



INTRACO LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 196800526Z)

**ENTRY INTO HEADS OF AGREEMENT IN RELATION TO THE PROPOSED INVESTMENT IN THE
MHC DIGITAL GROUP**

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Intraco Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 13 December 2021 entered into a Heads of Agreement (the “**HOA**”) with Messrs Mark Carnegie (“**Carnegie**”) and Sergei Sergienko (“**Sergienko**”) (collectively, the “**Sellers**”) for the proposed investment by the Company in the MHC Digital Group, a leading Australian digital asset platform, combining traditional financial funds management expertise and digital asset expertise and providing end-to-end services including fund management and trading services, by way of a combination of subscription for new ordinary shares, and acquisition from the Sellers of existing ordinary shares, in a new company to be incorporated in Singapore (“**MHC SG**”) representing 51% of the total issued and paid-up share capital of MHC SG (the “**Proposed Transaction**”).

The Proposed Transaction shall be subject to, *inter alia*, the Company and the Sellers (the “**Parties**”) entering into definitive agreements on terms to be agreed (the “**Definitive Agreements**”). For the avoidance of doubt, the terms and conditions of the Proposed Transaction are not limited to that set out in the HOA and the agreed terms of the Proposed Transaction in the Definitive Agreements (if and when entered into) may or may not differ from that set out in the HOA.

The Company will make further announcements as and when there are material updates to the Proposed Transaction, including the entry into the Definitive Agreements.

2. INFORMATION ON MHC SG

The information on MHC SG and the MHC Digital Group was provided by the Sellers and the contents of this announcement relating to MHC SG and the MHC Digital Group have been confirmed by the Sellers to be accurate. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the sole responsibility of the Company and Directors is to ensure that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

- (a) MHC SG will be a private company to be incorporated in Singapore by the Sellers, who will each hold 50% of the total issued share capital of MHC SG.
- (b) The MHC Digital Group, led by Carnegie, is a leading Australian digital asset platform, combining traditional financial funds management expertise and digital asset expertise and providing end-to-end services including fund management and trading services.



- (c) Prior to the Proposed Transaction, the following assets within the MHC Digital Group (collectively, the “**Assets**”) will be transferred by the Sellers to MHC SG, in consideration for new shares in MHC SG to be issued to the Sellers (the “**Restructuring**”):
- (i) the entire share capital of MHC Digital Finance Pty Limited (“**MHC DF**”), a company incorporated in Australia:
 - (A) MHC DF is the manager of 2 Australian wholesale managed investment schemes, MHC Digital Asset Fund and the MHC Digital Market Neutral Fund, and is a corporate authorised representative of MH Carnegie & Co Pty Limited which holds an Australian financial services licence; and
 - (B) the Sellers each hold 50% of the total issued share capital of MHC DF;
 - (ii) shares representing up to 35% of the total issued share capital of Blockchain Assets Pty Ltd, a company incorporated in Australia (“**Blockchain Assets**”):
 - (A) Blockchain Assets is the manager and trustee of the Blockchain Early Opportunities Fund, and is a corporate authorised representative of MH Carnegie & Co Pty Limited which holds an Australian financial services licence; and
 - (B) these shares will be acquired by Carnegie, subject to satisfaction of certain conditions, pursuant to a legally binding agreement with Blockchain Assets; and
 - (iii) the entire share capital of Chrono TimeX Pty Ltd, a company incorporated in Australia (“**TimeX**”):
 - (A) TimeX owns the hybrid cryptocurrency exchange in Australia, TimeX, and is registered as a digital currency exchange provider in Australia with the Australian Transaction Reports and Analysis Centre (“**AUSTRAC**”); and
 - (B) Sergienko and his affiliates are currently the shareholders of TimeX but 50% of the total issued share capital of TimeX will be acquired by Carnegie pursuant to his exercise of an option under a legally binding option agreement with Sergienko,
- provided that prior to the Restructuring, any accumulated profits (including, for the avoidance of doubt, any accrued and unpaid management fees and performance fees) in the MHC Digital Group will be distributed to the Sellers.
- (d) The group structure of MHC SG and the Assets upon completion of the Restructuring, and details of the businesses (collectively, the “**Business**”), which will be carried on by MHC SG, are set out in the Annex.

3. RATIONALE FOR THE PROPOSED TRANSACTION

The Company recognises that the digital asset industry is one of the fastest growing spaces and believes that the Proposed Transaction will allow the Group the opportunity to participate in the sector’s significant growth prospects.

The Sellers have developed MHC Digital Group into a leading Australian digital asset platform, combining traditional financial funds management expertise and digital asset expertise and providing end-to-end services including fund management and trading services. The Board



believes that the Proposed Transaction will allow the Group the opportunity to participate in the sector's significant growth prospects and deliver scale and capabilities in the digital assets sector. With the conducive and regulated environment in Singapore, the Company will provide MHC SG with the appropriate platform for the expansion of its Business regionally and internationally.

The Proposed Transaction and this investment into the digital assets sector will allow the Group to gain access to new opportunities within the digital asset sector, create new revenue streams for the Group and enhance its profitability and shareholders' value, in line with the Group's strategy to achieve long-term and sustainable growth.

The Consideration Shares (as defined below) will be issued to the Sellers at a significant premium over the last traded price per share on 10 December 2021 and the volume weighted average price per share in the last 6 months prior to 10 December 2021.

In view of the above, the Board is of the view that the Proposed Transaction is in the best interests of the Company and its shareholders (the "**Shareholders**").

4. PRINCIPAL TERMS OF THE HOA

The principal terms of the HOA are set out below:

4.1 Structure of Transaction and Consideration

Pursuant to the Proposed Transaction, the Company will:

- (a) subscribe for new ordinary shares in MHC SG, in consideration for a cash payment of S\$10 million; and
- (b) acquire existing ordinary shares in MHC SG from the Sellers, in consideration for the allotment and issue to the Sellers of 100 million new ordinary shares in the Company at an issue price of S\$0.50 per share (collectively, the "**Consideration Shares**"), comprising 50 million Consideration Shares to be issued to Carnegie and 50 million Consideration Shares to be issued to Sergienko,

such that upon completion of the Proposed Transaction, the Company will hold 51% of the total issued share capital of MHC SG (on a fully diluted basis) and the Sellers will hold the remaining 49% in equal proportion.

The Parties acknowledge that the Sellers are currently considering a number of options in relation to TimeX which may include a capital investment in TimeX resulting in a material uplift in valuation of TimeX. In the event that this occurs prior to completion of the Proposed Transaction, the Parties agree that they will in good faith discuss arrangements to ensure that the Sellers are not materially economically disadvantaged in any way.

The issue price of S\$0.50 per Consideration Share is determined taking into account the net tangible asset value ("**NTA**") per share of S\$0.55 (based on the Group's consolidated audited accounts as at 31 December 2020 and the Group's 6-month interim financial results as at 30 June 2021), and represents a 108% and 86% premium respectively over the last traded price per share on 10 December 2021 (being the last full trading day before the date of this announcement) and the volume weighted average price per share in the last 6 months prior to 10 December 2021.

Subject to the Company receiving the requisite shareholder approval, the Company will issue to Wong Fong Fui (or a company beneficially owned by him) (the "**Introducer**") 40 million warrants, each carrying the right to subscribe for one new share in the Company (collectively, the "**Warrants**"), exercisable at the Introducer's discretion at S\$0.50 per Warrant at any time within 4



years from the date of grant, in consideration for introducing the Company and the Sellers for the purposes of the Proposed Transaction. The Warrants will not be listed and traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The exercise price of S\$0.50 per Warrant is determined taking into account the NTA per share of S\$0.55 (based on the Group's consolidated audited accounts as at 31 December 2020 and the Group's 6-month interim financial results as at 30 June 2021), and represents a 108% and 86% premium respectively over the last traded price per share on 10 December 2021 (being the last full trading day before the date of this announcement) and the volume weighted average price per share in the last 6 months prior to 10 December 2021. For the avoidance of doubt, the grant and the exercise of the Warrants are not conditional upon completion of the Proposed Transaction.

The Company understands that the Introducer will be granting a loan to MHC SG for business purposes of a principal amount equal to S\$10 million and such loan (and all accrued interest) will be repayable by MHC SG upon completion of the Proposed Transaction.

4.2 Conditions Precedent

Completion of the Proposed Transaction is subject to the fulfilment of certain conditions precedent, including but not limited to the following, to the Company's satisfaction (in respect of paragraphs (a) to (k)), and to the Sellers' satisfaction (in respect of paragraphs (g) and (k)), provided that the Parties agree to proceed to completion of the Proposed Transaction as soon as reasonably practicable on satisfaction of the condition under paragraph (c):

- (a) completion of the Restructuring, including the entry into a shareholders' agreement in respect of Blockchain Assets on terms acceptable to the Company and the Sellers (the "**Blockchain Assets SHA**");
- (b) the results of the legal, financial, commercial, tax or other due diligence on MHC SG and its subsidiaries and associated companies, the Assets and the Business being satisfactory to the Company;
- (c) MHC SG achieving a rolling 12-month consolidated group net profit after tax of at least S\$24 million during the period of 24 months from the date of the acquisition agreement in respect of the Proposed Transaction to be entered into between the Company, the Sellers and MHC SG (the "**Acquisition Agreement**"), to be calculated on such basis to be agreed between the Company and the Sellers;
- (d) the Sellers procuring all necessary licences and other approvals from the relevant authorities required in connection with the Business, the Assets and the Proposed Transaction in Australia and Singapore, on terms acceptable to the Company, and such licences and other approvals being in full force and effect;
- (e) all approvals, consents, waivers, filings, registrations with, or notifications to, any governmental or statutory agency or authority required in connection with the transactions contemplated under the HOA being obtained on terms acceptable to the Company and being valid and in force, including but not limited to approvals, consents, waivers, filings, registrations with, or notifications to the SGX-ST and the Securities Industry Council ("**SIC**"), such as:
 - (i) receipt of approval-in-principle of the SGX-ST for the application for the listing and quotation of the Consideration Shares on the SGX-ST having been obtained; and
 - (ii) confirmation from SIC that the Sellers are not parties acting in concert, and are not required to make a mandatory general offer under the Singapore Code on Takeovers and Mergers as a result of the Consideration Shares,



and all such approvals, consents, waivers, filings, registrations and notifications being in full force and effect, and if subject to any conditions, such conditions having been fulfilled;

- (f) approval of the Shareholders in respect of the transactions contemplated under the HOA having been obtained at an extraordinary general meeting to be convened by the Company;
- (g) entry into the definitive agreements to be entered into in connection with the transactions contemplated under the HOA, on terms acceptable to the Company and the Sellers (collectively, the **"Definitive Agreements"**), including:
 - (i) the Acquisition Agreement;
 - (ii) a shareholders' agreement in respect of MHC SG between the Company, the Sellers and MHC SG;
 - (iii) the Blockchain Assets SHA; and
 - (iv) key employment agreements between MHC SG and each senior management of MHC SG;
- (h) the Business having been carried on in its ordinary course at all times consistent with past practice and there being no material adverse change in MHC SG, the Assets and/or the Business;
- (i) all representations and warranties in respect of MHC SG, the Assets and the Business given by the Sellers in the Definitive Agreements remaining true and accurate up to the completion of the Proposed Transaction, with reference to the facts and circumstances then existing;
- (j) there being no material unremedied breach by the Sellers of any of their obligations under the Definitive Agreements; and
- (k) any Australian Foreign Investment Review Board approval required in respect of the Proposed Transaction.

The Company may at any time at its discretion waive any of the conditions precedent in whole or in part, and conditionally or unconditionally. The Sellers may at any time at their discretion waive any of the conditions precedent under paragraphs (g) and (k) in whole or in part, and conditionally or unconditionally.

4.3 Representations and Warranties

Customary representations and warranties relating to the Proposed Transaction will be given by the Sellers to the Company, including but not limited to the net tangible assets of MHC SG being no less than S\$1.0 million as at the date of completion of the Proposed Transaction.

4.4 Board Representation in relation to the MHC SG Group

Upon completion of the Proposed Transaction, in respect of each of MHC SG and its subsidiaries:

- (a) The board of directors will have a maximum number of 4 directors:



- (i) The Company will be entitled to appoint 2 directors, 1 of whom will be the Chairperson.
- (ii) Carnegie will be entitled to appoint 1 director.
- (iii) Sergienko will be entitled to appoint 1 director.
- (b) Quorum will comprise 3 directors, including 1 director appointed by the Company and 1 director appointed by Carnegie.
- (c) The Chairperson will have a casting vote.

4.5 Reserved Matters in relation to the MHC SG Group

Upon completion of the Proposed Transaction, reserved matters in respect of MHC SG or any entity in which it holds an interest pursuant to the Restructuring, including but not limited to the following, must be approved by the Board by at least $\frac{3}{4}$ of the number of Directors:

- (a) changes to the principal business;
- (b) changes in the rights attaching to any issued securities;
- (c) changes to the capital structure, including the allotment or issuance of any shares or other securities, or creation, grant or agreement to grant any option or interest in shares or other securities;
- (d) declarations or payments of any dividends or other amounts on any share;
- (e) changes to the constitution;
- (f) approval or variation of, or departure from, any budget or business plan;
- (g) approval of accounts and accounting policies;
- (h) changes to tax residency;
- (i) acquisitions or disposals of (including creation of encumbrance over) any assets or any business;
- (j) acquisition of any shares or entry into of any partnership, joint venture or other business structure;
- (k) borrowing (including provision of guarantee or security) in excess of S\$500,000;
- (l) entry into, or changes to, a material contract;
- (m) starting, defending or settling any material litigation;
- (n) entry into, or changes to, non-ordinary course transactions and related party transactions;
- (o) appointments and removal of key staff and changes to the employment terms of key staff;
- (p) any action which may affect any licences or approvals required for carrying on the Business;
- (q) winding up, amalgamation, merger, consolidation or other corporate reorganisations; and



- (r) any decision in relation to the sale of or investment in MHC SG, the Assets or the Business other than as contemplated by the HOA.

4.6 Major Shareholder Undertakings

The Company will procure an irrevocable undertaking from each of TH Investments Pte Ltd and Amtrek Investment Pte Ltd (who collectively hold 56.88% of the outstanding issued share capital of the Company) to vote in favour of the Proposed Transaction contemplated under the HOA at the extraordinary general meeting to be convened by the Company.

4.7 Exclusivity

The Company agrees to a 12-month exclusivity period commencing from the date of the HOA, or the period from the date of the HOA up to the date of Parties' entry into the Acquisition Agreement, whichever is shorter, whereby the Company will not discuss, negotiate or enter into any agreement in relation to the acquisition or funding (or similar activities) of any other digital asset business with any third party. The Parties have agreed that for a period of 2 months commencing from the date of the HOA (or such other longer period as may be agreed in writing between the Company and the Sellers), the Parties will not discuss, negotiate or enter into any agreement in relation to the Proposed Transaction or an investment in the Assets or Business with any third party (save in respect of TimeX as contemplated under paragraph 4.1 above), and the Parties will negotiate in good faith on an exclusive basis and enter into the binding Definitive Agreements to set out the terms of the transactions contemplated by the HOA.

4.8 Governing Law

The HOA is governed by the laws of Singapore.

Any dispute arising out of or in connection with the HOA, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre ("**SIAC**") in accordance with the Arbitration Rules of the SIAC for the time being in force, which rules are deemed to be incorporated by reference in the HOA. The seat of the arbitration shall be Singapore. The Tribunal shall consist of three arbitrators. The language of the arbitration shall be in English.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or controlling shareholders of the Company and/or their respective associates has any interest, direct or indirect, in the Proposed Transaction, other than through their respective shareholding interests in the Company, if any.

6. 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 Transaction and the Group, 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.

7. FURTHER ANNOUNCEMENTS



The Board wishes to emphasise that the HOA is subject to the Parties' entry into the Definitive Agreements. The Proposed Transaction is subject to further negotiations and conditions, and there is no certainty or assurance as at the date of this announcement that the Parties will eventually enter into any Definitive Agreement as contemplated under the HOA. If the Proposed Transaction proceeds, completion of the Proposed Transaction is subject to the fulfilment of conditions precedent, including those in paragraph 4.2 above, and may only take place up to 24 months from the date of entry into the Acquisition Agreement.

The Proposed Transaction, should it proceed, is envisaged to constitute a major transaction as defined under Chapter 10 of the Listing Manual of the SGX-ST (the "**Listing Manual**") and will accordingly be subject to, amongst others, the approval of the Shareholders at an extraordinary general meeting to be convened.

The Company will make further announcements as and when appropriate in compliance with the requirements of the Listing Manual (including, *inter alia*, information required under Chapter 10 of the Listing Manual) if and when the Definitive Agreements in respect of the Proposed Transaction have been entered into and/or when there are material developments in respect of the Proposed Transaction.

8. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company as there is no certainty or assurance as at the date of this announcement that the Definitive Agreements will be entered into, the terms and conditions of the Proposed Transaction will not differ from that set out in the HOA, or the Proposed Transaction will be undertaken or completed at all. The Company will make the necessary announcements as and when there are further developments on the Proposed Transaction.

Shareholders and potential investors are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

FOR AND ON BEHALF OF THE BOARD

Mak Lye Mun
Chairman and Independent Director

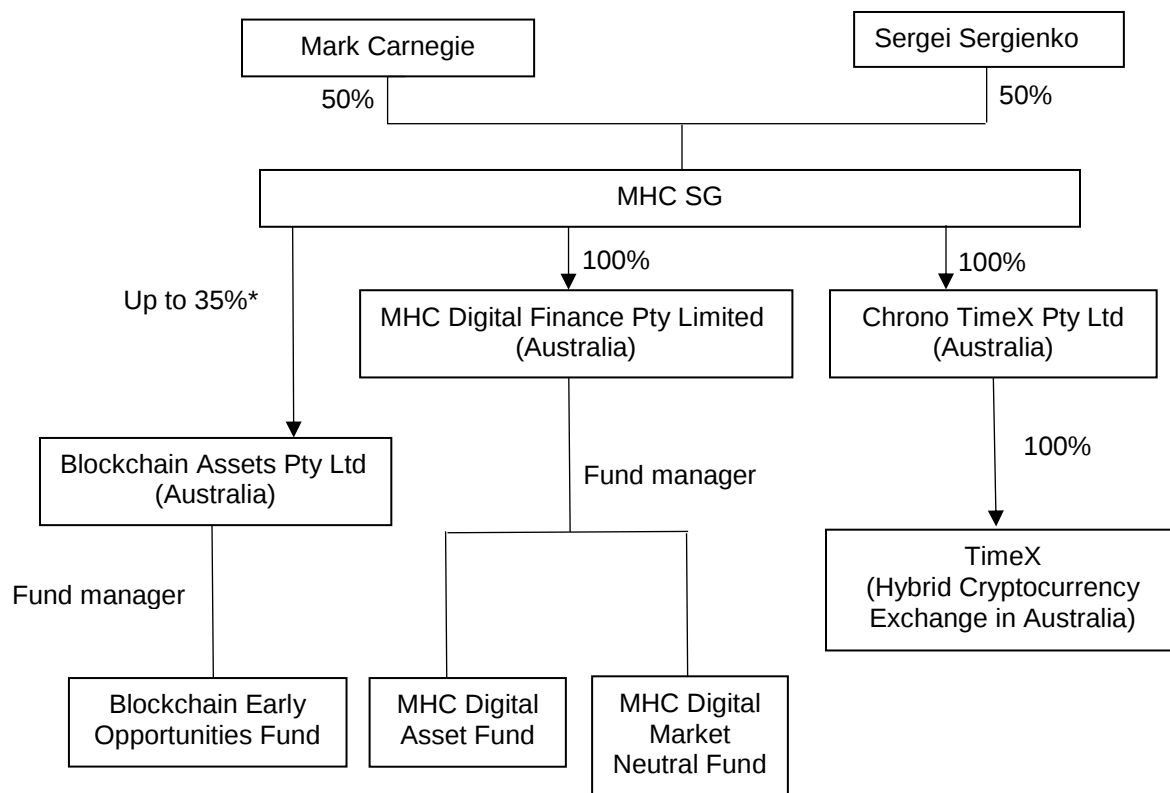
13 December 2021



ANNEX

Group Structure and Business

1. Group Structure (upon completion of the Restructuring)



* To be acquired by Carnegie, subject to satisfaction of certain conditions, pursuant to a legally binding agreement with Blockchain Assets.

2. Business

Business	Description
Fund Management	(a) MHC Digital Asset Fund and MHC Digital Market Neutral Fund (i) MHC Digital Asset Fund: (A) The investment objective of the fund is to deliver exceptional returns for investors through an actively managed portfolio of digital assets. (B) The fund has been established to provide a unique exposure to both the larger and more liquid digital assets with a market cap of at least US\$1 billion (such as Bitcoin and Ethereum) as well as early-stage smaller opportunities that aim



	to provide significant outperformance opportunities. (ii) MHC Digital Market Neutral Fund: (A) The investment objective of the fund is to deliver alpha returns for investors independent of cryptocurrency market conditions by identifying and exploiting inefficiencies within the relatively young and developing markets in the digital asset space, thereby reducing risk associated with investment in volatile cryptocurrencies. (B) The fund seeks to generate returns through yield farming (liquidity provision and lending), arbitrage strategies, options strategies and basis trading (iii) The funds' multidisciplinary team combines their experiences across many facets of the digital asset ecosystem, from being early adopters themselves, to digital currency mining and trading, and as strategic advisors of initial exchange offerings ("IEO") and formative IEO concepts. Key personnel includes Mark Carnegie and Sergei Sergienko: (A) Mark Carnegie has over 30 years of experience as an entrepreneur, investor and corporate advisor in New York, London and Sydney. Mark co-founded the leading Australian boutique corporate advisory and private equity firm Carnegie Wylie in 2000, which was acquired by the leading Wall Street bank, Lazard Inc in 2007 and Mark was appointed the CEO of Lazard Australia Private Equity following the sale. In 2011 Mark Carnegie founded MH Carnegie & Co, an alternative asset manager currently managing committed funds in excess of A\$1 billion. Mark Carnegie is also co-founder of MHC DF, an Australian digital currency and emerging technology asset manager. (B) Sergei Sergienko is a leading expert and successful private investor in cryptocurrency, decentralised finance instruments and blockchain systems and applications. He is the founder and CEO of Chrono.Tech, a global blockchain start-up headquartered in Sydney which streamlines global access to work and payments for HR professionals, businesses and contractors by way of blockchain technology. The platform is currently considered one of the leaders in the blockchain employment and human resources space, having over 10,000 active members around the world. Sergei Sergienko is also co-
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	founder of MHC DF, an Australian digital currency and emerging technology asset manager. (b) Blockchain Early Opportunities Fund: (i) The fund invests exclusively in cryptoassets that are being developed in the blockchain and distributed ledger ecosystem. (ii) The objective of the fund is to accumulate wealth for unitholders and to achieve over the long term a return greater than ten percent. The fund will invest only in assets which are directly or indirectly involved with blockchain technology. (iii) The founder and CEO of the Blockchain Early opportunities Fund is Ian Love. Mark Carnegie is a strategic advisor: (A) Ian Love holds qualifications in commerce and law and has an international business career of more than 30 years. Prior to establishing the fund, Ian Love founded and was CEO of a tech start-up FairPay. (B) Please refer to paragraph (a)(iii)(A) above for information on Mark Carnegie. (c) MHC SG intends to expand the existing fund management offering to incorporate additional strategies and a growing asset base.
Trading	(a) MHC DF (i) Provision of end-to-end custody solutions for a wide range of digital assets and tailored to individual needs. Assets are segregated, insured and secured by multi-signature security and control is maintained at every point of trading execution to allow for seamless, cost-effective and secure asset movements. (ii) Provision of Australian-based OTC services for digital assets with tailored trade execution and same day settlement. (b) TimeX (i) TimeX is a hybrid cryptocurrency exchange based on Ethereum Plasma technology that brings together both centralised and decentralised technologies and enables fast, safe and transparent trading on a peer-to-peer basis. TimeX settles trades on the blockchain for ultimate security but matches orders centrally to allow real-time execution, while avoiding the problems of order collisions



	and front running inherent in early decentralised exchanges. (ii) TimeX is regulated by AUSTRAC, Australia's financial intelligence agency. (c) MHC SG intends to incorporate new trading strategies (including staking) in the development of traditional OTC execution and market making services.
Corporate Finance	MHC SG intends to combine the MHC Digital Group's exposure to the metaverse through its affiliate, Crypto Gaming United, along with substantial contacts and network expertise, and build out a suite of corporate finance functions focused on leveraging an expanded balance sheet to provide a gateway to institutional investors to deploy capital into traditional financial products with exposure to the digital asset ecosystem.