

**SUPPLEMENTAL AGREEMENT IN RESPECT OF THE ACQUISITION OF 51% INTEREST IN
PROCURRI ASIA PACIFIC PTE. LTD.**

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the Announcements (as defined herein).

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of DeClout Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 21 January 2015, 2 February 2015 and 5 February 2015 (the “**Announcements**”) in relation to the proposed acquisition of 51% interest in Procurri Asia Pacific Pte. Ltd. (“**PAPPL**”) (“**Acquisition**”). The Acquisition was completed on 2 February 2015.

Further to the Announcements, the Board wishes to announce that the Company had, on 21 December 2015, entered into a supplemental agreement (the “**Supplemental Agreement**”) pursuant to which the parties to the Agreement (the “**Parties**”) have agreed to amend certain terms in the Agreement with effect from 30 June 2015.

Save as amended by the Supplemental Agreement, all other terms and conditions of the Agreement are to continue in full force and effect.

2. SUPPLEMENTAL AGREEMENT

2.1 Pursuant to the Supplemental Agreement, the Parties have agreed that of the Consideration of S\$2,700,000 paid by PCPL to AKPL in respect of the Acquisition, S\$2,598,000 of such amount (the “**Refundable Prepayment Amount**”) shall be regarded as a refundable prepayment by PCPL to AKPL (the “**Refundable Prepayment Amount**”), and is refundable to PCPL in the following circumstances (collectively, the “**KPIs**”):

- (i) in the event AKPL fails to transfer to the PCPL Group certain know-how in relation to the provision of re-manufacturing services, as determined by PCPL; and
- (ii) in the event PAPPL fails to sign or fails to assist any other entity within the PCPL Group to sign, by 31 July 2016, a re-manufacturing services contract with an identified leading original equipment manufacturer.

PCPL shall provide written confirmation to AKPL as soon as practicable upon the satisfaction by PAPPL of the KPIs.

2.2 Pursuant to the Supplemental Agreement, the Parties have also agreed to remove in its entirety the AKPL Put Option and replace in its entirety the terms of the PCPL Call Option as follows (the “**Amended PCPL Call Option**”):

AKPL has irrevocably granted to PCPL an option to acquire all of AKPL’s PAPPL shares (the “**PCPL Call Option Shares**”) during the period from 21 December 2015 to 31 December 2016 (or such other dates as may be agreed between the Parties) (the “**Amended PCPL Call Option Period**”). In consideration for the transfer of the PCPL Call Option Shares to PCPL, PCPL shall procure the Company to allot and issue 34,113,060 new ordinary shares in the capital of the Company (the “**Consideration Shares**”), at an issue price of S\$0.2052 (based on the higher of (i) S\$0.20 per Consideration Share; or (ii) 90% of the volume weighted average price (“**VWAP**”) of Shares for trades done on Catalist for the full market date on which the Supplemental Agreement is signed), to AKPL or its nominees, for an aggregate consideration of S\$7,000,000 (the “**Call Option Consideration**”).

Based on an issue price of S\$0.2052 per Consideration Share, the issue price represents a discount of 10.0% to the VWAP of S\$0.2280¹ of Shares for trades done on Catalist for the full market day on 21 December 2015 (being the market date on which the Supplemental Agreement was signed).

The Call Option Consideration was determined based on arm's length negotiations and arrived at on a willing buyer willing seller basis, after taking into account, *inter alia*, the future potential and contributions of the PAPPL business to PCPL.

No independent valuation was conducted on the PCPL Call Option Shares.

The Company will make a separate announcement if and when the Amended PCPL Call Option is exercised, and make the necessary application to the Sponsor and the SGX-ST for the dealing in, listing of and quotation for the Consideration Shares on Catalist.

- 2.3 Pursuant to the Supplemental Agreement, the Parties have also agreed to (i) amend the assignment of dividends clause of the Agreement to provide that AKPL assigns to PCPL all rights in respect of, derived from or arising from AKPL's existing shareholding in PAPPL in respect of the period from the date of the Agreement up to 31 December 2016; and (ii) extend the non-compete clause of the Agreement to last a period of seven (7) years from the date of transfer by AKPL of all its shareholding in PAPPL to PCPL pursuant to the exercise of the Amended PCPL Call Option.

3. FINANCIAL EFFECTS OF THE ACQUISITION

Due to the Supplemental Agreement, the pro forma financial effects of the Acquisition have been recomputed herein. These pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after the completion of the Acquisition as amended by the Supplemental Agreement.

Such pro forma financial effects have been computed based on (a) the audited consolidated accounts of the Group for the financial year ended 31 December 2014 ("FY2014"); and (b) the expenses incurred in relation to the Acquisition of approximately S\$35,000.

For the avoidance of doubt, such pro forma financial effects do not take into account (i) any corporate actions announced and undertaken by the Group subsequent to 1 January 2015; and (ii) any issuance of new Shares subsequent to 1 January 2015 save for the 12,000,000 DC Shares issued by the Company to AKPL in February 2015 in accordance with the terms of the Agreement.

3.1 NTA per Share

Assuming that the Acquisition had been completed on 31 December 2014, the effect of the Acquisition on the Group's NTA⁽¹⁾ per Share as at 31 December 2014 would have been as follows:

	Before the Acquisition	After the Acquisition, assuming that the Amended PCPL Call Option has not been exercised and that the		After the Acquisition, assuming that the Amended PCPL Call Option has been exercised and that the	
		KPIs are met	KPIs are not met	KPIs are met	KPIs are not met
NTA of the Group (S\$ '000)	27,897	27,967	29,759	28,035	29,827

¹ Source: Bloomberg L.P.

Number of Shares ('000)	334,841	346,841	346,841	380,954	380,954
NTA per Share (S\$ cents)	8.33	8.06	8.58	7.36	7.83

Note:

- (1) NTA means total assets less the sum of total liabilities, non-controlling interest and intangible assets (net of non-controlling interest).

3.2 EPS

Assuming that the Acquisition had been completed on 1 January 2014, the effect of the Acquisition on the Group's EPS for FY2014 would have been as follows:

	Before the Acquisition	After the Acquisition, assuming that the Amended PCPL Call Option has not been exercised and that the		After the Acquisition, assuming that the Amended PCPL Call Option has been exercised, and that the	
		KPIs are met	KPIs are not met	KPIs are met	KPIs are not met
Net profit attributable to Shareholders of the Company (S\$ '000)	1,708	1,673	1,673	1,673	1,673
Weighted average number of Shares ('000)	318,489	330,489	330,489	364,602	364,602
EPS (S\$ cents)	0.54	0.51	0.51	0.46	0.46

3.3 Gearing

There is no material impact on the gearing ratio of the Group and the Company arising from the Acquisition.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the latest announced unaudited consolidated accounts of the Group for the six (6) months financial period ended 30 June 2015 ("HY2015") and the unaudited management accounts of PAPPL for HY2015, the relative figures for the Acquisition together with the exercise of the Amended PCPL Call Option 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	Not applicable
(b)	Net profits attributable to the assets acquired compared with the Group's net profits ⁽¹⁾	2.8%
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation ⁽²⁾	8.5%
(d)	Number of equity securities issued as consideration for the Acquisition, compared with the number of equity securities previously issued ⁽³⁾	8.6%

Rule 1006	Bases	Relative figures (%)
(e)	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	Not applicable

Notes:

- (1) The Group's profit before tax for HY2015 (excluding the profit before tax of PAPPL for the period) was approximately S\$1.61 million and PAPPL's profit before tax for HY2015 was approximately S\$46,000.
- (2) The Company's market capitalisation of approximately S\$114.03 million was computed based on the Company's issued and paid-up share capital of 538,617,530 Shares and the volume weighted average price of S\$0.2117² per Share on 18 December 2015, being the market day preceding the date of the Supplemental Agreement.

Aggregate value of the consideration given of S\$9.7 million comprises the Consideration of S\$2.7 million (assuming that the KPIs are met) and the Call Option Consideration of S\$7.0 million.

- (3) Based on an aggregate of 46,113,060 new shares issued as consideration for the Acquisition and the exercise of the Amended PCPL Call Option, comprising 12,000,000 DC Shares and 34,113,060 Consideration Shares, and the Company's existing issued share capital of 538,617,530 Shares as at the date of this announcement.

Having regard to the above, as the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules exceed 5% but do not exceed 75%, the Acquisition together with the exercise of the Amended PCPL Call Option constitute a "discloseable transaction" under Rule 1010 of the Catalist Rules.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and their respective associates has any interest, direct or indirect, in the Acquisition, the Agreement and the Supplemental Agreement (other than through their respective shareholding interests in the Company, if any).

The Directors have not received any notification of interest in the Acquisition, the Agreement and the Supplemental Agreement from any controlling shareholders of the Company, and are not aware of any controlling shareholders of the Company who has any interest, direct or indirect, in the Acquisition, the Agreement and the Supplemental Agreement (other than through their respective shareholding interests in the Company).

6. DIRECTORS' 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 Acquisition, the Company and its subsidiaries, 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.

² Source: Bloomberg L.P.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement and the Supplemental Agreement are available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 29 Tai Seng Avenue, #05-01 Natural Cool Lifestyle Hub, Singapore 534119 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
DECLOUT LIMITED

Wong Kok Khun
Chairman and Group Chief Executive Officer
21 December 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of 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 the 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.

The contact person for the Sponsor is Ms. Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.