

## DECLOUT LIMITED

(Incorporated in the Republic of Singapore on 21 August 2010)  
(Company Registration No. 201017764W)

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- (I) **SUPPLEMENTAL AGREEMENT IN RESPECT OF THE INVESTMENT AGREEMENT DATED 11 MARCH 2014**
  - (II) **EXERCISE OF CALL OPTION OVER THE REMAINING SHARES IN TINGLOBAL HOLDINGS LIMITED NOT OWNED BY THE COMPANY**
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### 1. INTRODUCTION

The board of directors (the “**Directors**” or the “**Board**”) of DeClout Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcements dated 11 March 2014, 11 April 2014, 29 April 2014 and 8 May 2014 (the “**Previous Announcements**”) as well as the circular to shareholders dated 14 April 2014 (the “**Circular**”) in relation to the investment agreement dated 11 March 2014 (the “**Investment Agreement**”) pursuant to which Asvida UK Limited (“**Asvida UK**”) subscribed for a 51.0% stake (on an enlarged basis) in the total voting rights and economic interest of Tinglobal Holdings Limited (“**TGH**”).

TGH is a private company limited by shares and incorporated in England. TGH and its subsidiaries are principally engaged in the European enterprise market for refurbished and reconfigured mid range computer equipment including servers, storage, associated networking infrastructure, parts and services. Asvida UK is a wholly-owned subsidiary of Procurri Corporation Pte. Ltd. (“**Procurri**”), which is in turn a 70.3%-owned subsidiary of the Company.

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings given to them in the Previous Announcements and the Circular.

### 2. SUPPLEMENTAL AGREEMENT

The Board wishes to announce that the parties to the Investment Agreement (the “**Parties**”) have, on 31 July 2015, entered into a supplemental agreement to the Investment Agreement (the “**Supplemental Agreement**”) pursuant to which the Parties have agreed to amend certain terms of the Investment Agreement (the “**Amended Terms**”).

Pursuant to the Amended Terms, the Parties have agreed, *inter alia*, that Clause 14 of the Investment Agreement, which provided for the Call Option and the Put Option, would be replaced with a call option only, and pursuant to which, the Existing Shareholders grant Asvida UK the option to acquire all the 100,000,000 ordinary shares of TGH and 47,333,333 B ordinary shares of TGH held by the Existing Shareholders (the “**Option Shares**”), which comprise the remaining shares in the share capital of TGH which is not owned by Asvida UK as at 31 July 2015 (the “**Call Option**”).

The aggregate consideration for the Option Shares is approximately S\$9,354,900, which the Company and Procurri shall satisfy by way of:

- a. a cash payment of Pound Sterling (“**GBP**”) 3,410,000 (approximately S\$7,331,500, at the exchange rate of GBP 1.00 = S\$2.15);
- b. a payment of S\$500,000 which the Company and Procurri may, at their discretion, satisfy in cash, or the allotment and issue of such number of new shares and/or transfer of such number of treasury shares in the capital of the Company as would equal to S\$500,000 at an issue price equivalent to the market price per share at the close of the business day prior to the Call Option Completion Date (as defined below) and/or Procurri at an issue price of S\$2,539 per Procurri share (the “**Additional Consideration**”); and

- c. the allotment and issue of 600 new shares and/or transfer of such number of treasury shares in the capital of Procurri ("**Procurri Consideration Shares**"), at an issue price of S\$2,539 per Procurri Consideration Share.

The Parties have agreed that the Supplemental Agreement shall be considered an integral part of the Investment Agreement, and that both the Investment Agreement and the Supplemental Agreement shall be construed as one document.

### **3. EXERCISE OF THE CALL OPTION**

The Board wishes to further announce that Asvida UK has, on 31 July 2015, exercised the Call Option on the Amended Terms.

Completion of the exercise of the Call Option and the acquisition of the Option Shares pursuant thereto ("**Completion**") is expected to be completed by 1 September 2015 (or such other date as the Parties may agree in writing) (the "**Call Option Completion Date**"). Upon Completion, TGH will become a wholly-owned subsidiary of Asvida UK.

**In the event that the Company decides to satisfy the Additional Consideration through the allotment and issue of such number of new shares and/or transfer of such number of treasury shares in the capital of the Company, the Company will make such further announcements and obtain such further approvals, if required, pursuant to the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules").**

The aggregate consideration for the Option Shares was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the Parties, and takes into account, *inter alia*: (i) the adjustment to shareholding interest in TGH by Asvida UK which should have been, but had yet to be, effected in accordance with the Investment Agreement and as described in the Circular; (ii) the NTA of TGH based on its audited consolidated accounts as at 31 December 2014, being GBP 0.89 million (approximately S\$1.91million, at the exchange rate of GBP 1.00 = S\$2.15); (iii) prevailing market conditions; and (iii) the benefits of the Group increasing its shareholding interests in TGH from 51% (prior to the exercise of the Call Option) to 100% (see paragraph 4 below).

No independent valuation was conducted on the Option Shares.

The cash component(s) of the aggregate consideration for the Option Shares will be satisfied by internal resources of the Group and external borrowings.

### **4. RATIONALE FOR THE EXERCISE OF THE CALL OPTION**

The Board believes that the exercise of the Call Option is in the best interests of the Company as it will enable the Group to increase its shareholding interests in TGH from 51% (prior to the exercise of the Call Option) to 100%, and thereby enable the Group to:

- a. further strengthen its foothold in the European market and increase overseas revenue for its IT Asset Recovery and Independent Maintenance Services business;
- b. become more competitive globally due to greater economies of scale; and
- c. improve the future financial performance of its IT Asset Recovery and Independent Maintenance Services business.

## 5. FINANCIAL EFFECTS OF THE EXERCISE OF THE CALL OPTION

The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Group after the exercise of the Call Option.

Such pro forma financial effects have been computed based on: (1) the audited consolidated accounts of the Group for the financial year ended 31 December 2014 (“FY2014”); (2) the audited consolidated accounts of TGH for FY2014; (3) the expenses incurred in relation to the exercise of the Call Option of approximately S\$20,000; (4) the cash payment of GBP 3,410,000 is financed partly by external borrowings amounting to S\$7.20 million and interest on these external borrowings has not been taken into account; and (5) the Additional Consideration is fully satisfied in cash.

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 post 1 January 2015; and (ii) any issuance of new shares in the capital of the Company post 1 January 2015.

### 5.1. Net Tangible Assets

Assuming that the exercise of the Call Option had been completed on 31 December 2014, the effect of the exercise of the Call Option on the Group’s net tangible assets (“NTA”) per Share as at 31 December 2014 would have been:

	Before the Exercise of the Call Option	After the Exercise of the Call Option
NTA of the Group (S\$'000)	35,318	27,967
Number of Shares ('000)	334,841	334,841
<b>NTA per Share (cents)</b>	10.55	8.35

### 5.2. Earnings per Share

Assuming that the exercise of the Call Option had been completed on 1 May 2014 (being the date of completion of the acquisition of the 51.0% stake (on an enlarged basis) in the total voting rights and economic interest of TGH by Asvida UK pursuant to the Investment Agreement), the effect of the exercise of the Call Option on the Group’s earnings per Share (“EPS”) for FY2014 would have been:

	Before the Exercise of the Call Option	After the Exercise of the Call Option
Net profit attributable to shareholders of the Company for FY2014 (S\$'000)	1,708	1,969
Weighted average number of shares ('000)	318,489	318,489
<b>EPS (cents)</b>	0.54	0.62

### 5.3. Gearing

	<b>Before the Exercise of the Call Option</b>	<b>After the Exercise of the Call Option</b>
Total (cash)/net borrowing <sup>(1)</sup> as at 31 December 2014 (S\$'000)	22,579	29,774
Shareholders' equity (S\$'000)	59,484	59,484
<b>Gearing (times)</b>	0.38	0.50

**Note:**

- (1) Net borrowing means the aggregate liabilities arising from interest bearing borrowings less cash at bank, on hand and short term bank deposits.

### 6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Based on the Group's audited consolidated financial statements for FY2014 and the audited consolidated financial statements of TGH for FY2014, the relative figures for the exercise of the Call Option computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative figures</b>
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profit attributable to the assets acquired, compared with the Group's net profits <sup>(1)</sup>	17.1%
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares <sup>(2)</sup>	8.6%
(d)	Number of equity securities issued as consideration for an acquisition, compared with the number of securities previously in issue	Not applicable
(e)	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. 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) The Group's profit before tax for FY2014 was approximately S\$3.65 million. TGH's acquired profit before tax for FY2014 was approximately S\$0.62 million.

- (2) The Company's market capitalisation of approximately S\$109.4 million was computed based on the Company's existing issued share capital of 474,150,030 shares and the volume weighted average price of S\$0.2307 per share on 31 July 2015, being the market day preceding the date of the exercise of the Call Option (being 31 July 2015).

Having regard to the above, the exercise of the Call Option is a "discloseable transaction" under Rule 1010 of the Catalist Rules and read together with Rule 1006 of the Catalist Rules.

## **7. DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the exercise of the Call Option on the Amended Terms. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the exercise of the Call Option on the Amended Terms.

## **8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the above transactions, other than their respective shareholdings in the Company (if any).

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

The Investment 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.

## **10. ANNOUNCEMENTS**

Further announcements on the exercise of the Call Option will be made in due course as and when appropriate.

## **11. 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 exercise of the Call Option, 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.

## **12. TRADING CAUTION**

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD  
**DECLOUT LIMITED**

Wong Kok Khun  
Chairman and Group Chief Executive Officer  
31 July 2015

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**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.*