



EUROPTRONIC GROUP LTD

(Company Registration Number 200009775K)

(Incorporated in the Republic of Singapore on 18 November 2000)

PROPOSED ISSUE OF AN AGGREGATE OF 157,288,000 NEW ORDINARY SHARES IN THE CAPITAL OF EUROPTRONIC GROUP LTD

1. Introduction

The Board of Directors (the **"Board"**) of Europtronic Group Ltd (the **"Company"** and together with its subsidiaries, the **"Group"**) wishes to announce that the Company had on 20 April 2015 entered into a placement agreement (the **"Placement Agreement"**) with each of Chua Hwee Song, Chan Chun Choy and Michael Burchell-Davies (collectively, the **"Subscribers"** and each a **"Subscriber"**).

Pursuant to the Placement Agreement, the Company has agreed to allot and issue, and the Subscribers have agreed to subscribe for, an aggregate of 157,288,000 new ordinary shares in the capital of the Company (the **"Placement Shares"**) at the price of S\$0.019 per Placement Share (the **"Placement Price"**), making an aggregate of S\$2,988,472, payable by the Subscribers to the Company in cash, on the terms and subject to the conditions of the Placement Agreement (the **"Placement"**).

The subscription of such number of Placement Shares by each Subscriber is not conditional upon the other Subscribers subscribing for their portion of the Placement Shares. Further information relating to the Subscribers is set out in paragraph 5 of this announcement.

2. The Placement Shares

The Placement Shares, when issued and delivered, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing ordinary shares of the Company (the **"Shares"**) save that they shall not rank for any dividend, rights, allotments or other distributions, the record date of which falls on or before the date of completion of the Placement (the **"Completion Date"**).

The Placement Shares will be issued pursuant to the authority granted by shareholders of the Company by way of an ordinary resolution (the **"Resolution"**) at the annual general meeting of the Company held on 25 April 2014 (the **"2014 AGM"**) for the issue of Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of passing of the Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a *pro rata* basis to all shareholders of the Company shall not exceed 20% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (the **"Share Issue Mandate"**). As at the date of the 2014 AGM and as at the date of the Placement Agreement, the issued share capital of

the Company comprised of 786,444,154 Shares and no treasury shares were held by the Company.

No Shares had previously been issued pursuant to the Share Issue Mandate and the aggregate Placement Shares represents approximately 20.0% of the issued share capital of the Company of 786,444,154 Shares at the time the approval for the Share Issue Mandate was granted. Accordingly, the proposed allotment and issue of the Placement Shares is within the limit of the Share Issue Mandate obtained at the 2014 AGM.

The aggregate Placement Shares represents approximately 20.0% of the existing issued share capital of the Company of 786,444,154 Shares and approximately 16.7% of the enlarged issued share capital of the Company of 943,732,154 Shares following completion of the Placement.

The Placement would not result in any transfer or change in the controlling interest of the Company.

3. The Placement Price

The Placement Price of S\$0.019 for each Placement Share represents a discount of approximately 10.0% to the weighted average price of S\$0.021 for each Share, based on trades done for the Shares on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 16 April 2015 (being the last market day immediately preceding the date of the Placement Agreement on which trades for the Shares were done on the Main Board of the SGX-ST).

There were no trades done for the Shares of the Company on 17 April 2015 and there was a trading halt for the Shares on 20 April 2015 during which the Placement Agreement was entered into between the Company and the Subscribers.

The said discount of 10% is in compliance with the limit of discount of 10% as stated in Rule 811(1) of the Listing Manual of the SGX-ST.

4. Conditions

Completion of the Placement is conditional upon, *inter alia*, the following:

- (a) approval in-principle for the listing and quotation of the Placement Shares on the Main Board of the SGX-ST being obtained on conditions (if any) acceptable to the Company and the Subscribers and not being revoked or amended;
- (b) any conditions attached to the approval referred to in paragraph (a) above which is required to be fulfilled on or before the Completion Date being fulfilled on or before that date to the satisfaction of the SGX-ST or waived by the SGX-ST; and
- (c) there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect any of the warranties of the Company and the Subscribers contained in the

Placement Agreement if such warranties were repeated on and as of the Completion Date.

5. Information on the Subscribers

The number of Placement Shares to be allotted and issued to each Subscriber pursuant to the Placement is as follows:

Name of Subscriber	Number of Placement Shares	As a percentage of the existing issued share capital of the Company ⁽¹⁾	As a percentage of the enlarged issued share capital of the Company ⁽²⁾
Chua Hwee Song	115,800,000	14.72%	12.27%
Chan Chun Hoy	36,800,000	4.68%	3.90%
Michael Burchell-Davies	4,688,000	0.60%	0.50%
Total	157,288,000	20.00%	16.67%

Notes:

- (1) Based on the issued share capital of the Company of 786,444,154 Shares as at the date of this announcement.
- (2) Based on the enlarged issued share capital of the Company of 943,732,154 Shares assuming that completion of the Placement has taken place.

Prior to the Placement, none of the Subscribers had any interest, direct or indirect, in the Company.

The Company is proposing to place to the Subscribers the Placement Shares as they have indicated an interest to invest in the Company, and the Placement Shares are issued purely for the purposes of investment by the Subscribers.

The Subscribers were introduced to the Company by Huang Chien-Hung, the Chief Executive Officer of the Company. No commission or other payment is to be made by the Company to Huang Chien-Hung for introducing the Subscribers to subscribe for the Placement Shares or otherwise.

Under the terms of the Placement Agreement and save as disclosed in the next paragraph, each Subscriber has, *inter alia*, represented, warranted and undertaken to the Company that (i) none of them has any connection (including business relationships) with the Company and its Directors and substantial shareholders, (ii) none of them is a restricted person under Rule 812(1) of the Listing Manual of the SGX-ST, (iii) none of them is related to each other, (iv) they are not acting in concert with any of the other Subscribers or any other person in relation to any issued shares of the Company held or to be held by him, (v) they are not acting in accordance with the instructions of any other Subscribers and (vi) they are subscribing for the Placement Shares as principal for their own account for investment and not as a nominee for any other person.

Michael Burchell-Davies is Chua Hwee Song's nephew. Chua Hwee Song and Michael Burchell-Davies are presumed to be acting in concert with each other under the Singapore Code on Take-overs and Mergers. Notwithstanding the presumption

under the Singapore Code of Take-overs and Mergers that Chua Hwee Song and Michael Burchell-Davies are acting in concert by reason of their relationship referred to above, each of Chua Hwee Song and Michael Burchell-Davies confirms and represents to the Company that each of them are acting in their own accord and for their own account in respect of their respective Placement Shares and that they are not acting in concert in any manner whatsoever to consolidate control in respect of their respective Placement Shares.

Upon completion of the Placement, Chua Hwee Song will become a substantial shareholder of the Company holding approximately 12.27% of the enlarged issued share capital of the Company. Chua Hwee Song has represented to the Company that he is subscribing for the Placement Shares as a principal for his own account for investment and will not be appointing any person to the Board or be involved in the management of the Company.

Save for Chua Hwee Song, none of the other Subscribers will become substantial shareholders of the Company following completion of the Placement.

6. Additional Listing Application

The Placement will be carried out pursuant to the exemption under Section 277 of the Securities and Futures Act (Cap. 289) of Singapore. An Offer Information Statement dated 20 April 2015, which complies as to the form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, has been lodged by the Company with the Monetary Authority of Singapore on 20 April 2015.

The Company will be making an application to the SGX-ST for the admission of the Placement Shares to the Official List of the SGX-ST and for the listing of and quotation for the Placement Shares on the Main Board of the SGX-ST.

The Company will make the necessary announcement upon receipt of the in-principle approval from the SGX-ST for the listing of and quotation for the Placement Shares on the Mainboard of the SGX-ST.

7. Rationale for the Placement and Use of Net Proceeds

The Placement will allow the Company to raise estimated net proceeds of approximately S\$2,918,472 (after deducting expenses incurred by the Company in connection with the Placement) (the “**Net Proceeds**”).

The Company intends to use the entire Net Proceeds arising from the Placement as working capital for the purposes of (i) settling general overheads of the Company such as legal and internal audit fees, (ii) settling amounts owing to the Group's trade creditors and other operating expenses of the Group, which are or were incurred in the normal course of business of the Group and (iii) repayment of loans.

Pending deployment of the Net Proceeds for such purposes, the Net Proceeds may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of the Net Proceeds, including a breakdown with specific details on the use of the Net Proceeds for working capital, as and when the Net Proceeds are materially disbursed, and will provide a status report on the use of the Net Proceeds in its annual report(s).

The Directors are of the opinion that, after taking into consideration the present banking facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

8. Financial Effects

The proforma financial effects of the Placement are presented for illustration purposes only and are not intended to reflect the actual future financial position of the Group following completion of the Placement.

For purposes of illustrating the proforma financial effects of the Placement, the exchange rate of US\$1.00 to S\$1.36 as at 16 April 2015¹ has been used to convert the Net Proceeds of S\$2,918,472 to US\$2,145,935 where applicable.

8.1 Issued and paid-up share capital

Based on the issued and paid-up share capital of the Company of S\$61,427,240 comprising 786,444,154 Shares as at the date of this announcement and assuming that all the Placement Shares are allotted and issued, on completion of the Placement, the issued and paid-up share capital of the Company will increase to S\$64,415,712 comprising 943,732,154 Shares.

8.2 Net Tangible Assets ("NTA")

Assuming that the Placement had been completed on 31 December 2014 and based on the latest audited consolidated financial statements of the Company for its financial year ended 31 December 2014, the proforma financial effects of the Placement on the consolidated NTA of the Company will be as follows:-

	Before Issue of Placement Shares	After Issue of Placement Shares
NTA as at 31 December 2014 (US\$'000)	4,603	6,749
Number of issued Shares	786,444,154	943,732,154
NTA per Share (US cents)	0.59	0.72

¹ Extracted from the website, www.oanda.com/convert/fxdailyH

8.3 Earnings per Share ("EPS")

Assuming that the Placement had been completed on 1 January 2014 and based on the latest audited consolidated financial statements of the Company for its financial year ended 31 December 2014, the proforma financial effects of the Placement on the consolidated EPS of the Company will as follows:-

	Before Issue of Placement Shares	After Issue of Placement Shares
Weighted average number of issued Shares	786,444,154	943,732,154
EPS (US cents)	(1.06)	(0.89)

9. **Interests of Directors and Controlling Shareholders**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Placement, other than through their shareholdings in the Company.

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 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.

By Order of the Board
EUROPTRONIC GROUP LTD

HUANG SHIH-AN
Non-Executive Chairman
20 April 2015