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**CHINA BEARING (SINGAPORE) LTD.**  
(Company Registration No. 200512048E)  
(Incorporated in the Republic of Singapore)

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**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF FE RESOURCES PTE. LTD. ("PROPOSED ACQUISITION") – SALE AND PURCHASE AGREEMENT**

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**1. INTRODUCTION**

- 1.1. The board of directors ("**Board**" and each director, a "**Director**") of China Bearing (Singapore) Ltd. ("**Company**") refers to the announcement dated 24 August 2016 ("**Term Sheet Announcement**") where the Company announced that it had entered into a Term Sheet with Far East Mining Pte. Ltd. ("**Vendor**") and PT Anugrah Tambang Sejahtera ("**PT ATS**") to acquire the entire issued and paid-up share capital of PT ATS. Unless otherwise defined herein, capitalised terms used herein shall bear the same meaning ascribed to them in the Term Sheet Announcement. All approximations in this announcement are based on the exchange rate of USD1: S\$1.389.
- 1.2. Further to the Term Sheet Announcement, the Board wishes to announce that the Company has on 27 October 2016 entered into a sale and purchase agreement ("**SPA**") with the Vendor, FE Resources Pte. Ltd. ("**Target Company**") and PT ATS (the Company, the Vendor, the Target Company and PT ATS to be collectively referred to as "**Parties**") for the acquisition of the entire issued and paid-up share capital of the Target Company ("**Sale Shares**").
- 1.3. Pursuant to the SPA, the consideration for the Proposed Acquisition shall comprise (i) a consideration of USD50,000,000 (approximately S\$69,450,000), subject to adjustment pursuant to Paragraph 5.4 below (the "**Purchase Consideration**"), which shall be fully satisfied by the allotment and issuance, credited as fully paid-up, of up to 95,793,103 new ordinary shares in the capital of the Company ("**Consideration Shares**") to the Vendor or its nominee(s) at S\$0.725 per Consideration Share ("**Issue Price**") on a post-Consolidation (as defined below) basis; and (ii) the Earn-Out Amount (as described further in Paragraph 5.1 (b) below).

**2. PROPOSED ACQUISITION AS A "VERY SUBSTANTIAL ACQUISITION" OR "REVERSE TAKEOVER" TRANSACTION**

- 2.1. Based on the unaudited financial statements of the Company for the 6-month period ended 30 June 2016, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 (a) to (e) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual ("**SGX Listing Manual**") are as follows:

	At minimum Total Consideration <sup>(3)</sup>	At maximum Total Consideration <sup>(4)</sup>
<b>Rule 1006 (a)</b>		
The net asset value of the assets to be disposed of, compared with the Company's net asset value	Not applicable	Not applicable
<b>Rule 1006 (b)</b>		
The net profits attributable to the assets acquired, compared with the Company's net profits <sup>(1)</sup>	Not meaningful <sup>(2)</sup>	Not meaningful <sup>(2)</sup>
<b>Rule 1006 (c)</b>		
The aggregate value of the consideration given or received, compared with the Company's market capitalisation <sup>(5)</sup>	2325.5% <sup>(3)</sup>	2516.3% <sup>(4)</sup>
<b>Rule 1006 (d)</b>		
The number of equity securities issued by the Company as consideration for the Proposed Acquisition, as compared with the number of equity securities previously in issue	769.8%	833.0%
<b>Rule 1006 (e)</b>		
The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Company's proved and probable reserves	Not applicable	Not applicable

**Notes:**

- Following the completion of the disposal of the Company's principal operating subsidiary, Linyi Kaiyuan Bearing Co., Ltd ("LYKY"), to Spring Century Investment Limited on 21 December 2015, the Company does not have any subsidiaries as at 31 December 2015.
- Based on the Target Group's (as defined in Paragraph 3.3 below) unaudited financial statements for the 6-month financial period ended 30 June 2016, the Target Group recorded net profits of USD930,619 while the Company recorded net losses of RMB1,046,000 for the corresponding financial period.
- Calculated based on the minimum Total Consideration (as defined in Paragraph 5.1 below) of USD110,900,000 (based on minimum Purchase Consideration of USD40,900,000 and Earn-Out Amount of USD70,000,000), or S\$154,040,000 based on the exchange rate of USD1: S\$1.389.
- Calculated based on the maximum Total Consideration of USD120,000,000 (based on maximum Purchase Consideration of USD50,000,000 and Earn-Out Amount of USD70,000,000), or S\$166,680,000 based on the exchange rate of USD1: S\$1.389.
- The market capitalisation of the Company of S\$6,624,000 as at 17 December 2015 (being the full market day immediately preceding the date of the SPA, on which the shares were traded prior to the trading

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suspension on 22 December 2015). Under Rule 1002(5) of the SGX Listing Manual, the market capitalisation of the Company is determined by multiplying the number of shares in issue (excluding treasury shares) being 276,000,000 shares by the weighted average price of S\$0.024 of such shares transacted on 17 December 2015 (being the full market day immediately preceding the date of the SPA, on which the shares were traded prior to the trading suspension on 22 December 2015).

- 2.2. As the relative figures under Rule 1006 (c) and (d) exceed 100%, and that the control of the Company will change upon issuance of the Consideration Shares, the Proposed Acquisition constitutes a "Very Substantial Acquisition" or "Reverse Takeover" as defined under Rule 1015 of the SGX Listing Manual. Accordingly, the Proposed Acquisition will be conditional upon, *inter alia*, the approval of the Company's shareholders at an extraordinary general meeting to be convened, and the approval of the SGX-ST (or such relevant regulatory authority, as the case may be) being obtained.

### 3. DETAILS OF THE PROPOSED ACQUISITION

#### Details of the Vendor and Target Group

- 3.1. The Vendor, Far East Mining Pte. Ltd., was incorporated in Singapore on 27 February 2014. The shareholders of the Vendor are Mr Hong Kah Ing ("**Mr Hong**"), Mr Syed Abdel Nasser Bin Syed Hassan Aljunied ("**Mr Nasser**") and Nickel Capital (Singapore) Pte. Ltd., who each owns 68.5%, 28% and 3.5% in the issued and paid-up capital of the Vendor respectively. Mr Hong is an Indonesian citizen and a businessman, whereas Mr Nasser is a Singapore citizen and a businessman. Nickel Capital (Singapore) Pte. Ltd. is a company incorporated in Singapore whose shareholders are Luk Wai Hong William, Todd James Morakis and Ghirardello Luigi Fortunato.
- 3.2. The Target Company was incorporated in Singapore on 30 September 2016, and is wholly-owned by the Vendor. The Vendor intends to undergo an internal restructuring exercise with the Target Company and PT ATS whereby the Vendor shall transfer the entire issued and paid-up share capital of PT ATS to the Target Company ("**Restructuring Exercise**"). As at the date of this announcement, the Target Company has an issued and paid-up share capital of S\$2.00 consisting of two (2) ordinary shares.
- 3.3. PT ATS was incorporated in Indonesia on 6 December 2007, and has, as at the date of this announcement, an issued and paid-up capital of Rp4,536,000,000 consisting of 500,000 ordinary shares at Rp9,072 each. PT ATS beneficially owns 100% of PT Teknik Alum Service, a company incorporated in Indonesia on 27 July 2007 with, as at the date of this announcement, an issued and paid-up capital of Rp250,000,000 consisting of 2,500 shares at Rp100,000 each ("**PT TAS**") (the Target Company, PT ATS and PT TAS shall collectively be referred to as the "**Target Group**"). PT TAS owns the concession rights to a 1,301-hectare nickel ore mine located in Morowali, Sulawesi Tengah, Indonesia ("**Asset**"), which has commenced production and sale of nickel ore since September 2015. PT ATS has commissioned a report to be prepared in accordance with the standards of the

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Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**") for an area covering 449 hectares of the Asset ("**JORC Report 1**"), and is in the process of undertaking a JORC Code-compliant report for the remaining area of the Asset, covering 852 hectares ("**JORC Report 2**").

#### **4. RATIONALE FOR THE PROPOSED ACQUISITION**

- 4.1. Following the completion of the disposal of the Company's principal operating subsidiary on 21 December 2015, the Company became a cash company under Rule 1018 of the SGX Listing Manual. Under Rule 1018 (2) of the SGX Listing Manual, the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the date it becomes a cash company. The issuer may apply to SGX-ST for a maximum 6-month extension to the said 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the said 6-month extension period.
- 4.2. The Directors are of the view that the Proposed Acquisition is in the best interest of the Company, that the Proposed Acquisition presents an opportunity for the Company to acquire a profitable business in the nickel mining industry with a view of enhancing shareholder value.
- 4.3. In addition, the Proposed Acquisition would have the potential to increase the market capitalisation of the Company and potentially widen the investor base (for its shares) and an overall increase in investor interest and trading.
- 4.4. The Board believes that the Target Group would be able to satisfy SGX-ST's requirements for a new listing and in respect of the Company being a cash company, the Board intends to apply to SGX-ST for an extension of time to complete the Proposed Acquisition.

#### **5. SALIENT TERMS OF THE PROPOSED ACQUISITION**

##### **Total Consideration for the Proposed Acquisition**

- 5.1. The total consideration for the Proposed Acquisition is expected to be up to USD120,000,000 (approximately S\$166,680,000), being the aggregate of:
  - (a) USD50,000,000 (approximately S\$69,450,000) on the basis that the minimum valuation of 449 hectares within the Asset based on JORC Report 1 as determined in the independent valuation report ("**Valuation Report 1**"), to be prepared and issued in accordance with the Catalist Rules and the standards of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets 2015 edition ("**VALMIN Code**"), not being less than USD55,000,000 (approximately S\$76,395,000), and subject to adjustment under Paragraph 5.4 below ("**Purchase Consideration**"); and

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- (b) an earn-out amount equivalent to 90% of the minimum valuation as determined in the independent valuation report ("**Valuation Report 2**") to be prepared and issued based on JORC Report 2 and in accordance with the Catalist Rules and the VALMIN Code, and subject to a maximum of USD70,000,000 (approximately S\$97,230,000) ("**Earn-Out Amount**"),

(the Purchase Consideration and the Earn-Out Amount to be collectively referred to as the "**Total Consideration**"), to be satisfied in full by way of allotment and issuance of up to 95,793,103 Consideration Shares, and up to 134,110,345 new ordinary shares in full satisfaction of the Earn-Out Amount ("**Earn-Out Consideration Shares**") at the Issue Price on a post-Consolidation basis, credited as fully paid up, in the share capital of the Company.

- 5.2. For the avoidance of doubt, the Valuation Report 2 shall be issued within two (2) years from the date of Completion (as defined below). In the event the Valuation Report 2 is not issued within the abovementioned two (2) year period, no Earn-Out Amount shall be payable to the Vendor.
- 5.3. The Total Consideration is agreed after arm's length negotiations and is based on a willing buyer willing seller basis, taking into consideration, *inter alia*, the earnings, financial position, management experience and track record and the business prospect of the Target Group as well as the valuation of the Asset as indicated in the Valuation Report 1 and Valuation Report 2 to be prepared and issued by the independent valuer.

#### **Adjustment of the Purchase Consideration**

- 5.4. If:
- (a) the minimum valuation reported in Valuation Report 1 exceeds USD55,000,000 (approximately S\$76,395,000), there will be no adjustment to the Purchase Consideration;
- (b) the minimum valuation reported in Valuation Report 1 exceeds USD45,000,000 (approximately S\$62,505,000) but is lower than USD55,000,000 (approximately S\$76,395,000), the Purchase Consideration shall be adjusted as follows:

$$\text{Adjusted Purchase Consideration} = \frac{\text{USD50,000,000}}{\text{USD55,000,000}} \times \text{minimum valuation reported in Valuation Report 1}$$

- (c) the minimum valuation reported in Valuation Report 1 is lower than USD45,000,000 (approximately S\$62,505,000), the Company shall be entitled to terminate the SPA and the Parties shall be released and discharged from their respective obligations under the SPA, save and except for antecedent breaches.

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### **Arranger Fee**

- 5.5. In connection with the Proposed Acquisition, the Company has agreed to pay to Strategic Advisory & Capital Pte. Ltd. ("**Arranger**") a fee of USD2,000,000 (approximately S\$2,778,000) ("**Arranger Fee**") for introducing the Vendor and the Target Group to the Company for the purpose of the Proposed Acquisition. The Arranger Fee shall be paid by the Company to the Arranger upon Completion of the Proposed Acquisition and shall be satisfied as follows:
- (a) 25% of the Arranger Fee (USD500,000, approximately S\$694,500) shall be paid in cash; and
  - (b) the balance 75% of the Arranger Fee (USD1,500,000, approximately S\$2,083,500) shall be satisfied by way of the allotment and issuance of 2,873,793 new ordinary shares at the Issue Price, representing approximately 2.3% of the enlarged share capital of the Company on a post-Consolidation basis and prior to the allotment and issuance of the Earn-Out Consideration Shares ("**Arranger Shares**").

### **Success Fee**

- 5.6. Upon Completion of the Proposed Acquisition, the Company shall also pay to ZICO Capital Pte. Ltd. ("**ZICO**") a success fee of S\$500,000, to be satisfied by way of the allotment and issuance of 689,655 new ordinary shares at the Issue Price representing approximately 0.5% of the enlarged share capital of the Company on a post-Consolidation basis and prior to the allotment and issuance of the Earn-Out Consideration Shares ("**ZICO Shares**") to ZICO ("**Success Fee**").
- 5.7. The Consideration Shares, the Arranger Shares, the ZICO Shares and the Earn-Out Consideration Shares will, upon allotment and issuance, be fully credited as paid-up and free from all encumbrances and will rank *pari passu* in all respects with the existing and issued shares of the Company, save for any rights, benefits, dividends and entitlements the record date for which is before the date of Completion (as defined below) or the date of the issuance of the Earn-Out Consideration Shares (as the case may be).

### **Shareholding after the Proposed Acquisition**

- 5.8. Upon completion of the Consolidation and the Proposed Acquisition and the allotment and issuance of the Consideration Shares, Arranger Shares and ZICO Shares, the enlarged shareholding structure of the Company shall be as follows:-

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*Based on a minimum Purchase Consideration of USD40,900,000:*

	<b>Number of Shares</b>	<b>Percentage (%)</b>
Number of Consideration Shares	78,358,759	71.6
Arranger Shares	2,873,793	2.6
ZICO Shares	689,655	0.6
Existing shares of the Company (on a post-Consolidation basis)	27,600,000	25.2
<b>Total</b>	<b>109,522,207</b>	<b>100</b>

*Based on the maximum Purchase Consideration of USD50,000,000:*

	<b>Number of Shares</b>	<b>Percentage (%)</b>
Number of Consideration Shares	95,793,103	75.5
Arranger Shares	2,873,793	2.3
ZICO Shares	689,655	0.5
Existing shares of the Company (on a post-Consolidation basis)	27,600,000	21.7
<b>Total</b>	<b>126,956,551</b>	<b>100</b>

- 5.9. Upon issuance of the Earn-Out Consideration Shares, excluding the effects of the Compliance Share Placement (if any), the enlarged shareholding structure of the Company shall be as follows:-

*Based on a minimum Purchase Consideration of USD40,900,000:*

	<b>Number of Shares</b>	<b>Percentage (%)</b>
Number of Consideration Shares	78,358,759	87.2
Number of Earn-Out Consideration Shares <sup>(1)</sup>	134,110,345	
Arranger Shares	2,873,793	1.2
ZICO Shares	689,655	0.3
Existing shares of the Company (on a post-Consolidation basis)	27,600,000	11.3
<b>Total</b>	<b>243,632,552</b>	<b>100</b>

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Based on the maximum Purchase Consideration of USD50,000,000:

	Number of Shares	Percentage (%)
Number of Consideration Shares	95,793,103	88.0
Number of Earn-Out Consideration Shares <sup>(1)</sup>	134,110,345	
Arranger Shares	2,873,793	1.1
ZICO Shares	689,655	0.3
Existing shares of the Company (on a post-Consolidation basis)	27,600,000	10.6
<b>Total</b>	<b>261,066,896</b>	<b>100</b>

**Note:**

(1) Calculated based on the maximum Earn-Out Amount of US\$70,000,000.

**Transfer to Catalist board of the SGX-ST ("Catalist") ("Proposed Catalist Transfer")**

- 5.10. The Company intends to seek a transfer of the listing of the Company from Mainboard to Catalist concurrent with Completion (as defined below).

**Share Consolidation**

- 5.11. The Company shall conduct a share consolidation of ten (10) existing shares into one (1) consolidated share ("**Consolidation**"). The total number of Shares after Consolidation before the issuance of Consideration Shares, Arranger Shares and ZICO Shares will be 27,600,000 shares.
- 5.12. Given that the Issue Price of the Consideration Shares is S\$0.725, the Company is expected to comply with Rule 1015 (3) (c) of the SGX Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") in ensuring that the price per share after adjusting for any share consolidation must not be lower than S\$0.20.

**Compliance Share Placement**

- 5.13. Based on the calculations set out in Paragraph 5.8 above, upon Completion of the Proposed Acquisition, the Company will not be required to conduct a compliance share placement pursuant to Rule 1015 (3) (a) of the Catalist Rules.
- 5.14. However, in the event the free float requirement is deemed to be not fulfilled at the point when the Earn-Out Consideration Shares are issued, the Company shall then carry out a compliance share placement ("**Compliance Share Placement**") to enable the Company to comply with the shareholding spread and distribution requirement set out in the Catalist Rules. The Vendor may also sell its Earn-Out Consideration Shares, subject to compliance with the Catalist Rules to meet the aforesaid requirement.



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- 5.15. The terms of the Compliance Share Placement may be determined by the Company and/or the Vendor (as the case may be) as they deem fit and shall be subject to a placement agreement to be entered into by the Company and/or the Vendor (as the case may be) and the placement agent to be appointed closer to the date of the Compliance Share Placement.

**Whitewash waiver**

- 5.16. Upon completion of the allotment and issuance of the Consideration Shares, the Arranger Shares and ZICO Shares pursuant to the Proposed Acquisition, the Vendor will acquire and hold up to 95,793,103 shares (assuming Purchase Consideration of USD50,000,000), representing approximately 75.5% of the enlarged issue share capital of the Company on a post-Consolidation basis.
- 5.17. Pursuant to Rule 14 of the Singapore Code of Take-Overs and Mergers ("**Code**"), the Vendor and its concert parties will be required to make a mandatory general offer for all the remaining issued shares in the Company not already owned, controlled or agreed to be acquired by them except where the Securities Industry Council ("**SIC**") grants them a waiver of their obligation to make a mandatory general offer under Rule 14.
- 5.18. It is a condition precedent to the Proposed Acquisition that the SIC grants the Vendor and its concert parties, and does not revoke or repeal any such grant, a waiver of their obligation to make a general offer under Rule 14 of the Code for all the shares not owned or controlled by them ("**Whitewash Resolution**").

**Conditions precedent for the Proposed Acquisition**

- 5.19. Pursuant to the SPA the obligations of the Parties to complete the Proposed Acquisition shall be conditional upon, *inter alia*:
- (a) the Company having completed the Consolidation;
  - (b) there being no material breach of any warranty, representation, undertaking or obligation by the Parties as set out in the SPA.
  - (c) the minimum value as indicated in Valuation Report 1 being not less than USD45,000,000 (approximately S\$62,505,000);
  - (d) the Target Group not having suspended production of nickel ore, and the rate of sale and production and mining extraction of nickel ores shall not be less than an average of 20,000 metric tons per month during the period between, from the date of the SPA and up to the Completion Date as certified by an expert or any other person appointed by the Company at its sole discretion;

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- (e) approval of the Company's shareholders and its Board and the regulatory authorities (including the SGX-ST and SIC, where applicable), in respect of:
- (i) the Proposed Acquisition;
  - (ii) the allotment and issuance of the Consideration Shares and the Earn-Out Consideration Shares to the Vendor;
  - (iii) the allotment and issuance of the Arranger Shares to the Arranger;
  - (iv) the allotment and issuance of the ZICO Shares to ZICO;
  - (v) the Compliance Share Placement (if applicable);
  - (vi) the change of name of the Company to "FE Minerals Limited" or such other name as specified by the Vendor;
  - (vii) the Proposed Catalist Transfer;
  - (viii) the Consolidation;
  - (ix) the appointment of the new directors as nominated by the Vendor to the Board;
  - (x) the appointment of the new auditors of the Company as nominated by the Vendor; and
  - (xi) the Whitewash Resolution;
- (f) the receipt and non-withdrawal of the approval-in-principle of the SGX-ST ("**Listing Approval**") for, among other things, the listing and quotation of the Consideration Shares, the Earn-Out Consideration Shares, the Arranger Shares, the ZICO Shares, the Compliance Share Placement (if applicable) and the Consolidation on conditions acceptable by the Company and the Vendor, and the fulfilment of any conditions attached to the Listing Approval required to be fulfilled on or before the Completion Date;
- (g) the receipt and non-withdrawal of the approval of the SIC ("**SIC Approval**") granted to the Vendor and the parties acting in concert with the Vendor to dispense with the requirements of Rule 14 of the Code to make an offer to the shareholders of the Company arising from the acquisition by the Vendor of the Consideration Shares, subject to the conditions set out in the SIC Approval, and the fulfilment of any conditions attached to the SIC Approval required to be fulfilled on or before the Completion Date;
- (h) the completion of the Restructuring Exercise;
- (i) the Company remaining listed on the Mainboard of the SGX-ST from the date of the SPA until the completion of the Proposed Catalist Transfer;
- (j) the Company remaining listed on the Catalist from the completion of the Proposed Catalist Transfer up till completion of the Proposed Acquisition, and no condition exists which would affect the continued listing of the Company on the Catalist;
- (k) all the licenses, permits, consents, approvals, authorisation, waivers and exemptions which are required and/or advisable for the purpose of conducting and carrying on the

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business and operations of the Target Group ("**Licenses and Permits**") remaining in force and not being expired or revoked and there being no occurrence which could result in any of the Licenses and Permits being revoked as at the Completion Date;

(l) the completion of satisfactory due diligence on the Target Group by the Company;  
and

(m) the completion of satisfactory due diligence on the Company by the Vendor.

If any of the above conditions precedent is not fulfilled or waived by mutual consent of the Parties by 31 December 2017 or such later date as the Parties may agree in writing, save for certain clauses which relate to, amongst others, confidentiality, the SPA shall *ipso facto* cease and none of the Parties shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by a Party against the other arising from antecedent breaches of the terms thereof.

### **Completion Date**

5.20. Completion for the Proposed Acquisition ("**Completion**") shall take place within fourteen (14) days from the fulfilment or waiver as the case may be of all conditions precedent set out in the SPA.

## **6. FINANCIAL INFORMATION**

### **Financial information on the Target Group**

6.1. A summary of the unaudited consolidated profit and loss statement of the Target Group for the financial years ended 31 December 2014 ("**FY2014**"), 31 December 2015 ("**FY2015**") as well as the 6-month period ended 30 June 2016 ("**1HY2016**") and a summary of the unaudited consolidated balance sheet of the Target Group as at 31 December 2014, 31 December 2015 and 30 June 2016, is set out below. As PT TAS was only acquired by the Target Group in September 2013, it is not meaningful to present the Target Group's financial information for the financial year ended 31 December 2013. The Target Group's accounts for the year ended 31 December 2016 will be disclosed in the circular to be issued to the shareholders. For the avoidance of the doubt and for the purpose of the summary financial information presented below, the financial figures of the Target Group have been translated from USD to RMB, being the reporting currency of the Company.

	<b>FY2014</b>	<b>FY2015</b>	<b>1HY2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Income Statement Summary</b>			
Revenue	36,386	15,457	27,955
Gross Profit	3,782	5,050	11,536
(Loss)/Profit before tax	(1,431)	272	6,254
(Loss)/Profit after tax	(1,431)	196	4,688

	<b>As at 31</b>	<b>As at 31</b>	<b>As at 30 June</b>
	<b>December</b>	<b>December</b>	<b>2016</b>
	<b>2014</b>	<b>2015</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Balance Sheet Summary</b>			
Non-current assets	146,521	151,925	154,937
Current assets	2,853	24,121	27,905
Current liabilities	2,192	6,357	8,900
Non-current liabilities	126,758	149,053	148,615
Shareholders' equity	20,424	20,636	25,327

**Note:**

Based on exchange rate of USD1: RMB6.720.

- 6.2. A summary of the proforma financial information of the enlarged group after the Proposed Acquisition prepared based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2015 and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2015 is set out in Appendix A of this Announcement.

**Financial effects of the Proposed Acquisition**

- 6.3. The proforma financial effects of the Proposed Acquisition based on the share capital, earnings and net tangible assets ("NTA") and gearing of the Company have been prepared based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2015. The proforma financial effects presented below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Company following Completion.
- 6.4. For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects are computed based on, *inter alia*, the following assumptions:

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- (a) the financial effects on the Company's earnings and earnings per share are computed assuming the Proposed Acquisition was completed at the beginning of the financial year;
- (b) the financial effects on the Company's NTA and gearing are computed assuming the Proposed Acquisition was completed at the end of the financial year;
- (c) the Consideration Shares were issued at the Issue Price on 1 January 2015 for EPS computation and on 31 December 2015 for NTA and Gearing computation;
- (d) the Arranger Shares and ZICO Shares were issued at the Issue Price on 1 January 2015 for EPS computation and on 31 December 2015 for NTA and Gearing computation. The value of the Arranger Shares and ZICO Shares were charged to the profit and loss account in full;
- (e) all unbilled professional costs of the Proposed Acquisition are payable immediately and hence accrued as at 1 January 2015 for EPS computation and as at 31 December 2015 for NTA and Gearing computation; and
- (f) the analysis does not take into account any dividend and distributions out of profits that may be declared by the Target Group in respect of the financial year ended 31 December 2015.

#### 6.4.1. Effect on Share Capital

The financial effects of the Proposed Acquisition on the issued share capital of the Company as at the date of the SPA are as follows:

*Based on a minimum Purchase Consideration of USD40,900,000:*

	<b>Number of Shares</b>	<b>RMB'000</b>
Share capital as at the date of the SPA	276,000,000	125,769
After Consolidation	27,600,000	125,769
Add: Consideration Shares <sup>(1)(2)</sup>	78,358,759	276,665
Add: Arranger Shares <sup>(1)(2)</sup>	2,873,793	10,147
Add: ZICO Shares <sup>(2)</sup>	689,655	2,435
<b>Total</b>	<b>109,522,207</b>	<b>415,016</b>

*Based on the maximum Purchase Consideration of USD50,000,000:*

	<b>Number of Shares</b>	<b>RMB'000</b>
Share capital as at the date of the SPA	276,000,000	125,769
After Consolidation	27,600,000	125,769
Add: Consideration Shares <sup>(1)(2)</sup>	95,793,103	338,221
Add: Arranger Shares <sup>(1)(2)</sup>	2,873,793	10,147
Add: ZICO Shares <sup>(2)</sup>	689,655	2,435
<b>Total</b>	<b>126,956,551</b>	<b>476,572</b>

**Notes:**

(1) Based on the exchange rate of USD1: S\$1.389.

(2) Based on the exchange rate of S\$1: RMB4.870.

*Based on a minimum Purchase Consideration of USD40,900,000 and after issuing Earn-Out Consideration Shares*

	<b>Number of Shares</b>	<b>RMB'000</b>
Share capital as at the date of the SPA	276,000,000	125,769
After Consolidation	27,600,000	125,769
Add: Consideration Shares <sup>(1)(2)</sup>	78,358,759	276,665
Add: Earn-Out Consideration Shares <sup>(1)(2)</sup>	134,110,345	473,510
Add: Arranger Shares <sup>(1)(2)</sup>	2,873,793	10,147
Add: ZICO Shares <sup>(2)</sup>	689,655	2,435
<b>Total</b>	<b>243,632,552</b>	<b>888,526</b>

*Based on the maximum Purchase Consideration of USD50,000,000 and after issuing Earn-Out Consideration Shares:*

	<b>Number of Shares</b>	<b>RMB'000</b>
Share capital as at the date of the SPA	276,000,000	125,769
After Consolidation	27,600,000	125,769
Add: Consideration Shares <sup>(1)(2)</sup>	95,793,103	338,221
Add: Earn-Out Consideration Shares <sup>(1)(2)</sup>	134,110,345	473,510
Add: Arranger Shares <sup>(1)(2)</sup>	2,873,793	10,147
Add: ZICO Shares <sup>(2)</sup>	689,655	2,435
<b>Total</b>	<b>261,066,896</b>	<b>950,082</b>

**Notes:**

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(1) Based on the exchange rate of USD1: S\$1.389.

(2) Based on the exchange rate of S\$1: RMB4.870.

#### 6.4.2. Effect on Earnings per Share ("EPS")

*Based on a minimum Purchase Consideration of USD40,900,000:*

	<b>Before Proposed Acquisition</b>	<b>After Proposed Acquisition (Without Earn-Out Consideration Shares)</b>	<b>After Proposed Acquisition (With Earn-Out Consideration Shares)</b>
Loss after tax from continuing operation attributable to shareholders (RMB'000) <sup>(1)</sup>	(14,682)	(73,392)	(73,392)
Loss after tax from discontinued operation attributable to shareholders (RMB'000) <sup>(2)</sup>	(43,547)	(43,547)	(43,547)
Number of shares	276,000,000	109,522,207	243,632,552
Loss per share (RMB cents)			
a) Continuing operation	(5.3)	(67.0) <sup>(3)</sup>	(30.1) <sup>(3)</sup>
b) Discontinued operation	(15.8)	(39.8) <sup>(3)</sup>	(17.9) <sup>(3)</sup>

Based on the maximum Purchase Consideration of USD50,000,000:

	<b>Before Proposed Acquisition</b>	<b>After Proposed Acquisition (Without Earn-Out Consideration Shares)</b>	<b>After Proposed Acquisition (With Earn-Out Consideration Shares)</b>
Loss after tax from continuing operation attributable to shareholders (RMB'000) <sup>(1)</sup>	(14,682)	(73,392)	(73,392)
Loss after tax from discontinued operation attributable to shareholders (RMB'000) <sup>(2)</sup>	(43,547)	(43,547)	(43,547)
Number of shares	276,000,000	126,956,551	261,066,896
Loss per share (RMB cents)			
a) Continuing operation	(5.3)	(57.8) <sup>(3)</sup>	(28.1) <sup>(3)</sup>
b) Discontinued operation	(15.8)	(34.3) <sup>(3)</sup>	(16.7) <sup>(3)</sup>

**Notes:**

(1) Based on exchange rate of USD1: RMB6.720.

(2) The Company had in December 2015 completed the disposal of its principal and wholly-owned subsidiary.

(3) The Loss per share (RMB cents) is calculated on a post-Consolidation basis.



### 6.4.3. Effect on Net Tangible Assets<sup>(1)</sup>

*Based on a minimum Purchase Consideration of USD40,900,000:*

	<b>Before Proposed Acquisition</b>	<b>After Proposed Acquisition (Without Earn-Out Consideration Shares)</b>	<b>After Proposed Acquisition (With Earn-Out Consideration Shares)</b>
NTA as at 31 December 2015 (RMB'000) <sup>(2)</sup>	60,219	9,465	9,465
Number of shares	276,000,000	109,522,207	243,632,552
NTA per share (RMB cents)	21.8	8.6 <sup>(3)</sup>	3.9 <sup>(3)</sup>

*Based on the maximum Purchase Consideration of USD50,000,000:*

	<b>Before Proposed Acquisition</b>	<b>After Proposed Acquisition (Without Earn-Out Consideration Shares)</b>	<b>After Proposed Acquisition (With Earn-Out Consideration Shares)</b>
NTA as at 31 December 2015 (RMB'000) <sup>(2)</sup>	60,219	9,465	9,465
Number of shares	276,000,000	126,956,551	261,066,896
NTA per share (RMB cents)	21.8	7.5 <sup>(3)</sup>	3.6 <sup>(3)</sup>

**Notes:**

(1) NTA is computed based on total assets less total liabilities (excluding goodwill).

(2) Based on exchange rate of USD1: RMB6.720.

(3) The NTA per share (RMB cents) is calculated on a post-Consolidation basis.

#### 6.4.4. Gearing<sup>(1)</sup>

*Based on a minimum Purchase Consideration of USD40,900,000:*

	<b>Before Proposed Acquisition</b>	<b>After Proposed Acquisition (Without Earn-Out Consideration Shares)</b>	<b>After Proposed Acquisition (With Earn-Out Consideration Shares)</b>
Net Debt <sup>(2)</sup>	Nil	104,207	104,207
Total Equity <sup>(2)</sup>	60,219	71,125	71,125
Gearing	Nil	146.5%	146.5%

*Based on the maximum Purchase Consideration of USD50,000,000:*

	<b>Before Proposed Acquisition</b>	<b>After Proposed Acquisition (Without Earn-Out Consideration Shares)</b>	<b>After Proposed Acquisition (With Earn-Out Consideration Shares)</b>
Net Debt <sup>(2)</sup>	Nil	104,207	104,207
Total Equity <sup>(2)</sup>	60,219	71,125	71,125
Gearing	Nil	146.5%	146.5%

**Notes:**

(1) Gearing is determined based on net debt divided by equity attributable to shareholders of the Company. Net debt comprises long term borrowings plus trade and other payables less cash and cash equivalents (including restricted deposit). Equity attributable to shareholders of the Company comprises share capital and reserves.

(2) Based on exchange rate of USD1: RMB6.720.

## 7. APPOINTMENT OF FINANCIAL ADVISER

The Company has appointed ZICO as its financial adviser to advise on the Proposed Acquisition. Following the Proposed Catalist Transfer, ZICO shall be appointed as the full sponsor of the Company.

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**8. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Company will also appoint an independent financial adviser to the Independent Directors of the Company in connection with the Whitewash Resolution in due course.

**9. INTEREST OF DIRECTOR AND CONTROLLING SHAREHOLDERS**

None of the Directors, controlling shareholders or their associates have any interest, direct or indirect in the Proposed Acquisition, save for their respective interests in the shares of the Company (as the case may be).

**10. DIRECTORS' SERVICE CONTRACTS**

There are currently no directors who are proposed to be appointed to the Company in connection with the Proposed Acquisition. However, it is envisaged that the Company may, upon Completion, enter into service contracts with nominees of the Vendors to be appointed to the Board. As such arrangements have not been firmed up as at the date of this announcement, the details if such arrangements (if any) will be disclosed in the circular to be despatched to shareholders in due course in connection with the Proposed Acquisition.

**11. CIRCULAR**

A shareholders' circular containing, *inter alia*, the notice of the extraordinary general meeting in relation to the Proposed Acquisition will be dispatched to the shareholders in due course.

**12. FURTHER ANNOUNCEMENTS**

The Company shall make further announcements on the Proposed Acquisition as and when appropriate.

**13. RESPONSIBILITY STATEMENT**

The Directors of the Company 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 of the Proposed Acquisition, the Company, 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 (including information relating to the Vendor and the Target Group) 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

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accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**14. DOCUMENTS FOR INSPECTION**

A copy of the SPA will be available for inspection during normal business hours at the registered office of the Company at 7 Temasek Boulevard, #43-03 Suntec Tower One, Singapore 038987 for a period of three (3) months from the date of this announcement.

**15. CAUTIONARY STATEMENT**

**Shareholders are advised that the Proposed Acquisition is subject to numerous conditions and further due diligence by the Vendor and the Company. As such, there is no assurance that the Parties will be able to complete the Proposed Acquisition and that the shares of the Company will eventually resume trading on the SGX-ST. Shareholders are therefore asked to exercise caution when dealing in the shares of the Company and should consult their legal, financial, tax and other professional advisers if they have any doubt as to the action to take.**

**BY ORDER OF THE BOARD**

**LIM KEAN TIN**

Non-Executive Chairman

1 November 2016

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**APPENDIX A**  
**FINANCIAL INFORMATION ON THE PRO FORMA ENLARGED GROUP**

**Pro Forma Enlarged Group:**

A summary of the pro forma financial information of the enlarged group after the Proposed Acquisition is set out below and has been prepared based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2015 and the unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2015, on the following assumptions:-

- (a) the Proposed Acquisition had been completed on 1 January 2015 for the pro forma Income Statement Summary of the enlarged group;
- (b) the Proposed Acquisition had been completed on 31 December 2015 for the pro forma Balance Sheet Summary of the enlarged group;
- (c) the Consideration Shares were issued at the Issue Price on 1 January 2015;
- (d) the Arranger Shares and ZICO Shares were issued at the Issue Price on 1 January 2015. The value of the Arranger Shares and ZICO Shares were charged to the profit and loss account in full;
- (e) all unbilled professional costs of the Proposed Acquisition are payable immediately and hence accrued as at 1 January 2015; and
- (f) the analysis does not take into account any dividends and distributions out of profits that may be declared by the Target Group in respect of the financial year ended 31 December 2015.

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	<b>After Proposed Acquisition RMB'000</b>
<b>Income Statement Summary</b>	
Revenue	15,457
Gross Profit	5,050
Loss before tax from continuing operation	(73,316)
Loss before tax from discontinued operation	(42,235)
Loss after tax from continuing operation	(73,392)
Loss after tax from discontinued operation	(43,547)

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**After Proposed  
Acquisition  
RMB'000**

**Balance Sheet Summary**

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Non-current assets	151,925
Current assets	86,002
Current liabilities	(17,749)
Non-current liabilities	(149,053)
Shareholders' equity	71,125