



artivision technologies

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

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**HEADS OF AGREEMENT IN RESPECT OF THE PROPOSED ACQUISITION OF MOBILE CREDIT  
PAYMENT PTE. LTD.**

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**1. INTRODUCTION**

The board of directors (the “**Board**” or “**Directors**”) of Artivision Technologies Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company had, on 31 October 2017, entered into a non-binding heads of agreement (the “**HOA**”) with Mobile Credit Payment Pte. Ltd. (the “**Target**”, and together with its subsidiaries and associated companies, the “**Target Group**”) in respect of the proposed acquisition by the Company of all the ordinary shares and convertible bonds issued by the Target (the “**Proposed Acquisition**”).

The Target is a private company incorporated in Singapore. The Target’s entire issued and paid-up share capital is legally and beneficially owned by the shareholders in the relative proportions set out in Schedule 1 of this announcement. The Target had also issued convertible bonds to certain investors who are entitled to convert their bonds into shares in the Target in accordance with the terms of their respective investment agreements. For the purpose of this announcement, these shareholders and bondholders are collectively referred to as the “**Vendors**”. Please refer to paragraph 2.2 of this announcement for further information on the Vendors.

The HOA sets out certain terms and conditions which will form the broad basis of the definitive agreements to be entered into in relation to the Proposed Acquisition. **Shareholders should note that the HOA is not legally binding (save for certain terms, including the Exclusivity Period (as defined below), non-competition and non-solicitation, warranties and confidentiality) and does not address all the material terms of the Proposed Acquisition. Such terms will be addressed in the definitive agreements, including a sale and purchase agreement, to be entered into between the Company and the Vendors.**

If undertaken and completed, the Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

In accordance with Chapter 10 of the Catalyst Rules, the Proposed Acquisition will be subject to, amongst others, the approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting of Shareholders (“**EGM**”) to be convened pursuant to Rule 1015 of the Catalyst Rules. Please refer to paragraph 6 of this announcement for the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules.

**2. INFORMATION ON THE PROPOSED ACQUISITION**

*The information on the Target Group and the Vendors was provided by the Target. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction*

*and reproduction herein in the context that the information is being disclosed in this announcement.*

## **2.1. Information on the Target Group**

The Target is an established electronic payment solutions provider in the Asia Pacific region that supports non-cash payments for clients across a variety of industries, including insurance, e-commerce and financial institutions (the “**Target Business**”). The Target is one of Singapore’s earliest financial technology (fintech) firms and is headquartered in Singapore, with presence in Singapore, Malaysia, Hong Kong, Thailand, Indonesia, Australia and Cambodia.

As a pioneer omni-channel and omni-payment solutions provider in the Asia Pacific region, the Target Group has the capability to build proprietary platforms and systems tailored to specific industry requirements. This enables it to engage in the mobile and digital payments space while continuing to support merchants with traditional online and in-person payments. The Target Group’s products include Xaavan, the MasterCard certified Level 3 enhanced data processing solution in Asia, MatchCab, a customisable platform to build payment solutions for transport companies, and ffastpay, a mobile payments solution for business-to-consumer (B2C).

Based on the Target Group’s unaudited consolidated financial statements as at 31 December 2016, the Target Group recorded (i) net loss before tax of approximately S\$1.46 million for the financial year ended 31 December 2016; (ii) net book value of approximately S\$6.07 million as at 31 December 2016; and (iii) net tangible assets (“**NTA**”) of approximately S\$0.22 million as at 31 December 2016. No independent valuation of the Target Group was available as at the date of the HOA.

Please refer to Schedule 2 of this announcement for the corporate structure of the Target Group as at the date of this announcement.

## **2.2. Information on the Vendors**

Mr. Koh Beng Kiok Anthony (“**Mr. Koh**”) and Mr. Kim Moon Soo (“**Mr. Kim**”) co-founded the Target in 2005.

Mr. Koh, the group chief executive officer and executive director of the Target, is responsible for the execution and monitoring of the strategic and operational goals and plans of the Target. Mr. Koh is a leading expert with over a decade of experience in the payment solutions industry. A serial entrepreneur since the dot com era, he has built a diversified portfolio of payment solutions under his belt. These payment solutions include the Target’s proprietary product offerings such as e-wallet applications, business-to-business (B2B) invoicing and payments processing, mobile point-of-sale systems and non-cash payment products. Following completion of the Proposed Acquisition (“**Completion**”), Mr. Koh shall be appointed as the chief executive officer of the Company, responsible for the business strategy and oversight of the management and operations of the Enlarged Group (as defined below).

Mr. Kim, the managing director and executive director of the Target, is responsible for expanding the Target’s acquiring solutions, and spearheading the sales and business development of the Target globally. Mr. Kim is a fellow leading expert in the payment solutions industry.

Under the experienced leadership of Mr. Koh and Mr. Kim, the Target has become an established provider of payment solutions in the Asia Pacific region, having won numerous

prestigious awards including, but not limited to, Singapore SME 1000 Company, Emerging 2014, SME One Asia Awards 2014, and Singapore Prestige Award 2015 – Established Brand.

The remaining Vendors comprise strategic investors, passive investors and employees of the Target Group. **Shareholders should note that the Target has informed the Company of its intention to enter into discussions with the holders of its Series C Bonds (the “Series C Bondholders”) to redeem the Series C Bonds and/or convert the Series C Bonds into Sale Shares (as defined below). The Company will provide updates on further developments at the appropriate juncture.**

None of the Vendors is related to the Directors, controlling Shareholders, or their respective associates. As at the date of this announcement, none of the Vendors holds any shares in the share capital of the Company (“Shares”).

### 2.3. Rationale for and benefits of the Proposed Acquisition

The Company has been exploring other business opportunities for the Group since the disposal of Artimedia Pte. Ltd., its subsidiary and joint venture companies (collectively, the “**Artimedia Group**”) in August 2017. The search for business opportunities became more critical with the Company’s decision not to renew its wholly-owned subsidiary’s exclusive agreement with its only contract manufacturing customer when the agreement expires in March 2018, as announced on 25 October 2017.

The Board believes that the Target Group is well positioned to capitalise on Singapore’s recent push towards cashless payments, and that there is strong and increasing demand for such e-payment systems in the Asia Pacific region offered by the Target Group. The Target also submitted a proposal to key government agencies in response to the government’s call for a Request for Information (RFI) on a cashless payment solution. The Board is of the view that the market for payment solutions in Singapore remains largely fragmented and offers opportunities for consolidation as Singapore moves to simplify and integrate the industry. The Board thus believes that the Proposed Acquisition is beneficial to the Company and its Shareholders, as it will enable Shareholders to participate in a business area that has potential for significant growth.

Upon Completion, the Target will become a wholly-owned subsidiary of the Company, and the business of the Company will be that of the Target (the Group and the Target Group upon Completion shall herein be collectively referred to as the “**Enlarged Group**”). The Company believes that the Proposed Acquisition will have the potential to increase the market capitalisation and widen the investor base of the Company, thereby enabling the Company to attract more extensive analyst coverage and increase investors’ interest in the Shares.

### 2.4. Salient terms of the HOA

#### 2.4.1. Proposed Acquisition

Pursuant to the terms of the HOA, the Company intends to acquire 100.0% of the issued ordinary shares in the capital of the Target (the “**Sale Shares**”) and 100.0% of the issued and unconverted bonds issued by the Target (the “**Sale Bonds**”) from the Vendors.

As at the date of this announcement, the Target has (a) 1,786,969 Sale Shares; and (b) Sale Bonds with an aggregate principal value of S\$5,500,000 and approximately S\$300,000 interest accrued and outstanding. The Sale Bonds consist of Series B Bonds and Series C Bonds with aggregate principle values of S\$500,000 and S\$5,000,000 respectively.

The HOA provides that if it is desirable or necessary for the purpose of the Proposed Acquisition (as determined by the financial adviser or sponsor in relation to the Proposed Acquisition, in consultation with the Company and the Target) and subject to such terms to the reasonable satisfaction of the Target, the Target shall use reasonable efforts to procure that all the Sale Bonds are converted into Sale Shares prior to Completion.

#### 2.4.2. Consideration

Pursuant to the terms of the HOA, the aggregate consideration for the Sale Shares and Sale Bonds (valued at an “as-converted” basis) (the “**Total Consideration**”) will be an amount equal to the aggregate of the Base Consideration (as defined below) and the Additional Consideration (as defined below) (if applicable), determined as follows:

- (a) S\$80.0 million in respect of the Sale Shares and Sale Bonds (the “**Base Consideration**”); and
- (b) an amount equal to the Post-Signing Funds Raised (as defined below) (the “**Additional Consideration**”),

which shall be fully satisfied by the issuance by the Company to the Vendors on a *pro rata* basis of such number of new Shares (the “**Consideration Shares**”) at an issue price of S\$0.014 (on a pre-consolidation basis) (the “**Issue Price**”) for each Consideration Share, with the aggregate issue price equivalent to the Total Consideration.

For the purpose of this paragraph, “**Post-Signing Funds Raised**” means the aggregate amount of cash raised by the Target Group from the date of the HOA until Completion, pursuant to the fund-raising activities of the Target Group on the terms set out in Schedule 3 of this announcement (“**Fund-Raising Activities**”). To ensure that the Company acquires 100.0% of the fully diluted share capital of the Target upon Completion, it shall be a condition of the Fund-Raising Activities that any investor shall agree to sell his/her shares or convertible securities in the Target to the Company under the Proposed Acquisition.

**Shareholders should note that the number of Consideration Shares and the Issue Price will be adjusted to take into consideration the Proposed Share Consolidation (as defined below). Please refer to paragraph 4 of this announcement for further information on the Proposed Share Consolidation.**

The Consideration Shares shall be issued fully-paid, and shall rank *pari passu* in all respects with and carry all rights similar to the then existing Shares.

Assuming no Additional Consideration is to be paid, the Consideration Shares represent approximately 317.85% of the existing issued and paid-up share capital of the Company of 1,797,792,986 Shares as at the date of this announcement (the “**Existing Share Capital**”), and 60.07% of the enlarged share capital of the Company of 9,512,078,700 Shares (the “**Enlarged Share Capital**”) immediately after the completion of the Proposed Acquisition and the Proposed Settlement Arrangements (collectively, the “**Proposed Transactions**”). Immediately after completion of the Proposed Transactions, the Vendors will collectively own an aggregate interest of at least 60.07% of the Enlarged Share Capital.

The Issue Price of S\$0.014 (on a pre-consolidation basis) represents:

- (a) a 14.63% discount to the volume weighted average price (“**VWAP**”) of S\$0.0164 of Shares traded on the SGX-ST on 26 October 2017, being the last market day on which the Shares were traded prior to the date of the HOA; and
- (b) a 3.45% discount to the VWAP of S\$0.0145 of Shares traded on the SGX-ST for the three (3) months immediately preceding 26 October 2017, being the last market day on which the Shares were traded prior to the date of the HOA.

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

- (a) the indicative valuation of the Target Group (not taking into account the Post-Signing Funds Raised) of approximately S\$75.0 million, to be supported by an independent valuation to be commissioned by the Company (“**Independent Valuation**”);
- (b) the Post-Signing Funds Raised;
- (c) the Group at Completion not having any indebtedness, liabilities, duties and obligations, whether actual or contingent, direct or indirect, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured (the “**Zero Liability Requirement**”);
- (d) the number of issued Shares (following the allotment and issue of the Settlement Shares (as defined below)) immediately prior to Completion, not exceeding 3,797,792,986 Shares; and
- (e) the business prospects, track record and competencies of the Target Group and the potential benefits arising from the Proposed Acquisition as detailed in paragraph 2.3 of this announcement.

The Independent Valuation report will be set out in the circular to Shareholders (“**Circular**”) containing, amongst others, the terms of the Proposed Transactions, to be despatched by the Company to the Shareholders in due course.

#### 2.4.3. Base Consideration Shares

Pursuant to the HOA, the number of Consideration Shares to be issued in respect of the Base Consideration (the “**Base Consideration Shares**”) of 5,714,285,714 Shares (on a pre-consolidation basis), shall constitute no less than 60.07% of the Enlarged Share Capital (the “**Minimum Shareholding Percentage**”), where such Enlarged Share Capital shall comprise (on a pre-consolidation basis):

- (a) Existing Share Capital of 1,797,792,986 Shares;
- (b) 5,714,285,714 Base Consideration Shares; and
- (c) 2,000,000,000 Settlement Shares (as detailed in paragraph 3.1 of this announcement).

Where the number of Base Consideration Shares constitutes less than the Minimum Shareholding Percentage, the number of Base Consideration Shares shall be increased such

that it represents (or as close as mathematically possible, with fractions of shares to be disregarded) the Minimum Shareholding Percentage. For the avoidance of doubt, the Minimum Shareholding Percentage is computed prior to the allotment and issuance of the Consideration Shares in respect of the Additional Consideration (the “**Additional Consideration Shares**”).

#### 2.4.4. Definitive Agreements

Following the execution of the HOA, the Company, the Vendors and the Target shall proceed in good faith and use their best endeavours to negotiate, finalise and enter into definitive agreements as soon as reasonably practicable, which shall include:

- (a) a sale and purchase agreement (“**SPA**”) between the Company and the Vendors, which shall contain the material terms in the HOA and further terms, conditions, warranties and indemnities customary for a transaction of the nature of the Proposed Acquisition; and
- (b) such other documents or agreements as may be desirable or necessary in connection with the Proposed Acquisition,

(collectively, the “**Definitive Agreements**”).

#### 2.4.5. Exclusivity Period

During the period of three (3) months from the date of the HOA (the “**Exclusivity Period**”), none of the Company, the Target and the Vendors shall enter into or continue discussions, or pursue other transactions similar to the Proposed Transactions.

In the event the Definitive Agreements are not entered into by 31 January 2018, the provisions of the HOA (save for certain provisions relating to, amongst others, non-competition and non-solicitation, confidentiality, costs and expenses, and governing law and dispute resolution) shall cease and terminate, and no party shall have any claim against the other party, without prejudice to any rights or liabilities which may have accrued prior to such termination or which are expressed to survive such termination.

#### 2.4.6. Conditions Precedent

Completion of the Proposed Acquisition shall be subject to, amongst others, the following conditions (collectively, the “**Conditions Precedent**”), which shall be contained in the Definitive Agreements:

- (a) all necessary regulatory approvals in Singapore having been obtained, including those from the Company’s sponsor, ZICO Capital Pte. Ltd. (“**ZICO Capital**”), and/or the SGX-ST, and if such approval is subject to any conditions, such conditions being reasonably acceptable to the party to whom such approval applies;
- (b) the receipt by the Company and the Target of all relevant corporate and shareholder approvals;
- (c) the receipt by the Group and the Target Group of any applicable third party consents or waivers in connection with the Proposed Acquisition, including in relation to the change in control of the Target and the Group;

- (d) the receipt of a waiver from the Securities Industry Council of Singapore (the “**SIC**”) in favour of the Vendors and parties acting in concert with the Vendors in respect of their obligation to make a mandatory general offer of the Company under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) arising from or in connection with all transactions contemplated, and where such waiver is granted subject to any conditions, such conditions being acceptable to the Vendors;
- (e) the approval of the independent Shareholders at the EGM for the whitewash resolution for the waiver of the rights of the independent Shareholders to receive the mandatory general offer from the Vendors and parties acting in concert with the Vendors (the “**Whitewash Resolution**”);
- (f) the warranties, representations and undertakings of the Company and the Target remaining true and correct at all times from signing of the SPA until (and including at) Completion, and each of the Company and the Target having duly performed all obligations to be performed by it under the Definitive Agreements;
- (g) there being no changes to the Company, the Target Group or their respective businesses, or in the financial, political and/or economic circumstances generally, that have caused or may cause a material adverse effect on their respective business, operations, assets, financial condition, turnover or prospects (“**Material Adverse Change**”), and that Completion shall not cause any Material Adverse Change;
- (h) the execution of an undertaking from Mr. Ching Chiat Kwong (“**Mr. Ching**”), a controlling Shareholder as at the date of this announcement, to vote in favour of the resolution in connection with the Proposed Acquisition within 30 days of the date of the Definitive Agreements; and
- (i) such other conditions as are customary for transactions of the nature of the Proposed Acquisition or as agreed between the Company and the Target.

#### 2.4.7. Introducer fee

The Vendors shall pay an introducer fee (the “**Introducer Fee**”) equivalent to 3.0% of the Base Consideration for the Proposed Acquisition to Bullrun Pte. Ltd. (the “**Introducer**”). The Introducer, a company that provides consultancy services, is majority owned by Mr. Ng Cheong Kiat, a director of the Target. None of the Introducer and Mr. Ng Cheong Kiat is related to any of the Directors, controlling Shareholders or their respective associates.

The Introducer Fee shall be satisfied by the Vendors on a *pro rata* basis out of the Base Consideration Shares to be issued by the Company at Completion.

#### 2.4.8. Changes to the Board

On Completion, the Company shall procure the resignation of each existing Director (other than such Directors as may be notified by the Target to the Company) and the chief executive officer of the Company, and the Vendors shall be entitled to nominate and appoint such number of nominees as the new Directors, with effect from Completion. Further information on the board composition and the proposed Directors will be set out in the Circular to be despatched to Shareholders in due course.

#### 2.4.9. The Target's employee equity incentive schemes

Subject to Completion, the Target's employee equity incentive schemes shall be terminated and replaced by an incentive scheme to be adopted by the Company to preserve the rights and obligations of the Target's employees, which shall offer similar intrinsic value and terms and conditions (including with respect to vesting) to the existing equity incentive scheme of the Target, subject always to compliance with the Catalist Rules and all applicable laws and regulations.

### 2.5. **Waiver from the SIC**

Based on the terms of the HOA, following completion of the Proposed Transactions, and based on the Existing Share Capital, the Vendors will own an aggregate interest of no less than approximately 60.07% of the Enlarged Share Capital. In such event, pursuant to Rule 14 of the Code, the Vendors and parties acting in concert with the Vendors will incur an obligation to make a mandatory general offer for all the remaining issued Shares not already owned, controlled or agreed to be acquired by them. As such, the Vendors will be seeking a waiver of the obligation of the Vendors and parties acting in concert with them to make a mandatory general offer under Rule 14 of the Code from the SIC as a result of the Proposed Acquisition.

## 3. **PROPOSED SETTLEMENT ARRANGEMENTS**

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

As at the date of this announcement, the Company has the following outstanding securities in issue:

- (a) bonds in aggregate principal amount with accrued interest of approximately S\$7.44 million (the "**Company Bonds**");
- (b) options convertible into 555,555,555 new Shares at an exercise price of S\$0.0162 per Share (the "**2016 Options**");
- (c) options convertible into 200,000,000 new Shares at an exercise price of S\$0.0216 per Share (the "**2017 Options**", and together with the 2016 Options, the "**Company Options**"); and
- (d) other series of options<sup>1</sup>.

As an integral term of the Proposed Acquisition, the Company has agreed that the Group shall not have any bonds, options or any securities convertible into Shares in issue as at Completion (the "**Zero Convertibles Requirement**"), save for any options issued under the employee share option plan of the Company approved by Shareholders on 21 October 2007 (the "**ESOP**") prior to the date of the HOA.

In order to satisfy the Zero Convertibles Requirement, Mr. Ching, a controlling Shareholder as at the date of this announcement, will prior to or on Completion:

- (a) acquire all of the Company Bonds and the Company Options from the respective holders; and

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<sup>1</sup> This includes (a) 7,300,000 outstanding options issued under the ESOP; and (b) 33,750,000 options with an exercise price of S\$0.10 per Share due to expire on 30 December 2017.

- (b) enter into an agreement with the Company for the redemption of all of the Company Bonds and cancellation of all of the Company Options,

in consideration of the issue and allotment of 2,000,000,000 new Shares (the “**Settlement Shares**”) at the issue price of S\$0.014 for each Settlement Share by the Company to Mr. Ching (the “**Proposed Settlement Arrangements**”), with the aggregate issue price equivalent to S\$28.0 million (the “**Settlement Sum**”).

With the completion of the Proposed Settlement Arrangements, the Company shall satisfy the Zero Convertibles Requirement for the purpose of the Proposed Acquisition.

The Settlement Sum was determined taking into account the Zero Convertibles Requirement, and the rationale for and the benefits of the Proposed Acquisition and the Proposed Settlement Arrangements, as set out in this paragraph and paragraphs 2.3 and 3.3 of this announcement, as the case may be.

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

Mr. Ching is a controlling Shareholder with 395,068,911 Shares as at the date of this announcement, representing an interest of approximately 21.98% in the Existing Share Capital. Accordingly, Mr. Ching is an “interested person” and the Proposed Settlement Arrangements will constitute an interested person transaction (“**IPT**”) under Chapter 9 of the Catalist Rules.

Based on the Existing Share Capital, immediately following the allotment and issuance of the Settlement Shares and the Base Consideration Shares (prior to the allotment and issuance of any Additional Consideration Shares) and assuming no further issuance of new Shares by the Company, Mr. Ching will own an aggregate interest of approximately 25.18% of the Enlarged Share Capital, and will remain as a controlling Shareholder.

The value of the Proposed Settlement Arrangements (being the amount at risk to the Company) is S\$28.0 million. Based on the Group’s latest audited financial statements for the financial year ended 31 March 2017 (“**FY2017**”), the Group recorded audited net tangible liabilities (“**NTL**”) of approximately S\$1.34 million as at 31 March 2017. Pursuant to Practice Note 10(A) paragraph 11 of the Catalist Rules, tests based on assets and profits may not give a meaningful indication of the significance of a transaction to the issuer, for example, where the issuer is loss making and/or has a negative net asset value. As the Group recorded NTL as at 31 March 2017, the materiality of the Proposed Settlement Arrangements as an IPT cannot be meaningfully measured. Nevertheless, the Company will be seeking the approval of its independent Shareholders for the Proposed Settlement Arrangements as an IPT under Chapter 9 of the Catalist Rules at the EGM to be convened.

Save for the Proposed Settlement Agreements, the Company has not entered into any IPT with Mr. Ching and his associates for the period from 1 April 2017 up to the date of this announcement. Other than the disposal of the Artimedia Group to the Company’s former Executive Director and Chief Technology Officer, which was approved by Shareholders at the extraordinary general meeting of Shareholders held on 27 July 2017, there were no other IPTs involving the Group with other interested persons for the period from 1 April 2017 up to the date of this announcement (excluding transactions less than S\$100,000).

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

In addition to enabling the Company to satisfy the Zero Convertibles Requirement, pursuant to the Proposed Settlement Arrangements, Mr. Ching shall undertake to provide consultancy

services to the Enlarged Group for the growth and development of the Target Business following Completion. As the current executive chairman and chief executive officer of Mainboard-listed Oxley Holdings Limited, Mr. Ching is a veteran in the corporate arena with a keen ability to identify market trends and business opportunities. The Board believes that the Company will be able to leverage on Mr. Ching's strong business networks and extensive experience to connect brick-and-mortar industries to the Target Group's growing business of providing instantaneous, secure and efficient payment solutions.

In view of the Proposed Acquisition, Mr. Ching believes in the growth and prospects of the Company and is demonstrating such confidence through the Proposed Settlement Arrangements, which will align his interests with that of the Company, as he adds strategic value to the Enlarged Group with the provision of consultancy services.

As long as Mr. Ching falls within the definition of "interested person" under the Catalist Rules, his provision of consultancy services to the Enlarged Group shall be subject to review and approval in accordance with Chapter 9 of the Catalist Rules.

#### **4. PROPOSED SHARE CONSOLIDATION**

Rule 429 of the Catalist Rules stipulates that the issue price of the equity securities offered for subscription or sale, for which a listing is sought, must be at least S\$0.20 each. Accordingly, in conjunction with the Proposed Acquisition and subject to Shareholders' approval being obtained, the Company will undertake a share consolidation exercise based on such ratio as may be mutually agreed between the Company and the Vendors, which shall satisfy the aforementioned requirements of Rule 429 of the Catalist Rules (the "**Proposed Share Consolidation**") on or before Completion. The details of the Proposed Share Consolidation will be set out in the Circular to be despatched to Shareholders in due course.

#### **5. PROPOSED COMPLIANCE PLACEMENT**

Pursuant to Rule 724 of the Catalist Rules, the SGX-ST may suspend trading of the Shares if the percentage of Shares held in public hands falls below 10.0%. The SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10.0%. In addition, the Company is required to comply with Rule 1015(3)(a) read with Rules 406(1)(a) and (c) of the Catalist Rules, where at least 15.0% of the Enlarged Share Capital (excluding treasury shares) must be held by at least 200 public Shareholders (the "**Public Float Requirement**"). Rule 406(1)(b) of the Catalist Rules further provides that in the computation of Shares held in public hands, existing public Shareholders may be included, subject to an aggregate limit of 5.0% of the Enlarged Share Capital and provided such Shares are not under moratorium.

Accordingly, in connection with the Proposed Acquisition, the Company will be required to place out Shares to satisfy the Public Float Requirement (the "**Proposed Compliance Placement**") and the issue price for any new Shares to be placed out pursuant to the Proposed Compliance Placement shall not be less than S\$0.20. The details of the Proposed Compliance Placement will be set out in the Circular to be despatched to Shareholders in due course.

## 6. RELATIVE FIGURES UNDER RULE 1006

Based on the latest announced unaudited consolidated financial statements of the Group for the three (3) months financial period ended 30 June 2017 (“1Q2018”), the relative figures of the Proposed Transactions as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases of calculation	Relative figure (%)
(a)	The net asset value of the assets to be disposed of, as compared with the Group’s net asset value	Not applicable <sup>(1)</sup>
(b)	The net loss attributable to the Target Group, compared with the Group’s net loss	49.12 <sup>(2)</sup>
(c)	The aggregate value of the consideration given for the Proposed Transactions, compared with the Company’s market capitalisation based on the total number of issued shares excluding the treasury shares	366.35 <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for the Proposed Transactions, compared with the number of equity securities of the Company previously in issue	429.10 <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable <sup>(5)</sup>

### Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Based on the Target Group’s unaudited net loss for the three (3) months financial period ended 30 June 2017 of approximately S\$0.56 million and the Group’s unaudited net loss for 1Q2018 of approximately S\$1.14 million. Net profits/(loss) is defined to be profit or loss before income tax, minority interests and extraordinary items.
- (3) Based on the Base Consideration of S\$80.0 million, the Settlement Sum of S\$28.0 million (the aggregate amount of the Settlement Sum and the Base Consideration shall be herein referred to as the “**Proposed Transactions Consideration**”), and the Company’s market capitalisation of approximately S\$29.48 million. For the avoidance of doubt, the relative figure under Rule 1006(c) has not taken into consideration the Additional Consideration which cannot be determined as at the date of this announcement. The market capitalisation of the Company was computed based on the Existing Share Capital of 1,797,792,986 Shares (excluding treasury shares) and the VWAP of S\$0.0164 per Share on 26 October 2017 (being the last market day on which the Shares were traded prior to the date of the HOA).
- (4) Based on the allotment and issue of 5,714,285,714 Base Consideration Shares, 2,000,000,000 Settlement Shares and the Existing Share Capital of 1,797,792,986 Shares as at the date of this announcement. For the avoidance of doubt, the relative figure under Rule 1006(d) has not taken into consideration the Additional Consideration Shares which cannot be determined as at the date of this announcement.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures under Rules 1006(c) and 1006(d) of the Catalist Rules exceed 100.0%, and given that the Base Consideration Shares to be issued to the Vendors pursuant to the Proposed Acquisition shall constitute no less than 60.07% of the Enlarged Share Capital, the

Proposed Acquisition will result in a change in control of the Company on Completion, and would constitute a “Reverse Takeover” transaction pursuant to Rule 1015 of the Catalist Rules. Accordingly, the Proposed Acquisition shall be conditional upon, amongst others, the approval of the SGX-ST and the Shareholders.

## **7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS**

### **7.1. Bases and assumptions**

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

The unaudited *pro forma* financial effects of the Proposed Transactions set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2017 and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2016, as well as the following bases and key assumptions:

- (a) the financial effects of the Proposed Transactions on the Group’s NTA per Share and gearing are computed based on the assumption that the Proposed Transactions were completed on 31 March 2017;
- (b) the financial effects of the Proposed Transactions on the Group’s loss per Share (“LPS”) are computed based on the assumption that the Proposed Transactions were completed on 1 April 2016;
- (c) the Target has no outstanding securities or debt convertible into shares as at the completion of the Proposed Transactions;
- (d) the difference between the Proposed Transactions Consideration and the fair value of the net assets of the Enlarged Group, if any, have not been considered and will be determined post-Completion when the Vendors have effectively gained control of the Company;
- (e) the difference between the Proposed Settlement Arrangements and the Company’s outstanding convertible securities in issue (as detailed in paragraph 3.1 of this announcement) have not been considered and will be determined post-Completion;
- (f) the analysis does not take into account the financial effects of the Additional Consideration, which is equivalent to the Post-Signing Funds Raised, as the Fund-Raising Activities have not been undertaken and cannot be determined as at the date of this announcement;
- (g) the issue price of S\$0.014 for each Settlement Share and S\$0.014 for each Consideration Share is approximately the fair value price of the Company as at 31 March 2017;
- (h) the 185,185,185 new Shares issued to Mr. Tee Wee Sien on 11 April 2017 pursuant to his exercise of options were issued on 31 March 2017;
- (i) the (i) bonds with principal amount of S\$2,000,000 issued by the Company to Mr. Tang Boo Teck on 5 April 2017; (ii) the convertible loan of S\$5,934,000 (including interest due and payable) with NCL Housing Pte. Ltd. which the Company repaid on 16 April 2017; (iii) the bonds with principal amount of S\$2,513,809 issued by the Company to Ms. Poh Chew

Hua Christine repaid by the Company on 11 August 2017, were all issued or repaid on 31 March 2017;

- (j) the expenses in connection with the Proposed Transactions are disregarded for the purpose of calculating the financial effects;
- (k) the analysis does not take into account the financial effects of the Proposed Share Consolidation and the Proposed Compliance Placement;
- (l) the analysis does not take into account the outstanding employee share options of the Target; and
- (m) save as set out above, there have not been any adjustments for the impact of any other transactions or events other than the Proposed Transactions.

## 7.2. Share capital

	Number of Shares	S\$'000
Issued and paid-up share capital as at 31 March 2017	1,797,792,986	71,777
<u>Add:</u> Settlement Shares to be issued	2,000,000,000	28,000
<u>Add:</u> Consideration Shares to be issued	5,714,285,714	80,000
Issued and paid-up share capital after the Proposed Transactions	9,512,078,700	179,777

## 7.3. NTA per Share

	Before the Proposed Transactions	After the Proposed Transactions
NTA attributable to the equity holders of the Company as at 31 March 2017 (S\$'000)	1,644	103,794
Number of Shares	1,797,792,986	9,512,078,700
NTA per Share (cents)	0.09	1.09

## 7.4. LPS

	Before the Proposed Transactions	After the Proposed Transactions
Group loss after tax (S\$'000)	(15,856)	(17,314)
Weighted average number of Shares (excluding treasury shares)	1,318,457,183	9,032,742,897
LPS (cents)	(1.20)	(0.19)

## 7.5. Gearing

	Before the Proposed Transactions	After the Proposed Transactions
Net borrowings (S\$'000)	6,875	51
Total equity (S\$'000)	2,073	110,073
Gearing (times)	3.32	Not Meaningful

## 8. HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP AND PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Please refer to Schedule 4 of this announcement for the historical financial information of the Target Group for the financial years ended 31 December 2014, 2015 and 2016, and one (1) year of *pro forma* financial information of the Enlarged Group.

## 9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

## 10. SERVICE CONTRACTS

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

## 11. APPOINTMENT OF FINANCIAL ADVISER AND FULL SPONSOR

The Company intends to appoint ZICO Capital as its financial adviser and full sponsor in respect of the Proposed Acquisition.

## 12. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

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

## 13. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company will obtain an opinion from the IFA before forming its view on whether the Proposed Settlement Arrangements as an IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

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

### **14.1. Circular**

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

### **14.2. Documents available for inspection**

A copy of the HOA will be made available for inspection during normal business hours at the registered office of the Company at 67 Ubi Avenue 1, #06-03 Starhub Green, Singapore 408942 for a period of three (3) months from the date of this announcement.

## **15. 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 and the Vendors in paragraphs 2.1 and 2.2 and Schedules 1 and 2 of this announcement) and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Proposed Settlement Arrangements, the Proposed Share Consolidation, the Proposed Compliance Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading (save that in respect of information relating to the Target Group and the Vendors in paragraphs 2.1 and 2.2 and Schedules 1 and 2 of this announcement, such information is given based on information available to the Company as at the date of this announcement and is subject to further due diligence investigation and verification). Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **16. CAUTION IN TRADING**

**Shareholders and potential investors are advised to exercise caution in trading their Shares as the Proposed Acquisition is subject to the execution of the Definitive Agreements, which shall contain certain conditions, and there is no certainty or assurance as at the date of this announcement that the Definitive Agreements will be executed and/or the 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 stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

**BY ORDER OF THE BOARD**

HARRY NG

Non-Executive Chairman and Independent Director

31 October 2017

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*

## SCHEDULE 1

### LIST OF SHAREHOLDERS AND BONDHOLDERS OF THE TARGET

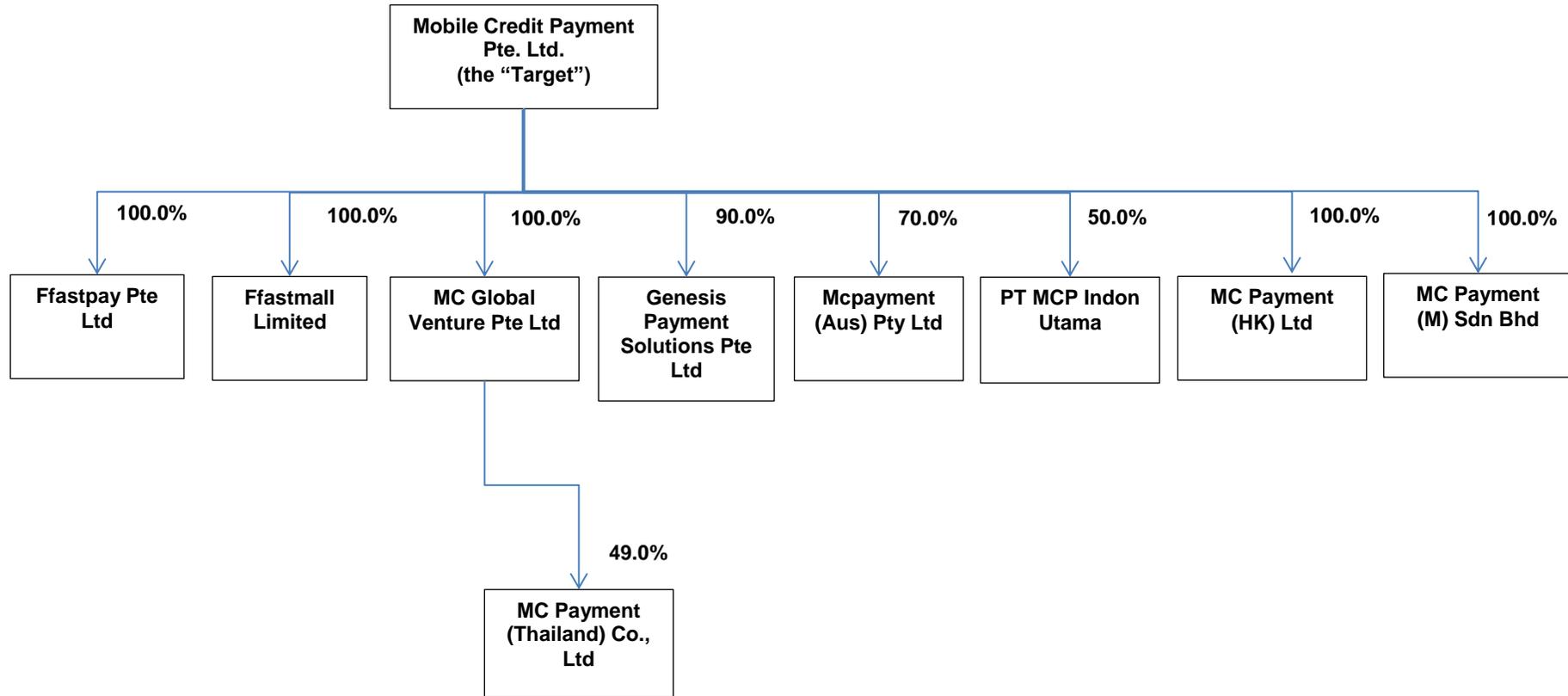
Shareholder / Bondholder Name	Number of shares in the Target <sup>(1)</sup>			Outstanding Bond amount
	As at 26 October 2017	Immediately upon conversion of Series B	Immediately upon conversion of Series C	
Koh Beng Kiok Anthony	230,500			
Kim Moon Soo	55,000			
Choi Eun Sik	64,500			
Mobile Payment Technology Venture Pte Ltd	335,000			
MLSG Technology Ventures Pte Ltd	203,000			
NCK Global Capital Pte Ltd	170,000			
Crest SCD Pte Ltd	72,000			
Jeffery Ong	108,031			
Chan Yew Chuen	23,359			
Chua Long Seng	9,344			
Seah Poh Hui	28,031			
Tan Kwee Hock	9,344			
Ng Cheo Beng	9,344			
Ng Hwee	14,015			
Leong Yin Ping	14,015			
Ho Mun Sang	4,671			
Chang Wei Nang Joey	23,359			
Tay Ling Tat	9,344			
Lee Soo Liap	18,687			
ESW Manage Pte Ltd	140,155			
Wong Yat Foo	35,039			
Chee Kwang How (Chi Guanghao)	17,519			
TH MCP Capital Limited	35,039			
ACD MCP Capital Limited	35,038			
Tje Min The	17,519			
Intellect Asia Holdings Pte Ltd	35,039			
MCN Investments Ltd	70,077			
<b>Series B Bonds</b>				
Series B Bondholders		35,040		S\$500,000.00
<b>Series C Bondholders</b>				
Series C Bondholders			227,753	S\$5,000,000.00
<b>Total</b>	<b>1,786,969</b>	<b>1,822,009</b>	<b>2,049,762</b>	<b>S\$5,500,000.00</b>

**Note:**

(1) Fractions of shares in the Target have been disregarded.

**SCHEDULE 2**

**GROUP STRUCTURE OF THE TARGET GROUP**



### SCHEDULE 3

#### TERMS OF THE FUND-RAISING ACTIVITIES

<b>Issuer</b>	The Target
<b>Instrument</b>	Ordinary shares or convertible bonds
<b>Pre-money valuation</b>	No less than S\$64.0 million
<b>Total investment</b>	Up to S\$15.0 million
<b>Use of proceeds</b>	<ul style="list-style-type: none"><li>• Mergers and acquisitions</li><li>• Working capital</li><li>• Expansion into new markets</li></ul>
<b>Investors</b>	To be identified and communicated to the Company prior to close of the Fund-Raising Activities.
<b>Conditions</b>	<ul style="list-style-type: none"><li>• All new investors must agree to participate in the Proposed Acquisition in respect of all their shares or convertible securities in the Target, and shall agree to cooperate and do all things necessary or desirable to complete the Proposed Acquisition.</li><li>• The Fund-Raising Activities must be completed within three (3) months of the date of the Definitive Agreements.</li></ul>

## SCHEDULE 4

### HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

The historical financial information of the Target Group is based on the audited consolidated financial statements of the Target Group for the financial years ended 31 December 2014 and 2015 and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2016.

#### Income statement

S\$'000	Audited		Unaudited
	Financial year ended 31 December 2014	Financial year ended 31 December 2015	Financial year ended 31 December 2016
Revenue	10,287	11,467	11,385
Profit/(loss) before tax	143	(779)	(1,456)
Profit/(loss) after tax	143	(787)	(1,458)

#### Balance sheet

S\$'000	Audited		Unaudited
	Financial year ended 31 December 2014	Financial year ended 31 December 2015	Financial year ended 31 December 2016
Current assets	2,933	4,341	6,335
Non-current assets	1,830	2,618	6,277
Total assets	4,763	6,959	12,612
Current liabilities	1,294	3,709	3,756
Non-current liabilities	2,238	2,559	2,784
Total liabilities	3,532	6,268	6,540
Shareholders' equity	1,231	691	6,072

## PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A summary of the unaudited combined *pro forma* financial information of the Enlarged Group for the financial year ended 31 March 2017 has been prepared for illustrative purposes only and is based on the audited consolidated financial statements of the Group for FY2017 and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2016, without any adjustment to align the financial year end of the Group with that of the Target Group.

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

- (a) the financial effects of the Proposed Transactions on the Group's NTA per Share and gearing are computed based on the assumption that the Proposed Transactions were completed on 31 March 2017;
- (b) the financial effects of the Proposed Transactions on the Group's LPS are computed based on the assumption that the Proposed Transactions were completed on 1 April 2016;
- (c) the Target has no outstanding securities or debt convertible into shares as at the completion of the Proposed Transactions;
- (d) the difference between the Proposed Transactions Consideration and the fair value of the net assets of the Enlarged Group, if any, have not been considered and will be determined post-Completion when the Vendors have effectively gained control of the Company;
- (e) the difference between the Proposed Settlement Arrangements and the Company's outstanding convertible securities in issue (as detailed in paragraph 3.1 of this announcement) have not been considered and will be determined post-Completion;
- (f) the analysis does not take into account the financial effects of the Additional Consideration, which is equivalent to the Post-Signing Funds Raised, as the Fund-Raising Activities have not been undertaken and cannot be determined as at the date of this announcement;
- (g) the issue price of S\$0.014 for each Settlement Share and S\$0.014 for each Consideration Share is approximately the fair value price of the Company as at 31 March 2017;
- (h) the 185,185,185 new Shares issued to Mr. Tee Wee Sien on 11 April 2017 pursuant to his exercise of options were issued on 31 March 2017;
- (i) the (i) bonds with principal amount of S\$2,000,000 issued by the Company to Mr. Tang Boo Teck on 5 April 2017; (ii) the convertible loan of S\$5,934,000 (including interest due and payable) with NCL Housing Pte. Ltd. which the Company repaid on 16 April 2017; (iii) the bonds with principal amount of S\$2,513,809 issued by the Company to Ms. Poh Chew Hua Christine repaid by the Company on 11 August 2017, were all issued or repaid on 31 March 2017;
- (j) the expenses in connection with the Proposed Transactions are disregarded for the purpose of calculating the financial effects;
- (k) the analysis does not take into account the financial effects of the Proposed Share Consolidation and the Proposed Compliance Placement;

- (l) the analysis does not take into account the outstanding employee share options of the Target;  
and
- (m) save as set out above, there have not been any adjustments for the impact of any other transactions or events other than the Proposed Transactions.

**Pro forma income statement**

<b>S\$'000</b>	<b>Unaudited Financial year ended 31 March 2017</b>
Revenue	33,136
Profit/(loss) before tax	(17,312)
Profit/(loss) after tax	(17,314)

**Pro forma balance sheet**

<b>S\$'000</b>	<b>Unaudited Financial year ended 31 March 2017</b>
Current assets	17,538
Non-current assets	104,416
Total assets	121,954
Current liabilities	9,097
Non-current liabilities	2,784
Total liabilities	11,881
Shareholders' equity	110,073