officer, agent or employee of a Group Company has been convicted of any offences in relation to the Target Company or its Subsidiaries, and no employee has been convicted of any offence which reflects upon his suitability to hold his position or upon the reputation of a Group Company.

16. INSOLVENCY

16.1. Save as Disclosed in the Disclosure Letter, no order has been made or petition presented or resolution passed for the winding-up or administration or for the appointment of a provisional liquidator or judicial manager of a Group Company, nor are there any grounds on which any person would be entitled to have a Group Company wound-up or placed in administration or judicial management, nor has any person threatened to present such a petition or convened or threatened to convene a meeting of the members of a Group Company to consider a resolution to wind up of such Group Company or any other resolutions, nor has any step been taken in relation to a Group Company under the law relating to insolvency or the relief of debtors in any part of the world.²⁴

16.2. No person has appointed or threatened to appoint or become entitled to appoint a receiver or receiver and manager or other similar officer of a Group Company's business or assets or any part of them.

16.3. No composition in satisfaction of the debts of a Group Company, or scheme of arrangement of its affairs, or compromise or arrangement between it and its creditors and/or members or any class of its creditors and/or members, has been proposed, sanctioned or approved.

16.4. No Group Company has ceased business or operations nor stopped payment to its creditors and there are no grounds on which a Group Company could be found to be unable to pay its debts.

16.5. No distress, execution or other process has been levied on any asset owned or used by a Group Company, nor has any person threatened any such distress, execution or other process.

16.6. There is no unsatisfied judgment, award, court order or decree of any court, tribunal, arbitrator, mediator or regulatory or government body outstanding against a Group Company.

16.7. No event has occurred causing or which upon intervention or notice by any third party may cause any floating charge created by a Group Company to crystallise or any charge

²⁴ It was agreed between the Company and the Target Company that, as part of the Target Group's internal restructuring to streamline the group structure and improve operational efficiency, a number of entities that were within the Target Group as of the date of the Sale and Purchase Agreement would be wound up, liquidated or otherwise dissolved voluntarily as soon as practicable. Resolutions have been passed or will be passed to wind up, liquidate or dissolve these entities.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

created by a Group Company to become enforceable, nor has any such crystallisation occurred nor is such enforcement in process.

- 16.8. In relation to any property or assets held by a Group Company under any hire purchase, conditional sale, chattel leasing or retention of title agreement or otherwise belonging to a third party, no event has occurred which entitles, or which upon intervention or notice by a third party may entitle, the third party to repossess the property or assets concerned or terminate the agreement or any licence in respect of the same.

17. INTELLECTUAL PROPERTY

- 17.1. The activities of each Group Company do not, nor have they in the three years prior to the date of the SPA, infringed, misappropriated, misused, violated or otherwise made use without authorisation of any third party Intellectual Property Rights nor has any person threatened to issue such a notice.
- 17.2. Save as Disclosed in the Disclosure Letter, no Group Company nor the Vendor has received, in the three years prior to the date of the SPA, any notice from any person alleging that the activities of a Group Company infringe, misappropriate, misuse or violate or have infringed, misappropriated, misused, violated the Intellectual Property Rights of a third party or otherwise disputing the right of a Group Company to use any Intellectual Property Rights.
- 17.3. Each Group Company owns, or has a licence to use, all Intellectual Property Rights necessary for each Group Company to operate its business as it has been operated prior to the date of the SPA, and is not aware of any circumstance where any other Person has breached its Intellectual Property Rights.
- 17.4. The activities of each Group Company do not make unauthorised use of the confidential information of any third party.
- 17.5. The Business IP referred to in the SPA comprises all of the registered Intellectual Property Rights of each Group Company.
- 17.6. No employee, officer, director, consultant, agent or other representative of any Group Company or other individual who has formerly held one of these positions has any right to claim ownership or any other right in respect of Intellectual Property Rights used in the business of a Group Company and all necessary assignments, settlements and compromise agreements relating to the transfer or assignment of any of the Business IP by any of the aforementioned individuals have been executed and are valid and enforceable.

18. EMPLOYEES

- 18.1. No Group Company has entered into any consultancy agreement under which services are provided to any Group Company by an individual who is either a party to such a contract or has a controlling interest in a legal entity which is a party to such a contract.
- 18.2. Save as Disclosed in the Disclosure Letter, no Group Company has any bonus, commission, profit sharing, share option, share incentive or other incentive schemes for any director, officer, worker or employee of the Target Company.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 18.3. The basis of the remuneration payable to and benefits receivable by each Group Company's directors, other officers and employees is the same as at the Last Accounting Date. In respect of any director, other officer or employee, the relevant Group Company is not obliged to increase or vary from the current basis:
- (a) the non-cash benefits receivable such that the total annual cost of such benefits would increase by more than one (1) per cent. per annum; or
 - (b) the salary, bonus or other remuneration such that the total annual payroll would increase by more than one (1) per cent. per annum.
- 18.4. No Group Company owes any amount to a current or former director, other officer or employee, or consultant of such Group Company (or any of their dependents) other than for accrued salary, fees or reimbursement of business expenses for the month in which Completion occurs.
- 18.5. There is no legally enforceable agreement or arrangement between a Group Company and a current or former employee or consultant (or any of their dependents) with respect to his employment or his ceasing to be employed or engaged. The acquisition of the Sale Shares by the Company or compliance with the terms of the SPA will not enable any directors, officers or senior employees of each Group Company to terminate their employment or receive any payment or other benefit.
- 18.6. Each Group Company has maintained all records required by law and good human resources practice regarding the employment of each of its employees, and termination of employment.
- 18.7. No Group Company has outstanding any liability for breach or termination of any employment contract or consultancy agreement or any breach of any statutory or regulatory obligations relevant to the relations between it or its current or former directors, employees, workers or consultants.
- 18.8. Save as Disclosed in the Disclosure Letter, each Group Company has complied with each obligation imposed on it by and each order and award made under statute, regulation, code of conduct, collective agreement, custom and practice, relevant to the relations between it and its current or former employees, workers or consultants or a trade union or by the contracts with its employees or terms of engagement with its consultants.
- 18.9. Save as Disclosed in the Disclosure Letter, no Group Company is involved in any active, pending or threatened court, tribunal or arbitration proceedings in respect of any current or former director, other office, employee, worker or consultant of the Target Company (or any of their dependants), and there are no facts or circumstances that could give rise to such proceedings.
- 18.10. Save as Disclosed in the Disclosure Letter, no employee of a Group Company is currently subject to disciplinary or grievance proceedings.
- 18.11. No Group Company has entered into any agreement or arrangement with any trade union, works council, staff association or other body representing any of its employees.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 18.12. No Group Company is involved in, has not received notice of, and no fact or circumstance exists which might give rise to a dispute or negotiation with a trade union, works council, staff association or other body representing any of its employees.
- 18.13. No liability has been or may be incurred by any Group Company for a material breach of any obligation for contribution to a social security fund such as any pension fund, unemployment insurance, medical insurance, occupational injury insurance, maternity insurance, housing fund or any other social security funds so provided under Applicable Law to which a Group Company is obliged to make contributions to its employees. All such contributions have been paid to satisfy such obligations.

19. DATA PRIVACY

- 19.1. In connection with its collection, storage, transfer (including, without limitation, any transfer across national borders) and/or use of any personally identifiable information from any individuals, including, without limitation, any customers, prospective customers, streamers, streamers' agencies, employees and/or other third parties (collectively "**Personal Data**"), each Group Company is and has been in compliance with all Applicable Laws in all relevant jurisdictions, the relevant Group Company's privacy policies and the requirements of any contract or codes of conduct to which the relevant Group Company is a party.
- 19.2. Each Group Company has commercially reasonable physical, technical, organisational and administrative security measures and policies in place to protect all Personal Data collected by it or on its behalf from and against unauthorised access, use and/or disclosure.
- 19.3. Save as Disclosed in the Disclosure Letter, each Group Company is and has been in compliance in all respects with all laws relating to data loss, theft and breach of security notification obligations.

20. LEASES

- 20.1. The Leases comprise all of the land and premises vested in, occupied or used by, or in the possession, of, each Group Company. No Group Company owns any freehold or leasehold property.
- 20.2. There is no fact or circumstance which:
- (a) could entitle or require a person (including a landlord or licensor) to forfeit or enter on, or take possession of, or occupy, the relevant Lease;
 - (b) could restrict or terminate any Group Company's continued and uninterrupted possession or occupation of the relevant Lease; or
 - (c) could prevent or restrict the relevant Lease's development for which permission has been or is expected to be obtained.
- 20.3. Except in relation to the Leases, no Group Company has any liability arising out of a conveyance, transfer, lease, tenancy, licence, agreement or other document relating to land, premises or an interest in land or premises.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

21. INSURANCE

- 21.1. Each Group Company has at all material times been and is at the date of the SPA adequately insured against accident, damage, injury, third party loss and all other risks to which a person operating the types of business operated by each Group Company is exposed.
- 21.2. The Policies comprise all of the insurance and indemnity policies in which a Group Company is interested.
- 21.3. Each of the Policies is valid and enforceable and is not void or voidable.
- 21.4. Save as Disclosed in the Disclosure Letter, no Group Company has done anything or omitted to do anything which might make any of the Policies void or voidable, result in an increase in the premium payable under any of the Policies, or prejudice the ability to effect insurance on the same or better terms in the future.
- 21.5. There is nothing which would make any of the Policies void or voidable, or prejudice the ability to effect insurance on the same or better terms in the future.
- 21.6. No insurer under any of the Policies has disputed, or given any indication that they intend to dispute, the validity of any of the Policies on any groups.
- 21.7. None of the Policies contains any provisions as to change of control or ownership of the insured.
- 21.8. No insurer has cancelled or refused to accept or continue any insurance in relation to a Group Company.
- 21.9. No claims have been made, no claim is outstanding and no fact or circumstance exists which might give rise to a claim under any of the Policies.
- 21.10. No event, act or omission has occurred which requires notification under any of the Policies.
- 21.11. Nothing has been done or omitted to be done which might entitle the insurers under any of the Policies to refuse indemnity in whole or in part in respect of any claims under the Policies.
- 21.12. All premiums which are due under the Policies have been paid.

22. ENVIRONMENTAL MATTERS

- 22.1. Each Group Company complies and has complied with all applicable environmental laws and no Group Company has given or received any notification under any applicable environmental law requiring it, or which is likely to result in a requirement for it, to take or omit to take any action.
- 22.2. No works or other upgrading or expenditure other than as provided for in the Audited Accounts is necessary or is planned or being carried out by a Group Company to secure compliance with applicable environmental laws.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

23. EFFECT OF AGREEMENT

- 23.1. No substantial supplier of a Group Company is likely to stop trading with the relevant Group Company, reduce substantially its trading with the relevant Group Company or change substantially the terms on which it is prepared to trade with the relevant Group Company.
- 23.2. The purchase of the Sale Shares by the Company by the Company and the performance of the SPA will not:
- (a) cause a Group Company to lose the benefit of any right or privilege it presently enjoys;
 - (b) save as Disclosed in the Disclosure Letter, relieve any person of any obligation to a Group Company (whether contractual or otherwise) or enable any person to determine any such obligation or any right or benefit enjoyed by a Group Company, or to exercise any right in respect of a Group Company; or
 - (c) give rise to, or cause to become exercisable, any right of pre-emption over any shares in a Group Company.

24. SANCTIONS AND ANTI-CORRUPTION

- 24.1. None of the Group Companies, nor, so far as the Warrantors are aware, any of the Group Companies' respective officers, directors, or employees, or any agents or other third-party representatives acting on behalf of any Group Company, is currently, or has been: (i) a Sanctioned Person; (ii) organised, ordinarily resident or located in a Sanctioned Country; (iii) knowingly engaging in any dealings or transactions with any Sanctioned Person or in any Sanctioned Country in violation of Sanctions Laws; or (iv) otherwise in material violation of applicable Trade Controls. The Group Companies and, so far as the Warrantors are aware, each of the Group Companies' respective officers, directors, employees, agents, representatives or other persons acting on its behalf are in compliance, and have operated at all times in material compliance, with applicable anti-money laundering laws and regulations applicable to the Group Companies.
- 24.2. None of the Group Companies, nor, so far as the Warrantors are aware, any of the Group Companies' respective officers, directors or employees, nor any agents or other third-party representatives acting on behalf of any Group Company, has made any unlawful payment or given, offered, promised, or authorised or agreed to give any money or anything of value directly, or, so far as the Warrantors are aware, indirectly, to or from any "foreign official" (as such term is defined in the U.S. Foreign Corrupt Practices Act), any Government Official or other Person in material violation of any applicable Anti-Corruption Laws or for the purpose of: (i) influencing any official act or decision of such Government Official, party or candidate, (ii) inducing such Government Official, party or candidate to use his, her or its influence to affect any act or decision of a foreign Governmental Authority, or (iii) securing any improper advantage, in the case of (i), (ii) and (iii) above in order to assist any of the Group Companies or any of its affiliates in obtaining or retaining business for or with, or directing business to, any person. None of the Group Companies nor, so far as the Warrantors are aware, any of the Group Companies' respective directors, officers, employees or agents have made or authorised any bribe, kickback or other unlawful payment of funds or received or retained any funds, in each case in violation of any Applicable Law.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 24.3. In the past five years, none of the Group Companies has received from any Governmental Authority any notice, inquiry, or internal or external allegation, or made any voluntary or involuntary disclosure to a Governmental Authority, concerning any actual or potential violation related to Trade Controls or Anti-Corruption Laws. Each Group Company has maintained and enforced policies, procedures and internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) reasonably designed to ensure compliance with applicable Anti-Corruption Laws and Trade Controls.
- 24.4. Each Group Company has maintained and currently maintains (i) books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group Companies, and (ii) internal accounting controls sufficient to provide reasonable assurances that all transactions and access to assets of the Group Companies were, have been and are executed only in accordance with management's general or specific authorisation.
- 24.5. So far as the Warrantors are aware, none of the Group Companies' respective directors, Representatives or other persons acting on their behalf is, or was during the past five years, a Government Official.

Part B: Management Warrantor Warranties

1. CAPACITY AND AUTHORITY

- 1.1. The Vendor is a limited liability company incorporated under the laws of its jurisdiction of incorporation, and has been in continuous existence since incorporation.
- 1.2. The Vendor has full power and authority to enter into and perform the SPA and each of the Transaction Documents to which it is a party, and the SPA and each of the Transaction Documents constitutes or will when executed, constitute binding obligations on the Vendor in accordance with their terms.
- 1.3. Upon the completion of the Restructuring, the Vendor has the right, power and authority to transfer the Sale Shares, free from any lien, charge, equity, encumbrance, or third party interest of any nature whatsoever and together with all rights of any nature attaching or accruing to them.
- 1.4. The Vendor has obtained all applicable governmental, statutory, regulatory or other consents, authorisations, approvals, licenses, waivers or exemptions required to empower them to enter into and to perform its obligations under the SPA and the Transaction Documents.

2. THE SALE SHARES AND THE GROUP COMPANIES

- 2.1. Upon the completion of the Restructuring, the Vendor will be the sole legal and beneficial owner of the Sale Shares. The Sale Shares shall on Completion be properly and validly transferred to the Company in accordance with Applicable Law and free from all Encumbrances.
- 2.2. Save as Disclosed in the Disclosure Letter, other than the SPA, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, transfer, redemption or repayment of, or the grant to a person of the right to require the allotment, issue, transfer, redemption or payment of, any shares or other similar equity interest in the capital of any Group Company (including an option or right of pre-emption or conversion).

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 2.3. Save as Disclosed in the Disclosure Letter, other than as set out in the SPA, the Company has no other Subsidiaries or associated companies, or interests in any other entity (whether incorporated or unincorporated).

3. INFORMATION

- 3.1. The corporate information and particulars in respect of each Group Company set out in the SPA is true, accurate and not misleading.
- 3.2. All information contained in any document or communication (whether oral or written) which has been given or made available by or on behalf of the Vendor, the Target Company or their respective Representatives to the Company or the Company's Representatives in the course of the negotiations leading to the SPA and due diligence investigations carried out by or on behalf of the Company was so given or made available in full and in good faith (and to the extent such information is required to be updated or amended in order to ensure that such information remains accurate as set forth below, such amended or new information has been provided to the relevant parties) and was, when given (as amended or supplemented), and remains (as amended or supplemented), true, complete and accurate in all respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make such information, in the light of the circumstances under which they were made not misleading whether because of any omission or ambiguity or for any other reason. The Management Warrantors are not aware of any fact or matter not Disclosed to the Company which renders any such information untrue, inaccurate or misleading or the disclosure of which might affect the valuation of the Target Company or the willingness of the Company to purchase the Sale Shares from the Vendor, on the terms of the SPA or the price at or terms upon which the Company would be willing to purchase the Sale Shares.

4. SELLER CIRCULAR SECTIONS

- 4.1. Each of the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents as it relates to the Group Companies (as at their respective dates of issuance) contains, and in the case of any amendment or supplement to the Circular as at the date of its issuance to the Shareholders and the Completion Date will contain, all information that Shareholders and their professional advisers would reasonably require and reasonably expect to find there, or that is necessary to enable Shareholders and their advisers to make a properly informed assessment of the merits and risks of the Proposed Business Combination and the PIPE Financing, including, without limitation, the assets and liabilities, financial position, profits and losses and prospects of the Group Companies.
- 4.2. Each of the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents as it relates to the Group Companies (as at their respective dates of issuance) does not, and will not, and in the case of any amendment or supplement to the Circular as at the date of its issuance to the Company's Shareholders and the Completion Date does not, contain any untrue statement of a material fact or omit to state any fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 4.3. Each of the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents (as at their respective dates of issuance) contains, and in the case of any amendment or supplement to the Circular as at the date of its issuance to the Shareholders and the Completion Date will contain, all particulars and information required by, and is in compliance with all applicable provisions of, the SFA, the Mainboard Rules and all other requirements of the SGX-ST and the MAS. The statements of intention, opinion, belief or expectation contained in the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review), the PIPE Financing marketing documents (as at their respective dates of issuance) and the SPA are, and in the case of any amendment or supplement to the Circular at the date of its issuance to the Shareholders and the Completion Date will be made after due, careful and proper consideration and, where appropriate, are based on assumptions referred to in each of the Vendor Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Vendor Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents (as at their respective dates of issuance) and represent reasonable and fair expectations based on all relevant facts known or which ought reasonably to have been known by the Vendor and given in good faith after due and careful enquiry.

5. CORPORATE RECORDS

- 5.1. Save as Disclosed in the Disclosure Letter, the copies of the articles of association (or the equivalent constitutive documents) of each Group Company Disclosed to the Company or its Representatives are true, accurate and complete in all respects and contain full details of the rights and restrictions attached to the share capital of each Group Company. Copies of all the resolutions and agreements (including without limitation, shareholders' agreements, voting agreements, etc.) required to be annexed to or incorporated in the articles of association (or the equivalent constitutive documents) of each Group Company by the law applicable are annexed or incorporated and there have been no amendments to such articles of association (or the equivalent constitutive documents) since the date hereof.
- 5.2. Save as Disclosed in the Disclosure Letter, the statutory records, registers and books (including minute books) and the books of account of each Group Company have been properly kept, are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and all records and documents (including documents of title and copies of all subsisting agreements to which each Group Company is a party) are its property, in its possession or under its control.
- 5.3. No Group Company has received any notice of any application or intended application under any applicable legislation for the rectification of its statutory records, registers and/or books.
- 5.4. Save as Disclosed in the Disclosure Letter, all returns, particulars, resolutions and other documents which each Group Company is required by law to file with or deliver to any authority in any jurisdiction have been correctly made up and filed or, as the case may be, delivered. In particular, all charges in favour of each Group Company have (if appropriate) been registered in accordance with the provisions of any applicable legislation.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

5.5. No Group Company has given a power of attorney or other authority by which a person may enter into an agreement, arrangement or obligation on the relevant Group Company's behalf (other than an authority for a director, other officer or employee to enter into an agreement in the usual course of that person's duties).

6. ACCOUNTS

6.1. Save as Disclosed in the Audited Accounts and the Interim Accounts have been prepared in accordance with all Applicable Laws and the IFRS.

6.2. The Audited Accounts have been audited by an auditor or firm of accountants qualified to act as auditors in the relevant jurisdictions and the auditors' report(s) required to be annexed to the Audited Accounts is unqualified.

6.3. Save as Disclosed in the Disclosure Letter, the Audited Accounts and the Interim Accounts give a true and fair view of the state of affairs and the assets and liabilities of each Group Company as at the date of the Audited Accounts and the Interim Accounts respectively and the profits and losses, changes in equity and cash flows of each Group Company for the relevant financial period.

6.4. The Audited Accounts and the Interim Accounts make:

- (a) full provision for all actual liabilities;
- (b) proper and adequate provision for (or note in accordance with good accountancy practice) all contingent liabilities;
- (c) proper and adequate provision or reserve for all bad and doubtful debts; and
- (d) due provision for depreciation and amortisation and for any obsolescence of assets.

6.5. Full provision or reserve has been made in the Audited Accounts and the Interim Accounts for all Taxation liable to be assessed on each Group Company or for which it is or may become accountable in respect of:

- (a) profits, gains or income (as computed for Taxation purposes) arising or accruing or deemed to arise or accrue on or before the date of the Audited Accounts and/or the Interim Accounts respectively;
- (b) any transactions effected or deemed to be effected on or before the date of the Audited Accounts and/or the Interim Accounts respectively or provided for in the Audited Accounts and/or the Interim Accounts respectively;
- (c) distributions made or deemed to be made on or before the date of the Audited Accounts and/or the Interim Accounts respectively or provided for in the Audited Accounts and/or the Interim Accounts respectively; and
- (d) deferred Taxation.

6.6. The profits and losses of the Target Company and its Subsidiaries for the financial year ended on the Last Accounting Date as shown by the Audited Accounts and the Interim Accounts and the trend of profits thereby shown have not (except as therein Disclosed)

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

been affected by inconsistencies of accounting practices, by the inclusion of unusual or non-recurring items of income or expenditure, by transactions entered into otherwise than on normal commercial terms or by any other factors rendering such profits for all or any of such periods exceptionally high or low (other than as Disclosed in the relevant accounts).

- 6.7. The Interim Accounts have been prepared on a basis consistent with the Audited Accounts without any changes in accounting policies used.
- 6.8. The Interim Accounts have been prepared on a basis consistent with the Audited Accounts and there has been no revaluation of any assets, fixed or otherwise, from the value of those assets stated in the Audited Accounts.

7. TRANSACTIONS AFFECTING THE AUDITED ACCOUNTS AND INTERIM ACCOUNTS

- 7.1. No Group Company has any outstanding loan capital, and none of them have factored any of their debts, or engaged in financing of a type which would not be required to be shown or reflected in the Audited Accounts and the Interim Accounts or borrowed any money which has not repaid, save as Disclosed in the relevant accounts.
- 7.2. There are no liabilities (including contingent liabilities) which are outstanding on the part of any of the Group Companies, other than those liabilities Disclosed in the Audited Accounts and the Interim Accounts or which have arisen in the ordinary course of business since the date of the Audited Accounts and the Interim Accounts respectively.
- 7.3. No transaction of any importance to which a Group Company has been party has taken place which, if it had taken place on or before the date of the Audited Accounts or the Interim Accounts, would have been required to be Disclosed or reflected in the Audited Accounts or the Interim Accounts, as the case may be.
- 7.4. Revenue costs of an occasional or seasonal nature (including any holiday pay, closure and redundancy costs of fixed-term projects or contracts, bonuses, customer rebates, excess use charges under leasing agreements and maintenance, repairs and renewals) were accrued so as to match them as closely as possible to the related income and provided in the Audited Accounts and the Interim Accounts to the extent of the accrual as at the date of the Audited Accounts and the Interim Accounts respectively.
- 7.5. No value was attributed in the Audited Accounts and the Interim Accounts to any asset which was not beneficially owned by a Group Company at the date of the Audited Accounts or the Interim Accounts, as the case may be, or which in the case of fixed assets, were not in full and exclusive use for the purposes of the relevant Group Company's business.

8. CHANGES SINCE THE AUDITED ACCOUNTS DATE

- 8.1. Since the Last Accounting Date as regards each Group Company:
 - (a) its business has been lawfully carried on in the ordinary course and so as to maintain the same as a going concern;

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- (b) save as Disclosed in the Disclosure Letter, it has not acquired or disposed of any assets or assumed or incurred any liabilities (including contingent liabilities) or agreed to do any of the foregoing otherwise than in the ordinary course of carrying on its business;
- (c) its business has not been adversely affected by the loss of any important customer, streamer, streamer's agency or source of supply or by any abnormal factor not affecting similar businesses to a like extent or by any other cause and the Management Warrantors are not aware of any facts which are likely to give rise to any such effects;
- (d) no dividend or other distribution has been, or agreed to be, declared, made or paid to its members except as provided for in the Audited Accounts;
- (e) neither its turnover, trading position nor net profit before tax has deteriorated;
- (f) no change has been made in the emoluments or other terms of employment of its directors or any of its employees;
- (g) it has not borrowed any money or issued any guarantee or created any Encumbrance over any asset other than as Disclosed in the Audited Accounts;
- (h) no share or loan capital has been allotted, issued, repaid or redeemed and no agreement or arrangement has been made to do any of the foregoing;
- (i) there has been no unusual change in the number of monthly active streamers, monthly active users and paying users;
- (j) it has not entered into any unusual, long term or onerous commitments or contracts;
- (k) save as Disclosed in the Disclosure Letter, after making due and careful enquiries, it has not learnt of any circumstance making bad or doubtful any of its book debts;
- (l) it has not entered into either a lease of or a license to assign any of its Property or at any time assigned or otherwise disposed of all or any part of the its Property otherwise than in the ordinary course of carrying on its business;
- (m) it has not made or agreed to make any payment other than routine payments in the ordinary and usual course of trading;
- (n) it has not by reason of any default by it or any other person in any of its obligations become bound or liable to be called upon to repay prematurely any loan capital or borrowed moneys or other forms of indebtedness or pay under any guarantee, indemnity or other forms of liability;
- (o) it has not released any debtor on terms that the debtor pays less than the book value of its debt and no debt owing to it has been deferred, subordinated or written off or has proved to any extent irrecoverable;
- (p) there has been no Material Adverse Change and no event, fact or matter has occurred or is likely to occur which will or is likely to give rise to any such change;
- (q) there has been no Material Adverse Change in its working capital requirements;

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- (r) it has not knowingly waived or released any proprietary rights howsoever arising;
- (s) it has not acquired or disposed of or granted any right or option or created any other Encumbrance, save for those created pursuant to the SPA;
- (t) no resolution has been passed and nothing has been done in the conduct or management of the affairs of the Group Company which would be likely to reduce the net asset value of the Group Company;
- (u) no change has been made to the accounting practices adopted in relation to the Group Company and the accounting practices adopted for the Group Company are consistent with those adopted in the Audited Accounts;
- (v) it has not changed its accounting reference period; and
- (w) no claim sounding in damages has been made against the Group Company.

9. TAXATION

9.1. Each Group Company is and has at all times been resident only in its country of incorporation for all Taxation purposes. To the best of the Management Warrantors' knowledge, no Group Company has been determined by the relevant Taxation Authority as having established a permanent establishment or other place of business in any jurisdiction other than its country of incorporation. In particular, no determination has been made by the Japanese Taxation Authority that Ichi Nana Inc. has established a permanent establishment in Japan for tax purposes and Ichi Nana Inc. has not been required to be registered as a foreign company in Japan.

9.2. Save as Disclosed in the Disclosure Letter, without prejudice to any other provision of the SPA, there is no liability to Taxation in respect of, as a result of or in consequence of any claim for Taxation which has been made or may hereafter be made:

- (a) in respect of or arising from any transaction effected or deemed to have been effected on or before Completion; or
- (b) by reference to any income, profits or gains earned, accrued or received on or before Completion,

except:

- (i) to the extent that provision or reserve specifically in respect thereof was made in the Audited Accounts or the Interim Accounts;
- (ii) in respect of Taxation attributable to transactions arising out of the ordinary course of the normal business of a Group Company; and
- (iii) to the extent that such claim arises as a result only of any provision or reserve in respect thereof being insufficient by reason of any increase in rates of Taxation made after the date hereof with retrospective effect,

and there are no circumstances likely to give rise to such a liability.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 9.3. There are no outstanding Tax liabilities in respect of the M17 Services Vietnam Co., Ltd., 17 Service Holding Co., Ltd. and M17 Services (Thailand) Co., Ltd..
- 9.4. No Group Company is or will become, liable to pay, or make reimbursement or indemnity in respect of, any Taxation (or amounts corresponding thereto) as a consequence of the failure by any other person to discharge that Taxation within any specified period or otherwise, where such Taxation relates to a profit, income or gain, transaction, event, omission or circumstance arising, occurring or deemed to arise or occur (whether wholly or partly) prior to Completion.
- 9.5. Save as Disclosed in the Disclosure Letter, no relief (whether by way of deduction, reduction, set-off, exemption, postponement, roll-over, repayment or allowance or otherwise) from, against or in respect of any Taxation has been claimed and/or given to a Group Company which could or might be effectively withdrawn, postponed, restricted, clawed back or otherwise lost as a result of any act, omission, event or circumstance arising or occurring prior to or on Completion. In particular:
- (a) the unutilised tax losses amounting to US\$33.5 million of Ichi Nana Inc. Taiwan Branch has not been recognised as deferred tax losses in the Audited Accounts due to the potential forfeiture of the same;
 - (b) the unutilised tax losses amounting to US\$5.1 million of NETW has not been recognised as deferred tax losses in the Audited Accounts due to the potential forfeiture of the same upon the winding up, deregistration or dissolution of Next Entertainment Limited Taiwan Branch;
 - (c) the unutilised tax losses amounting to US\$3.4 million of Wave has not been recognised as deferred tax losses in the Audited Accounts due to the potential forfeiture of the same;
 - (d) the unutilised tax losses amounting to US\$5.5 million of 17LIVE HK has not been recognised as deferred tax losses in the Audited Accounts due to the potential forfeiture of the same; and
 - (e) Liontrek is not subject to any potential disallowance of the tax losses amounting to US\$225,000 utilised by it.
- 9.6. Save as Disclosed in the Disclosure Letter, all returns, accounts, computations, notices and information which are or have been required to be made, given or delivered by a Group Company for any Taxation purpose (i) have been made, given or delivered within the requisite periods or within permitted extensions of such periods, (ii) are up-to-date, complete and accurate and made on a proper basis, and (iii) none of them is, or is likely to be, the subject of any dispute with the Taxation Authority and the Tax returns will not give rise to any assessment, adjustment or set-off (including any claim for interest on unpaid Tax) by the relevant Taxation Authority. In particular, Ichi Nana Inc. Taiwan Branch has settled the additional corporate income tax payable for FY2016 to FY2020 with the Taiwan tax authority.
- 9.7. No transaction has been effected since the Last Accounting Date by a Group Company in respect of which any consent or clearance from the Taxation Authority was or will be required or was or could have been sought (i) without such consent or clearance having been validly obtained before the transaction was effected, (ii) otherwise than in

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

accordance with the terms of and so as to satisfy any conditions attached to such consent or clearance, and (iii) otherwise than at a time when and in circumstances in which such consent or clearance was and will be valid and effective.

- 9.8. All particulars furnished to the Taxation Authority in connection with any application for consent or clearance by a Group Company since the Last Accounting Date fully and accurately disclosed all facts and circumstances material to the decision of the Taxation Authority.
- 9.9. There are no circumstances that have arisen since the making of any application for any such consent or clearance which might reasonably be expected to cause such consent or clearance to be or become invalid or to be withdrawn by the Taxation Authority.
- 9.10. No Group Company has since the Last Accounting Date taken any action which has had, or will have, the result of altering, prejudicing or in any way disturbing any arrangement or agreement between a Group Company and the Taxation Authority.
- 9.11. All Taxes assessed or imposed by any government or governmental or statutory body which have been or will be assessed upon a Group Company in relation to periods on or before Completion have been or will be paid on or before the relevant due date for payment.
- 9.12. Save as Disclosed in the Disclosure Letter, there is no further liability or contingent liability for Taxation otherwise than as a result of operating activities in the ordinary course of a Group Company's business since the Last Accounting Date. No Group Company has received any notice, inquiry, or internal or external allegation from Taiwan Taxation Authority in respect of the transfer of know-how from Ichi Nana Inc. Taiwan Branch to 17LIVE Services Inc. in September 2021 (the "**Spin-off**"). To the best of the Management Warrantors' knowledge, any potential corporate income tax and value-added tax liability on 17LIVE Taiwan (in its capacity as the successor entity of Ichi Nana Inc. Taiwan Branch) in respect of the Spin-off would not result in a Material Adverse Change.
- 9.13. Each Group Company has made all deductions and withholdings in respect or on account of Taxation which it is required or entitled by any relevant legislation to make from any payments made by it including, but not limited to, interest, annuities or other annual payments, royalties, rent, remuneration, payments to employees or sub-contractors or payments to a non-resident and each has accounted in full to the relevant Taxation Authority for any Taxation so deducted or withheld. In particular:
- (a) the intercompany service fees payable by Ichi Nana Inc. Taiwan Branch and Wave to 17LIVE HK and 17LIVE Japan (in respect of which potential withholding tax obligations or liability of up to US\$1,388,000 may be incurred) are classified under Civil Law No. 125 with a 15-years request period;
 - (b) there are no potential withholding tax obligations or liability on Ichi Nana Inc. Taiwan Branch, 17LIVE Services Inc. and Wave for intercompany service fees payable to 17LIVE Japan; and
 - (c) there are no potential withholding tax obligations or liability on NETW for intercompany payables.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 9.14. Proper records have been maintained in respect of all such deductions and withholdings and all regulations applicable thereto have been complied with.
- 9.15. No Group Company owns, or has agreed to acquire, any asset, and no Group Company has received or agreed to receive any services or facilities (including without limitation, the benefit of any licences or agreements), the consideration for the acquisition or provision of which was or will be in excess of its market value, or otherwise than on an arm's length basis.
- 9.16. No Group Company has disposed, or agreed to dispose, of any assets, and has not provided or agreed to provide any services or facilities (including without limitation, the benefit of any licences) which was or will be less than its market value, or otherwise than on an arm's length basis.
- 9.17. No asset owned by a Group Company has at any time since its acquisition been subject to a reduction in value such that any allowable loss arising on its disposal is likely to be reduced or eliminated or any chargeable gain arising on its disposal is likely to be increased.
- 9.18. No Group Company nor any of its directors or officers has paid, or become liable to pay, any fine, penalty or interest charged by virtue of any statutory provision relating to Taxation.
- 9.19. No Group Company has since the Last Accounting Date engaged in, been a party to, or been otherwise involved in any transaction or series of transactions or scheme or arrangement of which the main purpose, or one of the main purposes, was or may be perceived to be the evasion of or avoidance of, or deferral of or a reduction in the liability to, Taxation, in contravention of any applicable laws.
- 9.20. Save as Disclosed in the Disclosure Letter, no Group Company been the subject of an investigation, discovery or access order by or involving any Taxation Authority and there are no circumstances existing which make it likely that an investigation, discovery or order will be made.
- 9.21. Save as Disclosed in the Disclosure Letter, each Group Company is in compliance with all applicable transfer pricing laws and regulations, including the execution and maintenance of contemporaneous documentation substantiating its transfer pricing practices and methodology. The prices for any intercompany loans and balances, good or service provided by or to each Group Company are at arm's length price for the purposes of all applicable transfer pricing laws.
- 9.22. In relation to stamp duty assessable or payable in the jurisdictions where any Group Company carries out its business, save for the documents in respect of the transactions contemplated under the SPA which are subject to stamp duty, all documents of which the enforcement each Group Company may, in such Group Company's opinion, be reasonably interested in have been duly stamped.
- 9.23. 17LIVE SEA has completed Singapore goods and services tax ("GST") registration and there is no Singapore GST due and payable by 17LIVE SEA as of the date of the SPA.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

10. DEBTS TO, AND CONTRACTS WITH, CONNECTED PERSONS

- 10.1. Save as Disclosed in the Audited Accounts or the Interim Accounts, there are:
- (a) no loans or quasi-loans made by a Group Company to, and no debts (whether or not due for payment and including contingent liabilities) other than debts which have arisen in the ordinary course of business or unfulfilled obligations (present or future, actual or contingent) owing by the Target Company to any director, officer, employee or shareholder of a Group Company or any person connected to any of them;
 - (b) no credit transactions by a Group Company acting as creditor for the benefit of any director, officer, employee or shareholder of a Group Company or any person connected to any of them,
 - (c) no debts owing by a Group Company other than debts which have arisen in the ordinary course of business;
 - (d) no securities given by or to a Group Company (including guarantees or indemnities) for any such loans, quasi-loans, credit transactions or debts as aforesaid; and
 - (e) no claim or circumstance which may give rise to a claim against a Group Company by any director, officer, employee or shareholder of a Group Company or any person connected to any of them.
- 10.2. There is no contract, arrangement or understanding to which a Group Company is a party or by which it is bound which is not on entirely arm's length terms.
- 10.3. Save as Disclosed in the Audited Accounts or the Interim Accounts, none of the book debts which are included in the Audited Accounts or the Interim Accounts or which have arisen after the Last Accounting Date have been outstanding for more than three months from their due dates for payment and each such debt has realised or will realise in the normal course of collection its full value as included in the Audited Accounts or the Interim Accounts or in the books of a Group Company after taking into account any provision for such debt made in the Audited Accounts or the Interim Accounts.
- 10.4. The share repurchase agreement between Li-Tchen Huang and the Target Company dated 10 November 2020 has been terminated and the parties thereto have entered into a deed of release dated 5 September 2023 to the effect that there are no further claims against the Group Companies for any payments, claims, outstanding or liability whatsoever.

11. INDEBTEDNESS AND WORKING CAPITAL

- 11.1. Save as Disclosed in the Disclosure Letter, and the Audited Accounts or the Interim Accounts, no Group Company has outstanding, and no Group Company has agreed to create or incur, loan capital, borrowings or indebtedness in the nature of borrowings.
- 11.2. The total borrowings of any member of the Group does not exceed any limitations on such member's borrowing powers contained in the constitution (or the equivalent constitutive documents) of the relevant member of the Group or in any debenture or other deed or document binding on such member.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 11.3. Save as Disclosed in the Disclosure Letter, no Group Company is a party to any loan agreement, facility letter or other agreement for the provision of credit or financing facilities to it or any agreement for the sale, factoring or discounting of debts.
- 11.4. No Group Company engaged in any borrowing or financing transaction or arrangement which does not appear as borrowings in the Audited Accounts.
- 11.5. No Group Company has lent any money that has not been repaid and there are no debts owing to a Group Company other than debts that have arisen in the normal course of business.
- 11.6. The debts owing to each Group Company shown in the Audited Accounts and the Interim Accounts were paid in full on the date they became due (except for any provision for bad or doubtful debts made in the Audited Accounts and the Interim Accounts).
- 11.7. All other debts owing to a Group Company are or will be recoverable in full as and when they fall due.
- 11.8. Each Group Company shall be free of any debt or liability of any nature whatsoever (whether actual, contingent or otherwise) as at the Completion Date (other than debts that have arisen in the normal course of business).
- 11.9. No Group Company given or entered into or undertaken to give or enter into any guarantee, Encumbrances or other security agreement or arrangement for the liability, borrowings or other obligations of any person and no Group Company is responsible for the indebtedness or the default in performance of any person.
- 11.10. Save as Disclosed in the Disclosure Letter, no event has occurred or been alleged to have occurred and no circumstances have arisen which:
- (a) constitutes an event of default as defined under a loan agreement, facility letter or other agreement for the provision of credit or financing facilities, or otherwise gives rise to an obligation to repay (prematurely or otherwise), under an agreement relating to borrowing or indebtedness in the nature of borrowing (or will do so with the giving of notice or lapse of time or both);
 - (b) will lead to an Encumbrance constituted or created in connection with borrowing or indebtedness in the nature of borrowing, a guarantee, an indemnity, or other obligation of a Group Company becoming enforceable (or will do so with the giving of notice or lapse of time or both);
 - (c) would entitle a provider of finance to a Group Company (other than on a normal overdraft facility) to call in the whole or any part of the monies advanced or to enforce its security (or will do so with the giving of notice or lapse of time or both); or
 - (d) would entitle a provider of finance to a Group Company to withdraw, reduce or not renew any existing facilities to a Group Company or alter any terms thereof to a Group Company's disadvantage.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 11.11. The change in the shareholdings of the Target Company upon Completion will not:
- (a) result in the termination of or materially affect any financial agreement or arrangement to which a Group Company is a party or subject; or
 - (b) result in any indebtedness of a Group Company becoming due, or capable of being declared due and payable, prior to its stated maturity.
- 11.12. The Target Company has sufficient working capital available to meet its ongoing working capital requirements.
- 11.13. Having regard to the existing working capital available to it, each Group Company has sufficient working capital for the purposes of:
- (a) continuing to carry on its business in its present form and at its present level of turnover; and
 - (b) executing, carrying out and fulfilling in accordance with their respective terms all orders, projects and contractual obligations which have been placed with or undertaken by such member.

12. ASSETS

- 12.1. All assets (including all intangible assets) owned, held or used by and all debts due to each Group Company which are included in the Audited Accounts or the Interim Accounts or have otherwise been represented as being the property of and due to a Group Company:
- (a) are legally and beneficially owned by it free from any Encumbrance; and
 - (b) are in its possession or under its exclusive control.
- 12.2. There is no Encumbrance on, over or affecting the whole or any part of the undertaking, assets or debts of a Group Company (including, where appropriate, its investment in its Subsidiaries or associated companies) and there is no agreement or commitment to give or create any Encumbrance and no claim has been made by any person to be entitled to any Encumbrance.
- 12.3. Each Group Company has good and marketable title to all the assets owned by it.
- 12.4. The assets owned by each Group Company comprise all the assets necessary to enable the relevant Group Company to carry on its business fully and effectively in the ordinary course as carried on up to and as at the date of the SPA and no such assets are used wholly or partly for any purpose other than the Group's business.
- 12.5. All assets owned or used by a Group Company which are subject to a requirement of licensing or registration of ownership, possession or use are duly licensed or registered in its sole name.
- 12.6. All plant, machinery, equipment and vehicles owned or used by each Group Company are in good and safe repair and condition having regard to their respective age, have been regularly and properly maintained, are suitable for the purposes of which they are used and intended and are in working order, and none is in a dangerous or (in the case of vehicles) unroadworthy condition or in need of renewal or replacement.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 12.7. All maintenance contracts (i) in respect of assets of each Group Company which it is normal or prudent to have maintained by independent or specialist contractors, and (ii) in respect of all assets which it is obliged to maintain or repair under any hire purchase, leasing, rental, insurance or other agreement, are in full force and effect.

13. CORPORATE MATTERS

- 13.1. Save as Disclosed in the Disclosure Letter, each Group Company is a limited liability company duly incorporated under the laws of its jurisdiction of incorporation, has been in continuous existence since incorporation, has all corporate powers required to carry on its business as now conducted and is duly qualified to do business in each jurisdiction where the nature of the properties owned or leased by it or the activities conducted by it make such qualification necessary.
- 13.2. No Group Company has exercised any lien over any of its issued shares.
- 13.3. Save as Disclosed in the Disclosure Letter, no Group Company reduced, repaid or purchased any of its share capital, and there are no options or other agreements outstanding which call for the issue of or accord to any person the right to call for the issue of any shares in the capital of the relevant Group Company or the right to require the creation of any Encumbrance over any shares in its share capital.
- 13.4. Save as Disclosed in the Disclosure Letter, except for the SPA, there is no option, right to acquire, mortgage, charge, pledge, lien or other form of security or Encumbrance on, over or affecting the shares or capital in, or any of the assets or businesses of, a Group Company and there is no agreement or commitment to give or create any of the foregoing.
- 13.5. Each Group Company has complied with its constitution (or the equivalent constitutive documents) in all respects and none of the activities, agreements, commitments or rights of a Group Company is *ultra vires* or unauthorised.
- 13.6. Save as Disclosed in the Disclosure Letter, all governmental approvals, licences and authorisations which were necessary or desirable in connection with the incorporation of each Group Company, the allotment or transfer of shares in each Group Company to the present and former holders thereof and the establishment of each Group Company (including the appointment of directors) were duly obtained.
- 13.7. Save as Disclosed in the Audited Accounts or the Interim Accounts, no Group Company is the legal or beneficial owner or holder of any share or has any interest of any description in any other corporation and does not have any associated company (that is to say, a company which falls to be treated as such for the purposes of the IFRS).

14. COMPLIANCE WITH LAW, PERMITS AND LICENCES

- 14.1. Save as Disclosed in the Disclosure Letter, each Group Company has carried on its business in accordance with Applicable Laws, regulations and by-laws in its country of incorporation or elsewhere and so far as the Management Warrantors are aware in any relevant country, including all Applicable Laws relating to money laundering and gaming. There is no investigation or enquiry by, or order, decree or judgment of, any court or any governmental agency or regulatory body outstanding or anticipated against a Group Company which may have an adverse effect upon their assets or business.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 14.2. Save as Disclosed in the Disclosure Letter, all statutory and other requirements applicable to the carrying on of the business of each Group Company as now carried on, and all terms and conditions applicable to any licences, consents and certifications involved in the carrying on of such business, have been complied with and the Management Warrantors are not aware of any breach thereof or of any intended or contemplated refusal or revocation of any such licence or consent.
- 14.3. Save as Disclosed in the Disclosure Letter, each Group Company has obtained, and has complied with the terms and conditions of, each Permit.
- 14.4. Save as Disclosed in the Disclosure Letter, each Permit is in force, unimpeachable and unconditional or subject only to a condition that has been satisfied. No expenditure or work is or will be necessary to comply with, maintain or obtain a Permit, and no Permit will be revoked, suspended, cancelled, varied or not renewed.
- 14.5. Each action required for the renewal or extension of each Permit has been taken.
- 14.6. No Permit will be revoked, suspended, cancelled, varied or not renewed as a result of the execution or performance of the SPA or any document to be executed at or before Completion.
- 14.7. Each Group Company is not a party to any agreement, arrangement or concerted practice nor is it carrying on any practice which in whole or in part contravenes or is invalidated by any anti-trust, fair trading, consumer protection or similar legislation in any jurisdiction where such Group Company has assets or carries on business or in respect of which any filing, registration or notification is required or is advisable pursuant to such legislation (whether or not the same has in fact been made).

15. LITIGATION AND DISPUTES

- 15.1. Save as Disclosed in the Disclosure Letter, no Group Company and no person for whose acts or defaults a Group Company may be vicariously liable is involved, or has during the three (3) years prior to the date of the SPA been involved, in a civil, criminal, arbitration, administrative or other proceeding (other than as plaintiff in the collection of debts arising in the ordinary course of its business).
- 15.2. There are no fact or circumstance exists which might give rise to a civil, criminal, arbitration, administrative or other proceeding involving a Group Company or a person for whose acts or defaults a Group Company may be vicariously liable (other than involvement as plaintiff in the collection of debts arising in the ordinary course of its business).
- 15.3. No Group Company nor any person for whose acts or defaults a Group Company may be vicariously liable has committed any criminal, illegal or other unlawful act or any breach of contract or statutory duty or any tortious or other act or default which could lead to a claim or proceedings against a Group Company or give rise to or increase the liability or obligation of a Group Company or which could entitle any other person to terminate any contract to which a Group Company is a party.
- 15.4. There is not in force any court injunction, order or directive restraining or restricting a Group Company from carrying on its business or any part thereof or entering into or performing the SPA.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 15.5. There is no outstanding judgment, order or decree of any court, tribunal or regulatory or government body or any undertaking to any court, judicial authority or regulatory or government body or any outstanding arbitration award against a Group Company, or a person for whose acts or defaults a Group Company may be vicariously liable.
- 15.6. There are no civil, criminal, administrative or disciplinary or arbitration proceedings in progress, pending or threatened against a Group Company, or a person for whose acts or defaults a Group Company may be vicariously liable and there are no facts likely to give rise to any such proceedings.
- 15.7. There is not and has not been any governmental or other investigations, inquiries or disciplinary proceedings by or before any regulatory, administrative, supervisory or government body concerning a Group Company, whether on-going, pending or threatened and no fact or circumstance exist which might give rise to any such investigation, inquiry or proceedings.
- 15.8. No Group nor any person for whose acts or defaults a Group Company may be vicariously liable has induced a person to enter into an agreement or arrangement with a Group Company by means of an unlawful, corrupt or immoral payment, bribe, contribution, gift or other inducement or has given or offered or made an unlawful, corrupt or immoral payment, bribe, contribution, gift or other inducement to a Government Official or employee.
- 15.9. No Group Company has been convicted of any offence. No officer, employee, agent or former officer, agent or employee of a Group Company has been convicted of any offences in relation to the Target Company or its Subsidiaries, and no employee has been convicted of any offence which reflects upon his suitability to hold his position or upon the reputation of a Group Company.

16. INSOLVENCY

- 16.1. Save as Disclosed in the Disclosure Letter, no order has been made or petition presented or resolution passed for the winding-up or administration or for the appointment of a provisional liquidator or judicial manager of a Group Company, nor are there any grounds on which any person would be entitled to have a Group Company wound-up or placed in administration or judicial management, nor has any person threatened to present such a petition or convened or threatened to convene a meeting of the members of a Group Company to consider a resolution to wind up of such Group Company or any other resolutions, nor has any step been taken in relation to a Group Company under the law relating to insolvency or the relief of debtors in any part of the world.
- 16.2. No person has appointed or threatened to appoint or become entitled to appoint a receiver or receiver and manager or other similar officer of a Group Company's business or assets or any part of them.
- 16.3. No composition in satisfaction of the debts of a Group Company, or scheme of arrangement of its affairs, or compromise or arrangement between it and its creditors and/or members or any class of its creditors and/or members, has been proposed, sanctioned or approved.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 16.4. No Group Company has ceased business or operations nor stopped payment to its creditors and there are no grounds on which a Group Company could be found to be unable to pay its debts.
- 16.5. No distress, execution or other process has been levied on any asset owned or used by a Group Company, nor has any person threatened any such distress, execution or other process.
- 16.6. There is no unsatisfied judgment, award, court order or decree of any court, tribunal, arbitrator, mediator or regulatory or government body outstanding against a Group Company.
- 16.7. No event has occurred causing or which upon intervention or notice by any third party may cause any floating charge created by a Group Company to crystallise or any charge created by a Group Company to become enforceable, nor has any such crystallisation occurred nor is such enforcement in process.
- 16.8. In relation to any property or assets held by a Group Company under any hire purchase, conditional sale, chattel leasing or retention of title agreement or otherwise belonging to a third party, no event has occurred which entitles, or which upon intervention or notice by a third party may entitle, the third party to repossess the property or assets concerned or terminate the agreement or any licence in respect of the same.

17. INTELLECTUAL PROPERTY

- 17.1. The activities of each Group Company do not, nor have they in the three years prior to the date of the SPA, infringed, misappropriated, misused, violated or otherwise made use without authorisation of any third party Intellectual Property Rights nor has any person threatened to issue such a notice.
- 17.2. Save as Disclosed in the Disclosure Letter, no Group Company nor the Vendor has received, in the three years prior to the date of the SPA, any notice from any person alleging that the activities of a Group Company infringe, misappropriate, misuse or violate or have infringed, misappropriated, misused, violated the Intellectual Property Rights of a third party or otherwise disputing the right of a Group Company to use any Intellectual Property Rights.
- 17.3. Each Group Company owns, or has a licence to use, all Intellectual Property Rights necessary for each Group Company to operate its business as it has been operated prior to the date of the SPA, and is not aware of any circumstance where any other Person has breached its Intellectual Property Rights.
- 17.4. The activities of each Group Company do not make unauthorised use of the confidential information of any third party.
- 17.5. The Business IP referred to in the SPA comprises all of the registered Intellectual Property Rights of each Group Company.
- 17.6. No employee, officer, director, consultant, agent or other representative of any Group Company or other individual who has formerly held one of these positions has any right to claim ownership or any other right in respect of Intellectual Property Rights used in the business of a Group Company and all necessary assignments, settlements and

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

compromise agreements relating to the transfer or assignment of any of the Business IP by any of the aforementioned individuals have been executed and are valid and enforceable.

18. EMPLOYEES

- 18.1. No Group Company has entered into any consultancy agreement under which services are provided to any Group Company by an individual who is either a party to such a contract or has a controlling interest in a legal entity which is a party to such a contract.
- 18.2. Save as Disclosed in the Disclosure Letter, no Group Company has any bonus, commission, profit sharing, share option, share incentive or other incentive schemes for any director, officer, worker or employee of the Target Company.
- 18.3. The basis of the remuneration payable to and benefits receivable by each Group Company's directors, other officers and employees is the same as at the Last Accounting Date. In respect of any director, other officer or employee, the relevant Group Company is not obliged to increase or vary from the current basis:
 - (a) the non-cash benefits receivable such that the total annual cost of such benefits would increase by more than one (1) per cent. per annum; or
 - (b) the salary, bonus or other remuneration such that the total annual payroll would increase by more than one (1) per cent. per annum.
- 18.4. No Group Company owes any amount to a current or former director, other officer or employee, or consultant of such Group Company (or any of their dependents) other than for accrued salary, fees or reimbursement of business expenses for the month in which Completion occurs.
- 18.5. There is no legally enforceable agreement or arrangement between a Group Company and a current or former employee or consultant (or any of their dependents) with respect to his employment or his ceasing to be employed or engaged. The acquisition of the Sale Shares by the Company or compliance with the terms of the SPA will not enable any directors, officers or senior employees of each Group Company to terminate their employment or receive any payment or other benefit.
- 18.6. Each Group Company has maintained all records required by law and good human resources practice regarding the employment of each of its employees, and termination of employment.
- 18.7. No Group Company has outstanding any liability for breach or termination of any employment contract or consultancy agreement or any breach of any statutory or regulatory obligations relevant to the relations between it or its current or former directors, employees, workers or consultants.
- 18.8. Save as Disclosed in the Disclosure Letter, each Group Company has complied with each obligation imposed on it by and each order and award made under statute, regulation, code of conduct, collective agreement, custom and practice, relevant to the relations between it and its current or former employees, workers or consultants or a trade union or by the contracts with its employees or terms of engagement with its consultants.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 18.9. Save as Disclosed in the Disclosure Letter, no Group Company is involved in any active, pending or threatened court, tribunal or arbitration proceedings in respect of any current or former director, other office, employee, worker or consultant of the Target Company (or any of their dependants), and there are no facts or circumstances that could give rise to such proceedings.
- 18.10. Save as Disclosed in the Disclosure Letter, no employee of a Group Company is currently subject to disciplinary or grievance proceedings.
- 18.11. No Group Company has entered into any agreement or arrangement with any trade union, works council, staff association or other body representing any of its employees.
- 18.12. No Group Company is involved in, has not received notice of, and no fact or circumstance exists which might give rise to a dispute or negotiation with a trade union, works council, staff association or other body representing any of its employees.
- 18.13. No liability has been or may be incurred by any Group Company for a material breach of any obligation for contribution to a social security fund such as any pension fund, unemployment insurance, medical insurance, occupational injury insurance, maternity insurance, housing fund or any other social security funds so provided under Applicable Law to which a Group Company is obliged to make contributions to its employees. All such contributions have been paid to satisfy such obligations.

19. DATA PRIVACY

- 19.1. In connection with its collection, storage, transfer (including, without limitation, any transfer across national borders) and/or use of any personally identifiable information from any individuals, including, without limitation, any customers, prospective customers, streamers, streamers' agencies, employees and/or other third parties (collectively "**Personal Data**"), each Group Company is and has been in compliance with all Applicable Laws in all relevant jurisdictions, the relevant Group Company's privacy policies and the requirements of any contract or codes of conduct to which the relevant Group Company is a party.
- 19.2. Each Group Company has commercially reasonable physical, technical, organisational and administrative security measures and policies in place to protect all Personal Data collected by it or on its behalf from and against unauthorised access, use and/or disclosure.
- 19.3. Save as Disclosed in the Disclosure Letter, each Group Company is and has been in compliance in all respects with all laws relating to data loss, theft and breach of security notification obligations.

20. LEASES

- 20.1. The Leases comprise all of the land and premises vested in, occupied or used by, or in the possession, of, each Group Company. No Group Company owns any freehold or leasehold property.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 20.2. There is no fact or circumstance which:
- (a) could entitle or require a person (including a landlord or licensor) to forfeit or enter on, or take possession of, or occupy, the relevant Lease;
 - (b) could restrict or terminate any Group Company's continued and uninterrupted possession or occupation of the relevant Lease; or
 - (c) could prevent or restrict the relevant Lease's development for which permission has been or is expected to be obtained.
- 20.3. Except in relation to the Leases, no Group Company has any liability arising out of a conveyance, transfer, lease, tenancy, licence, agreement or other document relating to land, premises or an interest in land or premises.

21. INSURANCE

- 21.1. Each Group Company has at all material times been and is at the date of the SPA adequately insured against accident, damage, injury, third party loss and all other risks to which a person operating the types of business operated by each Group Company is exposed.
- 21.2. The Policies comprise all of the insurance and indemnity policies in which a Group Company is interested.
- 21.3. Each of the Policies is valid and enforceable and is not void or voidable.
- 21.4. Save as Disclosed in the Disclosure Letter, no Group Company has done anything or omitted to do anything which might make any of the Policies void or voidable, result in an increase in the premium payable under any of the Policies, or prejudice the ability to effect insurance on the same or better terms in the future.
- 21.5. There is nothing which would make any of the Policies void or voidable, or prejudice the ability to effect insurance on the same or better terms in the future.
- 21.6. No insurer under any of the Policies has disputed, or given any indication that they intend to dispute, the validity of any of the Policies on any groups.
- 21.7. None of the Policies contains any provisions as to change of control or ownership of the insured.
- 21.8. No insurer has cancelled or refused to accept or continue any insurance in relation to a Group Company.
- 21.9. No claims have been made, no claim is outstanding and no fact or circumstance exists which might give rise to a claim under any of the Policies.
- 21.10. No event, act or omission has occurred which requires notification under any of the Policies.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

21.11. Nothing has been done or omitted to be done which might entitle the insurers under any of the Policies to refuse indemnity in whole or in part in respect of any claims under the Policies.

21.12. All premiums which are due under the Policies have been paid.

22. ENVIRONMENTAL MATTERS

22.1. Each Group Company complies and has complied with all applicable environmental laws and no Group Company has given or received any notification under any applicable environmental law requiring it, or which is likely to result in a requirement for it, to take or omit to take any action.

22.2. No works or other upgrading or expenditure other than as provided for in the Audited Accounts is necessary or is planned or being carried out by a Group Company to secure compliance with applicable environmental laws.

23. EFFECT OF AGREEMENT

23.1. No substantial supplier of a Group Company is likely to stop trading with the relevant Group Company, reduce substantially its trading with the relevant Group Company or change substantially the terms on which it is prepared to trade with the relevant Group Company.

23.2. The purchase of the Sale Shares by the Company by the Company and the performance of the SPA will not:

- (a) cause a Group Company to lose the benefit of any right or privilege it presently enjoys;
- (b) save as Disclosed in the Disclosure Letter, relieve any person of any obligation to a Group Company (whether contractual or otherwise) or enable any person to determine any such obligation or any right or benefit enjoyed by a Group Company, or to exercise any right in respect of a Group Company; or
- (c) give rise to, or cause to become exercisable, any right of pre-emption over any shares in a Group Company.

24. SANCTIONS AND ANTI-CORRUPTION

24.1. None of the Group Companies, nor, so far as the Management Warrantors are aware, any of the Group Companies' respective officers, directors, or employees, or any agents or other third-party representatives acting on behalf of any Group Company, is currently, or has been: (i) a Sanctioned Person; (ii) organised, ordinarily resident or located in a Sanctioned Country; (iii) knowingly engaging in any dealings or transactions with any Sanctioned Person or in any Sanctioned Country in violation of Sanctions Laws; or (iv) otherwise in material violation of applicable Trade Controls. The Group Companies and, so far as the Management Warrantors are aware, each of the Group Companies' respective officers, directors, employees, agents, representatives or other persons acting on its behalf are in compliance, and have operated at all times in material compliance, with applicable anti-money laundering laws and regulations applicable to the Group Companies.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- 24.2. None of the Group Companies, nor, so far as the Management Warrantors are aware, any of the Group Companies' respective officers, directors or employees, nor any agents or other third-party representatives acting on behalf of any Group Company, has made any unlawful payment or given, offered, promised, or authorised or agreed to give any money or anything of value directly, or, so far as the Management Warrantors are aware, indirectly, to or from any "foreign official" (as such term is defined in the U.S. Foreign Corrupt Practices Act), any Government Official or other Person in material violation of any applicable Anti-Corruption Laws or for the purpose of: (i) influencing any official act or decision of such Government Official, party or candidate, (ii) inducing such Government Official, party or candidate to use his, her or its influence to affect any act or decision of a foreign Governmental Authority, or (iii) securing any improper advantage, in the case of (i), (ii) and (iii) above in order to assist any of the Group Companies or any of its affiliates in obtaining or retaining business for or with, or directing business to, any person. None of the Group Companies nor, so far as the Management Warrantors are aware, any of the Group Companies' respective directors, officers, employees or agents have made or authorised any bribe, kickback or other unlawful payment of funds or received or retained any funds, in each case in violation of any Applicable Law.
- 24.3. In the past five years, none of the Group Companies has received from any Governmental Authority any notice, inquiry, or internal or external allegation, or made any voluntary or involuntary disclosure to a Governmental Authority, concerning any actual or potential violation related to Trade Controls or Anti-Corruption Laws. Each Group Company has maintained and enforced policies, procedures and internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) reasonably designed to ensure compliance with applicable Anti-Corruption Laws and Trade Controls.
- 24.4. Each Group Company has maintained and currently maintains (i) books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group Companies, and (ii) internal accounting controls sufficient to provide reasonable assurances that all transactions and access to assets of the Group Companies were, have been and are executed only in accordance with management's general or specific authorisation.
- 24.5. So far as the Management Warrantors are aware, none of the Group Companies' respective directors, Representatives or other persons acting on their behalf is, or was during the past five years, a Government Official.

Part C: Founder Warranties

1. The Founder is the legal and beneficial owner of 100% of the issued and paid-up share capital of Dragon Alexander Limited.
2. Upon the completion of the Restructuring, Dragon Alexander Limited will be the sole legal and beneficial owner of 27,005,565 shares in the share capital of the Vendor.

Part D: Company Warranties

1. CORPORATE MATTERS; CAPITALISATION AND VOTING RIGHTS

- 1.1. The Company is an exempted company duly incorporated, validly existing and in good standing under the laws of the Cayman Islands, has been in continuous existence since incorporation, has all corporate powers required to carry on its business as now conducted

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

and is duly qualified to do business in each jurisdiction where the nature of the properties owned or leased by it or the activities conducted by it make such qualification necessary.

- 1.2. The Company has not reduced, repaid or purchased any of its share capital, and except as contemplated by the Transaction Documents or save as disclosed in the Prospectus, there are no options or other agreements outstanding which call for the issue of or accord to any Person the right to call for the issue of any shares in the capital of the Company or the right to require the creation of any Encumbrance over any shares in its share capital.
- 1.3. Except for the SPA or save as disclosed in the Prospectus, there is no subscription, option, warrant, right to acquire, mortgage, charge, pledge, lien or other form of security (including debt securities) or Encumbrance on, over or affecting the shares or capital in, or any of the assets or businesses of, the Company and there is no agreement or commitment to give or create any of the foregoing.
- 1.4. The copy of the M&AA disclosed to the Vendor or its Representatives is true, accurate and complete in all respects and contain full details of the rights and restrictions attached to the share capital of the Company.

2. CORPORATE STRUCTURE; SUBSIDIARIES

- 2.1. The Company has no Subsidiary, and does not own, directly or indirectly, any equity securities or other interests or investments (whether equity or debt) in any Person, whether incorporated or unincorporated. The Company is not obligated to make any investment in or capital contribution to or on behalf of any other Person.

3. CIRCULAR

- 3.1. Each of the Company Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Company Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents as it relates to the Company (as at their respective dates of issuance) contains, and in the case of any amendment or supplement to the Circular as at the date of its issuance to the Shareholders and the Completion Date will contain full and true disclosure of all material facts about the Company.
- 3.2. Each of the Company Circular Sections (as at the date of issuance to the Shareholders and the Completion Date) and the draft copy of the Company Circular Sections (as at the date of submission to the SGX-ST for review) contains, and in the case of any amendment or supplement to the Circular as at the date of its issuance to the Shareholders and the Completion Date will contain, all particulars and information required by, and is in compliance with all applicable provisions of, the SFA, the Mainboard Rules and all other requirements of the SGX-ST and the MAS.
- 3.3. The statements of intention, opinion, belief or expectation contained in the Company Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Company Circular Sections (as at the date of submission to the SGX-ST for review), the PIPE Financing marketing documents as it relates to the Company (as at their respective dates of issuance) and the SPA are, and in the case of any amendment or supplement to the Circular at the date of its issuance to the Shareholders and the Completion Date will be made after due, careful and proper consideration and, where appropriate, are based on assumptions referred to in each of the

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

Company Circular Sections (as at the date of issuance to the Shareholders and the Completion Date), the draft copy of the Company Circular Sections (as at the date of submission to the SGX-ST for review) and the PIPE Financing marketing documents as it relates to the Company (as at their respective dates of issuance) and represent reasonable and fair expectations based on all relevant facts known or which ought reasonably to have been known by the Company and given in good faith after due and careful enquiry.

4. AUTHORISATION

- 4.1. Other than the Company Shareholders' Approval to be obtained at the EGM and approval from the SGX-ST and the Securities Industry Council, the Company has all requisite corporate power and authority to (i) enter into, execute, and deliver the SPA and each of the other Transaction Documents to which it is or will be a party, and (ii) consummate the transactions contemplated hereby and thereby (including the Transactions) and perform all of its obligations hereunder and thereunder. The execution and delivery of the SPA and the other Transaction Documents to which the Company is a party and the consummation of the transactions contemplated hereby and thereby (including the Transactions) have been duly and validly authorised and approved by the board of directors of the Company in accordance with the M&AA and, other than the Company Shareholders' Approval to be obtained at the EGM, no other company or corporate proceeding on the part of the Company is necessary to authorise the SPA and the other Transaction Documents to which the Company is a party and to consummate the transactions contemplated hereby and thereby (including the Transactions). This Agreement has been, and at or prior to the Completion Date, the other Transaction Documents to which the Company is a party will be, duly and validly executed and delivered by the Company, and the SPA constitutes, and on or prior to the Completion Date, the other Transaction Documents to which the Company is a party will constitute, a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganisation, moratorium, and other Applicable Laws now or hereafter in effect of general application affecting enforcement of creditors' rights generally, and (b) as limited by Applicable Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.
- 4.2. Assuming that a quorum (as determined pursuant to the M&AA) is present, the approval and authorisation of the SPA and the Transactions as an Proposed Business Combination and the adoption and approval of a proposal for the adjournment of the EGM in each case shall require approval by an ordinary resolution passed by the affirmative vote of Shareholders holding at least a majority of the outstanding Shares which, being so entitled, are voted thereon in person or by proxy at a general meeting of the Company, pursuant to the terms and subject to the conditions of the M&AA and Applicable Law (including the Mainboard Rules).
- 4.3. The Company Shareholders' Approval are the only votes and approvals of holders of Shares required under the M&AA in connection with execution of the SPA and the other Transaction Documents to which the Company is a party by the Company and the consummation of the transactions contemplated hereby, including Completion.
- 4.4. On or prior to the date of the SPA, the Board has duly adopted resolutions (i) determining that the SPA and the other Transaction Documents to which the Company is a party contemplated hereby and the transactions contemplated hereby and thereby (including the Transactions) are advisable and fair to, and in the best interests of, the Company and

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

constitute the Proposed Business Combination, (ii) authorising and approving the execution, delivery and performance by the Company of the SPA and the other Transaction Documents to which the Company is a party contemplated hereby and the transactions contemplated hereby and thereby (including the Transactions), (iii) making the Recommendation, and (iv) directing that the SPA, the Transaction Documents and the Transactions be submitted to Shareholders for adoption at the EGM called for such purpose pursuant to the terms and conditions of the SPA.

5. CONSENTS; NO CONFLICTS

- 5.1. Assuming the Company Warranties in this Part D of Section D of Appendix K are true and correct, except (a) for the Company Shareholders' Approval, (b) for the registration or filing with the Registrar of Companies of the Cayman Islands, the SGX-ST or other securities laws filings with respect to the Transactions and (c) for such other filings, notifications, notices, submissions, applications, or consents the failure of which to be obtained or made would not individually or in the aggregate, have, or reasonably be expected to have, a Material Adverse Change on the ability of the Company to enter into and perform its obligations under the SPA, all filings, notifications, notices, submissions, applications, or consents from or with any Governmental Authority or any other Person required in connection with the valid execution, delivery and performance of the SPA and the other Transaction Documents, and the consummation of the Transactions, in each case on the part of the Company, have been or will be duly obtained or completed (as applicable) and are or will be in full force and effect. The execution, delivery and performance of the SPA and the other Transaction Documents to which it is or will be a party by the Company does not, and the consummation by the Company of the transactions contemplated hereby and thereby will not (assuming the Company Warranties in this Part D of Section D of Appendix K are true and correct, except for the matters referred to in clauses (a) through (c) of the immediately preceding sentence) (i) result in any violation of, be in conflict with, or constitute a default under, require any consent under, or give any Person rights of termination, amendment, acceleration (including acceleration of any obligation of the Company) or cancellation under, (A) any governmental order, (B) the M&AA, (C) any Applicable Law, (D) any contract to which the Company is a party or by which its assets are bound, or (ii) result in the creation of any Encumbrance upon any of the properties or assets of the Company other than any restrictions under the Mainboard Rules, the SPA or the M&AA, except in the case of sub-clauses (A), (C), and (D) of clause (i) or clause (ii), as would not have a Material Adverse Change.

6. FINANCIAL STATEMENTS

- 6.1. The financial statements of the Company contained in filings with the SGX-ST (the "Company Financial Statements") (i) have been prepared in accordance with the books and records of the Company, (ii) fairly present in all material respects the financial condition of the Company on a consolidated basis as of the dates indicated therein, and the results of operations and cash flows of the Company on a consolidated basis for the periods indicated therein, (iii) were prepared in accordance with the IFRS applied on a consistent basis throughout the periods involved, and (iv) comply in all material respects with the applicable accounting requirements and with the rules and regulations of the SGX-ST, the Mainboard Rules and the Applicable Law applicable to the Company, in effect as of the respective dates thereof.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

6.2. The Company has no liability, and there is no existing condition, situation or set of circumstances which is reasonably expected to result in any liability, other than liabilities reflected, or reserved against, in the Company Financial Statements.

7. ABSENCE OF CHANGES

7.1. Since the Company Accounts Date, (i) to the date of the SPA the Company has operated its business in the ordinary course of business, and (ii) there has not been any Material Adverse Change with respect to the Company.

8. LITIGATION AND DISPUTES

8.1. None of the Company or any person for whose acts or defaults the Company may be vicariously liable is involved in a civil, criminal, arbitration, administrative or other proceeding.

8.2. There are no fact or circumstance exists which might give rise to a civil, criminal, arbitration, administrative or other proceeding involving the Company or a person for whose acts or defaults the Company may be vicariously liable.

8.3. None of the Company or any person for whose acts or defaults the Company may be vicariously liable has committed any criminal, illegal or other unlawful act or any breach of contract or statutory duty or any tortious or other act or default which could lead to a claim or proceedings against the Company or give rise to or increase the liability or obligation of the Company or which could entitle any other person to terminate any contract to which the Company is a party.

8.4. There is not in force any court injunction, order or directive restraining or restricting the Company from carrying on its business or any part thereof or entering into or performing the SPA.

8.5. There is no outstanding judgment, order or decree of any court, tribunal or regulatory or government body or any undertaking to any court, judicial authority or regulatory or Governmental Authority or any outstanding arbitration award against the Company, or a person for whose acts or defaults the Company may be vicariously liable.

8.6. There are no civil, criminal, administrative or disciplinary or arbitration proceedings in progress, pending or threatened against the Company, or a person for whose acts or defaults the Company may be vicariously liable and there are no facts likely to give rise to any such proceedings.

8.7. There is not and has not been any governmental or other investigations, inquiries or disciplinary proceedings by or before any regulatory, administrative, supervisory or government body concerning the Company, whether on-going, pending or threatened and no fact or circumstance exist which might give rise to any such investigation, inquiry or proceedings.

9. ESCROW ACCOUNT

9.1. As of the date of the SPA, the Company has at least S\$216.0 million in the Escrow Account (including an aggregate of approximately S\$8.0 million of deferred underwriting commissions and other fees being held in the Escrow Account (the “**Deferred**

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

Expenses))), including such monies invested in Singapore government securities or money market funds pursuant to the Escrow Agreement. There are no separate contracts or side letters that would cause the description of the Escrow Agreement in the filings with the SGX-ST to be inaccurate in any material respect or that would entitle any Person to any portion of the proceeds in the Escrow Account, other than Shareholders (prior to the Completion Date) who have exercised their Redemption Right pursuant to the M&AA (the **“Company Shareholder Redemption Right”**), and the underwriters of Company’s initial public offering with respect to the Deferred Expenses. Prior to Completion, none of the funds held in the Escrow Account may be released other than as disclosed in the Prospectus. There are no civil, criminal, administrative or disciplinary or arbitration proceedings in progress, pending or threatened against the Company with respect to the Escrow Account. The Company has performed all material obligations required to be performed by it to date under, and is not in default, breach or delinquent in performance or any other respect (claimed or actual) in connection with, the Escrow Agreement, and no event has occurred which, with due notice or lapse of time or both, would constitute such a default or breach thereunder. As of Completion, the obligations of the Company to dissolve or liquidate pursuant to the M&AA shall terminate, and as of Completion, the Company shall have no obligation whatsoever pursuant to the M&AA to dissolve and liquidate the assets of the Company by reason of the consummation of the Transactions. As of the date of the SPA, following Completion, no shareholder of the Company is entitled to receive any amount from the Escrow Account except to the extent such shareholder has exercised his, her or its Company Shareholder Redemption Right. As of the date of the SPA, assuming the accuracy of the Company Warranties and the compliance by the Vendor with its obligations hereunder, the Company has no reason to believe that any of the conditions to the use of funds in the Escrow Account will not be satisfied or funds available in the Escrow Account will not be available to the Company on the Completion Date.

10. BUSINESS ACTIVITIES

- 10.1. Since its incorporation, the Company has not conducted any business activities other than activities related to its initial public offering or directed toward the accomplishment of an “initial business combination”. Except as set out in the M&AA or as otherwise contemplated by the Transaction Documents and the Transactions, there is no contract to which the Company is a party which has or would reasonably be expected to have the effect of prohibiting or impairing in any material respect any business practice of the Company or any acquisition of property by the Company or the conduct of business by the Company as currently conducted or as contemplated to be conducted as of Completion.
- 10.2. Except for (i) the SPA and the other Transaction Documents to which it is party and the transactions contemplated hereby and thereby, (ii) the Company Transaction Expenses, (iii) contracts with the underwriters of the Company’s initial public offering, and (iv) costs and expenses incurred in the ordinary course of the Company’s operations, the Company is not party to any contract with any other Person that would require payments by the Company after the date hereof.

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

E. DEFINITIONS

For the purposes of this Appendix K, unless otherwise defined in this Circular, capitalised terms have the following meanings:

“**17LIVE Japan Privacy Policy**” means 17LIVE Japan’s privacy policy, which is accessible at: <https://jp.17.live/copy-of-jp-privacy1/>;

“**17LIVE Japan Service Terms and Conditions**” means 17LIVE Japan’s service terms and conditions, which are accessible at: <https://jp.17.live/copy-of-service/>;

“**17LIVE Japan User Terms and Conditions**” means 17LIVE Japan’s user terms and conditions, which are accessible at: <https://jp.17.live/copy-of-community/>;

“**Anti-Corruption Laws**” means all Applicable Laws relating to the prevention of corruption and bribery, including the U.S. Foreign Corrupt Practices Act of 1977;

“**App**” means the “17LIVE” mobile application;

“**Applicable Law**” means any constitution, law, treaty, statute, ordinance, policy, code, rule, regulation, executive order, administrative order or other order, arbitration award, judgment, decree, temporary restraining order, injunction, determination or judicial interpretation of any Governmental Authority or any agreement or commitment with any Governmental Authority;

“**Audited Accounts**” means the audited consolidated accounts of the Group for each of the past financial years ended 31 December 2020, 31 December 2021 and 31 December 2022;

“**Business IP**” means all Intellectual Property Rights which, at Completion, are used or enjoyed or capable of being used or enjoyed, in or in connection with the business of a Group Company;

“**Company Accounts Date**” means 30 June 2023;

“**Company Circular Sections**” means the sections or sub-sections of the Circular drafted and confirmed by the Company, namely, “Rationale for the Proposed Business Combination”, “Use of Proceeds Raised from the Company’s Initial Public Offering”, “Use of Interests and Income Derived from the Amounts in the Escrow Account”, “Enlarged Group Corporate and Shareholding Structure – Corporate Structure of the Company before Completion”, “Share Price and Markets”, “Dividend Policy – The Company” and “Material Contracts – The Company”;

“**Company Shareholders’ Approval**” means the approval by the Shareholders in relation to the Transactions, which shall include, *inter alia*:

- (a) the entry into and execution of the SPA by the Company with the Vendor, the Management Warrantors and the Founder and the Proposed Business Combination;
- (b) the allotment and issue of the Consideration Shares in favour of the Vendor;
- (c) the allotment and issue of the Earnout Shares;

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

- (d) the allotment and issue of the EIS Shares pursuant to the EIS;
- (e) the allotment and issue of the PIPE Shares;
- (f) the allotment and issue of the Special Bonus Shares;
- (g) the adoption of the Company ESOP;
- (h) the allotment and issue of the ESOP Shares pursuant to the Company ESOP;
- (i) the adoption of the EIS;
- (j) the change of name of the Company to “17LIVE Group Limited”; and
- (k) the adoption of the New M&AA;

“Company Transaction Expenses” means any out-of-pocket fees and expenses payable by the Company or any of its affiliates (whether or not billed or accrued for) as a result of or in connection with the negotiation, documentation and consummation of the Transactions, including (a) all fees, costs, expenses, brokerage fees, commissions, finders’ fees and disbursements of the Joint Financial Advisers and the Sole Issue Manager, investment banks, data room administrators, attorneys, accountants and other advisers and service providers, including consultants and public relations firms, and (b) any and all filing fees payable by the Company or affiliates to the Governmental Authorities in connection with the Transactions;

“Company Warranties” has each of the statements set out in Part D of Section D of Appendix K of this Circular;

“Disclosed” in relation to a fact, matter or circumstance which may give rise to a Claim, means fully and fairly disclosed, and disclosed with such accuracy and in sufficient detail so as to enable the Company, acting reasonably, to identify the nature and scope of the matter disclosed and to make an informed and accurate assessment of the matter concerned;

“Disclosure Letter” means the letter to be delivered by the Vendor to the Company on the date of the SPA and as may be updated by the Vendor only in relation to the specific diligence matters set out in Clause (d) of Section A of Appendix K and Clause 4 of Section B of this Circular prior to the Completion Date;

“Encumbrance” means any mortgage, debenture, hypothecation, charge, title retention, right to acquire, security interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption or other similar right, right of first refusal, option, covenant, restriction, third-party right or interest, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other encumbrance, condition or security interest of any nature whatsoever (whether or not perfected other than liens arising by operation of law), including any such right or interest arising at Completion or otherwise in connection with the SPA, or any other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect, or an agreement, arrangement or obligation to create any of the foregoing;

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

“Founder Warranties” means each of the statements set out in Part C of Section D of Appendix K of this Circular;

“GMS” means a general meeting of the shareholder(s) of 17LIVE Japan from time to time;

“Government Official” means any officer or employee of a Governmental Authority, including state-owned entities, or of a public organisation or any person acting in an official capacity for or on behalf of any such Governmental Authority or on behalf of any such public organisation;

“Governmental Authority” means any federal, state, provincial, municipal, local or foreign government, governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, arbitral body (public or private) or tribunal;

“Group” means the Group Companies, taken as a whole;

“Group Companies” means the Target Company and each and any of its Subsidiaries from time to time and **“Group Company”** means any one of them;

“GToU” means the 17LIVE Japan Service Terms and Conditions and 17LIVE Japan User Terms and Conditions collectively;

“Intellectual Property Rights” means all intellectual property rights, whether registered or not, including pending applications for registration of such rights and the right to apply for registration or extension of such rights including patents, petty patents, utility models, design patents, designs, copyright (including moral rights and neighbouring rights), database rights, and other sui generis rights, trade marks, trading names, company names, service marks, logos, the get-up of products and packaging, geographical indications and appellations and other signs used in trade, internet domain names, social media user names, rights in know-how and any rights of the same or similar effect or nature as any of the foregoing anywhere in the world;

“Interim Accounts” means the interim reviewed consolidated accounts of the Group for the six months ended 30 June 2022 and/or for the six months ended 30 June 2023;

“Last Accounting Date” means 31 December 2022;

“Leases” means the leases, tenancies and licences, details of which are set out in the SPA, and **“Lease”** means any one of them;

“Management Warrantor Warranties” means each of the statements set out in Part B of Section D of Appendix K of this Circular;

“MAS” means the Monetary Authority of Singapore;

“Material Adverse Change”, in relation to a Person, means a material adverse change in its business, operations, assets, financial condition or prospects taken as a whole, provided that in no event shall any of the following be taken into account in determining whether there has been a material adverse change: (i) general political, social, economic, or business conditions in the regions in which such Person operates; (ii) in financial, banking, or securities markets (including any disruption thereof); (iii) acts of war, terrorism,

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

or other similar events, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack; (iv) natural disasters, including earthquakes, wild fires, floods, mud slides, tsunamis, storms, and other similar force majeure events; and (v) any events resulting from any actions taken by such Person pursuant to the SPA or any other Transaction Document or that are expressly requested or consented to by the parties hereto or thereto in advance or any actions not taken by such Person with the express written consent of the parties hereto or thereto;

“**OFAC**” means the U.S. Department of the Treasury, Office of Foreign Assets Control;

“**Permit**” means:

(a) a permit, licence, consent, approval, certificate, qualification, specification, registration or other authorisation; or

(b) a filing of a notification, report or assessment,

in each case, necessary for the effective operation of any Group Company’s business or its ownership, possession, occupation or use of an asset or the execution or performance of the SPA;

“**Person**” means any individual, firm, corporation, partnership, limited liability company, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind;

“**Policies**” means each of the insurance and indemnity policies in respect of which a Group Company has an interest, and “**Policy**” means any one of them;

“**Properties**” means all of the properties occupied by a Group Company pursuant to the Leases, and “**Property**” means any one of them;

“**Representatives**” means, in relation to a party, its advisers, agents, employees, officers or other representatives;

“**Restricted Transaction**” means each and any of the following: (a) any investment in the Vendor or any Group Company; (b) the disposal (whether by way of sale, offer, transfer or otherwise) of all or any part of, or any interest in, the issued share capital of the Vendor or any Group Company; (c) the disposal (whether by way of sale, offer, transfer or otherwise) of all, or any part of, the business, assets or undertaking of the Vendor or any Group Company, other than in the ordinary course of trading; or (d) any other disposal, merger, business combination or similar transaction involving the Vendor or any Group Company;

“**Sanctioned Country**” means any country or region that is currently the subject or target of a comprehensive embargo under Sanctions Laws, which at the time of the SPA includes Cuba, Iran, North Korea, Syria, and the Crimea, Donetsk People’s Republic, and Luhansk People’s Republic regions of Ukraine;

“**Sanctioned Person**” means any individual or entity that is the subject or target of sanctions or restrictions under Sanctions Laws, including: (a) any Person listed on any U.S. or non-U.S. sanctions- or export-related restricted or prohibited party list, including OFAC’s Specially Designated Nationals and Blocked Persons List, OFAC’s Sectoral

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

Sanctions Identification List, the Entity, Denied Persons and Unverified Lists maintained by the U.S. Department of Commerce, the UN Security Council Consolidated List, and the EU Consolidated List; (b) any Person that is, in the aggregate, 50% or greater owned, directly or indirectly, or otherwise controlled by a Person or Persons listed on OFAC's Specially Designated Nationals and Blocked Persons List; or (c) any national of a Sanctioned Country;

"Sanctions Laws" means all Applicable Laws relating to economic or trade sanctions, including the laws administered or enforced by OFAC, or the U.S. Department of State, the United Nations Security Council, and the European Union or any member state thereof, or any other national economic sanctions authority;

"Subsidiary" means in relation to a company wherever established (in this case, the holding company), any other company in which the holding company (or a Person acting on its behalf) directly or indirectly holds or controls either (a) a majority of the voting rights exercisable at general meetings of the company; or (b) the right to appoint or remove directors having a majority of the voting rights exercisable at meetings of the board of directors of the company;

"Tax", "Taxes" or "Taxation" means: (a) any tax or duty, or any levy, impost, charge or withholding having the character of taxation, wherever chargeable, imposed for support of national, state, federal, cantonal, municipal or local government or any other governmental or regulatory authority, body or instrumentality, including tax on gross or net income, profits or gains, taxes on receipts, sales, use, occupation, franchise, transfer, value added and personal property and social security taxes as well as employment-related taxes, stamp duties, custom duties and import/export duties; and (b) any penalty, fine, surcharge, interest, loss of relief, cess, charges or additions to taxation payable in relation to any taxation within paragraph (a) above;

"Taxation Authority" means any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in relation to Taxation;

"Third Party" means any person other than the Company or any of its respective officers, employees, agents or advisers;

"Third Party Negotiations" means any discussions or negotiations relating to or otherwise concerning a Restricted Transaction, between a Third Party and the Vendor or any Group Company (or any of its respective Representatives);

"Trade Controls" means Sanctions Laws or anti-boycott Applicable Laws;

"Transaction Documents" means the SPA, the PIPE Subscription Agreements, the Management and/or Placement Agreement, the New M&AA, the Company ESOP, the EIS and any other agreements entered into in connection with the SPA;

"Transactions" means, collectively, the Proposed Business Combination and each of the other transactions contemplated by the SPA or any of the other Transaction Documents;

"Vendor Circular Sections" means the sections or sub-sections of the Circular drafted and confirmed by the Vendor, namely "Information on the Target Company", "Prospects, Business Strategies and Future Plans", "Risk Factors – Risks relating to business and

APPENDIX K: TERMS AND CONDITIONS OF THE SPA

industry of the Target Group”, “Risk Factors – Risks relating to doing business in jurisdictions in which the Target Group operates”, “Selected Financial Information of the Target Group”, “Management’s Discussion and Analysis of Financial Position and Results of Operations of the Target Group”, “Capitalisation and Indebtedness”, “Financial Effects of the Proposed Transactions”, “No Material Effect on Financial Position”, “Use of Proceeds Raised from the PIPE Financing and the Completion Remaining Escrow Account”, “Enlarged Group Corporate and Shareholding Structure” (save for the sub-sections “Corporate Structure of the Company before Completion” and “Moratorium”), “Proposed Directors and Executive Officers”, “Interested Person Transactions and Potential Conflicts of Interest”, “Dividend Policy” (save for the sub-section “The Company”), “Material Contracts – The Target Company”, “Material Litigation”, “Exchange Control and Taxation”, “General and Statutory Information (Including Material Background Information) – Material Background Information on the Proposed Directors, Proposed Executive Officers and Controlling Shareholders of the Company”, as well as the appendices to the Circular drafted and confirmed by the Vendor, namely “Independent Auditor’s Report and Audited Consolidated Financial Statements of the Target Group for the Financial Years Ended 31 December 2020, 2021 And 2022”, “Interim Consolidated Financial Statements of the Target Group for the Six-Month Period Ended 30 June 2022 and 30 June 2023”, “Unaudited Proforma Consolidated Financial Information of the Enlarged Group for the Financial Year Ended 31 December 2022 and the Six-Month Period ended 30 June 2023”, “Government Regulations” and “Intellectual Property Rights of the Target Group”;

“**Warrantors**” means the Vendor and the Target Company; and





“**Warrantor Warranties**” each of the statements set out in Part A of Section D of Appendix K of this Circular.

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APPENDIX L: INTELLECTUAL PROPERTY RIGHTS OF THE TARGET GROUP

INTELLECTUAL PROPERTY RIGHTS OF THE TARGET GROUP

Trademarks

Trademark	Place of Registration	Registered Owner	Registration Number	Class	Expiry Date
	JP	17LIVE Japan Inc.	6137190	9, 35, 38, 41, 45	12 April 2029
	TW	17Live Inc.	01982129	35	15 April 2029
	TW	17Live Inc.	01959459	38	15 December 2028
	TW	17Live Inc.	01982583	41	15 April 2029
	TW	17Live Inc.	02003251	45	31 July 2029
Baby Coin	TW	17Live Inc.	02105328	35	30 November 2030
	TW	Wave Inc.	2242470	09	15 August 2032
	JP	17LIVE Japan Inc.	6456797	35, 42	15 October 2031
17 直播	TW	Ichi Nana Inc.	01940083	38	15 September 2028
17 Media	TW	Ichi Nana Inc.	01940084	38	15 September 2028
	TW	17LIVE Japan Inc.	02205503	09	29 February 2032
	TW	17LIVE Japan Inc.	02216042	35	15 April 2032
	TW	17LIVE Japan Inc.	02194187	38	31 December 2031
	TW	17LIVE Japan Inc.	02194247	41	31 December 2031
	TW	17LIVE Japan Inc.	02207073	42	29 February 2032
	TW	17LIVE Japan Inc.	02126377	45	28 February 2031
17 media	JP	17LIVE Japan Inc.	6137192	9, 35, 38, 41, 45	12 April 2029
17LIVE	JP	17LIVE Japan Inc.	6043653	9, 41, 45	18 May 2028

APPENDIX L: INTELLECTUAL PROPERTY RIGHTS OF THE TARGET GROUP

Trademark	Place of Registration	Registered Owner	Registration Number	Class	Expiry Date
ベイベーコイン	JP	17LIVE Japan Inc.	6333533	35, 36	23 December 2030
	TW	Handsup Company Limited	2280878	9	15 February 2033
	TW	Handsup Company Limited	2262949	35	15 November 2032
	TW	Handsup Company Limited	2263561	42	15 November 2032
	TW	Wave Inc.	NA	9, 38, 41, 42, 45	pending

Note:

General coverages of Class can be found at https://www.wipo.int/classifications/nice/nclpub/en/fr/pdf-download.pdf?lang=en&tab=class_headings&dateInForce=20230101. Classes of each trademark listed above may be modified in order to conform to local trademark law and practice. Examples of coverages of each Class are provided below.

Class 9: Scientific, research, navigation, surveying, photographic, cinematographic, audiovisual, optical, weighing, measuring, signalling, detecting, testing, inspecting, life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling the distribution or use of electricity; apparatus and instruments for recording, transmitting, reproducing or processing sound, images or data; recorded and downloadable media, computer software, blank digital or analogue recording and storage media; mechanisms for coin-operated apparatus; cash registers, calculating devices; computers and computer peripheral devices; diving suits, divers' masks, ear plugs for divers, nose clips for divers and swimmers, gloves for divers, breathing apparatus for underwater swimming; fire-extinguishing apparatus.

Class 35: Advertising; business management, organisation and administration; office functions.

Class 36: Financial, monetary and banking services; insurance services; real estate services.

Class 38: Telecommunications services.

Class 41: Education; providing of training; entertainment; sporting and cultural activities.

Class 42: Scientific and technological services and research and design relating thereto; industrial analysis, industrial research and industrial design services; quality control and authentication services; design and development of computer hardware and software.

Class 45: Legal services; security services for the physical protection of tangible property and individuals; dating services, online social networking services; funerary services; babysitting.

APPENDIX L: INTELLECTUAL PROPERTY RIGHTS OF THE TARGET GROUP

Patents

No.	Registered Owner	Nature and Description	Territory	Application No./ Registration No.	Filing Date/ Registration Date	Status	Expiry Date
1.	17LIVE Japan	Frame image of a group call (design patent)	Japan	2021-025749/ 1713562S	25 November 2021/15 April 2022	Registered	25 November 2046
2.	17LIVE Inc.	Frame image of a group call (design patent)	Taiwan	110302958/ TWD218549	7 June 2021/ 1 May 2022	Registered	7 June 2036
3.	17LIVE Japan	Invention related to gifting in live streaming	Japan	2021-212061/ 7071718	27 December 2021/11 May 2022	Registered	27 December 2041
4.	17LIVE Japan	Invention related to gifting in live streaming	Japan	2022-027946/ 7125729	25 February 2022/ 17 August 2022	Registered	25 February 2042
5.	17LIVE Japan	Invention related to gifting in live streaming	Japan	2022-073122/ 7129666	27 April 2022/ 25 August 2022	Registered	27 April 2042
6.	17LIVE Japan	Invention related to recommendation using machine learning in live streaming	Japan	2022-034882/ 7207905	8 March 2022/ 27 January 2023	Registered	8 March 2042
7.	17LIVE Japan	Invention related to recommendation using machine learning in live streaming	Japan	2022-026204/ 7217902	22 February 2022/ 27 January 2023	Registered	22 February 2042
8.	17LIVE Japan	Invention related to rejoining feature during live streaming after network disconnection	Japan	2023-043668/ 7302806	19 March 2023/26 June 2023	Registered	19 March 2043
9.	17LIVE Japan	Invention related to tipping gift for in-app games	Japan	2023-007325/ 7284909	20 January 2023/24 May 2023	Registered	20 January 2043
10.	17LIVE Japan	Invention related to S+ latency technology	Japan	2022-187749/ 7333534	24 November 2022/ 17 August 2023	Registered	24 November 2042

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APPENDIX M: SUMMARY VALUATION LETTER

9 November, 2023
Frost & Sullivan Limited
Unit 3006, 30/F
Two Exchange Square
8 Connaught Place, Central, Hong Kong

Independent Valuation of 17LIVE Inc.

To:
Board of Directors
Vertex Technology Acquisition Corporation Ltd
250 North Bridge Road
#11-01 Raffles City Tower
Singapore 179101

Dear Board of Directors:

1. Introduction

On 2 October 2023, Vertex Technology Acquisition Corporation Ltd ("VTAC" or the "Company") announced that it had entered into a sale and purchase agreement in relation to the proposed business combination between VTAC and 17LIVE Inc. ("17LIVE" or the "Target Company") by way of an acquisition by VTAC of the entire issued and paid-up share capital of the Target Company (the "Proposed Business Combination"). In connection with the Proposed Business Combination, Frost & Sullivan Limited has been appointed by VTAC to provide an independent valuation of the 100% equity value of the Target Company as at 30 June 2023 (the "Valuation Date") for the purposes of allowing VTAC's shareholders to assess the merits of the Proposed Business Combination and vote on the resolutions set out in the Circular. The valuation report complies with the Minimum Requirements for Performing Valuations and Issuing Business Valuation Reports specified by the Singapore Exchange Securities Trading Limited (the "SGX-ST").

This summary valuation letter (the "Letter") has been prepared for the purpose of incorporation in the circular dated 9 November 2023 to be issued by VTAC (the "Circular") in relation to the Proposed Business Combination, and is a summary of the information contained in our valuation report dated 9 November 2023 (the "Valuation Report"). Accordingly, this Letter should be read in conjunction with the full text of our Report. Unless otherwise stated, all capitalised terms used in this Letter shall have the same meanings ascribed to them in the Circular.

The scope of our work encompasses a valuation of 100% of the equity in 17LIVE. In our valuation report, we employ both the income approach, specifically the Discounted Cash Flow (DCF) method, and the market approach, including Price-to-Sales (P/S) and Enterprise Value-to-EBITDA (EV/EBITDA) ratios, for a comprehensive assessment. The valuation is expressed in US dollars, and the base date of valuation is set at 30 June 2023.

APPENDIX M: SUMMARY VALUATION LETTER

2. Statement of Independence

The Valuation Report is prepared independently by Frost & Sullivan Limited for VTAC to assess the valuation of 17LIVE for the proposed business combination between VTAC and 17LIVE. As the valuer, Frost & Sullivan Limited does not have any connection or involvement with the subject asset or the other parties to the valuation assignment. Frost & Sullivan Limited is in a position to provide an objective and unbiased valuation, and has the requisite knowledge and experience to undertake the valuation.

3. Target Company Business Highlights

The Target Company is a pure play live streaming platform with a leading position in Japan and Taiwan. The Target Company offers a diverse live streaming ecosystem, an engaged user community, a deep pool of live streamers, localised products and content, as well as innovative V-Livers, in app games, and live commerce, all of which are integrated into its live streaming business. The Target Company's business lines include Liver live streaming, V-Liver live streaming and other businesses.

3.1 Liver Live Streaming business highlights of 17LIVE include:

High quality live streamers. 17LIVE empowers live streamers with a globally accessible platform, user-friendly interface, in-house training, an end-to-end management system, and a contract model that ensures a sustainable supply of innovative, original, and unique content from talented live streamers.

Loyal and highly engaged users. The Target Company excels in catering to user preferences and cultural nuances by localizing its products and content across multiple markets, driven by local teams. Additionally, the Target Company leverages big data analytics and AI-powered content monitoring to enhance user experiences and provide valuable guidance to live streamers, boosting audience engagement.

3.2 V-Liver live streaming business highlights of 17LIVE include:

Immersive V-Liver technology. The Target Company enhanced the V-Liver experience by seamlessly integrating Live2D, enabling avatar creation and virtual streaming via smartphones, thereby significantly lowering the barriers to becoming a V-Liver. Additionally, VRM3D and hand gesture recognition were incorporated, enhancing user immersion and interactivity within the ecosystem.

Talent management. The Target Company supports V-Liver talents through an end-to-end talent management approach, helping them build a follower base within the 17LIVE ecosystem.

APPENDIX M: SUMMARY VALUATION LETTER

V-Liver proprietary IPs. The Target Company uniquely integrates V-Liver agency with its live streaming ecosystem, connecting exclusive V-Livers with users. It also identifies and nurture high-potential V-Livers through online competitions and offline events.

3.3 Other businesses (including live commerce and audio live streaming) highlights of 17LIVE include:

Infrastructure support. The Target Company provides essential infrastructure support for live commerce campaigns, ensuring smooth execution, uninterrupted audio live streaming, and seamless user interactions.

Data insights. Through partnerships with fast-moving consumer goods brands to analyze consumer behavior, the Target Company can identify products that suit the shopping needs of its user base. It subsequently invites the appropriate live streamers, also including V-Livers to promote these products, attracting more traffic.

4. Valuation Methodology

Frost & Sullivan Limited used P/S and EV/EBITDA within market approach and DCF (discounted cash flow) within income approach to determine the value of the Target Company. The following factors were considered by Frost & Sullivan Limited:

By referencing the valuation levels of comparable publicly traded companies within same industry, it determines the equity value of the subject company. In the comparable analysis, commonly used reference metrics include the price-to-sales ratio (P/S) and the enterprise value-to-EBITDA (earnings before interest, taxes, depreciation, and amortization) multiple, among others. P/S is often used to value growth stocks and especially unprofitable early-stage firms, facilitates comparisons across different companies, and helps identify growth stocks, especially unprofitable early-stage firms. EV/EBITDA is commonly used in the market approach valuation because it incorporates debt, adjusts for cash holdings, and eliminates distortions from varying depreciation methods. EBITDA, which assesses operating profits before depreciation and amortization, offers a standardized measure for comparing companies and aids in the normalization of the assessment process. As common forms of market approach valuation, P/S and EV/EBITDA are employed in the valuation report.

DCF is commonly used in the income approach valuation because it provides a comprehensive framework by considering the stream of future cash flows, incorporating the time value of money, accommodating different growth scenarios, etc. As a common form of income approach valuation, DCF is employed in the valuation report. The discounted cash flow (DCF) is an income-based approach to valuation that is based upon the theory that the value of a business is equal to the present value of its projected future benefits (including the present value of its terminal value). The basis for selecting the income approach was due to the availability of relevant data, specifically the historical operating records and development plans of the Target Company for each of its business

APPENDIX M: SUMMARY VALUATION LETTER

segment. Financial information is available for each business and Frost & Sullivan Limited is able to understand and analyze each business and model the financial forecast.

5. Valuation Conclusions

Based on two methods, multiple approach (P/S and EV/EBITDA ratio) and DCF approach, Frost & Sullivan Limited concluded that the market value of 100.0% equity interest in the Target Company as of 30 June 2023 is reasonably stated in the amount that ranges from USD697.2 million to USD750.6 million, with a median of USD723.9 million.

Valuation Methodology	Valuation Range (USD Million)	Overlapping Valuation Range (USD Million)	Median of Overlapping Range (USD Million)
Multiple Valuation	697.2 - 750.6	697.2 - 750.6	723.9
DCF Valuation	666.0 – 769.0		

6. Multiple valuation

Due to the Target Company's business model and profitability profile, P/S and EV/EBITDA ratios were adopted to derive the valuation of 17LIVE. Frost & Sullivan Limited believes that price-to-sales (P/S) ratio and enterprise value-to-EBITDA (EV/EBITDA) are most suitable to evaluate 17LIVE. P/S is commonly used to value live streaming platforms as many publicly traded comparable companies in the live streaming and V-liver industries are still unprofitable or at an early stage of profitability. EV/EBITDA is also employed as the Target Company has generated positive EBITDA since 2020 with increasing emphasis on profitability.

6.1 P/S Ratio Valuation Overview

The price-to-sales (P/S) ratio is a valuation ratio that compares a company's stock price to its revenues. It is an indicator of the value that financial markets have placed on each dollar of a company's sales or revenues.

The ratio shows how much investors are willing to pay per dollar of sales. It can be calculated either by dividing the company's market capitalization by its total sales over a designated period (usually twelve months) or on a per-share basis by dividing the stock price by sales per share. Like all ratios, the P/S ratio is most relevant when used to compare companies in the same sector. A low ratio may indicate the stock is undervalued, while a ratio that is significantly above the average may suggest overvaluation.

The challenges in using the P/S ratio are as follows. This approach only considers the ratio of sales revenue to market value, while neglecting important indicators such as a company's profit.

APPENDIX M: SUMMARY VALUATION LETTER

Additionally, the P/S valuation method does not consider factors like a company's future growth potential or the competitive landscape of the industry. Moreover, P/S ratio only considers a single year, so when using this method, it is necessary to assume that comparable companies and the company being valued have similar future growth potential.

Additionally, applying a liquidity discount is a common practice in valuation of unlisted companies. Based on the nature of the Target Company as an unlisted company, a 15% to 20% liquidity discount was applied to the valuation results and such range of the liquidity discount applied is in line with market practice.

6.2 EV/EBITDA Ratio Valuation Overview

The EV/EBITDA ratio is a financial metric used to evaluate the value of a company relative to its earnings before interest, taxes, depreciation, and amortization (EBITDA). The ratio measures a company's enterprise value (EV) divided by its EBITDA. The adjusted EBITDA is used for calculating the multiple ratios for comparable companies and the adjustment adopted in the valuation report is consistent with the Target Company's accounting treatment disclosed in Shareholders' Circular, the Target Company defines adjusted EBITDA as operating income before depreciation and amortization and net of share-based payment. Frost & Sullivan Limited has considered the Target Company's industry positioning, product offerings, geographic presence and other factors.

The challenges in using the EV/EBITDA ratio are as follows. The EV/EBITDA approach is more complex to calculate and EBITDA intentionally excludes tax factors. Therefore, if there are significant differences in tax policies enjoyed by different companies, the effectiveness of this metric's calculation can be greatly reduced. Additionally, one of the key factors in determining the enterprise value is the expected growth rate. Moreover, EBITDA only considers a single year, so when using this method, it is necessary to assume that comparable companies and the company being valued have similar future growth potential. In reality, such an assumption is often not valid.

The assumptions in using the EV/EBITDA ratio are as follows. In the live streaming and V-liver industries, there are many publicly traded comparable companies that still have EBITDA loss. However, the Target Company has registered positive EBITDA since 2020, and has maintained a stable EBITDA margin since then. Compared to other comparable companies with positive EBITDA, the Target Company has a comparable advantage in EBITDA margin. Additionally, the company's future strategic plan is expected to place a stronger emphasis on profitability. Driven by factors such as cost-effective marketing and V-liver content to drive organic user growth, we expect 17LIVE to achieve rapid EBITDA growth. Therefore, when analyzing EV/EBITDA valuation, a 15% to 20% premium was applied to the valuation results to account for the Target Company's advantages and such range of the premium applied is in line with market practice.

Additionally, applying a liquidity discount is a common practice in valuation of unlisted companies. Based on the nature of the Target Company as an unlisted company, a 15% to 20% liquidity discount was applied to the valuation results and such range of the liquidity discount applied is in

APPENDIX M: SUMMARY VALUATION LETTER

line with market practice.

For the avoidance of doubt, a control premium is not applied when comparing the Target Group's P/S and EV/EBITDA ratios to those of its selected peers. A control premium is not applicable in this case primarily due to the nature of the SPAC, which is created with the purpose of raising capital through an initial public offering, and essentially creates a reverse acquisition.

Control premium typically arises in specific transactions, for example, if shareholders of the target company oppose a merger, the acquirer might need to pay a higher control premium to persuade the shareholders to accept the deal, which does not apply to the current situation.

6.3 Summary of Main Considerations for Peers Selection

P/S ratio. In the selection of comparable companies, the valuation report mainly considers the following indicators as the reference basis for the selection of comparable companies: 1) Comparable companies are listed companies engaged in similar or similar business with the Target Company; 2) When the comparable company satisfies Condition 1), preference shall be given to the company whose business takes place in Japan. After considering the Target Company's industry position, business coverage, location and other factors, the comparable companies in the industry that can be considered and determined include ANYCOLOR, DeNA, Kuaishou, Bilibili, JoYY.

EV/EBITDA ratio. In the selection of comparable companies, the valuation report mainly considers the same indicators with P/S approach as the reference basis for the selection of comparable companies. In addition to the two criteria considered for P/S approach, we have also considered that comparable companies need to have positive EBITDA during the 12 months period from the Valuation Date. After considering the Target Company's industry status, business coverage, location and other factors, the comparable companies in the industry that can be considered and determined include ANYCOLOR, DeNA, Kuaishou, JoYY.

APPENDIX M: SUMMARY VALUATION LETTER

6.4 Comparison of trading metrics and operating performance of selected peers

(USD million)	Market capitalisation	Total enterprise value	Business description
Kuaishou HKG: 1024	29,624.2	29,422.1	Kuaishou Technology (“Kuaishou”) is a leading content community and social platform that continues to create value for users through innovation and optimization of products and services. The Kuaishou platform enables users to record and share life experiences through short videos and live streaming.
Bilibili HKG:9626/ NASDAQ: BILI	6,183.4	6,476.1	Bilibili Inc. (“Bilibili”) is a leading video community and symbolic brand for the younger generation in China. The company offers a full range of video content for multiple interests and has built an engaging community around users, high-quality content and the strong emotional bonds within it, spanning lifestyle, gaming, entertainment, anime, as well as technology and knowledge.
JOYY NASDAQ: YY	1,903.8	1,642.5	JOYY Inc. (“JOYY”) is a global technology company dedicated to enriching people's lives through technological innovation, mainly operating innovative social platforms such as Bigo Live, Likee and Hago, covering more than 150 countries and connecting hundreds of millions of users around the world.
ANYCOLOR TYO: 5032	1,669.21	1,584.8 ⁽¹⁾	ANYCOLOR Inc. (“ANYCOLOR”) is an innovative company based on advanced technology to change the entertainment industry. It deeply utilizes virtual technology and real-time interactive platform to build a unique entertainment ecosystem, aiming to provide users around the world with richer and immersive entertainment experience.
DeNA TYO: 2432	1,582.8	1,272.1	DeNA Co., Ltd. (“DeNA”) is a mobile and online services company founded in Tokyo in 1999, specializing in the development and operation of games, e-commerce, and entertainment content distribution.

APPENDIX M: SUMMARY VALUATION LETTER

(USD million)	LTM Sales	LTM EBITDA	P / LTM Sales	EV / LTM EBITDA
Kuaishou	14,445.7	1,183.8	2.1x	24.9x
Bilibili ⁽²⁾	3,087.5	-332.4	2.0x	N.M.
JOYY ⁽³⁾	2,322.6	258.2	0.8x	6.4x
ANYCOLOR ⁽⁴⁾	175.6	66.2	9.5x	23.9x
DeNA	944.5	52.2	1.7x	24.4x
Mean			3.2x	19.9x

Note: market capitalization and total enterprise value as of 30 June 2023

- 1) ANYCOLOR's TEV is calculated by the market capitalisation as of June 30, 2023 minus the net cash as of April 30, 2023, which refers to the end of latest fiscal period disclosed as of June 30, 2023.
- 2) Bilibili did not achieve positive adjusted EBITDA during the last twelve months ended June 30, 2023.
- 3) JOYY's adjusted EBITDA represents adjusted EBITDA for the fiscal year ended December 31, 2022 due to the availability of EBITDA disclosure.
- 4) ANYCOLOR's sales and adjusted EBITDA represent the results for the fiscal year 2023 ended April 30, 2023, which is the latest fiscal period disclosed as of June 30, 2023.

6.5 Summary of Market Approach Valuation Results

The valuation arising from the market approach is a weighted average of the implied equity value of P/S and EV/EBITDA-based valuation methodologies. Frost & Sullivan Limited applied a 60% weight to P/S multiple and 40% weight to EV/EBITDA multiple for the valuation since there are 5 available comparable companies for P/S and 4 available comparable companies for EV/EBITDA. As a result, the implied equity value of the Target Company using market approach is from USD 697.2 million to USD 750.6 million.

7. DCF (discounted cash flow) Valuation

7.1 DCF Approach Overview

The DCF approach refers to estimating the value of a company based on forecasts of the Target Company's future business development. It predicts the Target Company's future free cash flows and discounts these cash flows at an appropriate discount rate, summing them up to estimate the Target Company's value. Considering the composition of assets and the characteristics of the core business of the Target Company in this assessment, the basic approach of this evaluation is to

APPENDIX M: SUMMARY VALUATION LETTER

estimate its equity value based on the audited financial statements of the evaluation subject and overlay with forecast and projected estimates assessed and prepared independently by Frost & Sullivan Limited.

In other words, the assessment begins by using the DCF method based on the income approach to estimate the value of the on-going operational business of the evaluation subject, and deriving the enterprise value of the evaluation subject. The enterprise value is then reduced by the value of interest-bearing debt and minority shareholders' equity, and added to the cash and short-term investments held by the Target Company, resulting in the total equity value of the evaluation subject.

Frost & Sullivan Limited independently forecasted and projected the future cash flows of the Target Company based on its evaluation of the Target Company's operating metrics and financial performance and by discounting these cash flows at an appropriate discount rate, and all forecasts in relation to the Target Company (including its cash flows, earnings, profits and business) used in the DCF analysis and/or referred to in the Summary Valuation Letter or the Valuation Report were not provided or endorsed by the Company or the Target Company. Frost & Sullivan Limited has leveraged the Target Company's historical operating and financial performance as disclosed in the Circular, specifically the historical operating metrics (namely, MAU, Spend Rate and ARPPU) and the development plans of the Target Company for each of its business segments. Furthermore, as the relevant financial information is available for each business segment, Frost & Sullivan Limited is able to understand and analyse each business segment and model the financial forecast accordingly.

7.2 DCF Approach Model General Assumptions

Frost & Sullivan Limited has made the following general key valuation assumptions in the income approach valuation exercise:

- Unless otherwise specified in this letter, abnormal factors that may affect the assessed value, such as existing or potential mortgages, guarantees, and unique transaction methods, have not been considered.
- There have been no significant changes in the current relevant laws and policies, industrial policies, and the national macroeconomic situation.
- The political, economic, and social environment in the region where the assessed subject is located has remained stable, and there have been no significant adverse impacts caused by uncontrollable and unforeseeable factors.
- There have been no major changes in taxation policies, tax rates, and other policies applicable to the assessed subject, and the credit policies, interest rates, and exchange rates have remained relatively stable.
- Our valuation is based on various assumptions with respect to 17LIVE, including its present

APPENDIX M: SUMMARY VALUATION LETTER

and future financial condition, business strategies and the operating environment. These assumptions are based on the information provided to us and our discussions with 17LIVE, reflecting our current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

- The estimates of earnings and cash flow data, to the extent they relate to the future, reflect Frost & Sullivan Limited's expectations as to the future prospects of 17LIVE and are solely used in our valuation analysis and are not intended for use as forecasts or projections of future operations.
- Furthermore, there will usually be differences between estimated and actual results because events and circumstance may, or often do not occur as expected and those differences may be material. To the extent that our conclusions are based on forecasts, we express no opinion on the achievability of these forecasts.

7.3 DCF Approach Model Key Assumptions

- **Revenue - Liver Livestreaming Segment:** Frost & Sullivan Limited integrated independent industry research and forecasted the Target Company's core operating metrics in Japan and Taiwan markets, including MAU, spend rate, and ARPPU. The MAU is expected to rebound following the Target Company's adjustments in marketing strategies, aligning with the market growth trends. Currently, the Target Company's spend rate is relatively high and is expected to show a tendency towards normalization, experiencing a slight decrease in the future. The historical period ARPPU in the Taiwan region is relatively high and is expected to decline in the future. Meanwhile, the Japan region's ARPPU is expected to moderately increase along with macroeconomic growth.
- **Revenue - V-Liver Livestreaming Segment:** Frost & Sullivan Limited primarily considered two categories: proprietary channels and organic channels. Regarding the organic channel revenue projection, Frost & Sullivan Limited estimated the Target Company's potential new V-Liver quantity and average revenue contribution based on the Target Company's current situation, historical data, industry data, and macroeconomic analysis. For the proprietary channel revenue and testing, Frost & Sullivan Limited estimated the potential new IP quantity and average revenue contribution by considering the Target Company's current situation, historical data, industry data, and macroeconomic analysis.
- Other key items:
 - Annual Cost of Goods Sold: 60.8% of revenue
 - Annual Depreciation and Amortization Rate: assumed 3.3% of PP&E and intangible asset
 - Tax rate: assumed 25% effective tax rate
 - Annual Capital Expenditure Rate: 1% of incremental revenue

APPENDIX M: SUMMARY VALUATION LETTER

7.4 Summary of DCF Approach Valuation Results

Frost & Sullivan Limited has assumed the following assumptions in deriving the present value of future cash flows:

- WACC of 8.8% - 9.2% with midpoint of 9.0%
- Perpetual growth rate of 3.8%-4.2% with midpoint of 4.0%

Valuation summary (USD Million)	
Present Value of Free Cash Flow (2023H2 E – 2027E)	103.4
Present Value of Perpetual Cash Flow	573.5
Enterprise value	676.9
(+) Net cash	36.5
Equity value	713.4

7.5 DCF Valuation Sensitivity Test

Assuming WACC of 8.8% to 9.2% and perpetual growth rate of 3.8% to 4.2%, the implied equity value based on DCF is US\$666.0 million to US\$769.0 million, with sensitivity analysis as shown below:

		WACC				
		8.8%	8.9%	9.0%	9.1%	9.2%
Perpetual Growth Rate	3.8%	718	705	691	678	666
	3.9%	731	718	702	688	675
	4.0%	743	728	713	700	686
	4.1%	756	740	725	711	697
	4.2%	769	753	737	722	708

8. Declaration and Limiting Conditions:

We are not expressing an opinion on the commercial merits and structure of the Proposed Business Combination and accordingly, the Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the commercial or investment merits of the Proposed Business Combination by the shareholders of VTAC. The assessment of the commercial and investment merits of the Proposed Business Combination is solely the responsibility of the Directors.

We have not had regard to any general or specific investment objectives, financial situation or individual circumstances of any investor. The Valuation Report and this Letter does not constitute

APPENDIX M: SUMMARY VALUATION LETTER

and cannot be construed as an advice, a recommendation, or any form of judgement or opinion to any person in connection with the Proposed Business Combination. Such person or prospective investors of VTAC should seek his/her own professional advice in connection with the Proposed Business Combination.

Our scope of work does not require us to express, and we do not express a view on the prospects of the Target Company. We are therefore not expressing any views on the future trading price of the shares or the financial condition of VTAC upon completion of, inter alia, the Proposed Business Combination.

Our terms of reference do not require us to provide specific advice on legal, regulatory, accounting, property or taxation matters and where specialist advice has been obtained by VTAC and/or the Target Company and made available to us, we have considered and, where appropriate, relied upon such advice.

Our independent opinion on the estimate of the market value of the Target Company will not form a basis of the price at which the Target Company is to be acquired. The Valuation Report and this Letter and the data on which the Valuation Report and this Letter is prepared is not intended to form the basis of any acquisition decision in relation to the Proposed Business Combination and does not contain all the information that is necessary to fully evaluate the Proposed Business Combination.

Our valuation is based on the prevailing market, economic, industry, monetary and other conditions and on the information made available to us as of the date of this Letter and the Valuation Report. We assume no responsibility to update, revise or reaffirm our evaluation or assumptions set out in the Report to reflect events or developments subsequent to the date of this Letter and the Valuation Report.

All forecasts and/or financial projections in relation to the Target Company (including its cash flows, earnings, profits and business) made and/or referred to in this Letter and the Valuation Report were independently derived by Frost & Sullivan Limited, and none of these forecasts and/or financial projections are/were provided or endorsed by the Company or the Target Company.

We are not a member of a professional business valuation body or authority and is not registered with the Institute of Valuers and Appraisers, Singapore ("IVAS") as a Chartered Valuer and Appraiser. We are not required to be a member of a professional business valuation body or association, or regulated by any valuation industry related authority. Notwithstanding the above, our independent valuation has been performed in line with recognised valuation standards (such as the International Valuation Standards). We have also complied with the disclosure requirements under Practice Note 2 (Minimum Disclosure Requirements for Summary Valuation Letters) issued by IVAS in the preparation of this Letter and the Valuation Report.

APPENDIX M: SUMMARY VALUATION LETTER

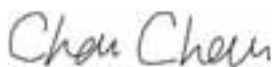
9. Sources of Information:

As part of our due diligence, we relied upon documents supplied by 17LIVE, including but not limited to the following:

1. Latest shareholder circular, which was verified by relevant parties
2. Independent auditor's report and audited consolidated financial statements of the Target Company for the financial years ended 31 December 2020, 2021, and 2022.
3. Interim consolidated financial statements of the Target Company for the six-month period ended 30 June 2023
4. Public filings and market trading data of selected peers

We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our valuation, we held discussions with the management of 17LIVE concerning the history and current conditions of the business, financial and general outlook of the Target Company. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the companies are true and accurate. We have, however, made reasonable enquiries and exercised our judgment on the reasonable use of such information and representations (as deemed necessary) provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on. We also used financial and other information obtained from private and public sources. These sources are considered to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Frost & Sullivan Limited has assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

Yours faithfully,
For and on behalf of
Frost & Sullivan Limited



Chen (Eric) CHEN
Executive Director

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