

CIRCULAR DATED 4 SEPTEMBER 2024

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.

If you have sold or transferred all your shares ("**Shares**") in the capital of Biolidics Limited (the "**Company**"), you should immediately forward this Circular with the Notice of EGM and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through the sale or transfer was effected, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and has been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**") for compliance with Rules 226(2)(b) and 753(2) of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). The Circular has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr. Jerry Chua, who can be contacted at 138 Robinson Road, Oxley Tower, #13-02, Singapore 068906, telephone: +65 6241 6626.



CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- (1) THE PROPOSED ACQUISITION OF 100% OF THE ENTIRE REGISTERED CAPITAL OF 深圳市小钊网络科技有限公司 (SHENZHEN XIAOZHAO NETWORK TECHNOLOGY CO., LTD) (THE "PROPOSED ACQUISITION");
- (2) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 452,000,000 CONSIDERATION SHARES (AS DEFINED HEREIN) AT THE CONSIDERATION SHARE PRICE (AS DEFINED HEREIN) OF S\$0.009 PER CONSIDERATION SHARE PURSUANT TO THE PROPOSED ACQUISITION;
- (3) THE PROPOSED SUBSCRIPTION OF UP TO 407,000,000 SUBSCRIPTION SHARES (AS DEFINED HEREIN) AT THE SUBSCRIPTION PRICE OF S\$0.004 PER SUBSCRIPTION SHARE TO MR. ZHU HUA AND THE ALLOTMENT AND ISSUANCE OF SUBSCRIPTION SHARES AS AN INTERESTED PERSON TRANSACTION;
- (4) THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE SUBSCRIBER ARISING FROM THE PROPOSED SUBSCRIPTION; AND
- (5) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 76,000,000 SIGN-ON SHARES (AS DEFINED HEREIN) TO MR. CHEN LU, THE EXECUTIVE DIRECTOR AND PRESIDENT OF THE COMPANY



EVOLVE CAPITAL ADVISORY PRIVATE LIMITED

(Company Registration No.: 201718400R)
(Incorporated in the Republic of Singapore)

Important Dates and Times:

- | | | |
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| Last date and time for lodgement of Proxy Form | : | Monday, 16 September 2024 at 11.00 a.m. |
| Date and time of EGM | : | Thursday, 19 September 2024 at 11.00 a.m. |
| Place of EGM | : | RHTLaw Asia LLP (Rooms 2 and 3), Paya Lebar Link #06-08, PLQ 2 Paya Lebar Quarter, Singapore 408533. |

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DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires or is otherwise stated, the following definitions shall apply throughout:

“1 August Announcement”	:	The announcement dated 1 August 2024 in relation to the queries raised by the SGX-ST in relation to the 24 July Announcement
“24 July Announcement”	:	The announcement dated 24 July 2024 as released by the Company on SGXNet in connection with the Proposed Acquisition, ZH Loan Agreement, Proposed Subscription, entry into the Second Supplemental Agreement and the Proposed Share Issuances
“Acquisition Completion”	:	Has the meaning ascribed to it at Section 2.4.2 of this Circular
“Acquisition Conditions Precedent”	:	Has the meaning ascribed to it in Section 2.4.5 of this Circular
“Acquisition Longstop Date”	:	Has the meaning ascribed to it in Section 2.4.6 of this Circular
“Additional Shares”	:	Has the meaning ascribed to it at Section 3.3.1 of this Circular
“Anti-Dilution Mechanism”	:	Has the meaning ascribed to it at Section 3.3.1 of this Circular
“associate”	:	<p>(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;</p> <p>(b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
“Audit Committee”	:	The audit committee of the Company as at the date of this Circular or from time to time, as the case may be
“Board”	:	The board of Directors of the Company as at the date of this Circular or from time to time, as the case may be
“Catalist”	:	The Catalist board of the SGX-ST

DEFINITIONS

“Catalist Rules”	: SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 4 September 2024
“Code”	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Companies Act”	: The Companies Act 1967 of Singapore, as amended or modified or supplemented from time to time
“Company”	: Biolidics Limited
“Consideration Shares”	: The 452,000,000 new Shares to be allotted and issued by the Company to the Vendor or its nominees and each, a “Consideration Share”
“Consideration Share Price”	: S\$0.0090 for each Consideration Share
“Constitution”	: The Constitution of the Company, as amended or modified or supplemented from time to time
“Controlling Interest”	: The interest of the Controlling Shareholder
“Controlling Shareholder”	: A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over a company
“Director”	: A director of the Company as at the date of this Circular or from time to time, as the case may be
“Earn-Out Consideration Shares”	: Has the meaning ascribed to it at Section 2.4.2(b) of this Circular
“Earn-Out Period”	: Has the meaning ascribed to it at Section 2.4.4 of this Circular
“EGM”	: The extraordinary general meeting of the Company to be held on Thursday, 19 September 2024 at 11.00 a.m., notice of which is set out in the Notice of EGM
“Enlarged Share Capital”	: The enlarged issued and paid-up share capital of the Company in each of the following scenarios: <ul style="list-style-type: none"> (a) in Scenario A, 1,690,758,836 Shares following the allotment and issuance of 946,000,000 new Shares on completion of the Proposed Share Issuances, and “Scenario A Enlarged Share Capital” shall be construed accordingly;

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	(b) in Scenario B, 1,582,358,836 Shares following the allotment and issuance of 837,600,000 new Shares on completion of the Proposed Issuance of Consideration Shares, the Proposed Issuance of Subscription Shares and the Proposed Issuance of Icon Shares, and “Scenario B Enlarged Share Capital” shall be construed accordingly; and
	(c) in Scenario C, 791,358,836 Shares following the allotment and issuance of 46,600,000 new Shares on completion of the Proposed Issuance of Sign-on Shares and Proposed Issuance of Icon Shares, and “Scenario C Enlarged Share Capital” shall be construed accordingly
“EPS”	: Earnings per Share
“Equity Interest”	: 100% of the registered capital of the Target Company
“Escrow Agent”	: An independent escrow agent to be appointed by the parties to the SPA
“Executive”	: Mr. Chen Lu
“Existing Share Capital”	: The existing issued share capital of the Company of S\$56,215,342, comprising 744,758,836 Shares
“General Mandate”	: The general mandate obtained from Shareholders by way of an ordinary resolution at the annual general meeting of the Company held on 29 April 2024
“Founders”	: The founders of the Target Company, being Mr. Yuan and Mr. Wu
“FY”	: Financial year ended or, as the case may be, ending 31 December
“Group”	: The Company and its subsidiaries from time to time
“Icon Law”	: Icon Law LLC (the Singapore member of the ZICO Law Network)
“Icon Law Engagement Letter”	: The engagement letter dated 2 May 2024 in connection with the appointment of Icon Law as legal adviser to the Company for the Proposed Acquisition
“Icon Shares”	: The 11,000,000 new Shares to be allotted and issued by the Company to Icon Law pursuant to the General Mandate as partial payment of the professional fees for the legal services rendered to the Company in connection with the Proposed Acquisition
“Impending Disbursement”	: Has the meaning ascribed to it at Section 3.1 of this Circular
“Independent Valuation”	: The independent valuation on the Target Company by the Independent Valuer commissioned by the Company

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“Independent Valuer” or “FVA”	:	FVA Advisory Pte. Ltd., the independent valuer engaged to prepare the Valuation Report and the Summary Valuation Letter
“Interested Person Transaction”	:	Has the meaning ascribed to it under Chapter 9 of the Catalyst Rules
“Issue Date”	:	Has the meaning ascribed to it at Section 3.3.4 of this Circular
“Loan Agreement”	:	The loan agreement between Mr. Zhu Hua and the Company dated 24 July 2024 in connection with the ZH Loan
“Latest Practicable Date”	:	28 August 2024, being the latest practicable date prior to the issue of this Circular
“LQN”	:	The listing and quotation notice from the SGX-ST
“Marketing Channel Agreement”	:	Has the meaning ascribed to it at Section 2.2.1(f) of this Circular
“Net Proceeds”	:	Has the meaning ascribed to it at Section 3.6 of this Circular
“New Business”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“Notice of EGM”	:	The notice which is set out on pages N-1 to N-4 of this Circular
“NPAT”	:	Net Profit After Tax
“NPAT Target”	:	Has the meaning ascribed to it at Section 2.4.4 of this Circular
“NTA”	:	Net tangible assets
“PRC”	:	The People’s Republic of China
“Proposed Acquisition”	:	The proposed acquisition of 100% of the registered capital of Shenzhen Xiaozhao Network Technology Co., Ltd (深圳市小钊网络科技有限公司)
“Proposed Issuance of Consideration Shares”	:	The proposed allotment and issuance of Consideration Shares to the Vendor (or its nominees) at the Consideration Share Price
“Proposed Issuance of Icon Shares”	:	The proposed allotment and issuance of Icon Shares by the Company to Icon Law pursuant to the Icon Law Engagement Letter
“Proposed Issuance of Sign-On Shares”	:	The proposed allotment and issuance of Sign-On Shares by the Company to the Executive pursuant to the Service Agreement
“Proposed Issuance of Subscription Shares”	:	The proposed allotment and issuance of Subscription Shares to the Subscriber pursuant to the Proposed Subscription
“Proposed Resolutions”	:	Has the meaning ascribed to it at Section 1.2 of this Circular
“Proposed Share Issuances”	:	The Proposed Issuance of Consideration Shares, the Proposed Issuance of Subscription Shares, the Proposed Issuance of Sign-On Shares and the Proposed Issuance of Icon Shares
“Proposed Transfer of Controlling Interest”	:	The potential transfer of Controlling Interest in the Company to Mr. Zhu Hua arising from the Proposed Subscription

DEFINITIONS

“Proposed Subscription as an Interested Person Transaction”	:	The Proposed Subscription being an Interested Person Transaction under Chapter 9 of the Catalist Rules
“Purchase Consideration”	:	Has the meaning ascribed to it at Section 2.4.2 of this Circular
“Proxy Form”	:	The proxy form accompanying the Notice of EGM which is set out on Pages P-1 to P-2 of this Circular
“Scaleback Arrangement”	:	Has the meaning ascribed to it at Section 3.3.1 of this Circular
“Scenario A”	:	Assuming that (a) Shareholder’s approval is obtained for Ordinary Resolutions 1, 2, 3, 4 and 5 to be tabled at the EGM, being (i) the Proposed Issuance of the Consideration Shares, (ii) the Proposed Issuance of Subscription Shares, (iii) the Proposed Transfer of Controlling Interest, (iv) the Proposed Subscription as an Interested Person Transaction and (v) the Proposed Issuance of Sign-On Shares, and (b) following the completion of the Proposed Share Issuances
“Scenario B”	:	Assuming that (a) Shareholder’s approval is only obtained for Ordinary Resolutions 1, 2, 3, 4 to be tabled at the EGM, being (i) the Proposed Issuance of the Consideration Shares, (ii) the Proposed Issuance of Subscription Shares, (iii) the Proposed Transfer of Controlling Interest, and (iv) the Proposed Subscription as an Interested Person Transaction, and (b) following the completion of the Proposed Issuance of Consideration Shares, Proposed Issuance of Subscription Shares and Proposed Issuance of Icon Shares
“Scenario C”	:	Assuming that (a) Shareholder’s approval is only obtained for Ordinary Resolution 5 to be tabled at the EGM, being the Proposed Issuance of Sign-On Shares, and (b) following the completion of the Proposed Issuance of Sign-On Shares and the Proposed Issuance of Icon Shares
“Second Supplemental Agreement”	:	The Second Supplemental Agreement dated 24 July 2024 entered into by the Company and the Executive to further amend the Service Agreement in relation to the number of Sign-On Shares
“Service Agreement”	:	The Service Agreement dated 20 March 2024 entered into by the Company and the Executive, as supplemented, amended and modified by the supplemental agreement dated 4 April 2024 and the Second Supplemental Agreement dated 24 July 2024
“Set-off Arrangement”	:	Has the meaning ascribed to it at Section 3.3.2 of this Circular
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SFRS(I)s”	:	The Singapore Financial Reporting Standards (International)
“SGXNet”	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST

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“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shares”	:	Ordinary shares in the capital of the Company and “Share” shall be construed accordingly
“Shareholders”	:	Registered holder(s) of Shares in the register of members of the Company, except where the registered holder is CDP, in which case the term “Shareholders” shall, in relation to such shares, mean the Depositors who have Shares entered against their name in the Depository Register of CDP. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
“Sign-On Shares”	:	Up to 76,000,000 new Shares to be allotted and issued by the Company to the Executive
“Signed SXNT Agreement”	:	Has the meaning ascribed to it in Section 2.2.1(f) of this Circular
“SPA”	:	The sale and purchase agreement dated 24 July 2024 entered into between the Company, the Vendor, Mr. Yuan and Mr. Wu in connection with the Proposed Acquisition (as amended, supplemented or modified by the SPA Supplemental Letter Agreement)
“SPA Supplemental Letter Agreement”	:	The supplemental letter agreement dated 2 August 2024 entered into between the Company and the Vendor, Mr. Yuan and Mr. Wu to amend and supplement the SPA
“Subscription Conditions Precedent”	:	Has the meaning ascribed to it in Section 3.3.3
“Subscription Longstop Date”	:	Has the meaning ascribed to it in Section 3.3.3
“Subscription Supplemental Agreement”	:	The supplemental agreement dated 23 August 2024 entered into between the Company and the Subscriber to amend and supplement the Subscription Agreement
“Subscriber”	:	Mr. Zhu Hua, the Executive Director, Chairman and Substantial Shareholder of the Company
“Subscription Agreement”	:	The subscription agreement dated 24 July 2024 entered between the Company and the Subscriber in connection with the Proposed Subscription
“Subscription Price”	:	S\$0.0040 per Subscription Share
“Subscription Shares”	:	Up to 407,000,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the terms and subject to the conditions of the Subscription Agreement and each, a “Subscription Share”
“Substantial Shareholder”	:	A person who has an interest or interests in voting Shares (excluding Treasury Shares and subsidiary holdings), representing not less than 5% of all the voting Shares

DEFINITIONS

“Summary Valuation Letter”	:	The summary of the Valuation Report, set out in the Appendix to this Circular
“Target Company” or “SXNT”	:	Shenzhen Xiaozhao Network Technology Co., Ltd (深圳市小钊网络科技有限公司)
“Treasury Shares”	:	Has the meaning ascribed to it in Section 4 of the Companies Act
“Valuation Report”	:	The valuation report issued by the Independent Valuer on 22 July 2024 in respect of the Independent Valuation
“Vendor”	:	Dreamsgame Inc. Limited (梦幻手游有限公司)
“Vendor’s Nominees”	:	Has the meaning ascribed to it in Section 2.4.3. of this Circular
“VWAP”	:	The volume weighted average price
“YZJ” or “Mr. Yuan”	:	Mr. Yuan Zhijun 袁志军
“WKW” or “Mr. Wu”	:	Mr. Wu Kunwei 吴坤伟
“ZH Loan”	:	The interest-free loan of up to S\$1,500,000 extended by the Subscriber to the Company on the terms and subject to the conditions of the ZH Loan Agreement
“ZH Loan Agreement”	:	The loan agreement dated 24 July 2024 entered into between the Company and the Subscriber
“S\$ and cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“per cent” or “%”	:	Percentage or per centum
“RMB”	:	Renminbi, the lawful currency of the PRC

Unless the context otherwise requires:

- (a) the terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA;
- (b) the terms “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Section 5 of the Companies Act;
- (c) words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Unless the context otherwise requires, any references to persons shall include individuals, corporate bodies (wherever incorporated), unincorporated associations and partnerships;
- (d) any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalyst Rules or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalyst Rules or such modification thereof, as the case may be, unless the context otherwise requires;
- (e) any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated;

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- (f) any discrepancies between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them; and
- (g) the headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Cautionary Note on Forward Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. Further, the Company disclaims any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

BIOLIDICS LIMITED

(Company Registration No. 200913076M)
(Incorporated in the Republic of Singapore on 19 July 2009)

Directors:

Mr. Zhu Hua	<i>(Executive Director and Chairman)</i>
Mr. Chen Lu	<i>(Executive Director and President)</i>
Ms. Ch'ng Li-Ling	<i>(Independent Director)</i>
Mr. Ian David Brown	<i>(Independent Director)</i>
Mr. Liew Yoke Pheng Joseph	<i>(Independent Director)</i>

Registered Office:

18 Howard Road,
#11-09, Novelty Bizcentre,
Singapore 369585

4 September 2024

To: The Shareholders of Biolidics Limited

Dear Sir/Madam,

- (1) **THE PROPOSED ACQUISITION OF 100% OF THE ENTIRE REGISTERED CAPITAL OF 深圳市小钊网络科技有限公司 (SHENZHEN XIAOZHAO NETWORK TECHNOLOGY CO., LTD) (THE “PROPOSED ACQUISITION”);**
- (2) **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 452,000,000 CONSIDERATION SHARES (AS DEFINED HEREIN) AT THE CONSIDERATION SHARE PRICE (AS DEFINED HEREIN) OF S\$0.009 PER CONSIDERATION SHARE PURSUANT TO THE PROPOSED ACQUISITION;**
- (3) **THE PROPOSED SUBSCRIPTION OF UP TO 407,000,000 SUBSCRIPTION SHARES (AS DEFINED HEREIN) AT THE SUBSCRIPTION PRICE OF S\$0.004 PER SUBSCRIPTION SHARE TO MR. ZHU HUA (THE “SUBSCRIBER”) AND THE ALLOTMENT AND ISSUANCE OF SUBSCRIPTION SHARES AS AN INTERESTED PERSON TRANSACTION;**
- (4) **THE PROPOSED TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO THE SUBSCRIBER ARISING FROM THE PROPOSED SUBSCRIPTION; AND**
- (5) **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 76,000,000 SIGN-ON SHARES (AS DEFINED HEREIN) TO MR. CHEN LU, THE EXECUTIVE DIRECTOR AND PRESIDENT OF THE COMPANY**

1. INTRODUCTION

1.1. Background

On 23 February 2024, the Shareholders of the Company approved the diversification of the Group's business to include the technology-enabled lifestyle business, which would involve the ownership, operation and management of multi-channel network (MCN) businesses, live streaming social e-commerce platforms and Esports-related businesses (the “**New Business**”).

As set out in the 24 July Announcement, the Company had entered into (a) the SPA in connection with the Proposed Acquisition, (b) the Subscription Agreement in connection with the Proposed Subscription, (c) the ZH Loan Agreement in connection with the ZH Loan, and (d) the Second Supplemental Agreement to further amend the Service Agreement in relation to the number of Sign-On Shares to be allotted and issued to Mr. Chen Lu. The Company had subsequently announced: (i) on 2 August 2024, that it had entered into the SPA Supplemental Letter Agreement to amend and supplement the SPA in connection with the Proposed Acquisition; and (ii) on 23 August 2024, that it had entered into the Subscription Supplemental Agreement to amend and supplement the Subscription Agreement in connection with the Proposed Subscription.

LETTER TO SHAREHOLDERS

Subject to Shareholders approval being obtained for the Proposed Resolutions, the Company will be making an application to the SGX-ST via its Sponsor, Evolve Capital Advisory Private Limited, for the listing of and quotation of the Consideration Shares, Subscription Shares, Sign-On Shares and Icon Shares on the Catalist Board. The Company will make the relevant announcement upon receipt of the listing and quotation notice (“**LQN**”) from the SGX-ST. The LQN, if granted by the SGX-ST, is not to be taken as an indication of the merits of the Proposed Acquisition, Proposed Subscription, the Consideration Shares, the Subscription Shares, the Sign-On Shares, the Icon Shares, the Company, its subsidiaries and their securities. For the avoidance of doubt, the Company will be relying on the General Mandate for the Proposed Issuance of Icon Shares and accordingly, such issuance will not be subject to Shareholders’ approval.

1.2. EGM

The Board proposes to convene the EGM to be held on Thursday, 19 September 2024 at 11.00 a.m. at RHTLaw Asia LLP (Rooms 2 & 3, Paya Lebar Link #06-08, PLQ 2 Paya Lebar Quarter, Singapore 408533 to seek the approval of the Shareholders for the following resolutions to be tabled at the EGM (collectively, the “**Proposed Resolutions**”):

- (a) (Ordinary Resolution 1) the Proposed Issuance of Consideration Shares;
- (b) (Ordinary Resolution 2) the Proposed Issuance of Subscription Shares;
- (c) (Ordinary Resolution 3) the Proposed Transfer of Controlling Interest;
- (d) (Ordinary Resolution 4) the Proposed Subscription as an Interested Person Transaction;
and
- (e) (Ordinary Resolution 5) the Proposed Issuance of Sign-On Shares.

1.3. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to, and to explain the rationale for, the Proposed Resolutions and to seek Shareholders’ approval for the same to be tabled at the EGM. The Proposed Resolutions are set out in the Notice of EGM on pages N-1 to N-4 of this Circular.

Shareholders who have any doubt as to the action they should take, should consult their stockbrokers or other professional advisors immediately.

1.4. Inter-Conditionality of the Proposed Resolutions

In voting for the Ordinary Resolutions at the EGM, Shareholders should note that Ordinary Resolutions 1 to 4 are inter-conditional upon the passing of one another. This means that if any of Ordinary Resolutions 1 to 4 is not approved by Shareholders at the EGM, none of Ordinary Resolutions 1 to 4 would be passed.

Ordinary Resolutions 1 to 4 are inter-conditional for the following reasons:

- (a) as the completion of the Proposed Subscription will result in the Subscriber holding 29.9% of the Enlarged Share Capital in Scenario A and B and therefore, more than 15.0% of the Enlarged Share Capital of the Company following the completion of the Proposed Subscription, approval of the Ordinary Resolution in respect of the Proposed Transfer of Controlling Interest is required for the Proposed Subscription to proceed;
- (b) as the Proposed Subscription is an Interested Person Transaction under Chapter 9 of the Catalist Rules and therefore, approval of the Ordinary Resolution in respect of the Proposed Subscription as an Interested Person Transaction is required for the Proposed Subscription to proceed; and

LETTER TO SHAREHOLDERS

- (c) as the commercial intention of the Company, subject to Shareholders' approval at the EGM to be convened, is for the Subscriber to be the single largest controlling shareholder of the Company following the completion of the Proposed Acquisition and the Proposed Subscription, approval for the Ordinary Resolution in respect of the Proposed Issuance of Consideration Shares is required for the Ordinary Resolutions in respect of the Proposed Subscription.

1.5. Legal Adviser

The Company has appointed Icon Law LLC (the Singapore member of the ZICO Law Network) as the legal adviser to the Company for the Proposed Resolutions.

2. THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF CONSIDERATION SHARES

2.1. Background

The Company had on 24 July 2024 entered into the SPA with the Vendor, Mr. Yuan and Mr. Wu in relation to the Proposed Acquisition of the Equity Interest from the Vendor. The Company had subsequently entered into the SPA Supplemental Letter Agreement on 2 August 2024 to amend and supplement the SPA in connection with the Proposed Acquisition.

Upon completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

2.2. Information on the Target Company, the Vendor and its ultimate beneficial owners

Shareholders should note that information relating to the Target Company, the Vendor and its ultimate beneficial owners in this paragraph and elsewhere in this Circular was provided by the Target Company, the Vendor and its ultimate beneficial owners, respectively. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

2.2.1. The Target Company

(a) Corporate information

The Target Company was incorporated in the PRC on 9 April 2024 as a limited liability company with a registered capital of RMB 1 million. The Target Company currently operates a business promoting games online and offline through various advertising channels. Based on the Valuation Report, the revenue model of the Target Company involves contracting with game developers to promote certain games for which it receives a fee. The gross profit to the Target Company is the difference between the revenue earned per new user and the marketing channel cost per new user who downloads the respective game.

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(b) Existing Key Management of the Target Company

Details of the existing key management of the Target Company are set out below:

Name	Designation	Background
Yuan Zhijun 袁志军	Executive Director', Legal Representative and General Manager 执行董事、法定代表人、总经	<p>Mr. Yuan is one of the two Founders of the Target Company and is responsible for leading the operational management and strategic development of the Target Company, ensuring that the Target Company achieves its strategic business goals and maintains sustained growth.</p> <p>Mr. Yuan has 18 years of professional working experience and is one of the earliest entrepreneurs in the gaming and mobile internet industry in the PRC, with deep understanding and insight into the sector. Prior to joining the Target Company as the Chief Executive Officer, Mr. Yuan served as the chief executive officer of a game promotion company in Shanghai, PRC between 2020 and 2023 and a game distribution company in Shenzhen, PRC between 2016 to 2020, where he was responsible for developing and executing strategic plans to lead the company in achieving business breakthroughs and sustainable development.</p>
Wu Kunwei 吴坤伟	Chief Operating Officer 运营执行官	<p>Mr. Wu is one of the two Founders of the Target Company and is responsible for (i) managing the daily operations of the Target Company, ensuring the efficiency and optimisation of all business process; (ii) collaborating with senior management to develop and execute the Target Company's long-term development strategic plan; (iii) cultivating employees, improving team performance and implementing appropriate talent development plans; (iv) guiding and supervising the strategic implementation of various departments, ensuring that all plans are aligned with the overall strategy of Target Company; (v) managing cross-departmental teams to ensure the achievement of team goals, including key departments such as sales & marketing, product development, human resources and finance; and (vi) monitoring key performance indicators of the Target Company's operation and take necessary actions to continuously optimise business processes.</p> <p>Mr. Wu has 19 years of professional working experience and has accumulated rich experience in channel management, operational formulation and team leadership. Prior to joining the Target Company as the COO, Mr. Wu served as the chief operations officer of a game promotion company in Shanghai, PRC between 2020 and 2023 and a game distribution company in Shenzhen, PRC between 2016 to 2020, where he was fully responsible for managing the daily operations of the company, ensuring efficiency and optimisation of all business processes.</p>

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(c) Financial Information

The Target Company is a newly incorporated company and has no material historical track record. Hence, the financial statements of the Target Company have not been prepared as it would not be meaningful and the Target Company is therefore unable to provide the book value, net tangible asset value, and net profits of the Target Company.

The open market value of the Target Company is not available as the Target Company's Equity Interest is not listed or traded on any securities exchange.

(d) Independent Valuation

In connection with the Proposed Acquisition, the Company has engaged FVA as an independent valuer to assess and determine the value of the 100% Equity Interest of the Target Company as at 30 June 2024.

The Independent Valuer is a boutique valuation firm founded in Hong Kong in 2019 by ex-Big 4 valuation advisory professionals and expanded into Singapore in 2021, through the incorporation of FVA. The team has extensive experience in conducting valuations for mergers and acquisitions ("**M&A**"), financial reporting and tax purposes across various industries in the PRC, Hong Kong and Singapore. The valuation report was signed-off by Mr. Bilal Noorgat ("**Mr. Noorgat**"). Please refer to the 1 August Announcement for further details on the credentials and experience of Independent Valuer and Mr. Noorgat as well as the Board and Sponsor's respective assessments on the suitability of the Independent Valuer.

The indicative market value of the Target Company of S\$4,068,000 is within the valuation range of S\$3,975,000 to S\$4,232,000, as valued by the Independent Valuer. The indicative valuation of the Target Company was arrived at based on the estimate of the market value range of the Target Company using the income approach with the market approach serving as a high-level cross check.

As disclosed in the 1 August Announcement, the Independent Valuer has relied on the following in deriving the valuation using the income approach:

(i) Discounted Cash Flow Method:

- Financial Forecasts: The Independent Valuer utilized the five (5) year forecast for the Target Company, covering revenue, costs, and other financial metrics.
- Revenue Projections: Revenue was forecasted based on signed contracts (including contracts to be concluded) with the game developers, specifying user targets and revenue per user.
- Cost of Services ("**COGS**"): COGS was calculated based on signed contracts (including contracts to be concluded) with marketing partners, specifying costs per user.
- Operating Expenses: Inclusive of staff salaries, additional staff costs, office rental, and other administrative expenses, such as utilities, legal and accounting fees, software subscription fees, telecommunication, bank charges and other miscellaneous expenses.
- Depreciation and Amortization: Based on the remaining useful life of fixed assets, including office furniture and computer equipment.
- Working Capital Changes: Adjustments for trade receivables and payables, based on agreed terms of 30 days.

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(ii) Terminal Value:

- Estimated based on sustainable free cash flow after FY2028 and long-term growth rate assumptions (i.e. the long term GDP growth rate of the PRC).

(iii) Discount Rate:

- Calculated using the Capital Asset Pricing Model (CAPM), considering the risk-free rate, equity risk premium, unlevered beta, country risk, size premium, specific risk premium, and cost of debt.

A summary of the Valuation Report (the “**Summary Valuation Letter**”) is set out in the **Appendix** to this Circular for Shareholders’ reference.

Shareholders are advised to read and carefully consider the Summary Valuation Letter set out in the **Appendix** to this Circular, in particular the terms of reference, key assumptions, valuation approach, methodology and conclusion of value.

(e) **Due Diligence**

The Company has commissioned PRC counsel, Hylands Law Firm (浩天律师事务所), to conduct legal due diligence on the Target Company. The Company has also engaged a third-party service provider to conduct background due diligence on the Founders of the Target Company, Mr. Yuan and Mr. Wu.

As at the Latest Practicable Date, nothing materially adverse has come to the attention of the Company.

(f) **Contracts entered into by the Target Company**

Based on the Valuation Report, the Target Company has entered into three (3) signed contracts for the engagement of its services with three (3) game developers (each a “**Signed SXNT Agreement**”). Each of the Signed SXNT Agreement stipulates monthly targets that when annualised, will result in the estimated revenue as follows:

Game	Duration of the Signed SXNT Agreement and Commencement Date	Estimated Revenue
Game B	One (1) year with an option to renew for an additional year Commencement Date: July 2024	RMB 3.8 million for the period from July 2024 to June 2025
Game C ⁽¹⁾	One (1) year with an option to renew for an additional year Commencement Date: May 2024	RMB 2.3 million for the period from May 2024 to April 2025
E-sports	One (1) year with an option to renew for an additional year Commencement Date: July 2024	RMB 1.5 million for the period from July 2024 to June 2025

Note:

- (1) The Target Company has signed a strategic cooperation agreement with the developer of Game C, for publishing and promoting its game in the overseas market. However, further details remain pending as the substantive agreement setting out the terms are still in negotiation.

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The Valuation Report also sets out that the Target Company has entered into additional subsisting contracts with several marketing channel partners (each a “**Marketing Channel Agreement**”) to place advertisements relating to the respective Game B, Game C and E-sports. As per the terms of the Marketing Channel Agreement with each marketing channel partner, the Target Company will pay RMB 10.00 per new user that installs and activates the game. This cost remains consistent across Game B and Game C, except for Esports, which has a lower acquisition cost of RMB 4.00. Such Marketing Channel Agreements do not specify user targets and payment is solely based on the number of new users the marketing channel partner can deliver at the relevant rates.

The estimated revenue for each game is the product of (i) the agreed unit price to be paid by the relevant game developer to the Target Company under the Signed SXNT Agreements for each new user installation and activation, and (ii) the monthly user targets under the Signed SXNT Agreements.

As at the Latest Practicable Date, to the best knowledge of the Company, the Target Company has also entered into a contract in connection with Game A (details of which are set out below) and Marketing Channel Agreements for Game A and Game D (on similar terms and conditions as those entered into with Game B and Game C).

Game	Duration of the Signed SXNT Agreement and Commencement Date	Estimated Revenue
Game A	One (1) year with an option to renew for an additional year Commencement Date: August 2024	RMB 5.2 million for the period from August 2024 to July 2025
Game D	One (1) year with an option to renew for an additional year Commencement Date: August 2024	RMB 2.2 million for the period from August 2024 to July 2025

2.2.2. The Vendor

The Vendor is a private company incorporated in Hong Kong on 19 September 2017 and its principal business activities are the development and sale of software, development and operation of online games and Esports games and internet information services. The Vendor is the sole shareholder of the Target Company.

The sole director of the Target Company is Mr. Wu Kunwei and the ultimate beneficial shareholders of the Vendor are Mr. Yuan Zhijun and Mr. Wu Kunwei.

2.2.3. Mr. Yuan Zhijun

Mr. Yuan is a citizen of the PRC and the executive director (执行董事), general manager (总经理) and legal representative (法定代表人), director (董事) and key management personnel of the Target Company.

Mr. Yuan graduated with a Bachelor's degree in Engineering from Hunan University.

2.2.4. Mr. Wu Kunwei

Mr. Wu is a citizen of the PRC and the chief operating officer (COO) and key management of the Target Company.

Mr. Wu graduated with a Bachelor's degree in Management from the Xi'An Jiaotong University.

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2.2.5. Relationship to the Company

The Vendor and the Founders of the Target Company were introduced to Mr. Zhu Hua, the Executive Director and Chairman of the Company through a business contact in 2017.

No introducer, referral or commission fees have been paid or will be payable by the Company in connection with the Proposed Acquisition.

The Vendor and its ultimate beneficial owners are not related to the Group, the Directors, the Company's substantial shareholders and/or their respective associates.

As at the Latest Practicable Date, the Vendor and its beneficial owners do not have any shareholding interests, direct or indirect, in the Company. Mr. Yuan and Mr. Wu have confirmed, *inter alia*, that each of them are not co-operating, pursuant to an agreement or undertaking (whether formal or informal) with any other party, to obtain or consolidate effective control of the Company through the Proposed Acquisition and each of them are not acting in concert (as defined under the Code) with any party in relation to the Proposed Acquisition.

2.3. Rationale for the Proposed Acquisition

The Company has been exploring potential opportunities since obtaining approval from the Company's Shareholders for the diversification of the Group's existing business to include the New Business, being the technology-enabled lifestyle business, which would involve the ownership, operation and management of multi-channel networking (MCN) businesses, live streaming social e-commerce platforms and E-sports related businesses.

The Proposed Acquisition forms part of the Company's continued search for new businesses to provide additional revenue and income streams in accordance with the business diversification mandate which the Company had obtained. The Company selected the Target Company as its initial foray into the multi-channel networking, E-sports and live-streaming business sector as the Target Company has an attractive business model as an integrated marketing services provider in the gaming industry, focusing on the promotion and distribution of mobile games as well as E-sports events. Additionally, the Founders of the Target Company, Mr. Yuan and Mr. Wu, are experienced professionals in the gaming and mobile internet industry with extensive knowledge in game development, marketing and operations. This played a major role in the selection of the Target Company as a suitable acquisition to kickstart the new business and operations, which will allow the Group to achieve a more consistent and sustainable financial growth.

The Proposed Acquisition and the Proposed Issuance of Consideration Shares present an opportunity for the Company to pave the way for the Company to expand into the New Business and to increase revenue generation for the Group from this business segment, while enabling the Company to conserve its cash holdings through not paying the Purchase Consideration in cash. Accordingly no cash proceeds will be received by the Vendor from the Company as the Proposed Issuance of Consideration Shares by the Company will be in lieu of cash payment of the Purchase Consideration. The Board has weighed the benefits against the potential costs to the Group as elaborated above and is of the view that the Proposed Acquisition and the Proposed Issuance of Consideration Shares to the Vendor (or the Vendor's Nominees) is beneficial to and in the interests of the Company and enables the Group to improve its working capital position and reduce its indebtedness and gearing while conserving its cash resources. The Vendor's (or the Vendor's Nominees') acceptance of the Consideration Shares for the full satisfaction of the Purchase Consideration, is also a show of confidence by the Vendor (or the Vendor's Nominees), in the future plans, viability and anticipated performance of the Group. As new Shareholders, the interests of the Vendor and the Founders (please refer to Section 2.4.3 of this Circular) will also be aligned to that of the Group's and it is also a safeguard in place to protect the interests of the Company and the Shareholders as a portion of the Consideration Shares (being the Earn-Out Consideration Shares) will be held in escrow up until the NPAT Target as described in Section 2.4.4. of this Circular is met.

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Barring any unforeseen circumstances, the Directors are of the view that the Proposed Acquisition, if completed, will generate a sustainable revenue stream for the Group and enhance the long-term interests of the Shareholders.

However, Shareholders should note that there is no assurance that the Proposed Acquisition will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.4. Principal terms of the Proposed Acquisition

2.4.1. Equity Interest

Subject to the terms and conditions of the SPA, the Vendor shall sell and the Company (or its nominee) shall purchase the Equity Interest free from all encumbrances together with all rights, benefits and entitlements attaching thereto on and from the completion of the Proposed Acquisition and thereafter.

2.4.2. Purchase Consideration

Subject to the terms and conditions of the SPA, the consideration for the Proposed Acquisition is S\$4,068,000 (the “**Purchase Consideration**”), which shall be satisfied in full by way of an allotment and issuance of an aggregate of 452,000,000 Consideration Shares on the completion of the Proposed Acquisition (“**Acquisition Completion**”) at the issue price of S\$0.0090 per Consideration Share (“**Consideration Share Price**”) in the following manner:

- (a) as to S\$2,847,600 of the Purchase Consideration, by way of the allotment and issuance of up to 316,400,000 Consideration Shares, being equivalent to 70% of the total aggregate Consideration Shares to be allotted and issued, to the Vendor’s Nominees; and
- (b) as to S\$1,220,400 of the Purchase Consideration, by way of the allotment and issuance of up to 135,600,000 Consideration Shares, being equivalent to 30% of the total aggregate Consideration Shares to be allotted and issued (the “**Earn-Out Consideration Shares**”), to be held in escrow and be released to the Vendor’s Nominees in accordance with Section 2.4.4 below.

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration, among others, (a) the Independent Valuation of S\$3,975,000 to S\$4,232,000, (b) the earn-out structure of the Purchase Consideration, and (c) the track record of the Company’s key management team, including but not limited to Mr. Yuan and Mr. Wu.

2.4.3. Consideration Shares

The Consideration Share Price of S\$0.0090 is equivalent to the VWAP of the ordinary shares in the capital of the Company of S\$0.0090 for trades done on the Shares on the SGX-ST for the full market day on 23 July 2024 (being the weighted average price on the market day preceding the date of the SPA).

The Consideration Shares, when allotted and issued, shall be issued free from all claims, charges, liens and other Encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing issued Shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

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As satisfaction of the Purchase Consideration for the Proposed Acquisition, the Consideration Shares will be allotted and issued to the Vendor's Nominees, being the Founders and ultimate beneficial owners of the Vendor, Mr. Yuan and Mr. Wu (collectively, the "**Vendors' Nominees**") in the following proportions on Acquisition Completion.

Vendor's Nominees	Number of Consideration Shares	% of Existing Share Capital⁽¹⁾	% of Scenario A Enlarged Share Capital⁽²⁾	% of Scenario B Enlarged Share Capital⁽³⁾	% of Scenario C Enlarged Share Capital⁽⁴⁾
Mr. Yuan	211,988,000 ⁽⁵⁾	28.46%	12.54%	13.40%	Nil ⁽⁷⁾
Mr. Wu	240,012,000 ⁽⁶⁾	32.23%	14.20%	15.17%	Nil ⁽⁷⁾
TOTAL	452,000,000	60.69%	26.74%	28.57%	Nil⁽⁷⁾

Notes:

- (1) Based on the Existing Share Capital of the Company comprising 744,758,836 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date
- (2) Based on the Scenario A Enlarged Share Capital of the Company comprising 1,690,758,836 Shares (excluding Treasury Shares and subsidiary holdings) following the completion of the Proposed Share Issuances
- (3) Based on the Scenario B Enlarged Share Capital of the Company comprising 1,582,358,836 Shares (excluding Treasury Shares and subsidiary holdings) following the completion of the Proposed Issuance of Consideration Shares, the Proposed Issuance of Subscription Shares and the Proposed Issuance of Icon Shares
- (4) Based on the Scenario C Enlarged Share Capital of the Company comprising 791,358,836 Shares (excluding Treasury Shares and subsidiary holdings) following the completion of the Proposed Issuance of Sign-On Shares and the Proposed Issuance of Icon Shares
- (5) Comprising 63,596,400 Earn-Out Consideration Shares to be held in escrow and be released to the Vendor's Nominees in accordance with Section 2.4.4 below.
- (6) Comprising 72,003,600 Earn-Out Consideration Shares to be held in escrow and be released to the Vendor's Nominees in accordance with Section 2.4.4 below.
- (7) No Consideration Shares will be allotted and issued in Scenario C as Scenario C assumes that Shareholder's approval is not obtained for the Ordinary Resolutions in respect of the Proposed Issuance of Consideration Shares and the Proposed Subscription

The Consideration Shares will represent 60.69% of the Existing Share Capital and approximately 26.74%, 28.57% and nil% of the Enlarged Share Capital in Scenario A, Scenario B and Scenario C respectively.

Following the Acquisition Completion, Mr. Yuan and Mr. Wu will each hold approximately 12.54% and 14.20% of the Scenario A Enlarged Share Capital, respectively and 13.40% and 15.17% of the Scenario B Enlarged Share Capital, respectively. Accordingly, Mr. Yuan and Mr. Wu will each become a substantial shareholder of the Company.

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Under the Catalist Rules, a Controlling Shareholder is a person who (a) holds directly or indirectly 15% or more of the total number of issued voting Shares, or (b) in fact exercises control over the Company.

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In the event that Scenario B occurs (i.e. the Ordinary Resolution in respect of the Proposed Issuance of Sign-on Shares is **not** approved by Shareholders at the EGM), Mr. Wu will hold 15.17% of the Scenario B Enlarged Share Capital following the Acquisition Completion and Mr. Zhu Hua, the Executive Director and Chairman and Substantial Shareholder of the Company, will remain as the single largest Shareholder of the Company following the Acquisition Completion and the completion of the Proposed Subscription. Accordingly, the Proposed Issuance of Consideration Shares (inclusive of the Earn-Out Consideration Shares) will only result in an **addition** of a controlling shareholder by virtue of Mr. Wu's shareholding exceeding 15% and will not result in the transfer of a "controlling interest" which would require specific Shareholders' approval pursuant to Rule 803 of the Catalyst Rules.

2.4.4. Earn-Out Structure

The Earn-Out Consideration Shares shall, upon allotment and issuance, be held in escrow by the Escrow Agent and be released to the Vendor (or the Vendor's Nominees) if the Target Company achieves a NPAT in accordance with the Financial Reporting Standards of Singapore of RMB 0.75 million (the "**NPAT Target**") for the 12-month period commencing from the day of the Acquisition Completion to the first anniversary of Acquisition Completion (both days inclusive) (the "**Earn-Out Period**"). The fees arising from the service of the Escrow Agent shall be borne by the Target Company.

The NPAT Target was derived after taking into consideration the early stage of the Target Company, revenue projections, the Signed SXNT Agreements, contracts at an advanced negotiation stage, the experience of the Founders and their achievements prior to the Target Company, the achievability of active user targets, cost analysis and strategic initiatives. The Board, having considered the Target Company's plans and the current stage of its business in determining whether such level of NPAT Target is achievable, is of the view that the level of NPAT target is reasonable based on:

- (a) Cash Flow Analysis: the cash flow analysis conducted by the Board on the Target Company including, whether the Proposed Acquisition aligns with the Company's financial goals, the achievability of forecast, the expected revenue to be generated under the Signed SXNT Agreement, contracts at an advanced negotiation stage, and the expenses required to achieve such revenue;
- (b) Growth Potential: the growth potential of the Target Company and the industry it operates in determining its ability to generate profits sustainably and the room for further expansion within the industry;
- (c) Projected Revenue: The Target Company's management projects a total revenue of RMB 15 million and an earnings before interest, tax, depreciation and amortization of RMB 1.5 million for the 12-month period commencing May 2024;
- (d) Strategic Fit: the strategic fit of the Target Company as an integrated marketing services provider in the gaming industry, focusing on the promotion and distribution of mobile games as well as Esports events within the Company's future plans and development roadmap into the multi-channel networking, Esports and live-streaming business sector; and
- (e) Commitment of the Founders: The commitment of the Founders of the Target Company, Mr. Yuan and Mr. Wu, to the continued growth of the Target Company's business following the completion of the Proposed Acquisition through the NPAT Target and entry into non-compete agreements as a condition precedent to the Proposed Acquisition. Following Acquisition Completion, Mr. Yuan and Mr. Wu will be engaged in the operations of the Target Company as full-time executive directors.

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For the avoidance of doubt, the Purchase Consideration of S\$4,068,000 for the Proposed Acquisition is not based solely on the NPAT Target. The Purchase Consideration is supported by the indicative valuation of the Target Company using the discounted cash flow method, employing the income approach, with the market approach serving as a cross check.

The NPAT achieved by the Target Company shall be determined by the auditors of the Target Company from the audited management accounts of the Target Company which shall be prepared in accordance with the SFRS(I)s in respect of the Earn-Out Period, together with any notes, reports or statements included therein or annexed thereto, a copy of which shall be delivered to the Company for review by not later than two (2) months following the balance sheet date of the Earn-Out Period. The auditors shall be deemed to act as experts and not as arbitrators and their determination shall be final and binding on all persons concerned and, in the absence of fraud or manifest error, the auditors shall be under no liability to any such person by reason of their determination or by anything done or omitted to be done by them for the purposes thereof or in connection therewith. The costs of the auditors in making such determination shall be borne by the Target Company.

It is anticipated that the achievement of the NPAT Target will be determined within four (4) months from the end of the Earn-Out Period, which is the 12-month period commencing the day of Acquisition Completion to the first anniversary of Acquisition Completion (both days inclusive). A special audit will be performed to audit the management accounts of the Target Company in respect of the Earn-Out Period.

The Company will make further announcements as appropriate to update Shareholders on the achievement of the NPAT Target.

The issuance of the Earn-Out Consideration Shares should be viewed as part of the Purchase Consideration for the Proposed Acquisition. It is a common practice in mergers and acquisitions for a portion of the consideration proceeds to be held in escrow to cover potential liabilities or disputes post-closing, and act as a hedge against a range of many potential scenarios that may result in the Company incurring losses. In addition, the introduction of the Escrow Agent in connection with the Proposed Acquisition arises from the inclusion of an NPAT Target as a condition to the Vendor receiving the Earn-Out Consideration Shares. This strikes a balance between the interests of the Vendor (i.e. its entitlement under the SPA to be allotted the Earn-Out Consideration Shares) and the Company and its Shareholders (i.e. a safeguard in view that the Company has a right of recourse in the event that the Target Company does not achieve the NPAT Target).

During the Earn-Out Period and up until the Earn-Out Consideration Shares are no longer held in escrow following the achievement of the NPAT Target, the economic and monetary rights and benefits of the Earn-Out Consideration Shares (e.g. dividends) will be held in escrow by the Escrow Agent and released to the Vendor (or the Vendor's Nominees) upon the NPAT Target being achieved. The Escrow Agent and/or the Vendor shall not exercise any voting rights in connection with the Earn-Out Consideration Shares held in escrow (i.e. the right to attend or vote at meetings) and, save for any vote(s) by the Escrow Agent acting on the instructions of the Company (in its sole and absolute discretion) on behalf of the Vendor, the Vendor shall be treated as having no right to vote.

In the event that the NPAT Target is not achieved, the Earn-Out Consideration Shares shall be cancelled or forfeited in accordance with the relevant applicable laws. The Audit Committee of the Company shall be responsible for the oversight of this arrangement. The cancellation of the Earn-Out Consideration Shares may be undertaken by way of a selective capital reduction pursuant to Section 78A read with Section 78C of the Companies Act, to cancel up to 135,600,000 Earn-Out Consideration Shares issued as part of the Purchase Consideration of the Target Company. Section 78C of the Companies Act requires a public company proposing to undertake a capital reduction exercise to *inter alia*, obtain the approval of its shareholders at a general meeting by way of a special resolution to be tabled at such general meeting.

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The Board, having considered the factors set out below, is of the view that the earn-out structure in relation to the Earn-Out Consideration Shares to be allotted and issued as part of the Purchase Consideration is in the best interest of the Company and its minority Shareholders:

- (i) **Conditional Issuance:** By holding the Earn-Out Consideration Shares in escrow, the Company ensures that such shares are only transferred to the Vendor (or its nominees) when the Target Company achieves the NPAT Target, thereby mitigating the risk of overpaying for the Proposed Acquisition. This ensures that the basis which the Purchase Consideration was arrived at is achieved, which protects the interests of both the Company and its minority shareholders, whilst demonstrating the Company's commitment to fulfilling the Purchase Consideration.
- (ii) **Acceptance of Consideration Shares:** The acceptance of Consideration Shares for the full satisfaction of the Purchase Consideration by the Vendor, is a show of confidence by the Vendor in the future plans, viability and anticipated performance of the Group, which further is in the interest of the Company.
- (iii) **Alignment with Performance:** Incorporating a performance milestone to the release of the Earn-Out Consideration Shares aligns the interests of the Vendor with the Target Company's key management, including but not limited to Mr. Yuan and Mr. Wu, to remain motivated and incentivized to achieve the NPAT Target and commit to the overall value creation of the Target Company following the completion of the Proposed Acquisition.
- (iv) **Fair Valuation:** This arrangement ensures that the Purchase Consideration arrived at is fair and directly tied to the value delivered by the Target Company, protecting the interests of both the Company and its Shareholders.
- (v) **Demonstrating Prudence:** This arrangement demonstrates that the Board is prudent and strategic in its approach towards acquiring the Target Company, enhancing confidence in the Company's governance and decision-making processes.
- (vi) **Independent Oversight:** The involvement of an independent Escrow Agent adds a layer of accountability, ensuring that the process is conducted fairly and impartially.

As at the Latest Practicable Date, the Escrow Agent has not yet been appointed and the Company intends to appoint the Escrow Agent after Shareholder's approval has been obtained in connection with the Proposed Resolutions at the EGM.

2.4.5. Acquisition Conditions Precedent

The Acquisition Completion is conditional upon certain conditions being satisfied or waived (as the case may be), including but not limited to the following ("**Acquisition Conditions Precedent**"):

- (a) the satisfactory results of the due diligence (whether legal, financial, technical, business, contractual, tax or otherwise) to be carried out by the Company and/or its advisers on the Target Company, the Vendor, Mr. Yuan and Mr. Wu;
- (b) the Independent Valuation report valuing the Target Company no less than S\$3,975,000 having been issued to the Company;
- (c) the service agreement(s), and non-compete agreement(s) with the Founders and the employment agreement(s) with a finance executive and a supervisor of the Target Company having been entered into with the Target Company, in form and substance to the satisfaction of the Company;

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- (d) the entry into an escrow agreement with the Escrow Agent in relation to the escrow arrangements contemplated under the SPA in respect of the Earn-Out Consideration Shares;
- (e) the requisite approval of shareholders of the Company being obtained at an EGM in respect of the Proposed Acquisition;
- (f) the receipt of the LQN from the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist Board of SGX-ST (on conditions, if any, reasonably acceptable to the Parties, and to the extent that any conditions for the listing of and quotation for such Consideration Shares on the Catalist Board of SGX-ST are required to be fulfilled on or before Completion Date (as defined in the SPA), they being so fulfilled) having been obtained and such approval being in full force and effect as at the Completion Date (as defined in the SPA);
- (g) the Company remaining listed on the Catalist Board of the SGX-ST and not having received any delisting or suspension notification;
- (h) the waiver by the Vendor of any restrictions on transfer (including rights of pre-emption) which may exist in relation to the Equity Interest, whether under the Constitution of the Target Company or otherwise;
- (i) the obtaining of all necessary corporate and other approvals (including approvals from the SGX-ST, the Singapore courts and other relevant government and regulatory bodies, as the case may be) for the Proposed Acquisition;
- (j) the sale and transfer of the Equity Interest upon the terms and conditions of the SPA not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or other authority of Singapore and the PRC;
- (k) there being no existing claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry, arbitration or otherwise that is pending or threatened against the Vendor, Mr. Yuan and Mr. Wu and/or the Target Company which would prohibit or otherwise challenge or interfere with the Proposed Acquisition, and no injunction or order issued by any court, governmental agency or similar body which would prohibit, or restrict the Proposed Acquisition; and
- (l) the requisite board approval of the Target Company and of its shareholders in a general meeting being obtained for the Proposed Acquisition and the transactions contemplated in the SPA.

2.4.6. Acquisition Longstop Date

The SPA shall be terminated in the event that any of the Acquisition Conditions Precedent under the SPA is not fulfilled (or where applicable, waived by mutual agreement in writing of the Vendor and the Company) on or before date falling three (3) months from the date of the SPA, or such other date as may be mutually agreed by the Parties in writing (the “**Acquisition Longstop Date**”).

2.4.7. Acquisition Completion

On Acquisition Completion, the Vendor shall deliver to the Company (or its nominee), amongst others, the necessary submissions, agreements, documents, lodgements and applications to the relevant Governmental Agency in the PRC for the purposes of effecting the transfer of the Equity Interest (工商变更登记文件) (the “**PRC Regulatory Procedures**”), including but not limited to the Company Registration (Filing) Application Form (公司登记 (备案) 申请书) and the Equity Transfer Agreement (股权转让协议) duly executed in the prevailing applicable form.

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2.5. No Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

2.6. Shareholders' Approval for the Proposed Issuance of Consideration Shares

Under Section 161 of the Companies Act and pursuant to Rule 805(1) of the Catalyst Rules, an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer except where a general mandate for such issue has been previously obtained from shareholders in a general meeting.

The Company will not be relying on the General Mandate and accordingly, the Company will be convening the EGM to seek Shareholders' approval for the issuance of the Consideration Shares under the Proposed Acquisition pursuant to Section 161 of the Companies Act and Rule 805(1) of the Catalyst Rules.

2.7. Relative Figures under Rule 1006 of the Catalyst Rules

Based on the latest announced audited financial statements of the Company for the financial year ended 31 December 2023 ("FY2023"), the relative figures computed on the bases set out in Rule 1006 of the Catalyst Rules in respect of the Proposed Acquisition are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of assets to be disposed of, compared with the Company's net asset value	Not applicable to an acquisition.
(b)	Net profits attributable to the assets acquired, compared with the Company's net profit	Not applicable ⁽¹⁾
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued ordinary shares in the capital of the Company (excluding treasury shares)	60.69% ⁽²⁾⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	60.69% ⁽⁴⁾
(e)	The 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 to an acquisition ⁽⁵⁾

Notes:

- (1) Under Rule 1002(3)(b) of the Catalyst Rules, "net profits" is defined to be profit or loss, including discontinued operations that have not been disposed and before income tax, non-controlling interests and extraordinary items. This is not applicable as the Target Company was newly incorporated in April 2024 and does not have any information on the net profit/ loss.
- (2) Pursuant to Rule 1003(3) of the Catalyst Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the NAV represented by such shares, whichever is the higher. For the purpose of determining the relative figure under Rule 1006(c) of the Catalyst Rules, the (i) market value of the 452,000,000 Consideration Shares is S\$4,068,000, based on the VWAP of S\$0.0090 on 23 July 2024; and (ii) based on the latest announced audited financial statements of the Company on 12 April 2024, the Company's net liability value amounting to S\$1,989,000. Accordingly, the relative figure in relation to Rule 1006(c) of the Catalyst Rules is therefore computed based on the market value attributable to the Consideration Shares of approximately S\$4,068,000.

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- (3) The aggregate value of the Purchase Consideration given for the Proposed Acquisition is S\$4,068,000, compared to the Company's market capitalisation of approximately S\$6,702,830. The market capitalisation of the Company was computed based on the issued share capital of the Company of 744,758,836 Shares in issue excluding treasury shares and the volume weighted average price of S\$0.0090 per share on 23 July 2024 (being the last date on which the shares were traded prior to the date of the SPA).
- (4) Computed based on the aggregate of 452,000,000 Consideration Shares and the Existing Issued Share Capital of 774,758,836 Shares as at the date of the SPA.
- (5) The basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.

As the relative figures computed based on Rule 1006(c) and Rule 1006(d) have exceeded 5%, but is less than 75%, the Proposed Acquisition would constitute a “disclosable” transaction pursuant to Rule 1010 of the Catalist Rules. Accordingly, the approval of Shareholders of the Company for the Proposed Acquisition will not be required.

3. THE PROPOSED SUBSCRIPTION OF UP TO 407,000,000 NEW ORDINARY SHARES BY MR. ZHU HUA

3.1. Background and Rationale

Prior to the entry into the Subscription Agreement, the Company had entered into (a) the subscription agreement dated 21 November 2023 with the Subscriber, Mr. Zhu Hua, in connection with the allotment and issuance of 98,500,000 Shares to the Subscriber, raising approximately S\$1.1 million in net proceeds which were fully utilised by the Company on 30 November 2023, by fully repaying the outstanding debt owed to Clearbridge BSA Pte Ltd, and thereby improving the working capital of the Company and Group (the “**2023 Placement**”); and (b) the subscription agreement dated 21 December 2023 with Mr. Zhou Chao, in connection with the allotment and issuance of 83,000,000 Shares, raising gross proceeds of approximately S\$1.004 million which have been fully utilised for working capital purposes (the “**2024 Placement**”, and together with the “**2023 Placement**”, the “**Past Placements**”).

Save for (i) the Past Placements and (ii) the rights issue undertaken by the Company which completed on 2 December 2022, the Company has not raised cash from an issue of securities in the market in the last 24 months. Pursuant to Rule 704(30) of the Catalist Rule, a breakdown of the use of the proceeds from the Past Placements and the rights issue has been disclosed in full-year unaudited results of the Company for the financial year ended 31 December 2023.

As announced by the Company in the 24 July Announcement, the Company has entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has agreed to subscribe and pay for, and the Company has agreed to allot and issue to the Subscriber, up to 407,000,000 Subscription Shares at the Subscription Price, on the terms and subject to the conditions of the Subscription Agreement. In the same announcement, the Company disclosed that it had entered into the ZH Loan Agreement with the Subscriber in connection with the ZH Loan of up to S\$1,500,000 to be utilised for the Group's general working capital purposes. The Company subsequently announced on 23 August 2024 that it had entered into the Subscription Supplemental Agreement to amend and supplement the Subscription Agreement in connection with the Set-off Arrangement to take into account further amounts disbursed under the ZH Loan prior to the issuance of the Subscription Shares. Please refer to Section 3.3.2 of this Circular for further details on the Set-off Arrangement.

As at the Latest Practicable Date, S\$1,304,000 has been disbursed by the Subscriber to the Company with the remaining S\$196,000 of the ZH Loan is to be disbursed in September 2024 (the “**Impending Disbursement**”) pursuant to the ZH Loan Agreement. As at the Latest Practicable Date, the ZH Loan has not been repaid and remains owing by the Company to the Subscriber.

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Pursuant to the considerations above, the Directors are of the view that the Proposed Subscription is beneficial to the Group as it will increase resources and working capital available to the Company so as to improve cash flow, as part of management's strategy to achieve continued trading status on Catalist and deliver shareholder value. The Proposed Subscription will improve the working capital of the Company and the Group.

3.2. Information on the Subscriber

The Subscriber is the Executive Director and Chairman of the Company and an existing shareholder of the Company, with an existing direct interest in 98,500,000 Shares representing 13.23% interest in the Company's Existing Share Capital following completion of the 2023 Placement by the Subscriber.

As the Subscriber is the Executive Director and Chairman of the Company, please refer to the section entitled "Board of Directors" of the Company's annual report for the financial year ended 31 December 2023 for more information on the Subscriber.

As at the date of this Circular, the Subscriber holds 98,500,000 Shares representing 13.23% of the Existing Share Capital. Following the completion of the Proposed Subscription and the Proposed Share Issuances, the Subscriber will hold approximately 29.9% of the Company's Enlarged Share Capital in Scenario A and Scenario B.

The issuance of the Subscription Shares to the Subscriber will not result in the Subscriber being obliged to make a general offer for the mandatory take-over of the Company pursuant to Rule 14 of the Code.

No placement agent has been appointed in respect of the Proposed Subscription.

No introducer, referral or commission fees have been paid or will be payable by the Company in connection with the Proposed Subscription. The Subscriber is subscribing for the Subscription Shares for his own investment purposes, and as principal for his own benefit, and not in trust or as a nominee.

Save for the Subscriber being a substantial Shareholder of the Company and the Executive Director and Chairman of the Company, the Subscriber has no other connections (including any business relationships or transactions, prior to the Subscription Agreement) with the Company, the Directors, or the Company's substantial shareholders.

3.3. Principal Terms of the Proposed Subscription

3.3.1. Subscription Shares

The Subscription Shares, when allotted and issued, shall be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the existing ordinary Shares in the issued share capital of the Company as at the date of issue of the Subscription Shares, except for any dividends, rights, distributions, allotments or other entitlements the record date of which falls before such date of issue.

Assuming that Scenario A or Scenario B occurs (i.e. the Ordinary Resolutions in respect of the Proposed Acquisition and the Proposed Subscription are approved at the EGM), the Company will allot and issue 407,000,000 Subscription Shares in Scenario A and 374,600,000 Subscription Shares in Scenario B to the Subscriber at the Subscription Price. Immediately after completion of the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances, the 407,000,000 Subscription Shares in Scenario A represent approximately 54.65% of the Existing Share Capital and approximately 24.07% of the Scenario A Enlarged Share Capital and the 374,600,000 Subscription Shares in Scenario B represent approximately 50.30% of the

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Existing Share Capital and approximately 23.67% of the Scenario B Enlarged Share Capital. The Subscriber's resultant shareholding interest in the Company following the completion of the Proposed Subscription would be approximately 29.9% of the Company's Enlarged Share Capital in Scenario A and Scenario B.

Share Subscription Scaleback Arrangement

The Company will, if necessary, scale down the subscription for the Subscription Shares to avoid placing the Subscriber and parties acting in concert (as defined under the Code) with him (if any) in the position of incurring a mandatory general offer obligation under the Code as a result of the Proposed Acquisition not being approved by the Shareholders at the EGM to be convened and/or the Proposed Acquisition not completing for any reason whatsoever and/or the Consideration Shares not being allotted and issued to the Vendor (or such persons as persons designated by the Vendor) (the "**Scaleback Arrangement**").

Share Subscription Anti-Dilution

Under the terms of the Subscription Agreement, the Company undertakes not to engage in any fundraising exercise for a period of 12 months subsequent to the completion of the Proposed Subscription without the consent of the Subscriber (such consent not to be unreasonably withheld). In the event that the Company proposes to issue further new Shares (the "**Additional Shares**") to a third party or third parties at any time during the 12 month period commencing from the Issue Date, the Subscriber shall have the right to subscribe for such number of Additional Shares necessary to maintain or restore the Subscriber's shareholding to not less than 29.9% of the share capital of the Company on an enlarged basis, unless waived by the Subscriber. Where the Subscriber elects to subscribe for such Additional Shares, such Additional Shares shall be allotted and issued to the Subscriber on the same terms and conditions as the Additional Shares are issued and sold to third parties. If for any reason, the issuance of Additional Shares to the third parties does not complete, the Subscriber's right to subscribe for such issuance of Additional Shares shall lapse (the "**Anti-Dilution Mechanism**").

There is no moratorium imposed on the Subscription Shares.

Please refer to Section 8.1 of this Circular for further information on the increase in the Company's issued and paid-up share capital arising from the completion of the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances.

3.3.2. **Subscription Price**

The Subscription Price of S\$0.0040 was arrived at following arm's length negotiations between the Company and the Subscriber and represents a discount of approximately 55.56% to the VWAP of S\$0.0090 per Share for trades done on the SGX-ST on 24 July 2024, being the date of the Subscription Agreement.

Pursuant to the Subscription Agreement (as amended by the Subscription Supplemental Agreement), the aggregate Subscription Amount shall be partially set-off against the outstanding debt owed by the Company to the Subscriber prior to the Issue Date, arising from the ZH Loan. The allotment and issuance of the Subscription Shares shall constitute full discharge and settlement of the Company's obligation to repay the ZH Loan (the "**Set-off Arrangement**").

As at the Latest Practicable Date, S\$1,304,000 has been disbursed by the Subscriber to the Company pursuant to the ZH Loan Agreement, and assuming that there will be no further disbursements of the ZH Loan prior to the Issue Date, the aggregate Subscription Amount will be S\$1,628,000 and S\$1,498,400 in Scenario A and Scenario B, respectively. Pursuant to the Set-Off Arrangement, (a) the allotment and issuance of the Subscription Shares shall constitute full discharge and settlement of the Company's obligation to repay the ZH Loan disbursed prior to the Issue Date of the Subscription Shares and (b) the Subscriber shall pay for the remaining aggregate Subscription Amount of S\$324,000 and S\$194,400 in cash to the Company in Scenario A and Scenario B, respectively.

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In the event where the Set-Off Arrangement is applied to the Impending Disbursement of S\$196,000 to be disbursed in September 2024 as disclosed in Section 3.1 above:

- (a) in Scenario A, the allotment and issuance of the 407,000,000 Subscription Shares shall constitute full discharge and settlement of the Company's obligation to repay the ZH Loan disbursed prior to the Issue Date of the Subscription Shares and (b) the Subscriber shall pay for the remaining aggregate Subscription Amount of S\$128,000 in cash to the Company; or
- (b) in Scenario B, the allotment and issuance of the 374,600,000 Subscription Shares shall constitute a partial discharge and settlement of the Company's obligation to repay the ZH Loan and accordingly, there would be no cash proceeds from the Proposed Subscription in Scenario B. In addition, there would be an outstanding debt of S\$1,600 under the ZH Loan that remains owing by the Company to the Subscriber if the Set-Off Arrangement is applied to the ZH Loan (including the Impending Disbursement) in Scenario B.

The Subscription Price was commercially agreed upon between the Company and the Subscriber after arm's length negotiations and taking into account the prevailing state of the Group's business.

3.3.3. Subscription Conditions Precedent

Completion of the Proposed Subscription is conditional upon the satisfaction (or waiver) of the following conditions on or prior to the Subscription Longstop Date ("**Subscription Conditions Precedent**"):

- (a) the receipt of the LQN from the SGX-ST for the listing of and quotation for the Subscription Shares on the Catalist Board of the SGX-ST (on conditions, if any, reasonably acceptable to the Parties, and to the extent that any conditions for the listing of and quotation for such Subscription Shares on the Catalist of SGX-ST are required to be fulfilled on or before Subscription Longstop Date, they being so fulfilled) and the LQN being in full force and effect as at the date of completion of the Proposed Subscription;
- (b) the continued trading of the Shares on Catalist Board;
- (c) the requisite approval of the Shareholders (with the Subscriber and his Associates abstaining) having been obtained at an extraordinary general meeting to be convened by the Company in relation to the Proposed Subscription pursuant to, *inter alia*, Rules 803, 804, 805(1), 811(3) and 812(2) of the Catalist Rules;
- (d) proof of funds for the aggregate Subscription Amount, in a form satisfactory to the Company, to be provided by the Subscriber to the Company;
- (e) the allotment and issuance of the Subscription Shares on the Issue Date not being prohibited by its constitutive documents, any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company;
- (f) the respective representations and warranties of each Party to the Subscription Agreement being true and accurate in all material respects on and as of the date of the Subscription Agreement and as at the Issue Date, with the same force and effect, and each Party having performed and complied with all their respective undertakings, covenants and agreements set out in the Subscription Agreement on or prior to the Issue Date (as defined below);

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- (g) all required consents and approvals for the transactions under the Subscription Agreement having been obtained without restrictions or limitations whatsoever that are unacceptable to the Parties, and being in full force and effect, in particular, and without limitation; and
- (h) the approval of the Board for the entering into of the Subscription Agreement and the transactions under the Subscription Agreement and any related transactions in relation thereto.

If any of the conditions precedent set forth in the Subscription Agreement is not satisfied or waived (as the case may be) by the date falling three (3) months from the date of the Subscription Agreement (or such other date as the parties may agree in writing) (the “**Subscription Longstop Date**”), the Subscription Agreement shall terminate and the obligations of the Company to issue the Subscription Shares and the Subscriber to subscribe for the Subscription Shares shall ipso facto cease and determine thereafter. Upon termination, the Subscription Agreement shall be of no further effect and no party thereto shall be under any liability to the other parties in respect of the Subscription Agreement (except for any antecedent breach of the Subscription Agreement).

3.3.4. Subscription Completion

Completion of the Proposed Subscription shall take place on the date falling two (2) market days after the date on which all the Subscription Conditions Precedent have been satisfied or otherwise waived in writing by the relevant party, or such other date as may be mutually agreed between the Company and the Subscriber in writing (the “**Issue Date**”).

3.3.5. Subscriber’s undertaking to provide financial support

The Subscription Agreement further provides that, in addition to the ZH Loan Agreement, the Subscriber undertakes to use his best endeavours to provide financial support to the Group by way of, *inter alia*, his participation in further capital fundraising exercises undertaken by the Company to ensure that the Company and the Group will be able to continue to operate as a going concern. The quantum of such financial support is to be mutually agreed between the Company and the Subscriber following the Acquisition Completion.

As disclosed in the Company’s announcement dated 14 May 2024, in the event that Mr. Zhu Hua does not provide, or is unable to provide, sufficient financial support to the Group for its working capital requirements, the Group will look for alternative sources of funding such as equity or debt fundraising through a placement of securities of the Company to investors or other fundraising opportunities to raise the requisite funding for the Group’s working capital requirements. Should the Group fail to raise such alternative funding, the Company and the Group may not be able to operate as a going concern and trading of the Shares may be suspended pursuant to Rule 1303(3) of the Catalyst Rules.

3.4. Shareholders’ Approval for the Proposed Issuance of Subscription Shares

(a) Rule 804 and 812(2) of the Catalyst Rules

The Subscriber falls under the class of restricted persons as specified in Rule 804 and 812(1) of the Catalyst Rules. Accordingly, the Company will be convening the EGM to seek Shareholders’ approval for the allotment and issuance of the Subscription Shares at the Subscription Price to the Subscriber under the Proposed Subscription pursuant to Rules 804 and 812(2) of the Catalyst Rules. The Subscriber will abstain from voting on the resolution to approve the Proposed Subscription at the EGM.

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(b) **Section 161 of the Companies Act and Rule 805(1) of the Catalyst Rules**

Under Section 161 of the Companies Act and pursuant to Rule 805(1) of the Catalyst Rules, an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer except where a general mandate for such issue has been previously obtained from shareholders in a general meeting.

The Company will not be relying on the General Mandate and accordingly, the Company will be convening the EGM to seek Shareholders' approval for the issuance of the Subscription Shares under the Proposed Subscription pursuant to Section 161 of the Companies Act and Rule 805(1) of the Catalyst Rules.

(c) **Rule 811 of the Catalyst Rules**

Under Rule 811(1) of the Catalyst Rules, an issue of shares must not be priced at more than 10% discount to the VWAP for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed. If trading in the issuer's shares is not available for a full market day, the VWAP must be based on the trades done on the preceding market day up to the time the placement agreement is signed. Rule 811(3) and Rule 811(4) of the Catalyst Rules further provides that Rule 811(1) will not apply if specific shareholder approval for such issue of shares has been obtained and where specific shareholders' approval is sought, the circular must include the information required in Rule 810 and the basis upon which the discount was determined.

As disclosed in section 3.3.2 of this Circular, the Proposed Issuance of Subscription Shares are priced at more than 10% discount to the VWAP for the trades done on the SGX-ST on 24 July 2024, being the date of the Subscription Agreement. Accordingly, the Company will be convening an EGM to seek specific Shareholders' approval from independent shareholders of the Company for the Proposed Subscription.

3.5. **Securities and Futures Act 2001 of Singapore**

The Subscription Agreement and the transactions thereunder, including the Proposed Issuance of Subscription Shares, is entered into pursuant to the 'safe harbour' exemptions for a private placement under section 272B of the SFA and in compliance with the conditions of these exemptions in the SFA.

The Subscriber is not accepting the Company's offer of the Subscription Shares as agent, nominee or trustee for the benefit of other parties or with a view to such offer being subsequently offered to another person in Singapore, where such subsequent offer is contrary to the provisions of the SFA. No prospectus, offer information statement or offer document will be issued by the Company or registered with the Monetary Authority of Singapore in connection with the Proposed Subscription.

3.6. **Use of Proceeds of the Proposed Subscription**

The estimated net proceeds that will be raised from the Proposed Subscription (after deducting estimated expenses of approximately S\$150,000 and the repayment of the ZH Loan of approximately S\$1,304,000 in accordance with the Set-off Arrangement) will amount to S\$174,000 and S\$44,400 in Scenario A and Scenario B, respectively (the "**Net Proceeds**").

In the event where the Set-Off Arrangement is applied to the Impending Disbursement of S\$196,000 to be disbursed in September 2024 as disclosed in Section 3.1 above, there will be no Net Proceeds arising from the Proposed Subscription and the remaining amount of estimated expenses will be funded by the Group's internal resources.

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The Company intends to use 100% of the Net Proceeds for general working capital (which includes administrative expenses, manpower costs, compliance costs, continuing listing expenses and professional fees of the Group).

Pending the utilisation of the Net Proceeds as outlined above, the Net Proceeds may be deposited in financial institutions or be used for working capital or any other purpose on a short-term basis as the Directors may deem fit in the interests of the Group.

The Company will make periodic announcements as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this Circular. The Company will also provide a status report on the use of such Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the Company's announcements and annual report.

3.7. Opinion of the Directors

The Directors (with the Subscriber and his associates abstaining) are of the view that the Proposed Subscription is beneficial to and in the best interests of the Company as it will reduce the Company's debt and allow the Company to conserve its cash resources.

The Directors are of the opinion that, after taking into consideration the Group's present bank facilities, as at the date of this Circular, the working capital available to the Group is not sufficient to meet its present requirements.

The Directors are of the opinion that, after taking into consideration the Group's present bank facilities and the Net Proceeds, as at the date of this Circular, the working capital available to the Group will be sufficient to meet its present requirements.

4. THE PROPOSED TRANSFER OF CONTROLLING INTEREST

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a Controlling Interest (as defined in the Catalist Rules) without prior approval of shareholders in general meeting.

The Proposed Issuance of Subscription Shares by the Company to the Subscriber pursuant to the Proposed Subscription will result in the Proposed Transfer of Controlling Interest as the Subscriber would hold approximately 29.9% of the Enlarged Share Capital in Scenario A and B after completion of the Proposed Issuance of Consideration Shares, the Proposed Issuance of Subscription Shares and the Proposed Issuance of Icon Shares. Accordingly, upon completion of the Proposed Subscription, the Subscriber will be single largest Controlling Shareholder of the Company.

In the event that Scenario B occurs (i.e. the Ordinary Resolution 5 in respect of the Proposed Issuance of Sign-On Shares is **not** approved by Shareholders at the EGM), Mr. Wu will hold 15.17% of the Scenario B Enlarged Share Capital following the Acquisition Completion and Mr. Zhu Hua, who will hold 29.9% of the Scenario B Enlarged Share Capital, will remain as the single largest Shareholder of the Company following the completion of the Proposed Issuance of Consideration Shares, the Proposed Issuance of Subscription Shares and the Proposed Issuance of Icon Shares. Accordingly, the Proposed Issuance of Consideration Shares (inclusive of the Earn-Out Consideration Shares) will only result in an **addition** of a controlling shareholder by virtue of Mr. Wu's shareholding exceeding 15% and will not result in the transfer of a "controlling interest" which would require specific Shareholders' approval pursuant to Rule 803 of the Catalist Rules.

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The Company will be convening the EGM to seek approval from the Shareholders for the Proposed Transfer of Controlling Interest arising from the Proposed Subscription pursuant to Rule 803 of the Catalyst Rules. The Subscriber shall abstain, and shall procure that each of his associates (if any) shall abstain, from voting in respect of each of their shareholdings in the Company on the resolutions approving the Proposed Transfer of Controlling Interest.

5. THE PROPOSED SUBSCRIPTION AS AN INTERESTED PERSON TRANSACTION

5.1. Interested Person Transactions under Chapter 9 of the Catalyst Rules

Rule 904(5) of the Catalyst Rules provides that an interested person transaction means a transaction between an entity at risk and an interested person. Rule 904(2)(a) of the Catalyst Rules provides, *inter alia*, that an entity at risk means the issuer or a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange. Rule 904(4) of the Catalyst Rules provides, *inter alia*, that an interested person means a director, chief executive officer, controlling shareholder of the issuer or any of their associates. Rule 904(6)(d) of the Catalyst Rules provides, *inter alia*, that a transaction includes the issuance or subscription of securities.

5.2. The Interested Person

As disclosed in Sections 3.2, the Subscriber is the Executive Director and Chairman of the Company and a substantial Shareholder of the Company. Thus, the Subscriber is an “interested person” of the Company and the entry into the Subscription Agreement is an “interested person transaction” for the purposes of Chapter 9 of the Catalyst Rules.

5.3. Shareholders’ Approval

Rule 906(1) of the Catalyst Rules provides that an issuer must obtain shareholders’ approval for any interested person transaction of a value equal to, or more than:

- (a) 5% of the group’s latest audited NTA; or
- (b) 5% of the group’s latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by the shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Rule 918 of the Catalyst Rules provides that if a transaction requires shareholders’ approval, it must be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Rule 909 of the Catalyst Rules provides, *inter alia*, that the value of a transaction is the amount at risk to the issuer.

Based on the latest audited consolidated financial statements of the Company for FY2023, the Group’s latest audited net tangible liabilities (“**Group NTL**”) is S\$1,989,000 and the aggregate Subscription Amount represents approximately 81.85% of the Group NTL, with the amount at risk to the Company in excess of the 5% threshold in Rule 906(1) of the Catalyst Rules. Accordingly, the Company will be seeking specific Shareholders’ approval at the EGM to be convened for the Proposed Subscription as an interested person transaction pursuant to Rule 906 of the Catalyst Rules.

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5.4. Interested Person Transaction since 1 January 2024

Save for the ZH Loan, there were no Interested Person Transactions entered into by the Group with the Subscriber (excluding the Proposed Subscription) for the current financial year commencing 1 January 2024 up to the Latest Practicable Date.

As disclosed in the 24 July Announcement, the value of the ZH Loan to the Company is zero as the ZH Loan is interest-free.

For the current financial year commencing 1 January 2024 up to the Latest Practicable Date, the aggregate value of all transactions entered into by the Group with all interested persons (excluding the Proposed Subscription) is nil, representing approximately 0.00% of the Group's NTL.

5.5. Abstention from voting

Rule 919 of the Catalist Rules states that in a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given. Further, Rule 921(7) of the Catalist Rules requires that, except in the case of a general mandate, if shareholder approval is required, any circular to shareholders must include a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the relevant transaction.

In view of the above, the Subscriber shall abstain, and shall procure that each of his associates (if any) shall abstain, from voting in respect of each of their shareholdings in the Company on the resolutions approving the Proposed Subscription as an Interested Person Transaction.

5.6. Statement of the Audit Committee on the Proposed Subscription

Pursuant to Rule 921(4)(a) of the Catalist Rules, the circular to shareholders must include an opinion in a separate letter from an independent financial adviser stating whether the transaction (i) is on normal commercial terms; and (ii) is prejudicial to the interests of the issuer and its minority shareholders. However, Rule 921(4)(b) of the Catalist Rules states that an opinion from an independent financial adviser is not required for the issue of shares pursuant to Part IV of Chapter 8 for cash – instead, an opinion from the audit committee in the form required in Rule 917(4)(a) must be disclosed.

Pursuant to Rule 917(4)(a) of the Catalist Rules, the Company must obtain a statement (i) whether or not the audit committee of the issuer is of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the issuer and its minority shareholders; or (ii) that the audit committee is obtaining an opinion from an independent financial adviser before forming its view.

In this connection, the Audit Committee of the Company, comprising Mr. Liew Yoke Pheng Joseph, Mr. Ian David Brown, Ms. Ch'ng Li-Ling, after taking into consideration, the terms of the Proposed Subscription, and the rationale and the benefit for the Proposed Subscription, the Audit Committee is of the view that the Proposed Subscription is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

None of the members of the Audit Committee have any interest in the Proposed Subscription and they are accordingly considered to be independent for the purposes of the same.

LETTER TO SHAREHOLDERS

6. THE PROPOSED ISSUANCE OF SIGN-ON SHARES TO CHEN LU

6.1. Background and Rationale

As announced by the Company on 20 March 2024, 8 April 2024 and 24 July 2024, the Company has entered into the Service Agreement with the Executive, Mr. Chen Lu, in connection with his employment in the Company and the Proposed Issuance of Sign-On Shares. The Service Agreement shall commence with effect from and as of the date on which the Ministry of Manpower approves and issues the Executive's employment pass sponsored by the Company (the "**Effective Date**") and such employment shall continue (subject to earlier termination as provided in this Agreement) after the Effective Date for an initial term of three (3) years and thereafter shall automatically continue from year to year unless terminated in accordance with the Service Agreement.

Mr. Chen Lu was employed to support the strategic direction of the Group for the New Business and the Sign-On Shares are being issued to attract Mr. Chen Lu to enter into employment with the Company. The Company had through the Sponsor, submitted an application to the SGX-ST for the listing and quotation of the Sign-On Shares on the Catalist on 26 March 2024. However, as the employment of Mr. Chen Lu was subject to his receipt of an employment pass, the SGX-ST had advised for the application to be withdrawn until the pass had been issued. The Company also announced on 8 April 2024 that in consultation with its Sponsor and the SGX-ST, the Company will seek Shareholders' approval on the Proposed Issuance of Sign-On Shares and that the Company had also entered into a supplementary agreement with Mr. Chen Lu on 8 April 2024 to provide, *inter alia*, that the Company shall grant Mr. Chen Lu the Sign-On Shares on or before 28 June 2024, or on a date to be mutually agreed between the parties.

On 2 May 2024, the Company announced that Mr. Chen Lu has been appointed as the Executive Director and President of the Company since 30 April 2024, following to the receipt of his employment pass on 30 April 2024.

As announced in the 24 July Announcement, the Company and Mr. Chen Lu have further entered into the second supplemental agreement to the Service Agreement to amend the number of Sign-On shares to be allotted to him, such that his resulting shareholding shall be equivalent to 4.5% of the Enlarged Share Capital following the completion of the Proposed Share Issuances ("**Second Supplemental Agreement**").

6.1.1. Sign-On Shares

To take into account any adjustments to the number of new Shares that may be issued prior to the completion of the Proposed Issuance of the Sign-On Shares (including but not limited to the Anti-Dilution Mechanism as described in Section 3.3.1 of this Circular), the amendments made pursuant to the Second Supplemental Agreement provide for the number of Sign-On Shares to be mutually agreed upon between the Company and Mr. Chen Lu. For the avoidance of doubt, such number of Sign-On Shares will represent 4.5% of the Enlarged Share Capital following the completion of the Proposed Acquisition, Proposed Subscription and the Proposed Share Issuances.

The issue price for the Sign-On Shares is determined based on the VWAP of the Company's Shares on 20 March 2024 of S\$0.011, being the full market day on which Shares were traded on the date of execution of the Service Agreement and takes into account the rationale for the Proposed Issuance of Sign-On Shares as set out in Section 6.1 above.

The Sign-On Shares, when allotted and issued, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and shall carry all rights similar to the existing Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Proposed Issuance of Sign-On Shares.

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The Sign-On Shares are being issued to attract the Executive to enter into employment with the Company and accordingly, no cash proceeds will be received by the Company from the Executive.

Assuming that Scenario A occurs (i.e. the Ordinary Resolutions in respect of the Proposed Acquisition, the Proposed Subscription and the Proposed Issuance of Sign-On Shares are approved by Shareholders at the EGM), 76,000,000 Sign-On Shares will be allotted and issued to Mr. Chen Lu pursuant to the terms and conditions of the Service Agreement. The aggregate value of the Sign-On Shares is S\$836,000, based on the VWAP of the Company's Shares on 20 March 2024 of S\$0.011, being the full market day on which Shares were traded on the date of execution of the Service Agreement.

Assuming that Scenario C occurs (i.e. only the Ordinary Resolutions in respect of the Proposed Issuance of Sign-On Shares is approved by Shareholders at the EGM), 35,600,000 Sign-On Shares will be allotted and issued to Mr. Chen Lu pursuant to the terms and conditions of the Service Agreement. The aggregate value of the Sign-On Shares is S\$391,600, based on the VWAP of the Company's Shares on 20 March 2024 of S\$0.011, being the full market day on which Shares were traded on the date of execution of the Service Agreement.

No placement agent was appointed by the Company for the Proposed Issuance of Sign-On Shares. In view of the specific purpose of attracting the Executive to join the Company to spearhead the New Business, there is no underwriting arrangement for the Proposed Issuance of Sign-On Shares.

The Board (with the Executive abstaining) has weighed the benefits against the potential costs to the Company as elaborated above and is of the view that the Proposed Issuance of Sign-On Shares is beneficial to and in the interests of the Company and enables the Group to improve its working capital position while conserving its cash resources as the Company would not have to bear a higher cash component in the Executive's compensation package.

6.2. Information on the Executive

- 6.2.1. The Executive is a citizen of the PRC. He has vast experiences in digital entertainment industry and has more than 20 years' experience in software development. He holds a Master of Engineering from University of Electronic Science and Technology of China, and A Bachelor of Engineering from the same university.
- 6.2.2. Details of the shareholding of the Executive on completion of the Proposed Issuance of Sign-On Shares are set out below:

Scenario	Number of Sign-On Shares	Aggregate Value (S\$) ⁽¹⁾	% of the Existing Share Capital ⁽²⁾	% of the Enlarged Share Capital
Scenario A	76,000,000	S\$836,000	10.2%	4.5% ⁽³⁾
Scenario B ⁽⁴⁾	Nil ⁽⁴⁾	Nil ⁽⁴⁾	Nil ⁽⁴⁾	Nil ⁽⁴⁾
Scenario C	35,600,000	S\$391,600	4.8%	4.5% ⁽⁵⁾

Notes:

- (1) Based on the VWAP of the Company's Shares on 20 March 2024 of S\$0.011, being the full market day on which Shares were traded on the date of execution of the Service Agreement.
- (2) Based on the Existing Share Capital of 744,758,836 Shares.
- (3) Based on the Scenario A Enlarged Share Capital of 1,690,758,836 Shares, comprising (a) 452,000,000 Consideration Shares, (b) 407,000,000 Subscription Shares, (c) 76,000,000 Sign-On Shares and (d) 11,000,000 Icon Shares.

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- (4) No Sign-On Shares will be allotted and issued in Scenario B as Scenario B assumes that Shareholder's approval is not obtained for the Ordinary Resolutions in respect of the Proposed Issuance of Sign-On Shares.
- (5) Based on the Scenario C Enlarged Share Capital of 791,358,836 Shares, comprising (a) 35,600,000 Sign-On Shares and (b) 11,000,000 Icon Shares.

Following the completion of the Proposed Issuance of Sign-On Shares, Mr. Chen Lu will hold 4.5% of the Enlarged Share Capital in Scenario A and Scenario C and accordingly, Mr. Chen Lu will not become a substantial shareholder of the Company.

- 6.2.3. The Executive has confirmed that he is (a) not co-operating pursuant to an agreement or undertaking (whether formal or informal) with any persons to obtain or consolidate effective control of the Company; (b) he is an independent third party who is unrelated to the Directors and substantial Shareholders, and (c) he and his Associates do not hold, directly or indirectly, any Shares or any instruments convertible into, rights to subscribe for and options in respect of Shares.
- 6.2.4. Save for the Executive being the Executive Director and President of the Company and the Proposed Issuance of Sign-On Shares, the Executive has no other connections (including any business relationships or transactions, prior to the Service Agreement) with the Company, the Directors, or the Company's substantial shareholders. As at the date of this Circular, the Executive does not hold any Shares or any other shareholding interests (direct or indirect) in the Company.

6.3. Authority for the Proposed Issuance of Sign-on Shares

Under Section 161 of the Companies Act and pursuant to Rule 805(1) of the Catalist Rules, an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer except where a general mandate for such issue has been previously obtained from shareholders in a general meeting.

Rule 812 of the Catalist Rules provides that an issue of securities must not be placed to, *inter alia*, an issuer's directors and substantial shareholders unless specific shareholder approval for such placement has been obtained, with such directors and substantial shareholders and their associates abstaining from voting on the shareholders' resolution to approve such placement.

Notwithstanding that on 20 March 2024, being the date of the Company's announcement of the entry into the Service Agreement and the Proposed Issuance of the Sign-On Shares, the Executive was not yet appointed as a Director, the Proposed Issuance of Sign-On Shares will constitute:

- (a) an issuance of Shares to a Director pursuant to Rules 804 and 805(1) of the Catalist Rules; and
- (b) an issuance of Shares to a Director pursuant to Rule 812(1)(a) of the Catalist Rule.

Accordingly, the Proposed Issuance of Sign-On Shares to the Executive is subject to the receipt of the LQN from the SGX-ST for the listing and quotation of the Sign-On Shares and the specific approval of the Shareholders to be sought at the EGM pursuant to Ordinary Resolution 5 in accordance with Rules 804, 805(1) and 812(2) of the Catalist Rules and section 161 of the Companies Act.

In accordance with Rules 812(2) and Rule 919 of the Catalist Rules, the Executive will abstain from voting on or being appointed as proxies and his Associates (if any) will abstain from voting on or being appointed as proxies, for Ordinary Resolution 5 on the Proposed Issuance of the Sign-On Shares.

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The Proposed Issuance of Sign-On Shares will not result in any transfer of “controlling interest” in the Company as described in Rule 803 of the Listing Rules.

In addition, as the Executive was not yet appointed as a Director and was not an “interested person” under Rule 904 of the Catalist Rules, the Proposed Issuance of Sign On Shares is not an interested person transaction requiring Shareholders’ approval under Rule 906(1) of the Catalist Rules.

7. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The pro forma financial effects of the Proposed Acquisition on the Group set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Acquisition Completion.

Bases and Assumptions

These illustrative pro forma financial effects have been prepared based on the audited financial statements of the Company for FY2023, based on the following bases and assumptions:

- (a) the share capital of the Company as at the date of this Circular comprising 744,758,836 Shares for the purposes of illustrating the financial effects on the Group’s issued and paid-up share capital;
- (b) the Company obtains Shareholders’ approval for the Proposed Resolutions tabled at the EGM;
- (c) that the Proposed Acquisition and the Proposed Share Issuances had been completed on 1 January 2023 for the purposes of illustrating the financial effects on the Group’s EPS;
- (d) that the Proposed Acquisition and the Proposed Share Issuances had been completed on 31 December 2023 for the purposes of illustrating the financial effects on the Group’s NTA per Share;
- (e) the Purchase Consideration is funded by way of an allotment and issuance of 452,000,000 Consideration Shares at the Consideration Share Price of S\$0.0090 per Consideration Share paid in connection with the Proposed Acquisition;
- (f) the Proposed Issuance of Icon Shares will be completed concurrently with the Proposed Issuance of Consideration Shares in connection with the Proposed Acquisition, the Proposed Issuance of Subscription Shares and the Proposed Issuance of Sign-On Shares;
- (g) the Proposed Issuance of Icon Shares at the volume-weighted average price of S\$0.009 on 24 July 2024, being the full market day on which Shares were traded on the date of Board approval for the appointment of Icon Law in connection with the Proposed Acquisition; and
- (h) the computation does not take into account any expenses that may be incurred in relation to the Proposed Acquisition.

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7.1. Financial effects on the issued and paid-up share capital

	Before the Proposed Acquisition and the Proposed Share Issuances	After the Proposed Acquisition	After the Proposed Acquisition and Proposed Subscription	After the Proposed Share Issuances
Number of Issued Shares	744,758,836	1,207,758,836	1,614,758,836	1,690,758,836
Issued Share capital (S\$'000)	56,215	60,382	62,010	62,846

7.2. Financial effects on the earnings and EPS

	Before the Proposed Acquisition and the Proposed Share Issuances	After the Proposed Acquisition	After the Proposed Acquisition and Proposed Subscription	After the Proposed Share Issuances
Net earnings attributable to Shareholders (S\$'000)	(2,488)	(2,587)	(2,587)	(3,522)
Weighted average number of shares (excluding treasury shares) ('000)	593,128	1,016,642	1,422,527	1,498,318
EPS ⁽¹⁾ (Singapore cents)	(0.42)	(0.25)	(0.18)	(0.24)

Note:

- (1) Basic earnings per share amounts are calculated by dividing net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

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7.3. Financial effects on the NTA and NTA per share

	Before the Proposed Acquisition and the Proposed Share Issuances	After the Proposed Acquisition	After the Proposed Acquisition and Proposed Subscription ⁽¹⁾	After the Proposed Share Issuances ⁽¹⁾
NTA as at 31 December 2023 (S\$'000)	(1,989)	(1,989)	(361)	(361)
Number of issued shares (excluding treasury shares) ('000)	744,759	1,207,759	1,614,759	1,690,759
NTA per share ⁽²⁾ (Singapore cents)	(0.27)	(0.16)	(0.02)	(0.02)

Notes:

- (1) Inclusive of the proceeds from the Proposed Share Issuance.
- (2) NTA is calculated as Net Equity less Goodwill.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION, THE PROPOSED SUBSCRIPTION AND THE PROPOSED SHARE ISSUANCES

The financial effects of the Proposed Acquisition, the Proposed Subscription, and the Proposed Share Issuances on the Group as set out below are for illustrative purposes only and do not purport to be indicative or a projection of the future financial performance and financial position of the Group after the completion of the Proposed Acquisition, the Proposed Subscription, and the Proposed Share Issuances.

The financial effects of the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances on the Group have been computed based on the latest audited consolidated financial statements of the Group for FY2023 and the following bases and assumptions:

- (a) the share capital of the Company as at the date of this Circular comprising 744,758,836 Shares for the purposes of illustrating the financial effects on the Group's issued and paid-up share capital;
- (b) the financial effect on the consolidated net tangible assets ("**NTA**") per Share is computed based on the assumption that the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances was completed on 31 December 2023;
- (c) the financial effect on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Acquisition, Proposed Subscription, and the Proposed Share Issuances was completed on 1 January 2023;
- (d) the Proposed Acquisition, the Proposed Subscription and the Proposed Share Issuances are to be completed simultaneously;

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- (e) the accrual for estimated professional fees and other expenses relating to the Proposed Acquisition and the Proposed Subscription is approximately S\$150,000 (including the allotment and issuance of the Icon Shares); and
- (f) assume that there is no return earned from the Net Proceeds.

8.1. Share Capital

	Existing Share Capital	Scenario A	Scenario B ⁽¹⁾	Scenario C ⁽²⁾
Number of Issued Shares	744,758,836	1,690,758,836	1,582,358,836	791,358,836
Issued Share capital (S\$'000)	56,215	62,846	61,880	56,706

Notes:

- (1) No Sign-On Shares will be allotted and issued in Scenario B as Scenario B assumes that Shareholder's approval is not obtained for the Ordinary Resolutions in respect of the Proposed Issuance of Sign-On Shares
- (2) No Consideration Shares or Subscription Shares will be allotted and issued in Scenario C as Scenario C assumes that Shareholder's approval is not obtained for the Ordinary Resolutions in respect of the Proposed Issuance of Consideration Shares and the Proposed Subscription

8.2. NTA per Share

	Before the Proposed Acquisition, Proposed Subscription and Proposed Share Issuance	Scenario A	Scenario B ⁽¹⁾	Scenario C ⁽²⁾
NTA of the Group as at 31 December 2023 (S\$'000)	(1,989)	(511)	(641)	(2,139)
Number of issued Shares ('000)	744,759	1,690,759	1,582,359	791,359
NTA per Share as at 31 December 2023 (Singapore cents)	(0.27)	(0.03)	(0.04)	(0.27)

Notes:

- (1) No Sign-On Shares will be allotted and issued in Scenario B as Scenario B assumes that Shareholder's approval is not obtained for the Ordinary Resolutions in respect of the Proposed Issuance of Sign-On Shares
- (2) No Consideration Shares or Subscription Shares will be allotted and issued in Scenario C as Scenario C assumes that Shareholder's approval is not obtained for the Ordinary Resolutions in respect of the Proposed Issuance of Consideration Shares and the Proposed Subscription

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8.3. EPS

	Before the Proposed Acquisition, Proposed Subscription and Proposed Share Issuances	Scenario A	Scenario B ⁽¹⁾	Scenario C ⁽²⁾
Net earnings attributable to equity holders of the Company for FY2023 (S\$'000)	(2,488)	(3,573)	(2,737)	(3,129)
Weighted average number of shares (excluding treasury shares) ('000)	593,128	1,498,318	1,388,864	600,031
EPS for FY2023 (Singapore cents)	(0.42)	(0.24)	(0.20)	(0.52)

Notes:

- (1) No Sign-On Shares will be allotted and issued in Scenario B as Scenario B assumes that Shareholder's approval is not obtained for the Ordinary Resolutions in respect of the Proposed Issuance of Sign-On Shares
- (2) No Consideration Shares or Subscription Shares will be allotted and issued in Scenario C as Scenario C assumes that Shareholder's approval is not obtained for the Ordinary Resolutions in respect of the Proposed Issuance of Consideration Shares and the Proposed Subscription

9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors and Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Directors</u>						
Zhu Hua	98,500,000	13.23	—	—	98,500,000	13.23
Chen Lu	—	—	—	—	—	—
Ch'ng Li-Ling	—	—	—	—	—	—
Ian David Brown	—	—	—	—	—	—
Liew Yoke Pheng Joseph	—	—	—	—	—	—
<u>Substantial Shareholders (other than Directors)</u>						
Zhou Chao	83,000,000	11.14	—	—	83,000,000	11.14

Note:

- (1) Based on the total issued and paid-up share capital of the Company of 744,758,836 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

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Save as disclosed in this Circular, none of the Directors or their associates or, as far as the Company is aware, Substantial Shareholders or their associates, has any interest, direct or indirect, in the Proposed Resolutions, other than through their respective shareholding interest (if any) in the Company.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the transactions contemplated in this Circular and no service contract is proposed to be entered into between the Company and any such person.

11. DIRECTORS' RECOMMENDATION

11.1. Proposed Issuance of Consideration Shares

The Directors, having considered, *inter alia*, the terms and conditions of the SPA, the information on the Target Company, the Vendor and its ultimate beneficial owners, the rationale, and financial effects of the Proposed Acquisition, are of the opinion that the Proposed Issuance of Consideration Shares is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution 1 as set out in the Notice of EGM.

11.2. Proposed Issuance of Subscription Shares, the Proposed Transfer of Controlling Interest and the Proposed Subscription as an Interested Person Transaction

The Directors (with Mr. Zhu Hua abstaining), having considered, *inter alia*, the terms and conditions of the Subscription Agreement, the information of the Subscriber, the rationale, use of proceeds and financial effects of the Proposed Subscription, are of the opinion that the Proposed Issuance of Subscription Shares, Proposed Transfer of Controlling Interest and the Proposed Subscription as an Interested Person Transaction is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the Ordinary Resolutions 2, 3 and 4 as set out in the Notice of EGM.

11.3. Proposed Issuance of Sign-On Shares

The Directors (with Mr. Chen Lu abstaining), having considered, *inter alia*, the background, the information of the Executive, and the rationale and the financial effects of Proposed Issuance of Sign-On Shares, are of the opinion that the Proposed Issuance of Sign-On Shares is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution 5 as set out in the Notice of EGM.

12. ABSTENTION FROM VOTING

In accordance with Rule 812(2) and Rule 919 of the Catalist Rules, each of the Subscriber and the Executive has undertaken that:

- (a) he shall, and shall ensure that his Associates (if any) will, abstain from voting on the Ordinary Resolutions in respect of the Proposed Subscription and the Proposed Issuance of Sign-On Shares (where applicable) at the EGM in respect of their shareholdings in the Company; and
- (b) he shall not, and shall ensure that his Associates (if any) will not, accept any appointments to act as proxies of other Shareholders to vote on the Ordinary Resolutions in respect of the Proposed Subscription and the Proposed Issuance of Sign-On Shares (where applicable), unless the appointing Shareholder(s) has/have given express instructions in the Proxy Form as to the manner in which the votes are to be cast.

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Pursuant to Rule 1203(5) of the Catalist Rules, the Company will disregard any votes cast by the Subscriber, the Executive and his Associates (if any) on the Ordinary Resolutions in connection with the Proposed Subscription and the Proposed Issuance of Sign-On Shares (where Applicable) at the EGM (a) in respect of their shareholdings in the Company, and/or (b) as proxy(ies) for other Shareholders unless the appointing Shareholder(s) has/have given express instructions in the Proxy Form as to the manner in which the votes are to be cast.

13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held at RHTLaw Asia LLP (Rooms 2 and 3), Paya Lebar Link #06-08, PLQ 2 Paya Lebar Quarter, Singapore 408533 on Thursday, 19 September 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the Proposed Resolutions set out in the Notice of EGM.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf shall complete and sign the attached Proxy Form in accordance with the instructions printed thereon and return it to the office of the Company's Share Registrar, B.A.C.S. Private Limited, located at 77 Robinson Road #06-03 Robinson 77, Singapore 068896 or email to main@zicoholdings.com, not less than 72 hours before the time fixed for the holding of the EGM. The completion and return of the Proxy Form by a Shareholder will not preclude him from attending the EGM and voting in person in place of his proxy or proxies should he subsequently wishes to do so. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the time appointed for holding the EGM.

Shareholders may raise questions at the EGM or submit questions relating to the resolutions tabled for approval at the EGM in advance: (a) by email to circular@biolidics.com; or (b) in hard copy by post to the registered office of the Company at 18 Howard Road #11-09 Novelty BizCentre, Singapore 369585, in any case, by 11.00 a.m. on Wednesday, 11 September 2024, being seven (7) calendar days from the date of the Notice of EGM. The Company will endeavour to address all substantial and relevant questions (determined by the Company in its sole discretion) no later than 48 hours prior to the closing date and time for the lodgement of the Proxy Forms. Any subsequent clarifications sought by the Shareholders after the aforementioned cut-off time for the submission of questions will be addressed at the EGM. The minutes of the EGM will be published on SGXNet within one (1) month after the date of the EGM.

15. RESPONSIBILITY STATEMENTS

15.1. Directors

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

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15.2. Financial Adviser

To the best of Evolve Capital Advisory Private Limited's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and Evolve Capital Advisory Private Limited, as the financial adviser in relation to the Proposed Acquisition, is not aware of any facts the omission of which would make any statement in this Circular misleading.

16. CONSENTS

- 16.1. Evolve Capital Advisory Private Limited, the Financial Adviser to the Company in relation to the Proposed Acquisition has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.
- 16.2. The Independent Valuer has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Summary Valuation Letter as set out in the **Appendix** and all references to the Valuation Report and the Summary Valuation Report, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.
- 16.3. The Company's legal adviser, Icon Law LLC, has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 18 Howard Road #11-09 Novelty BizCentre, Singapore 369585 during normal office hours from the date of this Circular up to the date of the EGM:

- (a) the Constitution of the Company;
- (b) the SPA and the Supplemental Letter Agreement;
- (c) the Valuation Report and the Summary Valuation Letter issued by the Independent Valuer;
- (d) the ZH Loan Agreement;
- (e) the Subscription Agreement and the Subscription Supplemental Agreement;
- (f) the Second Supplemental Agreement and the Service Agreement;
- (g) the Icon Law Engagement Letter; and
- (h) the consent letters stated in paragraph 16 of this Circular.

Yours faithfully

For and on behalf of
the Board of Directors of
BIOLIDICS LIMITED

Zhu Hua
Executive Director and Chairman

APPENDIX – SUMMARY VALUATION LETTER

22 July 2024

The Board of Directors

Biolidics Limited

18 Howard Road, #11-09,
Novelty BizCentre,
Singapore, 369585

SUMMARY VALUATION LETTER

IN RELATION TO THE PROPOSED ACQUISITION OF 100% OF THE ENTIRE REGISTERED CAPITAL OF 深圳市小钊网络科技有限责任公司 (SHENZHEN XIAOZHAO NETWORK TECHNOLOGY CO., LTD (THE “PROPOSED ACQUISITION”))

Dear Sirs/Madames,

1. Introduction

FVA Advisory Pte. Ltd. (“**FVA**”) has been engaged by Biolidics Limited (“**Biolidics**” or the “**Company**”) to perform an independent business valuation exercise to estimate the Market Value range of the 100% equity interest in Shenzhen Xiaozhao Network Technology Co., Ltd (“**SXNT**” or the “**Target Company**”) in relation to the Proposed Acquisition. The valuation exercise was performed as of 30 June 2024 (the “**Valuation Date**”).

This letter is addressed strictly to Biolidics and has been prepared solely for the purpose of disclosure as an appendix in the Company’s Circular to be issued in relation to the Proposed Acquisition. All capitalised terms used in this letter shall have the same meanings as ascribed to them in the Circular. This is a summary of the information contained in our independent valuation report dated 22 July 2024 (the “**Valuation Report**”). Accordingly, this letter should be read in conjunction with the full text of the Valuation Report.

Our Valuation Report was prepared in accordance with the requirements of International Valuation Standards (“**IVS**”).

2. Terms of Reference

This letter and the Valuation Report do not constitute any opinion or an advice concerning the merits of any potential acquisition or investment and the fairness of the contemplated terms thereof. The decision to proceed with any acquisition, investment or divestment or otherwise based on the information contained in this letter and the Valuation Report belongs entirely to the Company. We assume no responsibility or liability for any loss suffered by any party as a result of their reliance on information contained in this letter and the Valuation Report.

Our valuation analysis is based on the financial forecasts and other inputs provided by the management of the Target Company (the “**Management**”). We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information. The accuracy of such information is the sole responsibility of the Management. Our conclusion of value is conditional upon the completeness, accuracy and fair presentation of the information from the Management.

Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information. We assume no responsibility for the accuracy and the reasonableness of such information.

APPENDIX – SUMMARY VALUATION LETTER

3. Valuation Approach and Methodology

This valuation exercise was performed on Market Value basis. Market Value is defined by the International Valuation Standards Council (“**IVSC**”) as *“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

We have considered all three generally accepted valuation approaches, namely the income approach, the market approach and the cost approach.

On the basis that the Target Company’s operations are expected to continue for the foreseeable future, we have relied on the income approach as our primary method, specifically the Discounted Cash Flow (“**DCF**”) approach. Additionally, we employed the market approach, as a high-level cross-check.

The value of the Target Company is dependent on its ongoing operations rather than the current net book value of its tangible assets and liabilities. As such, we have not relied on the cost approach in this engagement.

Furthermore, the cost approach fails to capture the income-generating potential of the Target Company.

4. Reliance on Information

In conducting our valuation, we have held discussions with the Management and we have read information provided by them and other publicly available information, upon which our valuation analyses are based. Further, we have relied upon representations of Management that all material information available that is relevant for the purpose of our valuation, has been disclosed to us.

In undertaking the valuation, we considered, inter alia, the following:

- a) Financial forecast and supporting information for SXNT for the period from FY24 to FY28 (the “**Projections**”), as provided by Management.
- b) Draft contracts and signed contracts between SXNT and its clients, i.e., game developers.
- c) Draft contracts and signed contracts between SXNT and its service providers, i.e., marketing channel partners.
- d) Discussions with Management on SXNT’s business and Projections.
- e) Various industry reports and market data related to the mobile gaming and advertising industry.

We have relied upon, and have not independently verified the accuracy, completeness and adequacy of all such information provided or otherwise made available to us or relied upon by us as described above, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

APPENDIX – SUMMARY VALUATION LETTER

5. Critical Assumptions

Our conclusions are primarily dependent on the following assumptions:

- SXNT will be able to execute the contracts currently in final negotiation stages (i.e., relating to Game A and Game D) with the same terms as shown in the forecast.
- SXNT will exercise its renewal clause and renew the contracts with game developers and marketing channels after the one-year period with the same terms.
- SXNT will be able to achieve the user numbers as estimated in the forecast.
- SXNT will maintain their good reputation in both the gaming and e-sports markets.
- SXNT will be able to retain all the staff and marketing channel partners throughout the forecast period.
- The founders will remain in SXNT throughout the forecast period.
- The operations of SXNT will not be affected by unforeseen disaster, disruptive technology, unforeseen competition or adverse government policies during the forecast period.
- SXNT will continue to have sufficient liquidity and funding to continue its operations for the foreseeable future.
- There are no material undisclosed or contingent liabilities that have not been brought to our attention during the course of the engagement.

6. Key Risks and Limitations

We note the following key risks and limitations in our valuation analyses:

- We have not performed any technical or operational due diligence on SXNT.
- We are not expressing an opinion on the commercial merits or structure of the Proposed Acquisition.
- Our results depend on the Projections for SXNT. However, when events and circumstances do not occur as expected, there may be differences between predicted and actual results, and those differences may be material.
- Our valuation conclusion is based upon the information available as at the Valuation Date. Economic conditions, market factors and changes in the performance of SXNT may result in our conclusions becoming outdated.
- By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single value and we have expressed our analysis as falling within a likely range.

APPENDIX – SUMMARY VALUATION LETTER

7. Conclusion of Value

Based on the methodology and analysis as detailed in the Valuation Report, as of Valuation Date, the Market Value of the 100% share capital of the Target Company is estimated to be approximately **S\$3,975,000 to S\$4,232,000**.

Our conclusion is based upon prevailing market, economic, industry, monetary and other conditions and information made available to us as of the date of the Valuation Report. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion to reflect events or developments subsequent to the issue of our final Valuation Report.

Yours sincerely

FVA Advisory Pte. Ltd.
Bilal Noorgat CA(SA), CFA, MBA, Associate CVA

NOTICE OF EXTRAORDINARY GENERAL MEETING

BIOLIDICS LIMITED

(Company Registration No. 200913076M)
(Incorporated in the Republic of Singapore on 19 July 2009)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Biolidics Limited (the “**Company**”) will be held at RHTLaw Asia LLP (Rooms 2 and 3), Paya Lebar Link #06-08, PLQ 2 Paya Lebar Quarter, Singapore 408533 on Thursday, 19 September 2024 at 11.00 a.m. (“**EGM**” or the “**Meeting**”) for the purpose of considering, and if thought fit, passing (with or without any modification) the following ordinary resolutions as set out below:

Unless otherwise defined, all capitalised terms used in this notice of EGM shall bear the same meanings as ascribed to them in the circular to shareholders of the Company dated 4 September 2024 (the “**Circular**”).

Shareholders should note that Ordinary Resolutions 1 to 4 as set out in this Notice of EGM are inter-conditional on each other. This means that if any one of Ordinary Resolutions 1 to 4 is not approved, all of Ordinary Resolutions 1 to 4 will not be duly passed.

ORDINARY RESOLUTION 1: THE PROPOSED ISSUANCE OF CONSIDERATION SHARES

That, subject to and contingent upon the passing of Ordinary Resolutions 2, 3 and 4 in this Notice of EGM:

- (a) pursuant to Section 161 of the Companies Act and Chapter 8 of the Catalist Rules, approval be and is hereby given to the Directors for the allotment and issuance an aggregate of 452,000,000 Consideration Shares to the Vendor’s Nominees, Mr. Yuan and Mr. Wu at the Consideration Share Price of S\$0.0090 per Consideration Share in accordance with the terms and conditions of the SPA; and
- (b) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this resolution as they or he may think fit.

ORDINARY RESOLUTION 2: THE PROPOSED ISSUANCE OF SUBSCRIPTION SHARES

That, subject to and contingent upon the passing of Ordinary Resolutions 1, 3 and 4 in this Notice of EGM:

- (a) pursuant to Section 161 of the Companies Act and Rules 804, 805, 811 and 812 of the Catalist Rules, approval be and is hereby given to the Directors for the allotment and issuance of up to 407,000,000 Subscription Shares to the Subscriber at the Subscription Price of S\$0.0040 per Subscription Share in accordance with the terms and conditions of the Subscription Agreement;
- (b) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 2:

- (1) Pursuant to Rule 804, Rule 812(2) and Rule 919 of the Catalist Rules, the Subscriber and his associates will abstain from exercising any voting rights in relation to Resolution 2.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 3: THE PROPOSED TRANSFER OF CONTROLLING INTEREST TO MR. ZHU HUA

That, subject to and contingent upon the passing of Ordinary Resolutions 1, 2 and 4 in this Notice of EGM:

- (a) pursuant to Rule 803 of the Catalist Rules, approval be and is hereby given to the Directors for the Proposed Transfer of Controlling Interest to the Subscriber upon completion of the Proposed Subscription; and
- (b) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 3:

- (1) Pursuant to Rule 804, Rule 812(2) and Rule 919 of the Catalist Rules, the Subscriber and his associates will abstain from exercising any voting rights in relation to Resolution 3.

ORDINARY RESOLUTION 4: THE PROPOSED SUBSCRIPTION AS AN INTERESTED PERSON TRANSACTION

That, subject to and contingent upon the passing of Ordinary Resolutions 1, 2 and 3 in this Notice of EGM:

- (a) pursuant to Chapter 9 of the Catalist Rules, approval be and is hereby given to the Directors for the Proposed Subscription as an Interested Person Transaction; and
- (b) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this resolution as they or he may think fit.

Note to Ordinary Resolution 4:

- (1) Pursuant to Rule 804, Rule 812(2) and Rule 919 of the Catalist Rules, the Subscriber and his associates will abstain from exercising any voting rights in relation to Resolution 4.

ORDINARY RESOLUTION 5: THE PROPOSED ISSUANCE OF SIGN-ON SHARES

That:

- (a) pursuant to Section 161 of the Companies Act and Chapter 8 of the Catalist Rules, approval be and is hereby given to the Directors for the proposed allotment and issuance of up to 76,000,000 Sign-On Shares to Mr. Chen Lu, pursuant to the Proposed Issuance of Sign-On Shares; and
- (b) the Directors or any of them be and are hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this resolution as they or he may think fit.

BY ORDER OF THE BOARD

Zhu Hua
Executive Director and Chairman

4 September 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The members of the Company are invited to attend physically at the EGM. **There will be no option for members to participate virtually.**
2. A printed copy of the Circular will not be sent to members unless requested by the members pursuant to a submitted request. Members who wish to receive a printed copy of the Circular are required to complete the Request Form and return it to the Company by post or by email by 11 September 2024.
3. Printed copies of this Notice of EGM ("**Notice**"), Proxy Form and the Request Form (to request for the Circular) have been despatched to the members. The Circular, Notice and Proxy Form can also be accessed electronically by the members on the Company's website at the URL www.biolidics.com, and on the SGXNet website at <https://www.sgx.com/securities/company-announcements>.
4. The members of the Company may participate in the EGM by:
 - (a) attending the EGM in person;
 - (b) raising questions at the EGM or submitting questions in advance of the EGM; and/or
 - (c) voting at the EGM (i) themselves personally; or (ii) through their duly appointed proxy(ies).

Please bring along your NRIC/passport as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the EGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the EGM, if they are unwell.

5. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
6. A member of the Company who is a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the EGM of the Company, provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
7. For investors who hold shares through relevant intermediaries, including the CPF Investors and/or the SRS Investors who are unable to attend the EGM but would like to appoint the Chairman of the EGM as their proxy should approach their respective CPF Agent Banks or SRS operators, through which they hold such shares, to submit their votes at least seven (7) working days before the EGM that is by **11.00 a.m. on Tuesday, 10 September 2024**, in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit the Proxy Form to appoint the Chairman of the EGM to vote on their behalf no later than the Proxy Deadline. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the EGM.
8. The instrument appointing a proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited, located at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com.

in either case, by 11.00 a.m. on Monday, 16 September 2024, being seventy-two (72) hours before the time appointed for holding the EGM and in default, the instrument of proxy shall be treated as invalid.

Members are strongly encouraged to submit completed forms electronically via email.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM (i.e., by 11.00 a.m. on Monday, 16 September 2024), as certified by The Central Depository (Pte) Limited to the Company.
10. Members may submit substantial and relevant questions in relation to the resolutions to be tabled and approval at the EGM, in advance of the EGM, in the following manner:
 - (a) by email to circular@biolidics.com; or
 - (b) in hard copy by sending personally or by post to the registered address of the Company at 18 Howard Road #11-09 Novelty BizCentre, Singapore 369585.

NOTICE OF EXTRAORDINARY GENERAL MEETING

All questions must be submitted within seven (7) calendar days from the date of this Notice (i.e., by 11.00 a.m. on Wednesday, 11 September 2024) ("**Cut-Off Time**").

The Company will endeavour to address questions which are substantial and relevant to the resolutions to be tabled for approval at the EGM and received from members who are verifiable against the Depository Register or the Register of Members. The Company's responses to the questions from members will be posted on the SGXNet at <https://www.sgx.com/securities/company-announcements> no later than forty-eight (48) hours before the closing date and time for lodgement of the Proxy Form. **Where substantially similar questions are received, the Company may consolidate such questions and consequently not all question may be individually addressed.**

The Company will address any subsequent clarification sought, or substantial and relevant follow-up questions received after Wednesday, 11 September 2024 which have not already been addressed prior to the EGM, at the EGM itself.

Verified members and proxy(ies) attending the physical meeting will be able to ask questions in person at the EGM. The Company will, within one (1) month after the date of the EGM, publish the minutes of the EGM on SGXNet and the minutes will include the responses to the questions referred to above.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

BIOLIDICS LIMITED

(Company Registration No. 200913076M)

(Incorporated in the Republic of Singapore on 19 July 2009)

EXTRAORDINARY GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT:

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the EGM in person. SRS Investors who are unable to attend the EGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, SRS Investors shall be precluded from attending the EGM.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We _____ (Name) _____ (NRIC/Passport/Co Reg No.)

of _____ (Address)

being a *member/members of **BIOLIDICS LIMITED** (the "Company") hereby appoint:

Name	NRIC/Passport/Co Reg No.	Proportion of Shareholdings	
Address		No. of Shares	%

and/or (delete as appropriate)

Name	NRIC/Passport/Co Reg No.	Proportion of Shareholdings	
Address		No. of Shares	%

or failing *him/her/them, the Chairman of the extraordinary general meeting ("**EGM**") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the EGM to be held at RHTLaw Asia LLP (Rooms 2 and 3), Paya Lebar Link #06-08, PLQ 2 Paya Lebar Quarter, Singapore 408533 on Thursday, 19 September 2024 at 11.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting *his/her discretion.

The resolutions put to vote at the EGM shall be decided by poll.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For", "Against" or "Abstain" for each Resolution in the boxes provided as appropriate.

Ordinary Resolution		For	Against	Abstain
1	To approve the Proposed Issuance of Consideration Shares			
2	To approve the Proposed Issuance of Subscription Shares			
3	To approve the Proposed Transfer of Controlling Interest			
4	To approve the Proposed Subscription as an Interested Person Transaction			
5	To approve the Proposed Issuance of Sign-On Shares			

Dated this _____ day of _____ 2024

Signature(s) of Member(s)/Common Seal
of Corporate Shareholder

* Delete where inapplicable

Total no. of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this Proxy Form will be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary) appoints two (2) proxies he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named.
4. A member of the Company who is a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the EGM of the Company provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) if submitted by post, must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or
 - (b) if submitted electronically, must be submitted via email to Company's Share Registrar, B.A.C.S Private Limited at main@zicoholdings.com.in either case, by 11.00 a.m. on 16 September 2024, being seventy-two (72) hours before the time appointed for holding the EGM and in default, the instrument of proxy or proxies shall be treated as invalid.
6. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy(ies) is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

* A Relevant Intermediary means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

GENERAL:

The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 4 September 2024.