

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

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**PROPOSED ACQUISITION OF (I) 55% INTEREST IN AWS CAMBODIA LTD AND (II) THE PREFERENCE SHARES OF AWS WIRE WORKS (THAILAND) CO., LTD**

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**1. INTRODUCTION**

The board of directors (the “**Directors**” or the “**Board**”) of DeClout Limited (the “**Company**” or “**DeClout**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement dated 8 August 2014 (the “**Agreement**”) with its subsidiary, Beaqon Pte. Ltd. (the “**Purchaser**”), Mr. Poh Teck Boon and Mr. Ang Say Cheong (collectively, the “**Vendors**” and each, a “**Vendor**”). The Vendors who are employees as well as shareholders of the Company (“**Shareholders**”), are not related to the Directors or controlling Shareholders of the Company or their respective associates. As at the date of this announcement, Mr. Poh Teck Boon and Mr. Ang Say Cheong have approximately 3.9% and 0.4% shareholdings in the Company respectively.

Pursuant to the Agreement, the Purchaser has agreed to purchase from the Vendors (i) 55% of the issued and paid-up share capital of AWS Cambodia Ltd (“**AWS Cambodia**”, and such share capital, the “**Cambodia Shares**”); and (ii) 70 preference shares (“**Preference Shares**”), representing 100% of the preference shares, to be issued by AWS Wire Works (Thailand) Co., Ltd (“**AWS Thailand**”, and together with AWS Cambodia, the “**Targets**”) pursuant to a proposed restructuring exercise, for a total consideration of S\$1 million (the “**Consideration**”), on the terms and subject to the conditions contained in the Agreement (the “**Proposed Acquisition**”). The Cambodia Shares and the Preference Shares shall collectively be referred to as the **Sale Shares** hereinafter.

As at the date of this announcement, the Purchaser owns 49% of AWS Thailand. Pursuant to the acquisition of the 70 Preference Shares, the Purchaser will have an aggregate of approximately 70% of the voting rights and any dividends declared.

**2. INFORMATION ON THE TARGETS**

AWS Cambodia has an issued and paid-up share capital of US\$10,000 comprising 1,000 ordinary shares. AWS Thailand has an issued and paid-up share capital of 10 million baht comprising 100,000 ordinary shares.

The Targets are one-stop solutions providers in their respective jurisdictions that serve data centre and building owners through the direct or indirect provision of value added services as well as energy-saving, wiring, communication and networking products (the “**Products**”). The Targets are also authorized distributors for some of these Products in Southeast Asia.

Based on the audited accounts of the Targets as at 31 December 2013, each of the net asset value (“**NAV**”) and net tangible asset (“**NTA**”) value (excluding minority interests) of AWS Cambodia and AWS Thailand stood at approximately S\$0.5 million and S\$0.4 million respectively. The net profit after tax (excluding minority interest) of AWS Cambodia and AWS Thailand for the financial year ended 31 December 2013 (“**FY2013**”) was approximately S\$0.1 million and S\$0.1 million respectively. No independent valuation was conducted on the Targets.

### 3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

#### 3.1 Consideration

The Consideration was arrived at on a willing-buyer and willing-seller basis, after negotiations which were conducted at arm's length between the parties, and takes into account, *inter alia*, the NAV and the net profit before tax of the Targets based on their FY2013 audited accounts.

The Consideration shall be satisfied at the Purchaser's sole discretion by way of:

- 3.1.1 the payment of S\$1 million in cash; or
- 3.1.2 the allotment and issuance of such number of new shares and/or transfer of such number of treasury shares in the capital of the Purchaser (the "**Beaon Shares**") for an aggregate consideration of S\$1 million, at an issue price per Beaon Share equivalent to the NTA per share of the Purchaser based on the consolidated audited financial statements of the Purchaser and its subsidiaries for the financial year ending 31 December 2016, to the Vendors on a pro rata basis as set out in the table below:

Name of Vendor	Consideration
Poh Teck Boon	S\$0.8 million
Ang Say Cheong	S\$0.2 million
<b>Total</b>	<b>S\$1.0 million</b>

Should the Purchaser elect to pay the Consideration in cash, the Consideration shall be funded using internal resources.

#### 3.2 Conditions Precedent

Pursuant to the terms of the Agreement, completion of the Proposed Acquisition is conditional upon the following conditions being satisfied (or waived in accordance with the terms of the Agreement):

- (a) approval from the board of directors and shareholders of the Purchaser and/or DeClout as may be required for the Proposed Acquisition;
- (b) the completion of the proposed restructuring exercise involving AWS Thailand which results in the subscription of 70 preference shares by the Vendors;
- (c) all consents and approvals required under any and all applicable laws for the Proposed Acquisition and/or to give effect to the transactions contemplated hereunder (including without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Vendors or the Targets is a party or by which the Vendors or the Targets or its or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to the Purchaser and DeClout in their sole and absolute discretion; and
- (d) the Vendors' representations and warranties being true and accurate in all material respects as at the date of the Agreement and the completion date of the Proposed Acquisition.

As at the date of this announcement, save for (a) and (c), all conditions precedent under the Agreement are not fulfilled. The completion of the Proposed Acquisition is conditional upon the fulfillment of (b) and (d) on or before the long stop date, being 30 June 2017 or such other date as the Purchaser and the Vendors may agree in writing.

### 3.3 Post-Completion

#### Appointment of Directors

The Vendors jointly and severally undertake to procure the appointment of such persons as the Purchaser may nominate as directors of each Target such that these persons shall constitute the majority of the respective boards.

## 4. RATIONALE FOR THE PROPOSED ACQUISITION

The Purchaser, a wholly-owned subsidiary of the Company, designs, builds and delivers wired and wireless telecommunications infrastructure directly and indirectly to telecommunications services providers and data centre providers in Singapore.

The Board believes that the Proposed Acquisition is synergistic and complementary to the existing business offerings of the Purchaser. It also believes that the Proposed Acquisition will:

- (i) enable the Purchaser to leverage the Targets' key distributorships and customer relationships to move up the value chain to provide both the products and relevant services directly to telecommunication companies, data centres, and their respective subcontractors;
- (ii) open up new market opportunities for the Purchaser and the Group in countries which it currently does not have operations; and
- (iii) create opportunities to cross-sell the products and service offerings of other IT infrastructure services business units of the Group to the Targets' current customer base.

## 5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

**The financial effects are presented below are for illustration purposes only, and are not intended to reflect the actual future financial situation of the Group after the completion of the Proposed Acquisition. Given that the first half of the financial year is traditionally slower than the second half and coupled with the fact that the Corporate Actions (as defined below) will be accounted for based on the actual completion timing of these Corporate Actions, the financial performance of the half year ended 30 June 2014 may be significantly different from that set out in the illustration presented below.**

The proforma financial effects have been computed based on (1) the audited consolidated financial statements of the Group for FY2013 adjusted for (i) the restructuring of the Group pursuant to which the entire share capital of ASVIDA Asia Pte. Ltd. was transferred from the Company to Procurri Corporation Pte. Ltd. ("**Procurri Corp**") (the "**Group Restructuring**"); (ii) the investment of 51% interest in Tinglobal Holdings Limited (the "**Investment in Tinglobal**"); (iii) the issuance of 2,000,000 series A preferred shares of Corous360 Pte Ltd (the "**Subscription**"); (iv) the issuance of 3,940 ordinary shares in the capital of Procurri Corp (the "**Issuance of Procurri Corp Shares**"); (v) the acquisition of Verity Solutions Sdn Bhd ("**Acquisition of Verity**"); (vi) the acquisition of Asia Wiring Systems Pte Ltd (the "**Acquisition of AWS**"); and (vii) the acquisition of Pacific Wave Pte Ltd ("**Acquisition of PW**") (collectively, "**Corporate Actions**"); (2) the audited financial statements of the Targets for FY2013 as well as the following assumptions:

- (a) The Purchaser elects to pay the Consideration in cash; and
- (b) The expenses incurred in relation to the Proposed Acquisition is approximately S\$33,000.

### 5.1 Net Tangible Assets

Assuming that the Proposed Acquisition had been completed on 31 December 2013, the effect on the net tangible asset (“**NTA**”) per Share of the Group as at 31 December 2013 after adjusting for the Corporate Actions will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to shareholders of the Company (S\$'000)	31,154	31,257
Number of Shares ('000)	328,196	328,196
NTA per Share attributable to shareholders of the Company (cents)	9.49	9.52

### 5.2 Earnings per Share

Assuming that the Proposed Acquisition had been completed on 1 January 2013, the effect on the earnings per Share (“**EPS**”) for FY2013 after adjusting for the Corporate Actions will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit after tax attributable to shareholders of the Company (S\$'000)	1,094	1,190
Weighted average number of Shares ('000)	258,151	258,151
EPS (cents)	0.42	0.46

### 5.3 Gearing

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

## 6. RELATIVE FIGURES UNDER RULE 1006

Based on the Group's audited consolidated financial statements for FY2013, the audited accounts of Pacific Wave Pte Ltd for FY2013, the audited accounts of the Targets for FY2013 as well as the management accounts of Tinglobal Holdings Limited, Verity Solutions Sdn Bhd and Asia Wiring Systems Pte Ltd, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are as follows:

<b>Bases in Rule 1006</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 profits attributable to the assets to be acquired, compared with the Group's net profits	15.5% <sup>(1)</sup>
(c) Aggregate value of the consideration given, compared with the Company's market capitalisation	1.1% <sup>(2)</sup>
(d) Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(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 FY2013 net profit before tax after adjusting for (i) the Group Restructuring; (ii) the Investment in Tinglobal; (iii) the Subscription; (iv) the Issuance of Procurri Corp Shares; (v) the Acquisition of Verity; (vi) the Acquisition of AWS; and (vii) the Acquisition of PW was approximately S\$1.2 million. The Targets' FY2013 net profit before tax attributable to owners of the Targets was approximately S\$0.2 million.
- (2) The Company's market capitalisation of approximately S\$89.6 million was computed based on the Company's existing issued share capital of 328,195,795 Shares and the volume-weighted average price of the Shares of S\$0.2730 on 7 August 2014, being the market day preceding the date of the Agreement.

Having regard to the above, the Proposed Acquisition constitutes a discloseable transaction pursuant to rule 1010 and read together with Rule 1006 of the Catalyst Rules.

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

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

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

None of the Directors or the substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

## **9. DOCUMENT AVAILABLE FOR INSPECTION**

The Agreement is 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 Proposed Acquisition will be made in due course as and when appropriate.

## 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 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.

## 12. CAUTIONARY STATEMENT

Shareholders of the Company and potential investors should exercise caution when trading in the Shares in relation to this announcement as there is no certainty that the Proposed Acquisition will be completed as it is subject to the fulfilment of terms and conditions set out in the Agreement. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or other advisers.

BY ORDER OF THE BOARD  
**DECLOUT LIMITED**

Wong Kok Khun  
Chairman and Group Chief Executive Officer  
9 August 2014

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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 Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.*