

MTQ CORPORATION LIMITED
(Incorporated in Singapore)
(Company Registration No. 196900057Z)

- (1) **UPDATE ON PROPOSED DISPOSAL OF MTQ ENGINE SYSTEMS (AUST) PTY LTD**

 - (2) **WAIVER FROM REQUIREMENT TO COMPLY WITH RULE 1014(2) OF THE LISTING MANUAL IN RELATION TO THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF MTQ ENGINE SYSTEMS (AUST) PTY LTD TO BAPCOR LIMITED**
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All capitalised terms in this announcement shall, unless otherwise defined herein, have the same meanings ascribed to them in the announcement dated 4 October 2016 (“Disposal Announcement”).

1. INTRODUCTION

- 1.1 The board of directors (“**Board**”) of MTQ Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Disposal Announcement in relation to the proposed disposal of the entire issued and paid-up share capital of MTQ Engine Systems (Aust) Pty Ltd (“**MTQES**”), a wholly-owned subsidiary of the Company, to Bapcor Limited (the “**Proposed Disposal**”).

- 1.2 Under Rule 1014(1) of the Listing Manual, where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, the transaction is classified as a major transaction and the Company must immediately announce the information in Rule 1010, 1011, 1012 and 1013, after the terms have been agreed.

- 1.3 Pursuant to Rule 1014(2) of the Listing Manual, a major transaction must be made conditional upon approval by shareholders in an extraordinary general meeting (“**EGM**”) and a circular containing the information in Rule 1010 of the Listing Manual must be sent to all shareholders.

- 1.4 As the relative figure for the Proposed Disposal computed under Rule 1006(c) of the Listing Manual (as set out in paragraph 3 of the Disposal Announcement) exceeds 20 per cent, the Proposed Disposal would constitute a major transaction under Chapter 10 of the Listing Manual and accordingly be subject to the approval of shareholders at an EGM to be convened.

2. UPDATE ON PROPOSED DISPOSAL OF MTQ ENGINE SYSTEMS (AUST) PTY LTD

Further to the Disposal Announcement, the Board wishes to update shareholders that following the close of 30 September 2016, based on the management accounts of MTQES for the 12-month period ended 30 September 2016 and formula for the computation of the Purchase Price as set out in the SPA, the Company anticipates that the actual Purchase Price will be approximately S\$22.11 million (A\$21.28 million) ("**Revised Estimated Purchase Price**").

Shareholders are advised that the actual Purchase Price and the computation thereof will be subject to the confirmation of the Purchase in accordance with the terms of the SPA.

3. WAIVER FROM COMPLIANCE WITH RULE 1014(2) OF THE LISTING MANUAL IN RELATION TO THE PROPOSED DISPOSAL

3.1 The Company had on 23 September 2016 applied to the SGX-ST for a waiver of the requirement to seek shareholders' approval for the Proposed Disposal ("**Waiver**"), based on the grounds set out in paragraph 3.4 of this announcement.

3.2 The Company wishes to inform shareholders that it has on 26 October 2016, received a letter from the SGX-ST, granting the Company the Waiver, subject to the following conditions:

- (i) the Company announcing the waiver granted, the reasons for seeking the waiver and the conditions as required under Listing Rule 107; and
- (ii) the submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

3.3 The SGX-ST's decision to grant the Waiver is based on the Purchase Price being settled wholly in cash. In the event that the Company elects to receive any part of the Purchase Price in Bapcor Shares, the Listing Rules require shareholders' approval to be obtained pursuant to Rule 1014.

3.4 The reasons for seeking the Waiver are as follows:

(a) Irrevocable Undertakings from Shareholders

The Company has secured irrevocable undertakings from shareholders of the Company holding an aggregate of approximately 58.6% of the issued share capital of the Company, to undertake to vote in favour of the Proposed Disposal at an EGM.

On this premise, the Company has the requisite majority needed to approve the resolution for the Proposed Disposal and the costs and time incurred in obtaining shareholders' approval at an EGM may be avoided.

(b) Disposal of a Non-Core Business

MTQES's business does not constitute a core business of the Group and the disposal of MTQES will allow the Company to streamline its business and activities across the Group and to focus its resources on its core business of engineering solutions for oilfield equipment and engineering services with a focus in subsea and topside services.

Separately, as the business of MTQES is entirely unrelated to the other businesses of the Group, the directors of the Company are of the view that the Proposed Disposal will not result in a change to the Group's risk profile and will not affect the nature and existing operations of the Group's core business.

(c) Excess on Proposed Disposal

The estimated Purchase Price of A\$17,000,000 (S\$17,663,000), as disclosed in the Disposal Announcement, represents an excess of S\$2,015,000 to the carrying amount of MTQES as at 30 June 2016 and the Proposed Disposal would have improved the Group's net tangible asset by approximately S\$7.1 million.

Separately, the Revised Estimated Purchase Price represents an excess of approximately S\$4.2 million to the estimated carrying amount of MTQES on Completion and the Proposed Disposal will improve the Group's net tangible asset by approximately S\$9.5 million.

With the Proposed Disposal, the Company will substantially reduce its liabilities, improve its gearing and have more working capital to fund its operations, expand its core businesses and/or undertake new investment opportunities that may arise in the future, which may result in higher value to the shareholders.

4. WAIVER FROM CONVENING EGM

As the SGX-ST has granted the Waiver to the Company, the Company will not be convening an EGM to seek shareholder's approval for the Proposed Disposal and accordingly, will not be dispatching a circular to shareholders in relation thereto.

BY ORDER OF THE BOARD

Dominic Siu Man Kit
Company Secretary
27 October 2016