

CAPALLIANZ HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199905693M)

PROPOSED PLACEMENT OF 1,500,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT S\$0.002 PER SHARE

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of CapAllianz Holdings Limited (the “**Company**”, together with its subsidiaries, referred to as the “**Group**”) wishes to announce that the Company had, on 23 July 2023, entered into four (4) placement agreements (each a “**Placement Agreement**” and collectively, the “**Placement Agreements**”) with each of the four (4) placees (each a “**Placee**”, and collectively, the “**Placees**”), details as set out in paragraph 1.3 below. The terms and conditions of the respective Placement Agreements are substantially the same.
- 1.2 Subject to and upon the terms of the Placement Agreements, the Company has agreed to allot and issue, and the Placees have agreed to subscribe and pay for, an aggregate of 1,500,000,000 new ordinary shares in the capital of the Company (“**Placement Shares**”) at S\$0.002 per Placement Share (“**Placement Price**”), amounting to an aggregate placement consideration of S\$3.00 million (equivalent to approximately US\$2.27 million¹) (the “**Proposed Placement**”).
- 1.3 Details of the Placees’ respective subscription for the Placement Shares, as well as their respective shareholdings in the Company before and after the Proposed Placement, are set out below.

Name of Placee ⁽¹⁾	Number of Placement Shares subscribed for	Placement consideration payable (S\$)	% shareholding in the Company ⁽²⁾	
			As at date of Placement Agreements and before completion of the Proposed Placement ⁽³⁾	After completion of the Proposed Placement ⁽⁴⁾
CHEN CHANCHAN	350,000,000	700,000	0%	3.48%
DUAN LEI	350,000,000	700,000	0%	3.48%
ZHAO JINHUAN	350,000,000	700,000	0%	3.48%
YANG HONGXI	450,000,000	900,000	0%	4.48%

Notes:

- (1) Please refer to section 3 of this announcement for further information on the Placees.
(2) Including deemed interests (if any).
(3) Based on Existing Share Capital (as defined herein) of 8,552,538,955 Shares (as defined herein).
(4) Based on Enlarged Share Capital (as defined herein) of 10,052,538,955 Shares.

¹ Based on an exchange rate of US\$1.32 : S\$1.00.

- 1.4 The Placement Shares shall be issued as fully paid and free from all claims, mortgages, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company (“**Shares**”), save that the Placement Shares will not be entitled to any dividend, rights, allotments and/or other distributions, the record date of which falls on or before the date of allotment and issuance of the Placement Shares.
- 1.5 As at the date of this announcement, (i) the Company has an existing issued and paid-up share capital of 8,552,538,955 Shares (“**Existing Share Capital**”); (ii) the Company has no treasury shares or subsidiary holdings; and (iii) the Company has no outstanding warrants or other convertibles. Upon completion of the Proposed Placement (and assuming no further allotment and issuance of new Shares by the Company), the Company’s issued and paid-up share capital will increase to 10,052,538,955 Shares (“**Enlarged Share Capital**”). The Placement Shares represent approximately 17.54% of the Existing Share Capital, and approximately 14.92% of the Enlarged Share Capital.
- 1.6 The Company will be making an application through its sponsor to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Placement Shares on the Catalist Board of the SGX-ST (“**Catalist**”). The Company will make the necessary announcement when the listing and quotation notice has been granted by the SGX-ST.
- 1.7 The Proposed Placement will be undertaken pursuant to the private placement exemption under Section 272B of the Securities and Futures Act 2001 of Singapore (“**SFA**”). As such, no prospectus or offer information statement will be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore in connection with the Proposed Placement.
- 1.8 The Placement Shares will not be issued to transfer a controlling interest in the Company pursuant to Rule 803 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) and none of the Placement Shares will be placed to any of the persons set out as restricted persons under Rule 812 of the Catalist Rules.
- 1.9 No placement agent has been appointed in respect of the Proposed Placement.
- 1.10 There is no moratorium imposed on the Placement Shares, and no share borrowing arrangement has been entered into to facilitate the Proposed Placement.

2. **PRINCIPAL TERMS OF THE PROPOSED PLACEMENT**

2.1 **Placement Price**

The Placement Price of S\$0.002 represents a premium of 100% to the volume weighted average price of S\$0.001 per Share, based on the trades done on the SGX-ST on 21 July 2023, being the last full market day on which the Shares were traded prior to the signing of the Placement Agreements on 23 July 2023.

The Placement Price was commercially agreed between the Company and the Placees after arm’s length negotiations and taking into account historical trading performance of the Company and prevailing market conditions.

2.2 **General Mandate**

The Placement Shares will be allotted and issued pursuant to the general share issue mandate approved by shareholders of the Company (“**Shareholders**”) at the annual general meeting of the Company held on 28 October 2022 (the “**General Mandate**”).

Pursuant to the General Mandate, the Directors are authorised to, *inter alia*, allot and issue new Shares not exceeding 100.0% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings of the Company) as at 28 October 2022, after adjusting for (a) new Shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time of the passing of the resolution; (b) new Shares arising from the exercise of share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of the resolution, provided that such share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (c) any subsequent bonus issue, consolidation or subdivision of Shares, of which the aggregate number of new Shares to be issued other than on a *pro-rata* basis to existing Shareholders shall not exceed 50.0% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings of the Company) as at 28 October 2022 after adjustment.

As at 28 October 2022, being the date the General Mandate was approved by Shareholders, the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings of the Company) was 8,552,536,455 Shares. On 15 December 2022, the Company issued 2,500 new Shares to certain warrant holders pursuant to the exercise of 2,500 W221213 Warrants² (as defined in the announcement by the Company on 11 November 2022). Accordingly, after adjusting for such 2,500 new Shares arising from the exercise of convertible securities which were issued and outstanding or subsisting at the time of the passing of the General Mandate, the total number of new Shares that may be issued by the Company pursuant to the General Mandate is 8,552,538,955 new Shares, of which the maximum number of new Shares that may be issued by the Company other than on a *pro-rata* basis is 4,276,269,477 new Shares.

As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate. Accordingly, (i) the maximum number of new Shares that is available to be issued by the Company other than on a *pro-rata* basis pursuant to the General Mandate is 4,276,269,477 new Shares; and (ii) the proposed allotment and issuance of the 1,500,000,000 Placement Shares pursuant to the Proposed Placement will fall within the maximum number of new Shares that may be issued by the Company pursuant to the General Mandate, and as such, prior approval of Shareholders is not required for the allotment and issuance of the Placement Shares under the Proposed Placement.

2.3 Conditions Precedent

Pursuant to the terms and conditions of the Placement Agreements, the Proposed Placement and the completion thereof are conditional upon, *inter alia*, the following being fulfilled on or before 7 September 2023 (the "**Long-Stop Date**"):

- (a) each Placee having effected payment in S\$ for their respective subscription consideration payable (as stated in section 1.3 of this announcement above) in freely-transferable and immediately available funds to the Company no later than twenty-eight (28) days from the date of the Placement Agreements (or such other date as the relevant parties to the Placement Agreements may agree in writing), by way of telegraphic transfer to the bank account designated by the Company (or such other bank account as may be notified by the Company) or by way of banker's draft or cashier's order made out in favour of the Company or in any other manner as otherwise notified by the Company to the relevant Placee in writing;

² For more information regarding the W221213 Warrants, please refer to the Company's announcements dated 11 November 2022, 13 December 2022 and 15 December 2022.

- (b) approval in-principle being obtained from the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST and not having been amended, withdrawn, revoked, rescinded or cancelled and, where such approval is subject to conditions and to the extent that such conditions for the listing and quotation of the Placement Shares on the Official List of the SGX-ST are required to be fulfilled on or before the Completion Date (as defined below), they are so fulfilled;
- (c) the receipt by the Company and each Placee of all authorisations, consents, clearances, permissions and approvals as are necessary or required by the Company and each Placee under any and all applicable laws (including any corporate approvals and authorisations of the Company and each Placee) and third parties, for or in respect of the Proposed Placement;
- (d) the allotment and issue of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore; and
- (e) the representations and warranties in the Placement Agreements being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the relevant party to the Placement Agreements having performed in all material respects all of its obligations herein to be performed on or before the Completion Date.

2.4 Completion

Pursuant to the terms and conditions of the Placement Agreements, completion of the Proposed Placement shall take place on 31 August 2023 (or such other date as the relevant parties to the Placement Agreements may agree in writing) (the “**Completion Date**”), and in any event before the Long-Stop Date.

3. INFORMATION ON THE PLACEES

- 3.1 There is no introducer for the Proposed Placement and no introducer fee or commission was paid or is payable by the Company in connection with the Proposed Placement. The Placees, who are not related to each other, are private investors who were identified by the Company through business meetings, and have expressed interest to invest in the Company and subscribe for the Placement Shares for their respective investment purposes. None of the Placees is an investment company or a fund, nor will any of them be holding the Placement Shares in trust or as a nominee.

Please refer to the table below for the background information on the Placees.

Name of Placee	Information on Placee³
CHEN CHANCHAN	An experienced private investor.
DUAN LEI	An experienced private investor.
ZHAO JINHUAN	An experienced private investor.
YANG HONGXI	An experienced private investor.

³ Shareholders should note that the information relating to the Placees were provided by the respective Placees. The Company and the Directors have not independently verified the accuracy and correctness of such information.

- 3.2 Each Placee has represented and warranted to the Company, *inter alia*, that:
- (a) the Placee does not fall within the categories to whom the Company is prohibited from issuing Shares to, as set out in Rule 812(1) of the Catalyst Rules;
 - (b) the Placee is not related to any of the Directors or substantial Shareholders of the Company (as defined in Section 81 of the Companies Act 1967 of Singapore (“**Companies Act**”));
 - (c) the Placee is not acting in concert with and/or in accordance with the instructions of any Directors and/or substantial Shareholders of the Company (as defined in Section 81 of the Companies Act);
 - (d) the Placee is not subscribing for the Placement Shares as an agent for or otherwise on behalf of any other persons or entity and is subscribing for the Placement Shares solely for his/her own beneficial account and not with a view to another person acquiring an investment (as defined in Section 4(1) of the SFA) in the Placement Shares;
 - (e) the Placee does not, directly or indirectly, hold any Shares in the Company as at the date of the relevant Placement Agreements;
 - (f) the Placee has no existing connection (including business relationships) with the Company, the Directors and substantial Shareholders of the Company (as defined in Section 81 of the Companies Act);
 - (g) the Placee has no representations on the Board and there has been no discussion or plan to-date for the Placee to be involved in the Company’s business, or to take up any director or management role in the Company;
 - (h) the Placee will not be holding the Placement Shares in trust or as a nominee;
 - (i) the subscription of the Placement Shares or its part thereof by the Placee will not trigger the requirement under Rule 14 of The Singapore Code on Mergers and Takeovers for the Placee and/or any parties acting in concert with the Placee to make a mandatory general offer to acquire all the issued Shares; and
 - (j) the Placee is not subscribing for the Placement Shares with a view of such Placement Shares being subsequently offered for sale to another person.

4. RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

- 4.1 The Proposed Placement is undertaken by the Company to raise funds and strengthen the Group’s financial position. The Proposed Placement will improve the Group’s cash flows to meet anticipated general working capital requirements and provide capital to the Group to fund acquisition of potential assets as and when opportunities arise, as part of the Group’s strategy for long-term business growth. The Directors are also of the view that the Proposed Placement is necessary and beneficial to the Group in view of continuing global uncertainties plagued by weak economic outlook on the back of high inflation and interest rates as well as the protracted Russia-Ukraine war. Should the global situation continue to deteriorate and further affect the market sentiment, the Company may not be able to raise funds when required.

4.2 The estimated net proceeds raised by the Company from the Proposed Placement (after deducting professional fees and related expenses of approximately S\$23,000 (equivalent to approximately US\$18,000¹)) will amount to approximately S\$2,977,000 (equivalent to approximately US\$2,255,000¹) (the “**Net Proceeds**”).

4.3 The Company intends to utilise the Net Proceeds for the following purposes:

Use of Net Proceeds	Percentage of Net Proceeds
Funding of the Group’s businesses	0% to 30%
General working capital of the Group	70% to 100%

4.4 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed, including whether the use was in accordance with the stated use and in accordance with the percentage allocated as announced, and will provide a status report on the utilisation of such Net Proceeds in its interim and full year financial statements announcement(s) and annual report(s). Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the relevant announcements and annual report(s). Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

4.5 Pending the deployment of the Net Proceeds, such Net Proceeds may be placed as deposits with banks and/or financial institutions or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit from time to time.

5. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

The *pro forma* financial effects of the Proposed Placement as set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following completion of the Proposed Placement. The *pro forma* financial effects have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2022 (“**FY2022**”) subject to the following assumptions:

- (a) the financial effect of the Proposed Placement on the consolidated net asset value (“**NAV**”) per Share is computed assuming that the Proposed Placement had been completed on 30 June 2022;
- (b) the financial effect of the Proposed Placement on the earnings per Share (“**EPS**”) is computed assuming that the Proposed Placement had been completed on 1 July 2021; and
- (c) the expenses to be incurred in respect of the Proposed Placement amounted to approximately US\$18,000.

For the avoidance of doubt, the *pro forma* financial effects of the Proposed Placement as set out below have not taken into account the financial effects of the issuance of 2,500 new Shares on 15 December 2022 pursuant to the exercise of 2,500 W221213 Warrants.

5.1 Issued Share Capital

As at 30 June 2022	Before the Proposed Placement	After the Proposed Placement
Number of issued Shares	8,552,536,455	10,052,536,455
Issued and paid-up share capital (US\$'000)	150,083	152,338

5.2 NAV per Share

As at 30 June 2022	Before the Proposed Placement	After the Proposed Placement
NAV attributable to Shareholders (US\$'000)	37,078	39,333
Number of issued Shares	8,552,536,455	10,052,536,455
NAV per Share (US cents)	0.43	0.39

5.3 EPS

FY2022	Before the Proposed Placement	After the Proposed Placement
Net profit attributable to Shareholders (US\$'000)	14,714	14,714
Weighted average number of Shares	7,787,810,980	9,287,810,980
EPS (US cents)	0.19	0.16

6. CONFIRMATION BY THE BOARD

The Directors are of the opinion that, as at the date of this announcement, after taking into consideration:

- (a) the Group's present bank and loan facilities, internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements. Please refer to section 4 of this announcement for the rationale for the Proposed Placement; and
- (b) the Group's present bank and loan facilities, internal resources and operating cash flows, and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 7.1 None of the Directors and substantial Shareholders or their respective associates has any interest, whether direct or indirect, in the Proposed Placement (other than through their respective direct and indirect shareholdings and/or directorships in the Company).
- 7.2 None of the Directors, and to the best of the knowledge of the Directors, none of the substantial Shareholders, has any connections (including business relationships) with any Placee.

8. FURTHER ANNOUNCEMENTS

The Company will make further announcements to update Shareholders on the Proposed Placement as and when appropriate.

9. DOCUMENT(S) AVAILABLE FOR INSPECTION

Copies of the Placement Agreements are available for inspection during normal business hours at the Company's registered office at 8 Wilkie Road, Wilkie Edge, #03-01, Singapore 228095 for a period of three (3) months from the date of this announcement.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

11. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. There is no certainty or assurance that the Proposed Placement will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Placement and other matters contemplated in this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Pang Kee Chai, Jeffrey
Vice Chairman and Executive Director
25 July 2023

This announcement has been prepared by CapAllianz Holdings Limited (the "Company") and its contents have been reviewed by the Company's sponsor (the "Sponsor"), ZICO Capital

Pte. Ltd., in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.