SOUTHERN ARCHIPELAGO LTD.
(Formerly known as Blumont Group Ltd.)
(Company Registration No. 199302554G)
(Incorporated in Singapore)

(I) PROPOSED ACQUISITION OF (A) 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL IN EACH OF MENDOL INVESTMENTS PTE. LTD. AND HINAKO INVESTMENTS PTE. LTD. AND (B) 60% OF THE ISSUED AND PAID-UP SHARE CAPITAL IN EACH OF PRIME HOLDINGS PTE. LTD., ENGGANO INVESTMENTS PTE. LTD. AND MESAWAK INVESTMENTS PTE. LTD.; AND

(II) PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

– UPDATE TO THE CORPORATE PROPOSAL

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1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of Southern Archipelago Ltd. ("**Company**", and together with its subsidiaries, "**Group**") refers to the Company's announcement dated 1 October 2021, the announcement dated 31 March 2022, the announcement dated 5 April 2022, the announcement dated 30 June 2022 and the announcement dated 30 August 2022 (collectively, "**Announcements**" and each an "**Announcement**") in relation to, *inter alia*, the share sale agreements dated 1 October 2021 (as amended, modified and supplemented by the First Supplemental Agreements dated 31 March 2022, the Second Supplemental Agreements dated 5 April 2022, the Third Supplemental Agreements dated 30 June 2022 and the Fourth Supplemental Agreements dated 30 August 2022) ("**SPAs**") between the Company and the Vendors[1] (collectively, "**Parties**") for the proposed acquisition of (i) 100% of the issued and paid-up share capital in each of Mendol Investments Pte. Ltd. and Hinako Investments Pte. Ltd. ("**Hinako**") and (ii) 60% of the issued and paid-up share capital in each of Prime Holdings Pte. Ltd., Enggano Investments Pte. Ltd. and Mesawak Investments Pte. Ltd., for an aggregate consideration of S$78,363,393 ("**Acquisition**") as well as the proposed Rights cum Warrants Issue (as defined therein).

Capitalised terms not otherwise defined herein shall have the meanings respectively ascribed to them in the Announcements.

2. THE ACQUISITION - FIFTH SUPPLEMENTAL AGREEMENTS

2.1 The Board wishes to announce that the Company has on the date hereof entered into fifth supplemental agreements to the SPAs ("**Fifth Supplemental Agreements**") with the Vendors to amend, modify and supplement the SPAs.

2.2 By way of reference, the SPAs provide for the acquisition by the Company of the following:

(i) **Mendol Acquisition:** 100% of the issued shares in Mendol. Mendol is the indirect owner of 100% of the Hotel (being Natra Bintan); and

(ii) **Seychelles Acquisition:** 100% of the issued shares in Hinako Investments Pte. Ltd., 60% of the issued shares in Prime Holdings Pte. Ltd., 60% of the issued shares in Enggano Investments Pte. Ltd. and 60% of the issued shares in Mesawak Investments Pte. Ltd.. The foregoing Seychelles Companies hold various Land Lots, including a Land Lot on which the Hotel sits on.

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[1] Collectively refers to (i) the Mendol Vendors in respect of the Mendol SPA, namely, Strategic Premium Pte. Ltd., Luminous Global Inc., Genprop Pte. Ltd., Wong Ho Kit, Sim Swee Yoke, Golden Prosperity LLP and Tiara Gateway Pte. Ltd. (a wholly-owned subsidiary of Landmarks Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad) and (ii) the Tiara Vendor in respect of the Seychelles SPA, being Tiara Gateway Pte. Ltd..

Please refer to the Announcements for further details of the Acquisition.

2.3 Having considered, *inter alia*, the current scale of operations of the Mendol Group and the Seychelles Group, the current financial and economic conditions, the Company has agreed with the respective Vendors to scale back on the scope of the Acquisition, and will focus on the acquisition of Mendol, being the indirect owner of the Hotel, as well as Hinako Investments Pte. Ltd., being the entity which holds the Land Lot ("**Plot H5**") on which the Hotel sits on.

2.4 The Fifth Supplemental Agreements were therefore entered into to record the foregoing intentions and to reflect the corresponding amendments and modifications as a result of the foregoing. Such amendments and modifications include, *inter alia*:

(a) to record the Parties' agreement to exclude Prime Holdings Pte. Ltd., Enggano Investments Pte. Ltd. and Mesawak Investments Pte. Ltd. from the Seychelles Acquisition;

(b) to amend, modify and supplement, *inter alia*, the following salient terms of each of the SPAs:

(i) given the reduction in the scope of the Acquisition, the Consideration has been revised from S$78,363,393 to S$43,223,252.

The Consideration is based on the adjusted net assets of Mendol Investments Pte. Ltd., Hinako Investments Pte. Ltd. and their subsidiaries ("**Mendol and Seychelles Group**") for the period ended 30 June 2022, prepared and adjusted based on the valuation of the Hotel and Plot H5 in an updated valuation report to be dated and issued at a later date ("**Valuation Report**") in relation to, amongst others, the Hotel and Plot H5, by an independent valuer, KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE (the "**Valuer**");

(ii) adjust the issue price of the new shares in the capital of the Company to be issued to the Mendol Vendors and Tiara Vendor in satisfaction of the Consideration, from S$0.005 per Share to S$0.003 per Share;

(iii) include a new condition precedent in the SPAs, wherein the valuation as stated in the Valuation Report shall be the same as the valuation as set out in the valuation certficate issued by the Valuer on 20 October 2022, and the Parties further agreeing that no change is required to be made to the Consideration as set out above; and

(iv) revise the Cut-Off Date to 30 June 2023.

2.5 Save as expressly provided for in the Fifth Supplemental Agreements, the other clauses in the SPAs remain unchanged. The SPAs and the Fifth Supplemental Agreements shall be read and construed in conjunction with the modifications effected by the Fifth Supplemental Agreements, and references to the SPAs shall be read and construed as references to the SPAs as varied or amended and supplemented by the Fifth Supplemental Agreements.

3. THE PRINCIPAL TERMS OF THE ACQUISITION

For the ease of reference by the Shareholders, the Company wishes to set out herein, the principal terms of the Acquisition.

3.1 Updated Consideration

3.1.1 As mentioned above, given the reduction in the scope of Acquisition, the Consideration for the Acquisition is reduced to S$43,223,252. The Consideration comprises S$29,546,768 for the Mendol Acquisition and S$13,676,484 for the Seychelles Acquisition.

3.1.2 The Consideration for the Mendol Acquisition was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the Company and the Mendol Vendors, and was agreed on the basis of (a) the adjusted net assets of the Mendol Group as at 30 June 2022 derived from the unaudited consolidated management accounts of Mendol for the period ended 30 June 2022, which were prepared and adjusted based on the valuation of the Natra Bintan Hotel given in the Valuation Report and (b) a discount of S$1,020,408 on a willing buyer and willing seller basis.

3.1.3 The Consideration for the Seychelles Acquisition was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the Company and the Tiara Vendor, and was agreed on the basis of (a) the adjusted net assets of the Seychelles Group as at 30 June 2022 derived from the unaudited consolidated management accounts of Hinako for the period ended 30 June 2022, which were prepared and adjusted based on the valuation of HGB (Plot H5) given in the Valuation Report.

3.1.4 Pursuant to the Fifth Supplemental Agreements, the number of Consideration Shares to be allotted and issued to the Vendors has also reduced to 14,407,750,667, comprising 9,848,922,667 Consideration Shares under the Mendol SPA and 4,558,828,000 Consideration Shares under the Seychelles SPA. A breakdown of the Consideration Shares to be allotted and issued to each Mendol Vendor and Tiara Vendor is set out below:

Vendors	**No. of Consideration Shares**	**Percentage Shareholding of the Post-Acquisition Enlarged Share Capital [(1)] (%)**
Tiara Vendor [(2)]	9,384,800,104 (comprising 4,825,972,104 Consideration Shares under the Mendol SPA and 4,558,828,000 Consideration under the Seychelles SPA)	22.36
Strategic Premium Pte. Ltd.	1,341,423,268	3.20
Luminous Global Inc.	2,676,937,180	6.38
Genprop Pte. Ltd.	502,295,057	1.20
Wong Ho Kit	210,766,946	0.50
Sim Swee Yoke	165,461,901	0.39
Golden Prosperity LLP	126,066,211	0.30
Total:	**14,407,750,667**	**34.33**

Notes:

(1) Calculated based on the Enlarged Share Capital of the Company of 41,978,512,850 Shares (comprising the existing share capital of the Company of 27,570,762,183 Shares and 14,407,750,667 Consideration Shares to be issued pursuant to the Acquisition.)

(2) MW, a controlling Shareholder of the Company with an approximate 51.37% interest in the Company is also the Executive Deputy Chairman and CEO and a substantial shareholder of Landmarks with an approximate 23.18% interest (comprising a direct interest of 12.84% and deemed interest of 10.34%) in Landmarks. Landmarks is the holding company of Tiara Vendor.

The Enlarged Share Capital of the Company will consist of 41,978,512,850 Shares following Completion. As at the date of this announcement, the Consideration Shares represent approximately 52.26% of the Existing Share Capital of the Company of 27,570,762,183 Shares and approximately 34.33% of the Enlarged Share Capital of the Company. None of the Mendol Vendors are Shareholders of the Company prior to the Acquisition.

3.1.5 Pursuant to the Fifth Supplemental Agreements, the issue price of the Consideration Shares has been revised from S$0.005 per Share to S$0.003 per Share ("**Updated Issue Price**"). The rationale for revising the issue price for the Consideration Share is to take into consideration the recent fluctuation in the Company's Share price, as well as the range of the Company's recent closing Share price. The closing Share price on the SGX-ST on 31 October 2022 is S$0.003 per Share, being the day on which the Shares were traded on the SGX-ST on the date of the Fifth Supplemental Agreement and the date of this announcement ("**Updated Last Traded Price**"). The Updated Issue Price represents the Updated Last Traded Price. The revision to the issue price of the Consideration Shares is to take into account the current market conditions which would better reflect the existing trading status of the Company's Shares as compared with the issue price of the Consideration Shares of S$0.005 per Share, which was based on a Last Traded Price on 30 September 2021, which would not be reflective of the current market conditions given the elapse of time.

3.1.6 As mentioned in the Announcements, the Company will seek specific Shareholder's approval for the allotment and issue of Consideration Shares at the EGM in accordance with Rule 805(1) of the Listing Manual. The Company will also make an application to the SGX-ST as soon as reasonably practicable for the listing of, and quotation for, the Consideration Shares on the Main Board and will make the necessary announcement(s) once the approval in-principle for the listing and quotation of the Consideration Shares on the Main Board has been obtained from the SGX-ST.

3.2 **Updated Conditions Precedent**

3.2.1 As mentioned in paragraph 2.4(b)(iii), a new condition precedent in relation to the Valuation Report has been included in the SPAs. For the ease of reference, the Company wishes to set out the list conditions precedent to the completion of the Acquisitions, as follows:

(a) the Company having undertaken and having completed its due diligence investigations in respect of the Mendol and the Seychelles Group, and the results of such due diligence investigation being satisfactory to the Company in its absolute discretion;

(b) the execution by the parties of a supplemental deed of undertakings, warranties and indemnities in respect of the Mendol and Seychelles, in form and substance agreed by the parties;

(c) shareholders' approval of Landmarks Berhad for the Acquisition;

(d) Shareholders' approval of the Company for the Acquisition;

(e) the approval-in-principle of the SGX-ST for the listing of and quotation for the Consideration Shares on Main Board;

(f) the consents of the lenders or financiers of the Vendors and Landmarks Berhad approving or confirming (if required) that they have no objection to the Acquisition;

(g) the consent of the service provider/operator/licensor of the Hotel to any change of control requirement pursuant to the Acquisition;

(h) there being no material adverse change affecting the Mendol and Seychelles Group since 31 December 2020;

(i) the purchase and sale of the Sale Shares upon the terms of the SPA are not being prohibted or restricted by any statue, order, rule, regulation, directive, guideline or request promulgated by any legislative, executive or regulatory body or authority of any relevant jurisdiction;

(j) the values set out in the Valuation Report are the same as those set out in the Valuation Certificate and the Mendol Vendors, Tiara Vendor and the Company agreeing there is no change required to be made to the quantum of the Consideration set out in Clause

4.1(a) of the SPAs;

(k) if applicable, the grant of a whitewash waiver by the Securities Industry Council of Singapore to the Company to waive the obligation of the relevant party(ies) to make a mandatory general offer for the shares of the Company under the Singapore Code on Takeovers and Mergers arising from the transaction under the SPAs ("**Whitewash Waiver**"); and

(l) all approvals, consents, licences, permits, waivers and exemptions for the Acquisition being granted by third parties.

As at the date of this Announcement, the conditions precedent set out in paragraphs 3.2.1(a), (b) and (g) have been satisfied.

3.3 **Completion and Updated Cut-off Date**

3.3.1 As mentioned in the Announcements, the Mendol Acquisition and the Seychelles Acquisition are inter-conditional.

3.3.2 Completion of the Acquisition shall be the business day falling five business days after the last in time of the conditions precedent are satisfied or waived (as the case may be) in accordance with the SPAs (or such other date as may be agreed in writing).

3.3.3 Pursuant to the Fifth Supplemental Agreements, the Cut-Off Date has been amended to 30 June 2023 (or such later date as the parties may mutually agree in writing). This means that if any of the conditions precedent is not satisfied or waived in accordance with the SPAs on or before 30 June 2023 (or such later date as the parties may mutually agree in writing), the Company has the right to terminate the SPAs.

3.4 **Service Contracts**

3.4.1 On Completion and at all times thereafter during which the Tiara Vendor holds not less than 20% of the Shares, the Company shall, subject to compliance with applicable requirements under its Constitution and the Listing Manual, procure the appointment of a person as nominated by the Tiara Vendor, onto the Board.

3.4.2 Save as disclosed, no person is intended to be appointed as a director of the Company in connection with the Corporate Proposal and no service contract is intended to be entered into between the Company and any such person.

4. FINANCIAL EFFECTS ARISING FROM THE ACQUISITION

4.1 In light of the amendments and modifications made to the Acquisitions effected by the Fifth Supplemental Agreements, the Company wishes to set out the proforma financial effects of the Acquisition on the share capital of the Company, net tangible assets attributable to the owners of the Company ("**NTA**") per share and the loss per share ("**LPS**") of the Group based on the updated terms of the Acquisition.

4.2 The proforma financial effects have been prepared based on: (a) the audited financial results of the Group for the financial year ended 31 December 2021; and (b) the unaudited financial results of Mendol Group and Seychelles Group for the financial year ended 31 December 2021. The proforma financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

Share Capital

Share capital	**Before Acquisition**	**After Acquisition**
Total number of issued shares	27,570,762,183	41,978,512,850[(1)]

Total issued and paid-up capital (S$'000)	127,339	170,562

Note:

(1) Pursuant to the allotment and issue of the Consideration Shares.

NTA

For illustrative purposes only, the proforma financial effects of the Acquisition on the Group's NTA per share, assuming that the Acquisition had been completed on 31 December 2021, being the end of the most recently completed financial year, are set out below:

NTA	Before Acquisition	After Acquisition
NTA (S$'000)	1,226	44,450
Number of issued shares	27,570,762,183	41,978,512,850(1)
NTA per Share (cents)	0.004	0.106

Note:

(1) Pursuant to the allotment and issue of the Consideration Shares.

LPS

For illustrative purposes only, the proforma financial effects of the Acquisition on the consolidated earnings of the Group, assuming that the Acquisition had been completed on 1 January 2021, being the beginning of the most recently completed financial year, are set out below:

LPS	Before Acquisition	After Acquisition
Loss attributable to the owners of the Company (S$'000)	(4,906)	(6,483)
Weighted average number of issued shares	27,570,762,183	41,978,512,850(1)
LPS – Basic (cents)	(0.018)	(0.015)

Note:

(1) Pursuant to the allotment and issue of the Consideration Shares.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

5.1 Pursuant to the amendments and modifications effected by the Fifth Supplemental Agreements, the updated relative figures of the Acquisition as computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable(1)
(b)	The net profits/(losses)(2) attributable to the assets acquired or disposed of, compared with the Group's net profits	24.78%(2)

(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	52.26%[(3)]
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	52.26%[(4)]

Notes:

(1) This basis is not applicable to the Acquisition.

(2) Pursuant to Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the aggregate unaudited net losses attributable to the Sale Shares for the six months period ended 30 June 2022 and the unaudited consolidated net losses of the Group for the six months period ended 30 June 2022, being approximately S$1.5 million and S$0.4 million, respectively.

(3) Based on the Consideration and the Company's market capitalisation of approximately S$82.7 million was computed based on the Company's existing issued and paid-up share capital of 27,570,762,183 Shares and the volume weighted average price of S$0.003 per Share at the close of the trading on 31 October 2022.

(4) The number of Consideration Shares to be issued by the Company as consideration for the Acquisition is 14,407,750,667 new Shares. As at the date of this announcement, the Company has 27,570,762,183 Shares in issue.

5.2 As the relative figures in respect of the Acquisition computed on the bases set out in Rules 1006(b), (c) and (d) of the Listing Manual exceed 20%, the Acquisition is classified as a "major transaction" within the meaning of Rule 1014 of the Listing Manual. Accordingly, the Acquisition is subject to the approval of the Company's shareholders at the EGM.

6. RIGHTS CUM WARRANTS ISSUE

As one of the rationale and use of proceeds of the Rights cum Warrants Issue is to (in the event that the Acquisition is completed) fund the operation of the Hotel and develop the Land Lots, given the reduction in the scope of the Acquisition pursuant to the Fifth Supplemental Agreements and the corresponding reduction in the Consideration, the Board wishes to update that the size of the Rights cum Warrants Issue would similarly be reduced.

6.1 Size of the Rights cum Warrants Issue

6.1.1 The Rights cum Warrants issue is now contemplated to comprise:

(i) (assuming completion of the Acquisition, and all of the Options (as defined below) are Exercised) of up to 10,784,628,212 Rights Shares with up to 32,353,884,636 Warrants; or

(ii) (in the event that the Acquisition is not completed, but all of the Options (as defined below) are exercised) of up to 7,182,690,545 Rights Shares with up to 21,548,071,635 Warrants.

6.1.2 As at the date of this announcement, the Company has an Existing Share Capital comprising 27,570,762,183 Shares and 1,160,000,000 outstanding options under the Company's Employee Share Option Scheme 2013 ("**Options**"), which are exercisable not earlier than the first anniversary of 17 June 2021, being the date of grant of the Options.

6.1.3 Assuming Completion of the Acquisition and none of the Options are exercised, the Company will have an Enlarged Share Capital comprising 41,978,512,850 Shares.

For illustration purposes only:

(b) based on the Existing Share Capital, and assuming that all Options are fully exercised:

(i) assuming 100% of the Rights cum Warrants Issue is subscribed, up to 7,182,690,545 Rights Shares with Warrants will be issued resulting in share capital of the Company increasing to 35,913,452,728 Shares, the Company will receive net proceeds (after deducting estimated costs and expenses of approximately S$0.4 million for the Rights cum Warrants Issue and without taking into account the proceeds from the exercise of the Warrants) ("**Net Proceeds**") of approximately S$6.8 million;

(ii) assuming 75% of the Rights cum Warrants Issue is subscribed, up to 5,387,017,908 Rights Shares with Warrants will be issued resulting in share capital of the Company increasing to 34,117,780,091 Shares, the Company will receive Net Proceeds of approximately S$5.0 million;

(iii) assuming 50% of the Rights cum Warrants Issue is subscribed, up to 3,591,345,272 Rights Shares with Warrants will be issued resulting in share capital of the Company increasing to 32,322,107,455 Shares, the Company will receive Net Proceeds of approximately S$3.2 million; and

(iv) assuming 25% of the Rights cum Warrants Issue is subscribed, up to 1,795,672,636 Rights Shares with Warrants will be issued resulting in share capital of the Company increasing to 30,526,434,819 Shares, the Company will receive Net Proceeds of approximately S$1.4 million; and

(c) based on the Enlarged Share Capital, and assuming that all Options are fully exercised:

(i) assuming 100% of the Rights cum Warrants Issue is subscribed, up to 10,784,628,212 Rights Shares with Warrants will be issued resulting in share capital of the Company increasing to 53,923,141,062 Shares, the Company will receive Net Proceeds of approximately S$10.4 million;

(ii) assuming 75% of the Rights cum Warrants Issue is subscribed, up to 8,088,471,159 Rights Shares with Warrants will be issued resulting in share capital of the Company increasing to 51,226,984,009 Shares, the Company will receive Net Proceeds of approximately S$7.7 million;

(iii) assuming 50% of the Rights cum Warrants Issue is subscribed, up to 5,392,314,106 Rights Shares with Warrants will be issued resulting in share capital of the Company increasing to 48,530,826,956 Shares, the Company will receive Net Proceeds of approximately S$5.0 million; and

(iv) assuming 25% of the Rights cum Warrants Issue is subscribed, up to 2,696,157,053 Rights Shares with Warrants will be issued resulting in share capital of the Company increasing to 45,834,669,903 Shares, the Company will receive Net Proceeds of approximately S$2.3 million.

6.2 **Other principal terms of the Rights cum Warrants Issue**

The other principal terms of the Rights cum Warrants Issue, such as the Issue Price, Exercise Price, amongst others, remain the same. Please refer to the Announcements for further information.

6.3 **Use of Proceeds**

6.3.1 Due to the scaling back of the Rights cum Warrants Issue, the Company wishes to update on the allocation and utilisation of the Net Proceeds. Details of the updated allocation and

utilisation are set out below:

(a) if the Acquisition is completed, and assuming that all Options are fully exercised:

(i) 72% to operate and enhance the Hotel and Plot H5;

(ii) 19% for loan repayments; and

(iii) the balance 9% for general corporate and working capital requirements of the Group; and

(b) if the Acquisition is not completed, and assuming that all Options are fully exercised:

(i) 58% to support the expansion of the Company's business activities ("**Business Expansion**") including but not limited to capital improvements and making strategic investments and/or opportunistic acquisitions;

(ii) 28% for loan repayments; and

(iii) the balance 14% for general corporate and working capital requirements of the Group.

6.3.2 Assuming (a) (if the Acquisition is completed, all Options are fully exercised and the Rights Shares are fully subscribed) all the 32,353,884,636 Warrants to be issued are exercised and (b) (if the Acquisition is not completed, all Options are fully exercised and the Rights Shares are fully subscribed) all the 21,548,071,635 Warrants to be issued are exercised, the Company will raise gross proceeds ("**Warrant Proceeds**") of approximately S$32.4 million and S$21.5 million respectively. The Company intends to utilise the Warrant Proceeds for its Business Expansion, loan repayments and general corporate and working capital requirements and/or such other purposes as the Directors may in their absolute discretion deem fit.

6.3.3 Pending the deployment of the Net Proceeds and the Warrant Proceeds (as and when the Warrants are exercised), such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities and/or used for any other purpose on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

6.3.4 The Company will make periodic announcements on the utilisation of the Net Proceeds and the Warrant Proceeds as and when such proceeds are materially disbursed, and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Proceeds and the Warrant Proceeds in the Company's interim and full year financial results announcement(s) and in the Company's annual report(s), until such time the Net Proceeds and the Warrant Proceeds have been fully utilised. Where there is any material deviation from the stated use of the Net Proceeds and the Warrant Proceeds, the Company will announce the reasons for such deviation.

6.3.5 Where the Net Proceeds are to be used for working capital, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in its announcements and annual reports.

6.4 **Whitewash Resolution**

6.4.1 Assuming completion of the Acquisition, and all Options are fully exercised, based on the Enlarged Share Capital, MW will hold approximately 32.83% of the issued Shares, Tiara Vendor will hold approximately 21.76% of the Enlarged Share Capital and Ultimate Horizon Pte. Ltd. would hold approximately 18.85% of the Enlarged Share Capital. Pursuant to certain subscription scenarios in respect of the Rights cum Warrants Issue, MW, Tiara Vendor and/or Ultimate Horizon Pte. Ltd. could be subject to an obligation under Rule 14.1 of the Take-over Code to make a mandatory general offer to all Shareholders of the Company in respect of

Shares and convertible securities held by such Shareholders.

6.4.2 As announced on 30 June 2022, SIC had previously granted a waiver to Tiara Vendor to make a mandatory general offer for the Company under Rule 14 of the Take-over Code. In view of the developments to the Corporate Proposal as described in this announcement, the Company intends to update the SIC in respect of the modifications to the Corporate Proposal and to seek a waiver from independent Shareholders of the Company to waive their rights to receive a mandatory general offer from the relevant party(ies) arising from the allotment and issue of Shares pursuant to the Rights cum Warrants Issue.

6.5 **Approvals**

6.5.1 The Rights cum Warrants Issue is subject to, *inter alia*, the following:

(a) Shareholders' approval of the Company being obtained for the Rights cum Warrants Issue, including allotment and issue of the Rights Shares, the Warrants and the Warrant Shares;

(b) the Whitewash Waiver being granted by SIC, waiving the obligation of the relevant party(ies) to make a mandatory offer for the Shares, which may arise pursuant to the subscription for their entitlements in respect of the Rights Shares with Warrants;

(c) Whitewash Resolution being approved;

(d) the approval in-principle of the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on the SGX-ST;

(e) the lodgment of the Offer Information Statement, together with all other accompanying documents (if applicable) in respect of the Rights cum Warrants Issue, by the Company with the Authority; and

(f) all approvals, consents, licences, permits, waivers and exemptions for the Rights cum Warrants Issue being granted by third parties.

6.5.2 The Company will be applying to the SGX-ST to seek its approval in-principle for the listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on the SGX-ST.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

7.1 Save as disclosed in the Announcements, none of the Directors or the controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Fifth Supplemental Agreements and the Corporate Proposal, other than through their respective directorships and/or shareholdings in the Company.

7.2 Pursuant to Rule 919 of the Listing Manual, an interested person and any associate of the interested person must abstain from voting on the resolution approving the interested person transactions involving themselves and their associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolution unless specific voting instructions had been given by the Shareholders. Accordingly, MW will abstain, and will ensure that his associates will abstain, from voting on the Acquisition, nor accept any nominations to act as proxy for any Shareholder in approving the Acquisition at the EGM.

7.3 Pursuant to Appendix 1 of the Take-over Code, MW will also abstain, and will ensure that parties acting in concert with him will abstain, from voting on the Whitewash Resolution, nor accept any nominations to act as proxy for any Shareholder in approving the Whitewash Resolution at the EGM, in the event the Whitewash Waiver is granted.

8. DOCUMENTS AVAILABLE FOR INSPECTION

8.1 A copy each of the SPAs, Fifth Supplemental Agreements, Valuation Certificate and Valuation Report is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at Apex @ Henderson 201 Henderson Road #03-26/27 Singapore 159545 for a period of three months from the date of this announcement.

8.2 Please contact the Company at +65 6332 9488 prior to making any visits to arrange for a suitable time slot for the inspection.

9. DIRECTORS' RESPONSIBILITY STATEMENT

9.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Fifth Supplemental Agreements, Corporate Proposal and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

9.2 Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. CAUTIONARY STATEMENT

10.1 Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

10.2 The Company will make further announcements as and when there are any material developments.

BY ORDER OF THE BOARD OF
Southern Archipelago Ltd.

Siaw Lu Howe
Non-Executive Chairman
31 October 2022