

AP OIL INTERNATIONAL LIMITED
(Company Registration No. 197502257M)
(Incorporated in the Republic of Singapore)

**PROPOSED ACQUISITION OF 60% OF THE ISSUED AND PAID-UP SHARE CAPITAL IN
HEPTALINK CHEMICALS PTE. LTD.**

1. INTRODUCTION

The board of directors ("**Directors**") of AP Oil International Limited (the "**Company**") wishes to announce that the Company, has on 10 December 2014 entered into a sale and purchase agreement (the "**Agreement**") with Aik Moh Paints & Chemicals Pte. Ltd. ("**Aik Moh**") and PT. Sari Daya Plasindo ("**PT Sari**") (collectively the "**Vendors**") for the acquisition from the Vendors of 60% of the issued and paid-up share capital (the "**Sale Shares**") in Heptalink Chemicals Pte. Ltd. (the "**Target**") ("**Proposed Acquisition**"). The Proposed Acquisition constitutes a non-discloseable transaction pursuant to Rule 1008 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

2. INFORMATION ON THE TARGET

The Target is a private company limited by shares and incorporated in Singapore on 17 February 2011. As at the most recent audited financial statements of the Target for the financial year ending 31 March 2014, the Target has an issued and paid-up share capital of US\$1,041,754 comprising 1,300,000 ordinary shares. The Target carries on the business of trading and distribution of chemicals.

3. PROPOSED ACQUISITION

3.1 Sale Shares

Subject to the terms and conditions of the Agreement, the Sale Shares will be acquired by the Purchaser free from all charges and other encumbrances and with all rights, benefits and entitlements attaching thereto ("**Completion**").

3.2 Basis of Consideration

The aggregate consideration payable by the Company under the Proposed Acquisition is US\$625,052 ("**Consideration**"), which is payable in the following manner:-

- (a) on the date of Completion, the sums of US\$328,153 and US\$234,394 (equivalent to 90% of the Consideration) shall be paid to Aik Moh and PT Sari respectively; and
- (b) on the date of Completion, an amount of US\$62,505 (equivalent to 10% of the Consideration) ("**Deferred Consideration**") shall be withheld as security for any claims of indemnity and breach of warranties, and the Deferred Consideration (less any deductions) will be released in the proportion of US\$36,461 to Aik Moh and US\$26,044 to PT Sari, on the date of audited accounts for the financial period ending 31 December 2014 are furnished to the Company.

The Consideration was arrived at arm's length on a willing buyer–willing seller basis, based on the Company's existing issued share capital of US\$1,041,754. The payment of the Consideration will be funded by internal resources.

3.3 Book Value

Based on the most recent audited financial statements of the Target for the financial year ending 31 March 2014, the net asset value of the Sale Shares is US\$2,181,875.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective shareholdings in the Company, none of the Directors, Controlling Shareholders or their Associates has any interest, direct or indirect, in the Proposed Acquisition.

5. UPDATES

The Company will be making appropriate announcement(s) in due course and will keep shareholders updated on the Proposed Acquisition.

BY ORDER OF THE BOARD

Ho Chee Hon
Group Deputy CEO
10 December 2014