

INFINIO GROUP LIMITED

(Incorporated in Singapore)
(Company Registration No.: 199801660M)

PROPOSED DIVERSIFICATION OF BUSINESS TO INCLUDE THE AUTOMATED RETAIL BUSINESS (THE "PROPOSED DIVERSIFICATION")

1. INTRODUCTION

The Board of directors (the "**Board**" or "**Directors**") of Infinio Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that on 12 May 2017, the Group entered into a licensing agreement (the "**Licensing Agreement**") with Kalms Vending Private Limited ("**Kalms**") to carry on the following retail business:

- (a) the Company to purchase 10 automated retail licenses from Kalms or any of its subsidiaries which would allow the Company to operate 10 automated retail machines in Singapore. The Group may commence with 1 automated retail machine and gradually increase the number of automated retail machine to 10;
- (b) the Company shall have the option to become the master licensee for Singapore in the event the Company purchases in aggregate 100 automated retail licenses; and
- (c) to derive revenue from advertisement and sales of products, such as jewellery and premium gifts from such automated retail machines.

(collectively, the "**KAR Business**")

The Company is proposing a diversification of its current business to automated retail business. Automated retail business involves the retailing of merchandise through automated retail machines. KAR Business represents the Group's first step in this new segment provided the Proposed Diversification is approved by shareholders of the Company ("**Shareholders**"). The Company will hold an extraordinary general meeting ("**EGM**") in due course to obtain approval from the Shareholders in connection with the Proposed Diversification.

2. SALIENT TERMS OF THE LICENSING AGREEMENT

Pursuant to the Licensing Agreement, the Company and Kalms have agreed that the Licensing Agreement shall be on, *inter alia*, the following terms:

2.1 Number of Licenses

Under the terms of the Licensing Agreement, the Company has agreed, subject to the terms set out in the Licensing Agreement, to obtain 10 licenses to operate the vending machines ("**Vending Machines**").

2.2 Master Licensee

Kalms shall grant the Company a master license for the territory of Singapore and Malaysia upon the Company obtaining no less than one hundred (100) licenses within twelve (12) calendar months on terms and conditions not less favourable than those contained in the Licensing Agreement.

2.3 Payment of Monthly Fee

Save for the first monthly rental fee ("**Monthly Fee**") to be paid in cash, the subsequent Monthly Fee will be retained by Kalms from the gross revenue received each month via the "cashless payment system" set up in the Vending Machine.

2.4 Term

The term of the Licensing Agreement will be for a period of two (2) years ("**Initial Term**") commencing from the date of the Licensing Agreement. Any request for a renewal must be served on Kalms no later than three (3) months prior to the expiry of the Initial Term. Kalms shall have the sole and absolute discretion as to whether the request for renewal will be granted with and without additional conditions including the payment of additional licensing fees.

2.5 Termination

Either party may terminate the Licensing Agreement before the expiry of the Initial Term and the renewed terms if any ("**Term**") by giving the other party 3 months' notice in writing provided that if the Company terminates the Licensing Agreement after one (1) from the commencement of the Licensing Agreement, the Company shall pay to Kalms, the sum of the equivalent of 3 months of the monthly rental fee.

2.6 Advertising and Promotion

The Company shall contribute 2% of its gross revenue towards the advertising and promotion of the products.

3. RATIONALE OF THE PROPOSED DIVERSIFICATION

The Company proposed to diversify its current business to include the automated retail business (including the KAR Business) for the following reasons:

- (a) The Board believes that the new developments in the automated retail business, such as new payment method and smarter automated retail machines, create new markets for the automated retail segment.
- (b) The Proposed Diversification is part of the corporate strategy of the Group with diversified returns and long term growth. The Board believes that the Proposed Diversification can provide the Group with new revenue streams and improve its prospects, so as to enhance shareholder's value for the Company.
- (c) There have been no material developments on the Birthday Mine as the Group has been facing strong headwinds in securing finance. The Group had been in negotiations with potential investors and/or third parties to acquire the Birthday Mine and/or manage the mine operation but there have been no material updates. In addition, the Company has not been generating revenue since the financial period 6 months ended 30 September 2016. Such adverse conditions have limited the Group's growth and financial performance in recent years. As such, the Company proposes to undertake the Proposed Diversification as the automated retail business (including the KAR Business) may potentially offer the Group new business opportunities and revenue streams.
- (d) Once the Shareholders approve the Proposed Diversification, the Group may enter into transactions under the automated retail business (including the KAR Business) without having to seek Shareholders' approval for the sole reason of such transactions are not in the ordinary course of business. This will eliminate the need for

the Company to convene separate general meetings on each occasion to seek Shareholders' approval, allowing the Group greater flexibility to pursue business opportunities which may be time sensitive in nature. A further benefit would be to substantially reduce the costs associated with the convening of general meetings from time to time.

4. EXTRAORDINARY GENERAL MEETING

Pursuant to Practice Note 10A of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist ("**Catalist Rules**"), Shareholders' approval is not required if a transaction will result in an expansion of an issuer's existing core business, unless such transaction changes the issuer's risk profile.

As the Proposed Diversification and the entering into the Licensing Agreement will result in an expansion of the Group's business to new business sector(s) and may also result in an expansion to new geographical market(s), it is envisaged that the Proposed Diversification may change the Group's risk profile. Accordingly, the Board proposes to convene an EGM to seek Shareholders' approval for the Proposed Diversification. Upon approval by Shareholders of the Proposed Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the automated retail business.

For the avoidance of doubt, the Group will continue to comply with the Catalist Rules, particularly the provisions of Chapter 10 in the event it undertakes any acquisition, joint venture, investment or other transaction within this sector.

A circular containing, *inter alia*, further information on the Proposed Diversification will be despatched to Shareholders in due course.

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, none of the Directors or substantial Shareholders of the Company has any interest (other than their respective shareholdings in the Company), direct or indirect, in the Proposed Diversification and the Licensing Agreement set out in this announcement.

6. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares in the Company. The Proposed Diversification and the Licensing Agreement are subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Diversification and the Licensing Agreement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements as and when there are further developments. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt as to the actions they should take.

BY ORDER OF THE BOARD
INFINIO GROUP LIMITED

Lim Yeow Sun
Executive Director
12 May 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange 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.

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