

ALBEDO LIMITED

(Company Registration No. 200505118M)

PROPOSED DISPOSAL OF SUBSIDIARY - THAI TECH STEEL (2003) CO., LTD

1. INTRODUCTION

- 1.1 The Board of Directors of (the “**Board**”) Albedo Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 19 December 2014 entered into a conditional sale and purchase agreement (the “**SPA**”) with an unrelated third party, Thoroughbred Holdings Pte. Ltd. (the “**Purchaser**”), pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase an aggregate of 1,190,000 ordinary shares of THB 100 each in the issued and paid up share capital of Thai Tech Steel (2003) Co., Ltd (“**TTS2003**”), representing 70% of the total number of issued shares in TTS2003 (the “**Sale Shares**”), for an aggregate consideration of S\$1.00 (the “**Consideration**”), upon the terms and subject to the conditions of the SPA (the “**Proposed Disposal**”).
- 1.2 As the Sale Shares represent the entire interest of the Company in TTS2003, the Company will cease to have any interest in TTS2003 and TTS2003 will cease to be a subsidiary of the Company following the completion of the Proposed Disposal (the “**Completion**”). As such, this announcement is also made pursuant to Rule 704(17) (c) of Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

2. RATIONALE FOR THE PROPOSED DISPOSAL

As announced previously on 14 July 2010, TTS2003 has been in official receivership since July 2010 following legal and bankruptcy proceedings against TTS2003. Since then, the Group has no access to the financial information of TTS2003, and TTS2003 has been de-consolidated as a subsidiary of the Group. Based on the latest available financial report of TTS2003 as at 31 December 2009, the net asset value of TTS2003 was approximately S\$6.3 million. The amount currently owing to the Group is approximately S\$8.2 million.

The Management and the Board had assessed and determined that it would be unlikely that the Group would be able to recover any of the amounts owed by TTS2003 based on its attempted discussions with the official receiver. There is also the possibility that the Company may be exposed to potential liabilities if it continues to hold interest in TTS2003.

As such, the Management and the Board believe it is in the best interest of the Group to dispose TTS2003 at a nominal consideration. The Proposed Disposal is also in line with the Group’s strategy of streamlining its non-performing business and to reduce the Group’s operating costs as well as to improve its operational efficiencies. This would enable the Company to actively explore new businesses or assets to be injected into the Group should the opportunity arises.

3. SALIENT TERMS OF THE PROPOSED DISPOSAL

3.1 Consideration

The Consideration which shall be satisfied in cash was arrived at after arm's length negotiations on a willing-buyer and willing-seller basis and after taking into consideration the rationale of the Proposed Disposal mentioned in paragraph 2 above.

3.2 Completion Date

Under the terms of the SPA, the date of the Completion shall be a date falling 5 Business Days (as defined in the SPA) after all the conditions precedent set out in the SPA and in paragraph 3.3 below have been fulfilled, or on such other date as may be agreed in writing between the Company and the Purchaser.

3.3 Conditions Precedent

The purchase of the Sale Shares by the Purchaser from the Company, and the sale of the Sale Shares by the Company to the Purchaser, under the terms and conditions of the SPA, are conditional upon, *inter alia*, all necessary consents or approvals, if any, from third parties (including without limitation the other shareholders and the official receiver of TTS2003) or governmental or regulatory bodies or competent authorities having jurisdiction over the sale of the Sale Shares or the transactions contemplated under the SPA (including without limitation but only where required, by the SGX-ST and the relevant licensing authorities) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion, as the case may be, and such consents or approvals not being revoked or repealed on or before Completion, as the case may be.

In the event that any of the conditions precedent as set out in the SPA is not fulfilled on or before 31 December 2014 or such other later date as the Company and the Purchaser may mutually agree, the SPA shall lapse and cease to have further effect and all obligations, upon the terms and subject to the conditions of the SPA.

4. INFORMATION ON THE PURCHASER

The Purchaser is a private limited company incorporated in and under the laws of the Republic of Singapore with its registered office at 3791 Jalan Bukit Merah, #08-12, E-Centre @ Redhill, Singapore 1594741. The sole director and shareholder of the Purchaser is Choy Khiong Rick. The Purchaser is an independent third party and there is no relationship between the Purchaser, the Company and the Company's Directors or, to the best of the Company's knowledge, the Company's substantial shareholders.

5. **RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES**

- 5.1 Based on the latest announced unaudited consolidated financial statements of the Group for the half year ended 30 June 2014, the relative figures for the Proposed Disposal (the “**Relative Figures**”) computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	27.91% ⁽¹⁾
(b)	Net profits attributable to assets disposed of as compared with the Group’s net profits for the half year ended 30 June 2014	N.M. ⁽²⁾
(c)	Aggregate value of the consideration as compared with the Company’s market capitalisation as at 18 December 2014, being the market day immediately preceding the date of the SPA, based on the total number of issued and paid-up shares of the Company (the “ Shares ”) excluding treasury shares	48.35% ⁽³⁾
(d)	The number of equity securities to be issued by the Company as consideration for the Proposed Disposal, as compared with the number of equity securities of the Company previously in issue	N.A.
(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) The net asset value of the entity disposed is approximately S\$6,324,326 (Thai baht equivalent of 150,314,354) based in its latest audited financial report as at 31 December 2009 compared with the Group’s net asset value of S\$22,661,602 for the half year ended 30 June 2014. TTS2003’s accounts were not consolidated after it went into official receivership; hence the latest available financial report was as of 31 December 2009.
- (2) There are no current financials for TTS2003 and it would not be meaningful to use FY2009 financials against the current P&L of the Group. See paragraph 2 for further explanation.
- (3) The consideration used in the computation of 1006(c) consists of the Consideration to the SPA amounting to S\$1.00 and approximately S\$8,223,836 owing from TTS2003 to the Group being written off. The amounts written off comprise mainly amounts owing from TTS2003 to the Group for management fees, inter-company loans (both principal and interest) and payment on behalf of TTS2003 for bank loan and expenses. The market capitalization of the Company of approximately S\$17,006,856 is determined by multiplying 1,889,650,715 shares in issue by weighted average price of S\$0.009 of such shares transacted as at 18 December 2014, being the market day preceding the date of the SPA.

- 5.2 Based on the above, the relative figures as computed on the bases set out in Rule 1006 exceed 5% but less than 50%. The Proposed Disposal therefore constitutes a discloseable transaction within the meaning of Rule 1010 of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 The financial effects set out below have been prepared based on the latest announced audited consolidated financial statements of the Group for financial year ended 31 December 2013 (“FY2013”) and on the following key assumptions:

- (i) the effect of the Proposed Disposal on the earnings per share (“EPS”) of the Company is based on the assumption that the Proposed Disposal had been effected at the beginning of FY2013; and
- (ii) the effect of the Proposed Disposal on the net tangible assets (“NTA”) per share of the Company is based on the assumption that the Proposed Disposal had been effected at the end of FY2013.

6.2 NTA

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	15,883	7,659
Number of issued shares excluding treasury shares ('000)	1,681,135	1,681,135
NTA per share (S\$)	0.0094	0.0046

6.3 EPS

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to Shareholders (S\$'000)	(1,086)	(9,310)
Basic EPS		
Weighted average number of issued shares ('000)	960,343	960,343
Basic EPS (Cents)	(0.1131)	(0.9694)
Diluted EPS⁽¹⁾		
Weighted average number of issued shares ('000)	960,343	960,343
Basic EPS (Cents)	(0.1131)	(0.9694)

Note:

- (1) The diluted loss per share is the same as the basic loss per share as the Group reported losses for FY2013 and thus the outstanding number of unissued shares that may be issued under the convertible securities had no dilutive effect.

6.4 The financial effects of the Proposed Disposal on the Group as set out above are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Disposal.

7. LOSS ON THE PROPOSED DISPOSAL AND USE OF PROCEEDS

- 7.1 Based on the foregoing, the Group would expect to realise net loss (being the proceeds from the Proposed Disposal less the amount owing by TTS2003 to the Group) of approximately S\$8,223,835. Except for the payment of approximately S\$0.69 million made in December 2014 under the Company's obligation as a guarantor to a financial institution, the balance of approximately S\$7.5 million has no impact on the cash flow of the Company for the financial year ending 31 December 2014.
- 7.2 As the proceeds from the Proposed Disposal is only S\$1.00, it will not be meaningful to disclose the intended use of such proceeds.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection by the Shareholders during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

10. DIRECTORS' SERVICE CONTRACTS

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

11. 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 Proposed Disposal, the Group 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.

12. CAUTIONARY STATEMENT

The Board would like to advise Shareholders that, although the SPA has been entered into, completion of the Proposed Disposal is subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. Accordingly, Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Disposal carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

19 December 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte.Ltd. (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 and SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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