

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

ENTRY INTO SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED ADOPTION OF THE NEW CONSTITUTION

1. Introduction

- 1.1. The board of directors ("**Board**" or "**Directors**") of 9R Limited ("**Company**", and together with its subsidiaries, "**Group**") refers to the Company's announcement dated 14 July 2023 ("**Announcement**") relating to the entry by 9R Leisure Sdn Bhd ("**Purchaser**"), a wholly owned subsidiary of the Company, into a non-binding, memorandum of understanding with Body Power Sdn Bhd ("**Vendor**") (collectively known as the "**Parties**"), relating to the proposed acquisition of the Vendor's family karaoke and entertainment businesses and the intellectual property rights of the brand in such businesses ("**Proposed Acquisition**").
- 1.2. The Board wishes to announce that the Purchaser has on 3 December 2023 entered into a sale and purchase agreement ("**SPA**") with the Vendor, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire, all the issued shares in each of (i) Lavish Pearl Sdn Bhd; (ii) Booming Gain Sdn Bhd; (iii) Redbox (1st Avenue) Sdn Bhd; (iv) Sunlight Ventures Sdn Bhd; (v) Lovely Pyramid Sdn Bhd; (vi) Majestic Glory Sdn Bhd; and (vii) Cheer Bonanza Sdn Bhd (collectively, "**Target Companies**") ("**Sale Shares**"), for an aggregate consideration of RM20 million (approximately S\$5,738,700). Pursuant to the SPA, in the event certain conditions are fulfilled, the Vendor shall also be entitled to an earn-out amount of RM4,000,000 (approximately S\$1,144,800).
- 1.3. The Proposed Acquisition constitutes a "major transaction" as defined under Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**").
- 1.4. The Proposed Acquisition, which involves the Proposed Allotment (as defined in paragraph 3.2 below), is subject to the approval of the shareholders of the Company ("**Shareholders**"). The Board intends to convene an extraordinary general meeting of the Company ("**EGM**") in due course to seek the approval of the Shareholders for the Proposed Acquisition (including the Proposed Allotment).
- 1.5. At the EGM, the Board also intends to seek the approval of the Shareholders for the adoption of a new constitution to take into account the changes to the Companies Act 1967 introduced pursuant to the Companies (Amendment) Act 2014 and the Companies (Amendment) Act 2017, the prevailing listing rules of the SGX-ST, provisions of the personal data protection regime in Singapore and to streamline and rationalise certain other regulations in the existing constitution of the Company ("**Proposed Adoption of the New Constitution**"). Pursuant to Section 26 of the Companies Act 1967, the Proposed Adoption of the New Constitution is subject to Shareholders' approval by way of a special resolution.

2. Information on the Company, the Purchaser, the Target Companies and the Vendor

2.1 Information relating to the Company

The Company is a public company incorporated in Singapore on 23 November 1993 and is listed on the Catalist Board of the SGX-ST. As at the date of this announcement, the Group is principally engaged in the following business segments:

- (a) supply chain management, through the provision of artificial intelligence-powered robots to companies from various industries to help optimise their operations and business processes; and

9R LIMITED

*(Company Registration No. 199307300M)
(Incorporated in Singapore)*

- (b) lifestyle retail, offering deluxe leisure and family-friendly entertainment through the operation of a family karaoke and entertainment business under the brand “Red Box Plus”, a popular premium karaoke brand in Malaysia.

2.2 Information relating to the Purchaser

The Purchaser is a wholly-owned subsidiary of the Company incorporated in Malaysia on 13 May 2022. As at the date of this announcement, it has an issued and paid-up share capital of RM15 million (approximately S\$4,293,000) comprising 15,000,000 ordinary shares. Its director as at the date of this announcement is Ong Swee Sin. The Purchaser is principally involved in investment holding with its business address at E-5-Ground Floor Detached Office at Empire Damansara, Damansara Perdana, 47820 Petaling Jaya, Selangor, Malaysia.

2.3 Information relating to the Vendor

The Vendor is a company incorporated in Malaysia on 25 March 2015. The Vendor is the sole shareholder of the Target Companies and is in the business of investment holdings of karaoke businesses in Malaysia, under the brand names of “Red Box” and “Green Box”. It established “Red Box” brand in the year 2000 and has since expanded its presence in Malaysia to its current operations of five (5) “Red Box” outlets and two (2) “Green Box” outlets, as at the date of this announcement. It combines the concept of karaoke with party games to provide a different entertainment experience for consumers. The Vendor is wholly-owned by Khoo Kai Yang and its directors are Khoo Kai Yang and Ng Chun Won.

2.4 Information relating to and business of the Target Companies

- (a) Lavish Pearl Sdn Bhd

Lavish Pearl Sdn Bhd was incorporated in Malaysia on 2 March 2006. As at the date of this announcement, it has an issued and paid-up share capital of RM1,000,000 (approximately S\$286,200) comprising 1,000,000 ordinary shares and its sole shareholder is the Vendor. Its directors as at the date of this announcement are Khoo Kai Yang and Ng Chun Won. Lavish Pearl Sdn Bhd is in the business of operating a karaoke business at Lot 203 & 205, 4th Floor, The Gardens Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia under the brand name of “Red Box”.

- (b) Booming Gain Sdn Bhd

Booming Gain Sdn Bhd was incorporated in Malaysia on 23 October 2003. As at the date of this announcement, it has an issued and paid-up share capital of RM1,000,000 (approximately S\$286,200) comprising 1,000,000 ordinary shares and its sole shareholder is the Vendor. Its directors as at the date of this announcement are Khoo Kai Yang and Ng Chun Won. Booming Gain Sdn Bhd is in the business of operating a karaoke business at Lot 135, 1st Floor, The Curve, Mutiara Damansara, Persiaran Surian, 47800 Petaling Jaya, Selangor, Malaysia under the brand name of “Red Box”.

- (c) Redbox (1st Avenue) Sdn Bhd

Redbox (1st Avenue) Sdn Bhd was incorporated in Malaysia on 10 June 2009. As at the date of this announcement, it has an issued and paid-up share capital of RM1,000,000 (approximately S\$286,200) comprising 1,000,000 ordinary shares and its sole shareholder is the Vendor. Its directors as at the date of this announcement are Khoo Kai Yang and Ng Chun Won. Redbox (1st Avenue) Sdn Bhd is in the business of operating a karaoke business at Unit 8-10 & 8-11, 8th Floor, 1st Avenue Mall, 182, Jalan Magazine, Georgetown, 10300, Pulau Pinang under the brand name of “Red Box”.

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

(d) Sunlight Ventures Sdn Bhd

Sunlight Ventures Sdn Bhd was incorporated in Malaysia on 11 May 2002. As at the date of this announcement, it has an issued and paid-up share capital of RM1,000,000 (approximately S\$286,200) comprising 1,000,000 ordinary shares and its sole shareholder is the Vendor. Its directors as at the date of this announcement are Khoo Kai Yang and Ng Chun Won. Sunlight Ventures Sdn Bhd is in the business of operating a karaoke business at 170-07-03A/05/06, Plaza Gurney, Persiaran Gurney, 10250 Penang under the brand name of “Red Box”.

(e) Lovely Pyramid Sdn Bhd

Lovely Pyramid Sdn Bhd was incorporated in Malaysia on 27 June 2002. As at the date of this announcement, it has an issued and paid-up share capital of RM1,000,000 (approximately S\$286,200) comprising 1,000,000 ordinary shares and its sole shareholder is the Vendor. Its directors as at the date of this announcement are Khoo Kai Yang and Ng Chun Won. Lovely Pyramid Sdn Bhd is in the business of operating a karaoke business at Lot S-09, Level 2, Empire Shopping Gallery, Jalan SS 16/1, 47500 Subang Jaya, Selangor under the brand name of “Red Box”.

(f) Majestic Glory Sdn Bhd

Majestic Glory Sdn Bhd was incorporated in Malaysia on 2 March 2006. As at the date of this announcement, it has an issued and paid-up share capital of RM500,000 (approximately S\$143,100) comprising 500,000 ordinary shares and its sole shareholder is the Vendor. Its directors as at the date of this announcement are Khoo Kai Yang and Ng Chun Won. Majestic Glory Sdn Bhd is in the business of operating a karaoke business at Lot S33.2, Tingkat 2, Aeon Bukit Tinggi Shopping Centre, 1 Persiaran Batu Nilam 1/KS6, Bandar Bukit Tinggi 2, 41200 Klang, Selangor under the brand name of “Green Box”.

(g) Cheer Bonanza Sdn Bhd

Cheer Bonanza Sdn Bhd was incorporated in Malaysia on 25 January 2006. As at the date of this announcement, it has an issued and paid-up share capital of RM500,000 (approximately S\$143,100) comprising 500,000 ordinary shares and its sole shareholder is the Vendor. Its directors as at the date of this announcement are Khoo Kai Yang and Ng Chun Won. Cheer Bonanza Sdn Bhd is in the business of operating a karaoke business at Lot S01, 2nd Floor, Aeon Seremban 2 Shopping Centre, 112, Persiaran S2B1, Seremban 2, 70300 Seremban, Negeri Sembilan under the brand name of “Green Box”.

2.5 Financial Information of the Target Companies

Based on the combined audited accounts of the Target Companies for the financial year ended 31 December 2022 (“**FY2022**”):

- (a) the negative net tangible asset (“**NTA**”) value of the Target Companies was approximately RM4,527,806 (approximately S\$1,379,622) as at 31 December 2022. For illustrative purposes, if debt capitalisation (as part of the completion item described in paragraph 3.5 below) were completed on 31 December 2022, the NTA value of the Target Companies will be approximately RM5,672,194 (approximately S\$1,728,318); and
- (b) the net profits after tax of the Target Companies for FY2022 were approximately RM1,817,191 (approximately S\$553,698).

Based on the combined unaudited management accounts of the Target Companies for the six month period ended 30 June 2023 (“**HY2023**”):

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

- (i) the negative NTA value of the Target Companies was approximately RM5,130,962 (approximately S\$1,560,448) as at 30 June 2023. For illustrative purposes, if debt capitalisation (as part of the completion item described in paragraph 3.5 below) were completed on 30 June 2023, the NTA value of the Target Companies as at 30 June 2023 will be approximately RM5,069,038 (approximately S\$1,547,491); and
- (ii) the net loss after tax of the Target Companies for HY2023 was approximately RM603,156 (approximately S\$180,826).

The Purchaser understands from the Vendors that the Target Companies, which were profitable as a whole in FY2022, became loss-making in 1H2023 as certain of the key karaoke outlets (i) operated by Lavish Pearl Sdn Bhd at Lot 203 & 205, 4th Floor, The Gardens Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, was closed fully for renovations for a duration of four (4) months, and (ii) operated by Booming Gain Sdn Bhd at Lot 135, 1st Floor, The Curve, Mutiara Damansara, Persiaran Surian, 47800 Petaling Jaya, Selangor, Malaysia was partially closed for renovations for a duration of two (2) months. In addition, international travel picked up in 1H2023, which may have led to decrease in local consumer spending on entertainment activities.

The Directors also wish to highlight that management's negotiations with the Vendor in respect of the Proposed Transaction were conducted on the basis that the Target Companies would only be sold on a collective basis and not individually.

As at the date of this announcement, there is no available open market valuation of the Sale Shares. As such, in connection with the Proposed Acquisition, the Company has commissioned Navi Corporate Advisory Pte. Ltd. ("**Independent Valuer**"), as an independent valuer to perform a valuation of the Target Companies as at 31 August 2023. The indicative market value of the Target Companies as at 31 August 2023 is in the range of RM22.2 million to RM27.9 million. The indicative valuation of the Target Companies was arrived based on the estimate of the market value range of the Target Companies using the income approach with the market approach as a cross check. Details of the final independent valuation report ("**Valuation Report**") or summary valuation letter to be issued by the Independent Valuer will be set out in the Circular (as defined below) to be despatched to the Shareholders in due course.

3. Principal Terms of the Proposed Acquisition

3.1 Inter-Conditionality

The transfer of the Sale Shares must take place concurrently with respect to all the Target Companies (and not some of the Target Companies only).

3.2 Consideration and Earn-Out Amount

The aggregate consideration (the "**Consideration**") for the Proposed Acquisition is RM20 million (approximately S\$5,738,700), which comprises:

- (i) a sum of RM3 million (approximately S\$873,300) in cash ("**Initial Consideration**") which was paid to the Vendor upon execution of a pre-acquisition exclusivity agreement dated 15 September 2023 between the Purchaser and the Vendor;
- (ii) a sum of RM14.5 million (approximately S\$4,149,900) which shall be satisfied by the allotment and issuance of 69,165,000 new shares in the capital of the Company ("**Shares**") at S\$0.06 for each Share ("**Issue Price**") ("**Consideration Shares**") by the Company to the Vendor or a related entity of the Vendor upon completion of the SPA ("**Completion**"); and

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

- (iii) a sum of RM2.5 million (approximately S\$715,500) which shall be satisfied by the allotment and issuance of 11,925,000 Consideration Shares by the Company to the Vendor or a related entity of the Vendor upon the Purchaser's satisfaction of any or all of the Conditions Precedent being fulfilled, waived or converted into a Conditions Subsequent, prior to or on Completion, and/or Conditions Subsequent being fulfilled by the Vendor.

In addition, the Vendor shall be entitled to an earn-out amount ("**Earn-Out Amount**") to be satisfied by the allotment and issuance of new Shares ("**Earn-Out Shares**") by the Company to the Vendor or a related entity of the Vendor at the Issue Price in the event the Target Companies fulfil the conditions below:

Condition	Earn-Out Amount	No. of Earn-Out Shares
The EBITDA for the financial year ending 31 December 2024 or such financial year as duly changed by the Purchaser or the Company at any time after the completion of the sale and purchase of the Sale Shares is equal to or exceeds RM1.1 million	RM1.33 million	6,344,100
The EBITDA for the financial year ending 31 December 2025 or such financial year as duly changed by the Purchaser or the Company at any time after the completion of the sale and purchase of the Sale Shares is equal to or exceeds RM3.4 million	RM1.33 million	6,344,100
The EBITDA for the financial year ending 31 December 2026 or such financial year as duly changed by the Purchaser or the Company at any time after the completion of the sale and purchase of the Sale Shares is equal to or exceeds RM6.7 million	RM1.34 million	6,391,800

If the earnings before interest, tax, depreciation and amortisation derived on an aggregated basis from the audited financial statements of the Target Companies ("**EBITDA**") for a calculation period is less than the minimum EBITDA required for such calculation period as set out above, the Vendor shall not be entitled to any portion of the Earn-Out Amount for that particular calculation period.

The Consideration was arrived at on a "willing-buyer willing-seller" basis, taking into account, inter alia, (i) the historical financial performance of the Target Companies; (ii) the Target Companies' business prospects; (iii) the average of the indicative market values of the Sale Shares based on the preliminary valuation conducted by the Independent Valuer in the range of RM22.2 million to RM27.9 million; and (iv) the proposed terms and formulae of the Consideration.

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

The allotment and issuance of all Consideration Shares and Earn-Out Shares pursuant to the Proposed Acquisition (the “**Proposed Allotment**”) is subject to the approval of the Shareholders at the EGM.

The Consideration Shares and the Earn-Out Shares will be credited as fully-paid and shall rank *pari passu* in all respects with the existing Shares at the time of the allotment and issuance of such Consideration Shares, save for rights to any dividends, rights, allotments or distributions, the record date of which falls prior to the date of issuance of the Consideration Shares or the Earn-Out Shares.

The Issue Price represents a premium of 25% above the volume weighted average price of the Shares of S\$0.048 on 1 December 2023 being the full market day when the Shares were last transacted on the SGX-ST up to the entry of the SPA.

Based on the Issue Price, the aggregate of the total number of Consideration Shares and the maximum number of Earn-Out Shares to be issued is 100,170,000 Shares, which represents approximately 9.91% of the existing issued share capital of the Company 1,010,730,765 Shares and approximately 9.02% of the enlarged issued share capital of the Company of 1,110,900,765 Shares.

The Consideration Shares and Earn-Out Shares (if applicable) will not be placed to any person under the categories as set out in Rule 812(1) of the Catalist Rules.

The Company, will, through its Sponsor, UOB Kay Hian Private Limited, make an application to the SGX-ST for the listing of and quotation for the Consideration Shares and Earn-Out Shares on the Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Consideration Shares and Earn-Out Shares on the Catalist.

3.3 Source of Funds

The Initial Consideration was funded using funds raised through a private placement completed on 25 November 2022, details of which are set out in the Company’s announcement dated 10 November 2022. The balance of the Consideration and Earn-Out Amount will be satisfied by the allotment and issue of Consideration Shares and Earn-Out Shares.

3.4 Conditions Precedent

The Proposed Acquisition is subject to and conditional upon satisfaction or waiver (as the case may be) of, *inter alia*, the following conditions:

- (a) each of the Purchaser and the Company obtaining such approval(s) as may be required from its directors, shareholders and the SGX-ST where applicable in respect of the transactions contemplated under the SPA including the acquisition of the Sale Shares and the issue of the Consideration Shares and Earn-Out Shares;
- (b) the receipt and non-withdrawal of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Consideration Shares and Earn-Out Shares on Catalist, on terms acceptable to the Purchaser in its sole and absolute discretion;
- (c) each of the Vendor and the Purchaser procuring any authorisations, consents or approvals as may be required of any third party or governmental, regulatory body and/or competent authority or under any and all applicable laws having jurisdiction over the sale of the Sale Shares;

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

- (d) the Vendor obtaining the necessary approvals and/or consents from the landlords of the Target Companies for the intended change of shareholding and shareholder of the Target Companies, where applicable;
- (e) the Vendor initiating the renewal application process for the applicable licences of the Target Companies which will expire prior to the date of Completion of the SPA;
- (f) the Vendor procuring the formal written renewal of the tenancy of the karaoke business outlet entered into by Redbox (1st Avenue) Sdn Bhd;
- (g) the Vendor procuring the Target Companies to pass a resolution of the board of directors of each Target Company, amending the Target Companies' authorised bank(s) signatories to such person(s) as nominated by the Purchaser, and the signatory mandates given to the Target Companies' bank(s) with effect on and from the date of Completion;
- (h) the Vendor procuring Grand Surf Sdn Bhd ("**Grand Surf**") to execute a deed of assignment between the Purchaser and Grand Surf for the transfer of the intellectual property rights relating to the family karaoke and entertainment business operated by the Target Companies ("**Deed of Assignment**"), in particular the intellectual property rights of "Red Box", "Red Box Plus" and "Green Box" which are owned by Grand Surf, in favour of the Purchaser;
- (i) the Vendor having procured the key management employees of the Vendor, which shall be identified by at the sole discretion of the Purchaser, to execute a new service agreement with the Purchaser or such other related entity of the Purchaser, for a period of not less than three (3) years upon the date of Completion or such other date as the Purchaser determines in writing;
- (j) the representations and warranties of the Vendor being true, accurate and correct in all material respects as if made on the date of Completion, with references to the then existing circumstances;
- (k) the Vendor ensuring all instalment payments to Public Performance Malaysia ("**PPM**") to be completed by December 2023, and to subsequently furnish all outstanding payment receipts issued by PPM;
- (l) the Purchaser completing its due diligence (legal and financial) and valuation exercises over the Target Companies and confirming in writing that it is satisfied with the results of its due diligence and valuation exercises;
- (m) the Purchaser being reasonably satisfied on the date of Completion that there is no material adverse change (as defined in the SPA) in relation to the Target Companies with the exception of any increase in share capital of the Target Companies arising from any monies owed by the Target Companies to the Vendor and/or its affiliates (as defined in the SPA); and
- (n) the Vendor providing all necessary documentation evidencing any increase in the share capital of the Target Companies, as set out in paragraph (n) above,

(the conditions precedent above, collectively the "**Conditions Precedent**").

3.5 Completion

Completion shall take place on the date falling seven (7) business days after the date of satisfaction or waiver of the last of the Conditions Precedent, or such other date as may be agreed by the Company and the Vendor in writing.

9R LIMITED

*(Company Registration No. 199307300M)
(Incorporated in Singapore)*

The Vendor shall on allotment and issuance of the Consideration Shares deliver, procure, or cause to be delivered to the Purchaser, among other things, executed (if required) documents in such form as determined and acceptable by the Purchaser evidencing the release of all amounts owed by the Target Companies to the Vendor and/or its affiliates (as defined in the SPA), if any, for any purpose whatsoever and howsoever arisen, and whereby the manner of such release, whether it be a release and waiver, or conversion of debt into equity, shall be at the absolute discretion of the Purchaser, whereafter the Vendor shall cease to have any claim over any such amounts owing by the Target Companies.

In the event Completion does not occur by 1 January 2024, the Purchaser and any holding company from time to time of the Purchaser and any subsidiary from time to time of the Purchaser or such holding company shall be entitled to appoint a majority of the board of directors of each of the Target Companies and adopt and exercise control over, and deemed to have taken control over, including and without limitation to, the operations, accounting and finance, and administrative functions of the Target Companies with effect from such date, unless and until the SPA is terminated.

3.6 Long Stop Date

If the Conditions Precedent are not satisfied or waived on or before sixty (60) days from the date of the SPA or within such period as may be mutually agreed upon by the parties thereto, or such other date as may be agreed in writing between the Company and the Vendor, the SPA (other than the surviving provisions of the SPA) shall be terminated and neither the Vendor nor the Purchaser shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPA.

3.7 Conditions Subsequent

Subsequent to the date of Completion, the following shall occur at the direction and satisfaction of the Purchaser:

- (a) the Vendor shall maintain in effect and continue to fulfil any right, contractual obligations, or any business conduct which is connected to and may affect the business operations of the Target Companies if such right, contractual obligations or any business conduct were to be terminated, including but not limited to any agreements entered into by the Vendor and/or related companies of the Target Companies for the benefit of the Target Companies;
- (b) the Vendor shall, where required, notify such other relevant parties of the change of control of the Target Companies and, where there are agreements entered into by related companies of the Target Companies for the benefit of the Target Companies, to expeditiously procure the novation and/or assignment of such agreements to the Purchaser, or to procure new agreements to be entered into between such other relevant parties and the Purchaser;
- (c) the Vendor shall procure Grand Surf to terminate the management service arrangement between Grand Surf and the Target Companies;
- (d) the Vendor shall fulfil any and all obligations and complete all Conditions Precedent which were converted into a Condition Subsequent by the Purchaser, at the sole discretion of the Purchaser, to give effect to the terms of the SPA, including but not limited to initiating renewal applications of the applicable licences of the Target Companies and notifying and/or obtaining consent from the landlords of the relevant Target Companies for the change of shareholding and shareholder of the Target Companies; and
- (e) the Vendor and its affiliates (as defined in the SPA) for a period of five (5) years from the date of Completion:

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

- (i) will not carry on or be engaged, concerned or interest directly or indirectly whether as a shareholder, partners, director, agent or otherwise, any karaoke and entertainment business or any business which provides for karaoke facilities;
- (ii) will not either on its own account or in conjunction with or on behalf of any other person, firm or company solicit or entice away from the Purchaser for purposes of employment any person who is at the date hereof an employee of the Purchaser, whether or not such person would commit a breach of contract by reason of leaving such employment or induce or attempt to induce any employee with the Purchaser to terminate his or her employment or contractual relationship with the Purchaser; and
- (iii) will not deal with, seek or solicit the custom of any person who was a client, customer or supplier of the Purchaser for the purposes of providing and/or receiving from that client, customer or supplier with goods or services of a type supplied and/or received by the Purchaser,

(the conditions subsequent above, collectively the “**Conditions Subsequent**”).

4. Rationale for and benefit to the Company arising from the Proposed Acquisition

The Board is of the view that the Proposed Acquisition will be in the best interests of the Company and the Shareholders, having taken into consideration the following:

- (a) As disclosed in the Company's circular to Shareholders dated 14 April 2022, the Company intends to diversify the Group's existing business into the new businesses of supply chain management business and lifestyle retail business (“**New Businesses**”), in order to improve the Group's financial position and unlock shareholder value. In connection with such diversification, the Group had on 31 October 2022, completed its acquisition of Compact Sensation Sdn Bhd from the Vendor, pursuant to which the Group operates its first family style karaoke and entertainment outlet under the brand “Red Box Plus” in Malaysia. Following the completion of such acquisition, the Company wishes to take the next step in developing its lifestyle retail business by acquiring the remaining operating outlets of the Vendor's family style karaoke and entertainment business.
- (b) In connection with the Proposed Acquisition, pursuant to the Deed of Assignment, the Group will also acquire the intellectual property rights relating to the Target Companies' business including but not limited to those of “Red Box”, “Red Box Plus” and “Green Box” which are owned by Grand Surf, a subsidiary of the Vendor.
- (c) With the Proposed Acquisition, the enlarged Group will be able to significantly increase its presence in Malaysia, with the addition of the Target Companies' seven (7) karaoke outlets in Malaysia. With the enlarged scale, the combined businesses will allow the Group to benefit from an improved relative bargaining position when dealing with business partners, suppliers, vendors and lenders.
- (d) The enlarged scale of the business and operations will enable the Group to better manage its talent across all business functions by providing a larger platform and more diverse career opportunities. This will allow the enlarged Group to attract, train and retain talent, which in turn will drive long-term growth of the Group.
- (e) The Consideration for the Proposed Acquisition will be fulfilled partially by way of Shares (being the Consideration Shares), which will allow the Company to conserve its cash outlay.
- (f) Notwithstanding that the Target Companies were loss-making in 1H2023, management believes that there is brand equity associated with the Red Box name and the renovation

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

enhancements recently made to certain existing outlets as highlighted above presents an opportunity for future long-term growth in the post-pandemic entertainment business.

5. Financial Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition on the Group NTA per Share and loss per share (“LPS”) of the Group are set out below.

(a) Bases and Assumptions

The financial effects for the Proposed Acquisition have been prepared based on the audited consolidated financial statements of the Group for FY2022, being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement, and on the assumption that the expenses incurred for the Proposed Acquisition are insignificant and as such, have been ignored for the purposes of computing the financial effects.

The financial effects set out below are purely for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Acquisition. No representation is made as to the financial position and/or results of the Company after the completion of the Proposed Acquisition.

(b) NTA per Share

For illustrative purposes only and assuming that the Proposed Acquisition had been effected on 31 December 2022, being the end of FY2022, taking into account the debt capitalisation of the Target Companies, the financial effects on the consolidated Group NTA per Share as at 31 December 2022 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net Tangible Assets attributable to owners of the Company (S\$)	12,596,777	14,325,095
Number of Shares	1,006,328,615	1,106,498,615
NTA per Share (cents)	1.25	1.29

(c) LPS

For illustrative purposes only and assuming that the Proposed Acquisition had been completed on 1 January 2022, being the beginning of FY2022, the financial effects on the consolidated LPS for FY2022 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to owners of Company (S\$)*	(1,974,778)	(1,421,080)

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

Weighted average number of Shares	667,999,043	768,169,043
LPS (in cents)	(0.30)	(0.18)

(*) from continuing operation

6. Relative figures computed based on Rule 1006 of the Catalyst Rules

The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules based on the latest unaudited consolidated financial statements of the Group for HY2023 are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not Applicable ⁽¹⁾
(b)	Net profits attributable to the assets to be acquired or disposed of, compared with the Group's net profits.	26.87% ⁽²⁾
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares, excluding treasury shares.	14.19% ^{(3), (4)}
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	9.91% ⁽⁵⁾
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁶⁾

Notes:

- (1) Rule 1006(a) of the Catalyst Rules is not applicable to an acquisition of assets.
- (2) The Group recorded net loss before income tax and non-controlling interests of S\$648,000 for the six (6) month financial period ended 30 June 2023, as announced on 11 August 2023. The net loss before tax of the Target Companies for the six (6) month financial period ended 30 June 2023, was RM580,762 (approximately S\$174,112).
- (3) Pursuant to Rule 1003(3) of the Catalyst Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher. In this instance,
 - (a) the consideration price is RM24 million (approximately S\$6,883,500), including Earn-Out Amount of RM4,000,000 (approximately S\$1,144,800);

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

- (b) the cash consideration sum of S\$873,300 and the market value of 100,170,000 Consideration Shares and Earn-Out Shares of S\$4,808,160 based on the VWAP of S\$0.048 on 1 December 2023, being the last market day on which the Shares were traded before the date of the SPA, is S\$5,681,460;
- (c) the cash consideration sum of S\$873,300 and the NAV represented by the 100,170,000 Consideration Shares and Earn-Out Shares of S\$1,562,652 as at 30 June 2023 is S\$2,435,952.

Based on the above, the relative figure had been computed based on (a) of S\$6,883,500, being the highest value of (a) to (c).

- (4) The Company's market capitalisation of S\$48,515,077 is based on Company's issued ordinary share capital (excluding treasury shares) of 1,010,730,765 shares and VWAP of S\$0.048 on 1 December 2023, being the last market day on which the Shares were traded before the date of the SPA.
- (5) Based on 100,170,000 Consideration Shares and Earn-Out Shares and the Company's issued ordinary share capital (excluding treasury shares) of 1,010,730,765 shares.
- (6) The Company is not an oil and gas company.

As the relative figure under Rule 1006(b) of the Catalist Rules is negative and exceeds 10%, the Proposed Acquisition does not fall within the relevant scenarios provided for in paragraphs 4.3(a) and 4.4(a) of Practice Note 10A of the Catalist Rules. Accordingly, pursuant to paragraph 4.6 of Practice Note 10A of the Catalist Rules, the Proposed Acquisition is subject to the approval of the Company's shareholders at an EGM.

Shareholders' Approval for the Proposed Allotment

Section 161 of the Act and Rule 805(1) of the Catalist Rules provide, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer at a general meeting as provided in Rule 806 of the Catalist Rules.

The Proposed Allotment will be made pursuant to a specific mandate and the Company is seeking specific Shareholder's approval for the Proposed Allotment at the EGM in accordance with Rule 805(1) of the Catalist Rules.

7. Circular and EGM

The Company will be convening an EGM to seek the Shareholders' approval for the Proposed Acquisition (including the Proposed Allotment) and the Proposed Adoption of the New Constitution, and a circular containing, inter alia, the notice of the EGM and further details of the Proposed Acquisition (including the Proposed Allotment) and the Proposed Adoption of the New Constitution (the "**Circular**") and the Valuation Report or summary valuation letter will be despatched to the Shareholders in due course.

8. Interests of Directors, Controlling Shareholders and Substantial Shareholders

None of the Company's directors, controlling shareholders or substantial shareholders has any interest, direct or indirect in the Proposed Acquisition (including the Proposed Allotment) and the Proposed Adoption of the New Constitution, other than through their respective shareholdings in the Company, nor are they related to the Vendor and its subsidiaries or any of their respective directors, executive officers and substantial shareholders.

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

Interests of Directors

The interests of the Directors in the Company as recorded in the register of Directors' shareholdings of the Company as at the date of this announcement and after the Proposed Acquisition (assuming the maximum number of Earn-Out shares are issued) are set out below:

Name of Directors	Before the Proposed Acquisition				After the Proposed Acquisition			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾
Datuk Low Kim Leng	-	-	-	-	-	-	-	-
Ong Swee Sin	-	-	20,419,958	2.02	-	-	20,419,958	1.84
Wee Hock Kee	-	-	-	-	-	-	-	-
Mark Leong Kei Wei	-	-	-	-	-	-	-	-

Notes:

- (1) The figures are computed based on the issued and paid-up share capital of the Company, comprising 1,010,730,765 Shares (excluding 159,230 treasury shares and subsidiary holdings) as at the date of this announcement.
- (2) The figures are computed based on the issued and paid-up share capital of the Company, comprising 1,110,900,765 Shares (excluding 159,230 treasury shares and subsidiary holdings) after the Proposed Acquisition.

Interests of Substantial Shareholders (other than Directors) and Vendor

The interests of the Substantial Shareholders in the Company (other than the Directors) as recorded in the register of Substantial Shareholders of the Company and the interests of the Vendor as at the date of this announcement and after the Proposed Acquisition (assuming the maximum number of Earn-Out Shares are issued) are set out below:

Name of Substantial Shareholders	Before the Proposed Acquisition				After the Proposed Acquisition			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾
Subtleway Management Sdn. Bhd.	130,701,548	12.93	-	-	130,701,548	11.77	-	-
Lim Jun Hao	35,847,155	3.55	130,701,548	12.93	35,847,155	3.23	130,701,548	11.77
Tristan Management Sdn. Bhd	130,710,068	12.93	-	-	130,710,068	11.77	-	-
Irelia Management Sdn. Bhd	90,145,736	8.92	-	-	90,145,736	8.11	-	-
NTG Holding	-	-	220,855,804	21.85	-	-	220,855,804	19.88
Ng Boon Chee	31,207,940	3.09	220,855,804	21.85	31,207,940	2.81	220,855,804	19.88
Tan Chiau Wei	26,176,604	2.59	220,855,804	21.85	26,176,604	2.36	220,855,804	19.88
Toh Kok Soon	97,881,692	9.68	-	-	97,881,692	8.81	-	-

9R LIMITED

(Company Registration No. 199307300M)
(Incorporated in Singapore)

Xiang XiPing	50,936,1 28	5.04	-	-	50,936,1 28	4.59	-	-
Body Power Sdn Bhd	43,500,0 44	4.30	1,484,50 0	0.15	143,670, 044	12.93	1,484,50 0	0.13
Khoo Kai Yang	-	-	44,984,5 44	4.45	-	-	145,154, 544	13.07

Notes:

- (1) The figures are computed based on the issued and paid-up share capital of the Company, comprising 1,010,730,765 Shares (excluding 159,230 treasury shares and subsidiary holdings) as at the date of this announcement.
- (2) The figures are computed based on the issued and paid-up share capital of the Company, comprising 1,110,900,765 Shares (excluding 159,230 treasury shares and subsidiary holdings) after the Proposed Acquisition, assuming the maximum number of Earn-Out shares are issued.

9. Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Acquisition.

10. Documents available for inspection

Copies of the SPA are available for inspection by the Shareholders at the registered office of the Company at 20 Collyer Quay #11-07 Singapore 049319 during normal office hours for three (3) months from the date of this announcement.

11. Cautionary Statement

Shareholders and potential investors are advised to exercise caution when dealing in Shares. The Proposed Acquisition is subject to the fulfilment of Conditions Precedent under the SPA. There is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

12. Further announcements

The Company will keep shareholders informed of any further development on the Proposed Acquisition and the Proposed Adoption of the New Constitution by way of further announcement(s) as appropriate or when there are material developments in respect of the same.

BY ORDER OF THE BOARD OF
9R Limited

Datuk Low Kim Leng
Chairman and Independent Non-Executive Director
3 December 2023

9R LIMITED

*(Company Registration No. 199307300M)
(Incorporated in Singapore)*

This announcement has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President at 8 Anthony Road, #01- 01, Singapore 229957, telephone (65) 6590 6881.