CHINA STAR FOOD GROUP
中国之星食品集团

(Incorporated in the Republic of Singapore with Unique Entity No.: 200718683N)
Website: www.zixinshuye.com
SGX Stock Code: **42W**

PROPOSED PLACEMENT OF 500,000,000 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY

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1. INTRODUCTION

1.1 The Board of Directors (the "**Board**" or the "**Directors**") of China Star Food Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 21 September 2021, entered into subscription agreements (each a "**Subscription Agreement**", and collectively the "**Subscription Agreements**") with each of the subscribers set out in Paragraph 2.2 of this announcement (the "**Subscribers**").

1.2 Subject to and upon the terms of the respective Subscription Agreements, the Subscribers have agreed to subscribe and pay for, and the Company will allot and issue to the Subscribers, an aggregate of 500,000,000 new ordinary shares in the share capital of the Company (each a "**Subscription Share**", and collectively the "**Subscription Shares**") at an issue price of S$0.024 (the "**Issue Price**") for each Subscription Share, amounting to an aggregate sum of S$12,000,000 (the "**Subscription Consideration**") (the "**Proposed Placement**").

2. DETAILS OF THE PROPOSED PLACEMENT

2.1 <u>The Issue Price</u>

The Issue Price of S$0.024 is equivalent to the volume weighted average price of S$0.024 per share of the Company ("**Share**") based on trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 21 September 2021, being the last full market day on which the Shares were traded preceding the date and up to the time the Subscription Agreements were signed.

2.2 <u>Details of the Subscribers and their respective subscriptions</u>

2.2.1 Shareholders of the Company ("**Shareholders**") should note that information relating to the Subscribers in this paragraph and elsewhere in this announcement were provided by the Subscribers. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

2.2.2 The details of the Subscribers and their respective subscription of the Subscription Shares are as follows:

Name of Subscriber	Number of existing Shares held	Number of Subscription Shares subscribed	Shareholding prior to the completion of the Proposed Placement ("Completion") as a percentage of the existing issued share capital of the Company[(1)]	Shareholding (including the number of Subscription Shares subscribed for) as a percentage of enlarged issued share capital of the Company after Completion[(2)]	Subscription consideration payable (S$)
Liang Chengwang	160,566,000	60,000,000	18.17	15.94	1,440,000
Duanmu Xiaoyi	30,000,000	20,000,000	3.39	3.61	480,000
PTS Capital Pte. Ltd.[(3)]	105,966,700	100,000,000	11.99	14.88	2,400,000
An Junwei	–	60,000,000	–	4.34	1,440,000
Liu Xiaohua	3,462,100	60,000,000	0.39	4.59	1,440,000
Luo Fangfen	12,733,075	50,000,000	1.44	4.53	1,200,000
Liu Nailin	18,900,900	50,000,000	2.14	4.98	1,200,000
Liang Wenshu	22,965,600	24,000,000	2.60	3.39	576,000
Yang Qibin	40,000,000	20,000,000	4.53	4.34	480,000
Xue Xiaohua	–	20,000,000	–	1.45	480,000
Pan Ruliang	4,000,000	16,000,000	0.45	1.45	384,000
Liu Jing	254,400	10,000,000	0.03	0.74	240,000
Chen Yu	–	10,000,000	–	0.72	240,000
Total		**500,000,000**	**45.13**	**64.96**	**12,000,000**

Notes:

(1) Based on the number of Subscription Shares divided by the existing issued and paid-up share capital of the Company of 883,818,100 fully paid-up ordinary shares immediately before the Proposed Placement, rounded to the nearest two decimal places.

(2) Based on the number of Subscription Shares divided by the enlarged issued and paid-up share capital of the Company of 1,383,818,100 fully paid-up ordinary shares immediately after the Proposed Placement, rounded to the nearest two decimal places.

(3) As Ms Yu Lei owns more than 20% of the voting rights in PTS Capital Pte. Ltd., Ms Yu Lei is deemed to have an interest in the ordinary shares of the Company that are owned by PTS Capital Pte. Ltd.

2.2.3 Further information on the Subscribers is set out below:

Name of Subscriber	Background of the Subscriber and the rationale for their respective subscription
Liang Chengwang	Mr Liang Chengwang ("**Mr Liang**") is an existing controlling Shareholder, as well as the Executive Chairman and Chief Executive Officer of the Company.
Duanmu Xiaoyi	Ms Duanmu Xiaoyi ("**Ms Duanmu**") is an existing substantial Shareholder and an Executive Director of the Company.
PTS Capital Pte. Ltd.	PTS Capital Pte. Ltd. is an investment holding company in Singapore and an existing substantial Shareholder. Ms Yu Lei is a shareholder of PTS Capital Pte. Ltd. and owns more than 20% of the voting rights in PTS Capital Pte. Ltd.
An Junwei	Mr An Junwei was an existing shareholder of the Company and is a private investor.
Liu Xiaohua	Ms Liu Xiaohua is an existing shareholder of the Company and is a private investor.
Luo Fangfen	Mr Luo Fangfen is an existing shareholder of the Company and is a businessman with business interests in the People's Republic of China (the "**PRC**").
Liu Nailin	Mr Liu Nailin is an existing shareholder of the Company and is a businessman with business interests in the PRC.
Liang Wenshu	Mr Liang Wenshu is an existing shareholder of the Company and is a businessman with business interests in the PRC.
Yang Qibin	Mr Yang Qibin is an existing shareholder of the Company and is a businessman with business interests in the PRC.
Xue Xiaohua	Mr Xue Xiaohua was an existing shareholder of the Company and is a private investor.
Pan Ruliang	Mr Pan Ruliang is an existing shareholder of the Company and is a private investor.
Liu Jing	Ms Liu Jing is an existing shareholder of the Company and is a private investor.
Chen Yu	Ms Chen Yu was an existing shareholder of the Company and is a private investor.

2.2.4 PTS Capital Pte. Ltd., Mr Luo Fangfen, Mr Liu Nailin, Mr Yang Qibin, Mr Liang Wenshu and Mr. Pan Ruliang are existing Shareholders, were first introduced to the Company through the business contacts and connections of Mr Liang, and were subsequently approached by Mr Liang about the Proposed Placement. In addition, the Company was

introduced to Mr An Junwei, Ms Liu Xiaohua (an existing shareholder), Mr Xue Xiaohua, Ms Liu Jing (an existing shareholder) and Ms Chenyu through the business contacts and connections of Mr Liang and Ms Duanmu, who were subsequently approached by Mr Liang and Ms Duanmu about the Proposed Placement. The Subscribers had expressed an interest to invest in the Company through the Proposed Placement for their own respective financial investment purposes.

2.2.5 Save as disclosed in Paragraphs 2.2.3 and 2.2.4, the Subscribers currently do not have any connections or relationships (including business relationships) with the Group, any of the Directors and/or substantial shareholders of the Company.

2.2.6 The Subscribers have each represented and warranted to the Company, *inter alia*, that:

(a) each of them is independent of, and not acting in concert (as defined in The Singapore Code on Take-overs and Mergers) with any other party to obtain or consolidate effective control in the Company through the subscription of the Subscription Shares;

(b) each of them (save for Mr Liang, Ms Duanmu and PTS Capital Pte. Ltd.) is not a Director or a substantial shareholder of the Company, an interested person as defined in Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") or any other person in the categories set out in Rule 812(1) of the Catalist Rules (as the case may be); and

(c) each of them is subscribing for the Subscription Shares solely for the purposes of investment and solely for their own benefit and as principal (and not as an underwriter or a placement agent or a nominee or a trustee for any person) and has not entered into any arrangement or agreement to sell or otherwise dispose of any of the Subscription Shares to any person.

2.3 Payment of the consideration by the respective Subscribers

The Subscribers will be paying for their respective Subscription Shares fully by way of cash.

2.4 The Subscription Shares

2.4.1 Following Completion, the Company's issued share capital will increase from 883,818,100 Shares as at the date of this announcement to 1,383,818,100 Shares. The Subscription Shares represent approximately 56.57% (rounded to two decimal places) of the existing issued share capital of the Company comprising 883,818,100 Shares as at the date of this announcement and will represent approximately 36.13% (rounded to two decimal places) of the enlarged issued share capital of the Company of 1,383,818,100 Shares, based on the assumption that there will be no changes to the number of Shares (excluding treasury shares and subsidiary holdings) before Completion. The Company does not hold any treasury Shares.

2.4.2 The Subscription Shares, when issued and delivered, will be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto and shall rank *pari passu* in all respects with the Shares existing as at the date of the issuance of the Subscription Shares save for dividends, rights, allotments or other

distributions, the record date of which falls on or before the date of allotment and issuance of the Subscription Shares.

2.4.3 The Proposed Placement will not result in a transfer of controlling interest of the Company within the definition of Rule 803 of the Catalist Rules and there are no share borrowing arrangements for the Proposed Placement. The Proposed Placement is not expected to give rise to any material conflicts of interest.

2.5 Additional Listing Confirmation

The Company will be making an application, through its continuing sponsor, Novus Corporate Finance Pte. Ltd., to the SGX-ST for the listing of and quotation of the Subscription Shares on the Catalist Board of the SGX-ST. The Company will make the necessary announcements in due course upon obtaining the listing and quotation notice in respect of all of the Subscription Shares from SGX-ST.

2.6 No payment of introducer fee or placement commission

No introducer fee or placement commission has been paid or will be payable by the Company in connection with the Proposed Placement and no placement agent has been appointed for the Proposed Placement.

2.7 Exemption from the prospectus requirement

The offer and allotment and issuance of the Subscription Shares is made pursuant to the exemption under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Subscription.

3. SHAREHOLDERS' APPROVAL FOR THE ISSUANCE OF THE PLACEMENT SHARES

3.1 The Company will not be relying on its existing general share issue mandate approved by Shareholders by way of an ordinary resolution ("**General Mandate**") at the annual general meeting of the Company held on 31 August 2021.

3.2 The Company will be seeking specific Shareholder's approval (as detailed below) in relation to the allotment and issuance of the Placement Shares at an extraordinary general meeting of the Company ("**EGM**") to be convened.

3.3 Approval under Chapter 8 of the Catalist Rules

3.3.1 Rule 804 of the Catalist Rules provides that:

"Except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of this Chapter, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter. The notice of meeting must state:

(1) the number of securities to be allotted to each director and associate;

(2) the precise terms of the issue; and

(3) that such directors and associates will abstain from exercising any voting rights on the resolution."

3.3.2 Rule 805 of the Catalist Rules further provides, *inter alia*, that:

"Except as provided in Rule 806, an issuer must obtain the prior approval of shareholders in general meeting for the following:

(1) The issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer".

3.3.3 Rule 812 of the Catalist Rules further provides, *inter alia*, that:

"(1) An issue must not be placed to any of the following persons:

(a) the issuer's directors and substantial shareholders;

(b) immediate family members of the directors and substantial shareholders;

(c) substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the issuer's substantial shareholders;

(d) corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10%; or

(e) any person who, in the opinion of the Exchange, falls within category (a) to (d).

(2) Rule 812(1) will not apply if specific shareholder approval for such a placement has been obtained. The person, and its associates, must abstain from voting on the resolution approving the placement."

3.3.4 As the Company will not be relying on its existing General Mandate, specific approval from Shareholders is required pursuant to Rule 805(1) of the Catalist Rules for the Proposed Placement.

3.3.5 As Mr Liang is a controlling Shareholder, as well as the Executive Chairman and Chief Executive Officer of the Company, he falls within the restricted list of persons as set out in Rule 812(1) of the Catalist Rules. In accordance with Rules 804 and 812(2) of the Catalist Rules, specific approval from Shareholders is required for the issue and allotment of any Placement Shares to Mr Liang pursuant to the Proposed Placement. Mr Liang and his associates must also abstain from voting on the resolution approving the Proposed Placement.

3.3.6 As Ms Duanmu is an existing Shareholder and Executive Director of the Company, she falls within the restricted list of persons as set out in Rule 812(1) of the Catalist Rules. In accordance with Rules 804 and 812(2) of the Catalist Rules, specific approval from Shareholders is required for the issue and allotment of any Placement Shares to Ms Duanmu pursuant to the Proposed Placement. Ms Duanmu and her associates must also abstain from voting on the resolution approving the Proposed Placement.

3.3.7 As PTS Capital Pte. Ltd. is a substantial Shareholder, it falls within the restricted list of persons as set out in Rule 812(1) of the Catalist Rules. Ms Yu Lei through her ownership of more than 20% of the voting rights in PTS Capital Pte. Ltd., is deemed to have an interest in the ordinary shares of the Company that are owned by PTS Capital Pte. Ltd. and is also considered a substantial Shareholder. In accordance with Rule 812(2) of the Catalist Rules, specific approval from Shareholders is required for the issue and allotment of any Placement Shares to PTS Capital Pte. Ltd. pursuant to the Proposed Placement. PTS Capital Pte. Ltd., and Ms Yu Lei as well as their associates must also abstain from voting on the resolution approving the Proposed Placement.

3.4 The audit committee of the Company comprising the Independent Directors, namely Mr Ng Poh Khoon, Mr Xue Congyan and Mr Lawrence Chen Tse Chau (Chen Shichao) (all of whom are considered independent for the purposes of considering the Proposed Placement), having considered, amongst others, (i) the rationale for and the terms of the Proposed Placement, and (ii) the Issue Price being at not more than a 10% discount to the weighted average price for trades done on the Exchange for the full market day on which the placement or subscription agreement is signed, which is generally in line with the discount for precedent placements of shares conducted by other listed companies in Singapore, is of the view that each of the proposed placement of Subscription Shares to Mr Liang and Ms Duanmu (being interested persons) respectively is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

4. OTHER SALIENT TERMS OF THE SUBSCRIPTION AGREEMENTS

4.1 Completion

4.1.1 Subject to the terms and conditions of each of the Subscription Agreements, Completion shall take place on the date falling no later than the tenth (10th) business day after the satisfaction of the last of the conditions precedent to each of the Subscription Agreements or waived in accordance with the terms of each of the Subscription Agreements (as the case may be), or such other date as may be agreed in writing between the parties to each of the Subscription Agreements (the "**Completion Date**").

4.1.2 On the Completion Date, the Subscribers shall make payment to, or procure that payment is made to, the Company for their respective consideration in respect of their respective Subscription Shares.

4.2 Conditions Precedent

Completion is conditional upon, *inter alia*, the following conditions:

(a) the approval in-principle from the SGX-ST being obtained for the listing and quotation of the Subscription Shares and such approval not having been revoked or amended as at the Completion Date, and if the approval is granted subject to conditions, such conditions being reasonably acceptable to the Company, and to the extent that any conditions for the listing and quotation of all of the Subscription Shares are required to be fulfilled on or before Completion Date, they are so fulfilled;

(b) the Company obtaining such approval(s) from its Board in connection with the Subscription Agreements and the transactions contemplated therein as may be necessary;

(c) the approval of the Shareholders having been obtained at the EGM in relation to:

(i) the Proposed Placement;

(ii) the issuance and allotment of 60,000,000 Subscription Shares to Mr Liang as part of the Proposed Placement for the purposes of complying with Rules 804 and 812 of the Catalist Rules;

(iii) the issuance and allotment of 20,000,000 Subscription Shares to Ms Duanmu as part of the Proposed Placement for the purposes of complying with Rules 804 and 812 of the Catalist Rules; and

(iv) the issuance and allotment of 100,000,000 Subscription Shares to PTS Capital Pte. Ltd as part of the Proposed Placement for the purpose of complying with Rule 812 of the Catalist Rules.

(d) the allotment, issue, and subscription of all of the Subscription Shares by the Subscribers not being prohibited by any statute, order, rule, regulation or directive promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore;

(e) the representations and warranties of the Company in the Subscription Agreements being true, accurate, and correct as if repeated on and as of the Completion Date, with reference to the then existing circumstances and the Company having performed in all of its obligations set out in the respective Subscription Agreements on or before the Completion Date;

(f) the representations and warranties of the Subscribers in the Subscription Agreements being true, accurate and correct as if repeated on and as of the Completion Date, with reference to the then existing circumstances and each of the Subscribers having performed in all of its obligations set out in their respective Subscription Agreements on or before the Completion Date; and

(g) there having occurred no material adverse change, or any development reasonably likely to involve a prospective material adverse change, in the financial condition, prospects, earnings, business, undertakings, assets or properties of the Group, whether or not arising from transactions in the ordinary course of business subsequent to the date of the Subscription Agreements.

4.3 Long-Stop Date

Each of the Subscription Agreements is subject to the long-stop date falling six (6) months after the date of the respective Subscription Agreements or any other date that the Subscribers may agree with the Company (the "**Long-Stop Date**"). The Subscription Agreements will terminate on or before the Long-Stop Date (or such later date as the Company and the Subscribers may agree in writing) if any of the conditions precedent set out in Paragraph 4.2 of this announcement are not satisfied or otherwise mutually waived by the Company and the respective Subscribers, or the time for performance is not extended by the respective Subscribers. In respect of which, neither of such Subscriber nor the Company shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the subscription of the Subscription Shares

by the Subscriber, save for any other rights or liabilities which have accrued prior to such termination, or which are expressed to apply after such termination.

5. RATIONALE FOR THE PROPOSED PLACEMENT

5.1 To fulfil the paid-up share capital requirement of the Company's subsidiary, Fujian Zixin Biological Potato Co., Ltd.

5.1.1 Fujian Zixin Biological Potato Co., Ltd. ("**Fujian Zixin**"), an indirect wholly-owned subsidiary of the Company, has an authorised share capital of RMB80,000,000. At the date of this Agreement, the paid-up capital of Fujian Zixin is RMB55,053,043, and the remaining share capital required to fulfil the capital requirement of Fujian Zixin is RMB 24,946,958 (or approximately S$5,200,000 based on the MAS Currency Exchange Rate (defined below)) (the "**Share Capital Requirement**").

5.1.2 The Company intends to use part of the Subscription Consideration to fulfil the Share Capital Requirement.

5.2 Future expansion of the Group's business in Singapore

The Company intends to, in furtherance of the Group's business relating to the cultivation, research and development, as well as processing of sweet potatoes, expand the operations of the Singapore office of the Group through the establishment of an import and export function relating to sweet potatoes and sweet potato snacks, thereby further expanding its comprehensive supply chain.

5.3 General working capital of the Group

5.3.1 The Group intends to use part of the Net Cash Proceeds (as defined below) for its working capital purposes including funding, *inter alia*, administrative expenses, employees' benefits and wages, other operating expenses as well as other future expansions which the Directors deem to be in the interest of the Company and the Group.

5.3.2 Further, the Proposed Placement is part of the Company's ongoing and prudent balance sheet management to strengthen its financial position, enlarge its capital base and further enhance the financial flexibility of the Group.

6. USE OF THE NET CASH PROCEEDS

6.1 The estimated net cash proceeds to be raised from the Proposed Placement, if and when completed, after deducting estimated expenses to be incurred in connection with the Proposed Placement of S$100,000, would be S$11,900,000 (the "**Net Cash Proceeds**").

6.2 The Company intends to use the Net Cash Proceeds in the manner set out below:

Intended Use of Net Cash Proceeds	**Amount (S$)[(1)]**	**As a % of the Net Cash Proceeds[(2)]**
To fulfil the paid-up share capital requirement of Fujian Zixin	5,200,000	43.70

Future expansion of the Group's business in Singapore	4,000,000	33.61
Working capital for the Group	2,700,000	22.69

Notes:

(1) Rounded to the nearest thousand.

(2) Rounded to the nearest two (2) decimal places.

6.3 Pursuant to Rule 704(30) and Rule 1204(22) of the Catalist Rules, the Company will make periodic announcements on the utilisation of the Net Cash Proceeds as and when the Net Cash Proceeds are materially disbursed or utilised, and whether such use is in accordance with the stated use and in accordance with the percentage allocated in this announcement. The Company will also provide a status report on the use of the Net Cash Proceeds in the Company's interim and full year financial statements and the annual report of the Company. Where there is any material deviation from the stated use of the Net Cash Proceeds, the Company will announce the reasons for such deviation. Where the Net Cash Proceeds are to be used for working capital, the Company will disclose a breakdown with specific details on the use of the Net Cash Proceeds for working capital in its announcements and annual reports.

6.4 Pending deployment of the Net Cash Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments or debt instruments or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.

7. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

7.1 Assumptions

7.1.1 The *pro forma* financial effects of the Proposed Placement on the Group are set forth below and have been computed based on the audited financial statements of the Group for its financial year ended 31 March 2021 ("**FY2021**").

7.1.2 The financial effects of the Proposed Placement are based on the following bases and assumptions:

(a) The Subscription Shares are fully placed out;

(b) the estimated fees and expenses (including professional fees in relation to the Proposed Placement) incurred by the Company in connection with the Proposed Placement is approximately S$100,000;

(c) the financial effect on the net tangible asset (the "**NTA**") per Share is computed based on the assumption that the Proposed Placement was completed on 31 March 2021;

(d) the financial effect on the loss per Share (the "**LPS**") is computed based on the assumption that the Proposed Placement was completed on 1 April 2020; and

(e) the use of the MAS currency exchange rate as of 20 September 2021 of S$1.00 to RMB4.78[1] (the "**MAS Currency Exchange Rate**").

Note:

(1) Rounded to the nearest two (2) decimal places.

7.2 Share capital

Details on the share capital of the Company before and after the allotment and issuance of all of the Subscription Shares are as follows:

	Before the allotment and issuance of all Subscription Shares	**After the allotment and issuance of all Subscription Shares**
Issued and paid-up share capital (S$'000)	194,316	206,316
Number of Shares as at 31 March 2021 (excluding treasury shares)(1)	883,818,100	1,383,818,100

Note:

(1) As at the date of this announcement, the Company does not hold any treasury shares.

7.3 Net Tangible Assets ("**NTA")**

Details on the NTA per Share of the Group before and after the allotment and issuance of all of the Subscription Shares are as follows:

	Before the allotment and issuance of all Subscription Shares	**After the allotment and issuance of all Subscription Shares**
NTA of the Group as at 31 March 2021 (RMB'000)	416,629	473,989
Total number of issued and paid-up Shares (excluding treasury shares)(1)	883,818,100	1,383,818,100
NTA per Share of the Group (RMB cents)	47.14	34.25

Note:

(1) As at the date of this announcement, the Company does not hold any treasury shares.

7.4 Loss per Share ("**LPS**")

Details on the Loss per Share of the Group before and after the allotment and issuance of all of the Subscription Shares are as follows:

	Before the allotment and issuance of all Subscription Shares	**After the allotment and issuance of all Subscription Shares**
Net loss for FY2021 (RMB'000)	(12,676)	(12,676)
Weighted average number of Shares	640,695	1,140,695
LPS (RMB cents)	(1.98)	(1.11)

7.5 The *pro forma* financial effects of the Proposed Placement are presented solely for illustrative purposes only and are not intended to be indicative or reflective of the actual financial position of the Group after Completion of the Proposed Placement.

8. CONFIRMATION BY DIRECTORS

8.1 In accordance with Rule 810(1)(c) of the Catalist Rules, the Directors are of the opinion that after taking into consideration:

(i) the present bank facilities available to the Group, the working capital available to the Group is sufficient to meet its present requirements, and the Proposed Placement is being undertaken for reasons provided in Paragraph 5 above; and

(ii) the present bank facilities available to the Group and the Net Cash Proceeds arising from the Proposed Placement, the working capital available to the Group is sufficient to meet its present requirements.

8.2 Notwithstanding the above, the Company has decided to undertake the Proposed Placement to strengthen its financial position, enlarge its capital base and further enhance the financial flexibility of the Group, as part of its ongoing and prudent balance sheet management.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Apart from Mr Liang, Ms Duanmu and PTS Capital Pte. Ltd. as disclosed above, none of the Directors and their respective associates, and to the best of the knowledge of the Directors, none of the substantial shareholders of the Company, as well as their respective associates, has any interest, whether direct or indirect, in the Proposed Placement (other than in his capacity as Director or Shareholder of the Company, as the case may be).

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the Subscription Agreements are available for inspection during the normal business hours at the registered office of the Company at 24 Raffles Place, #20-03 Clifford Centre, Singapore 048621 for a period of three (3) months from the date of this announcement.

12. EXTRAORDINARY GENERAL MEETING AND FURTHER ANNOUNCEMENTS

12.1 The Circular containing, *inter alia*, further information on the Proposed Placement and the notice to convene the EGM will be despatched electronically in accordance with the provisions of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 by the Company to Shareholders in due course.

12.2 The Company will continue to keep Shareholders updated and release announcements relating to the Proposed Placement (including any material developments and progress made) as may be appropriate from time to time.

13. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out above, and accordingly, should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Liang Chengwang
Executive Chairman and Chief Executive Officer

21 September 2021

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

The contact person for the Sponsor is Mr Andrew Leo, Chief Executive Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.