

PROPOSED ACQUISITION OF NEW BUSINESS

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of Advanced Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement of the Company issued on:
- (a) 23 January 2017 in relation to the entry into of a non-binding term sheet on 21 January 2017 (“**Term Sheet**”) for the proposed acquisition by the Company of the entire equity interest (“**Sale Shares**”) in Agricore Global Pte. Ltd. (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”, and “**Target Group Company**” means each of them), from Hoch Ventures Limited, Vertex DG Pte. Ltd., Mr Hery Hermawan Herijanto and his associates (collectively, the “**Sellers**” and together with the Company, the “**Parties**”) (hereinafter referred to as the “**Proposed Acquisition**”);
 - (b) 21 April 2017 in relation to the extension of the exclusivity period and the expiration date of the Term Sheet from 21 April 2017 to 20 May 2017;
 - (c) 22 May 2017 in relation to the extension of the exclusivity period and the expiration date of the Term Sheet from 20 May 2017 to 20 July 2017; and
 - (d) 25 July 2017 in relation to the lapsing and expiration of the Term Sheet on 20 July 2017.
- 1.2. The Board wishes to announce that the Company had on 15 August 2017 entered into a conditional share purchase agreement (the “**SPA**”) with the Sellers in relation to the Proposed Acquisition.
- 1.3. The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover of the Company as defined in Rule 1015 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is subject to, amongst other things, the approval of the SGX-ST and the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting (the “**EGM**”) to be convened. The Proposed Acquisition, if undertaken and completed, will also constitute an interested person transaction under Chapter 9 of the Listing Manual. Further information on, inter alia, the Proposed Acquisition will be provided in a circular containing further information on the Proposed Acquisition and such other transactions as contemplated in the SPA to be despatched to Shareholders in due course (the “**Circular**”).

2. INFORMATION RELATING TO THE SELLERS AND THE TARGET GROUP

- 2.1. The information on the Sellers and their shareholders, and the Target Group in this announcement (“**Announcement**”) was provided by the Sellers, and has been extracted and reproduced in this Announcement.
- 2.2. **The Sellers**
- (a) As at the date of this Announcement, the Sellers, as listed below, are the legal and beneficial owners of the entire equity interest of the Target Company, and their respective shareholdings in the Target Company are as set out in the table below:

S/N	Name	Proportion of shareholding in the Target Company (%)
1.	Hery Hermawan Herijanto	0.5%
2.	Nelson Herijanto ⁽¹⁾	0.5%
3.	Pang Gerald ⁽²⁾	7%
4.	Teo Thye Peng, Bernard ⁽³⁾	10%
5.	CBP Quilvest Trust Ltd. in its capacity as trustee of The Green Vale Trust ⁽⁴⁾	22%
6.	Hoch Ventures Limited	30%
7.	Vertex DG Pte. Ltd.	30%
	Total	100%

Notes:

- (1) Nelson Herijanto is the son of Hery Hermawan Herijanto.
(2) Pang Gerald is the son-in-law of Hery Hermawan Herijanto.
(3) Teo Thye Peng is the son-in-law of Hery Hermawan Herijanto.
(4) The Green Vale Trust is a family trust for the benefit of the family of Hery Hermawan Herijanto.

- (b) Hoch Ventures Limited (“**Hoch Ventures**”) is a company limited by shares incorporated in the British Virgin Islands on 17 October 2014. The main business of Hoch Ventures is investment holding. The sole shareholder of Hoch Ventures is Dr Ho Choon Hou. The sole director of Hoch Ventures is Dr Ho Choon Hou.
- (c) Vertex DG Pte. Ltd. (“**Vertex**”) is an exempt private company limited by shares incorporated in Singapore on 15 April 2009. The main business of Vertex is the provision of business, management, investment and consultancy services. The shareholders of Vertex are Pang Teck Huat and Pang Gerald, who collectively hold the entire equity interest in Vertex. The directors of Vertex are Pang Teck Huat and Pang Gerald. Pang Teck Huat is the uncle of Pang Gerald.
- (d) Save for Hoch Ventures which is an associate to Dr Ho Choon Hou, an independent Director of the Company, none of the Sellers is related to any of the Company’s Directors, controlling Shareholders, chief executive officer or their respective associates. As at the date of this Announcement, none of the Sellers holds shares in the Company (“**Shares**”).

2.3. The Target Group

- (a) The Target Company is a private company limited by shares incorporated in Singapore on 9 March 2016. As at the date of this Announcement, the directors of the Target Company are Dr Ho Choon Hou and Pang Teck Huat.
- (b) The Target Group is principally engaged in the business of cultivating oil palm plantations located in Indonesia (“**Business**”).
- (c) Subject to completion of a group restructuring exercise, the Target Group will, prior to completion of the Proposed Acquisition (“**Completion**”), collectively own rights to develop approximately 196,121 hectares of plantation land in Sulawesi Island, Indonesia, comprising various Rights to Cultivate (*Hak Guna Usaha*) (“**HGU**”), Plantation Business Licenses (*Ijin Usaha Perkebunan*) (“**IUP**”) and Location Permits (*Ijin Lokasi*) (“**Location Permits**”) (collectively, the “**Target Assets**” or “**Concessions**”), which collectively permits the Target Group to conduct the Business. Since 2015, the Target Group has commenced land compensation of

approximately 3,314 hectares and planting on approximately 226 hectares.

- (d) The Target Assets are held through Indonesian incorporated companies (the “**Indonesian Operating Companies**”, and each an “**Indonesian Operating Company**”) which are subsidiaries of the Target Company. The Target Assets are located on Sulawesi Island, Indonesia.

2.4. **Historical Pro-Forma Financial Information of The Target Group and Pro-Forma Financial Information of the Enlarged Group**

- (a) For illustrative purposes only, a summary of the unaudited pro-forma consolidated profit and loss statement and balance sheet of the Target Group for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 is set out in **Appendix A** to this Announcement. The Target Group’s unaudited pro-forma consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standards.
- (b) Based on the foregoing, as at 31 December 2016, the net book value and the net tangible asset value of the Target Group were approximately deficit of S\$(2,840,000) and S\$(2,840,000) respectively. The above figures are stated before adjustment for the capitalisation and/or settlement of certain shareholders loans to the Target Group by the Sellers which will be undertaken prior to Completion.
- (c) The Target Group recorded a net loss attributable to equity owners of approximately S\$3,417,000 for the financial year ended 31 December 2016.
- (d) For illustrative purposes only, the unaudited pro-forma combined profit and loss statement and unaudited pro-forma combined balance sheet of the enlarged group comprising the Group and Target Group (collectively, the “**Enlarged Group**”) for the financial year ended 31 December 2016 is set out in **Appendix D** to this Announcement.

3. **RATIONALE FOR THE PROPOSED ACQUISITION**

- 3.1. As the Company continues to face challenging business and operating conditions, it remains vigilant in managing costs, working capital and staying prudent in its capital management and expenditure. Following the declines and fluctuations in oil prices since 2014, the industries that the Company serves have been experiencing a global slowdown.
- 3.2. The Board believes that the Proposed Acquisition will provide an opportunity for the Company to venture into a new business area that has potential for growth. Accordingly, the Proposed Acquisition would allow the Company to diversify from the existing industries that it serves and will therefore limit its exposure to risks relating to the prolonged uncertainty of external economic factors affecting its industry. The Proposed Acquisition will also enable the Company to substantially increase its asset base and the scale of its business operations.
- 3.3. With the integration of the business operations of the Target Group and the Company, the Board is of the opinion that the Target Group will be able to leverage off and benefit from the technological expertise of the Company, particularly in the design and manufacture of processing facilities and equipment. Over time the Company will benefit from potential commercial, operational and costs synergies between the Company and the Target Group.
- 3.4. Given the potential synergy and efficiencies which will be created by the addition of the Target Group to the business of the Company, the Board believes that the Proposed Acquisition will enhance the long term interests of the Company and its Shareholders.

4. KEY TERMS OF THE PROPOSED ACQUISITION

4.1. Purchase Consideration

- (a) The aggregate consideration payable by the Company to the Sellers for the Sale Shares is S\$147,000,000 (Singapore Dollars One Hundred and Forty-Seven Million) (the “**Consideration**”). The Consideration was based on arm’s length negotiations and was arrived at after taking into account a preliminary indicative valuation of the Sale Shares performed by PricewaterhouseCoopers Advisory Services Pte. Ltd., an independent professional valuer appointed by the Company (“**Independent Valuation Letter**”) as at 31 December 2016. The Independent Valuation Letter relies on information and findings from, and should be viewed in conjunction with the technical due diligence report prepared by Oceania Consulting Group Pte. Ltd. (formerly Vaerdro & Co.) and the land valuation report prepared by Muttaqin Bambang Purwanto Rozak Uswatun dan Rekan.

The Consideration shall be satisfied by the Company as follows:

- (i) the payment of S\$30,000,000 (Singapore Dollars Thirty Million) in cash (“**Cash Consideration**”) to the Sellers in proportion to the Sellers’ respective shareholding interest in the Company at Completion; and
- (ii) the balance of S\$117,000,000 (Singapore Dollars One Hundred and Seventeen Million) by way of an issue and allotment of a total of 234,000,000 new shares in the share capital of the Company (“**Consideration Shares**”) at an issue price of S\$0.50 per Consideration Share, with each Seller to be issued such number of Consideration Shares as set out in the fifth column of the table set out in **Appendix B** to this Announcement.
- (b) The Company intends to fund the Cash Consideration through a combination of bank borrowings and internal cash resources.

4.2. Conditions

- (a) Completion is conditional upon, inter alia, the conditions set out in **Appendix C** to this Announcement (the “**Conditions**”) being satisfied or waived in accordance with the terms of the SPA.
- (b) One of the salient Conditions to be satisfied by the Company is the concurrent transfer of the Company’s listing from the Main Board of the SGX-ST to Catalist, the sponsor-supervised listing platform of the SGX-ST in connection with the Proposed Acquisition (the “**Proposed Transfer**”).

4.3. The Proposed Transfer

The Board believes the Proposed Transfer will provide the Enlarged Group with a more conducive and flexible listing platform for future corporate actions and growth strategies.

4.4. Completion

- (a) Completion is expected to take place on the date no later than five (5) business days after the date on which all the Conditions are satisfied or waived by the Company or the Sellers (as the case may be) in accordance with the terms of the SPA, or such other date as may be mutually agreed between the Parties in writing (the “**Completion Date**”).
- (b) If the Conditions are not satisfied or waived by the Company or the Seller (as the case may be) by 14 February 2018, being the expiry of six (6) months from the date of the SPA, or such other date as may be mutually agreed in writing between the

Parties, the SPA shall terminate automatically with immediate effect and no party shall have any claim against any other party with respect to any fact, matter or circumstance that gave rise to such non-satisfaction of such Condition, provided that such other party had used reasonable endeavours to achieve satisfaction of each Condition.

- (c) In addition, the Company is not obliged to complete the Proposed Acquisition unless the sale and purchase of all the Sale Shares (and not part only) is completed simultaneously.

4.5. **Moratorium Undertakings**

On Completion, the Target Company will become a wholly-owned subsidiary of the Company and the Sellers shall collectively hold approximately 69.79% of the enlarged share capital of the Company after Completion.

For a period of one (1) year commencing on the Completion Date (or such longer period as may be required under the Listing Manual Section B: Rules of Catalist Board or as may be otherwise imposed by the SGX-ST):

- (a) each Seller undertakes not to sell, transfer, assign, swap, surrender, gift, declare a trust over, or otherwise dispose of, deal with or encumber, any legal or equitable interest ("**Dispose**") in all or any part of the Consideration Shares;
- (b) Hoch Ventures shall procure that Dr Ho Choon Hou will not Dispose of all or any part of his shares in Hoch Ventures;
- (c) Vertex shall procure that each of Pang Teck Huat and Pang Gerald will not Dispose of all or any part of their respective shares in Vertex DG; and
- (d) CBP Quilvest Trust Ltd. in its capacity as trustee of The Green Vale Trust, shall procure that each of Hery Hermawan Herijanto and his family members (being all the beneficiaries of The Green Vale Trust) will not Dispose of their interests in the Green Vale Trust.

4.6. **Proposed Share Consolidation**

The Company may, in connection with the Proposed Acquisition, propose the consolidation of such number of Shares of the Company into one (1) consolidated share (the "**Consolidated Share**"), to take effect on or before Completion (the "**Proposed Share Consolidation**"), so as to satisfy Rule 1015(3)(c) of the Listing Manual relating to the minimum issue price of the Consideration Shares. The Proposed Share Consolidation will be subject to the approval of the Shareholders and may be effected prior to the issue and allotment of the Consideration Shares. If so, the Consideration Shares to be issued to the Sellers will comprise the Consolidated Shares.

4.7. **Proposed Whitewash Resolution**

- (a) Upon the issue of the Consideration Shares to the Sellers, the Sellers will consequently own 69.79% of the enlarged voting share capital of the Company upon Completion. The Sellers and their concert parties will therefore be required under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") to make a general offer for the remaining Shares of the Company not owned or controlled by the Sellers and its concert parties at the highest price paid or agreed to be paid by any of them for the Shares in the preceding six (6) months.
- (b) Accordingly, it is a condition precedent to the Proposed Acquisition that the Securities Industry Council ("**SIC**") grants the Sellers and persons acting in concert with the Sellers (and not having been withdrawn, suspended, amended or revoked such grant) a waiver of their obligation to make a mandatory general offer (arising

from or in connection with the acquisition of the Consideration Shares) under Rule 14 of the Code to the independent Shareholders and from having to comply with the requirements of Rule 14 of the Code, and where any waiver is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect ("**Whitewash Waiver**"), and that independent Shareholders of the Company approve at the EGM of the Company a resolution for the waiver of their rights to receive a mandatory general offer under Rule 14 of the Code from the Sellers and parties acting in concert with the Sellers for all Shares not already owned by the Sellers and persons acting in concert with the Sellers, in connection with the issue of the Consideration Shares to the Sellers at Completion (the "**Proposed Whitewash Resolution**").

4.8. **Other Proposed Actions**

In connection with the Proposed Acquisition, the Company will also be seeking approval from its Shareholders for:

- (a) the change in core business of the Company to include the Business;
- (b) the appointment of new directors of the Company;
- (c) the change of name of the Company;
- (d) the allotment, issue and subscription of Compliance Placement Shares (as defined in Appendix C), if required; and
- (e) the change of the Company's auditors from Deloitte & Touche LLP to Ernst & Young LLP.

Please refer to paragraph 18 of Appendix C for the list of proposed actions which the Company will be seeking approval of its Shareholders at the EGM to be convened.

4.9. **Call Option**

Hery Hermawany Herijanto and/or his associates ("**HHH**") currently own (apart from the Target Group) minority interest ("**Competing Equity Interest**") in three (3) Indonesian companies which are in the same Business as the Target Group (each an "**Indonesian Competing Company**"). To address the potential conflict of interests arising, HHH has undertaken to grant a call option in favour of the Company to require HHH to sell to the Group all of the Competing Equity Interest. Further details on the call option will be provided in the Circular.

4.10. **Cost and Expenses**

- (a) The Parties agree that in the event that Completion takes place in accordance with the SPA, all professional costs and expenses ("**Costs**") incurred by the Company in connection with the Proposed Acquisition shall be borne by the Company.
- (b) However, save as provided in paragraphs 4.10(c) and 4.10(d) of this Announcement, in the event that Completion does not take place in accordance with the SPA, all Costs incurred by the Company in connection with the Proposed Acquisition shall be borne in equal shares, as to one half by the Sellers and as to the other half by the Purchaser.
- (c) The Sellers shall bear all relevant taxes and stamp duties (including penalties, if any) payable under or in connection with the Proposed Acquisition, including but not limited to stamp duty payable on the transfer of the Sale Shares from the Sellers to the Company.

- (d) Notwithstanding Completion, the Parties agree to contribute towards the fees incurred by the Company in connection with the due diligence conducted or to be conducted on various companies within the Company and its subsidiaries (the “**Purchaser Group**”), in the following manner:
- (i) the Company shall bear up to S\$85,000 (Singapore Dollars Eighty-Five Thousand) (or its equivalent in any foreign currency calculated based on an agreed exchange rate as mutually agreed between the Sellers and the Company) of such fees; and
- (ii) the balance of such fees shall be borne by the Sellers.

4.11. REPRESENTATIONS AND WARRANTIES

The Proposed Acquisition is subject to such further undertakings, representations and warranties from the Company and each of the Sellers (“**Sellers’ Warranties**”) as are customary for transactions of similar nature and as provided in the SPA. The Sellers’ Warranties are given by the Sellers on a joint and several basis.

5. THE PROPOSED ACQUISITION AS A REVERSE TAKEOVER

- 5.1. The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to 1006(e) of Listing Manual are as follows:

Rule	Basis of Calculation	Relative Figure
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets.	Not Applicable
Rule 1006(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group’s net loss. ⁽¹⁾	200.3 ⁽²⁾
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Group’s market capitalisation based on the total number of issued shares excluding treasury shares.	614.3 ⁽³⁾
Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	231.1 ⁽⁴⁾
Rule 1006(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. 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) Under Rule 1002(3)(b) of the Listing Manual, “net profits” is defined as profit or loss before income tax, minority interests and extraordinary items.
- (2) The net losses attributable to the Target Group’s losses based on the unaudited proforma consolidated financial statements of the Target Group for FY2016 and the Group’s net losses based on the audited financial statements of the Group for FY2016 were S\$3,365,700 and S\$1,680,000 respectively.
- (3) Under Rule 1003(3) of the Listing Manual, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset

value represented by such shares, whichever is higher. As such, for the purpose of Rule 1006(c) of the Listing Manual, the consideration for the Proposed Acquisition is deemed to be S\$171,944,400 which is the aggregate of the cash of S\$30,000,000 and S\$141,944,400 (being the net asset value of the Company of 60.66 cents per share as of 30 June 2017 multiplied by the Consideration Shares). The Company's market capitalisation of S\$27,990,577 is determined by multiplying the issued share capital of the Company of 101,268,367 ordinary shares in issue (as at the date of this Announcement) with the volume weighted average price of S\$0.2764 (*Source: Bloomberg LP*) transacted on the Mainboard of SGX-ST on 14 August 2017 (being the last market day for which the Shares were traded prior to the day the SPA was entered into).

- (4) The number of new ordinary shares to be issued by the Company as consideration for the Proposed Acquisition is 234,000,000 shares. The number of ordinary shares in issue as at the date of this Announcement is 101,268,367 shares.

- 5.2. As the relative figures under Rules 1006(b), 1006(c) and 1006(d) of the Listing Manual exceed 100%, the Proposed Acquisition constitutes a "Reverse Take-over" transaction as defined under Chapter 10 of the Listing Manual and will be subject to, inter alia, the approval of the Shareholders at an EGM to be convened. Further information on, inter alia, the Proposed Acquisition will be provided in the Circular.

6. PRO-FORMA FINANCIAL EFFECTS

The pro-forma financial effects of the Proposed Acquisition are set out in **Appendix D** to this Announcement.

7. SHAREHOLDING EFFECTS

For illustrative purposes only and based on the shareholding structure of the Company as at the date of this Announcement, it is envisaged that upon Completion but before taking into account the Proposed Share Consolidation and the Compliance Share Placement, the shareholding structure of the Company will be as follows:

Shareholders	Before the Proposed Acquisition				After the Proposed Acquisition			
	No. of Shares (direct)	(%) ⁽¹⁾	No. of Shares (deemed)	(%) ⁽¹⁾	No. of Shares (direct)	(%) ⁽²⁾	No. of Shares (deemed)	(%) ⁽²⁾
Dr Wong Kar King ⁽³⁾	39,195,509	38.70	2,206,600	2.18	39,195,509	11.69	2,206,600	0.66
Dr Choo Boy Lee Emily ⁽⁴⁾	2,206,600	2.18	39,195,509	38.70	2,206,600	0.66	39,195,509	11.69
BD Corporation Pte Ltd	5,670,000	5.60	-	-	5,670,000	1.69	-	-
Lim Pang Herr ⁽⁵⁾ (6)	2,666	0.00	5,670,000	5.60	2,666	0.00	5,670,000	1.69
Ng Kok Teck ⁽⁵⁾⁽⁶⁾	-	-	5,986,666	5.91	-	-	5,986,666	1.79
See Mei Li ⁽⁶⁾	316,666	0.31	5,670,000	5.60	316,666	0.09	5,670,000	1.69
Hery Hermawan Herijanto ⁽⁷⁾	-	-	-	-	1,170,000	0.35	51,480,000	15.35
Nelson Herijanto	-	-	-	-	1,170,000	0.35	-	-
Pang Gerald ⁽⁹⁾	-	-	-	-	16,380,000	4.89	70,200,000	20.94
Teo Thye Peng, Bernard	-	-	-	-	23,400,000	6.98	-	-
CBP Quilvest Trust Ltd. In its capacity as trustee of The Green Vale Trust ⁽⁷⁾	-	-	-	-	51,480,000	15.35	-	-
Hoch Ventures Limited ⁽⁸⁾	-	-	-	-	70,200,000	20.94	-	-
North Star Investment Holdings Limited ⁽⁸⁾	-	-	-	-	-	-	70,200,000	20.94
Dr Ho Choon Hou ⁽⁸⁾	-	-	-	-	-	-	70,200,000	20.94

Vertex DG Pte. Ltd. ⁽⁹⁾	-	-	-	-	70,200,000	20.94	-	-
Pang Teck Huat ⁽⁹⁾	-	-	-	-	-	-	70,200,000	20.94
Other shareholders	53,876,926	53.20	-	-	53,876,926	16.07	-	-

Notes:

- (1) Percentage computed is based on 101,268,367 ordinary shares in issue (excluding 2,253,333 shares held as treasury shares) as at the date of this Announcement.
- (2) Percentage computed is based on 335,268,367 ordinary shares, comprising 101,268,367 ordinary shares in issue (excluding 2,253,333 shares held as treasury shares) as at the date of this Announcement, as well as 234,000,000 Consideration Shares upon Completion.
- (3) Dr Wong Kar King's deemed interest comprises 2,206,600 ordinary shares held by his wife, Dr Choo Boy Lee Emily.
- (4) Dr Choo Boy Lee Emily's deemed interest comprises 39,195,509 ordinary shares held by her husband, Dr Wong Kar King.
- (5) Lim Pang Hern and Ng Kok Teck are deemed to be interested in the 5,670,000 ordinary shares held by BD Corporation Pte. Ltd. as they hold 55% and 35% shareholding interests in BD Corporation Pte. Ltd. respectively.
- (6) Ng Kok Teck and See Mei Li are husband and wife. Ng Kok Teck is deemed interested in the 316,666 Shares held by his wife, See Mei Li and See Mei Li is deemed interested in the 5,670,000 Shares held by her husband, Ng Kok Teck.
- (7) Hery Hermawan Herijanto is deemed to be interested in the 51,480,000 ordinary shares held by The Green Vale Trust as Hery Hermawan Herijanto is the settlor of The Green Vale Trust.
- (8) Dr Ho Choon Hou and North Star Investment Holdings Limited are deemed interested in the 70,200,000 ordinary shares held by Hoch Ventures Limited as (i) Hoch Ventures Limited is a wholly-owned subsidiary of North Star Investment Holdings Limited and (ii) Dr Ho Choon Hou is the sole director of Hoch Ventures Limited and the sole director and shareholder of North Star Investment Holdings Limited.
- (9) Gerald Pang and Pang Teck Huat are deemed interested in the 70,200,000 ordinary shares held by Vertex DG Pte. Ltd. as (i) Gerald Pang and Pang Teck Huat are directors of Vertex DG Pte. Ltd., (ii) Pang Teck Huat holds 90% shareholding interest in Vertex DG Pte. Ltd. and (iii) Gerald Pang is the nephew of Pang Teck Huat and they collectively hold the entire shareholding interest in Vertex DG Pte. Ltd.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 8.1. The aggregate value of the interested person transactions entered into between the Company and Hoch Ventures, being an associate of Dr Ho Choon Hou, an Independent Director of the Company, pursuant to the Proposed Acquisition, is approximately S\$44,100,000, representing approximately 66.0% of the Group's latest audited net tangible assets of approximately S\$66.8 million as at 31 December 2016. Accordingly, the Proposed Acquisition is an interested person transaction under Chapter 9 of the Listing Manual ("**Interested Person Transaction**") and is hence, subject to the approval of Shareholders. Save for the Proposed Acquisition, there is no other interested person transaction between the Company and Dr Ho Choon Hou during the current financial year ending 31 December 2017.
- 8.2. The rationale for the Interested Person Transaction is provided in paragraph 3 of this Announcement.
- 8.3. In accordance with Rule 917(4) of the Listing Manual, the Audit Committee of the Company will appoint an independent financial adviser ("**IFA**") and seek the view of the IFA before forming its view on whether the Interested Person Transaction is on normal commercial terms, and is not prejudicial to the interest of the Company and its minority Shareholders. The advice of the IFA and the recommendation of the Audit Committee will be set out in the Circular.
- 8.4. Save as disclosed in this Announcement, none of the Directors, chief executive officer or controlling Shareholders of the Company, and their respective associates, has any interest, direct or indirect, in the Proposed Acquisition other than through their direct or indirect shareholdings in the Company (if any).

9. FINANCIAL ADVISER

The Company has appointed CIMB Bank Berhad, Singapore Branch, as the financial adviser and introducing sponsor to the Company in respect of the Proposed Acquisition.

10. SERVICE CONTRACTS

As at the date of this Announcement, the Company has not entered into any service contract with any person proposed to be appointed as a Director in connection with the Proposed Acquisition.

It is envisaged that the Company will, on or prior to Completion, enter into service contracts with certain directors and/or key executives of the Target Group to be appointed to the Board. The details of such appointments and service contracts (if any) will be set out in the Circular.

11. INDEPENDENT DIRECTORS' STATEMENT

The Company will appoint an IFA to advise the Independent Directors of the Company for the purposes of, inter alia, the Proposed Whitewash Resolution and the Interested Person Transaction. The independent Directors of the Company will form its view on the Proposed Whitewash Resolution and the Interested Person Transaction after taking into account the opinion of the IFA which will be set out in the Circular.

12. FURTHER INFORMATION AND DOCUMENTS AVAILABLE FOR INSPECTION

- 12.1. The Circular, together with a notice of the EGM of the Company, will be despatched by the Company to Shareholders in due course.
- 12.2. A copy of the SPA and the preliminary Independent Valuation Letter will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this Announcement.
- 12.3. The Company will update Shareholders on any material developments and will make such announcements as and when appropriate.

13. RESPONSIBILITY STATEMENT

- 13.1. The Directors of the Company (including those who have been delegated supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Sellers and the Target Group) 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 such other transactions as contemplated in the SPA), 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.
- 13.2. The Sellers collectively and individually accept full responsibility for the accuracy of the information given in this Announcement in respect of the Sellers and the Target Group and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed by them in this Announcement in respect of the Sellers or the Target Group are fair and accurate in all material respects as at the date hereof, and the Sellers are not aware of any material facts in respect of the Sellers and the Target Group the omission of which would make any statement in respect of the Sellers and the Target Group in this Announcement misleading.

14. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. The Proposed Acquisition is subject to the Conditions and due diligence. There is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this Announcement. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the shares of the Company. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dr Wong Kar King
Managing Director
17 August 2017

APPENDIX A

HISTORICAL UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

The unaudited pro-forma consolidated financial statements of the Target Group for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016 have been prepared in accordance with the Singapore Financial Reporting Standards.

Unaudited Pro-Forma Consolidated Statements of Financial Position⁽¹⁾

	2016	2015	2014
	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>			
Current assets			
Cash and bank balances	132	3,305	3,374
Other receivables and prepayments	10,051	13,005	38,336
Inventories	867	649	407
	11,050	16,959	42,117
Assets classified as held for sale	-	1,075	73
Total current assets	11,050	18,034	42,190
Non-current assets			
Property, plant and equipment	5,305	4,449	2,523
Deferred tax assets	18	35	27
Total non-current assets	5,323	4,484	2,550
Total assets	16,373	22,518	44,740
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Bank borrowings	38	80	39
Trade and other payables	18,559	18,347	41,116
Total current liabilities	18,597	18,427	41,155
Non-current liabilities			
Bank borrowings	584	3,379	2,454
Deferred tax liabilities	33	-	-
Total non-current liabilities	616	3,379	2,454
Capital, reserves and non-controlling interests			
Share capital	3,215	3,215	3,215
Foreign currency translation reserve	(181)	(33)	46
Merger reserve	912	912	(122)
Retained earnings	(6,948)	(3,643)	(3,135)
Equity attributable to owners of the Company	(3,002)	451	4
Non-controlling interests	163	262	1,127
Total equity	(2,839)	713	1,131
Total liabilities and equity	16,374	22,519	44,740

Unaudited Pro-Forma Consolidated Statement of Comprehensive Income⁽¹⁾

	2016	2015	2014
	S\$'000	S\$'000	S\$'000
Continuing operations			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other operating income	112	167	3
Administrative expenses	(1,444)	(916)	(539)
Other operating (expenses) gain	(516)	(295)	185
Other gains and losses	63	46	0
Finance cost	(1,580)	(413)	(251)
Loss before income tax	(3,365)	(1,410)	(602)
Income tax (credit) expense	(52)	8	26
Loss for the year	(3,417)	(1,403)	(576)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations representing total other comprehensive loss for the year, net of tax	(190)	(32)	46
Total comprehensive loss for the year	(3,607)	(1,435)	(530)
Loss attributable to:			
Owners of the Company	(3,317)	(1,331)	(537)
Non-controlling interests	(100)	(71)	(39)
	(3,417)	(1,402)	(576)
Total comprehensive loss attributable to:			
Owners of the Company	(3,501)	(1,361)	(493)
Non-controlling interests	(106)	(73)	(36)
	(3,607)	(1,434)	(529)

Note:

- (1) For the purpose of this Announcement, the financial statements of the Target Group presented are based upon information from the management accounts of the Target Group. The financial statements are subject to adjustment and revision pending review by the Company's reporting accountants and further information will be set out in the Circular.

APPENDIX B

CONSIDERATION SHARES TO BE ISSUED TO THE SELLERS

No.	Name	Shareholding in the Target Group (No. of shares)	Percentage shareholding	No. of Consideration Shares
1.	Hery Hermawan Herijanto	50	0.5%	1,170,000
2.	Nelson Herijanto	50	0.5%	1,170,000
3.	Pang Gerald	700	7%	16,380,000
4.	Teo Thye Peng Bernard	1,000	10%	23,400,000
5.	CBP Quilvest Trust Ltd. in its capacity as trustee of The Green Vale Trust	2,200	22%	51,480,000
6.	Hoch Ventures Limited	3,000	30%	70,200,000
7.	Vertex DG Pte. Ltd.	3,000	30%	70,200,000
	Total	10,000	100%	234,000,000

APPENDIX C

KEY CONDITIONS

The obligation of the parties under the SPA to complete the Proposed Acquisition are conditional upon, inter alia, the following salient conditions being satisfied, fulfilled or waived, as the case may be, before Completion:

Conditions to be satisfied by the Sellers

1. each Target Group Company having obtained, and at all times materially having complied with, and having done all that is necessary to maintain in full force and effect, any authorisation required under any applicable law (including any environmental laws) to:

- 1.1. enable the Company to be registered as holder of any and all of the Sale Shares;

- 1.2. to give effect to all transactions contemplated under the SPA; and

- 1.3. carry on its business activities and operations in the usual way so as to undertake and maintain its Business as a going concern;

such authorisation not having been revoked, expired, amended or withdrawn on or before the Completion Date, and where any such authorisation is subject to conditions, such conditions being acceptable to the Company in its sole discretion and opinion and if required to be fulfilled by a particular date, being so fulfilled, and such authorisation remaining valid and in full force and effect, where applicable;

2. the relevant Target Group Company having obtained written extensions for such extended period to the satisfaction of the Company and its financial advisers, in respect of the IUP, Location Permit and HGU certificates held by the Target Group which have expired in 2016 or (as the case may be) are due to expire in 2017, having been granted by the relevant governmental agency;

3. legal opinions from the legal advisers to the Company as to Singapore law, Indonesian law and the law of any other relevant jurisdiction, addressed to the Company, confirming, as applicable and amongst other matters:

- 3.1. the matters set out in paragraph 1 of this Appendix C;

- 3.2. (in respect of the legal opinion on Indonesian law only) that (1) the written extensions obtained by the Target Group under paragraph 2 of this Appendix C are valid and binding; and (2) the matters set out in paragraphs 13, 15 and 16 of this Appendix C are in order, valid and effective;

- 3.3. that the SPA will be valid and binding against each of the Sellers and enforceable in accordance with its terms;

- 3.4. that there are no applicable laws promulgated by any governmental agency of Singapore, Indonesia or any other relevant jurisdiction which has the effect of restraining or otherwise prohibiting the consummation of the transactions contemplated by the SPA or the carrying out of the Business by the Target Group in any material respect; and

- 3.5. that the Target Group satisfies and is in compliance with all applicable Laws or should there be any non-compliance with applicable laws by any Target Group, such non-compliance having been adequately addressed or rectified,

each such legal opinion to be in form and substance satisfactory to the Company and its financial advisor;

4. the results of a due diligence exercise (including legal, accounting, financial, operational, business and tax due diligence, as would be required for transactions of such nature) ("**Due Diligence**

Investigations") over the Target Group and investigations on its controlling shareholders and their associates, and its executive directors and key executive officers, being satisfactory to the Company and the Company's financial adviser;

5. the rectification, or the procurement of such rectification, to the satisfaction of the Company and the Company's financial adviser, by the Sellers, of all issues or irregularities uncovered by the Company and its representatives during the Due Diligence Investigations on each Target Group Company;
6. there not having occurred any matter, fact or circumstance which, in the opinion of the Company, results in, or is reasonably likely to result in:
 - 6.1. the revocation or cancellation of, or material amendment to the terms of any licence, permit or ruling held by any Target Group Company which is applicable or necessary to the relevant Target Group Company to conduct its Business or to own its assets or properties; or
 - 6.2. a material adverse effect on the Business, operations, assets, financial condition and/ or prospects of the Target Group taken as a whole;
7. no governmental agencies taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might make any transaction contemplated in the SPA and all other transactions in connection therewith and incidental thereto void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
8. no order being made, petition presented or meeting convened for the purpose of considering a resolution in relation to an insolvency event of the Target Company or any Target Group Company;
9. there not having occurred any event between the date of the SPA and Completion which would constitute a breach of any Sellers' Warranty if such Sellers' Warranty were to be repeated at Completion in accordance with the SPA, and all Sellers' Warranties being true, complete, accurate and correct in all material respects;
10. the Sellers not having breached, in any material respect, any material provision of the SPA;
11. the Target Group not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the SPA or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
12. the approval of the SIC having been granted (and not having been withdrawn, suspended, amended or revoked) to the Sellers and persons acting in concert with the Sellers in relation to the Proposed Whitewash Waiver, and where any waiver is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable;
13. the conversion of three (3) Indonesian Target Group Companies ("**Non-PMA Target Companies**") into companies established with foreign investment capital under Indonesian law and the completion of the acquisition by a Target Group Company incorporated in Singapore of such maximum percentage of equity interest in the Non-PMA Target Companies as may be permitted to be held by it under any applicable law in Indonesia with reference to the nature of the businesses of the respective Non-PMA Target Company;

14. the grant of written approval by the majority shareholders of PT Inobonto Indah Perkasa¹ (“**PT Inobonto**”) in respect of the transactions contemplated under the SPA (including the disposal of PT Inobonto by the Target Group), and should such approval be subject to any conditions, such conditions being satisfactory to the Company in its discretion and if required to be fulfilled by a particular date, being so fulfilled before Completion;
15. (i) the completion of the disposal of certain subsidiaries² of the Target Company; and (ii) the procurement of the required authorisations and completion of the registration or filing requirements pursuant to (A) the constitutions of such subsidiaries; (B) any agreement to which any of such subsidiaries is a party; and/or (C) compliance with all prevailing laws and regulations in respect of such transfers;
16. the equity interests held by the Target Group in each of the Indonesian Operating Companies (other than PT Inobonto) being increased to the maximum percentage as permitted under any applicable law in Indonesia, with reference to the nature of the entities' businesses; and
17. all such other necessary approvals, waivers and consents having been granted (and not having been withdrawn, suspended, amended or revoked) by any existing lenders of any member of the Target Group or any third party who is a contracting party to any agreement that is material to the Business of the Target Group in connection with the SPA, and where any approvals, waivers or consents are subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable.

Conditions to be satisfied by the Company

18. such necessary approval(s) in connection with this Agreement having been obtained and not having been withdrawn, suspended, amended or revoked as at the Completion Date, including but not limited to approval of the Board and approval of the Shareholders in general meeting for, amongst others:
 - 18.1. the Proposed Acquisition;
 - 18.2. the Proposed Whitewash Resolution;
 - 18.3. the Proposed Share Consolidation, if required;
 - 18.4. the appointment of such persons as the Sellers may nominate as directors of the Company in accordance with the SPA;
 - 18.5. the allotment and issuance of the Consideration Shares to the Sellers;
 - 18.6. the adoption of a new general mandate for the directors of the Company to issue and allot new shares;
 - 18.7. the Proposed Acquisition as an interested person transaction as the Proposed Acquisition constitutes a transaction between Hoch Ventures Limited, being an associate (as defined in the Listing Rules) to Dr Ho Choon Hou, an independent director of the Company, as one of the Sellers, and the Company;
 - 18.8. the change in the core business of the Company to include the Business;
 - 18.9. the adoption of general mandate for ongoing interested persons transaction, if any (the “**IPT Mandate**”);

¹ PT Inobonto is an Indonesian Competing Company.

² The subsidiaries to be disposed will not form part of the Target Group at Completion as they either (i) are Indonesian Competing Companies or (ii) do not hold any assets and/or are not engaged in the Business.

- 18.10. the change of name of the Company;
- 18.11. the issue of the compliance shares (“**Compliance Placement Shares**”), if applicable, as soon as after the issuance of the Consideration Shares in favour of the Sellers, in the event the percentage of the shares of the Company that are held in public hands falls below the minimum distribution and shareholding spread requirements of fifteen percent (15%) under the Catalist Rules to comply with the shareholding spread and distribution requirements set out in Rule 406 of the Catalist Rules, if required;
- 18.12. the Proposed Transfer; and
- 18.13. the change of the Purchaser’s auditors from Deloitte & Touche LLP to Ernst & Young LLP;
19. the allotment, issue and subscription of the Consideration Shares and the Compliance Placement Shares, if required, not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued after the date of the SPA by any governmental agency of Singapore, Indonesia or elsewhere, which is applicable to the Target Companies and/or the Company;
20. the Company not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the SPA or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
21. the ordinary shares in the share capital of the Company not having been suspended for a period longer than ten (10) Market Days or such other period as stipulated by SGX-ST (which for the avoidance of doubt, shall not include any trading halts of the shares of the Company on the SGX-ST made at the request of the Purchaser) or being delisted or subject to any delisting procedures by SGX-ST;
22. the resignation of the existing directors of the Company (other than Dr Wong Kar King, Lim Boon Cheng and Dr Ho Choon Hou); and
23. the change of the Purchaser’s auditors from Deloitte & Touche LLP to Ernst & Young LLP.

Other Conditions

24. each of the Target Group and the Enlarged Group having satisfied the listing criteria under the Catalist Listing Rules;
25. the approval of the SGX-ST (where applicable) for the transactions contemplated under the SPA, including, inter alia, the Proposed Acquisition, the Proposed Transfer, the Share Consolidation (if required) and the listing of, and quotation for, the Consideration Shares and the Compliance Placement Shares on the Catalist Board, if required, having been obtained and not having been withdrawn, suspended, amended or revoked as at the Completion Date, and, where such approval is subject to any conditions, to the extent that such conditions are required to be fulfilled on or before Completion Date, they are so fulfilled;
26. the Due Diligence Investigations over the Purchaser Group, being satisfactory to the Sellers; and
27. an opinion from the IFA:
 - 27.1. that the terms of the Proposed Acquisition are fair and reasonable and not prejudicial to the interests of the independent Shareholders and to recommend to the independent Shareholders to vote in support of the Whitewash Resolution;
 - 27.2. that the SPA and the Proposed Acquisition, in respect of the terms for the purchase of the Sale Shares from Hoch Ventures Limited by the Company, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders; and

- 27.3. that the procedures in the IPT Mandate are sufficient to ensure that the interested person transaction(s) will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders; and
28. the grant of a loan facility from financial institution(s) to the Company in an amount of not less than S\$20,000,000 to cover part payment of the Cash Consideration, on such terms and conditions being satisfactory to the Company.

APPENDIX D

ILLUSTRATIVE PRO-FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

BASES AND ASSUMPTIONS

1. The pro-forma financial effects of the Proposed Acquisition on the Company as set out in this Appendix D are based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2016 (“**FY2016**”) and the unaudited pro-forma consolidated financial statements of the Target Group for FY2016. The pro-forma financial summary below is presented in Singapore Dollars.
2. For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, inter alia, the following basis and assumptions:
 - (a) the financial effects of the Proposed Acquisition on the earnings per Share (“**EPS**”) of the Company are computed assuming that the Proposed Acquisition is completed on 1 January 2016;
 - (b) the financial effects of the Proposed Acquisition on the net tangible assets (“**NTA**”) and gearing of the Company are computed assuming that the Proposed Acquisition is completed on 31 December 2016;
 - (c) the capitalisation and/or settlement of certain shareholders loans to the Target Group by the Sellers will be undertaken prior to Completion;
 - (d) the fair value adjustments on the net assets of the Company and positive or negative goodwill and intangibles arising from the Proposed Acquisition, if any, have not been considered for the purpose of computing the financial effects of the Proposed Acquisition and will be determined on the Completion Date when the Sellers have effectively obtained control of the Company. As the positive or negative goodwill, intangibles and fair value adjustments on the net assets will have to be determined at Completion of the Proposed Acquisition, the net assets of the Group could be materially different from the aforementioned assumption. Any positive or negative goodwill, intangibles and fair value adjustments on the net assets arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company;
 - (e) the loan of S\$20,000,000 from the financial institution is drawn down on 1 January 2016 to cover part payment of the Cash Consideration for the Proposed Acquisition; and
 - (f) no interest in respect of the borrowings of S\$20,000,000 is recorded during FY2016.

Shareholders should note that the pro-forma financial effects of the Proposed Acquisition as prepared by management has not been reviewed by auditors of the Company and are purely for illustrative purposes only. The illustrative financial effects should not be construed to mean that the Company’s actual results, performance or achievements will be as expected, expressed or implied in such financial effects.

PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The effects of the Proposed Acquisition on the share capital, EPS, NTA and gearing of the Company for FY2016 are as follows:

1. Share Capital

	As at 31 December 2016	
	No. of shares ('000)	Issued and paid-up capital (S\$'000)
Before the Proposed Acquisition	101,268	47,433
After the Proposed Acquisition	335,268 ⁽¹⁾	164,433 ⁽¹⁾

Note:

- (1) Additional issued and paid-up capital of the Company amounting to S\$117,000,000 derived based on issuing 234,000,000 Consideration Shares at S\$0.50 each.

2. EPS

	For the financial period ended 31 December 2016	
	Net Profit / (Loss) after Tax (S\$'000)	EPS (cents) ⁽¹⁾
Before the Proposed Acquisition	(1,825)	(1.80)
After the Proposed Acquisition	(7,667) ⁽²⁾	(2.29)

Notes:

- (1) Based on 101,268,367 Shares as at 31 December 2016 before the Proposed Acquisition and 335,268,367 Shares after the Proposed Acquisition.
- (2) The EPS of the Group after the Proposed Acquisition is derived after including the losses attributable to the Target Group of approximately S\$3,317,000 and deducting an estimated S\$2,525,000 of associated costs involved in the Proposed Acquisition.

3. NTA ⁽¹⁾

	As at 31 December 2016	
	NTA of the Group (S\$'000)	NTA per share (cents) ⁽²⁾
Before the Proposed Acquisition	66,846	66.01
After the Proposed Acquisition	36,713 ⁽³⁾	10.95 ⁽⁴⁾

Notes:

- (1) The NTA is inclusive of non-controlling interest.
- (2) Based on 101,268,367 Shares as at 31 December 2016 before the Proposed Acquisition and 335,268,367 Shares after the Proposed Acquisition.
- (3) The NTA of the Group after the Proposed Acquisition is derived after including (i) the NTA of the Target Group which is approximately deficit of S\$(2,840,000), (ii) the assumption of the settlement of certain debts amounting to approximately S\$5,232,000 by the Target Group, and (iii) the deduction of the Cash Consideration of S\$30,000,000 and estimated associated costs involved in the Proposed Acquisition amounting to approximately S\$2,525,000.
- (4) The fair value of the Target Group of S\$147,000,000 was not reflected in the financial effect due to the application of FRS103 Business Combinations on reverse acquisition accounting.

4. Gearing

	As at 31 December 2016		
	Total Debts (S\$'000)	Total Equity (S\$'000)	Gearing Ratio⁽¹⁾ (times)
Before the Proposed Acquisition	11,479	68,419	0.17
After the Proposed Acquisition	35,101 ⁽²⁾	182,894 ⁽³⁾	0.19

Notes:

- (1) The gearing ratio is derived by dividing total debts by total equity.
- (2) The total debts of the Group after the Proposed Acquisition is derived after adding an estimated bank loan of S\$20,000,000 anticipated to fund the Proposed Acquisition as well as the debts of the Target Company amounting to approximately S\$3,622,000 (which includes an assumed S\$3,000,000 shareholders' loan from the Sellers) at Completion.
- (3) The total equity of the Group after the Proposed Acquisition is derived after including the issue of Consideration Shares of S\$117,000,000, as well as deducting the estimated associated costs involved in the Proposed Acquisition of S\$2,525,000.

**PRO-FORMA COMBINED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND
PRO-FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP**

For illustrative purposes only, the pro-forma combined profit or loss and other comprehensive income and the pro-forma combined statement of financial position of the Enlarged Group (comprising the Group and Target Group) for FY2016 is set out below.

**1. Pro-Forma Combined Statement of Profit or Loss and Other Comprehensive Income for
Year ended December 31, 2016**

	<u>2016</u>
	S\$'000
Continuing operations	
Revenue	94,084
Cost of sales	<u>(75,857)</u>
Gross profit	18,227
Other operating income	1,805
Distribution and marketing costs	(7,909)
Administrative expenses	(12,969)
Other operating expenses	(2,342)
Other gains and losses	(1,781)
Finance cost	(1,962)
Share of results of associate and joint venture	<u>(639)</u>
Loss before income tax	(7,570)
Income tax expense	<u>(602)</u>
Loss for the year	(8,172)
Other comprehensive loss	
<i><u>Items that may be reclassified subsequently to profit or loss:</u></i>	
Exchange differences on translation of foreign operations representing total other comprehensive loss for the year, net of tax	<u>(861)</u>
Total comprehensive loss for the year	<u><u>(9,033)</u></u>

	<u>2016</u>
	S\$'000
Loss attributable to:	
Owners of the Company	(7,667)
Non-controlling interests	<u>(505)</u>
	<u>(8,172)</u>
Total comprehensive loss attributable to:	
Owners of the Company	(8,513)
Non-controlling interests	<u>(520)</u>
	<u>(9,033)</u>
Losses per share (cents)	
Basic and diluted	<u>(2.29)</u>

2. Pro-Forma Statements of Financial Position as at 31 December 2016

	<u>2016</u>
	S\$'000
<u>ASSETS</u>	
Current assets	
Cash and bank balances	36,308
Trade receivables	17,794
Other receivables and prepayments	3,133
Amount due from customers for contract work-in-progress	2,606
Inventories	<u>9,563</u>
	69,404
Assets classified as held for sale	<u>15,988</u>
Total current assets	<u>85,392</u>
Non-current assets	
Property, plant and equipment	29,922
Goodwill	176
Intangible assets	1,397
Investment in an associate	153
Investment in joint venture	519
Deferred tax assets	<u>311</u>
Total non-current assets	<u>32,478</u>
Total assets	<u><u>117,870</u></u>

	<u>2016</u>
	S\$'000
<u>LIABILITIES AND EQUITY</u>	
Current liabilities	
Amount due to customers for contract work-in-progress	12,207
Bank borrowings	21,604
Trade and other payables	27,820
Provision for warranty	578
Income tax payable	<u>1,438</u>
	63,647
Liabilities directly associated with assets classified as held for sale	<u>5,364</u>
Total current liabilities	<u>69,011</u>
Non-current liabilities	
Bank borrowings	10,497
Deferred tax liabilities	<u>76</u>
Total non-current liabilities	<u>10,573</u>
Capital, reserves and non-controlling interests	
Share capital	164,433
Reserves	(116,340)
Retained earnings	<u>(9,473)</u>
Equity attributable to owners of the Company	38,620
Non-controlling interests	<u>(334)</u>
Total equity	<u>38,286</u>
Total liabilities and equity	<u><u>117,870</u></u>