

DECLOUT LIMITED
(Incorporated in the Republic of Singapore on 21 August 2010)
(Company Registration No. 201017764W)

RESTRUCTURING OF THE GROUP'S SUBSIDIARIES

1. INTRODUCTION

The board of directors (the “**Directors**”) of DeClout Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement dated 30 April 2014 (the “**Agreement**”) with Procurri Corporation Pte. Ltd. (“**Procurri**”), in relation to the sale of ASVIDA Asia Pte. Ltd. (“**ASVIDA ASIA**”) by the Company to Procurri.

The Agreement will result in ASVIDA ASIA becoming a wholly-owned subsidiary of Procurri, and ceasing to be a direct subsidiary of the Company. On the other hand, the Company’s equity interest in Procurri will increase from the current 50.1% to 77.1%. Accordingly, the Company’s effective interest in ASVIDA ASIA will decrease from the current 100% to 77.1%. Pursuant to the Agreement, there is in effect a restructuring of the Group’s subsidiaries (“**Restructuring**”).

2. INFORMATION ON PROCURRI AND ASVIDA ASIA

Procurri, a Singapore-incorporated company, is currently a 50.1% subsidiary of the Company. It is in the business of providing IT Asset Recovery and Independent Maintenance Services to customers around the world. As at the date of this announcement, Procurri has an issued and paid-up share capital of S\$2,509,201, comprising 10,000 shares.

ASVIDA ASIA, a Singapore-incorporated company, is currently a wholly-owned subsidiary of the Company. It is in the business of supplying and providing maintenance services for data centre information technology equipment in Asia, supporting businesses and cloud service providers from around the globe. As at the date of this announcement, ASVIDA ASIA has an issued and paid-up share capital of S\$2,000,000, comprising 2,000,000 shares.

Based on audited financial statements as at 31 December 2013, each of the book value and net tangible asset of ASVIDA ASIA stood at approximately S\$5.3 million. The net profit after tax of ASVIDA ASIA for the financial year ended 31 December 2013 (“**FY2013**”) was approximately S\$2.0 million.

3. DETAILS OF THE AGREEMENT

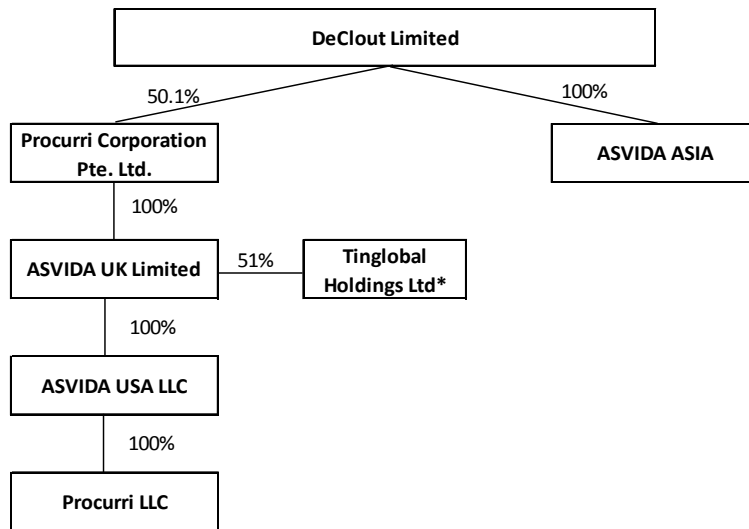
Pursuant to the Agreement, Procurri shall acquire the entire issued and paid-up share capital of ASVIDA ASIA (the “**Sale Shares**”) for an aggregate consideration of S\$6.42 million (the “**Consideration**”), which shall be satisfied in full by the issuance and allotment of 11,790 ordinary shares in the capital of Procurri (the “**Consideration Shares**”) to the Company.

The Consideration was arrived at, on a willing-buyer and willing-seller basis, and takes into consideration, *inter alia*, the net asset value and profitability of ASVIDA ASIA and Procurri for FY2013.

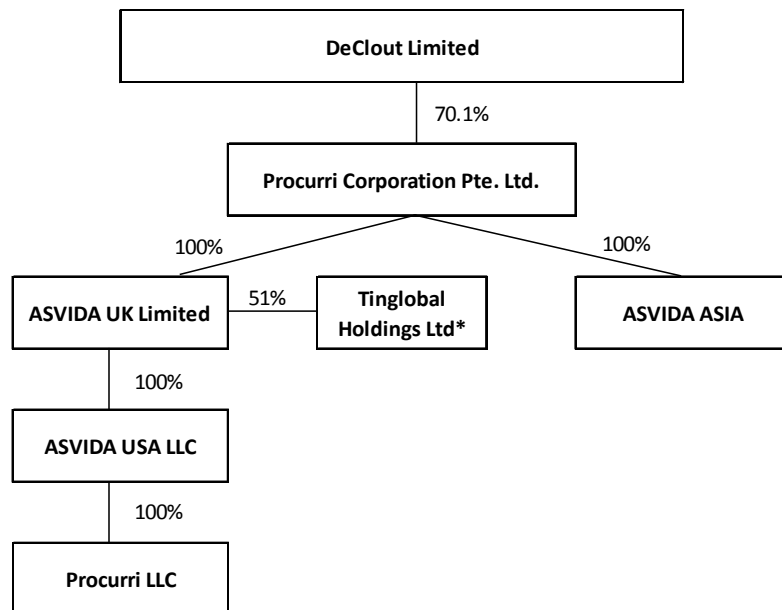
The Agreement will result in the Company owning 77.1% equity interest in Procurri while ASVIDA ASIA will become a direct wholly-owned subsidiary of Procurri. Accordingly, the Company will have an effective equity interest of 77.1% in ASVIDA ASIA through its holdings in Procurri.

The shareholding structure before and after the Restructuring will be as follows:

Before the Restructuring



After the Restructuring



*: Shareholders of the Company had, at the extraordinary general meeting held on 29 April 2014, approved the proposed investment of 51% equity interest in Tinglobal Holdings Limited. The Company is currently working towards completion of the proposed investment.

3.1 Conditions Precedent

The Agreement is conditional upon the relevant approvals of the respective parties for the Agreement and the transactions contemplated hereunder being obtained, and such approvals not having been withdrawn or amended on or before the date of completion of the sale and purchase of the Sale Shares, and if such approval is subject to any condition or restriction, such condition and restriction being reasonably satisfactory to the other party.

As at the date of this announcement, all conditions precedent under the Agreement have been fulfilled, and completion of the Restructuring will take place today.

4. RATIONALE AND BENEFITS

The Board believes that the Restructuring will:

- (a) align ASVIDA ASIA's operating strategies and interests to the Procurri group;
- (b) enable Procurri to fully establish and strengthen its reputation as a market leader in the IT Asset Recovery and Independent Maintenance Services space, reaching out to various continents across the globe; and
- (c) allow the Procurri group to reap economies of scale through better leverage of inventories among countries and enhance operational synergies.

5. FINANCIAL EFFECTS OF THE RESTRUCTURING

The proforma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after completion of the Agreement.

Such proforma financial effects have been computed based on the audited consolidated financial statements of the Group for FY2013 and the management accounts of Tinglobal Holdings Limited for the period from 1 January to 31 December 2013 as well as the following assumptions:

- (a) the proposed investment of 51% equity interest in Tinglobal Holdings Limited (the "**Proposed Investment**") has been completed. Please refer to the Company's circular dated 14 April 2014 for further details on the Proposed Investment; and
- (b) expenses incurred in relation to the Restructuring is approximately S\$8,000.

5.1 Net Tangible Assets (“NTA”)

Assuming that the Restructuring had been effected on 31 December 2013, the effect on the NTA per share would be as follows:

	Before the Restructuring	After the Restructuring
Consolidated NTA attributable to the shareholders of the Company (S\$’000)	23,299 ⁽¹⁾	19,423
Number of shares (’000)	306,762	306,762
Consolidated NTA per share attributable to shareholders of the Company (cents)	7.60	6.33

Note:

(1) Computed based on consolidated NTA excluding non-controlling interests of S\$1.3 million; and taking into account the Company’s effective interest in Tinglobal Holdings Limited.

5.2 Earnings Per Share (“EPS”)

Assuming that the Restructuring had been effected on 1 January 2013, the effect on the EPS would be as follows:

	Before the Restructuring	After the Restructuring
Consolidated profit after taxation and non-controlling interests (S\$’000)	1,686	1,083
Weighted average number of shares (’000)	236,717	236,717
EPS (cents)	0.71	0.46

5.3 Gearing

The Restructuring has no impact on the gearing ratio of the Company.

6. RELATIVE FIGURES UNDER RULE 1006

Based on the Group’s audited consolidated financial statements for FY2013 and the management accounts of Tinglobal Holdings Limited for the period from 1 January to 31 December 2013, the relative figures for the Restructuring, computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), assuming that the Proposed Investment has been completed are as below.

Pursuant to the Restructuring, the Company’s effective interest in the following subsidiaries will change as follows:

- (i) ASVIDA ASIA – reduced from 100% to 77.1% (the “**Effective Disposal**”); and
- (ii) Procurri – increased from 50.1% to 77.1%.

Bases in Rule 1006	Relative Figures
(a) Net asset value of the assets to be disposed of pursuant to the Effective Disposal, compared with the Group's net asset value	3.4% ⁽¹⁾
(b) Net profits attributable to the Restructuring, compared with the Group's net profits	-34.2% ⁽²⁾
(c) Aggregate value of the consideration given, compared with the Company's market capitalisation ⁽³⁾	9.2%
(d) Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e) Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

- (1) Assumed that the Proposed Investment was funded by internal resources and a loan. The Group's net asset value was approximately S\$36.3 million and ASVIDA ASIA's net asset value was approximately S\$5.3 million. The relevant ratio is computed based on the Effective Disposal of 22.9% interest in ASVIDA ASIA.
- (2) The Group's net profit before tax after adjusting for the Proposed Investment was approximately S\$0.8 million. The net loss attributable to the Restructuring after adjusting for the increase in effective equity interest in Procurri from 50.1% to 77.1% and assuming that the Proposed Investment has been completed resulting in Procurri owning 51% of Tinglobal Holdings Limited through ASVIDA UK Limited, was approximately S\$0.3 million.
- (3) The Company's market capitalisation of approximately S\$69.6 million was computed based on the Company's existing issued share capital of 306,761,520 shares and the volume weighted average price of the Company's shares of S\$0.2270 on 29 April 2014, being the last traded day preceding the date of the Agreement.

Having regard to the above, the Restructuring constitutes a discloseable transaction pursuant to Rule 1010 and read together with Rule 1006 of the Catalist Rules.

7. DIRECTORS' SERVICE CONTRACTS

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

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company or their respective associates, has any interests, direct or indirect, in the Restructuring, other than through their respective shareholding interests in the Company.

9. 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 Restructuring, 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.

10. DOCUMENT FOR INSPECTION

The Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 29 Tai Seng Avenue, #05-01 Natural Cool Lifestyle Hub, Singapore 534119 for a period of (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Wong Kok Khun
Chairman and Group Chief Executive Officer
30 April 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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 Ms Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.