

EUROSPORTS GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 201230284Z)

PROPOSED PLACEMENT AND ISSUANCE OF UP TO S\$8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 5% REDEEMABLE, CONVERTIBLE AND EXCHANGEABLE BONDS

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Eurosports Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 28 August 2018 entered into a placement agreement (the “**Placement Agreement**”) with CGS-CIMB Securities (Singapore) Pte. Ltd. (the “**Placement Agent**”) to raise capital by way of a placement of up to S\$8,000,000 new non-listed bonds (the “**Proposed Placement**”). In consideration of the agreement of the Placement Agent procuring Bondholders (*as defined below*) on a best endeavours basis for the Bonds, the Company shall pay to the Placement Agent a placement commission of 3.0% of the sale proceeds, being the aggregate of the issue price of the Bonds (excluding goods and services tax of 7%).

Pursuant to the Placement Agreement, the Bonds (*as defined below*) are to be issued by the Company through the Placement Agent, in reliance on Sections 274 and/or 275 of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”), and the Placement Agent, has agreed, on a best endeavours basis, to procure Bondholders for the 5% redeemable, convertible and exchangeable bonds (the “**Bonds**”) at an issue price equivalent to 100% of the aggregate principal amount of the Bonds. The targeted group of investors comprise high net worth individuals, family offices, corporates and accredited investors (the “**Bondholders**”).

2. SALIENT TERMS OF THE PLACEMENT AGREEMENT

2.1. Conditions Precedent

The completion of the Proposed Placement (“**Completion**”) pursuant to the Placement Agreement is conditional upon, *inter alia*:

- (a) the representations, warranties and undertakings set out in the Placement Agreement, remaining true and correct in all aspects as at Completion, and the Company having performed all of its respective obligations to be performed under the Placement Agreement as at Completion;
- (b) the listing and quotation notice in respect of the Bonds that have been converted into ordinary shares of the Company (the “**Shares**”) having been received from the SGX-ST (the “**LQN**”), and where the LQN is subject to conditions, such conditions being acceptable to the Placement Agent, and to the extent that any conditions for the listing and quotation of the Shares on the SGX-ST are required to be fulfilled as at Completion, they are so fulfilled, the SGX-ST not having withdrawn or changed the terms and conditions of the LQN and the Company having complied with any such conditions to the satisfaction of the SGX-ST and there not having occurred any event or condition on or prior to Completion that would prevent the subsequent trading of Shares on the Catalyst;

- (c) the transactions contemplated in the Placement Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company, EuroSports Technologies Pte. Ltd. (“**EST**”), the Placement Agent or the Bondholders;
- (d) the Company or EST (as the case may be) having the full authority for the allotment and issuance of the shares in the Company or EST (the “**Conversion Shares**”) and the Bonds and such authority being in full force and effect and not having been revoked, cancelled, terminated or varied as at Completion;
- (e) the issue, offer and sale of the Bonds and the Conversion Shares in the Company and EST having been duly approved by the Board of Directors of the Company or EST (as the case may be) as at Completion;
- (f) there not having occurred since the date of the Placement Agreement until Completion:
 - (i) any change, or any development involving a prospective change, in the condition (financial or otherwise) of the Company or the Group taken as a whole that impairs or may impair the investment quality of the Bonds; or
 - (ii) any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls, as would, be likely to materially and adversely prejudice materially the success of the Proposed Placement, whether in the primary market or in respect of dealings in the secondary market; and
- (g) the Placement Agent having received on Completion, a certificate dated as of the date of Completion and signed by a duly authorised officer of the Company.

3. RATIONALE OF THE PROPOSED PLACEMENT AND USE OF PROCEEDS

3.1. Rationale

The rationale for the Proposed Placement is to raise funds for: (i) general corporate purposes of EST; and (ii) general working capital purposes of the Company, such as for the purchase of inventories and other operating expenses.

EST is an investment holding company and its scope of business activities involves the development and distribution of sustainable mobility solutions and clean energy charging ecosystems. EST is currently developing a fully electric motorcycle. The funds raised through this Proposed Placement shall be used in EST for day to day operating expenses, research and development, and the completion of working prototypes.

3.2. Update on Use of Proceeds from IPO

The Company refers to its earlier announcement on 25 May 2018 in relation to the use of net proceeds amounting to approximately S\$8.46 million raised from the Initial Public Offering launch on 17 January 2014. In accordance with the section entitled “Use of Proceeds and Listing Expenses” in the Offer Document, and as at the date of this announcement, all net proceeds allocated for general working capital purposes have been utilised, and the balance of S\$1.44 million shall be utilised only for the expansion of the Company’s operations locally and in other markets and diversification into other luxury lifestyle businesses.

3.3. Use of Proceeds

3.3.1 The estimated net proceeds from the Proposed Placement, after deducting estimated fees and expenses of approximately S\$328,000, is approximately S\$7,672,000 (the “**Net Proceeds**”). The Company intends to utilise the entirety of this Net Proceeds for general corporate and working capital purposes as stated in Paragraph 3.1 above in the following estimated proportions:

Use of Proceeds	Estimated Percentage (%)
General corporate purposes (EST)	25
General working capital purposes (Company)	75

3.3.2 The Company will make periodic announcement(s) as to the use of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds in the Company’s interim and full-year financial statements issued under Rule 705 of the Listing Manual and the Company’s annual report. Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the announcements and status report. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

3.3.3 Pending the deployment of the Net Proceeds, such Net Proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Company may, in its absolute discretion, deem fit from time to time.

3.3.4 The Directors are of the opinion that:

- (a) taking into consideration the present bank facilities available to the Group, the Group’s internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements, and the Proposed Placement is being undertaken for the aforesaid reasons and the intended use of proceeds; and
- (b) after taking into consideration the present bank facilities available to the Group and the proceeds arising from the Proposed Placement, the working capital available to the Group is sufficient to meet its present requirements.

4. EXEMPTION FROM PROSPECTUS REQUIREMENT

The Proposed Placement is made pursuant to the exemptions under Sections 274 and/or 275 of the SFA. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

5. ADDITIONAL LISTING APPLICATION

The sponsor of the Company will be making an application on behalf of the Company to the SGX-ST for the admission of the Shares to Catalist of the SGX-ST and for the listing and quotation of the Shares on Catalist of the SGX-ST. The conversion of the Bonds would result in the issue of a maximum of 33,333,333 Shares, representing approximately 11.17% of the enlarged issued and paid-up share capital of the Company (subject to adjustment as set out under Paragraph 7.2). The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Shares has been obtained from the SGX-ST.

6. GENERAL MANDATE

The Bonds and the new Shares in the Company will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 27 July 2018 for the issuance of shares and convertible securities of the Company.

7. SALIENT TERMS OF THE BONDS

7.1. The Bonds shall be issued in registered form in the denomination of S\$250,000 each. The Bonds are convertible into Shares of the Company and/or exchangeable into ordinary shares of EST which will, upon allotment and issue, rank pari passu in all respects with the then existing shares for any dividends, rights, allotments or other distributions, the record date for which falls on such date that the Bondholder is registered as the holder of record of such shares. The issue price of the Bonds is 100% of the principal amount.

7.2. A summary of the key terms of the Bonds is set out below:

Principal Amount	Up to S\$8,000,000 in principal amount of the Bonds.
Issue Price	100% of the aggregate principal amount of the Bonds.
Maturity	Three (3) years from the date of issue of the Bonds (the “ Maturity Date ”).
Interest Rate	The Bonds will bear interest at a rate of 5% per annum, payable every twelve (12) months. Payment of any and all interest by the Company to the Bondholder shall be made in cash in full without any set-off or counterclaim.
Status of the Bonds	The Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Company.
Alteration to terms of Bonds	Any material alteration to the terms of the Bonds after issue to the advantage of the Bondholders shall be subject to the approval of the Company’s shareholders, except where such alterations are made pursuant to the terms of the Bonds.
Transfer	A Bondholder shall have the right, at its sole discretion, to sell, transfer or assign the Bonds without the consent of the Company. Any transferee of a Bond will be bound by these terms.
Redemption on Maturity	The Bonds which are not redeemed or purchased, converted or cancelled by the Company will be redeemed by the Company at 100% of their principal amount on the Maturity Date. The Company shall at least one (1) month prior to the Maturity Date, issue an announcement notifying shareholders of the Company of the same and shall dispatch to all Bondholders, a notice of the Maturity Date.

Conversion/Exchange Period	<p>The Bondholder may request the conversion of up to 100% of the Bonds into Shares at any time prior to the Maturity Date.</p> <p>The Bondholder may request the exchange of up to 50% of the Bonds into shares in EST at any time prior to the Maturity Date.</p>
Option to be Exchangeable:	<p>The Bondholder may request the exchange of up to 50% of the Bonds into shares in EST at any time prior to the Maturity Date and such exchange shall be based on a pre-money valuation (before dilution) at a value of S\$30 million.</p>
Conversion Price	<p>Where a Bondholder has invested S\$250,000, the Bondholder can choose to convert or exchange 50% of this amount (i.e. S\$125,000) into shares of the Company or EST respectively.</p> <p>Save for the above, any conversion or exchange of the Bonds into shares of the Company or EST by a Bondholder who has invested more than S\$250,000 shall be subject to a minimum block of S\$250,000.</p> <p>The price at which each share shall be issued upon conversion, for each Bond that is converted into Shares in the Company, shall be, 115% of the average of the closing prices per share (the "Conversion Price"), for the 14 Market Days on the SGX-ST (for the avoidance of doubt, may include one or more intervening Market Days on which there are no trades in the shares of the Company, provided there is no trading halt or suspension of trading of the shares in the Company), immediately prior to the date of the Placement Agreement.</p> <p>The Conversion Price of S\$0.240 represents a premium of approximately 15% to the prevailing market price of the underlying shares prior to the signing of the Placement Agreement. For the avoidance of doubt, the prevailing market price shall mean the volume weighted average price of approximately S\$0.205, based on the trades done on 27 August 2018, being the latest available full market day in which the Shares were traded prior to the signing of the Placement Agreement.</p> <p>"Market Day" means a day on which the Singapore Exchange Securities Trading Limited ("SGX-ST") is open for trading of securities.</p>
Company's Call Feature	<p>The Company has a call option exercisable (i.e. Company's right to redeem 50% of each Bondholder's Bonds) when the volume weighted average price per share in any 14 consecutive Market Days on the SGX-ST rises to at least 130 per cent of the Conversion Price. The Company shall, at the end of the 14 consecutive Market Days on the SGX-ST (for the avoidance of doubt, may include one or more intervening Market Days on which there are no trades in the shares of the Company, provided there is no trading halt or suspension of trading of the shares in the</p>

	<p>Company), have 25 calendar days to give the Bondholder the notice to convert/exchange the Bonds in accordance with the terms set out herein. The Bondholder can either convert or exchange 50% of the Bonds into shares of the Company or EST respectively.</p> <p>The Company has a second call option exercisable when the volume weighted average price per share in any 14 consecutive Market Days of the SGX-ST rises to at least 150 per cent of the Conversion Price. The Company shall, at the end of the 14 consecutive Market Days of the SGX-ST (for the avoidance of doubt, may include one or more intervening Market Days on which there are no trades in the shares of the Company, provided there is no trading halt or suspension of trading of the shares in the Company), have 25 calendar days to give the Bondholder the notice to convert/exchange the Bonds in accordance with the terms set out herein. The Bondholder can either convert or exchange the remaining 50 per cent of the Bonds into shares of the Company or EST respectively.</p> <p>No more than 50% of the Bonds shall be exchanged on a pro rata basis to shares in EST, and anything in excess of this 50% shall be converted into Shares in the Company.</p>
Listing Status	The Bonds will not be listed and quoted.
Adjustment to Conversion Price	<p>The Conversion Price shall be subject to adjustments under certain circumstances including without limitation, consolidation or subdivision of shares, capitalisation issues, rights issues and certain capital distributions. Any such adjustments shall be announced by the Company via an announcement on SGXNET in compliance with the Catalist Rules.</p> <p>Notwithstanding the adjustments to the Conversion Price, the adjusted conversion price shall not be more than 10% discount to the prevailing market price of the underlying shares prior to the signing of the Placement Agreement. For the avoidance of doubt, the prevailing market price shall mean the volume weighted average price of approximately S\$0.205, based on the trades done on 27 August 2018, being the latest available full market day in which the Shares were traded prior to the signing of the Placement Agreement.</p>
Governing Laws	Laws of the Republic of Singapore.

8. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

The pro forma financial effects of the Proposed Placement, based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2018 (“FY2018”) are set out below.

The pro forma analysis below has been prepared solely for illustrative purposes and does not purport to be indicative or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Placement.

The financial effects have been prepared based on, inter alia, the following assumptions:

NTA and NTA per share of the Group

- (a) the financial effects of the Proposed Placement on the net tangible assets (“NTA”) and NTA per share of the Group are computed assuming that:
- (i) the Proposed Placement had completed on 31 March 2018, being the end of the most recently concluded financial year;
 - (ii) the Proposed Placement had completed and that all Shares have been allotted and issued (where 100% of the Bonds are converted into Shares in the Company) on 31 March 2018 being the end of the most recently concluded financial year;
 - (iii) the Proposed Placement had completed and that the Shares have been allotted and issued (where 50% of the Bonds are converted into Shares in the Company and 50% of the Bonds are exchanged into shares of EST) on 31 March 2018 being the end of the most recently concluded financial year, and

Earnings per share (“EPS”) / Loss per share (“LPS”) of the Group

- (b) the financial effects of the Proposed Placement on the consolidated earnings per share (“EPS”) / loss per share (“LPS”) of the Group are computed assuming that:
- (i) the Proposed Placement had completed on 1 April 2017, being the commencement of the most recently concluded financial year;
 - (ii) the Proposed Placement had completed and that all Shares have been allotted and issued (where 100% of the Bonds are converted into Shares in the Company) on 1 April 2017, being the commencement of the most recently concluded financial year;
 - (iii) the Proposed Placement had completed and that the Shares have been allotted and issued (where 50% of the Bonds are converted into Shares in the Company and 50% of the Bonds are exchanged into shares of EST) on 1 April 2017, being the commencement of the most recently concluded financial year, and
- (c) that a placement amount of S\$8,000,000 has been raised; and
- (d) no adjustments have been made to the Conversion Price.

	Before completion of the Proposed Placement⁽¹⁾	After completion of the Proposed Placement⁽¹⁾	After completion of the Proposed Placement and assuming that all Shares have been allotted and issued⁽²⁾ (i.e. assuming all Bonds are	After completion of the Proposed Placement and assuming that 50% of the Bonds are converted into Shares in the Company and the remaining 50% of the Bonds are

			converted into Shares in the Company)	exchanged into shares of EST ⁽³⁾
Issued and paid-up share capital (S\$'000)	18,469	18,469	26,469	22,469
No. of shares ('000)	265,000	265,000	298,333	281,666
NTA (S\$'000)	8,821	8,493	16,493	16,493
NTA per share (cents)	3.33	3.20	5.53	5.86
Net loss attributable to shareholders ('000)	3,905	4,633	4,233	4,233
Weighted average number of shares ('000)	265,000	265,000	298,333	281,666
Basic LPS per share (cents)	1.47	1.75	1.42	1.50

(1) Based on 265,000,000 shares in the Company (excluding treasury shares) in issue as at the date of this announcement.

(2) Based on 298,333,333 shares in issue, assuming that S\$8,000,000 Bonds were exercised by the Bondholders and 33,333,333 Shares were issued and allotted to the Bondholders.

(3) Based on 281,666,666 shares in issue, assuming that S\$4,000,000 Bonds were exercised by the Bondholders and 16,666,666 Shares were issued and allotted to the Bondholders.

9. RULE 812(1) RESTRICTION

The Bonds and Shares will not be offered to a person who is a Director or substantial shareholder or any other person in the categories set out in Rule 812(1) of the Catalist Rules, unless approved by the SGX-ST or specific shareholders' approval is obtained.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company has any interests, direct or indirect, in the Proposed Placement, save for their interests arising by way of their directorships and/or shareholdings, as the case may be, in the Company.

11. 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. The Company and its subsidiaries, 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.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Placement Agreement will be available for inspection during normal business hours at the Company's registered office at 24 Leng Kee Road, #01-03, Leng Kee Autopoint, Singapore 159096 for three (3) months after the date of this announcement.

13. FURTHER ANNOUNCEMENTS

The Company will continue to keep shareholders updated and release announcements relating to the Proposed Placement (including any material developments and progress made) as may be appropriate from time to time.

14. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of, inter alia, the conditions precedent set out above, and accordingly, should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Goh Kim San
Executive Chairman and Chief Executive Officer
28 August 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume 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 Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 63375115.