

## BLACKGOLD NATURAL RESOURCES LIMITED

(Company Registration Number: 199704544C)

(Incorporated in the Republic of Singapore)

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### PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TENGRI COAL AND ENERGY PTE. LIMITED – SIGNING OF SALE AND PURCHASE AGREEMENT

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The Board of Directors (the “**Board**” or the “**Directors**”) of BlackGold Natural Resources Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcements made by the Company on 9 April 2021 in relation to the Term Sheet entered into between the Company and the Vendor in respect of the Proposed Acquisition as well as on 14 April 2021 in response to queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (collectively, the “**Announcements**”).

*Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings ascribed to them in the Announcements.*

#### 1. INTRODUCTION

- 1.1 Further to the Announcements, the Board wishes to announce that the Company has, on 21 May 2021, entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the Vendor (collectively with the Company, the “**Parties**” and each a “**Party**”), pursuant to which the Company shall purchase from the Vendor the entire issued and paid-up share capital of Tengri Coal and Energy Pte. Limited (“**Target**”, and together with its subsidiaries, the “**Target Group**”) free from all encumbrances and with all rights attaching thereto as at the date of the completion (“**Completion Date**”) of the proposed acquisition by the Company (the “**Proposed Acquisition**”).
- 1.2 The aggregate consideration payable by the Company in respect of the Proposed Acquisition shall be S\$1,000,000,000 (one billion Singapore Dollars) (the “**Consideration**”), being the indicative ascribed value of the Target Group. Further details of the Consideration are set out in paragraph 4.2 of this announcement.
- 1.3 The Proposed Acquisition, if undertaken and completed, will result in a “reverse takeover” of the Company as defined under Chapter 10 of the SGX-ST Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”) and is subject to, *inter alia*, the approval of shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting to be convened (the “**EGM**”) and the approval of the SGX-ST.
- 1.4 The Vendor was introduced to the Company by UOB Kay Hian Private Limited (“**UOBKH**”), and in connection therewith, the Company has previously entered into an agreement with UOBKH dated 8 April 2021 (“**Introducer Agreement**”) pursuant to which the Company agreed to pay to UOBKH the following fees (“**Introducer Fees**”):
- (a) a fixed introducer fee of S\$500,000, payable after the completion of the Placement Exercise (as defined below). Further details of the Placement Exercise are set out in paragraph 4.4 of this announcement;

- (b) a variable introducer fee of 10% of the total gross proceeds from the Placement Exercise; and
- (c) such number of new ordinary shares in the issued capital of the Company ("**Shares**") to be allotted and issued to UOB Kay Hian Private Limited representing 4.88% of the market capitalisation of the Company as at completion of the Proposed Acquisition ("**Completion**") (the "**Introducer Shares**").

## 2. INFORMATION ON THE TARGET GROUP

*The information in this section relating to the Target Group and Vendor is based on information provided by and/or representations made by the Vendor. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.*

As the date of this announcement, the Target is a private company limited by shares incorporated in Singapore on 16 March 2011 with an issued and paid-up share capital of US\$910,001 comprising 910,001 ordinary shares (the "**Sale Shares**"). The Vendor is the sole shareholder of the Target.

The Target owns the entire issued and paid-up share capital of Tengri Petrochemicals LLC ("**Tengri Petrochemicals**"), and Tengri Petrochemicals in turn owns the entire issued and paid-up share capital of Tsaidam Energy LLC ("**Tsaidam Energy**"). Both Tengri Petrochemicals and Tsaidam Energy are the operating entities of the Target Group.

Tengri Petrochemicals is a limited liability company incorporated in Mongolia and holds mining licences to mine coal deposits in Bayan Soum, Tuv province, Mongolia which were issued by the Mineral Resource Authority of Mongolia ("**Target Concessions**"). Tsaidam Energy is a limited liability company incorporated in Mongolia and holds licences for the construction of power plants and energy facilities in Mongolia (the "**Licences**").

## 3. RATIONALE

The Proposed Acquisition is in line with the Group's strategy to expand its business through mergers and acquisitions.

It will enable the Group to diversify and expand its geographical footprint beyond Southeast Asia and will also allow the Group to vertically integrate its coal supply chain from mining to electricity power supply.

## 4. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

### 4.1 Sale and Purchase of Sale Shares

Pursuant to the terms of the Sale and Purchase Agreement, the Company shall purchase from the Vendor the entire issued and paid-up share capital of the Target comprising 901,001 Sale Shares, free from all encumbrances and together with all rights, benefits and entitlements attaching thereto as at the Completion Date.

## 4.2 Consideration

- (a) The Consideration of S\$1,000,000,000 shall be adjusted based on the valuation of the Target Group and its assets (the "**Target Group Valuation**") as set out in the valuation report (the "**Target Independent Valuation Report**") to be prepared by an internationally reputable independent firm of professional valuers to be appointed by the Company upon agreement between the Company and the Vendor ("**Independent Valuer**") in relation to the Target Group Valuation, taking into account the assets owned by the Target Group (including, without limitation, including the Licences, the Target Concessions, offtake agreements, and indicated and inferred mineral resources). If the Target Group Valuation differs from the Consideration, the Consideration shall be adjusted to the Target Group Valuation.

The Consideration was agreed at after arm's length negotiations and based on a willing-buyer willing-seller basis, taking into account the assets owned by the Target Group including, but not limited to, the Licences, the Target Concessions, offtake agreements and indicated and inferred mineral resources.

- (b) The Consideration shall be satisfied by the Company by the allotment and issuance to the Vendor and/or its nominee(s) of such number of new Shares (the "**Consideration Shares**") to be computed as at the Completion Date based on the formula set out below:

$$\text{Number of Consideration Shares} = \frac{\text{Consideration}}{\text{Issue Price}}$$

- (c) The issue price of the Consideration Shares ("**Issue Price**") shall be determined based on the formula set out below:

$$\text{Issue Price} = \frac{\text{Company Ascribed Value}}{\text{Total Number of Shares}}$$

For the purpose of this paragraph:

"**Company Ascribed Value**" means S\$202,500,000 (equivalent to US\$150,000,000 (one hundred and fifty million United States Dollars)), being the indicative ascribed value of the Group and assets held by the Group as at the date of the Sale and Purchase Agreement as agreed between the Parties. The Company Ascribed Value shall be adjusted based on the valuation of the Group and its assets (the "**Company Group Valuation**") as set out in the valuation report to be prepared by the Independent Valuer in relation to the valuation of the Group and assets held by the Group (the "**Company Independent Valuation Report**"). If the Company Independent Valuation Report is in US\$, for the purposes of calculating the Issue Price, the adjusted Company Ascribed Value will be in S\$ (using the US\$ to S\$ exchange rate published on the Bloomberg website (URL: <https://www.bloomberg.com/quote>) as at 5.00 p.m. (Singapore time) on the 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 ("**Business Day**") immediately preceding the Completion Date; and

**"Total Number of Shares"** means the total number of ordinary shares in the issued share capital of the Company ("**Shares**") immediately preceding the Completion Date, assuming that (a) all securities convertible into or exercisable for Shares are exercised and converted to the fullest extent of their terms, (b) all securities issuable pursuant to contractual or other obligations of the Company existing at Completion are issued, (c) the Capitalisation Shares (as defined in paragraph 4.11 of this announcement) and the Introducer Shares have been allotted and issued; and (d) the Share Consolidation (as defined in paragraph 4.5(f) of this announcement) has been completed.

#### 4.3 *Conditions Precedent*

Completion of the Proposed Acquisition is conditional upon the following conditions ("**Conditions Precedent**") being fulfilled (or waived) on or prior to Completion:

- (a) the completion of the Placement Exercise, as soon as reasonably practicable, but in any case within 21 days of the date of the Sale and Purchase Agreement (or such other date as may be agreed between the Parties in writing);
- (b) the Company shall, prior to its EGM to approve the Transactions (as defined in subparagraph (c) below), procure the execution of irrevocable undertakings (in such form and substance satisfactory to the Vendor) by Shareholders who hold an aggregate of at least 50.1% of the total Shares in the capital of the Company (including Lerman Ambarita, Sudiarso Prasetyo, Sujono Hadi Sudarno and Anastasia Pauline Rinaldi), under which such Shareholders shall undertake to (i) not dispose of any of their Shares and (ii) to vote in favour of the Transactions at the EGM;
- (c) the requisite approval of Shareholders at the EGM being obtained for:
  - (i) the Proposed Acquisition (including the allotment and issue of the Consideration Shares and the Introducer Shares);
  - (ii) (if the eligibility requirements under the listing rules of the Mainboard of the SGX-ST ("**Mainboard**") or Catalist Board of the SGX-ST ("**Catalist**") (as the case may be) ("**Listing Rules**") are met) the transfer of the listing status of the Company from the Catalist to the Mainboard (the "**Mainboard Transfer**");
  - (iii) an ordinary resolution of the Company, which if passed by independent Shareholders would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Vendor and parties acting in concert with it (the "**Vendor Concert Group**") in connection with the Transactions (the "**Whitewash Resolution**");
  - (iv) the Share Consolidation (as defined in paragraph 4.5(f) of this announcement);
  - (v) the capitalisation of certain loans granted to the Group which are outstanding as set out in paragraph 4.11 of this announcement ("**Shareholders' Loan**") (the "**Shareholders' Loan Capitalisation**"), if necessary;

- (vi) the proposed appointment or re-appointment (as the case may be) of new Directors at Completion, of which two (2) new Directors shall be nominated by the Company (one of whom shall be an existing Director, and the other shall be Soh Sai Kiang, the Independent Non-Executive Chairman of the Company (collectively, the "**Relevant Directors**"), and the rest of the new Directors shall be nominated by the Vendor); and
- (vii) such other matters in connection with the foregoing, as may be necessary or agreed between the Parties in writing,  
  
(collectively, the "**Transactions**");
- (d) the completion of the Shareholders' Loan Capitalisation and/or the repayment of the Shareholders' Loans, further details of which are set out in paragraph 4.11 of this announcement;
- (e) the approval of the SGX-ST being obtained in respect of the relevant Transactions (including in-principle approval for the listing and quotation of the Shares following the Share Consolidation (the "**Consolidated Shares**"), and the Consideration Shares) and if such approval is subject to conditions, such conditions being reasonably acceptable to the Parties and if required by the SGX-ST, such conditions being fulfilled or satisfied on or before Completion, and such approval remaining in full force and effect;
- (f) the Securities Industry Council ("**SIC**") having granted the Vendor Concert Group under the Singapore Code on Take-overs and Mergers ("**Takeover Code**"), and such grant remaining in full force and effect, a waiver of their obligation to make a mandatory offer under Rule 14 of the Takeover Code for the Shares not owned or controlled by the Vendor Concert Group and from having to comply with the requirements of Rule 14 of the Takeover Code, subject to the passing of the Whitewash Resolution and such other conditions that the SIC may impose which are reasonably acceptable to the Vendor, and to the extent that any such conditions are required to be fulfilled or satisfied on or before Completion, they are so fulfilled;
- (g) the Company Independent Valuation Report, the Target Independent Valuation Report and a report (which may be a NI 43-101 report or an equivalent report) prepared by a qualified person (as defined under the Listing Rules) in relation to the Target Group's mining assets in accordance with the Listing Rules being issued in compliance with the Listing Rules;
- (h) no material adverse change or events, acts or omissions reasonably likely to lead to such material adverse change in the assets, prospects, performance, financial position or results of the operations of the Group occurring on or before the Completion Date;
- (i) no material adverse change or events, acts or omissions reasonably likely to lead to such material adverse change in the assets, prospects, performance, financial position or results of the operations of the Target Group occurring on or before the Completion Date;
- (j) all approvals, filings, exemptions or waivers by regulatory authorities and bodies (if required) in relation to the Sale and Purchase Agreement and the Transactions being obtained or made on terms reasonably acceptable to the Parties, and all such approvals and filings remaining in full force and effect on the Completion Date;

- (k) all necessary approvals, consents or waivers by contracting third parties of the parties in relation to the relevant Transactions (including but not limited to bankers, suppliers and customers, to the extent such approvals, consents or waivers are material in the context of the Transactions) (if required) being obtained or made on terms reasonably acceptable to the parties, and all such approvals, consents or waivers remaining in full force and effect on the Completion Date;
- (l) no governmental authority or court of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, executive order or award having the effect of making any of the Transactions illegal or otherwise prohibiting consummation thereof on or prior to the Completion Date;
- (m) the Shares remaining listed on the SGX-ST and not having been halted or suspended from trading for a period of more than 30 Business Days in aggregate unless in circumstances where such trading halt or suspension is in connection with the Sale and Purchase Agreement; and
- (n) all representations and warranties of each party under the Sale and Purchase Agreement being true and accurate, in all material respects as at the Completion Date.

The parties shall cooperate and use all reasonable endeavours to procure the fulfilment of the Conditions Precedent as soon as possible and in any event by 21 May 2022 (being the date falling 12 calendar months from the date of the Sale and Purchase Agreement) (or such other date as the Parties may agree in writing), subject to any directives that the SGX-ST may issue and the Listing Rules in relation to the completion of a reverse takeover ("**Long-Stop Date**"), and shall provide each other with such reasonable assistance as the other party may reasonably require in fulfilling the Conditions Precedent. If, at any time prior to the Completion Date, the Company or the Vendor becomes aware of a fact or circumstance which might prevent any of the Conditions Precedent from being satisfied by the Long-Stop Date, it shall immediately inform the other Party of the same.

#### 4.4 *Placement Exercise*

- (a) Upon the entry into the Sale and Purchase Agreement, the Company shall undertake the Placement Exercise for an aggregate of up to S\$5,000,000. The Placement Exercise shall be completed as soon as reasonably practicable, but in any case within 21 days from the date of the Sale and Purchase Agreement (or such other period as may be agreed between the Parties in writing).
- (b) The Company shall procure that the gross proceeds from the Placement Exercise (the "**Proceeds**") be used in the following manner:
  - (i) 80% of the Proceeds or up to S\$4,000,000 (the "**80% Placement Proceeds**") shall be used only for the payment of the professional costs and expenses incurred in connection with the Proposed Acquisition as agreed by the Parties in the Sale and Purchase Agreement; and

- (ii) 20% of the Proceeds or up to S\$1,000,000 (the "**20% Placement Proceeds**") shall be used by the Company for its own working capital including, among others, payment of outstanding professional fees, as agreed by the Parties in the Sale and Purchase Agreement.
- (c) The 80% Placement Proceeds shall be deposited in a bank account of any licensed bank in Singapore which shall be jointly controlled by the parties. The signature of a representative of the Company and a representative of the Vendor shall be required in respect of any cheque or instruction to such Bank issued by the Company. In the event the Sale and Purchase Agreement shall be terminated before Completion, for any reason whatsoever, the Vendor shall execute all such documentation and/or instrument to vary and/or replace the signing and operating mandates in relation to such bank account in such form as may be reasonably acceptable to the Company.
- (d) The Company shall procure that the placee(s) of the Placement Exercise shall not be entitled to nominate any directors to the board of the Company pursuant to any agreement or any other instrument or deed or arrangement entered into by the Company with or in favour of the placee(s).

#### 4.5 *Compliance with SGX-ST requirements*

- (a) Each Party undertakes to the other Party that pending Completion it shall render or procure the rendering of such assistance and co-operation in such manner as may be reasonably necessary to enable the Company to make an additional listing application to the SGX-ST for the listing and quotation of the Consideration Shares on the Mainboard of the SGX-ST and shall execute all documents and do all such acts and things as may be necessary for such purposes.
- (b) The Parties note that the Company will issue to its Shareholders a circular ("**Circular**") setting out *inter alia* details and information on the Target Group Companies and their businesses, for the purpose of seeking approval of the Shareholders in relation to *inter alia* the transactions contemplated under the Sale and Purchase Agreement at the EGM. The Vendor agrees and undertakes to provide and to procure the provision of all reasonably necessary assistance, information and documents to the Company in connection with the preparation of the Circular.
- (c) The Parties respectively undertake to comply with any and all requirements that may be imposed by the SGX-ST or any applicable regulatory body, or take such steps as may be required under the Listing Rules and the Code of Corporate Governance, for the purposes of completing the transactions set out in the Sale and Purchase Agreement.

- (d) Without prejudice to the generality of any other provision in the Sale and Purchase Agreement, the Parties acknowledge that the completion of the Proposed Acquisition amounts to a reverse take-over offer under the Listing Rules. The Parties undertake that in such event, each of them shall do all such acts and things within their respective powers as may be required to comply with all requirements and procedures to satisfy the listing criteria under the Listing Rules. In particular, it is noted that the Vendor may be required to comply with certain moratorium requirements on the transfer or disposal of its direct and/or indirect shareholding interests in the Company following Completion, in accordance with the Listing Rules or as prescribed by the SGX-ST. The Vendor undertakes to comply with any applicable moratorium requirements imposed by the SGX-ST unless such applicable moratorium requirements have been reduced or lifted by the SGX-ST.
- (e) In connection with the Proposed Acquisition, the Vendor undertakes to the Company that it shall, and shall procure such persons who shall be deemed promoters (as defined in the Listing Rules) to, execute the necessary moratorium undertakings in respect of the Consideration Shares and the shares in the Vendor (as the case may be) to comply with the requirements of the Listing Rules.
- (f) In connection with the Proposed Acquisition and the Mainboard Transfer, subject to the approval of the Shareholders at the EGM, the Company shall undertake the consolidation in such ratio as the Parties may agree in writing to comply with the requirement under the Listing Rules of the Mainboard for a minimum Share issue price of S\$0.50 (the "**Share Consolidation**"). The Share Consolidation shall take effect immediately prior to the Completion Date on such terms satisfactory to the Parties.
- (g) The Parties acknowledge that the transactions contemplated hereunder may result in the percentage of Shares held by the public falling below the free float requirements set out in the Listing Rules upon Completion. The Parties agree that in such event, they shall discuss and evaluate such appropriate steps required to meet such free float requirements, including without limitation the carrying out of a placement of new Shares after Completion (the "**Compliance Placement**"). Any underwriting and/or placement commission, brokerage, listing fees, professional fees and miscellaneous expenses incurred in relation to or in connection with the Compliance Placement shall be borne by the Company.

#### 4.6 *Engagement of professionals and incurrence of costs*

The Company undertakes not to (a) commit to or enter into any mandate or engagement with any professionals or (b) incur any liability, costs or expenses, in each case in relation to the transactions contemplated under the Sale and Purchase Agreement without the prior written consent of the Vendor.

#### 4.7 *No allotment and issuance of Shares*

The Company undertakes not to allot and issue any Shares without the prior written approval of the Vendor, save for (a) any issuance of Shares approved by the Shareholders at the extraordinary general meeting of the Company convened on 25 October 2020; and (b) any issuance of Shares pursuant to the Sale and Purchase Agreement (including the shares from the Placement Exercise (the "**Placement Shares**"), the Consolidated Shares and the Capitalisation Shares).



#### 4.8 *Due diligence*

The Company shall allow and procure that other entities in the Group shall each allow the Vendor and/or its authorised representatives full access to all the premises, books, documents, correspondence and records of each company within the Group (“**Group Company**”) (and to make copies and extracts of) and to procure that the executives and employees of each Group Company be instructed to give as soon as possible all such information and explanations as the Vendor and/or its authorised representatives may reasonably request, in each case for the purposes of the Vendor's due diligence exercise and to the furthest extent permissible under applicable laws and regulations.

The Vendor shall allow and shall procure that the Target Group shall allow the Company and/or its authorised representatives full access to all the premises, books, documents, correspondence, specialty reports (if any) and records of the Target Group and to procure that the executives and employees, agents and/or appointed representatives of the Target Group be instructed to give as soon as possible all such information and explanations as the Company and/or its authorised representatives may reasonably request, in each case for the purposes of the Company's due diligence exercise and to the furthest extent permissible under the applicable laws and regulations.

#### 4.9 *Company's covenants*

The Company covenants and undertakes to the Vendor that, between the date of the Sale and Purchase Agreement and Completion:

- (a) it shall, and shall procure that each Group Company shall, save in accordance with the Sale and Purchase Agreement:
  - (i) preserve and maintain in full force and effect its corporate existence;
  - (ii) carry on business only in the ordinary course consistent with past practices, without any change in its business, operations, properties or financial condition, with the business managed properly and efficiently in good faith and in a businesslike manner;
  - (iii) preserve and maintain all of its properties and assets owned or used in the conduct of its business, in good working order and condition (ordinary wear and tear excepted), and keep insured its properties and assets, in such amounts reasonably regarded as adequate and against such risks normally insured against by entities carrying on similar businesses or owning property of a similar nature, as are presently insured by each Group Company as at the date of the Sale and Purchase Agreement;

- (iv) comply in all respects with all applicable laws, rules, regulations and orders to which it is subject (including the Listing Rules);
  - (v) keep such books of record and accounts, in which full and in all respects correct entries shall be made of all its financial transactions in accordance with its present practices as at the date of the Sale and Purchase Agreement and accounting principles, standards and practices generally accepted in Singapore, consistently applied;
  - (vi) pay and discharge, or cause to be paid and discharged, all its debts and liabilities when they become due or are expressed to be due;
  - (vii) to the extent permitted by applicable laws, rules and/or regulations, provide the Vendor and its authorised representatives access to all its books, records, contracts, offices and other facilities and properties, and allow the Vendor and/or its authorised representatives to make such inspections thereof and copies of and extracts from such books and records, as the Vendor and/or its authorised representatives may reasonably request; and
  - (viii) to the extent permitted by applicable laws, rules and/or regulations, promptly upon obtaining knowledge thereof, give notice to the Vendor of (i) any litigation, investigation or proceeding affecting it that may have an adverse effect on its financial condition or prospects or (ii) any event or matter that has resulted in an adverse change in its financial condition or prospects; and
- (b) it shall not, and shall procure that each Group Company shall not, without the prior written consent of the Vendor (such consent not to be unreasonably withheld or delayed):
- (i) acquire or dispose of, or agree to acquire or dispose of, create or have outstanding any encumbrance over, any revenues, assets, business or undertakings, or assume or incur or agree to assume or incur, a liability, obligations or expense (actual or contingent);
  - (ii) undertake any capital reduction, bonus issue, stock split or do such other acts in relation to its share capital or reserve or allot any shares or other securities or grant any options over shares or securities or issue any warrants, convertible preference shares or other forms of convertible securities (howsoever called) which are convertible into shares in any Group Company or enter into any agreement or undertaking to do the same otherwise than for the purposes of or in connection with any of the transactions contemplated in the Sale and Purchase Agreement;
  - (iii) pass any shareholders' resolution otherwise than for the purposes of or in connection with any of the transactions contemplated in the Sale and Purchase Agreement;
  - (iv) modify or agree to terminate any material contract as defined in the Sale and Purchase Agreement;

- (v) enter into a long-term, onerous, unusual or material agreement, arrangement or obligation;
- (vi) make, or agree to make, capital expenditure or incur, or agree to incur, commitment or commitments involving capital expenditure, on any individual item exceeding S\$2 million or in total exceeding S\$4 million;
- (vii) amend, or agree to amend, the terms of its external borrowing or external indebtedness in the nature of borrowing or create, incur, or agree to create or incur, borrowing or indebtedness in the nature of borrowing, in total exceeding S\$3 million;
- (viii) contract or incur any liabilities or issue any bonds, debentures, loan stock, notes and/or other securities or instruments acknowledging, evidencing or creating indebtedness or grant any loan, advance, indemnity or guarantee of whatsoever nature to any person, firm or corporation;
- (ix) declare any dividends or make any other distributions to its shareholders;
- (x) make or agree to make, material alterations to the terms and conditions of employment (including benefits) of any of its directors, key officers or key employees, or to terminate the employment of any of its directors, key officers or key employees;
- (xi) start, settle or agree to settle or compromise litigation or arbitration proceedings, or make payment of legal fees incurred by a Group Company or its officers and directors in connection with any litigation or arbitration proceedings (whether pursuant to an indemnification, arrangement or otherwise), in total exceeding S\$2 million;
- (xii) release, discharge, or compound liabilities or claims, in total exceeding \$2 million;
- (xiii) become the legal or beneficial owner or holder of any share nor acquire any interest of any description in any other corporation; or
- (xiv) dispose of all or any of its legal or beneficial interest in any shares, bonds, debentures, loan stock, notes and/or other securities or instruments and all its interest of any description in any other corporation (if any).

#### 4.10 *General*

Each Party ("**first Party**") undertakes to execute all documents and to do all acts and things necessary for the implementation of the transactions contemplated in the Sale and Purchase Agreement, as expeditiously as practicable (with such assistance from the other Party as may be reasonably requested by the first Party) and in any event before the Completion Date.

#### 4.11 *Settlement of Shareholders' Loan*

As at the date of the Sale and Purchase Agreement, the Shareholders' Loan are as follows:

- (a) an interest-free loan of a principal amount of US\$394,911 granted by Novel Creation Holdings Limited to PT Samantaka Batubara;
- (b) an interest-free loan of a principal amount of US\$520,552 granted by Twin Gold Ventures S.A. to PT Samantaka Batubara;
- (c) an interest-free loan of a principal amount of US\$1,032,058 granted by Twin Gold Ventures S.A. to Blackgold Energy Ltd; and
- (d) an interest-free loan of a principal amount of US\$2,237,326 granted by Twin Gold Ventures S.A. to BlackGold Asia Resources Pte. Ltd.

The Company agrees that the entire amount of the Shareholders' Loans shall be repaid and/or capitalised on or before the Completion Date, by way of cash settlement and/or the issue of new Shares ("**Capitalisation Shares**"), provided always that:

- (a) the Company shall have the sole discretion to choose between cash settlement or issuance of the Capitalisation Shares, or a combination of the two methods;
- (b) the issue price of any Capitalisation Shares shall not be lower than the Issue Price; and
- (c) any cash settlement of the Shareholders' Loan shall only be paid out from proceeds received from the issue of the convertible bonds of up to US\$8.0 million to be issued upon the exercise of options granted by the Company pursuant to three (3) separate convertible bond subscription agreements (each dated 30 January 2020) entered into between the Company and each of (i) Jinzhou Business Investment Logistics Co., Ltd (锦州商投物流有限公司); (ii) Kingpin Investment (Pte. Ltd.) and (iii) Atrium Asia Capital Partners Pte Ltd ("**Series B Bonds**").

#### 4.12 *Management of Existing Business*

The Vendor agrees and undertakes that following Completion, and subject to sub-paragraphs (a) and (b) below, Soh Sai Kiang, the Independent Non-Executive Chairman of the Company shall be and shall remain in charge of the management of the business of the Group as at the date of the Sale and Purchase Agreement ("**Existing Business**"), and the Vendor shall not exercise any voting rights and/or otherwise procure or cause Soh Sai Kiang to be removed from any executive role or function involving the management of the Existing Business or to unduly interfere with the management of the Existing Business by Soh Sai Kiang, provided always that:

- (a) notwithstanding anything contained herein, Soh Sai Kiang shall be subject to the oversight and direction of the Board; and
- (b) nothing herein shall prohibit the dismissal of Soh Sai Kiang for cause under any service agreement entered into with Soh Sai Kiang pursuant to the terms of the Sale and Purchase Agreement.

#### 4.13 Governing Law and Jurisdiction

The Sale and Purchase Agreement and any non-contractual obligations arising out of or in connection with the Sale and Purchase Agreement shall be governed by and construed in accordance with the laws of Singapore. Any dispute arising out of or in connection with the Sale and Purchase Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in Singapore in accordance with the rules of the Singapore International Arbitration Centre for the time being in force.

### 5. UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

A summary of the unaudited consolidated management accounts of the Target Group for the financial years ended 31 December 2019 (“FY2019”) and 31 December 2020 (“FY2020”) are set out below:

(a) **Summary of Consolidated Income Statement of the Target Group for FY2020 and FY2019**

	Unaudited FY2020 US\$'000	Unaudited FY2019 US\$'000
Revenue	-	-
Net profits/(losses) before and after tax	(107)	(516)

(b) **Summary of Consolidated Balance Sheet of the Target Group for FY2020 and FY2019**

	Unaudited As at 31 December 2020 US\$'000	Unaudited As at 31 December 2019 US\$'000
Current assets	130	-*
Non-current assets	126	126
Total assets	256	126
Current liabilities	2,287	2,327
Non-current liabilities	-	-
Total liabilities	2,287	2,327
Net liabilities attributable to shareholders	(2,031)	(2,202)
Net tangible liabilities attributable to shareholders <sup>(1)</sup>	(2,157)	(2,328)

\* denotes amounts less than US\$1,000

**Note:**

- (1) Excludes non-current assets which comprise solely of intangible assets.

**6. PROFORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP AFTER THE COMPLETION OF THE PROPOSED ACQUISITION (THE “ENLARGED GROUP”)**

The proforma financial information of the Enlarged Group has been prepared, for illustrative purposes only, based on the audited consolidated accounts of the Company for the financial year ended 31 December 2020 and the unaudited management accounts of the Target Group for FY2020 and is computed on the bases and assumptions set out in paragraph 7.1 of this announcement.

**(a) Summary of unaudited combined Pro Forma Income Statement of the Enlarged Group**

	<b>Unaudited FY2020 US\$'000</b>
Revenue	9,649
Gross profit	1,376
Net profits/(losses) after tax	(48,339)

**(b) Summary of unaudited combined Pro Forma Balance Sheet of the Enlarged Group**

	<b>Unaudited FY2020 US\$'000</b>
Current assets	5,130
Non-current assets	269
Total assets	5,399
Current liabilities	13,525
Non-current liabilities	-
Total liabilities	13,525
Net liabilities attributable to shareholders	(8,126)

The unaudited proforma consolidated financial statements of the Enlarged Group will be reviewed by the Company's independent reporting auditors, and set out in the Circular to be despatched to Shareholders in due course for the purpose of the matters contemplated herein in this announcement. Investors should note that the figures set out above may vary significantly from the final unaudited proforma financial statements due to adjustments (if any) that may arise.

**7. PROFORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

**7.1 Bases and Assumptions**

The proforma financial effects of the Proposed Acquisition on the share capital, earnings, net tangible assets (“NTA”) and gearing of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020

and the unaudited management accounts of the Target Group for the financial year ended 31 December 2020. The proforma financial effects of the Proposed Acquisition are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following the Completion.

The proforma financial effects of the Proposed Acquisition have been prepared based on, *inter alia*, the following key bases and assumptions:

- (a) The financial effects on the Group's earnings and earnings per Share are computed assuming that the Proposed Acquisition was completed on 1 January 2020. The financial effects on the Group's NTA and gearing are computed assuming that the Proposed Acquisition was completed on 31 December 2020;
- (b) The fair value adjustments on the net assets of the Group and positive or negative goodwill arising from the Proposed Acquisition, if any, have not been considered and will be determined on Completion when the Vendors have effectively gained control of the Company. As the final goodwill will have to be determined at Completion, the actual goodwill could be materially different from the assumption used above. Any goodwill arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company;
- (c) The Consideration Shares were issued at an issue price of S\$0.08 per Share;
- (d) The Placement Shares were issued at an issue price of S\$0.06 per Share which is only an indicative figure. The Company is in discussion with potential placees and there is no certainty that the Company can secure any placement at this price;
- (e) The Company settles the Shareholders' Loan fully by cash;
- (f) The carrying value of the assets and liabilities of the Company approximates their fair value;
- (g) The allotment and issuance of the Placement Shares, the Consideration Shares and the Introducer Shares are assumed to have been carried out during FY2020; and
- (h) The analysis does not take into account the Share Consolidation or the Compliance Placement.

## 7.2 Share capital

	<b>No. of Shares</b>	<b>Issued and paid-up share capital (US\$'000)</b>
As at 31 December 2020	1,017,077,103	56,453
Add: Conversion shares from series A bonds	133,333,333	1,504
Add: Conversion shares from series B bonds	533,333,332	6,015

Add: Bonds referral shares	53,333,333	602
Add: Placement Shares	83,333,333	3,759
Add: Introducer Shares	734,689,000	44,192
Add: Consideration Shares	12,500,000,000	751,880
After Completion of the Proposed Acquisition	15,055,099,434	864,405

### 7.3 NTL

	Before Proposed Acquisition	After Proposed Acquisition
NTL as at 31 December 2020 (US\$'000)	9,854	8,126 <sup>(1)</sup>
Number of Shares	1,017,077,103	15,055,099,434
NTL per Share (United States cents)	0.97	0.05

**Note:**

- (1) Taking into account changes in NTL due to the allotment and issuance of 83,333,333 Placement Shares, 734,689,000 Introducer Shares and 12,500,000,000 Consideration Shares.

### 7.4 Losses per Share ("LPS")

	Before Proposed Acquisition	After Proposed Acquisition
Profit/(loss) after tax attributable to Shareholders (US\$'000)	(4,021)	(48,321)
Number of Shares	1,017,077,103	15,055,099,434
LPS (United States cents)	(0.40)	(0.32)

### 7.5 Gearing

	Before Proposed Acquisition	After Proposed Acquisition
Total liabilities (US\$'000)	15,423	13,525
Total shareholders' equity (US\$'000)	(9,854)	(8,126)
Gearing ratio (%) <sup>(1)</sup>	n.a. <sup>(2)</sup>	n.a. <sup>(2)</sup>

**Notes:**

- (1) Gearing is determined based on total liabilities divided by shareholders' equity.
- (2) Denotes "not applicable" as the Group is in a net liability position as at 31 December 2020, including after the Proposed Acquisition.



## 8. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules, based on the latest announced unaudited consolidated financial statements of the Group for the three (3) months ended 31 March 2021 (“1Q2021”), are as follows:

Rule 1006	Bases of Calculation	Relative Figures
(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 loss attributable to the Target Group, compared with the Group’s net loss	2.47% <sup>(2)</sup>
(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the Company’s market capitalization based on the total number of issued shares excluding treasury shares	6,222.85% <sup>(3)</sup>
(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 in issue	1,229.01% <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

### Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Computed based on the Target Group’s unaudited net loss for the three (3) months ended 31 March 2021 of approximately US\$27,000 and the Group’s unaudited net loss for 1Q2021 of approximately US\$1,093,000. Net loss is defined to be loss before income tax, minority interests and extraordinary items.
- (3) Computed based on the Consideration of approximately S\$1,000,000,000, and the Company’s market capitalisation of approximately S\$16,069,818 (computed based on the Company’s issued ordinary share capital of 1,017,077,103 Shares and the volume weighted average price of the Shares of S\$0.0158 on 20 May 2021, being the last full market day on which the Shares were traded prior to the date of the Sale and Purchase Agreement. The Company does not have any treasury Shares.
- (4) Based on 12,500,000,000 Consideration Shares and the Company’s ordinary issued share capital of 1,017,077,103 Shares as at 31 March 2021.

As the relative figures computed under Rules 1006(c) and (d) of the Catalist Rules exceed 100%, and given that a change in control of the Company will arise immediately upon Completion as the Vendors will hold approximately 83.03% of the enlarged issue share capital of the Company upon Completion and after the issuance of the Introducer Shares, the Proposed Acquisition would constitute a “reverse takeover” pursuant to Chapter 10 of the Catalist Rules. Accordingly, the Proposed Acquisition is subject to, *inter alia*, the approval of Shareholders at the EGM as well as the approval of the SGX-ST.

## **9. FINANCIAL ADVISER AND INDEPENDENT FINANCIAL ADVISER**

The Company will be appointing (a) a financial adviser and full sponsor (“**FA**”) in respect of the Proposed Acquisition, and (b) an independent financial adviser (“**IFA**”) to advise the Directors who are considered independent for the purposes of the Whitewash Resolution. The advice of the IFA will be set out in the Circular to be despatched to Shareholders in due course. The Company will make further announcements in relation to the appointment of the FA and the IFA in due course as and when appropriate.

## **10. RECONSTITUTION OF THE BOARD AND SERVICE CONTRACTS**

As at the date of this announcement, the Company has not entered into any service contract with any person proposed to be appointed as Director in connection with the Proposed Acquisition.

The details of any such appointments and service contracts will be set out in the Circular to be despatched to Shareholders in due course.

## **11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

The Company’s Independent Non-Executive Chairman, Mr Soh Sai Kiang, is employed by UOBKH as a Director of Capital Markets (Singapore). UOBKH had introduced the Vendor and the Target Group to the Company and under the terms of the Introducer Agreement, UOBKH is entitled to the Introducer Fees.

Save for the foregoing, none of the Directors or, as far as the Directors are aware, controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than in his capacity as a director or shareholder of the Company).

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

### **12.1 Circular**

The Circular setting out, amongst others, the terms of the Proposed Acquisition, and the opinion and recommendations of the IFA in relation to the Whitewash Resolution, together with a notice of EGM, will be despatched by the Company to Shareholders in due course.

## 12.2 Documents Available for Inspection

A copy of the Sale and Purchase Agreement will be made available for inspection during normal business hours at the registered office of the Company at 7 Temasek Blvd, No 08-07 Suntec Tower 1 Singapore, Singapore 038987 for a period of three (3) months from the date of this announcement.

## 13. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for the information on the Target Company and the Vendors in paragraph 2 above) 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, 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 Company and the Vendors in paragraph 2 above, 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 there is no certainty or assurance as at the date of this announcement that Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

### By Order of the Board

Soh Sai Kiang  
Independent Non-Executive Chairman  
28 May 2021

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This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance 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 Mr Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

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