9R LIMITED
(Formerly known as Viking Offshore and Marine Limited)
(Company Registration No. 199307300M)
(Incorporated in Singapore)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF COMPACT SENSATION SDN BHD

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1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of 9R Limited (formerly known as Viking Offshore and Marine Limited) ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce the proposed acquisition of 1 million ordinary shares ("**Sale Shares**") representing 100% of the entire issued share capital of Compact Sensation Sdn Bhd ("**Target**") by 9R Leisure Sdn Bhd ("**Purchaser**"), being an indirect wholly-owned subsidiary of the Company, from Body Power Sdn Bhd ("**Vendor**") ("**Proposed Acquisition**")**,** pursuant to a share sale agreement dated 21 September 2022 ("**SPA**") entered into by the Purchaser and the Vendor.

2. PROPOSED ACQUISITION

2.1 Information on the Vendor

The Vendor is a company incorporated in Malaysia on 25 March 2015 and is an independent third party. None of the Vendor or its directors or shareholders are related to the Directors or controlling shareholders of the Company ("**Shareholders**") and their respective associates. None of the Vendor or its directors or shareholder has any interests, directly or indirectly in the Company. The Vendor is 100% owned by Mr. Khoo Kai Yang.

2.2 Information on the Target

The Target is a company incorporated in Malaysia on 24 July 2004 and has a total issued and paid up share capital of RM1,000,000 comprising 1,000,000 ordinary shares. The Vendor holds the entire issued and paid-up share capital of the Target.

The principal activity of the Target is the operation of a family karaoke and entertainment business at Lot No. 10.100.0 & 10.106.0, Level 10, Pavilion Elite 166, Jalan Bukit Bintang, 55100 Kuala Lumpur, Wilayah Persekutuan.

As at the date of this announcement, the directors of the Target are Ms. Careen Lim Su Ling and Mr. Khoo Kai Yang.

Based on its management accounts, the Target recorded a net profit before tax of RM1.3 million (approximately S$0.4 million) for the financial period ended 30 June 2022. Its total assets and total liabilities as at 30 June 2022 are RM19.2 million (approximately S$6.0 million) and RM16.6 million (approximately S$5.2 million) respectively, with a net asset value of RM2.6 million (approximately S$0.8 million).

2.3 Independent Valuation of the Target

For the purposes of the Proposed Acquisition, the Company had commissioned Asia Equity Research Sdn Bhd as an independent valuer (the "**Independent Valuer**") to assess and determine the market value of 100.00% equity interests in the capital of the Target.

Based on the valuation conducted on the Target by the Independent Valuer dated as of 28 July 2022 ("**Valuation Report**"), the fair value of the entire equity interest in the Target is between RM16.15 million to RM16.52 million, based on an equity discount rate of 20.0%, applied on the free cash flow to equity approach.

In relation to the valuation of the Target, the Board has taken into consideration and is satisfied with the following:

(a) examined if the key assumptions and estimates for the valuation are reasonable;

(b) ensured that the underlying material uncertainties of the valuation are fully disclosed;

(c) assessed whether the valuation conclusion and limitations as disclosed in the Valuation Report are acceptable;

(d) examined if the valuation was independently performed by qualified and competent valuation professionals, considering the valuers' track record and credentials; and

(e) assessed if the valuation is done according to recognised valuation standards, for instance the International Valuation Standards.

2.4 Principal Terms of the Proposed Acquisition

Consideration

The consideration ("**Consideration**") for the Proposed Acquisition is RM16 million. The Consideration was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the Purchaser and the Vendor, taking into account, *inter alia*, (a) the fair value of the Sale Shares shown in the Valuation Report, and (b) market and/or industry conditions applicable to the Target.

The Consideration will be paid in accordance with the following manner:

(a) a sum of RM4 million in cash shall be paid to the Vendor on the date falling three business days from the date on which the last condition precedent is fulfilled or waived (or such other date as may be agreed upon between the Vendor and the Purchaser in writing) ("**Completion Date**");

(b) a sum of RM9.5 million to be satisfied by the allotment and issuance of 43,500,044 ordinary shares in the Company, at S$0.0678 per ordinary share ("**Issue Price**"), ("**Consideration Shares**") to the Vendor on the Completion Date; and

(c) in the event the Target shall have achieved an audited profit after tax of RM2.5 million for the financial year commencing from 1 January 2023 and ending on 31 December 2023 ("**FY2023**"), (i) a sum of RM1 million in cash to be paid within thirty (30) days from the date the audit of the Target's financial statement for FY2023 ("**FY2023 Audit**") is signed-off or such other date as the Vendor and Purchaser may mutually agree in writing; and (ii) RM1.5 million to be satisfied by way of allotment and issuance of 6,868,428 ordinary shares in the Company, at the Issue Price, ("**Earn-out Shares**") within thirty (30) business days from the date the audit of the Target's financial statement for FY2023 is signed-off or such other date as the Vendor and Purchaser may mutually agree in writing.

The source of funds for the cash component of the Proposed Acquisition is a combination of internal sources of funds and external borrowings.

Consideration Shares and Earn-Out Shares

The Issue Price of S$0.0678 per ordinary share is determined based on the volume weighted average price traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 21 September 2022, being the full market day on which the Shares were traded on the date of the SPA.

The Consideration Shares represent approximately 6.11% of the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company as at the date of this announcement and approximately 5.76% of the enlarged share capital (excluding treasury shares and subsidiary holdings) of the Company following the completion of the allotment and issuance of the Consideration Shares, assuming there are no changes to the number of Shares of the Company before the completion of the allotment and issuance of the Consideration Shares.

The Earn-out Shares represent approximately 0.96% of the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company as at the date of this announcement and approximately 0.90% of the enlarged share capital (excluding treasury shares and subsidiary holdings) of the Company following the completion of the allotment and issuance of the Consideration Shares and Earn-out Shares, assuming there are no changes to the number of Shares of the Company before the completion of the allotment and issuance of the Consideration Shares and Earn-out Shares.

The Consideration Shares and Earn-out Shares, when allotted and issued, shall rank *pari passu* with all the existing ordinary shares of the Company.

The Company will apply to the SGX-ST through its sponsor, UOB Kay Hian Private Limited for, *inter alia*, the dealing in, listing of and quotation for the Consideration Shares and Earn-out Shares on the Catalist Board of the SGX-ST (the "**Catalist**"). The Company will make the necessary announcements upon receipt of the listing and quotation notice from the SGX-ST.

<u>General Mandate</u>

The Consideration Shares will be allotted and issued pursuant to the general share issue mandate granted by the Shareholders by way of an ordinary resolution ("**General Mandate**") at the annual general meeting of the Company on 29 April 2022 ("**2022 AGM**"). The general mandate obtained at the 2022 AGM authorises the Directors to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2022 AGM, of which the aggregate number of new Shares of the Company to be issued other than on a pro-rata basis to all existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). As at the date of the 2022 AGM, the Company had 560,346,817 Shares (excluding treasury shares) and accordingly, the Company had 280,173,408 Shares available for issuance under the general mandate on a non-pro-rata basis. As such, the proposed allotment and issuance of the Consideration Shares and Earn-out Shares falls within the limit of the General Mandate.

<u>Conditions Precedent</u>

Completion of the Proposed Acquisition is subject to certain conditions precedent being satisfied or waived in accordance with the SPA, including, *inter alia*, the following:

(a) the Purchaser and the Company, having obtained the approvals of its directors and shareholders of the Purchaser and the Company where applicable, for the acquisition of the Sale Shares in accordance with the terms of the SPA and the allotment and issuance of the Consideration Shares and the Earn-Out Shares;

(b) the Purchaser having completed its legal and financial due diligence review and other inquiries and investigations on the Target to its satisfaction;

(c) the Purchaser having procured the Company to obtain the approval in-principle from the SGX-ST for the listing of and quotation for the Consideration Shares and Earn-Out Shares on the Catalist of the SGX-ST;

(d) the Vendor having procured and caused the execution of the management services agreement between Target Company and Grand Surf Sdn Bhd (Registration No.: 200101011387 (547143-T)) ("**Grand Surf**"), a wholly-owned subsidiary of the Vendor;

(e) the Vendor having procured and caused the execution of a trademark licensing agreement between Grand Surf and the Target where Grand Surf shall grant a royalty free non-exclusive, irrevocable and non-transferable license to the Target to use all intellectual property rights subsisting in, and in connection with the name and logo of "Red Box", "Redbox" and/or "Red Box Plus" or "Redbox Plus" for its business at the existing business premise or future business premises to be set up by the Target, the Purchaser or their related corporations at no additional costs for a period of seven (7) years and the option to renew the license for another seven (7) years to be exercised by the Purchaser in the identical format annexed in the SPA; and

(f) the approval of such governmental or regulatory authorities, relating to the sale of the Sale Shares, if required and such approvals being in full force and effect as of completion of the Proposed Acquisition. Where such approval is subject to conditions, such conditions being reasonably acceptable to the Vendor and the Purchaser and if such conditions are to be fulfilled on or before completion of the Proposed Acquisition, such conditions having been fulfilled on or before such date.

Completion and Effective Date

Completion of the Proposed Acquisition shall take place on the Completion Date.

In addition, the Purchaser and the Vendor have agreed that, in the event that completion of the Proposed Acquisition does not occur on or prior to 1 October 2022, the Purchaser shall be entitled to, amongst others, appoint a majority of the board of directors of the Target and adopt and exercise control over, *inter alia*, the operations, finance and administrative functions of the Target. The Purchaser and the Vendor further agree that in the event that the SPA is terminated prior to completion of the Proposed Acquisition, the foregoing arrangement shall cease to be of any effect whatsoever and no party shall have any claim against the other party or its directors, officers, employees and agents for any antecedent breaches or any breaches arising from such foregoing arrangement.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Catalist Rules and the latest unaudited consolidated financial results of the Group for the financial period ended 30 June 2022 ("**1H2022**"), are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, as compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable(1)
(b)	The net profits attributable to the assets acquired, as compared with the Group's net profits.	(129.57)%(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.	10.21%(3)(4)
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	7.08%(5)

Rule 1006	Bases	Relative Figures (%)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable[6]

Notes:

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

(2) Net profits is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The relative figure under Rule 1006(b) of the Catalist Rules has been computed based on (i) the Target's profit before income tax of approximately S$409,632 for 1H2022; and (ii) the Group's loss before income tax (including results from discontinued operations) of approximately S$316,155 for 1H2022.

(3) Pursuant to Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the NAV represented by such shares, whichever is higher. In this instance,

(a) the sum of cash consideration of approximately S$1,552,265 (based on exchange rate of S$1:RM3.2211) and the market value of the 50,368,472 Consideration Shares and Earn-out Shares of S$3,500,609 based on VWAP of S$0.0695 on 20 September 2022 (which is the last full market day on which the Shares were traded prior to the date of the SPA) is S$5,052,874; and

(b) the sum of cash consideration of S$1,552,265 (based on exchange rate of S$1:RM3.2211) and the NAV represented by the 50,368,472 Consideration Shares and Earn-out Shares of approximately S$68,936 as at 30 June 2022 is S$1,621,201.

Based on the above, the relative figure has been computed based on (a) of S$5,052,874, being the higher of (a) and (b).

(4) The Company's market capitalisation of approximately S$49,475,638 is based on the Company's issued Shares of 711,879,685 Shares (excluding treasury shares) and the volume weighted average price of S$0.0695 per Share on 20 September 2022 (being the last day on which the Shares were traded prior to the date of the SPA).

(5) The number of Consideration Shares and Earn-out Shares to be issued by the Company for the Proposed Acquisition is 50,368,472 shares. The number of Shares in issue as at the date of this announcement is 711,879,685 Shares (excluding treasury shares).

(6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

The relative figures under Rules 1006(c) and (d) exceed 5% but does not exceed 75%. While the relative figures under Rule 1006(b) exceeds 100%, in accordance with Rules 1014(2) and 1015(8) of the Catalist Rules, Rules 1014 and 1015 of the Catalist Rules do not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b).

In addition, the relative figure under Rule 1006(b) involves a negative figure. Pursuant to Practice Note 10A paragraph 4.4(b) of the Catalist Rules, as (i) the absolute relative figures computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 75%; and (ii) the net profit attributable to the asset to be acquired exceeds 5% of the consolidated net loss of the issuer (taking into account only the absolute value), the Proposed Acquisition constitutes a "discloseable transaction", and the Company shall immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules, where applicable, in relation to the Proposed Acquisition.

4. RATIONALE FOR THE PROPOSED ACQUISITION

As disclosed in the Company's circular to Shareholders dated 14 April 2022, the Company intends to diversify the Group's existing business into the new businesses of supply chain management business and lifestyle retail business ("**New Businesses**"), in order to improve the Group's financial position and unlock shareholder value. The New Businesses has been identified by the Company as business activities which will provide the Group with sustainable and long-term prospects of profitability and growth.

The Proposed Acquisition is the next step undertaken by the Company in developing the lifestyle retail business. The Company is of the view that the prospects in relation to the lifestyle retail industry will likely be positive, due to, *inter alia*, the relaxation of governmental measures and consumer's adaptation to post-COVID-19 norms. The lifestyle retail business will create new business opportunities and an alternate revenue stream for the Company, which would hence enhance the Group's business performance and shareholder value. In addition, the lifestyle retail business will allow the Group to reduce its reliance on its existing business which remained challenging.

Taking into account all of the above factors, the Board is of the view that the Proposed Acquisition is in the best interests of the Company and its Shareholders.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *pro forma* financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after completion of the Proposed Acquisition.

The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 ("**FY2021**") subject to the following assumptions:-

(a) the financial effect on the consolidated net tangible assets per Share is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2021;

(b) the financial effect on the earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Acqusition was completed on 1 January 2021; and

(c) expenses to be incurred in respect of the Proposed Acquisition is negligible.

<u>Net Tangible Assets ("**NTA**")</u>

As at 31 December 2021	**Before the Proposed Acquisition**	**After completion of the Proposed Acquisition**
NTA (S$'000)	(2,288,257)	(1,396,478)
Number of issued shares	549,359,674	599,728,146
NTA per Share (cents)	(0.42)	(0.23)

EPS

FY2021	Before the Proposed Acquisition	After completion of the Proposed Acquisition
Profit attributable to the owners of the Company (S$'000)	15,493,284	15,778,342
Weighted average number of issued shares	217,034,635	267,403,107
EPS – Basic (cents)	7.14	5.90

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective directorships and/or shareholdings in the Company.

7. DIRECTORS' SERVICE CONTRACTS

No person is intended to be appointed as a director of the Company in connection with the Proposed Acquisition and no service contract is intended to be entered into between the Company and any such person.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and the Valuation Report are 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 105 Cecil Street #12-02, The Octagon, Singapore 069534 for a period of three (3) months from the date of this announcement.

9. 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 Acquisition 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.

10. CAUTIONARY STATEMENT

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 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.

BY ORDER OF THE BOARD OF
9R Limited (formerly known as Viking Offshore and Marine Limited)

Datuk Low Kim Leng
Chairman and Independent Non-Executive Director

21 September 2022

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*This announcement has been prepared by 9R Limited (formerly known as Viking Offshore and Marine Limited) (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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