



RYOBI KISO HOLDINGS LTD.
(Under Interim Judicial Management)

(Company Registration No. 200803985D)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF SHARES IN RYOBI GEOTECHNIQUE PTE LTD

1. INTRODUCTION

Reference is made to the announcement by the interim judicial managers (the "**Interim Judicial Managers**") of Ryobi Kiso Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") on 8 March 2019 concerning, *inter alia*, the granting of an order that the Company and Ryobi Kiso (S) Pte. Ltd. ("**RKS**") be placed under interim judicial management.

The Interim Judicial Managers ("**IJMs**") wish to announce that RKS entered into an agreement (the "**Agreement**") for the proposed disposal of all the shares held by it in Ryobi Geotechnique Pte Ltd ("**RGPL**"), representing 74.1% of the issued and paid up capital of RGPL (the "**RGPL Shares**") (the "**Proposed Disposal**") on 9 April 2019. The proposed disposal is to Wang Hou, the minority shareholder of RGPL. For the avoidance of doubt, Wang Hou is not an interested person of the Company (as defined in Rule 904(4) of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Limited ("**SGX-ST**").

Following the completion of the Proposed Disposal, the Company will cease to hold any interest in RGPL.

2. INFORMATION ON ASSETS TO BE DISPOSED OF

RGPL was incorporated in Singapore in 2000 and is an indirect subsidiary of the Company (through RKS). RKS holds approximately 74.1% of the shares in RGPL, and Wang Hou holds the remaining 25.9% of the shares in RGPL. The principal activities of RGPL are the provision of services in geotechnical engineering, ground imaging technology and real-time monitoring.

3. RATIONALE FOR AND BENEFIT OF THE PROPOSED DISPOSAL

The Company had previously during the Scheme moratorium period proposed to sell the RGPL Shares to raise working capital. An independent external desktop valuation report dated 10 October 2018 (the "**Valuation Report**") performed by a transaction advisory services firm affiliated to an international accounting firm had valued the RGPL Shares to be in the range of S\$21,000,000 to S\$23,600,000.

The Proposed Disposal will provide the Company with the opportunity to divest the RGPL Shares for cash. There are limited options for the Company to liquidate its investment in this joint venture for the following reasons:

- (a) The business of RGPL is highly specialised and there are few potential buyers for such business;
- (b) RGPL was founded by Wang Hou, who continues to run the business on a daily basis. It will be difficult to dispose of the RGPL Shares to any other parties without Wang Hou's cooperation;
- (c) Prior to the appointment of the IJMs, the Company had been working with Wang Hou to identify potential interested buyers but no firm offers had been received; and
- (d) The adverse news relating to the Company and RKS have had a negative impact on the operations of RGPL, and such disposal would be time sensitive to prevent further deterioration of the value of RGPL.

4. SALIENT TERMS OF THE AGREEMENT

The following are some of the salient terms and conditions contained in the Agreement:

4.1 Consideration for the Proposed Disposal

The consideration (the "**Consideration**") for the Proposed Disposal is S\$14,546,189.76, comprising the following:

- (a) S\$12,000,000 payable in cash; and
- (b) The waiver by each of RGPL and its direct and indirect subsidiaries and associated companies (RGPL and such companies, collectively the "**RGPL Companies**") of all claims which it has against any company in the Group other than the RGPL Companies, with effect from the completion of the Proposed Disposal (the "**Claim Waiver**"). Such claims amount to S\$2,546,189.76 in aggregate.

Pursuant to the Agreement, Wang Hou will pay a deposit of S\$2,400,000 (the "**Deposit**") to RKS within three business days after 9 April 2019. In the event that completion does not occur (other than due to Wang Hou's failure to fulfil the condition set out in paragraph 4.2(c) below), RKS shall return the Deposit to Wang Hou. On completion, Wang Hou shall pay the balance of the Consideration to the bank account designated by RKS. The IJMs have on 12 April 2019 received the Deposit from Wang Hou.

4.2 Conditions to Completion

Under the terms of the Agreement, the Proposed Disposal is conditional upon and subject to the fulfilment of the following conditions:

- (a) Shareholders' approval pursuant to Chapter 10 of the Listing Manual for the Proposed Disposal being obtained, or the requirement for such approval being waived by the SGX-ST;
- (b) Any other regulatory or court approval which is necessary for the Proposed Disposal being obtained; and
- (c) The delivery by Wang Hou to RKS of duly executed deeds of termination and release in relation to the Claim Waiver.

If any of the above conditions are not fulfilled by the date falling three months after 9 April 2019, or any such later date as the parties may mutually agree, the Agreement may be terminated in accordance with its terms. The Agreement also contains other terms and conditions which are customary or common for sale and purchase transactions of this nature.

5. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures as computed on the bases as set out in Rule 1006 of the Listing Manual, based on the unaudited financial statements of the Group for the financial year ended 30 June 2018 (the "**FY2018 Financial Statements**"), being the latest announced financial statements of the Group, are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value (" NAV ") of the RGPL Shares to be disposed of, being approximately S\$12,786,956, compared with the Group's NAV	42.5% ¹
(b)	Net profit attributable to the RGPL Shares to be disposed of, compared with the Group's net losses	-2.4% ² (Not Meaningful) ³
(c)	Aggregate value of the Consideration received, being S\$14,546,190 (comprising the cash consideration and value of debt waived), compared with the market capitalisation of the Company of approximately S\$29.7 million	49.0% ⁴
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A. ⁵
(e)	Aggregate volume or amount of proved and probable resources to be disposed of, compared with the aggregate of the Group's proved and probable resources	N.A. ⁶

Notes:

1. Based on the aggregate NAV of the RGPL Shares as at 30 June 2018 of S\$12,786,956, divided by the Group's NAV as at 30 June 2018 of S\$30,071,000.
2. Based on the aggregate unaudited net profit attributable to the RGPL Shares for the financial period ended 30 June 2018 of S\$1,379,294, divided by the Group's unaudited net loss for the financial period ended 30 June 2018 of S\$58,405,000.
3. As the relative figure determined on the basis of Rule 1006(b) is calculated comparing a positive profit number attributable to the RGPL Shares with a negative profit number attributable to the Group as a whole, the Company regards the resultant negative percentage as not meaningful.
4. The Company's market capitalisation of approximately S\$29.7 million was computed based on the total number of 296,649,136 issued ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares), multiplied by S\$0.10, being the volume weighted price of the Shares transacted on 20 June 2018. 20 June 2018 was the last trading day of the Shares on the SGX-ST prior to the subsisting trading suspension. There has been no change in the total number of issued Shares between 20 June 2018 and the date of this Announcement.
5. Not applicable as this basis is not applicable to a disposal of assets, as is the case here.
6. Not applicable as the Company is not a mineral, oil and gas company.

Based on the above, the Proposed Disposal constitutes a “major transaction” for the purposes of Chapter 10 of the Listing Manual. As such, the Proposed Disposal is subject to the prior approval of the shareholders, unless waived by the SGX-ST. The Company will be submitting an application to the SGX-ST for the purpose of seeking a waiver from the foregoing requirement, to enable the Company to complete the Proposed Disposal without first obtaining such shareholders' approval. The Company will release an announcement to update shareholders on the outcome of the waiver application in due course.

6. ILLUSTRATIVE FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

*Please note that the financial effects below are purely **for illustrative purposes only** and are not indicative of the actual financial position of the Group and/or the Company following the Proposed Disposal.*

- 6.1 The book value and the net tangible asset value of the RGPL Shares as at 30 June 2018 (based on the unaudited FY2018 Financial Statements) and the latest appraised value of the RGPL Shares (based on the Valuation Report) are as follows:

	RGPL Shares (S\$)
Book Value	12,786,956
Net Tangible Asset Value	12,786,956
Latest Appraised Value	21,000,000 to 23,600,000

- 6.2 Based on the unaudited FY2018 Financial Statements, the Group would expect to realise an attributable net gain on disposal and an excess of the proceeds over the aggregate book value of the RGPL Shares as follows:

	RGPL Sale Shares (S\$)
Gain/(Loss) on Disposal	1,759,233

- 6.3 The illustrative financial effects analysis of the Proposed Disposal as set out in paragraphs 6.4 and 6.5 below have been prepared on the following key bases and assumptions:

- (a) the financial effects of the Proposed Disposal on the net tangible asset ("**NTA**") per share of the Company ("**Share**") and earnings per Share ("**EPS**") of the Company are prepared based on the unaudited FY2018 Financial Statements;
- (b) for the purposes of illustrating the financial effects of the Proposed Disposal on the NTA per Share, it is assumed that the Proposed Disposal was completed on 30 June 2018; and
- (c) for the purposes of illustrating the financial effects of the Proposed Disposal on the EPS of the Company, it is assumed that the Proposed Disposal was completed on 1 July 2017.

6.4 Profits and EPS

On the bases and assumptions set out in paragraph 6.3 above, the illustrative financial effects of the Proposed Disposal on the Company's consolidated profits and EPS are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
(Loss) after tax and minority interests attributable to shareholders (S\$'000)	(56,916)	(57,798)
(Loss) per Share (S\$)	(0.19)	(0.19)

6.5 NTA per Share

On the bases and assumptions set out in paragraph 6.3 above, the illustrative financial effects of the Proposed Disposal on the NTA per Share are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	30,071	17,284
NTA per Share (S cents)	10.1	5.8

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL

None of the directors, and as far as the Company is aware, none of the controlling shareholders of the Company, have any interest, direct or indirect, in the Proposed Disposal.

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Disposal.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The Agreement is available for inspection at the registered office of the Company at 58A Sungei Kadut Loop, Ryobi Industrial Building, Singapore 729505 during the Company's usual business hours for a period of three (3) months from the date of this Announcement:

BY ORDER OF THE INTERIM JUDICIAL MANAGERS

Goh Thien Phong and Chan Kheng Tek
Joint and Several Interim Judicial Managers

12 April 2019