斯恩威 CNA

CNA GROUP LTD.
(Company Registration No. 199000449K)

PROPOSED ACQUISITION OF 30% INTEREST IN JILIN MAILONG XUNTONG ELECTRONIC PRODUCTS CO., LTD

1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of CNA Group Ltd. (the "**Company**") (the Company together with its subsidiaries hereinafter referred to as the "**Group**") wishes to announce that a subsidiary of the Company, CNA China Co., Ltd. (the "**Purchaser**") has entered into a deed of sale and purchase ("**Deed**") with Ma Jing and See Soon Hong (each a "**Vendor**" and collectively the "**Vendors**") pursuant to which the Vendors will sell to the Purchaser 3,000,000 shares ("**Sale Shares**") of Jilin Mailong Xuntong Electronic Products Co., Ltd ("**JME**"). The Sale Shares represent in aggregate approximately 30% of the issued share capital of JME ("**Proposed Acquisition**").

2. RATIONALE

The Proposed Acquisition represents a shift of emphasis of the Company towards its core technology and IT networking and systems business, to generate a new recurring revenue stream in People's Republic of China ("**PRC**"). The Proposed Acquisition will also bring with it an increase in the net tangible assets ("**NTA**") of the Company.

JME was selected due to its 10 year concession to install speed cameras in Da'an city, especially since its newly installed network of speed cameras has started generating revenue. JME has recently won a second 10 year concession in another city and is confident that it can continue to expand its services to other provinces in the PRC. The Proposed Acquisition is expected to allow the Company to gain greater exposure to the electronics market in China through its shareholdings in JME, as well as the opportunity to leverage on future potential collaborations and partnerships with JME.

3. LISTING MANUAL COMPUTATIONS

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") are as follows:

Rule 1006	**Bases**	**Relative Figures**
(a)	The net asset value ("**NAV**") of the assets to be disposed of, compared with the Group's NAV	N.A.

(b)	The net profits attributable to the assets acquired, compared with the Group's net profits	Not meaningful[1]
(c)	The aggregate value of the consideration given, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares[2]	44.6%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	27.7%[3]
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	N.A.

Notes:-

(1) This is not meaningful because both the net profits attributable to the assets acquired and the Group's net profits are losses.
(2) Acquisition consideration/ Market capitalization of the Company as at 2 March 2015 is S$6 million/ S$13.4 million.
(3) This figure has been adjusted to take into account the issuance of new shares of the Company pursuant to the proposed placement as announced on 3 February 2015.

As the relative figures computed under Rule 1006(c) and Rule 1006(d) exceed 20%, the Proposed Acquisition amounts to a major transaction under Chapter 10 of the Listing Manual. Accordingly, the Proposed Acquisition is conditional upon shareholders' approval in general meeting in accordance with Rule 1014(2) of the Listing Manual.

4. DISCLOSURES UNDER CHAPTER 10 OF THE LISTING MANUAL

4.1 Information on JME

JME was incorporated in the PRC on 18 May 2012 and is a qualified sino-foreign equity enterprise with an issued share capital of RMB 10 million. JME is principally engaged in the business of the installation, integration and maintenance in traffic monitoring and closed-circuit television systems in Jilin Province, China.

4.2 Consideration and valuation of the Sale Shares

As at 30 September 2014, the book value of the Sale Shares is approximately S$1.7 million, which is equal to the net tangible asset value of JME.

The consideration for the Sale Shares will be paid partially through the issue and allotment of 166,666,600 shares of the Company to the Vendors ("**New Shares**"), at an issue price of S$0.03 for each Sale Share, totaling to approximately S$5 million in shares, and partially through the cash consideration of S$1 million ("**Cash Consideration**") to the Vendors ("**Consideration**").

The Consideration was arrived at on a willing-buyer, willing-seller basis after taking into account, *inter alia,* the net asset value and potential profits of JME, the clientele base and track record of JME as well as the rationale for the Proposed Acquisition.

The Company intends to fund the Consideration by a combination of placement funds and through the issuance of New Shares.

4.3 Material terms of the Deed

The completion of the Proposed Acquisition is subject to and conditional upon the following conditions:

(i) the passing of the resolutions to approve the acquisition of the Sale Shares and all other matters necessary to effect such acquisition of the Sale Shares, by the shareholders at a general meeting, to be held by the Company, and any adjournment thereof;

(ii) the representations and warranties made, or any of the undertakings given, by the Company under the Deed remaining true and correct in all material respects on completion as if made on and as of completion by the Company;

(iii) each of the Vendors and the Company having performed and complied with all agreements, obligations and conditions contained in the Deed;

(iv) there not having occurred, any material adverse change[1]; and

(v) the obtaining of all licences, consents, approvals, authorisations, permissions, waivers, orders or exemptions by the Vendor, the Company, and the Group from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Deed.

Notes:-

(1) Any change, effect or development that is or is reasonably likely to be, individually or in the aggregate with other changes, effects or developments, materially adverse to: (i) the business, assets, position, conditions (financial or otherwise), operating results, operations, general affairs or prospects (business or otherwise) of the Group (and the respective subsidiaries and subsidiary undertakings of the Group companies) as a whole, or (ii) the ability of the Group (and the respective subsidiaries and subsidiary undertakings of the Group companies) as a whole to consummate the transactions contemplated hereunder in accordance with the terms of the Deed.

4.4 Financial Effects

(i) Effect of Proposed Acquisition on net tangible assets

For the purposes of illustration only, the financial effects of the Proposed Acquisition taken as a whole are set out below based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("**FY2014**"). Please note that the financial effects of the Proposed Acquisition on the Group as set out below are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Acquisition.

Net Tangible Assets ("**NTA**")

Assuming that the Proposed Acquisition had been effected on 31 December 2014, the effects of the Proposed Acquisition on the NTA of the Group are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA of the Group as at 31 December 2014 (S$'million)	9.2	13.9
Number of shares in issue (millions)	481.9	768.0
NTA per share as at 31 December 2014	0.02	0.02

(ii) Effect of Proposed Acquisition on earnings per share

Loss per share ("**LPS**")

Assuming that the Proposed Acquisition was completed on 1 January 2014, the effects of the Proposed Acquisition on the LPS of the Group are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Loss after tax and minority interests (S$ million)	29.5	29.5
Weighted average number of shares (million)	397.6	564.3
LPS (S$)	0.08	0.05

4.5 Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition and the nature of such interests.

4.6 Directors' service contracts

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

5. OTHER MATTERS

In accordance with Rule 1011 of the Listing Manual, a copy of the Deed will be available for inspection during normal business hours at the Company's registered office at 28 Kaki Bukit Crescent, Kaki Bukit Techpark 1, Singapore 416259, for a period of 3 months from the date of this announcement.

Upon shareholders' approval of the issuance and allotment of the New Shares, the

Company will be making an application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the New Shares on the Main Board of the SGX-ST. The Company will make the necessary announcement upon receipt of such listing and quotation notice from the SGX-ST.

6. DIRECTORS' RESPONSIBILITY STATEMENT

This announcement has been reviewed and approved by the Board of Directors (including those who may have delegated detailed supervision of the preparation of this announcement) who have taken all reasonable steps to ensure that, to the best of their knowledge and belief, the facts stated and the opinions expressed in this announcement are fair and accurate, and that no material facts have been omitted from this announcement. Accordingly, the Board of Directors jointly and severally accepts responsibility in this connection. Where any information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Board of Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from these sources.

By Order of the Board

Michael Ong Liang Huat
Executive Director

3 March 2015