
PROPOSED EXCHANGE – RECEIPT OF APPROVAL-IN-PRINCIPLE FROM THE SINGAPORE
EXCHANGE SECURITIES TRADING LIMITED

1. The Board of Directors (“**Board**”) of the Company refers to the announcements released on 7 October 2013 and 31 March 2014 in relation to *inter alia* the Proposed Exchange (“**Announcements**”). Unless otherwise defined herein, the capitalised terms used herein shall have the same meaning ascribed to them in the Announcements, unless defined herein or the context requires otherwise.
2. The Board wishes to announce that the Company has on 29 May 2014 obtained the in-principle approval (the “**Approval-in-principle**”) from the Singapore Exchange Securities Trading Limited (“**Exchange**”) in respect of *inter alia* the Proposed Exchange.
3. The Approval-in-principle is subject to, *inter alia*, the following key conditions:
 - (a) Compliance with the Exchange’s listing requirements;
 - (b) Shareholders’ approval having been obtained at the forthcoming Special General Meeting for:
 - (i) The Proposed Acquisition and the Proposed Share Consolidation and all necessary proposals that are made inter-conditional with the Proposed Acquisition; and
 - (ii) The proposed issue of the S\$20 million Equity-Linked Convertible Notes and the issue of Conversion Shares arising from the Notes,
 - (c) Compliance with the shareholding spread requirements and distribution guidelines under Rules 210(1)(a) and 1015(3)(c) (in determining the minimum spread required, the market capitalization will be computed by multiplying the number of issued shares comprised in the enlarged share capital with the compliance placement price);
 - (d) Disclosure in the Company’s Circular to shareholders (the “**Circular**”) of all information required by the Exchange;
 - (e) Compliance placement of shares in the Company with gross proceeds from the placement of not less than S\$25 million, subject to Exchange’s requirements;
 - (f) Appointment of Macquarie Capital (Singapore) Pte. Limited as the Company’s Compliance Adviser to advise the Company on compliance with the Exchange’s Listing Requirements for a period of 2 years after the completion of the Proposed Acquisition;

- (g) No adverse trend in the updated financial statements of the YuuZoo Group and the Enlarged Group for the year ended 31 December 2013;
- (h) Moratorium on the consolidated company shares of the Company to be issued to Manus Capital Company Limited ("**Manus**") and certain consolidated company shares of the Company to be issued to Oxley Capital Limited ("**Oxley**") respectively after completion of the Proposed Acquisition and on 50% of these shares in the following 6 months;
- (i) Confirmation from Macquarie Capital (Singapore) Pte. Limited that based on the proposed share consolidation ratio of 10 existing shares for 1 consolidated share, the S\$0.50 requirement under Listing Rules 241 is met;
- (j) Compliance with Listing Rules 113(2) and 210(5)(a) which require that:
 - (i) For two years after completion of the Proposed Acquisition or such other time frame imposed by the Exchange, the Company must prominently include a statement that the RTO of its shares was sponsored by Macquarie Capital (Singapore) Pte. Limited in all announcements made by it (on SGXNET or otherwise) and in all information documents issued by it to shareholders; and
 - (ii) The Company must release a statement via SGXNET or disclose in the Circular identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company,
- (k) A written undertaking by the Company to undertake a review by the Board of Directors or the relevant committee of the Company's key financial, operational and compliance risk area and the outcome of these reviews must be disclosed in the Annual Report or where the findings are material, immediately announced via SGXNET;
- (l) A written undertaking by the Company of the following:
 - (i) The commissioning of an annual internal controls audit by a suitable and qualified professional accounting firm until such time the Audit Committee is satisfied that the Enlarged Group's internal controls are robust and effective enough to mitigate its internal control weaknesses. Prior to the decommissioning of this annual audit, the Board is required to report to the Exchange on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal controls audit;
 - (ii) Thereafter, such audits may be initiated by the Audit Committee as and when it deems fit to satisfy itself that the Company's internal controls remain robust and effective; and
 - (iii) Upon completion of the internal controls audit, appropriate disclosure must be made via SGXNET on any material, price-sensitive internal controls weaknesses and any follow-up action to be taken by the Board; and

(m) Submission of the following documents:

- (i) A written confirmation by Macquarie Capital (Singapore) Pte. Limited that the signed moratorium agreements with the relevant parties pursuant to Listing Rule 227 are in accordance with the requirements of Listing Rules 228 and 229;
- (ii) A written confirmation from Macquarie Capital (Singapore) Pte. Limited that Listing Rules 232, 233 and 240 have been complied with;
- (iii) A written confirmation from the Enlarged Group that Listing Rules 735 and 736 have been complied with;
- (iv) A written confirmation by Macquarie Capital (Singapore) Pte. Limited that the RTO has complied with Listing Rules 210(4)(a) and (b);
- (v) A written undertaking from the Company that (i) it will seek board approval on the policy for entering into any foreign exchange hedging transactions; (ii) it will put in place adequate procedure which must be reviewed and approved by the Audit Committee; and (iii) the Audit Committee will monitor the implementation of the policy, including reviewing the instruments; processes and practices in accordance with the policy approved by the Board;
- (vi) A written undertaking from each of the Enlarged Group's directors in the form set out in Appendix A to the Approval-in-principle and an undertaking from the Company to procure the same written undertaking from any new director appointed to the board after the Proposed Acquisition;
- (vii) Documents mentioned in Listing Rule 248 (before the date of issue of the Circular), Listing Rule 249 (by the date of allotment of the shares) and Listing Rule 250 (market day before the trading suspension is lifted), where applicable;
- (viii) A duly signed undertaking in the format set out in Appendix 2.3.1 of the Listing Manual; and
- (ix) A written undertaking from the Company that it will comply with Listing Rule 704(30) and Listing Rule 1207(20) in relation to the use of the proceeds from the Compliance Placement and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report.

4. Please note that the Exchange's in-principle approval above is not to be taken as an indication of the merits of the Proposed Acquisition, the Company and/or its subsidiaries.
5. The Circular containing details of *inter alia* the Proposed Exchange, recommendation of the Directors and independent financial adviser and notice of extraordinary general meeting will be despatched to the Shareholders in due course. **Shareholders are advised to refrain from taking any action in relation to their shares, which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations set out in the Circular, which will be issued in due course.**

6. Further announcements in relation to the *inter alia* the Proposed Exchange will be made by the Company as and when appropriate.

By Order of the Board
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Tan Choon Wee
Deputy Chairman and Executive Director
30 May 2014