

STARLAND HOLDINGS LIMITED
(Company Registration Number: 201131382E)
(Incorporated in the Republic of Singapore)

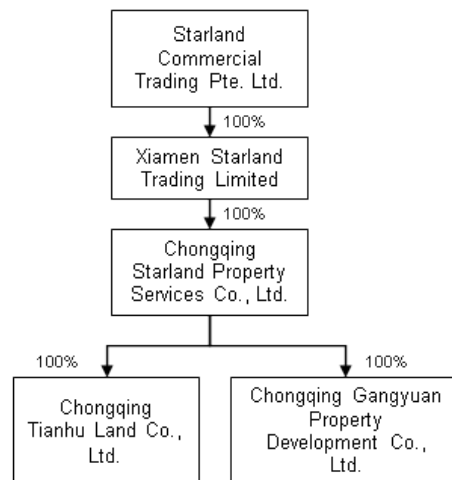
PROPOSED DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF STARLAND AXIS PTE. LTD. AND STARLAND COMMERCIAL TRADING PTE. LTD.

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of Starland Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), refers to the announcement made by the Company on 20 June 2016 in relation to the entering into a conditional sale and purchase agreement with holders of equity interest in Ayondo Holding AG to acquire their equity interest in Ayondo Holding AG (“**Proposed Acquisition**”). The Proposed Acquisition is subject to and based on, *inter alia*, that the Company enter into a binding sale and purchase agreement to dispose of all its assets to GRP Limited, being its holding company, which shall be completed prior to the completion of the Proposed Acquisition.
- 1.2 The Board wishes to announce that the Company has on 23 September 2016 entered into a sale and purchase agreement (“**SPA**”) with GRP Limited (the “**Purchaser**”), for the proposed disposal (the “**Proposed Disposal**”) of the entire issued and paid up share capital (“**Sale Equity Interest**”) of the Company’s wholly-owned subsidiaries, Starland Axis Pte. Ltd. (“**SAPL**”) and Starland Commercial Trading Pte. Ltd. (“**SCTPL**”) (collectively, the “**Sale Companies**”)

2. INFORMATION ON THE SALE COMPANIES AND THE PURCHASER

- 2.1 SAPL was incorporated in Singapore on 24 January 2013 and has an issued and paid up share capital of S\$2,000,000. SAPL is a property development company.
- 2.2 SCTPL was incorporated in Singapore on 8 January 2013 and has an issued and paid up share capital of S\$1.00. SCTPL is an investment holding company which holds the equity interest of the following entities as shown in the diagram below:



- 2.3 The aggregate unaudited net tangible asset (“**NTA**”) value of the Sale Companies as at 30 June 2016 was RMB179,389,000 and the aggregate unaudited net loss attributable to the Sale Companies for the nine months financial period ended 30 June 2016 (“**FP2016**”) was RMB15,739,000.

- 2.4 The Purchaser is a public limited company, whose shares are listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and is the ultimate parent company of the Company. As at the date of this announcement, the Company is a 99.56%-owned indirect subsidiary of the Purchaser. Accordingly, the Purchaser is the controlling shareholder of the Company and is an interested person within the meaning of Chapter 9 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**") in relation to the Proposed Disposal.

3. SALE CONSIDERATION

- 3.1 The aggregate sale consideration for the sale of the Sale Equity Interest will be an amount in cash equal to the sum of RMB179,389,000 (the "**Sale Consideration**"). The currency used for the settlement and payment of the Sale Consideration shall be Singapore Dollars using the conversion rate quoted by Bloomberg L.P. at 5.00 p.m. (Singapore time) on the business day immediately preceding the completion date. The Sale Consideration shall be fully satisfied by the Purchaser by setting off from the amount due to the Purchaser from the Company pursuant to the Proposed Distribution (as defined in paragraph 5.1 below). In the event the Sale Consideration is higher than the amount due to the Purchaser from the Company pursuant to the Proposed Distribution, the Purchaser shall pay any balance Sale Consideration ("**Balance Consideration**") to the Company.
- 3.2 The Sale Consideration of RMB179,389,000 was determined based on the unaudited NTA value of the Sale Companies as at 30 June 2016 and was arrived at by the parties on a willing-buyer-willing-seller basis.
- 3.3 In the event that there is any sum due arising from loans, advances or otherwise between the Group and Purchaser (and its subsidiaries) on completion date, such sum shall be set off and the net sum, (i) if payable by the Company to the Purchaser, shall be set off from the Sale Consideration, or (ii) if payable by the Purchaser to the Company, shall be paid by the Purchaser in addition to the Sale Consideration.

4. RATIONALE FOR THE PROPOSED DISPOSAL

As previously announced in the Company's announcement on 20 June 2016, the Proposed Acquisition will not proceed without the Proposed Disposal as the completion of the Proposed Disposal is a condition precedent of the Proposed Acquisition. In addition, the existing business of the Company is divested so that the Company will have no operating business prior to the completion of the Proposed Acquisition and so that it will not affect the financial results of the Company after the Proposed Acquisition.

5. SALIENT TERMS

- 5.1 The sale of the Sale Equity Interest is subject to and conditional upon the Company effecting a distribution of all its cash and cash equivalents in the Company to its shareholders on completion, save for (i) a sum of S\$4.0 million, (ii) any proceeds arising from the placement of 134,943,181 of Company's shares at the issue price per share of S\$0.1408 ("**Placement Shares**") to be effected by the Company and (iii) any proceeds arising from the exercise of the options granted to the subscribers of the Placement Shares along with the subscription and issue of the aforesaid Placement Shares which shall be retained by the Vendor ("**Proposed Distribution**").
- 5.2 The completion of the Proposed Disposal is conditional upon the following:
- (a) the approval of the shareholders of the Company in an extraordinary general meeting being obtained for the Proposed Acquisition and Proposed Disposal;
 - (b) the approval of the shareholders of the Purchaser in an extraordinary general meeting being obtained for the acquisition of the Sale Equity Interest pursuant to the Proposed Disposal;

- (c) the Company having obtained all consents, approvals and authorisation of bankers, financial institutions, landlord of leases, relevant third parties, government, statutory or regulatory authorities in Singapore which are necessary or desirable in connection with the Proposed Disposal, and such other corporate action(s) as may be necessary having been obtained, and such consents, approvals and waivers not having been amended or revoked before Completion Date, and if subject to conditions, on such conditions acceptable to the Purchaser, prior to the completion date;
 - (d) the representations and warranties of the Company provided in the SPA being true and accurate in all material respects;
 - (e) the representations and warranties of the Purchaser as set out in the SPA being true and accurate in all material respects;
 - (f) neither the Company nor the Purchaser is in breach of any of its obligations or undertakings under the SPA;
 - (g) the receipt of an opinion from an independent financial adviser (appointed by the Company in connection with the Proposed Disposal as an interested person transaction) to the independent directors of the Company.
- 5.3 Completion shall take place on the business day falling seven (7) days after the fulfilment of the conditions precedent provided in paragraph 5.2 unless such conditions precedent are either fulfilled or waived by the parties and completion shall be no later than twelve (12) months from the date of the SPA unless extended by the parties upon mutual agreement.

6. GAIN ON THE PROPOSED DISPOSAL AND USE OF PROCEEDS

- 6.1 The Company will recognise a net profit of approximately RMB169.62 million from the Proposed Disposal subject to any accounting adjustments which may be necessary upon the finalisation of the transaction.
- 6.2 As the Sale Consideration will be satisfied by setting off from the amount due to the Purchaser from the Company pursuant to the Proposed Distribution and if the Sale Consideration is higher than the amount due to the Purchaser from the Company pursuant to the Proposed Distribution, the Purchaser shall pay any Balance Consideration to the Company, by way of a cheque or telegraphic transfer on the completion date. The Company intends to utilise the Balance Consideration for the purposes of the Proposed Acquisition.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

For illustrative purpose only, the pro forma financial effects of the Proposed Disposal on the NTA per share and the earnings per share (“EPS”) of the Company based on the latest announced unaudited financial statements of the Company as at 30 June 2016 are as follows:

- (a) Effect on the Group’s NTA per Share

Assuming that the Proposed Disposal had taken place on 30 June 2016, and based on the unaudited financial statements of the Group as at 30 June 2016 (being the end of the most recently completed financial year), the Proposed Disposal would have had the following impact on the Group’s NTA for FP2016:

FP2016	Before the Proposed Disposal	After the Proposed Disposal
NTA (RMB'000)	159,418	159,418
Number of Shares	144,733,000	144,733,000
NTA per Share (RMB)	1.10	1.10

(b) Effect on EPS

Assuming that the Proposed Disposal had taken place on 1 October 2015, being the beginning of the most recently completed financial period, and based on the unaudited financial statements of the Company as at 30 June 2016 (being the end of the most recently completed financial period), the Proposed Disposal would have had the following impact on the Company's EPS for FP2016:

FP2016	Before the Proposed Disposal	After the Proposed Disposal
(Loss)/Profit after tax attributable to equity holders of the Company (RMB'000)	(21,377)	163,978
Number of Shares	144,733,000	144,733,000
(Loss)/Earnings per Share (RMB cents)	(14.77)	1.13

8. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

8.1 Under Chapter 9 of the Catalist Rules, where a listed company proposes to enter into a transaction with its director, chief executive officer or controlling shareholder or any of their associates, shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds. In particular, shareholders' approval is required where the value of such transaction with any such persons is equal to or more than:-

- (a) 5.0% of the Group's latest audited NTA; or
- (b) 5.0% of the Group's latest audited NTA, when aggregated with the value of all other transactions entered into with the same interested person during the same financial period.

8.2 As at the date of this announcement, the Purchaser is the controlling shareholder of the Company and accordingly, the Purchaser is an interested person within the meaning of Chapter 9 of the Catalist Rules in relation to the Proposed Disposal.

Based on the Company's latest audited accounts for FY2015, its consolidated NTA as at 30 September 2015 was approximately RMB182.5 million. The Sale Consideration represents approximately 98.3% of the Company's latest audited consolidated NTA. Accordingly, pursuant to Chapter 9 of the Catalist Rules, the Proposed Disposal constitutes an Interested Person Transaction and requires the approval of Shareholders. The total value of all interested person transactions (excluding transactions less than S\$100,000) with the Purchaser for the current financial year ending 30 June 2017 up to the date of the announcement is RMB0.52 million, which represents approximately 0.28% of the Company's latest audited consolidated NTA. The total value of all interest person transactions (excluding transactions less than S\$100,000) for the current financial year ending 30 June 2017 up to the date of this announcement is RMB0.52 million.

- 8.3 The Purchaser will abstain from voting its shareholding (either in person or by proxy), if any, in respect of the resolution relating to the Proposed Disposal at the EGM. In addition, Mr Kwan Chee Seng, a non-executive director of the Company, who is holding 29.18% equity stake in the Purchaser, will abstain from making any recommendations on the resolution relating to the Proposed Disposal.

9. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are set out below:

Rule 1006 (a)	The net asset value of the assets to be disposed of as at 30 June 2016 of approximately RMB179.4 million, compared with the Group's net asset value of RMB159.4 million as at 30 June 2016	112.5%
Rule 1006 (b)	The net losses ⁽¹⁾ of approximately RMB5.3 million attributable to the assets disposed, compared with the Group's net losses for FP2016 of approximately RMB10.9 million	48.4%
Rule 1006 (c)	The aggregate value of the consideration given or received of approximately RMB179.4 million, compared with the Company's market capitalisation of approximately S\$34.0 million (approximately RMB167.3 million assuming an exchange rate of S\$1 : RMB4.92) as at 5 February 2016, being the last full market day on which the Company's shares were traded on SGX-ST prior to suspension of trading of the Company's shares ⁽²⁾	107.2%
Rule 1006 (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	Not applicable
Rule 1006 (e)	The 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interest and extraordinary items.
- (2) Based on the total of 144,733,000 Shares, and the volume-weighted average traded price of such Shares of S\$0.235 on 5 February 2016, being the last full market day on which the Company's shares were traded on SGX-ST prior to suspension of trading of the Company's shares.

Having regard to the above, the Proposed Disposal is a "major transaction" as defined in Rule 1014 of the Catalist Rules. Accordingly, the approval of the Shareholders at an extraordinary general meeting ("**EGM**") is required for the Proposed Disposal.

10. AUDIT COMMITTEE STATEMENT

The Audit Committee will form their view as to whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders after considering the independent financial adviser's opinion referred to in section 11.3 below. The Audit Committee's view on the Proposed Disposal will be set out in the Shareholders' Circular to be despatched to the Shareholders in due course.

11. FURTHER INFORMATION

11.1 Interest of Directors and Controlling Shareholders

As at the date of this announcement, Mr Kwan Chee Seng is a non-executive director of the Company and controlling shareholder and executive director of the Purchaser, Ms Peng Peck Yen, who is an executive director of the Company, is holding 12,000 shares in the Purchaser and Mr Low Wai Cheong, who is an independent director of the Company, is holding 46,400 shares in the Purchaser.

Saved as disclosed above and in respect of the Purchaser's interest relating to the Proposed Disposal, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect in the Proposed Disposal.

11.2 Directors' Service Contracts

There are no directors proposed to be appointed to the Company in connection with the Proposed Disposal.

11.3 Independent Financial Adviser

The Company will be appointing an independent financial adviser in respect of the Proposed Disposal.

12. CIRCULAR AND DOCUMENTS FOR INSPECTION

The circular to the Shareholders containing, *inter alia*, further information on the Proposed Disposal and enclosing the notice of the EGM of the Company will be despatched by the Company to the Shareholders in due course.

A copy of the SPA is available for inspection at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 during normal business hours for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Peng Peck Yen
Executive Director
23 September 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "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. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Augustine Cheong, Assistant Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.