

VGO CORPORATION LIMITED

Incorporated in the Republic of Singapore
Company Registration No. 199301388D

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID UP SHARE CAPITAL OF SKY WIN MANAGEMENT CONSULTANCY PTE LTD (THE “PROPOSED ACQUISITION”)

– ENTRY INTO SUPPLEMENTAL AGREEMENT

*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Company’s announcements dated 6 June 2016, 10 June 2016 and 17 August 2016 in relation to the Proposed Acquisition (the “**Previous Announcements**”).*

1. INTRODUCTION

Further to the Previous Announcements, the board of directors (the “**Board**” or the “**Directors**”) of VGO Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 6 September 2016 entered into a supplemental agreement (“**Supplemental Agreement**”) to the SPA to amend and/or vary certain terms and conditions of the SPA.

2. THE PROPOSED ACQUISITION

Please refer to the Previous Announcements dated 6 June 2016 and 10 June 2016 for the following information on the Proposed Acquisition:

- (a) information on the Target and the Vendors;
- (b) the rationale and benefits of the Proposed Acquisition;
- (c) save as amended by the Supplemental Agreement, the salient terms of the Proposed Acquisition; and
- (d) the pro forma financial information of each of the Target Group companies for their respective financial years in 2013, 2014 and 2015. Shareholders should note that the pro forma financial information was compiled on each of Target Group companies and not on a consolidated basis.

A summary of the unaudited consolidated financial statements of the Target Group for the financial years ended 30 June 2014 (“**FY2014**”), 30 June 2015 (“**FY2015**”) and 30 June 2016 (“**FY2016**”) are set out below:

Income Statement (RM’000)	FY2014	FY2015	FY2016
Revenue	179,778	363,754	393,914
Gross Profit	67,778	123,376	176,219
Profit before Tax	28,961	65,303	99,369
Profit after Tax	16,744	47,950	73,538

Balance Sheet (RM'000)	FY2014	FY2015	FY2016
Current assets	639,603	979,282	1,185,236
Current liabilities	552,819	777,844	999,455
Non-current assets	30,995	38,773	68,929
Non-current liabilities	157,819	232,128	174,302
Net assets	(40,040)	8,083	80,408

3. SALIENT TERMS OF THE SUPPLEMENTAL AGREEMENT

The salient terms of the Supplemental Agreement are summarised as follows:

3.1 Consideration

The Purchase Consideration for the Sale Shares payable by the Company shall be the sum of S\$386,000,000.

The Purchase Consideration shall be deemed to be satisfied in full by the allotment and issuance of 1,187,692,308 Consideration Shares by the Company to the Vendors (and/or their designated nominees) at the issue price of S\$0.325 ("**Issue Price**"), subject to adjustment to be agreed between Parties, whether due to share consolidation or otherwise. Where the Issue Price is adjusted, the number of Consideration Shares to be issued shall be adjusted accordingly. For the avoidance of doubt, the Vendors may, in their absolute discretion, renounce all or any part of the Consideration Shares in favour of any other party as the Vendors may deem fit.

The Purchase Consideration was arrived at on a willing-seller-willing-buyer basis and, on mutual agreement between the parties in consultation with the financial adviser for the Proposed Acquisition and shall be adjusted to the extent required based on the market value as set out in the property valuation report to be produced in connection with the Proposed Acquisition valuing the properties of the Target Group by an independent property valuer (acceptable by the financial adviser of the Company) to be appointed by the Target, the realisable net asset value ("**RNAV**") and the equity value as set out in the business valuation report to be produced in connection with the Proposed Acquisition.

3.2 Vendors' Undertakings

In the SPA, the Vendors had undertaken that save with the written consent of the Company, or for the purposes of the Restructuring, the Vendors and the Target shall not carry on certain activities that may impair the value of the Target Group from the date of the SPA to the Completion Date.

The Supplemental Agreement clarifies that the Vendors may carry on such activities stated in the SPA, outside of the Target Group, provided always that in the event such activities relate to the Target Group's business, the Vendors shall, and shall procure their associates to, enter into such agreement(s) granting the Target Group and the Company the relevant right of first refusal.

3.3 Company's Undertakings

In the SPA, the Company had undertaken that it shall do all that is necessary to ensure that the Company will be free from all liabilities, contingent or otherwise, save for

- (a) costs and expenses incurred in the ordinary course of the Company's business;
- (b) the usual administrative and operational costs and expenses for the maintenance of the Company as a company listed on the Mainboard prior to completion of the Proposed Listing Transfer;
- (c) the usual administrative and operational costs and expenses for the listing of the Company on the Catalist upon completion of the Proposed Listing Transfer; and
- (d) the costs and expenses in connection with the proposed transactions contemplated in the SPA and/or in connection with the acquisition of the Sale Shares and other transaction costs.

The Supplemental Agreement further elaborates that in the event that the Company is not free from all liabilities on the Completion Date, the Company shall ensure that there is sufficient cash in its bank accounts to repay all such liabilities.

3.4 Proposed Disposal

The completion of the Proposed Disposal shall be a condition precedent of Completion of the Proposed Acquisition. The Proposed Disposal will be completed concurrently with the Proposed Acquisition.

4. WAIVER FROM RULES 1015(1)(A)(II) AND 1015(4)(A) OF THE CATALIST RULES IN RESPECT OF DISCLOSURE OF PRO FORMA FINANCIAL INFORMATION

The Company had on 13 July 2016 made an application to the SGX-ST for a waiver from Rules 1015(1)(a)(ii) and 1015(4)(a) of the Listing Manual, Section B: Rules of Catalist (the "**Catalist Rules**") in respect of disclosure of pro forma financial information of the enlarged group after the completion of the Proposed Acquisition (the "**Enlarged Group**").

On 16 August 2016, SGX-ST granted the waiver sought and indicated that the SGX-ST has no objection to granting the Company a waiver from Rules 1015(1)(a)(ii) and 1015(4)(a) of the Catalist Rules in respect of disclosure of pro forma financial information of the Enlarged Group, subject to:

- (a) the Company announcing the waiver granted, stating the reasons for seeking the waiver as required under Rule 106 of the Catalist Rules, and that the Company and/or its Board of Directors are not aware of any other material information in respect of the Company and the Proposed Acquisition which was not formerly disclosed to the investors;
- (b) the disclosure of the waiver granted and bases for seeking the waiver in the circular to shareholders; and
- (c) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

Please refer to the Previous Announcement dated 17 August 2016 for further information on the waiver granted.

Accordingly, no pro forma financial information in relation to the Enlarged Group would be provided in this announcement.

5. FINANCIAL EFFECTS

For illustration purposes, the pro forma financial effects of the Proposed Acquisition have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2016 (“FY2016”) and the unaudited consolidated financial statements of the Target Group for the financial year ended 30 June 2016, without any adjustment to align the financial year-end of the Company with that of the Target Group. The financial year-end of the Company is 31 March while the financial year-end of the Target Group is 30 June. It is intended that after Completion, the financial year end of the Company will be changed to 30 June.

The unaudited consolidated financial statements of the Target Group for the financial year ended 30 June 2016 has been prepared in accordance with the Singapore Financial Reporting Standards.

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects of the Proposed Acquisition are computed based on, *inter alia*, the following assumptions:

- (a) the financial effects on the Group's NTA and gearing are computed assuming that the Proposed Acquisition (including the Proposed Disposal) was completed on 31 March 2016;
- (b) the financial effects on the Group's earnings/(loss) per Share are computed assuming that the Proposed Acquisition (including the Proposed Disposal) was completed on 1 April 2015;
- (c) the financial effects do not take into account any transactions completed by the Group subsequent to 31 March 2016;
- (d) the consideration of the Proposed Disposal is assumed to be the existing NTA of the Company and that upon completion of the Proposed Disposal, and immediately prior to the completion of the Proposed Acquisition, the NTA of the Company shall be zero;
- (e) the difference between the deemed consideration for the Proposed Acquisition and the fair value of the net assets of the Group, if any, have not been considered and will be determined on the date of Completion when the Vendors have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption;
- (f) costs and expenses in connection with the Proposed Acquisition are disregarded for the purposes of calculating the financial effects;
- (g) the analysis does not take into account the financial effects of the Proposed Compliance Placement; and
- (h) has not been adjusted for the impact of any other transactions or events other than the Proposed Acquisition.

The pro forma financial effects presented below are for illustrative purposes only and are not

intended to reflect the actual future financial situation of the Enlarged Group upon Completion.

5.1 Financial Effects on the Group

5.1.1 Share Capital

(S\$'000)	Before the Proposed Acquisition	After the Proposed Acquisition (including the Proposed Disposal)
Share Capital as at 31 March 2016	27,885	27,885
Increase of Share Capital	-	386,000 ⁽¹⁾
Enlarged Share Capital	27,885	413,885
Number of Shares in issued as at 31 March 2016	92,388,045	92,388,045
Issuance of Consideration Shares	-	1,187,692,308 ⁽²⁾
Number of Shares in issued after Proposed Acquisition (including the Proposed Disposal)	92,388,045	1,280,080,353

Notes:

- (1) Based on Purchase Consideration.
- (2) This is calculated based on the Issue Price and Purchase Consideration.

5.1.2 NTA

(S\$'000)	Before the Proposed Acquisition	After the Proposed Acquisition (including the Proposed Disposal)
NTA	1,195	27,097 ⁽¹⁾⁽²⁾
Number of Shares	92,388,045	1,280,080,353
NTA per share (cents)	1.29	2.12

Notes:

- (1) Based on the closing exchange rate as at 31 March 2016 of RM 1 : S\$ 0.337 as set out in the annual report of the Company for the financial year ended 31 March 2016
- (2) The NTA is calculated based on the NTA of the Target Group as at 30 June 2016 of approximately RM80,408,000

5.1.3 Earnings/(Loss) per Share

(S\$'000)	Before the Proposed Acquisition	After the Proposed Acquisition (including the Proposed Disposal)
Loss after income tax	(9,430)	-
Effect from Proposed Acquisition	-	25,297 ⁽¹⁾⁽²⁾
	(9,430)	25,297 ⁽¹⁾⁽²⁾

Enlarged (loss)/earnings after income tax

Number of Shares	92,388,045	1,280,080,353
(Loss)/earnings per share (cents)	(10.21)	1.98

Notes:

- (1) Based on the average exchange rate for the financial year ended 31 March 2016 of RM 1 : S\$ 0.344 as set out in the annual report of the Company for the financial year ended 31 March 2016
- (2) Based on the profit after tax of the Target Group for FY2016 of approximately RM 73,538,000

5.1.4 Gearing

(S\$'000)	Before the Proposed Acquisition	After the Proposed Acquisition (including the Proposed Disposal)
Net Debt for the financial year ended in 2016	8,050	57,896 ⁽¹⁾
Shareholders' Equity ⁽²⁾	1,195	27,097
Net Gearing Ratio⁽³⁾ (times)	6.74	2.14

Notes:

- (1) Based on the net debt of the Target Group as at 30 June 2016 of RM 171,799,000 and based on the closing exchange rate as at 31 March 2016 of RM 1 : S\$ 0.337 as set out in the annual report of the Company for the financial year ended 31 March 2016. Net debt is calculated as borrowings plus finance leases less cash and cash equivalents
- (2) Based on the respective NTA of the Group and the Target Group
- (3) Net Gearing is calculated based on net debt divided by shareholders' equity.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

The Proposed Acquisition is governed by the rules in Chapter 10 of the Listing Manual. Based on the audited consolidated financial statements of the Group for FY2016, the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value ⁽¹⁾	Not applicable ⁽¹⁾
(b)	Net profits ⁽²⁾ of approximately S\$34,183,000 ⁽³⁾ attributable to the Sale Shares, compared with the Group's net loss of approximately S\$9,273,000 for FY2016	Not meaningful
(c)	The Purchase Consideration of S\$386,000,000, compared with the Company's market capitalisation of approximately S\$17,368,952 as at 29 August 2016,	2,222.4%

being the last market day on which the Company's shares ("**Shares**") were traded on the Main Board of the SGX-ST immediately preceding the date of the Supplemental Agreement⁽⁴⁾

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|-----|---|-------------------------------|
| (d) | The number of Consideration Shares for the Proposed Acquisition ⁽⁴⁾ , compared with the number of equity securities previously in issue | 1,285.5% |
| (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 | Not applicable ⁽⁵⁾ |

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items. The respective net profits of the Target and the Group are based on their respective audited net profits for their respective financial year ending in 2016.
- (3) Based on the profit before tax of the Target Group for FY2016 of approximately RM 99,369,000 and the average exchange rate as at 31 March 2016 of RM 1 : S\$ 0.344 as set out in the annual report of the Company for the Company's financial year ended 31 March 2016.
- (4) The market capitalisation of the Company is calculated on the basis of 92,388,045 Shares in issue (excluding treasury shares), and the volume-weighted average price of S\$0.188 for such Shares transacted on 29 August 2016, being the last market day on which Shares were traded immediately preceding the date of the Supplemental Agreement.
- (5) Based on the issue of 1,187,692,308 Consideration Shares at the Issue Price.
- (6) This is not applicable as the Proposed Acquisition is not an acquisition of mineral, oil or gas assets.

As the relative figures computed on the bases set out in Rules 1006(c) and 1006(d) of the Listing Manual exceed 100% and given that the Completion will result in a change in control of the Company, the Proposed Acquisition is classified as a "Reverse Takeover" and shall be conditional upon, inter alia, the approval of Shareholders at the EGM to be convened pursuant to Rule 1015 of the Listing Manual.

7. APPOINTMENT FINANCIAL ADVISER

UOB Kay Hian Private Limited has been appointed as the financial adviser to the Proposed Acquisition. The Company will be appointing an independent financial adviser to the independent Shareholders and independent directors of the Company in connection with the Whitewash Resolution.

8. FURTHER INFORMATION

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Acquisition.

A circular together with a notice of the EGM will also be despatched to the Shareholders in due course to seek Shareholders' approval for the Proposed Acquisition.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Supplemental Agreement will be made available for inspection during normal business hours at the Company's registered office at 10 Changi South Lane #06-01 Singapore 486162, for a period of three (3) months from the date of this announcement.

10. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company as the Proposed Acquisition is subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed.

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Lotus Isabella Lim Mei Hua
Company Secretary
6 September 2016