VTAC
a Vertex Holdings SPAC

VERTEX TECHNOLOGY ACQUISTION CORPORATION LTD
(Incorporated as an exempted company in the Cayman Islands)
(Company Registration No. 378671)

PROPOSED BUSINESS COMBINATION OF VERTEX TECHNOLOGY ACQUISITION CORPORATION LTD WITH 17LIVE INC.

---

1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Vertex Technology Acquisition Corporation Ltd (the "**Company**") is pleased to announce that the Company had, on 2 October 2023, entered into a proposed business combination by way of a conditional sale and purchase agreement (the "**SPA**") with 17LIVE Holding Limited (the "**Vendor**"), 17LIVE Inc. (the "**Target Company**"), Mr. Lien Chien-Lin, Mr. Ng Jing Shen and Mr. Kenta Masuda (the "**Management Warrantors**") and Mr. Phua Jiexian Joseph (the "**Founder**", and together with the Management Warrantors, the "**Warrantors**") (the Company, the Vendor, the Warrantors and the Target Company hereinafter referred to as each a "**Party**" and collectively, the "**Parties**"). Under the proposed business combination, the Company will acquire the entire issued and paid-up share capital of the Target Company from the Vendor (the "**Proposed Business Combination**").

The Target Company, formerly known as M17 Entertainment Limited, was incorporated pursuant to the Cayman Companies Act as a Cayman Islands exempted company with limited liability on 28 February 2017. Further details on the Target Company are set out in paragraph 2.1 of this announcement below.

1.1. The Proposed Business Combination

The following section highlights the key commercial terms of the Proposed Business Combination which were negotiated on an arm's length basis among the Parties. In designing these commercial terms, careful attention was devoted to safeguarding the interest and aligning the incentives of four sets of stakeholders involved in this transaction, ensuring a mutually beneficial arrangement. These stakeholders are: (a) Non-Redeeming Shareholders (as defined in paragraph 1.4 below), (b) PIPE Investors (as defined in paragraph 1.3 below), (c) shareholders of the Vendor (the "**Vendor Shareholders**"), and (d) Key Executives (as defined in paragraph 1.2 below).

- The Non-Redeeming Shareholders of the Company and the PIPE Investors will benefit from a scheme to be known as the "Special Bonus Scheme" (the "**Special Bonus Scheme**"), pursuant to which the Non-Redeeming Shareholders will be allotted and issued 0.1 new shares in the Company for every existing share held at a specified redemption record date prior to the completion of the Proposed Business Combination ("**Completion**"), and the PIPE Investors will be allotted and issued 0.1 new shares in the Company for every share subscribed for pursuant to the PIPE Financing.

- In addition, the commercial terms of the Proposed Business Combination contain deferred incentives such as Earnout Shares (as defined below) for the Earnout Shareholders (as defined below) and an executive incentive scheme ("**EIS**") for the Key Executives, which are tied to the achievement of specific financial targets, including revenue and EBITDA. These incentives are designed to motivate and encourage the Earnout Shareholders to retain their shares, and the management of the Target Company to continue driving the performance of the Target Company and focus on the profitability of the business following the Proposed Business Combination.

- To support the Special Bonus Scheme and the EIS and to minimise dilution to the other shareholders of the Company ("**Shareholders**") arising from these incentives, Vertex Venture Holdings Ltd, the sponsor of the Company (the "**Sponsor**"), will waive its right to receive a significant portion of the promote shares in the Company (the "**Promote Shares**") to be allotted and issued to Vertex Co-Investment Fund Pte. Ltd. ("**Vertex SPV**").

Pursuant to the SPA, the Company will acquire the entire issued and paid-up share capital of the Target Company for the purchase consideration of S$925.1 million (equivalent to approximately US$682.2 million[1]) (the "**Purchase Consideration**"), to be satisfied by:

(a) the allotment and issuance of up to 160,605,109 new shares in the Company ("**Consideration Shares**") at the issue price of S$5.00 (the "**Issue Price**") to the Vendor (or if the Vendor so nominates, to the Vendor Shareholders) on Completion, amounting to S$803.0 million (equivalent to approximately US$592.2 million); and

(b) subject to the satisfaction of certain financial targets for earnout, the allotment and issuance of up to 24,408,000 new shares in the Company ("**Earnout Shares**") to be allotted and issued at the Issue Price to each Vendor Shareholder that remains a record holder of shares in the Company as at the applicable earnout record date (the "**Earnout Shareholders**") on each of 30 April 2024 and 30 August 2024, as applicable (the "**Earnout Vesting Date**"), amounting to S$122.0 million (equivalent to approximately US$90.0 million).

The main objective of this earnout framework is to incentivise the Earnout Shareholders, being a group of shareholders with a relatively substantial shareholding in the enlarged group of companies comprising the Company and the Target Company as well as its subsidiaries (the "**Target Group**") immediately following Completion (the "**Enlarged Group**"), to hold on to the Consideration Shares that they received at Completion and not dispose of the same, up to at the applicable earnout record date. In addition, the earnout framework serves to incentivise the Enlarged Group to work towards achieving key performance targets for revenue and profitability in the near term.

The value of the Purchase Consideration represents the agreed fair value of the Target Company and was determined through arm's length negotiations among the Parties with reference to the Target Group's most recent round of pre-listing investment, recent business development and performance, as well as business prospects.

Based on the foregoing, the Proposed Business Combination will result in a reverse takeover of the Company as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"). Please see further details in paragraph 4 of this announcement below. In accordance with Chapter 10 of the Listing Manual, the Proposed Business Combination will be subject to, amongst others, the approval of the Shareholders at an extraordinary general meeting of the Shareholders ("**EGM**") to be convened pursuant to Rule 1015 of the Listing Manual.

1.2. Proposed Adoption of the EIS and the Proposed Allotment and Issuance of the EIS Shares

In connection with the Proposed Business Combination, and pursuant to the SPA, the Company

[1] All SGD:USD currency conversions in this announcement are calculated based on an exchange rate of 1.356.

will adopt the EIS and allot and issue up to 2,550,000 new shares of the Company (the "**EIS Shares**") at the Issue Price to certain entitled employees of the Target Company (the "**Key Executives**") on each of 30 April 2024, 30 April 2025 and 30 April 2026, as applicable (the "**EIS Vesting Date**") subject to and based on certain financial targets achieved. The Company proposes to seek Shareholders' approval to adopt the EIS in connection with the Proposed Business Combination. The purpose of adopting the EIS is to incentivise the Key Executives to achieve the key performance targets by providing them with an opportunity to participate in the equity of the Enlarged Group so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to their contributions and services.

1.3. Proposed Allotment and Issuance of the PIPE Shares

In connection with the Proposed Business Combination, the Company will be raising funds from institutional and/or accredited investors (the "**PIPE Investors**") by way of private placement ("**PIPE Financing**") following this announcement. The Company will make further announcements as and when there are material developments.

1.4. Proposed Allotment and Issuance of the Special Bonus Shares

In connection with the Proposed Business Combination, the Company will allot and issue new shares in the Company (the "**Special Bonus Shares**") on the following basis:

(a) 0.1 new shares at the Issue Price, to the existing Shareholders who hold shares in the Company as at the record date for redemption (the "**Non-Redeeming Shareholders**") (other than the Sponsor), and

(b) 0.1 new shares at the Issue Price, to the PIPE Investors for every share subscribed for by the PIPE Investors in connection with the Proposed Business Combination.

The Special Bonus Shares will be allotted and issued at Completion. The Special Bonus Shares will provide an incentive for the existing Shareholders of the Company to remain as Shareholders and not opt to redeem their shares in the Company at or prior to the record date for the redemption of all or a portion of their shares in the Company upon Completion. In addition, they will also provide an incentive for PIPE Investors to participate in the PIPE Financing.

1.5. Proposed Adoption of the Company ESOP and Proposed Allotment and Issuance of the ESOP Shares

In connection with the Proposed Business Combination, the Company will also allot and issue new shares in the Company ("**ESOP Shares**") in accordance with a share incentive scheme to be established by the Company for the allotment and issuance of the ESOP Shares (the "**Company ESOP**").

The abovementioned transactions mentioned in paragraphs 1.1 to 1.5 above, together with the proposed change of the Company's name as well as the proposed adoption of a new set of memorandum and articles of association of the Company, will comprise the "**Proposed Transactions**" and will be tabled for Shareholders' approval at the EGM in a circular to be dispatched to Shareholders of the Company in due course (the "**Circular**").

To minimise dilution arising from the allotment and issuance of the EIS Shares under the EIS and the Special Bonus Shares under the Special Bonus Scheme, the Sponsor will enter into a deed of waiver in favour of the Company, pursuant to which the Sponsor will waive its right to the allotment and issuance of a significant portion of the Promote Shares to be allotted and issued to Vertex SPV. These waived Promote Shares will go towards the allotment and issuance of the EIS Shares and the Special Bonus Shares.

2. INFORMATION ON THE PROPOSED BUSINESS COMBINATION

The information on the Target Group and the Vendor was provided by the Target Company and the Vendor. 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 Target Company

Overview of the Target Company

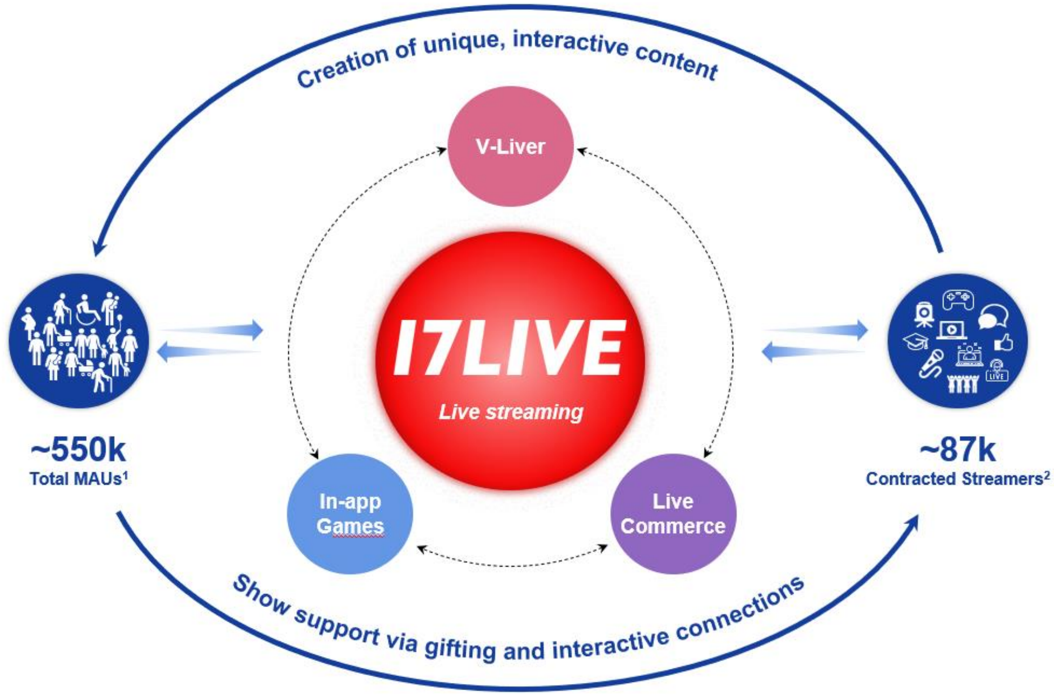
The Target Group (comprising the Target Company and its subsidiaries, the "**Target Group**") is a technology-driven live social entertainment platform. The Target Group operates 17LIVE, which is the top pure-play live streaming platform (by revenue) in Japan and Taiwan combined. It commanded a market share by revenue of 20.8% in Japan in 2022 and a significant market share by revenue of 26.9% in Taiwan in 2022, according to Frost & Sullivan[2]. 17LIVE is accessible globally, and the Target Group's key markets of operations include Japan and Taiwan with a presence in Hong Kong, Singapore, the U.S., the Philippines, India and Malaysia, as of 30 June 2023. 17LIVE is the Target Group's flagship product launched in Taiwan in July 2015 and in Japan in August 2017.

The Target Group has fostered a diverse live streaming ecosystem with a loyal and engaged user community and a deep talent pool of live streamers. 17LIVE connects users with live streamers who generate content of interest through artificial intelligence ("**AI**")-powered personalised search and recommendation. Livestreaming within 17LIVE enables users to interact and socialise in real time with live streamers and show their support and appreciation to the live streamers by sending virtual gifts, which results in successful monetisation for the live streamer. For 1H FY2023, the Target Group had an average monthly active users ("**MAU**")[3] of approximately 550,000 with an average daily view duration per daily active user of approximately 93 minutes and a Spend Rate[4] of 16.1% on 17LIVE on a monthly average basis. As of 30 June 2023, the Target Group had entered into contracts with approximately 87,000 live streamers.

The Target Group has a scalable business model with sustainable growth and profitability. In FY2022, the Target Group generated revenue of US$363.7 million. The Target Group's management has been focused on enhancing its profitability. The Target Group has achieved positive EBITDA since 2020 and generated adjusted EBITDA of US$15.8 million in FY2022.

---

[2] The report titled "*Independent Market Research on the Media and Entertainment Industry with a Focus on the Interactive Video Streaming Platform, V-Liver, and Live Commerce Industries*" dated 9 September 2023 prepared by Frost & Sullivan for the Target Company
[3] A user of the Target Group's platforms, identified by a unique ID, who has logged into 17LIVE at least once during the specified month
[4] Spenders as a percentage of MAU

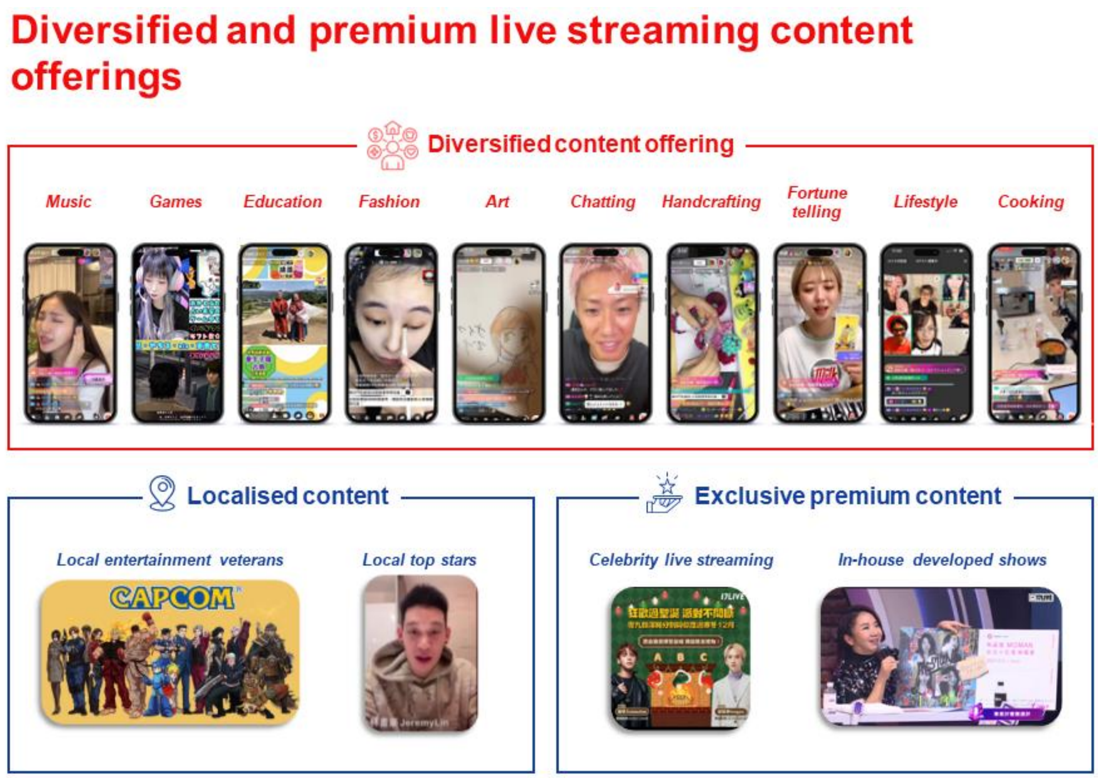


Notes:
(1) Average for 1H FY2023.
(2) As of 30 June 2023.

Content

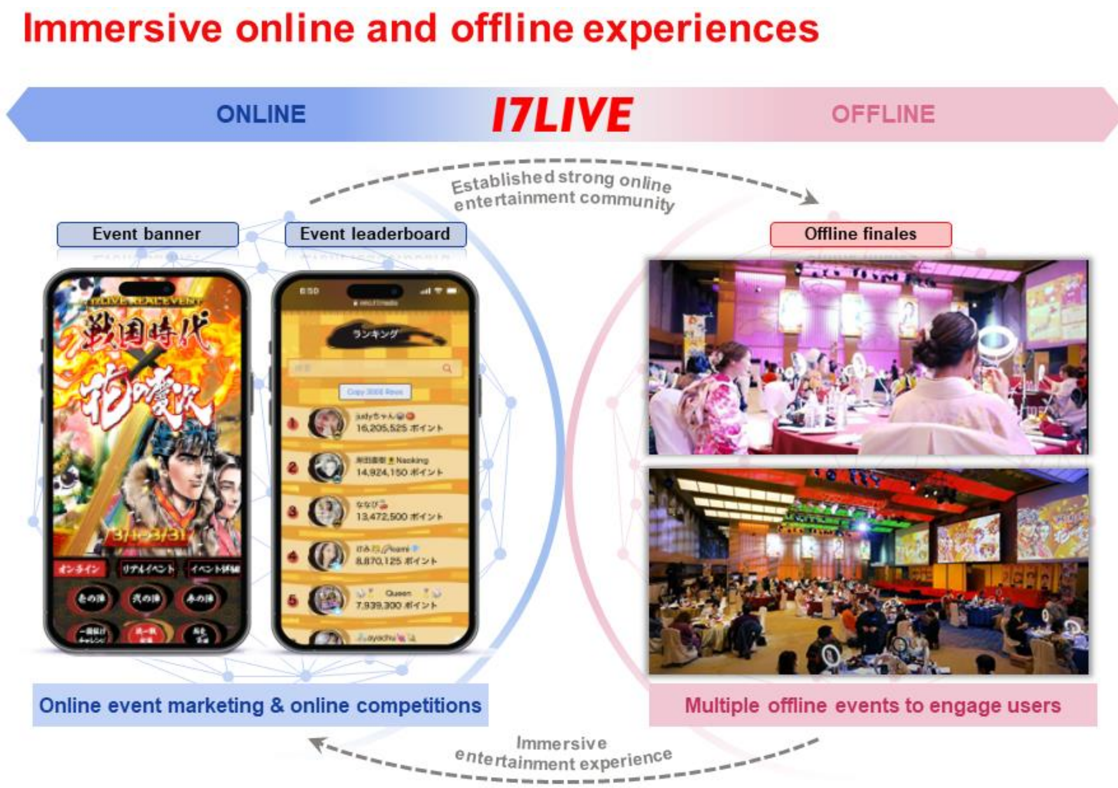
Live streamers are at the core of the Target Group's business. The Target Group has created an end-to-end management system to develop and nurture its live streamers. The Target Group also provides a full suite of powerful, easy-to-use interface and services, empowering its live streamers to create high-quality and attractive content. The Target Group attaches great importance to the diversity and quality of the content on its platforms.

The Target Group's content database encompasses a range of genres including music, games, education, fashion, art, chatting, handcrafting, fortune telling, lifestyle and cooking. The Target Group further differentiates itself with localised content as well as exclusive premium content. The Target Group recognises that it is crucial to adopt localisation strategies to tailor to and satisfy user's cultural preferences and emotional needs in each region. The content created by the live streamers on 17LIVE is carefully curated by local, on-the-ground and culturally sensitive operation teams. The Target Group also leverages its strategic partnerships and collaborations with local celebrities, politicians and athletes to produce insightful content which is exclusive to 17LIVE. Furthermore, the Target Group produces original in-house shows featuring live streamers.



Immersive online and offline experiences

To promote interaction on the platform, the Target Group regularly designs a variety of online competitions and offline events with different themes throughout the year. The Target Group provides event planning and marketing support for online competitions and provides anchoring, venue design, real-time offline performance and prizes for the offline grand finale. Through these competitions and events, the Target Group gamifies the gift giving process to create more fun and excitement between its live streamers and users, while providing both groups with an immersive and real-life face-to-face entertainment experience. Online competitions create anticipation and lead to a strong sense of participation and achievement among the users, which boosts the hype and drives the users to continue supporting the live streamers until the grand finale. The Target Group's online competitions give fans an opportunity to show their support to their favourite live streamers and provide the winning live streamers with a variety of rewards, including the opportunities to participate in offline concerts, ceremonies or runway shows, appear in in-house produced programmes and brand collaborations, or promote their personal brands on billboards and magazines.



Technology

As a technology-driven live social entertainment platform, the Target Group has made extensive investment to enhance its research and development ("**R&D**") capabilities and scalable technology stacks in order to effectively innovate its product offerings and ensure content and data security. The R&D team is able to promptly and effectively implement the Target Management's business initiatives by providing the necessary technological infrastructure and functionality. The Target Group also successfully integrated the Live2D, VRM3D and hand gesture recognition functions into the broadcasting functionality, allowing its users to use their smartphones to upload an avatar and conduct virtual streaming and create an immersive experience for users with V-Livers[5].

The Target Group's data analytic capabilities take advantage of prodigious data generated by its users to improve its services to users, including providing interest or location-based recommendations for a personalised user experience. In addition, the Target Group has a dedicated content monitoring team, called SkyEye, which is aided by proprietary AI-powered content screening systems to monitor the contents posted by, and the behaviour of, live streamers and users on its platforms.

Various monetisation channels

The Target Group generates revenues primarily from its live streaming businesses by selling virtual points to its users, who in turn use these virtual points to purchase virtual gifts to show their support and appreciation for their favourite live streamers and V-Livers, which results in successful monetisation for the live streamers. The Target Group's multi-channel monetisation model includes virtual gifting and subscription to both live streamers and V-Livers, as well as sales of game equipment and tools within the in-app games.

[5] Virtual live streamer, or "V-Liver", a type of live streamer which comprises of computer-generated characters designed to resemble real people

Multiple monetisation strategies

Diversified growth drivers

The Target Group's continued success stems from its ability to grow beyond a live streaming platform. Since 2015 and with over eight years of operational know-how, the Target Group has built a strong foundation of live streaming operations which serves as a base for new growth initiatives. The Target Group's user database and analytical capabilities allow it to generate user insights and introduce new business initiatives that capture the mind share of its user base. To drive continued engagement within this ecosystem, the Target Group has introduced innovative business initiatives such as V-Liver, in-app games and live commerce, which are highly synergistic with its core live streaming business and act as drivers for future sustainable growth of the Target Group's business.

V-Livers

In 2018, the Target Group further expanded its streamer verticals by introducing V-Liver content on 17LIVE. V-Livers are a type of live streamer which comprises of computer-generated characters designed to resemble real people. There are human actors behind the V-Livers, whose movements, sounds and expressions are simultaneously reflected on the V-Livers by using motion capture technology or software.

According to Frost & Sullivan[6], the market size for virtual idol in Japan is expected to increase from US$630.7 million in 2022 to US$3,864.8 million in 2027, representing a CAGR[7] of approximately 43.7%, presenting an attractive growth opportunity for the Target Group. Leveraging the Target

[6] The report titled "*Independent Market Research on the Media and Entertainment Industry with a Focus on the Interactive Video Streaming Platform, V-Liver, and Live Commerce Industries*" dated 9 September 2023 prepared by Frost & Sullivan for the Target Company
[7] Compound Annual Growth Rate, i.e. annual growth rate over a specified period of time

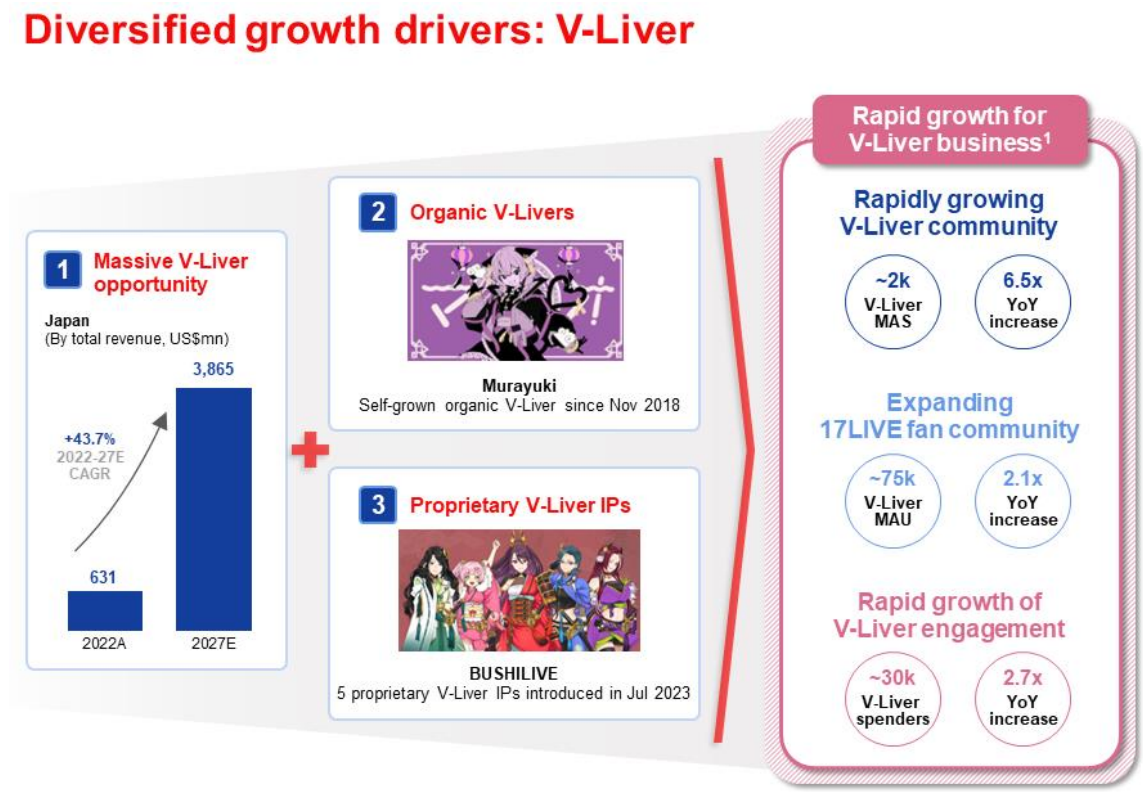
Group's existing knowledge and insights from its live streaming operations, the Target Group creates innovative and creative V-Liver content through the expansion of organic V-Livers and the development of V-Liver proprietary IPs.

- Organic V-Livers: With the Target Group's strong brand recognition as the top pure-play live streaming platform in Japan, the Target Group can attract a large untapped voice acting talent pool to become a V-Liver on its platforms. Also, the Target Group expects that there will be an active conversion to V-Liver from the Target Group's own large live streamer community. The Target Group incubates V-Liver talent with its end-to-end talent management and help V-Livers build follower base within the 17LIVE ecosystem. The Target Group leverages online competitions and offline events to discover and foster V-Livers with high potential to become V-Liver proprietary intellectual properties ("**IPs**").

- V-Liver proprietary IPs: The Target Group is the first integrated platform combining V-Liver agency with its own live streaming ecosystem, thereby connecting proprietary V-Livers directly with users. In July 2023, the Target Group created its first five V-Liver proprietary IP under the name BUSHILIVE. The Target Group draws traffic to its platforms through live streaming, and concurrently tailors omnichannel marketing strategies to promote each of its proprietary V-Livers. In addition, V-Liver proprietary IPs unlock new monetisation channels such as offline merchandise sales and music production sales which enhances user engagement.

Following the implementation of the above initiatives of V-Liver development since the start of 2023, the Target Group witnessed strong growth momentum in its V-Liver business in terms of its V-Liver talent pool, viewer base and engagement. The V-Liver and V-Liver fan community on 17LIVE has approximately 2,000 average V-Liver MAS and approximately 75,000 average V-Liver MAU in Q2 2023, representing a year-on-year ("**YoY**") increase by 6.5 times and 2.1 times, respectively. The Target Group also demonstrated strong growth in V-Liver engagement, with an average of approximately 30,000 V-Liver spenders[8] per month in Q2 FY2023, representing a YoY increase by 2.7 times.

[8] A user of the Target Group's platforms, identified by a unique ID, who has spent virtual points on V-Livers



Note:

(1) Average MAS, MAU, and monthly spenders for 2Q 2023. Increase indicates YoY increase compared with 2Q 2022.

In-app Games

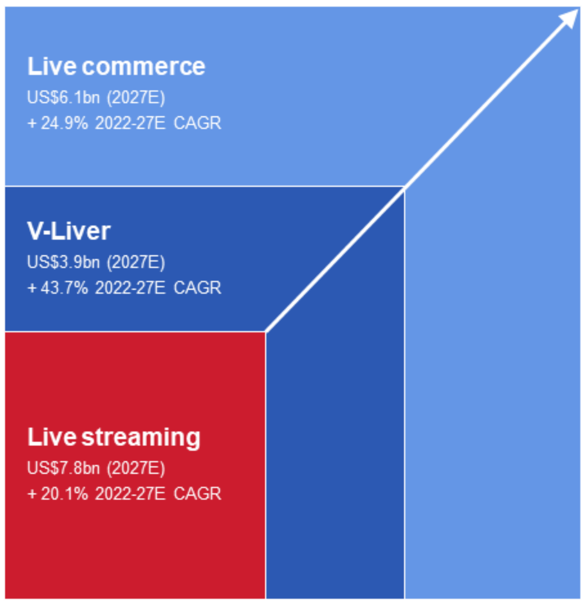
In-app games are one of the value-added services offered by the Target Group in order to further engage users during live streaming. The Target Group offers both half-screen casual games that users can play while simultaneously watching live streams, and half-screen interactive games that users can play together with the live streamers. The in-app games target the same user base as live streaming while enriching the overall live streaming user experience by offering continuous engagement during live streaming.

Live Commerce

The Target Group provides infrastructure support and data insights for live commerce campaigns carried out by top retailers and brands. Through partnerships with fast-moving consumer goods brands to analyse consumer behaviour, the Target Group is able to identify suitable products that satisfy the shopping needs of the Target Group's user base, and correspondingly invite the appropriate live streamers to promote such products, as well as attracting further traffic. By leveraging the popularity and size of the Target Group's readily available live streamers, live commerce has successfully filled certain existing market gaps in Japan and Taiwan.

Diversified growth drivers: Large and growing total addressable market

Rapidly growing total addressable market[1]



Key drivers of media & entertainment industry

- Increasing digital natives
- Rise of digital media platforms leading to a positive viewing experience with technology
- Increasing awareness globally towards the Asia market
- Emergence of popular artists using social media platforms
- Live streaming and gaming industry – major growth drivers of media and entertainment

Note:

(1) Total addressable market for Live commerce relates to Japan and Taiwan, V-Liver relates to Japan, and Live streaming relates to Japan, Taiwan and Southeast Asia.

2.2. Information on the Vendor and the Vendor Shareholders

2.2.1. The Vendor

The Vendor was incorporated pursuant to the Cayman Companies Act as a Cayman Islands exempted company with limited liability on 25 September 2023. The Vendor is a company limited by shares with a share capital of US$50,000.00 divided into 5,000,000 ordinary shares of par value US$0.01 each.

Pursuant to the SPA, upon completion of the corporate restructuring to be undertaken by the Target Company prior to Completion, the Vendor will hold 100% of the issued and paid-up share capital of the Target Company.

2.2.2. The Vendor Shareholders

Among the Vendor Shareholders, the following shareholder groups (determined based on the ultimate beneficial shareholder of the Vendor Shareholders) hold over 10% of the interest in the Target Company:

(a) Vertex Funds (comprising Vertex Legacy Continuation Fund Pte. Ltd., Vertex Growth Fund Pte. Ltd., and Vertex Ventures SEA Fund III Pte. Ltd.);

(b) Founder Group (comprising Dragon Alexander Limited, Ms. Angela Phua and Mr. Ng Jing Shen); and

(c) IVP Funds (comprising M17 Growth SPV LLC, M17 Growth SPV B LLC, Infinity e.Ventures Asia III, L.P. and IVP Annex I LLC).

Dragon Alexander Limited is wholly owned by the Founder, who is a co-founder and the non-executive chairman of the Target Company. The Founder is proposed to be a non-executive director and the non-executive chairman of the Enlarged Group on Completion.

Mr. Ng Jing Shen is a co-founder and the chief technology officer of the Target Company. Mr. Ng Jing Shen is proposed to be the chief technology officer of the Enlarged Group on Completion.

Mr. Akio Tanaka holds an interest in Infinity e.Ventures Asia III, L.P and is a director of the Target Company. Mr. Akio Tanaka is proposed to be a non-executive director of the Enlarged Group on Completion.

2.3. Historical Financial Information of the Target Group

The summary of the consolidated financial statements of the Target Group for the financial years ended 31 December 2020 ("**FY2020**"), 31 December 2021 ("**FY2021**") and 31 December 2022 ("**FY2022**"), on which an audit report will be included within the Circular, is presented in the tables below.

2.3.1. Results of Operations of the Target Group

(US$ millions)	FY2020	FY2021	FY2022
Operating revenue	**411.4**	**497.8**	**363.7**
Gross profit	**175.4**	**187.7**	**126.1**
Operating income	**24.4**	**10.4**	**10.1**
(Loss)/profit for the year	**(51.9)**	**109.5**	**(51.0)**
Non-IFRS Financial Measures			
(Loss)/profit for the year	**(51.9)**	**109.5**	**(51.0)**
Add/(less): Revaluation (loss)/gain on financial liabilities(1)	59.1	(112.4)	55.9
Adjusted profit/(loss)	**7.2**	**(2.9)**	**4.9**
Operating income	**24.4**	**10.4**	**10.1**
Add: Depreciation	2.7	2.9	2.6
Add: Amortisation	3.2	2.2	2.3
EBITDA	**30.3**	**15.5**	**15.0**
Add: Share-based payments	3.0	1.9	0.8
Adjusted EBITDA	**33.3**	**17.4**	**15.8**

Note:
(1) Refers to the revaluation (loss)/gain on the financial liabilities at fair value through profit or loss (comprising preferred shares and warrants), which are not expected to recur after the Completion.

2.3.2. Financial Position of the Target Group

(US$ millions)	**FY2020**	**FY2021**	**FY2022**
Cash and cash equivalents	92.5	59.1	39.3
Total current assets	128.1	100.3	69.0
Total non-current assets	47.5	44.4	34.4
Total assets	175.5	144.7	103.4
Total current liabilities[(2)]	119.3	110.7	284.6
Total non-current liabilities	290.1	163.1	2.0
Total liabilities	409.4	273.8	286.6
Total equity	(233.8)	(129.1)	(183.2)
Total liabilities and equity	175.5	144.7	103.4
Net current assets/(liabilities)	8.7	(10.4)	(215.6)

Note:
(2) Includes the re-classification of the financial liabilities at fair value through profit or loss (comprising preferred shares and warrants) of US$211.1 million from a non-current liability in FY2021 to a current liability in FY2022, as the financial liabilities were expected to be due within 12 months from 31 December 2022. Subsequently in April 2023, the preference shareholders and warrant holders have agreed to extend the redemption date of the financial liabilities to 31 December 2025. As such, the financial liabilities will be reclassified back to non-current liabilities in the interim balance sheet to be prepared as at 30 June 2023.

2.3.3. Cash Flows of the Target Group

(US$ millions)	**FY2020**	**FY2021**	**FY2022**
Cash flows from operations	67.4	7.9	3.5
Net cash flows from/(used in) operating activities	66.7	(2.9)	(10.5)
Net cash flows from/(used in) investing activities	3.4	(1.4)	(0.8)
Net cash flows used in financing activities	(0.1)	(26.6)	(4.2)

2.4. Rationale for the Proposed Business Combination

The Company is a special purpose acquisition company incorporated for the purpose of effecting an initial business combination. Pursuant to Rule 210(11)(m)(i) of the Listing Manual, the Company is required to complete an initial business combination within 24 months from its listing date (the "**BC Deadline**").

In accordance with the Company's acquisition mandate set out in its prospectus dated 13 January 2022, the Company has selected the Target Company as an acquisition target for the initial business combination for the following reasons:

(a) the Target Company is a technology-driven business in the consumer internet and technologies industry, which is one of the industries in which the Sponsor and the management team of the Company has deep expertise and a proven track record;

(b) the Target Company presents strong growth potential as evidenced from its multiple growth drivers (such as the new V-Liver business, live commerce and in-app games);

(c) while the Target Group currently operates mainly in Japan and Taiwan, its platforms are available to live streamers and users from the U.S., Hong Kong, Singapore and other Southeast Asian markets and there is potential for the Target Group's operations to be scaled up and expanded across these regions;

(d) the Target Company has been generating substantial revenue and has been EBITDA positive since FY2020; and

(e) the Target Company is led by a strong management team with professional expertise in various areas such as consumer technology and product development, cross-border business operations, finance and corporate management.

Accordingly, subject to Shareholders' approval, the Company intends to complete the Proposed Business Combination with the Target Company before the BC Deadline, i.e. 20 January 2024.

2.5. Salient Terms of the SPA

2.5.1. <u>Conditions Precedent</u>

Pursuant to the SPA, Completion is conditional upon, amongst others, the following conditions precedent being satisfied or waived on or before Completion ("**Conditions Precedent**", and each, a "**Condition Precedent**"):

(a) the Company having obtained Shareholders' approval at the EGM for the Proposed Transactions;

(b) the Company having obtained the approval of the SGX-ST for Completion of the Proposed Business Combination pursuant to the terms of the SPA, and where such approval is subject to conditions, the compliance by the Target Company and (where relevant) the Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST;

(c) the Company having obtained the approval of SGX-ST for the listing and quotation of the Consideration Shares, the PIPE Shares, the Special Bonus Shares, the Earnout Shares, the ESOP Shares and the EIS Shares on the SGX-ST and where such approval is subject to conditions, the compliance by the Target Company and (where relevant) the Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST;

(d) the Target Company having rectified or resolved the issues identified through the legal, financial and tax due diligence conducted by the Company to the reasonable satisfaction of the Company in its sole and absolute discretion; and

(e) other conditions precedent customarily included for transactions of a similar nature, such as, among others, those relating to PIPE financing, fulfilment of representations and warranties, and compliance with undertakings.

2.5.2. Representations and Warranties

Each of the Vendor and the Warrantors shall provide customary representations and warranties to the Company, and the Company shall also provide customary representations and warranties to the Vendors and the Warrantors.

3. MORATORIUM

In compliance with the moratorium requirements under the Listing Manual and/or the terms of the SPA, and to demonstrate their commitment to the Enlarged Group, the following persons will provide moratorium undertakings in respect of their shareholdings in the Company on Completion in favour of the Joint Financial Advisers (as defined below):

(a) the Sponsor;

(b) Vertex SPV;

(c) Venezio Investments Pte. Ltd. ("**Venezio**");

(d) Tembusu Capital Pte. Ltd.;

(e) Mr. Phua Jiexian Joseph;

(f) Mr. Ng Jing Shen;

(g) Ms. Aika Tong;

(h) Vertex Legacy Continuation Fund Pte. Ltd.;

(i) Vertex Growth Fund;

(j) Vertex Ventures SEA Fund III Pte. Ltd.;

(k) Infinity e.Ventures Asia III, L.P.

(l) Dragon Alexander Limited;

(m) M17 Growth SPV LLC;

(n) KTB China Synergy Fund; and

(o) Key Executives (other than Mr. Phua Jiexian Joseph and Mr. Ng Jing Shen).

4. RELATIVE FIGURES UNDER RULE 1006

Pursuant to Rule 1015 of the Listing Manual, shareholders' approval, amongst others, must be obtained for a "very substantial acquisition" or "reverse takeover" as defined in Chapter 10 of the Listing Manual. Rule 1006 of the Listing Manual sets out the computations for relative figures, and where any of the relative figures is 100% or more, or if the transaction is one which will result in the change in control of a listed company, such a transaction is a "very substantial acquisition" or "reverse takeover".

The relative figures for the Proposed Business Combination using the bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

Rules	Bases	Relative Figures
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Company's net asset value	Not applicable[(1)]
Rule 1006(b)	Net profits attributable to the Target Company, compared with the Company's net profits	(950%)[(2)]
Rule 1006(c)	Aggregate value of the Purchase Consideration given for the Proposed Business Combination, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	468%[(3)]
Rule 1006(d)	Number of equity securities issued by the Company as Purchase Consideration for the Proposed Business Combination, compared with the number of equity securities of the Company in issue	445%[(4)]
Rule 1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Company's proved and probable reserves	Not applicable[(5)]

Notes:

(1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.

(2) Computed based on the Target Company's net loss for FY2022 of approximately US$51.0 million and the Company's audited net profit for FY2022 of approximately S$7.3 million.

(3) Computed based on (i) the Purchase Consideration of S$925.1 million (equivalent to approximately US$682.2 million), and (ii) the Company's market capitalisation of approximately S$197.7 million (computed based on the Company's issued ordinary share capital of 41,606,000 shares and the volume weighted average price of the shares of S$4.7517 on 29 September 2023, being the last full market day on which the Company's shares were traded prior to the date of the SPA). The Company does not have any treasury shares.

(4) Based on 160,605,109 Consideration Shares and up to 24,408,000 Earnout Shares and the Company's issued ordinary share capital of 41,606,000 shares.

(5) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil and gas company.

Notwithstanding the negative relative figure computed under Rule 1006(b) of the Listing Manual, the relative figures computed under Rules 1006(c) and 1006(d) of the Mainboard Rules exceed 100%. Accordingly, the Proposed Business Combination constitutes a "very substantial acquisition" or "reverse takeover" pursuant to Chapter 10 of the Listing Manual. In addition, as the Vendor and/or the Vendor Shareholders (if so nominated by the Vendor) will hold a majority of the enlarged share capital of the Company upon Completion, a change in control of the Company will arise immediately upon Completion. Accordingly, the Proposed Business Combination is subject to, *inter alia*, the approval of the Shareholders at the EGM and the approval of the SGX-ST pursuant to Rule 1015 of the Listing Manual.

5. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The pro forma financial effects of the Proposed Business Combination on the share capital, earnings and the net tangible assets ("**NTA**") of the Company have been prepared based on the audited consolidated financial statements of the Company for FY2022 and the consolidated financial statements of the Target Group FY2022, on which an audit report will be included within the Circular.

The pro forma financial effects of the Proposed Business Combination are for illustrative purposes only. The objective is to illustrate what the historical information might have been if the Proposed Business Combination had been completed at an earlier date. However, such information is not necessarily indicative of the actual results of the operations or the related effects in the financial position that would have been attained had the Proposed Business Combination been completed at such an earlier date. Given that the financial effects presented below are pro forma in nature and only for illustrative purposes, it does not necessarily represent the actual financial position and/or results of the Company or the Enlarged Group immediately after Completion.

5.1. Bases and Assumption

For illustrative purposes only, the financial effects of the Proposed Transactions are prepared based on, *inter alia,* the following assumptions:

(a) the financial effects of the Proposed Transactions on the share capital, NTA and earnings of the Enlarged Group are computed based on the audited financial statements of the Company and the consolidated financial statements of the Target Group for FY2022;

(b) the financial effects of the Proposed Transactions on the share capital and NTA of the Enlarged Group are computed assuming that the Proposed Transactions have been completed on 31 December 2022;

(c) the financial effects of the Proposed Transactions on the earnings and earnings per share ("**EPS**") of the Enlarged Group are computed assuming that the Proposed Transactions have been completed on 1 January 2022;

(d) the financial effects do not take into account any transactions effected or completed by the Enlarged Group subsequent to 31 December 2022;

(e) directly attributable costs in connection with the Proposed Transactions are assumed to be approximately S$21.0 million (equivalent to approximately US$15.5 million) assuming that none of the Shareholders redeem their shares in the Company upon Completion ("**No Redemption**") and approximately S$19.0 million (equivalent to approximately US$14.0 million) assuming that all Shareholders (save for Vertex SPV and Venezio) redeem their shares in the Company upon Completion ("**Maximum Redemption**"); and

(f) the difference between the deemed consideration for the Proposed Business Combination and the fair value of the net assets of the Enlarged Group, if any, have not been considered and will be determined on the date of Completion when the Vendor has effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption.

For the avoidance of doubt, the financial effects of the Proposed Transactions reflect the following:

(1) the 41,606,000 issued shares held by the Non-Redeeming Shareholders assuming that there is No Redemption and 12,000,000 issued shares held by the Non-Redeeming Shareholders assuming that there is Maximum Redemption;
(2) the allotment and issuance of 160,605,109 Consideration Shares;
(3) the allotment and issuance of 2,000,000 PIPE Shares (for illustrative purposes only); and

(4) the allotment and issuance of 3,760,600 Special Bonus Shares,

but do not take into consideration the following:

(5) the allotment and issuance of 2,114,891 ESOP Shares;
(6) the allotment and issuance of 24,408,000 Earnout Shares;
(7) the allotment and issuance of 2,550,000 EIS Shares;
(8) the allotment and issuance of any promote shares to the Sponsor; and
(9) the exercise of the Company's public warrants and private placement warrants.

5.2. Financial Effects on Share Capital

As at 31 August 2023, there were 41,606,000 shares, 12,481,799 public warrants and 16,000,000 private placement warrants in the Company outstanding.

Number of shares	Effects of No Redemption	Effects of Maximum Redemption
Immediately before Completion	41,606,000	41,606,000
Minus: Redemption by Shareholders	0	29,606,000
Add: Number of Consideration Shares	160,605,109	160,605,109
Add: PIPE Shares(1)	2,000,000	2,000,000
Add: Special Bonus Shares	3,760,600	800,000
Immediately following Completion	**207,971,709**	**175,405,109**

Note:
(1) For illustrative purposes only

5.3. Financial Effects on NTA and NTA per Share

(as of 31 Dec 2022)	VTAC	Target Company	Pro forma after adjustments	
			No Redemption	Maximum Redemption
Shares outstanding (millions)	41.6	148.9(2)	208.0	175.4
NTA (US$ million)	26.4	(209.7)	150.5	41.3
NTA per share (US$)	0.64	(1.41)	0.72	0.24

Notes:
The pro forma adjustments relate to:
(i) The effects of the reverse takeover accounting for the Proposed Business Combination, with a resultant negative goodwill of US$11.8 million.
(ii) Conversion of the warrants and preference shares of the Target Group aggregating to US$211.1 million into equity.
(iii) Receipt of PIPE Financing proceeds of US$7.4 million (for illustrative purposes only).
(iv) Total estimated professional fees in relation to the Proposed Business Combination amounting to US$15.5 million assuming that there is No Redemption and US$14.0 million assuming that there is Maximum Redemption, which are deemed to have been incurred and settled in cash.

(2) Refers to the issued shares in the capital of the Target Company after applying the exchange ratio of 1.682 (such ratio being calculated based on the total number of sale shares divided by the number of Consideration

Shares and rounded to the third decimal place).

5.4. Financial Effects on Earnings and EPS

(for FY2022)	VTAC	Target Company	Pro forma after adjustments	
			No Redemption	Maximum Redemption
Shares outstanding (millions as of 31 Dec 2022)	41.6	148.9[(2)]	208.0	175.4
Net profit/(loss) after tax (US$ million)	5.3	(51.0)	9.0	5.5
Net profit/(loss) after tax per share (US$)	0.13	(0.34)	0.04	0.03

Notes:
The pro forma adjustments relate to:
(i) The effects of the reverse takeover accounting for the Proposed Business Combination, with a resultant negative goodwill of US$11.8 million.
(ii) Reversal of interest expense on redeemable shares of the Company of US$2.6 million.
(iii) Reversal of the revaluation loss on warrants and preference shares of the Target Group aggregating to US$55.9 million and changes in credit risk of warrants and preference shares of the Target Group of US$700.
(iv) Total estimated professional fees in relation to the Proposed Business Combination amounting to US$15.5 million assuming that is No Redemption and US$14.0 million assuming that there is Maximum Redemption, which are deemed to have been incurred and settled in cash.

(2) Refers to the issued shares in the capital of the Target Company after applying the exchange ratio of 1.682 (such ratio being calculated based on the total number of sale shares divided by the number of Consideration Shares and rounded to the third decimal place).

6. HISTORICAL PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The pro forma financial information consists of the pro forma consolidated balance sheets as at 31 December 2022, the pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2022, the pro forma consolidated statements of cash flows for the financial year ended 31 December 2022, and related notes set out in the Circular.

The pro forma financial information has been compiled by the Company's management to illustrate the impact of the events on the Enlarged Group's financial position as at 31 December 2022 as if the events had taken place on 31 December 2022; and its financial performance and cash flows for the financial year ended 31 December 2022 as if the events had taken place on 1 January 2022.

As part of this process, information about the Enlarged Group's financial position, financial performance and cash flows has been extracted by the Company's management from the following:

(i) audited financial statements of the Company for the financial year ended 31 December 2022, on which an audit report has been published; and

(ii) consolidated financial statements of the Target Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, on which an audit report will be included within the Circular.

The pro forma financial information has been prepared based on the assumption that there is No

Redemption.

Reference should be made to the pro forma financial information of the Enlarged Group included in the Circular.

6.1. Summary of the Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group

(US$ millions)	**Unaudited Pro Forma Consolidated Statement of Comprehensive Income 31 December 2022**
Operating revenue	363.7
Gross profit	126.1
Operating income	8.9
Profit for the year attributable to owners of the Company	9.0

Notes:
The pro forma adjustments relate to:
- (i) The effects of the reverse takeover accounting for the Proposed Business Combination, with a resultant negative goodwill of US$11.8 million.
- (ii) Reversal of interest expense on redeemable shares of the Company of US$2.6 million.
- (iii) Reversal of the revaluation loss on warrants and preference shares of the Target Group aggregating to US$55.9 million and changes in credit risk of warrants and preference shares of the Target Group of US$700.
- (iv) Total estimated professional fees in relation the Proposed Business Combination amounting to US$15.5 million.

6.2. Summary of the Unaudited Pro Forma Consolidated Balance Sheet of the Enlarged Group

(US$ millions)	**Unaudited Pro Forma Consolidated Statement of Financial Position 31 December 2022**
Cash and cash equivalents	33.8
Total current assets	220.9
Total non-current assets	34.4
Total assets	255.3
Total current liabilities	76.3
Total non-current liabilities	2.0
Total liabilities	78.3
Total equity	177.0
Total liabilities and equity	255.3
Net current assets	144.6

Notes:
The pro forma adjustments relate to:

(i) The effects of the reverse takeover accounting for the Proposed Business Combination, with a resultant negative goodwill of US$11.8 million.
(ii) Conversion of the redeemable shares of the Company of US$130.8 million into equity.
(iii) Conversion of the warrants and preference shares of the Target Group aggregating to US$211.1 million into equity.
(iv) Receipt of PIPE Financing proceeds of US$7.4 million (for illustrative purposes only).
(v) Total estimated professional fees in relation to the Proposed Business Combination of US$15.5 million which are deemed to have been incurred and settled in cash.

6.3. Summary of the Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group

(US$ millions)	Unaudited Pro Forma Consolidated Statement of Cash Flows 31 December 2022
Cash flows from operations	2.4
Net cash flows used in operating activities	(11.6)
Net cash flows used in investing activities	(170.8)
Net cash flows from financing activities	161.3

Notes:
The pro forma adjustments relate to:
(i) The effects of the reverse takeover accounting for the Proposed Business Combination, with a resultant negative goodwill of US$11.8 million.
(ii) Conversion of the redeemable shares of the Company of US$130.8 million into equity.
(iii) Conversion of the warrants and preference shares of the Target Group aggregating to US$211.1 million into equity.
(iv) Receipt of PIPE Financing proceeds of US$7.4 million (for illustrative purposes only).
(v) Total estimated professional fees in relation to the Proposed Business Combination amounting to US$15.5 million, which are deemed to have been incurred and paid as of 1 January 2022.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, the Company's Non-Executive Chairman, Mr. Chua Kee Lock has interests as (a) a direct or indirect individual investor in general partners ("**GPs**") that manage Vertex Legacy Continuation Fund Pte. Ltd., Vertex Ventures SEA Fund III Pte. Ltd. and Vertex Growth Fund, which are shareholders of the Target Company; and (b) a member of the investment committees ("**ICs**") formed by the fund managers appointed by the GPs which manage the abovementioned funds in his individual capacity (which for the avoidance of doubt, does not include the abovementioned funds where Mr. Chua was appointed as an IC member to represent the interest of the Sponsor).

As at the date of this announcement, the Sponsor has invested in the Target Company through Vertex Legacy Continuation Fund Pte. Ltd., Vertex Ventures SEA Fund III Pte. Ltd. and Vertex Growth Fund Pte. Ltd.. The Sponsor is a wholly-owned indirect subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"), being as at the date of this announcement, a Controlling Shareholder (as defined in the Listing Manual) of the Company. In addition, as at the date of this announcement, Temasek's indirect wholly-owned subsidiary, Pavilion Capital Holdings Pte. Ltd., which wholly-owns Pavilion Capital Fund Holdings Pte. Ltd. and which in turn wholly-owns Pav Investments Pte. Ltd., has also invested in the Target Company. As at the date of this announcement, the Target Company has issued existing warrants to Innoven Capital Singapore Pte. Ltd., which is an affiliate of Temasek. Each of the Sponsor, Vertex SPV, Pav Investments Pte. Ltd. and Innoven Capital Singapore Pte. Ltd. is an independently-managed Temasek portfolio company. Temasek is not involved in the business or operational decisions of these entities, including their decisions in relation to the Target Group and the Company.

Save as disclosed above, none of the Directors or Controlling Shareholders (as defined in the Listing Manual) of the Company has any interests, direct or indirect, in the Proposed Transactions.

8. 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 Business Combination. It is envisaged that the Company will, on or prior to Completion, enter into service agreements with the relevant persons on terms acceptable to the Company and the Target Company. The details of such appointments and service agreements (if any) will be set out in the Circular.

9. STATUS OF THE SHARES AND APPLICATION TO THE SGX-ST

The issuance and allotment of the Consideration Shares, the Earnout Shares, the EIS Shares, the ESOP Shares, the PIPE Shares and the Special Bonus Shares is subject to, *inter alia*, the receipt of the in-principle approval from the SGX-ST for the listing and quotation. The Consideration Shares, the Earnout Shares, the EIS Shares, the ESOP Shares, the PIPE Shares and the Special Bonus Shares, upon its allotment and issuance, will be credited as fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the then existing shares of the Company, save for any rights, benefits, dividends and entitlements attached as at the record date of which will be before Completion.

An application for the listing of, dealing in and quotation for the Consideration Shares, the Earnout Shares, the EIS Shares, the ESOP Shares and the Special Bonus Shares on the Main Board of the SGX-ST has been made to the SGX-ST, while the application for the listing of, dealing in and quotation for the PIPE Shares on the Main Board of the SGX-ST will be submitted in due course. An announcement will be made upon the receipt of the in-principle approval(s) from the SGX-ST.

10. SOLE ISSUE MANAGER AND JOINT FINANCIAL ADVISERS

The Company has appointed DBS Bank Ltd. ("**DBS**") as its sole issue manager in respect of the Proposed Transactions, and DBS and UBS AG Singapore Branch ("**UBS**") (including its affiliate, Credit Suisse (Singapore) Limited ("**Credit Suisse**")) as its joint financial advisers in respect of the Proposed Transactions and its joint placement agents in respect of the PIPE Financing.

11. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

The Circular setting out, among others, the terms of the Proposed Transactions, together with a notice of EGM, will be dispatched by the Company to Shareholders in due course.

A copy of the SPA will be made available for inspection during normal business hours at the principal place of business of the Company at 250 North Bridge Road, #11-01, Raffles City Tower, Singapore 179101, for a period of three months from the date of this announcement.

12. 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 Group, the Vendor, the Vendor Shareholders and the Warrantors in paragraphs 2.1, 2.2, 2.3, 5 and 6 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 Transactions and the Company, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading (save for the information on the Target Group, the Vendor, the Vendor Shareholders and the Warrantors in 2.1, 2.2, 2.3, 5 and 6 above). 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.

13. 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 the Proposed Transactions (including the Proposed Business Combination) will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Transactions (including the Proposed Business Combination). 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
VERTEX TECHNOLOGY ACQUISITION CORPORATION LTD

Jiang Honghui
Executive Director and Chief Executive Officer

2 October 2023

Credit Suisse and DBS were the joint issue managers for the Company's initial public offering (the "**Offering**"). Credit Suisse, DBS and Morgan Stanley Asia (Singapore) Pte. were the joint global coordinators, joint bookrunners and joint underwriters for the Offering.