



PRESS RELEASE

VTAC, SGX's pioneer SPAC, proposes business combination with leading live streaming platform 17LIVE Inc. ("17LIVE")

- Proposed business combination will result in the first leading live streaming business being listed on the SGX-ST
- Purchase consideration of up to S\$925.1 million, subject to certain financial targets being achieved by 17LIVE
- Pro forma equity value of the proposed business combination of up to S\$1,161.0 million
- 17LIVE is the top pure-play live streaming platform in Japan and Taiwan by revenue
- 17LIVE has a positive EBITDA track record with a scalable business model and sustainable profitability
- Public listing on SGX-ST will reinforce 17LIVE's business momentum as the premier pure-play live streaming platform and fuel new business growth such as V-Liver and regional expansion into high growth markets such as Southeast Asia and U.S.
- To align interests of all stakeholders, the proposed business combination includes various incentive shares to be issued to eligible shareholders of VTAC and 17LIVE, the management of 17LIVE and new PIPE investors (with a corresponding waiver of promote shares by VTAC's sponsor)
- VTAC to be renamed 17LIVE Group Limited at completion of the proposed business combination
- The proposed business combination is subject to the approval of the SGX-ST and VTAC's shareholders at the EGM, which is expected to be obtained in end 2023

SINGAPORE, 2 October, 2023 – Vertex Technology Acquisition Corporation Ltd ("**VTAC**" or "**the Company**"), a special purpose acquisition company ("**SPAC**"), and 17LIVE Holding Limited (the "**Vendor**"), announced today the signing of a conditional sale and purchase agreement ("**SPA**") in connection with a proposed business combination ("**Proposed Business Combination**") that will result in 17LIVE Inc. (the "**Target Company**") becoming a publicly listed company on the SGX-ST, subject to the approval of the SGX-ST and VTAC's shareholders at an extraordinary general meeting ("**EGM**") to be convened.

Information on the Target Group and 17LIVE

The Target Company as well as 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. In 2022, 17LIVE commanded a market share by revenue of 20.8% in Japan and 26.9% in Taiwan, according to Frost & Sullivan.

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.

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 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.

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.

For 1H FY2023, the Target Group had an average Monthly Active Users (MAU¹) of approximately 550,000 with an average daily view duration per daily active user of approximately 93 minutes and a Spend Rate² 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 improving profitability. In 2022, the Target Group generated revenue of US\$363.7 million. The Target Group's management has been focused on enhancing its profitability resulting in the Target Group achieving positive EBITDA since 2020 and generating adjusted EBITDA of US\$15.8 million in 2022.

To drive continued engagement within this ecosystem, the Target Group has introduced innovative business initiatives such as V-Liver³, 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. In particular, the Target Group has implemented various initiatives for V-Liver development since the start of 2023, and as a result witnessed strong growth momentum in its V-Liver business in terms of V-Liver talent pool, viewer base and engagement.

Summary of the Proposed Business Combination

VTAC is a SPAC incorporated for the purpose of effecting an initial business combination. In accordance with VTAC's acquisition mandate, VTAC has selected the Target Company as an acquisition target for its initial business combination.

Pursuant to the SPA, VTAC will acquire the entire issued and paid-up share capital of the Target Company for the purchase consideration of up to S\$925.1 million (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 shareholders of the Vendor (the "**Vendor Shareholders**")), on completion of the Proposed Business Combination ("**Completion**"), amounting to S\$803.0 million, and (b) subject to the satisfaction of certain financial targets, the allotment and issuance of up to 24,408,000 new shares in the Company ("**Earnout Shares**") at the Issue Price to each Vendor Shareholder that remains as a record holder of shares in the Company as at the applicable earnout record date (the "**Earnout Shareholders**") on the respective earnout vesting dates, being 30 April 2024 and 30 August 2024, amounting up to S\$122.0 million.

The main objective of the 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 Group immediately following Completion (the "**Enlarged Group**"), to retain the Consideration Shares they received at Completion and not dispose of the same prior to the applicable earnout record date. In addition, the earnout framework serves to incentivise the Enlarged Group to work towards achieving key performance targets in respect of revenue and profitability in the near term.

¹ 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

² Spenders as a percentage of MAU

³ Virtual live streamer, or "V-Liver", a type of live streamer which comprises of computer-generated characters designed to resemble real people

In addition to adopting the earnout framework to incentivise the Earnout Shareholders, VTAC intends to adopt the following schemes to incentivise the key management of the Enlarged Group to achieve certain financial targets, existing shareholders of VTAC to remain as shareholders and not opt to redeem their shares at Completion as well as PIPE Investors to participate in the PIPE Financing, subject to the approval of VTAC's shareholders being obtained at the EGM:

- a. an executive incentive scheme ("**EIS**"), pursuant to which new shares (the "**EIS Shares**") will be allotted and issued to certain entitled employees of the Target Company (being the key management of the Enlarged Group), subject to the financial targets achieved; and
- b. a scheme to be known as the "Special Bonus Scheme" (the "**Special Bonus Scheme**"), pursuant to which (i) existing shareholders of VTAC who hold shares in VTAC as at the record date for redemption (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 Completion, and (ii) PIPE investors will be allotted and issued 0.1 new shares in the Company for every share subscribed for pursuant to the PIPE Financing (the "**Special Bonus Shares**").

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, Vertex Venture Holdings Ltd, the sponsor of the Company (the "**Sponsor**") will enter into a deed of waiver in favour of the Company, pursuant to which the Sponsor will waive its right to receive a significant portion of the promote shares in the Company to be allotted and issued to Vertex Co-Investment Fund Pte. Ltd.

VTAC also proposes to adopt a share incentive scheme known as the "Company Employee Share Option Plan" to be established for the allotment and issuance of new shares in the Company (the "**ESOP Shares**") to the employees of the Enlarged Group.

In connection with the Proposed Business Combination, VTAC will also be raising funds from institutional and/or accredited investors (the "**PIPE Investors**") by way of private placement ("**PIPE Financing**").

Depending on the amount of redemption by existing shareholders of VTAC at or prior to the EGM, the Proposed Business Combination will value the Enlarged Group at a pro forma equity value of between S\$999.1 million to S\$1,161.9 million (equivalent to approximately US\$736.8 million to US\$856.9 million), comprising the Purchase Consideration, the cash in VTAC's escrow account of between S\$60.0 million to S\$208.0 million (equivalent to approximately US\$44.2 million to US\$153.4 million), proceeds from the PIPE Financing of S\$10.0 million (for illustrative purposes only) and the Special Bonus Scheme amount of between S\$4.0 million to S\$18.8 million (equivalent to approximately US\$2.9 million to US\$13.9 million).

The Consideration Shares, the Earnout Shares, the EIS Shares, the ESOP Shares, the new shares to be allotted to the PIPE Investors pursuant to the PIPE Financing ("**PIPE Shares**") and the Special Bonus Shares will, upon allotment and issuance, be credited as fully paid-up and free from all encumbrances and will rank *pari passu* in all respects with the existing shares of VTAC, save for any rights, benefits, dividends and entitlements attached to such existing shares on the record date prior to 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.

Jiang Hong Hui, Executive Director and CEO, VTAC, said, “We are proud to be the first SGX SPAC to announce a business combination. We are thrilled to work with the 17LIVE team as they continue to break new grounds in the evolving consumer-internet space as an innovative and cutting-edge market leader. In keeping with VTAC investment mandate, 17LIVE is a leading player in an exciting digital space. 17LIVE has displayed synergies through its core capabilities and presents strong growth potential in both its core live streaming businesses and the new V-Liver business, and it has been profitable since FY2020. We see 17LIVE as a company at its inflection point, backed by a strong management bench whose professional expertise and vision will help it navigate the dynamic ecosystem. The Sponsor has invested S\$30m in VTAC at IPO and is committed to roll its investment over to the 17LIVE combined entity.”

Joseph Phua, Chairman and Co-Founder, 17LIVE said, “As a technology-driven live social entertainment platform, 17LIVE has made extensive investment to enhance its R&D capabilities and scalable technology stacks in order to effectively innovate its product offerings and ensure content and data security. We have over time refined our core capabilities whilst harnessing the vision of a live streaming ecosystem to better connect people anytime, anywhere. VTAC, with their strong expertise in technology has today, validated this vision as we take another step towards solidifying 17LIVE’s position as an innovative leader in the space. Listing on SGX-ST will allow 17LIVE to grow its businesses in Southeast Asia and globally. We believe this is a unique, exciting investment opportunity for investors.”

This press release is to be read in conjunction with further disclosures as detailed in VTAC’s SGX announcements, which are available on the SGX-ST website and the Company’s website.

Circulars outlining the details of the Proposed Business Combination are expected to be dispatched in November 2023 before the Company convenes an EGM, which is expected to occur around early December 2023. The Proposed Business Combination is expected to close before the business combination deadline, i.e. 20 January 2024, and is subject to the satisfaction of certain conditions precedent, including the necessary regulatory approvals and approval of shareholders at the EGM.

The Company has appointed DBS Bank Ltd. ("**DBS**") as its Sole Issue Manager in respect of the Proposed Business Combination, and DBS and UBS AG Singapore Branch (including its affiliate, Credit Suisse (Singapore) Limited) as its Joint Financial Advisers in respect of the Proposed Business Combination and its Joint Placement Agents in respect of the PIPE Financing.

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About Vertex Technology Acquisition Corporation Ltd

Vertex Technology Acquisition Corporation Ltd (“**VTAC**” or “祥峰科技收购企业有限公司”), a special purpose acquisition company (“**SPAC**”) incorporated in the Cayman Islands for the purpose of effecting an initial business combination, is Singapore’s first SPAC. Through VTAC, public market investors can participate in investment opportunities in value-creating businesses at a fast growth stage of their life cycle. VTAC intends to identify, acquire and manage a business with a core technology focus, highly differentiated products and scalable business models, with the aim to improve people’s lives by transforming businesses, markets and economies. With the breadth of its Sponsor’s global venture capital platform and the depth of its local expert teams, VTAC believes it has a unique ability to help support its target company transition into the next phase of its life cycle.

For more information, please visit <https://www.vertexspac.com>.

About 17LIVE

17LIVE is the top pure-play live streaming platform (by revenue) in Japan and Taiwan. Its business lines include Liver live streaming, V-Liver live streaming and other businesses such as live commerce. 17LIVE is accessible globally, with key markets of focus including Japan, Taiwan, Hong Kong, Singapore, the U.S., the Philippines, and Malaysia, as of 30 June 2023. The Group has fostered a diverse live streaming ecosystem with a loyal and engaged user community, as well as a deep pool of live streamers.

For more information, please visit: <https://about.17.live>

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