



**ARTIVISION TECHNOLOGIES LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No: 200407031R)

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- (I) **EXECUTION OF AMENDED AND RESTATED CONDITIONAL SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF MOBILE CREDIT PAYMENT PTE. LTD.**
- (II) **ENTRY INTO A SETTLEMENT AGREEMENT WITH MR. CHING CHIAT KWONG, A CONTROLLING SHAREHOLDER OF THE COMPANY**
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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**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. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*

## **1. INTRODUCTION**

The board of directors (the "**Board**" or "**Directors**") of Artivision Technologies Ltd. (the "**Company**") refers to the Company's announcements dated 31 October 2017, 31 January 2018, 2 May 2018, 2 January 2019, 11 January 2019 and 28 June 2019 (the "**Previous Announcements**") in relation to the proposed acquisition by the Company of all the ordinary shares and convertible bonds issued by Mobile Credit Payment Pte. Ltd. (the "**Target**") (the "**Proposed Acquisition**"). *Unless otherwise defined, all capitalised terms used herein shall bear the meanings ascribed to them in the Previous Announcements. Any discrepancies in figures included herein between the total sum of amounts listed and the individual amounts are due to rounding.*

The Board wishes to inform Shareholders that on 11 September 2019, the Company, the Target and the shareholders and bondholders of the Target set out in Schedule 1 of this announcement (the "**Vendors**", which term shall include any New Investors (as defined below) who agree to be bound by the terms of the Amended and Restated SPA (as defined below)) (collectively, the "**Parties**" and each, a "**Party**") entered into an amended and restated conditional sale and purchase agreement in relation to the Proposed Acquisition (the "**Amended and Restated SPA**"). For avoidance of doubt, the Amended and Restated SPA has replaced, in its entirety, the conditional sale and purchase agreement dated 27 April 2018 (the "**Original SPA**") entered into between the Company, the Target and the shareholders and bondholders of the Target as at the date of the Original SPA.

None of the Vendors is related to the Directors or controlling Shareholders, and their respective associates.

## 2. THE PROPOSED ACQUISITION

*Information (including financial information) on the Target Group, the iFashion Transaction and the Vendors was provided by the Target. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

### 2.1. Information on the Proposed Acquisition

The group structure of the Target Group is set out in Schedule 2 of this announcement. Please refer to the Company's announcements dated 31 October 2017 relating to, amongst others, the HOA (the "**HOA Announcement**") and 2 May 2018 relating to, amongst others, the execution of the Original SPA (the "**Original SPA Announcement**") for the following information in connection with the Proposed Acquisition:

- (a) paragraph 2.2 of the HOA Announcement: information on the Key Warrantors; and
- (b) paragraph 2.4 of the Original SPA Announcement: the rationale for and benefits of the Proposed Acquisition.

Save as set out in this announcement, all the provisions of the Original SPA remain unchanged in the Amended and Restated SPA.

### 2.2. Information on the Target Group

The Target Group is an established Singapore-based financial technology company that provides merchant payment services with digital commerce enabling services. The Group's businesses can be categorised under the following two (2) distinct business units:

- (a) Merchant Payment Services ("**MPS**") pursuant to which the Target Group provides transaction-based services:
  - (i) In-store payments processing – the Target Group processes payments made in-store through its proprietary unified platform with a smart software application ("**Smart App**") that can be installed onto any smart device, including mobile phones, tablets, and smart point-of-sale ("**POS**") terminals ("**Smart POS**"). The Smart App can process payments as conventional POS terminals do and is also able to, amongst others, facilitate loyalty and reward schemes, coupons, and collect and analyse data. Merchants are able to seamlessly access the Smart App feature by QR code. Importantly, the Smart App, riding on the Target Group's proprietary unified platform, has added functionality which allows it to process payments pursuant to multiple card and payment schemes.
  - (ii) Online payment processing – in addition to in-store payments processing, the Target Group processes payments for online merchants. The Target Group's proprietary platform can be readily integrated by online merchants into websites and applications (including mobile applications) through its application programming interface.
- (b) Digital Commerce Enabling Solutions ("**DCES**") pursuant to which the Target Group provides non-transaction-based services:

- (i) Sale/lease of smart POS terminals – merchants who engage the Target Group for in-store payments processing require a smart POS terminal which is pre-installed with the Target Group's proprietary unified platform. The Target Group sells or leases out such smart POS terminals to such merchants.
- (ii) Software-as-a-service (“**SaaS**”) and white-labeling – the Target Group provides proprietary and licensed software as a service on a transaction-based or subscription-based pricing model. In this regard, the Target Group is best known for “HeroHippo” and “NightHippo” which facilitate the ordering and payment of food and beverage items. Additionally, the Target Group provides white-label software pursuant to which its proprietary or licensed software is rebranded by its customers in consideration for fees charged on a transaction-based or subscription-based pricing model. The Target Group also develops bespoke software for their customers.

### 2.3. The iFashion Transaction

The long stop date under the iFashion SPA was 31 December 2018 (the “**iFashion Long Stop Date**”). As the conditions precedent under the iFashion SPA were not satisfied as at the iFashion Long Stop Date and the iFashion Parties did not agree to an extension of the iFashion Long Stop Date, the iFashion Transaction has been terminated. The Proposed Acquisition will not include the iFashion Group. Accordingly, the Total Consideration (as defined below) will not include the iFashion Consideration which the Company had earlier agreed to satisfy on behalf of the Target in accordance with the Original SPA.

### 2.4. Financial information on the Target Group

Based on the Target Group's unaudited consolidated financial statements as at 31 December 2018, the Target Group recorded (i) loss before tax of approximately S\$10.7 million for the financial year ended 31 December 2018; (ii) net liabilities attributable to equity holders of the company of approximately S\$5.9 million as at 31 December 2018; and (iii) net tangible liabilities (“**NTL**”) attributable to equity holders of the company of approximately S\$7.9 million as at 31 December 2018. No independent valuation of the Target Group was available as at the date of the Amended and Restated SPA.

Please refer to Schedule 4 of this announcement for the historical financial information of the Target Group (which, for the avoidance of doubt, excludes the iFashion Group) for the financial years ended 31 December 2016, 2017 and 2018.

### 2.5. Key terms of the Proposed Acquisition

#### 2.5.1. Proposed Acquisition

The Company intends to acquire 100.0% of (a) the issued ordinary shares in the capital of the Target (the “**Sale Shares**”), and (b) the issued and unconverted bonds or other debt securities convertible into ordinary shares in the capital of the Target issued by the Target (the “**Sale Bonds**”), as at completion of the Proposed Acquisition pursuant to the terms of the Amended and Restated SPA (“**Completion**”) from the Vendors.

As at the date of this announcement, the Target has (i) 2,046,015 issued ordinary shares (the “**Target Shares**”) (out of which 224,006 Target Shares are Series D Target Shares (as defined below)); and (ii) issued bonds in aggregate principal amount of S\$11.0 million (including on a converted and redeemed basis) (the “**Target Bonds**”). The Target Bonds comprise the Series D convertible bonds issued by the Target on 1 December 2017, 23 May 2018 and 29 June 2018

(collectively, the “**Series D Bonds**”). As at the date of this announcement, approximately S\$5.6 million (inclusive of 6.0% simple interest) worth of Series D Bonds has been converted into issued ordinary shares of the Target (such Target Shares shall be referred to as “**Series D Target Shares**”) and S\$200,000 worth of Series D Bonds has been redeemed (the “**Series D Redemption Amount**”). Accordingly, as at the date of this announcement, the outstanding principal amount of the Series D Bonds is approximately S\$5.6 million.

## 2.5.2. Consideration

**Base Consideration.** Pursuant to the terms of the Amended and Restated SPA, the consideration for the purchase of the Sale Shares held by the Vendors (excluding any Series D Target Shares) shall be S\$80.0 million (the “**Base Consideration**”), less any amounts paid to the holders of the Series C Bonds under the Series C Settlement (the “**Series C Settlement Amount**”), which is equivalent to approximately S\$6.5 million as at the date of this announcement.

**Additional Consideration.** As at the date of this announcement, the Target Group is currently conducting certain fund-raising activities and, as highlighted in paragraph 2.5.1 above, the Target had issued Target Bonds in aggregate principal amount of S\$11.0 million (the “**Phase 1 Funds**”), comprising the Series D Bonds (including on a converted and redeemed basis). Pursuant to the terms of the Amended and Restated SPA, the Target may raise additional funds of up to S\$9.0 million (in addition to the Phase 1 Funds raised) during the period between the date of the Amended and Restated SPA and Completion, on the terms set out in Schedule 3 of this announcement (the “**Phase 2 Funds**”, which together with Phase 1 Funds shall be referred to as the “**Additional Funds Raised**”, and such fund-raising activities shall be referred to as “**Fund-Raising Activities**”). Additional Funds Raised shall exclude the principal amount of any Series D Bonds and/or any other securities pursuant to the Fund-Raising Activities that have been redeemed by the Target Group prior to Completion (including, without limitation, the Series D Redemption Amount of S\$200,000) and less the amount of Sale Bonds to be redeemed by the Company post-Completion. To ensure that the Company acquires 100.0% of the fully diluted share capital of the Target upon Completion, it shall be a condition of the Fund-Raising Activities that any new shareholder and/or bondholder of the Target pursuant to the Fund-Raising Activities (“**New Investor**”) shall agree to the transfer, novation or cancellation, as the case may be, of its/his/her shares or convertible securities in the Target, as the case may be, to the Company in connection with the Proposed Acquisition. The additional consideration shall be the amount equivalent to the Additional Funds Raised (the “**Additional Consideration**”).

**For avoidance of doubt, the formula to calculate the Total Consideration shall be:**

$$\text{Total Consideration} = (BC - \text{Series C Settlement}) + (AFR - \text{AFR Redemption})$$

**Where:**

- (a) **BC = Base Consideration of S\$80.0 million**
- (b) **Series C Settlement = Series C Settlement Amount of approximately S\$6.5 million**
- (c) **AFR = Additional Funds Raised of up to S\$20.0 million**
- (d) **AFR Redemption = Aggregate principal amount redeemed pursuant to the Additional Funds Raised**

**The Total Consideration may be a lower amount as some of the holders of the Series D Bonds can elect for the Target to redeem their outstanding Series D Bonds if the Company does not receive the approval-in-principle from the SGX-ST for the Proposed Acquisition by 1 December 2019.**

The maximum total consideration for the Proposed Acquisition of approximately S\$93.3 million comprised of:

- (i) the maximum Base Consideration of S\$80.0 million; minus
  - (ii) the Series C Settlement Amount of approximately S\$6.5 million; plus
  - (iii) the maximum Additional Consideration of S\$20.0 million (assuming S\$9.0 million worth of Phase 2 Funds are raised); minus
  - (iv) the Series D Redemption Amount as at the date of this announcement of S\$200,000,
- (collectively, the “Maximum Total Consideration”).

The Total Consideration was determined at arm’s length on a willing-buyer willing-seller basis, taking into account and on the basis of the following:

- (A) the value of the Target Group (taking into account the Additional Funds Raised) to be expressed in the report of an independent valuation commissioned by the Company on the valuation of the Target Group prior to Completion (“**Independent Valuation**”) to be equivalent to or more than S\$80.0 million;
- (B) the Group at Completion not having any indebtedness, liabilities, duties and obligations, whether actual or contingent, direct or indirect, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured, save in connection with the process of striking off dormant subsidiary, Artisecurity Pte Ltd, and liquidating Thai subsidiary, CAT; and
- (C) the business prospects, track record and competencies of the Target Group and the potential benefits arising from the Proposed Acquisition as detailed in paragraph 2.4 of the Original SPA Announcement.

#### 2.5.3. Satisfaction of Consideration

The Total Consideration shall be satisfied in full by the allotment and issuance of new Shares<sup>1</sup> after the completion of the Proposed Share Consolidation (the “**Consideration Shares**”) at the post-Proposed Share Consolidation issue price. The number of Consideration Shares (on a pre-Proposed Share Consolidation basis) to be allotted and issued at the issue price of S\$0.0105 (the “**Issue Price**”) are as follows:

- (a) the issue of up to 6,249,825,601 Consideration Shares (on a pre-Proposed Share Consolidation basis) by the Company to the holders of Target Shares on a *pro rata* basis based on the number of Target Shares (excluding Series D Target Shares) held by each holder of Target Shares;
- (b) the issue of up to 2,425,513,776 Consideration Shares (on a pre-Proposed Share Consolidation basis) by the Company to the holders of Series D Target Shares and Series D Bonds on a *pro rata* basis based on the number of Series D Target Shares and Series D Bonds (on an as-converted basis) held by each holder of Series D Target Shares and/or Series D Bonds; and

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<sup>1</sup> “**Shares**” means the ordinary shares of the Company from time to time.

- (c) the issue of 210,925,426 Consideration Shares (on a pre-Proposed Share Consolidation basis) by the Company to the Introducer (as defined below) on a *pro rata* basis based on the number of Sale Shares held by the Introducer, calculated in accordance with paragraph 0 of this announcement.

The number of Consideration Shares to be issued as consideration for the Proposed Acquisition has been calculated based on (i) the Company receiving approval-in-principle for the Proposed Acquisition from the SGX-ST by a certain date; (ii) the Target successfully raising a further S\$9.0 million pursuant to the Fund-Raising Activities; (iii) no interest will be accrued on the further S\$9.0 million pursuant to the Fund-Raising Activities; and (iv) the holders of outstanding Series D Bonds issued by the Target pursuant to the to the Phase 1 Funds electing to convert the entire outstanding amount of their Series D Bonds into Target Shares prior to Completion.

**Please refer to paragraph 4 of this announcement for further details of the Proposed Share Consolidation.**

The Consideration Shares shall be issued fully-paid, and shall rank *pari passu* in all respects with and carry all rights similar to the then existing Shares, and shall be subject to any moratorium imposed by the SGX-ST, the Sponsor or any other relevant governmental body or authority on the transfer of any of the Consideration Shares, as the case may be.

The allotment and issuance of the Consideration Shares is subject to, among other things, the listing and quotation notice having been obtained from the SGX-ST for the dealing in, listing of and quotation for the Consideration Shares on Catalist, such notice not being revoked and amended, and where such listing and quotation notice is obtained subject to any conditions, such conditions being reasonably acceptable to and confirmed by the relevant parties.

For illustration only, the Issue Price of S\$0.0105 per Consideration Share (on a pre-Proposed Share Consolidation basis) represents:

- (i) a 110.0% premium to the volume weighted average price (“**VWAP**”) of S\$0.005 per Share traded on the SGX-ST on 10 September 2019, being the last Market Day<sup>2</sup> on which the Shares were traded prior to the date of the Amended and Restated SPA; and
- (ii) a 81.0% premium to the VWAP of S\$0.0058 per Share traded on the SGX-ST for the three (3) months immediately preceding 10 September 2019, being the last Market Day on which the Shares were traded prior to the date of the Amended and Restated SPA.

Based on the proposed issuance and allotment of 8,886,264,803 Consideration Shares (on a pre-Proposed Share Consolidation basis) pursuant to the Proposed Acquisition (assuming the Maximum Total Consideration), the enlarged share capital of the Company, calculated on a pre-Proposed Share Consolidation basis, will consist of 14,022,040,564 Shares (the “**Enlarged Share Capital**”).

The Independent Valuation report on the Target Group will be set out in the circular to Shareholders (the “**Circular**”) containing, amongst others, the terms of the Proposed Acquisition, the Proposed Settlement Arrangements (as defined below), and the Proposed Share Consolidation, to be despatched by the Company to the Shareholders in due course.

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“**Market Day**” means a day on which the SGX-ST is open for trading of securities.

#### 2.5.4. Introducer Fee

The Vendors shall pay an introducer fee (the “**Introducer Fee**”) equivalent to S\$2.4 million to Bullrunn Pte. Ltd. (the “**Introducer**”) in connection with the Proposed Acquisition, which shall be satisfied by the issuance of 61,491 Target Shares to the Introducer prior to Completion.

#### 2.5.5. Minimum Shareholding Percentage

The Amended and Restated SPA does not contain the requirement, which was contained in the Original SPA, for the number of Consideration Shares to be issued in satisfaction of the Base Consideration to constitute a certain minimum percentage of the enlarged share capital of the Company immediately after the completion of the Proposed Share Consolidation, the Proposed Settlement Arrangements and the Proposed Acquisition (excluding any Consolidated Shares issued in satisfaction of any Additional Consideration and the Sponsor Equity Fee<sup>3</sup>).

#### 2.5.6. Conditions Precedent

Completion shall also be subject to, amongst others, the following conditions:

- (a) the approval of the Board, the Shareholders and the independent Shareholders, as the case may be, for the Proposed Acquisition and all the transactions contemplated in the Amended and Restated SPA, including but not limited to:
  - (i) the Proposed Share Consolidation;
  - (ii) the issue and allotment of the Consideration Shares, the Settlement Shares and the Consolidated Shares in satisfaction of the Sponsor Equity Fee;
  - (iii) the Proposed Settlement Arrangements (as amended or varied in accordance with the written consent of the Parties);
  - (iv) the resignation of existing Directors and the chief executive officer of the Company (save for such Directors as notified by the Target to the Company) and the appointment of new directors and the new chief executive officer nominated by the Target in their place; and
  - (v) if necessary, in respect of the independent Shareholders, the Whitewash Resolution;
- (b) the Proposed Share Consolidation being effective;
- (c) the receipt by the Company and the Target Group Companies of all applicable third party consents or waivers required in connection with the Proposed Acquisition and the transactions contemplated under the Amended and Restated SPA, as the case may be, including in relation to the change of control of the Target Group Companies, respectively;
- (d) the Independent Valuation report having been issued to the Company, in a form reasonably satisfactory to the Company, and expressing the value of the Target Group (the “**MCP Valuation**”) to be equivalent to or more than S\$80.0 million. For the avoidance of doubt, in the event that the MCP Valuation is expressed in a range of values, the MCP Valuation must include a value of S\$80.0 million or more;

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<sup>3</sup> “**Sponsor Equity Fee**” means the fees payable to the Sponsor as part of the Sponsor’s fee for its services in connection to the Proposed Acquisition as set out in paragraph 2.5.5 of the Original SPA Announcement.

- (e) the completion of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Company and/or its appointed advisers on the Target Group and the results of such due diligence being satisfactory in the reasonable opinion of the Company;
- (f) there being no event, circumstance, effect, occurrence or state of affairs or any combination of them which is, or is reasonably likely to be, materially adverse to the business, operations or financial condition of the Group or the Target Group, as the case may be, taken as a whole (“**Material Adverse Change**”), or events, acts or omissions likely to lead to a Material Adverse Change to the respective businesses, operations, assets, financial condition, turnover or prospects of the Group or the Target Group, as the case may be;
- (g) (i) the receipt of a waiver from the SIC in favour of the Vendors and parties acting in concert with them, as the case may be, in respect of their obligation to make a mandatory general offer of the Company under Rule 14 of the Code arising from or in connection with all transactions contemplated under the SPA, and where such waiver is granted subject to any conditions, such conditions being acceptable to the Vendors; or (ii) the receipt of a ruling from the SIC that the Vendors are not parties acting in concert for the purposes of the Code;
- (h) the execution of an undertaking from Mr. Ching Chiat Kwong (a controlling Shareholder as at the date of this announcement) (“**Mr. Ching**”) to, if applicable, vote in favour of the Shareholders’ resolution in connection with the Proposed Acquisition, the Proposed Share Consolidation, the issue and allotment of the Consideration Shares and the Consolidated Shares in satisfaction of the Sponsor Equity Fee, the appointment of new directors nominated by the Target and if necessary, the Whitewash Resolution prior to Completion;
- (i) the Company continuing to remain listed on Catalist from the date of the Amended and Restated SPA until Completion; and for this purpose shall, if necessary, obtain the approval of the SGX-ST for an extension, in addition to the 12-month period commencing on the date the Company became a cash company to meet the requirements for the new listing in accordance with Rule 1017(2) of the Catalist Rules;
- (j) trading of the Shares on the SGX-ST shall not be suspended for longer than three (3) consecutive Business Days<sup>4</sup> (which for the avoidance of doubt, shall not include any trading halts or suspensions of shares on the SGX-ST made at the request of the Company); and
- (k) all necessary corporate and regulatory approvals, consents and waivers required to complete the Amended and Restated SPA and all transactions contemplated under the SPA, including those of the Sponsor and the SGX-ST, and including the receipt of listing and quotation notice in respect of the Consolidated Shares, the Consideration Shares, the Settlement Shares and the Consolidated Shares in satisfaction of the Sponsor Equity Fee on Catalist, having been obtained. If such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any Party, such conditions being acceptable to the Party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion.

In the event the conditions precedent to Completion set out in the Amended and Restated SPA are not satisfied by 31 January 2020 (or such other date as the Parties may agree), the provisions of the Amended and Restated SPA (save for certain provisions relating to, amongst others,

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<sup>4</sup> “**Business Day**” is defined in the Amended and Restated SPA as any day on which commercial banks are open for business in Singapore, other than Saturdays, Sundays and days which have been gazetted as public holidays in Singapore.



confidentiality, costs and expenses, and governing law and dispute resolution) shall cease and terminate, and no Party shall have any claim against the other Party, without prejudice to any rights or liabilities which may have accrued prior to such termination or which are expressed to survive such termination.

### 3. PROPOSED SETTLEMENT ARRANGEMENTS

#### 3.1. Details of the Proposed Settlement Arrangements

In connection with the Proposed Acquisition, the Company has entered into a settlement agreement dated 12 September 2019 with Mr. Ching (the “**Settlement Agreement**”), a controlling Shareholder as at the date of this announcement.

Pursuant to the Settlement Agreement, the Company and Mr. Ching have agreed that in consideration of the issue and allotment by the Company to Mr. Ching of such number of new Shares after the completion of the Proposed Share Consolidation (the “**Settlement Shares**”) at an issue price which is subject to the Proposed Share Consideration (the “**Settlement Shares Issue Price**”), with the aggregate issue price equivalent to S\$10.0 million (the “**Settlement Sum**”), that:

- (a) Mr. Ching will, prior to or on Completion, acquire all of the Company Bonds and the Company Options from the respective holders; and
- (b) following the acquisition by Mr. Ching of the legal and beneficial ownership of all the Company Bonds and Company Options in accordance with paragraph (a) above, on Completion:
  - (i) the Company Bonds shall be redeemed in full and any amounts owing by the Company in respect of the Company Bonds shall be fully and finally discharged; and
  - (ii) the terms of the Company Options will be amended and restated (the “**Amended and Restated Company Options**”, a summary of which has been set out in Schedule 5 of this announcement) to provide for adjustments under certain circumstances which include, without limitation, consolidation, subdivision or reclassification of the shares of the Company, rights issues and certain capital distributions (the “**Adjustment Events**”), primarily to account for the share consolidation ratio of the Proposed Share Consolidation,

(the “**Proposed Settlement Arrangements**”). The number of Settlement Shares (on a pre-Proposed Share Consolidation basis) to be allotted and issued pursuant to the Proposed Settlement Arrangements at the Settlement Shares Issue Price of S\$0.0031 per Settlement Share is 3,225,806,451 Settlement Shares.

Pursuant to the terms of the respective option deeds of the Company Bonds, the aggregate principal amount of the Company Bonds with accrued interest up to 30 June 2019 amounted to approximately S\$8.8 million. Please refer to paragraph 3.1 of the HOA Announcement for further details of the Company Bonds and Company Options.

Save for the incorporation of the Adjustment Events and the inclusion of a restriction against the transfer of the Amended and Restated Options to a person falling within the categories of persons set out in Rule 812(1) of the Catalist Rules, the terms and conditions of the Amended and Restated Options (the “**Option Conditions**”) will be the same as the existing terms and conditions of the Company Options. A summary of the Option Conditions is set out in Schedule 5 of this announcement.

Pursuant to the Amended and Restated SPA, the Company has agreed that the Group shall not have any bonds, options or any securities convertible into Shares in issue as at Completion, save for the Company Options and any options issued under the ESOP prior to the date of the HOA (the “**Convertibles Requirement**”). The Proposed Settlement Arrangements will enable the Company to satisfy the Convertibles Requirements and the Vendors will receive their Consideration Shares without any concern about future potential dilution by third parties due to the outstanding convertible securities of the Company, which would make the Company an unattractive partner for a reverse takeover.

The Settlement Sum was determined taking into account the Convertibles Requirement, the aggregate principal amount of the Company Bonds and accrued interest up to Completion, the financial support provided by Mr. Ching to the Group in the past three (3) financial years ended 31 March 2017, 2018 and 2019<sup>5</sup> and the rationale for and the benefits of the Proposed Acquisition and the Proposed Settlement Arrangements as set out in paragraphs 2.4 and 3.3 of the Original SPA Announcement, respectively.

The Settlement Shares Issue Price was determined pursuant to negotiations between the Company and Mr. Ching, taking into account the aforementioned factors as well as an agreed discount to the Issue Price.

### **3.2. Proposed Settlement Arrangements as an interested person transaction**

Mr. Ching is a controlling Shareholder with 395,068,911 Shares as at the date of this announcement, representing an interest of approximately 22.0% in the existing issued and paid-up share capital of the Company of 1,797,792,986 Shares as at the date of this announcement (the “**Existing Share Capital**”). Accordingly, Mr. Ching is an “interested person” and the Proposed Settlement Arrangements will constitute an interested person transaction (“**IPT**”) under Chapter 9 of the Catalyst Rules.

Based on the Existing Share Capital and on pre-Proposed Share Consolidation basis, immediately following the allotment and issuance of the Settlement Shares, the Consideration Shares (assuming the Total Maximum Consideration) and the Shares in satisfaction of the Sponsor Equity Fee, and assuming no further issuance of new Shares by the Company and prior to the exercise of any of the Company Options, Mr. Ching will own 3,620,875,362 Shares, representing an aggregate interest of approximately 25.8% of the Enlarged Share Capital (calculated on the basis set out in paragraph 2.5.3 of this announcement), and will remain as a controlling Shareholder.

The value of the Proposed Settlement Arrangements (being the amount at risk to the Company) is S\$10.0 million. Based on the Group's latest audited financial statements for the financial year ended 31 March 2019 (“**FY2019**”), the Group recorded audited NTL of approximately S\$7.8 million as at 31 March 2019. Pursuant to Rules 905 and 906 of the Catalyst Rules, net tangible assets is the benchmark to determine the computation of the threshold values in determining whether an IPT requires an issuer to make an immediate announcement or to seek approval from shareholders. As the Group recorded NTL as at 31 March 2019, the materiality of the Proposed Settlement

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<sup>5</sup> This includes the subscription by Mr. Ching for 246,913,580 new Shares for the aggregate issue price of approximately S\$4.0 million on 13 February 2017, the undertaking by Mr. Ching to provide adequate funds to the Group to enable it to continue its operations on a going concern basis and to pay its liabilities as and when they fall due, up to 31 August 2018 (as detailed in the Company's annual report for FY2017), the provision by Mr. Ching of the undertaking dated 5 April 2018 to provide adequate funds (if required) to the Group to enable it to continue operating as a going concern, which was one of the conditions of the Waiver and the Application Confirmation (as announced by the Company on 5 and 18 April 2018) granted by the SGX-ST, and the unsecured loan for a principal amount of S\$300,000 with interest at the rate of 10% per annum (to be disbursed in monthly instalments of S\$50,000) granted by Mr. Ching to the Company pursuant to a loan agreement entered into in March 2019.

Arrangements as an IPT cannot be meaningfully measured. Nevertheless, the Company will be seeking the approval of its independent Shareholders for the Proposed Settlement Arrangements as an IPT under Chapter 9 of the Catalist Rules at the EGM to be convened.

Save for the execution of the Settlement Agreement, the Company has not entered into any transaction (excluding transactions less than S\$100,000, if any) with Mr. Ching and his associates for the period from 1 April 2019 up to the date of this announcement. There were no transactions (excluding transactions less than S\$100,000) entered into between the Group and other interested persons for the period from 1 April 2019 up to the date of this announcement. Accordingly, the aggregate value of all transactions (excluding transactions less than S\$100,000) entered into between the Group and all interested persons for the period from 1 April 2019 up to the date of this announcement amounted to S\$10.0 million.

### 3.3. Rationale for and benefits of the Proposed Settlement Arrangements

Please refer to paragraph 3.3 of the Original SPA Announcement for information on the rationale for and benefits of the Proposed Settlement Arrangements.

## 4. THE PROPOSED SHARE CONSOLIDATION

In connection with the Proposed Acquisition, the Company proposes to undertake a consolidation (the “**Proposed Share Consolidation**”) of all its Shares on the basis of such number of existing Shares into one (1) consolidated share (“**Consolidated Share**”) based on such share consolidation ratio as the Company and the Target may agree prior to Completion. Subject to Shareholders’ approval being obtained for the Proposed Share Consolidation, the Proposed Share Consolidation is intended to take effect on or before Completion. Further details of the Proposed Share Consolidation, including such share consolidation ratio as may be agreed between the Company and the Target, will be set out in the Circular to be despatched to Shareholders in due course. For the avoidance of doubt, pursuant to Rule 1015(3)(c) of the Catalist Rules, the share price per Consolidated Share (after adjusting for the Proposed Share Consolidation) will not be lower than S\$0.20.

## 5. RELATIVE FIGURES UNDER RULE 1006

Based on the latest announced unaudited consolidated financial statements of the Group for the first quarter and three (3) months ended 30 June 2019<sup>6</sup>, the relative figures of the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases of calculation	Relative figure (%)
(a)	The net asset value of the assets to be disposed of, as compared with the Group’s net asset value	Not applicable <sup>(1)</sup>
(b)	The net profits attributable to the Target Group, compared with the Group’s net profits	Not meaningful <sup>(2)</sup>
(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the Company’s market capitalisation based on the total number of issued shares excluding the treasury shares	1,038.0 <sup>(3)</sup>

<sup>6</sup> As announced by the Company on 7 August 2019.

(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company previously in issue	494.3 <sup>(4)</sup>
(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	Not applicable <sup>(5)</sup>

**Notes:**

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Net profits/(loss) is defined to be profit or loss before income tax, minority interests and extraordinary items. As both the Target Group and the Group recorded net loss for the three (3) months ended 31 March 2019 and the three (3) months ended 30 June 2019, respectively, the relative figure is not meaningful.
- (3) Based on the Maximum Total Consideration of approximately S\$93.3 million, and the Company's market capitalisation of approximately S\$9.0 million. The market capitalisation of the Company was computed based on the Existing Share Capital of 1,797,792,986 Shares (excluding treasury shares) and the VWAP of S\$0.005 per Share on 10 September 2019 (being the last Market Day on which the Shares were traded prior to the date of the Amended and Restated SPA).
- (4) Based on (i) the proposed issuance and allotment of 8,886,264,803 Shares (on a pre-Proposed Share Consolidation basis) pursuant to the Proposed Acquisition, assuming the Maximum Total Consideration of approximately S\$93.3 million; and (ii) the Existing Share Capital of 1,797,792,986 Shares.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures under Rules 1006(c) and 1006(d) of the Catalist Rules exceed 100.0% and given that the aggregate Consideration Shares to be issued to the Vendors in accordance to paragraph 2.5.3 above pursuant to the Proposed Acquisition represents approximately 63.4% of the Enlarged Share Capital, the Proposed Acquisition will result in a change in control of the Company on Completion, and would constitute a "reverse takeover" transaction pursuant to Rule 1015 of the Catalist Rules. Accordingly, the Proposed Acquisition shall be conditional upon, amongst others, the approvals of the SGX-ST and Shareholders.

## 6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS ON THE GROUP

### 6.1. Bases and assumptions

*The Proposed Acquisition and the Proposed Settlement Arrangements shall collectively be referred to as, the "Proposed Transactions".*

The unaudited *pro forma* financial effects of the Proposed Transactions are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Enlarged Group following completion of the Proposed Transactions.

The unaudited *pro forma* financial effects of the Proposed Transactions set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2019 and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2018, without any adjustment to align the financial year end of the Group with that of the Target Group.

For illustrative purposes only, the financial effects of the Proposed Transactions are computed based on, amongst others, the following assumptions:

- (a) the financial effects of the Proposed Transactions on the loss after tax attributable to the equity holders of the Company and/or Enlarged Group and the LPS are computed assuming that the Proposed Transactions were completed on 1 April 2018;
- (b) the financial effects of the Proposed Transactions on the NTL or NTA attributable to the equity holders of the Company and/or Enlarged Group, and NTL per Share or NTA per Share, net liabilities or net assets attributable to equity holders of the Company and/or Enlarged Group, net liability value per Share or net asset value per Share and gearing are computed assuming that the Proposed Transactions were completed on 31 March 2019; and
- (c) the aggregate of 8,886,264,803 Consideration Shares (on pre-Proposed Share Consolidation basis) are issued at the Issue Price of S\$0.0105 per Consideration Share (on pre-Proposed Share Consolidation basis) and 3,225,806,451 Settlement Shares (on pre-Proposed Share Consolidation basis) are issued at the Settlement Shares Issue Price of S\$0.0031 per Settlement Share (on pre-Proposed Share Consolidation basis).

## 6.2. Share capital of the Company

	Number of Shares	S\$'000
Issued and paid-up share capital as at 31 March 2019 (on pre-Proposed Share Consolidation basis)	1,797,792,986	71,777
<u>Add:</u> Settlement Shares to be issued (on pre-Proposed Share Consolidation basis)	3,225,806,451	10,000
<u>Add:</u> Consideration Shares to be issued (on pre-Proposed Share Consolidation basis)	8,886,264,803	93,306
<u>Add:</u> Sponsor Equity Fee Shares to be issued in satisfaction of Sponsor Equity Fee (on pre-Proposed Share Consolidation basis)	112,176,324	1,178
Issued and paid-up share capital after the Proposed Transactions (on pre-Proposed Share Consolidation basis)	14,022,040,564	176,261

## 6.3. (NTL) / Net tangible assets (“NTA”) per Share

	Before the Proposed Transactions	After the Proposed Transactions
(NTL) / NTA attributable to the equity holders of the Company and/or Enlarged Group as at 31 March 2019 (S\$'000)	(7,775)	7,673
Number of Shares as at 31 March 2019 (on pre-Proposed Share Consolidation basis)	1,797,792,986	14,022,040,564
(NTL) / NTA per Share as at 31 March 2019 (cents) (on pre-Proposed Share Consolidation basis)	(0.43)	0.05

#### 6.4. Net (liability) / asset value per Share

	Before the Proposed Transactions	After the Proposed Transactions
Net (liabilities) / assets attributable to the equity holders of the Company and/or Enlarged Group as at 31 March 2019 (S\$'000)	(7,775)	9,706
Number of Shares as at 31 March 2019 (on pre-Proposed Share Consolidation basis)	1,797,792,986	14,022,040,564
Net (liability) / asset value per Share as at 31 March 2019 (cents) (on pre-Proposed Share Consolidation basis)	(0.43)	0.07

#### 6.5. LPS

	Before the Proposed Transactions	After the Proposed Transactions <sup>(1)</sup>
Loss after tax attributable to the equity holders of the Company and/or Enlarged Group (S\$'000)	(2,602)	(18,278)
Weighted average number of Shares (on pre-Proposed Share Consolidation basis) (excluding treasury shares)	1,797,792,986	14,022,040,564
LPS (cents)	(0.14)	(0.13)

**Note:**

(1) Before taking into account the Deemed Listing Expenses (as defined below).

#### 6.6. Gearing

	Before the Proposed Transactions	After the Proposed Transactions
Total borrowings (S\$'000)	6,875	38
(Negative equity) / Total equity (S\$'000)	(7,775)	8,335
Gearing (times)	Not meaningful	Less than 0.01

#### 7. PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Please refer to Schedule 4 of this announcement for the one (1) year of *pro forma* financial information of the Enlarged Group.

## **8. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION**

### **8.1. Circular**

The Circular setting out, amongst others, the terms of the Proposed Transactions, the Independent Valuation report on the Target Group, and the opinion and recommendations of the IFA (as defined below) in relation to the Whitewash Resolution (if required) and the Proposed Settlement Arrangements as an IPT under Chapter 9 of the Catalist Rules, together with a notice of EGM, will be despatched by the Company to the Shareholders in due course.

### **8.2. Documents available for inspection**

Copies of (a) the Amended and Restated SPA; and (b) the Settlement Agreement will be made available for inspection during normal business hours at the registered office of the Company at 10 Ubi Crescent, #05-05 Ubi Techpark, Singapore 408564 for a period of three (3) months from the date of this announcement.

## **9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for Mr. Ching as disclosed above, none of the Directors or controlling Shareholders and their respective associates has any interests, direct or indirect, in the Proposed Transactions, other than through their respective shareholding interests in the Company, if any.

## **10. SERVICE CONTRACTS**

As at the date of this announcement, the Company has not entered into any service agreement with any person proposed to be appointed as a Director or executive officer in connection with the Proposed Transactions. It is envisaged that the Company will, on or prior to Completion, enter into service agreements on terms acceptable to the Company and the Target. The details of such appointments and service agreements (if any) will be set out in the Circular to be despatched to Shareholders in due course.

## **11. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Company will be appointing an independent financial adviser (“**IFA**”) to advise the Directors who are considered independent of the Proposed Settlement Arrangements and the Whitewash Resolution (if required). The Company will announce the appointment of the IFA, and the advices of the IFA and the independent Directors will be set out in the Circular to be despatched to Shareholders in due course.

## **12. AUDIT COMMITTEE STATEMENT**

The Audit Committee of the Company will obtain an opinion from the IFA before forming its view on whether the Settlement Agreement as an IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Such opinion from the Audit Committee of the Company will be set out in the Circular to be despatched to Shareholders in due course.

## **13. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for any information on the Target Group, the iFashion Group, the iFashion Transaction and the Vendors 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 Transactions, 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 (save that in respect of information relating to the Target Group, the iFashion Group, the iFashion Transaction and the Vendors in this announcement, such information is given based on information available to the Company as at the date of this announcement and is subject to further due diligence investigation and verification). 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.

#### **14. CAUTION IN TRADING**

**Shareholders and potential investors are advised to exercise caution in trading their Shares as the Proposed Transactions are subject to certain conditions, and there is no certainty or assurance as at the date of this announcement that any of the Proposed Transactions will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Transactions.**

**Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

#### **BY ORDER OF THE BOARD**

HARRY NG

Non-Executive Chairman and Independent Director

17 September 2019

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# SCHEDULE 1

## LIST OF THE VENDORS

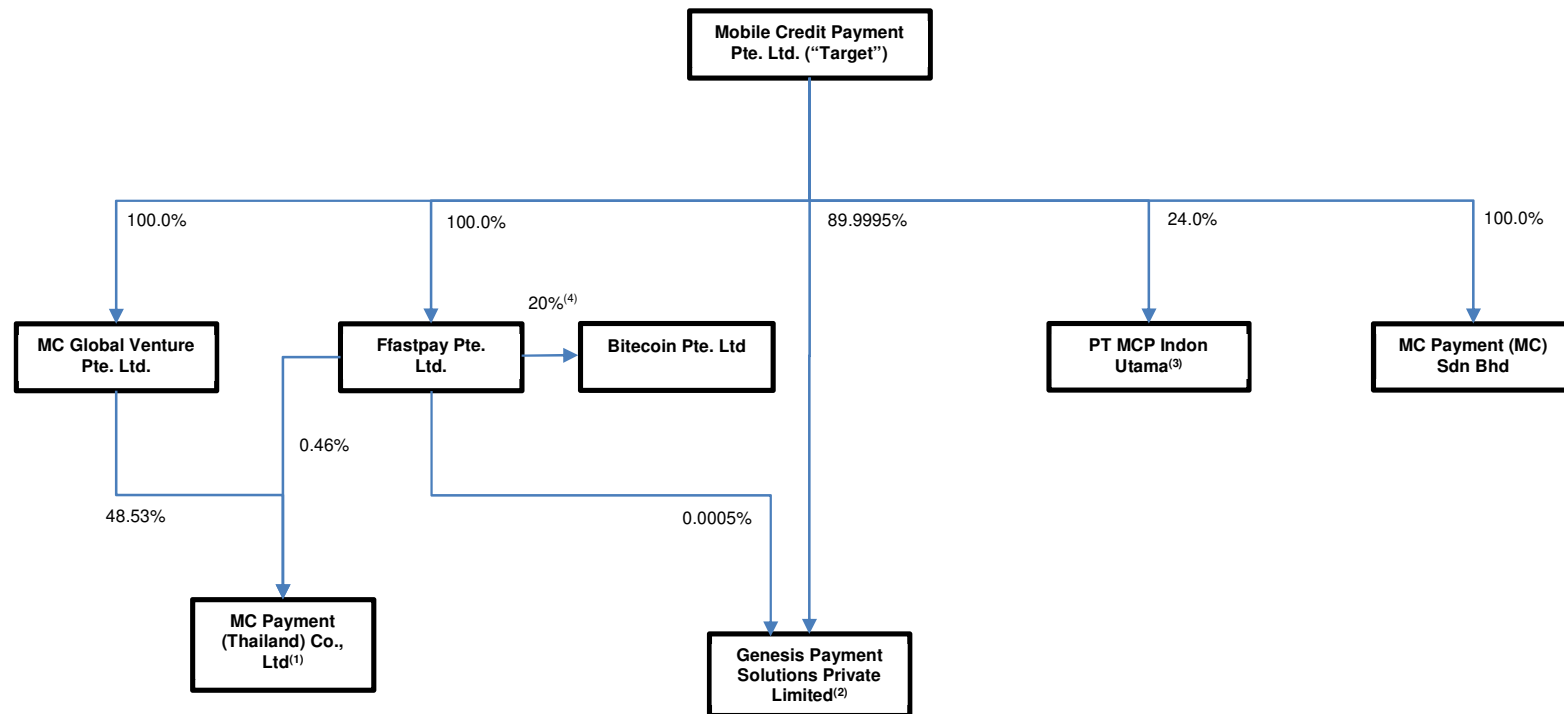
Name of Vendor	Number of shares in the Target as at the date of this announcement <sup>(1)</sup>	Outstanding principal Series D Bond amount as at the date of this announcement (excluding interest) (S\$)	Number of shares in the Target immediately upon conversion of Series D Bonds
Koh Beng Kiok Anthony	230,500	-	230,500
Kim Moon Soo	55,000	-	55,000
Choi Eunsik	64,500	-	64,500
Goh Way Siong	197,333	-	197,333
Lee Hock Eng	53,041	-	53,041
Toh Soon Huat	143,813	-	143,813
Lee Yew Shin	143,813	-	143,813
NCK Global Capital Pte Ltd	170,000	-	170,000
Crest SCD Pte Ltd	72,000	-	72,000
Jeffery Ong @ Jeffery Rahardja	131,642	-	131,642
Chan Yew Chuen	23,359	-	23,359
Chua Long Seng	9,344	-	9,344
Seah Poh Hui	38,031	-	38,031
Tan Kwee Hock	9,344	-	9,344
Ng Cheo Beng	17,344	-	17,344
Ng Hwee Hwee	31,785	-	31,785
Leong Yin Ping	30,512	-	30,512
Ho Mun Sang	17,621	-	17,621
Chang Wei Nang Joey	44,582	-	44,582
Tay Ling Tat	9,344	-	9,344
Lee Soo Liap	18,687	-	18,687
ESW Manage Pte Ltd	140,155	-	140,155
Wong Yat Foo	35,039	-	35,039
Chee Kwang How (Chi Guanghao)	17,519	-	17,519
TH MCP Capital Limited	35,039	-	35,039
ACD MCP Capital Limited	35,038	-	35,038
Tje Min The	17,519	-	17,519
Intellect Asia Holdings Pte Ltd	35,039	-	35,039
MCN Investments Ltd	70,077	-	70,077
Tan Seo Boon	14,648	-	14,648
Lo Yiang Gek	7,008	-	7,008
Tan Yong Hoa	42,446	-	42,446
Yong Kwai Fatt	84,893	-	84,893
Bullrunn Pte. Ltd. <sup>(2)</sup>	-	-	-
<b>Series D Bondholders</b>	-	<b>5,550,000</b>	<b>230,825</b>
Chua Long Seng	-	150,000	4,707
Lee Soo Liap	-	200,000	6,277
Seah PeiPei	-	350,000	10,983
Seah Ying Ying	-	350,000	10,983
Low See Ching	-	1,500,000	67,244
Tee Wee Sien (Zhang Weixian)	-	3,000,000	130,631
<b>Total</b>	<b>2,046,015</b>	<b>5,550,000</b>	<b>2,276,840</b>

**Notes:**

- (1) Fractions of shares in the Target have been disregarded.
- (2) Pursuant to the Introducer Fee as set out in paragraph 0 of this announcement, the Introducer will receive 61,491 Target Shares in satisfaction of the Introducer Fee prior to Completion. In connection with this process, the Introducer will sign a Deed of Accession to the Amended and Restated SPA and will be considered a Vendor at the point of Completion.

## SCHEDULE 2

### GROUP STRUCTURE OF THE TARGET GROUP



#### Notes:

- (1) The other shareholder of MC Payment (Thailand) Co., Ltd is Satis Chuenpibal, who owns 51.01% of the issued capital of MC Payment (Thailand) Co., Ltd. MC Global Venture Pte. Ltd. and Ffastpay Pte. Ltd. effectively own 100.0% of the voting rights in MC Payment (Thailand) Co., Ltd.
- (2) The other shareholder of Genesis Payment Solutions Private Limited is Jong Kim Poh who owns 10.0% of the issued capital of Genesis Payment Solutions Private Limited.

- (3) The other shareholders of PT MCP Indon Utama are Handojo, Langen Pratikno, The Tje Min, Valerino Wijaya, Eru Setiawan and Andrey Soebekti who own 26%, 18.21%, 12.5%, 10%, 7.79% and 1.5% of the issued capital of PT MCP Indon Utama, respectively.
- (4) The other shareholder of Bitecoin Pte. Ltd. is Sakae Fintech Pte. Ltd., who owns 80% of the issued capital of Bitecoin Pte. Ltd.

### SCHEDULE 3

#### TERMS OF THE FUND-RAISING ACTIVITIES

<b>Issuer</b>	The Target
<b>Instrument</b>	Ordinary shares or convertible bonds
<b>Pre-money valuation</b>	No less than S\$65.0 million
<b>Total investment</b>	Up to S\$9.0 million
<b>Use of proceeds</b>	<ul style="list-style-type: none"><li>• Mergers and acquisitions</li><li>• Working capital</li><li>• Expansion into new markets</li></ul>
<b>Investors</b>	To be identified and communicated to the Company prior to close of the Fund-Raising Activities.
<b>Conditions</b>	<ul style="list-style-type: none"><li>• All new investors must agree to participate in the Proposed Acquisition in respect of all their shares or convertible securities in the Target, and shall agree to cooperate and do all things necessary or desirable to complete the Proposed Acquisition.</li><li>• The Fund-Raising Activities must be completed prior to Completion.</li></ul>

## SCHEDULE 4

### HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

The historical financial information of the Target Group is based on the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2016 and the unaudited consolidated financial statements of the Target Group for the financial years ended 31 December 2017 and 2018.

#### Income statement

S\$'000	(Audited) Financial year ended 31 December 2016	(Unaudited) Financial year ended 31 December 2017	(Unaudited) Financial year ended 31 December 2018
Revenue	7,064	2,998	2,644
Loss before tax	(6,893)	(4,141)	(10,666)
Loss after tax	(6,893)	(4,137)	(10,667)
Loss attributable to equity holders of the company	(5,874)	(4,105)	(10,654)

#### Balance sheet

S\$'000	(Audited) As at 31 December 2016	(Unaudited) As at 31 December 2017	(Unaudited) As at 31 December 2018
Current assets	6,348	8,996	2,321
Non-current assets	2,718	3,296	2,418
Total assets	9,066	12,292	4,739
Current liabilities	7,441	14,204	11,925
Non-current liabilities	5,617	38	10
Total liabilities	13,058	14,242	11,935
Net (liabilities) assets	(3,992)	(1,950)	(7,196)
Shareholders' equity	(2,582)	(534)	(5,825)
Non-controlling interest	(1,410)	(1,416)	(1,371)
Total equity	(3,992)	(1,950)	(7,196)

## PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A summary of the unaudited combined *pro forma* financial information of the Enlarged Group for FY2019 has been prepared for illustrative purposes only and is based on the latest audited consolidated financial statements of the Group for FY2019 and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2018, without any adjustment to align the financial year end of the Group with that of the Target Group.

For illustrative purposes only, the *pro forma* financial information of the Enlarged Group has been prepared based on, amongst others, the following bases and key assumptions:

- (a) for the purpose of this analysis, the Issue Price of S\$0.0105 for each Consideration Share (on a pre-Proposed Share Consolidation basis), and the Settlement Shares Issue Price of S\$0.0031 for each Settlement Share (on a pre-Proposed Share Consolidation basis) are approximately the fair value price of the Company as at 31 March 2019;
- (b) as the Group had disposed substantially all its business, the Proposed Transactions will not be considered a business combination within the meaning of SFRS(I) 3 – Business Combination, and instead the Proposed Transactions will be considered as reverse acquisition along with share-based payment in accordance to SFRS(I) 2 – Share-based Payment.

As the Proposed Transactions is a reverse acquisition, the Target Group will be deemed as the accounting acquirer (legal acquiree) and the Group will be the accounting acquiree (legal acquirer).

In accordance to SFRS(I) 2, the difference between the fair value of consideration transferred and fair value of the assets of the Company shall be expensed off in the income statement of the Enlarged Group and is be treated as the listing expenses of the Target Group.

For the purpose of this analysis, the fair value of the consideration transferred is based on the market price of the Shares quoted on the SGX-ST amounting to approximately S\$9.0 million (based on the Existing Share Capital of 1,797,792,986 Shares (excluding treasury shares) and the VWAP of S\$0.005 per Share on 10 September 2019) and after adjusting for the financial effects of the Settlement Shares for the redemption of all of the Company Bonds and its associated accrued interest. As the book value of the Company Bonds and its associated accrued interest as at 31 March 2019 amounted to S\$8.6 million, it was assumed that the fair value of the Shares will increase by the same amount. Accordingly, the deemed fair value of the consideration transferred is S\$17.5 million.

The Company has a negative net asset value of S\$7.8 million and after adjusting for the Settlement Shares, the Company will have a net asset value of S\$0.8 million. The difference between fair value of consideration transferred (S\$17.5 million) and the net asset value of the Company (S\$0.8 million) amounted to S\$16.8 million is treated to be cost of listing to the Target Group (the “**Deemed Listing Expenses**”);

- (c) the purpose of this analysis, it was assumed that the following events have taken place:
  - (i) the Phase 2 Funds amounting to S\$9.0 million have been raised by the Target and such New Investors have become shareholders of the Target Group. This resulted in an increase of S\$9.0 million of the Target Group’s net assets value as at 31 December 2018;

- (ii) all holders of the Target Bonds have converted their Target Bonds into Target Shares;
  - (iii) 8,886,264,803 Consideration Shares (on a pre-Proposed Share Consolidation basis) in satisfaction of the Base Consideration and the Additional Consideration (assuming the maximum Additional Funds Raised) have been issued by the Company to the Vendors;
  - (iv) 3,225,806,451 Settlement Shares (on a pre-Proposed Share Consolidation basis) have been issued by the Company to Mr. Ching in satisfaction of the Settlement Sum;
  - (v) 112,176,324 Sponsor Equity Fee Shares (on a pre-Proposed Share Consolidation basis) have been issued by the Company to the Sponsor in satisfaction of the Sponsor Equity Fee;
- (d) the expenses in connection with the Proposed Transactions are disregarded for the purpose of calculating the financial effects;
  - (e) the analysis does not take into account the outstanding Company Options;
  - (f) the pro forma income statement of the Enlarged Group is prepared based on the assumption that the Proposed Transactions were completed on 1 April 2018;
  - (g) the pro forma balance sheet of the Enlarged Group is prepared based on the assumption that the Proposed Transactions were completed on 31 March 2019; and
  - (h) save as set out above, there have not been any adjustments for the impact of any other transactions or events other than the Proposed Transactions.

#### **Pro forma income statement**

FY2019 S\$'000	(Unaudited)	
	Before taking into account the Deemed Listing Expenses	After taking into account the Deemed Listing Expenses
Revenue	2,644	2,644
Deemed Listing Expenses	-	(16,764)
Loss before tax	(18,290)	(35,054)
Loss after tax	(18,291)	(35,055)

#### **Pro forma balance sheet**

S\$'000	(Unaudited)	
	As at 31 March 2019	
Current assets	12,376	
Non-current assets	2,418	
Total assets	14,794	
Current liabilities	6,449	
Non-current liabilities	10	
Total liabilities	6,459	
Shareholders' equity	8,335	



## SCHEDULE 5

### SUMMARY OF TERMS OF AMENDED AND RESTATED COMPANY OPTIONS

In this Schedule 5, the following capitalised words and terms shall have the meaning ascribed to them below:

**“LSC Options”** means 370,370,370 share options issued by the Company pursuant to the option deed dated 27 December 2016 entered into between the Company and Low See Ching, which will be acquired by Mr. Ching from Low See Ching pursuant to the Settlement Agreement, including any further share options as may be required or permitted to be issued in accordance with the Option Conditions;

**“New Shares”** means the new ordinary shares in the capital of the Company to be allotted and issued by the Company, credited as fully paid, upon the exercise of the Amended and Restated Options;

**“Option Holders”** means the holders for the time being of the Amended and Restated Options;

**“TBT Options”** means the 200,000,000 share options issued by the Company pursuant to the option deed dated 5 April 2017 entered into between the Company and Tang Boo Teck, which will be acquired by Mr. Ching from Tang Boo Teck pursuant to the Settlement Agreement including any further share options as may be required or permitted to be issued in accordance with the Option Conditions; and

**“TWS Options”** means the 185,185,185 share options issued by the Company pursuant to the option deed dated 27 December 2016 entered into between the Company and Tee Wee Sien, which will be acquired by Mr. Ching from Tee Wee Sien pursuant to the Settlement Agreement, including any further share options as may be required or permitted to be issued in accordance with the Option Conditions.

**Maturity Date** : (a) 29 December 2019 in respect of the LSC Options; (b) 18 January 2020 in respect of the TWS Options; and (c) 4 April 2020 in respect of the TBT Options (each, the **“Maturity Date”**).

**Alteration to Option Conditions** : Any material alteration to the Option Conditions to the advantage of the Option Holder shall be approved by Shareholders, unless the alterations are made pursuant to the Option Conditions.

**Assignment** : An Amended and Restated Option may be assigned by delivery of a duly executed form of assignment in the prescribed form to the Company and the Company shall register such assignment upon payment of the relevant assignment charges unless the transfer is not in accordance with the Option Conditions or the transferee is a person who falls within the categories of persons set out in Rule 812(1) of the Catalist Rules.

**Exercise Rights** : Each Amended and Restated Option carries the right to subscribe for one (1) New Share at the Exercise Price in accordance with the Option Conditions.

An Option Holder may only exercise the Amended and Restated Options in tranches of 500,000 Amended and Restated Options during the Exercise Period, save where the balance of Amended and Restated Options held by the Option Holder is less than 500,000 Amended and Restated Options, in which case, the Option Holder may exercise all but not some of such balance of the Amended and Restated Options.

**Exercise Price** : The sum payable in respect of each New Share for which an Option Holder shall subscribe upon exercise of an Amended and Restated Option is S\$0.0162 in respect of the LSC Options and TWS Options and S\$0.0216 in respect of the TBT Options.

- Adjustments** : The exercise price of the Amended and Restated Options will be subject to adjustments under certain circumstances provided for in the Option Conditions, which include without limitation, consolidation, subdivision or reclassification of the shares of the Company, rights issues and certain capital distributions.
- Any such adjustments (unless otherwise provided under the Catalist Rules) will be announced by the Company on the SGXNET.
- Exercise Period** : The right to exercise any Amended and Restated Options into shares in the capital of the Company may be exercised at the option of the Option Holder, at any time, from and including the respective dates on which they were issued up to the Maturity Date in respect of each of the Amended and Restated Options, unless such date is a date on which the Register of Members of the Company is closed or is not a Market Day, in which event, up to the date prior to the closure of the Register of Members of the Company or immediate preceding Market Day (as the case may be) (the “**Exercise Period**”). Any unexercised Amended and Restated Options at the expiry of the applicable Exercise Period shall be cancelled and cease to be valid for any purpose.
- Listing Status** : The Amended and Restated Options will not be listed and quoted on Catalist.