

INFINIO GROUP LIMITED

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

RESPONSE TO QUERY BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

Further to the announcement on 28 March 2017 and monthly update announcement dated 28 September 2017 for Infinio Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), the board of directors ("**Board**") of the Group wishes to inform the shareholders that the SGX-ST had enquired the Company on 20 October 2017 and the Company had responded on 26 October 2017.

The queries from the SGX-ST and the response from the Company are shown below:-

Question 1: *The company to explain how it intends to demonstrate its business viability by 31 December 2017.*

Response:- The Company intends to order the initial 10 automated retail business machines from Innovend Pte Ltd ("Innovend"), a subsidiary of Kalms Singapore Pte Ltd for \$135,000 by 31 October 2017. Innovend has granted credit terms to the Company for the initial order of the 10 automated retail business machines and it will be deployed and business commence by December 2017. The Company also plans to utilize the RCN to facilitate the further purchases of additional automated retail business machines in due course.

The Company has informed the SGX-ST on 31 October 2017 that the Company intends to order 10 machines by 31 December 2017 instead of by 31 October 2017 as mentioned in its earlier response.

Following the above, the SGX-ST had further queried on 1 November 2017 as follows:-

Question 2: *"The condition as sets out in Para 5(c) of the L&Q of 28 March 2017 provides that the Company must demonstrate that it has a viable business to maintain its listing status by 31 December 2017. Please inform the Company that mere ordering / installing of the vending machines by 31 Dec 2017 would not suffice to demonstrate that it has a viable business. The Exchange expects to see viability being demonstrated with, amongst other considerations, sustainable revenue stream.*

In light of the above, the Board should update shareholders of its plans and strategies for the Company (from now till 31 Dec 2017) with a view to demonstrating a viable business. The Board should also provide clarity on the timeline and milestones to be achieved in implementing such plans.

Further, we note that the Company intends to rely on the credit terms extended by the Vendor, Innovend, to defer the payment of S\$135,000 for the 10

automated retail business machines and eventually, draw down from the RCN to finance the payment of the 10 automated machines. The previous draw down from RCN for S\$250,000 was on 7 July 2017. From then till now, the Company did not seek further draw down even though the Company's financial position is weak. In view of the need for monies to pay for the 10 automated machines and given developments to-date, we would like clarity on whether the Company's access to the RCN is forthcoming and whether the Company is able to tap on the RCN to finance its purchase of the 10 automated retail business machines. "

In connection with the above comments from the SGX-ST, the Company wishes to inform the shareholders as follows:-

- I. Pursuant to Clause 1.2(b) of the license agreement dated 12 May 2017, the Company has elected to purchase 10 automated retail machines from Innovend Pte Ltd ("Innovend"), a wholly owned subsidiary of Kalms Singapore Pte Ltd ("Kalms"). Further to various discussions between the Company and Kalms, Innovend has agreed to grant a credit term of 90 days to the Company. Interest of 6% pa will be payable to Innovend from the 1st day of delivery until the full payment of the invoice of \$135,000.00. The Company intends to take possession of the 10 automated retail machines by 15 December 2017 and to fully deploy all 10 machines and operational by 31 December 2017 as scheduled. Kalms has also agreed to assist the Company with procuring all the 10 locations. The change in the direction of the business was approved by the shareholders on 1 June 2017 after which Kalms was duly informed of the Company's decision to buy the machines rather than lease them. As quoted, delivery of the machines will take 8 weeks with a further 2 weeks of preparation to commission. Kalms informed the Company in late September that the machines will be ready for delivery by 15 December 2017, deployment and operational by 31 December 2017.
- II. With respect to the drawdown of the RCN facility, Advance Opportunities Fund I ("AOF I") has agreed to further drawdown as soon as they comply with the terms of the agreement not to exceed 15% of the enlarged capital of the company after conversion of the RCN. The proceeds of the drawdown will be utilised mostly to pay for the machines from Kalms. As at the date of this announcement, AOF I holds 94,109,000 shares (3.73%) and its related party, Advance Opportunities Fund ("AOF") holds 106,001,250 shares (4.21%), which amount to an aggregate holding of 200,110,250 shares (7.94%). Mr Tan Choon Wee is deemed interested in the shares held by AOF I and AOF by virtue of common directorship. He is the director of AOF I and director and shareholder of AOF. Save as disclosed, AOF and AOF I are not related to each other. The terms and conditions of the drawdown are clearly set out in the subscription agreement and Advance Opportunities Fund I ("AOF I") will comply with its drawdown obligations in accordance thereto. On 7 July 2017, \$250,000 of the RCN were subscribed but not converted into ordinary shares. In the event the \$250,000 RCN is to be converted at the minimum conversion price of \$0.0008, AOF I's shareholding will increase by 312,500,000 shares to 406,609,000 shares (14.35%) and together with AOF's shareholding of 106,001,250 shares (3.74%), the aggregate shareholding of AOF I and AOF would amount to 512,610,250 shares representing 18.09% of the enlarged capital of the Company. Therefore, the conversion will violate the

Agreement and prohibits the subsequent subscription of the sub-tranche 2 of Tranche 1 Notes which is subject to conversion of the first sub-tranche of Tranche 1 Notes.

The Board's support such view was made on the basis that there were no other lender or investor prepared to match the quantum of the aggregate funds required and willing to provide loan or investment on lending or investment terms no more favourable than those offered by the Subscriber mainly due to the Group's weak financial position and lack of funding alternatives and It would not be practical or reasonable for the Company to seek alternative funding in such a short time.

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.

The diversification is part of the corporate strategy of the Group with diversified returns and long term growth. The Board believes that the diversification can provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholder's value for the Company.

Shareholders should note that as stated in the announcement dated 28 March 2017, the Singapore Exchange Securities Trading Limited ("SGX-ST") required the Company to, *inter alia*, demonstrate that it has a viable business to maintain its listing status on or before 31 December 2017, failing which the SGX-ST may suspend trading of the Company's listed securities under Rule 1303 of the SGX-ST Listing Manual Section B: Rules of Catalyst. Shareholders should exercise extreme caution in trading their Shares as there is no certainty that the Company can meet the deadline stipulated by the SGX-ST.

BY ORDER OF THE BOARD
INFINIO GROUP LIMITED

Lim Yeow Sun
Executive Director
06 November 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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