

OCEAN SKY INTERNATIONAL LIMITED

(Company Registration No. 198803225E)

Incorporated in the Republic of Singapore

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- (1) **PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP CAPITAL OF LINK (THM) HOLDINGS PTE. LTD.**
 - (2) **PROPOSED CONSOLIDATION OF EVERY TWO (2) ORDINARY SHARES INTO ONE (1) ORDINARY SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED.**
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1. INTRODUCTION

Further to the announcement dated 5 January 2015, the Board of Directors (the “**Board**”) of Ocean Sky International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has, on 25 March 2015, entered into a conditional sale and purchase agreement (the “**SPA**”) with Mr Tan Heng Mong, Ms Tan Bee Hoon, Mr Chan Teck Huat and Mr Tan Heng Kiat (collectively, the “**Vendors**” and each a “**Vendor**”) (the Vendors together with the Company collectively, the “**Parties**” and each a “**Party**”) in relation to the proposed acquisition by the Company of the entire issued and paid-up share capital of Link (THM) Holdings Pte. Ltd. (“**Link**”) from the Vendors at the Purchase Consideration (as defined in paragraph 5.1 of this announcement). The Purchase Consideration shall be satisfied in full by the allotment and issue of an aggregate of 642,750,000 new ordinary shares (the “**Shares**”) in the capital of the Company after the Proposed Share Consolidation (as defined in paragraph 6 of this announcement) (the “**Consideration Shares**”) to the Vendor or its nominees and Tan Yee Boon (“**Arranger**”) at an issue price of S\$0.352 for each Consideration Share (the “**Proposed Acquisition**”) and additional Earn-out Shares (as defined in paragraph 5.1 of this announcement), if any, based on the principles set out in paragraph 5.1 of this announcement. The exact Purchase Consideration (defined below) and the number of Consideration Shares shall be subject to the adjustment provision set out in paragraph 5.2 of this announcement.

The Proposed Acquisition will be classified as a “very substantial acquisition” or “reverse takeover” according to the size of the relative figures computed on the bases as set out in Chapter 10 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), and this announcement sets out the information required for a “very substantial acquisition” or “reverse takeover” under Chapter 10 of the Listing Manual. As per Rule 1015 of the Listing Manual, the Proposed Acquisition, being a “very substantial acquisition” or “reverse takeover”, will also be subject to, *inter alia*, the approval of the SGX-ST and the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting to be convened (the “**EGM**”).

Shareholders are advised to read this announcement in its entirety, in particular the Cautionary Statement as set out in paragraph 12 of this announcement.

2. INFORMATION RELATING TO LINK AND THE VENDORS

2.1 Information on Link

Link is a private company limited by shares incorporated in Singapore. Link and its subsidiaries (“**Link Group**”) are primarily involved in the business of development of luxury landed residential, private condominiums, commercial and industrial property projects within Singapore. The Link Group has a track record of more than 10 years in property development and has, as at the date of this announcement, completed and sold 30 landed houses in the districts 10 and 11 of Singapore with a total land area of approximately more than 10,000 square metres. The completed and sold properties of the Link Group also include an industrial

property in the vicinity of Jalan Bukit Merah with a total strata area of 5,856 square metres. The Link Group is currently developing a residential apartment project along Pasir Panjang Road with a strata area of 3,928 square metres. In addition, the Link Group has in the pipeline, an integrated mixed development project in the Special Economic Zone Area in Iskandar Malaysia, One World Medini, with an aggregate gross floor area of approximately 258,633 square metres (the “**Medini Phase 1**”).

Medini Phase 1 is positioned as a tourism destination to be named “7 Wonders” with distinctive cultures and landmarks from around the world, which will be integrated with retail space, business office towers catering to small offices and virtual offices and residential towers. The Link Group is planning to develop 2 plots of land adjacent to the Medini Phase 1 as a Phase 1 extension project (collectively the “**Medini Project**”) pursuant to an option to purchase of land granted to it. The Medini Project is strategically located just 10 minutes from Singapore’s Tuas Checkpoint, at the entrance of Pinewood Iskandar Malaysia Studio, with close proximity to Legoland Malaysia, the education enclave of Edu-City at Iskandar, the Medical Hub of Medini and the joint venture development of Temasek Holdings (Private) Limited and Khazanah Nasional Berhad. The Medini Project is in the vicinity of Puteri Harbour and the Johor State Administrative Centre of Kota Iskandar.

In addition to property development, the Link Group also has a number of commercial and industrial properties in its investment property portfolio located in Singapore.

Link has also won the 2014 Enterprise 50 Award, coming in the top 8 of the list of 50 local, privately-held companies being recognised for their contribution to the economic development in Singapore and abroad.

All information in this announcement relating to the Link Group has been provided by Link. Further details relating to the history, business and operations of Link will be included in the circular to be despatched by the Company to the Shareholders in connection with the Proposed Acquisition (“**Circular**”).

2.2 Information on the Vendors

The Vendors are the legal and beneficial owners of the entire issued and paid-up share capital of Link. The Vendors are also currently directors of the Link Group.

2.3 Financial information of Link

A summary of the audited consolidated financial statements of Link for the financial years ended 31 December 2012 (“**FY2012**”) and 31 December 2013 (“**FY2013**”), and unaudited consolidated financial statements for the financial year ended 31 December 2014 (“**FY2014**”) are set out below:-

Income Statement	FY2012 S\$	FY2013 S\$	FY2014 S\$
Revenue	30,783,423	72,863,250	8,957,661
Profit before tax	3,432,567	16,700,106	7,879,672
Profit after tax attributable to equity holders of the Company	1,650,325	12,102,594	9,271,185

Balance Sheet	As at 31 December 2014 S\$
Current assets	141,868,195
Current liabilities	107,780,673
Non-current assets	93,823,994
Non-current liabilities	70,705,181
Net tangible assets	57,206,335

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition presents an opportunity for the Company to acquire a profitable business in the property sector with a credible and proven operating track record and growth potential. In addition, the Proposed Acquisition would allow the Group to venture into and participate in the rapidly growing property development market in Iskandar, Malaysia.

The Board also believes that the Proposed Acquisition would be a good opportunity to invest in an operating business led by an experienced and professional management team with in-depth knowledge of the Singapore property market.

In addition, the Proposed Acquisition would have the potential to significantly increase the market capitalisation of the Company and potentially widen the investor base for its shares, thereby enabling the Company to attract more extensive analyst coverage, leading to an overall increase in investor interest and trading. Overall, the Board believes that the Proposed Acquisition will enhance shareholder value for the Company.

4. VERY SUBSTANTIAL ACQUISITION OR REVERSE TAKEOVER

The relative figures for the Proposed Acquisition computed on the relevant bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

(a)	Net asset value of the assets to be disposed of, compared with the Group	Not applicable to the Proposed Acquisition which is an acquisition
(b)	Net profits attributable to Link Group compared with the Group's net profits	214.2% ⁽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 being the last market day preceding the date of the SPA	448.6% ⁽²⁾
(d)	The number of new Shares to be issued by the Company as consideration for the Proposed Acquisition, compared with the number of Shares of the Company previously in issue	349.2% ⁽³⁾

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| (e) | The 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. 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 to the Proposed Acquisition which is not a disposal of mineral, oil and gas company |
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Notes:

- (1) Based on the unaudited consolidated net profit of Link Group for the financial year ended 31 December 2014 of S\$7,879,672 and the unaudited consolidated net profit of the Group of US\$2,784,000 (or S\$3,678,499) for the financial year ended 31 December 2014, using an exchange rate of US\$1:S\$1.3213 on 31 December 2014 (Source: Monetary Authority of Singapore). "Net profits" means profit or loss from continuing operations before income tax, minority interests and extraordinary items;
- (2) Based on the aggregate value of the Purchase Consideration of S\$226,248,000, and value of the Earn-Out Shares (as defined in paragraph 5.1 of this announcement) of S\$50,000,000 and the Company's market capitalisation of S\$61,573,424 (calculated based on its issued share capital, as at the date of this announcement, comprising 449,441,053 Shares, and the volume-weighted average price of the Company's shares, of S\$0.137, on 24 March 2015, being the market day preceding the date of the SPA;
- (3) Based on the aggregate of the 642,750,000 Consideration Shares and 142,045,455 Earn-Out Shares (as defined in paragraph 5.1 of this announcement), and the Company's issued share capital comprising 224,720,526 Consolidated Shares (fractional Consolidated Shares to be disregarded) immediately before the completion of the Proposed Acquisition.

As the relative figures computed on the bases set out in paragraphs (b), (c) and (d) above exceed 100 percent, the Proposed Acquisition constitutes a "very substantial acquisition" or "reverse takeover" for the purposes of the Listing Manual. In addition, as the Vendors will hold approximately 72.0%¹ of the enlarged issued share capital of the Company pursuant to the Proposed Acquisition (including the share entitlement of the Link Investors referred to in paragraph 5.1 of this announcement), a change of control of the Company will arise immediately upon completion of the Proposed Acquisition. Accordingly, the Proposed Acquisition is subject to the approval of the SGX-ST and the Shareholders under Chapter 10 of the Listing Manual.

5. PRINCIPAL TERMS OF THE SPA

5.1 Purchase Consideration

The purchase consideration for the Proposed Acquisition ("**Purchase Consideration**") of S\$226,248,000 was arrived at on a willing-buyer and willing-seller basis after taking into account, *inter alia*, the historical financials, net asset value, profitability, business prospects, track record and competencies of the Link Group, and shall be subject to the business and assets valuations of the Link Group to be reported by reputable independent professional valuers acceptable to the Company.

The Purchase Consideration will be satisfied entirely by the issue and allotment of 625,000,000 Consideration Shares to the Vendors ("**Link Consideration Shares**") and 17,750,000 Consideration Shares to the Arranger ("**Arranger Consideration Shares**") at an

¹ Based on 867,470,526 Consolidated Shares in the share capital of the Company immediately after completion of the Proposed Acquisition, but before deducting the share entitlement of the Link Investors (who will collectively hold approximately 3.8% of the enlarged issued share capital of the Company immediately after Completion, further details of which are found in paragraph 5.1 of this announcement).

issue price of S\$0.352 for each Share ("**Issue Price**"). The Consideration Shares to be issued and allotted to the Vendors and the Arranger (subsequent to the Proposed Share Consolidation having taken place) shall comprise approximately 74.1%¹ of the enlarged issued share capital of the Company after Completion (as defined below).

The proportion of the Consideration Shares to be allotted and issued by the Company to the respective Vendors is set out below:

Vendors	Number of Link Consideration Shares
Tan Heng Mong	478,323,649
Tan Bee Hoon	39,954,385
Tan Heng Kiat	66,767,581
Chan Teck Huat	39,954,385
Total	625,000,000

Pursuant to existing sale and purchase agreements amongst Lau Sie Hung and Tan Keng Seng ("**Link Investors**"), the Vendors have agreed to sell and transfer such number of ordinary shares in Link to the Link Investors, which will result in the Link Investors collectively holding approximately 3.8% in the enlarged share capital of the Company immediately after Completion, with Lau Sie Hung holding approximately 3.3% and Tan Keng Seng holding approximately 0.5% respectively. Under the SPA, the Vendors agree to procure the Link Investors and other investors (if any) in Link Group who will be entitled to ordinary shares or convertible securities in Link to transfer their ordinary shares to the Company at Completion at no additional cost to the Company.

The Consideration Shares, when issued and allotted, shall rank *pari passu* in all respects with the ordinary shares in the capital of the Company existing as at the Completion Date. The Issue Price per Consideration Share (on a pre-Share Consolidation basis), represents a premium of approximately 28.5% to the volume-weighted average price of the Company's shares of S\$0.137, based on trades done on the SGX-ST on 24 March 2015, being the preceding market day during which Shares were traded prior to the date of the SPA.

An additional earn-out consideration of up to 142,045,455 Consideration Shares shall be issued and allotted to the Vendors ("**Earn-Out Shares**"), conditional upon and subject to the audited consolidated net profit after tax and minority interest ("**Net Profit**") of the Link Group for the financial year ending 31 December ("**FY**") 2015 and FY2016 being as follows:

- (a) For FY2015:
- (i) in the event the Link Group achieves a Net Profit of S\$5,000,000 or less, 50,000 Consideration Shares will be issued for every S\$100,000 of the Net Profit for FY2015 and proportionately for the remaining amount of Net Profit that is less than S\$100,000;
 - (ii) in the event the Link Group achieves a Net Profit of more than S\$5,000,000 up to S\$7,500,000, 250,000 Consideration Shares will be issued for every S\$100,000 of the Net Profit for FY2015 and proportionately for the remaining amount of Net Profit that is less than S\$100,000;
 - (iii) in the event the Link Group achieves a Net Profit of more than S\$7,500,000 up to S\$10,000,000, 375,000 Consideration Shares will be issued for every S\$100,000 of the Net Profit for FY2015 and proportionately for the remaining amount of Net Profit that is less than S\$100,000; or

- (iv) in the event the Link Group achieves a Net Profit of more than S\$10,000,000, 546,250 Consideration Shares will be issued for every S\$100,000 of the Net Profit for FY2015 and proportionately for the remaining amount of Net Profit that is less than S\$100,000,

subject to a maximum of 71,022,728 Consideration Shares for FY2015. In the event that the Link Group did not achieve such Net Profit in FY2015 to enable the Company's issue of the entire 71,022,728 Consideration Shares to the Vendors, the Parties agree that the remaining unutilized portion (up to a maximum of 17,755,682 Consideration Shares) ("**Earn-Out Carried Forward**") shall be carried forward and added to the Vendors' entitlement to additional Consideration Shares in FY2016 according to the provisions contained in paragraph (b) below; and

(b) For FY2016:

- (i) in the event the Link Group achieves a Net Profit of S\$6,000,000 or less, 50,000 Consideration Shares will be issued for every S\$100,000 of the Net Profit for FY2016 and proportionately for the remaining amount of Net Profit that is less than S\$100,000;
- (ii) in the event the Link Group achieves a Net Profit of more than S\$6,000,000 up to S\$9,000,000, 200,000 Consideration Shares will be issued for every S\$100,000 of the Net Profit for FY2016 and proportionately for the remaining amount of Net Profit that is less than S\$100,000;
- (iii) in the event the Link Group achieves a Net Profit of more than S\$9,000,000 up to S\$12,000,000, 337,500 Consideration Shares will be issued for every S\$100,000 of the Net Profit for FY2016 and proportionately for the remaining amount of Net Profit that is less than S\$100,000; or
- (iv) in the event the Link Group achieves a Net Profit of more than S\$12,000,000, 473,250 Consideration Shares will be issued for every S\$100,000 of the Net Profit for FY2016 and proportionately for the remaining amount of Net Profit that is less than S\$100,000,

subject to a maximum of 71,022,727 Consideration Shares for FY2016. If the Net Profit for FY2016 results in the FY2016 maximum Earn-Out Shares of 71,022,727 Consideration Shares to be exceeded, additional number of Earn-out Shares of up to the Earn-Out Carried Forward may be issued and allotted to the Vendors, based on the ratio in sub-paragraph 5.1(b)(iv) above.

For purposes of the Earn-Out Shares, the Net Profit shall be arrived at before and without taking into account any other costs, expenses or financial impact directly incurred as a result of the Proposed Acquisition and any exceptional items or one-off gains or losses (such as revaluation or fair value gain or losses). Fractional entitlements of any Earn-Out Share shall be disregarded.

For the avoidance of doubt, neither the Arranger nor the Link Investors shall be entitled to any of the Earn-Out Shares. The Earn-Out Shares (if any) shall only be issued to the Vendors according to the same proportion of their respective entitlements to the Link Consideration Shares.

For illustration purposes, if all of the Consideration Shares and Earn-out Shares were issued and allotted to the Vendors, the Vendors will hold approximately 76.0%² of the enlarged issued share capital of the Company (including the share entitlement of the Link Investors referred to in paragraph 5.1 of this announcement).

5.2 Adjustment Provisions

The Link Consideration Shares shall be subject to the following adjustment provisions:

- (a) The Vendors shall provide the Company with a report from a reputable independent professional business valuer acceptable by the Company (“**Business Valuer**”) on the business valuation of the proforma Link Group as at a date no earlier than 90 days prior to the date of EGM supporting the Purchase Consideration (“**Business Valuation**”), and a written confirmation from the Business Valuer that based on the factors prevailing as at the latest practicable date of the Circular, there are no material changes in the valuation presented in its report on the Business Valuation between the date of the Business Valuation and the latest practicable date of the Circular (“**Confirmation of no material change in Business Valuation**”), in such form and substance acceptable to the Company for disclosure in the Circular. The Business Valuation shall be based on:
- (i) the equity interest of the Link Group set out in Schedule 5 of the SPA; and
 - (ii) the Medini Project being wholly owned by the Link Group.

In the event that the Business Valuation reported by the Business Valuer is less than S\$230.0 million, the Purchase Consideration shall be reduced such that the revised number of Link Consideration Shares (“**Revised Link Consideration Shares**”) to be issued to the Vendors shall be based on the formula below:

$$\text{Revised Link Consideration Shares} = \frac{\text{Revised Business Valuation}}{\text{S\$230.0 million}} \times \text{Initial Link Consideration Shares}$$

where the Initial Link Consideration Shares is 625.0 million Consideration Shares and the Revised Business Valuation is the lower Business Valuation reported by the Business Valuer, subject always that the Business Valuation report mentioned above to be prepared by the Business Valuer to be delivered by Link shall be higher than S\$169.7 million or such value as accepted by the Company.

- (b) The Vendors shall provide the Company with a report from a reputable independent professional property assets valuer acceptable by the Company (“**Property Assets Valuer**”) on the realisable net asset value of the Link Group portfolio of properties as at a date no earlier than 90 days prior to the date of EGM (“**RNAV Valuation**”) and a written confirmation from the Property Assets Valuer that based on the factors prevailing as at the latest practicable date of the Circular, there are no material changes in the valuation presented in its

² Based on 1,009,515,981 Consolidated Shares in the share capital of the Company after the issuance of the Consideration Shares and Earn-out Shares but before the deduction of the share entitlement of the Link Investors (who will hold approximately 3.8% of the enlarged issued share capital of the Company immediately after Completion, further details of which are found in paragraph 5.1 of this announcement).

report on the RNAV Valuation between the date of the RNAV Valuation and the latest practicable date of the Circular (“**Confirmation of no material change in RNAV Valuation**”), in such form and substance acceptable to the Company for disclosure in the Circular. The RNAV Valuation shall be based on:

- (i) the properties set out in Schedule 4 of the SPA; and
- (ii) the Medini Project being wholly owned by the Link Group.

In the event that the RNAV Valuation reported by the Property Assets Valuer is less than S\$504.4 million, the Purchase Consideration shall be reduced such that the Revised Link Consideration Shares to be issued to the Vendors shall be based on the formula below:

$$\text{Revised Link Consideration Shares} = \frac{\text{Revised RNAV Valuation} \times (1 - 55\%)}{\text{Issue Price}}$$

where the Revised RNAV Valuation is the lower RNAV Valuation reported by the Property Assets Valuer, subject always that the RNAV Valuation report mentioned above to be prepared by the Property Assets Valuer to be delivered by Link shall be higher than S\$378.3 million or such value as accepted by the Company.

For the purpose of this adjustment provision, the lowest number of Revised Link Consideration Shares to be issued to the Vendors shall be applied in the event that the valuation amount arising from the Business Valuation or the RNAV Valuation (as the case may be) is given in a range of values.

- (c) For the avoidance of doubt:
 - (i) There shall not be any adjustment to the Purchase Consideration or Link Consideration Shares where the Business Valuation reported by the Business Valuer is higher than S\$230.0 million and/or the RNAV Valuation reported by the Property Assets Valuer is higher than S\$504.4 million.
 - (ii) There shall not be any adjustment to either the Arranger Consideration Shares or the entitlement to the Consideration Shares of the Link Investors notwithstanding an adjustment to the Purchase Consideration (if any) as a result of the application of 5.2(a) and (b) above.
 - (iii) The Revised Link Consideration Shares shall in no event exceed the Link Consideration Shares.

In the event that the consolidated net asset value before any professional fees incurred in relation to the Proposed Acquisition (“NAV”) of the Group as at Completion is less than S\$40.0 million, the Company shall issue additional Consideration Shares at an issue price of S\$0.352 per Consideration Share to the Vendors with an aggregate value equivalent to the amount of shortfall in the NAV of the Group from the sum of S\$40.0 million provided that the aggregate value of the Consideration Shares to be issued to the Vendors according to their respective entitlements to the Link Consideration Shares in accordance with this paragraph shall not exceed S\$2.0 million.

In addition, the Group shall maintain a NAV of not less than S\$38.0 million as at Completion.

In the event that the NAV of the Group as at Completion exceeds the sum of S\$40.0 million, the Company shall be entitled to declare a capital reduction or dividend equivalent to such excess amount.

5.3 Conditions precedent

Completion of the SPA is conditional upon, *inter alia*:

- (a) The Company being satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) (the “**Due Diligence Investigations**”) to be carried out by the Company and/or its advisers on the Link Group, including without limitation the title to and the status and condition of any properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations, records, financial position, accounts, results, legal and corporate structure, its subsidiaries and associated companies, and any other information disclosed to the Company;
- (b) The rectification, or the procurement of such rectification, to the satisfaction of the Company by the Vendors, of all issues or irregularities uncovered by the Company during the Due Diligence Investigations on the Link Group;
- (c) The Securities Industry Council (“SIC”) having granted the Vendors and their concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory general offer under Rule 14 of the Takeover Code (“**Code**”) for the shares in the Company not held by them and their concert parties and from having to comply with the requirements of Rule 14 of the Code subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Vendors and the Company; and (ii) the independent shareholders approving at a general meeting of the Company the whitewash resolution for the waiver of the rights of the independent shareholders to receive the mandatory offer (the “**Whitewash Resolution**”);
- (d) The Company receiving the following approvals from its Shareholders at an EGM to be convened, for:-
 - (i) The Proposed Acquisition;
 - (ii) The issuance of the Consideration Shares;
 - (iii) The Proposed Share Consolidation;
 - (iv) The Whitewash Resolution;
 - (v) The capital reduction, change of name and transfer of the listing status from the SGX-ST Mainboard to Catalist subsequent to Completion (if applicable); and
 - (vi) such other corporate action(s) in connection with the Proposed Acquisition, as may be necessary;
- (e) The Shares remaining listed on the SGX-ST Mainboard prior to the Completion Date (as defined in paragraph 5.5 of this announcement) and not having been halted or suspended from trading for a period of more than ten (10) market days in aggregate unless in circumstances where such trading halt or suspension is in connection with the Proposed Acquisition;

- (f) The appointment of such directors nominated by the Vendors to form the Company's Board on the Completion Date;
- (g) The Vendors and Company not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
- (h) All consents, approvals and authorisation of bankers, financial institutions, landlord of leases, relevant third parties, government, statutory or regulatory authorities in Singapore which are necessary or desirable in connection with the transfer of the shares of Link from the Vendors to the Company, and such other corporate action(s) as may be necessary having been obtained, and such consents, approvals and waivers not having been amended or revoked before Completion Date, and if subject to conditions, on such conditions acceptable to the Company, prior to the Completion Date;
- (i) There is no material breach by either Party of the representations, warranties, covenants and indemnities contained in the SPA and all representations, undertakings and warranties of the Parties under this SPA being complied with, true, accurate and not misleading in all material respects as at the date hereof and as at the Completion Date;
- (j) There is no material adverse change, or events, acts or omissions likely to lead to such a change, in the business, assets, prospects, performance, financial position or results of operations of the Link Group from the date of the SPA until Completion;
- (k) The Proposed Acquisition (including the Proposed Share Consolidation, issue and allotment of all the Consideration Shares, change of name of the Company, capital reduction by the Company and transfer of the listing status of the Company from the SGX-ST Mainboard to the Catalist subsequent to Completion (where applicable)) being approved by the SGX-ST and the receipt of approval in-principle of the SGX-ST for the admission to the Catalist and the listing of and quotation for all the Consideration Shares on the Catalist;
- (l) Listing and quotation notice being received from the SGX-ST for the dealing in and quotation for the Consideration Shares (which includes the Earn-Out Shares), such approval not being revoked, rescinded or cancelled prior to Completion;
- (m) The delivery of a disclosure letter in the form set out in Schedule 6 of the SPA by the Vendors to the Company and the Company being satisfied with the contents thereof of the disclosure letter as on the Completion Date (which shall include any disclosures pertaining to the Link Group and the Business as will be found in the Circular);
- (n) Approval being obtained for the subdivision application submitted by Iskandar Investment Berhad ("**IIB**") to the relevant Malaysian development planning authority in relation to the subdivision of the plot of land owned by IIB and situated in Medini Zone B, Iskandar, Malaysia, including but not limited to the plots of land, with plot numbers B64, B65, B81 and B82 (or their amalgamated equivalent) to be acquired by Link for the Medini Project under the sale and purchase agreement dated 8 February 2013 ("**Medini SPA**") between Link (THM) Media Village Sdn Bhd and Global Capital And Development Sdn Bhd (collectively "**Medini Land**"), and letters from IIB and Global Capital And

Development Sdn Bhd confirming that Link (THM) Media Village Sdn Bhd is the designated purchaser of the Medini Land. Evidence satisfactory to the Company that the subdivision of the Medini Land has been approved by the relevant authority or the issuance of valid land titles registered in the names of IIB and/or Global Capital And Development Sdn Bhd (if it has already been obtained by that time), shall also be provided to the Company, accompanied by the legal opinion of a reputable Malaysian legal counsel addressed to the Company, detailing clearly the entire land acquisition process applicable to the Medini Land and the Medini Land's ownership status with respect to the Link Group shall also be provided to the Company. For the purposes of this paragraph 5.3(n), any amalgamation of any plot(s) of land involving the Medini Land under the Medini SPA shall be deemed to satisfy the condition precedent set out in this paragraph 5.3(n);

- (o) Any other conditions or documents that may be required by the SGX-ST and/or sponsor in relation to the Proposed Acquisition and/or to provide assurance that the leasehold ownership of the Medini Land will be transferred to the Link Group;
- (p) The financing facilities from a financial institution for the land acquisition of plot numbers B64, B65, B81 and B82 (or their amalgamated equivalent) under the Medini SPA having been obtained by the Link Group prior to the submission to the SGX-ST for the Proposed Acquisition;
- (q) The audited consolidated net profit after tax of the Link Group for the financial year ended 31 December 2014, as reported by the independent reporting accountants, shall be not less than S\$5.0 million;
- (r) The audited consolidated net asset value (after minority interest) of the Link Group as at 31 December 2014, as reported by the independent reporting accountants, shall be not less than S\$50.0 million. The Link Group shall not declare any dividend, save for Link (THM) Biz MS Pte Ltd (Company Registration No. 201006249Z) which may declare dividends and any such dividends payable to Tan Heng Kiat shall be retained by Link (THM) Biz MS Pte Ltd as amounts owing to shareholders for at least three months after the Completion Date;
- (s) The Link Group shall not provide any loan which is not part of its ordinary course of business;
- (t) Tan Heng Mong having transferred his entire equity stake in Link (THM) Media Village Sdn Bhd, representing 30% of its total issued and paid-up capital, to Link (THM) Malaysia-Iskandar Pte Ltd;
- (u) The Company having obtained the Business Valuation and Confirmation of no material change in Business Valuation from the Business Valuer in the manner provided in paragraph 5.2(a) which shall indicate the Business Valuation to be higher than S\$169.7 million or such value as accepted by the Company;
- (v) The Company having obtained the RNAV Valuation and Confirmation of no material change in RNAV Valuation from the Property Assets Valuer in the manner provided in paragraph 5.2(b) which shall indicate the RNAV Valuation to be higher than S\$378.3 million or such value as accepted by the Company;
- (w) The debt-to-equity ratio of the Link Group shall be no more than 3.5 times at Completion. The debts of the Link Group shall include all the loans from shareholders and directors of Link (including their related parties) and financial institutions;

- (x) The service contracts in form and substance satisfactory to the Company having been validly entered into with certain key employees of the Link Group (including the Vendors) for their continued employment with the Company for a period of no less than three years after Completion;
- (y) The Link Group meets and complies with all the requirements for listing on Catalist;
- (z) The receipt of a notification by SGX-ST confirming that it has no further comments to the Company's draft Circular and the compliance by the Company and/or the Vendors of all the conditions which may be imposed by the SGX-ST in connection thereto;
- (aa) The allotment, issue and subscription of the Consideration Shares, the Proposed Share Consolidation, change of name of the Company and capital reduction (where applicable) by the Company not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to Link and/or the Company;
- (bb) Each Party having duly performed all the obligations to be performed by it under the SPA; and
- (cc) The Company having obtained a report from a reputable independent professional property valuer acceptable to the Company on the property value of the Link Companies portfolio of properties ("**Property Valuation**"), in such form and substance acceptable to the Company for disclosure in the Circular. The Property Valuation shall be based on the Properties set out in Schedule 4 of the SPA and the Medini Project shall be wholly owned by the Link Companies.

5.4 Long-Stop Date

If any of the conditions precedent above are not fulfilled or waived by mutual consent of the Parties on or before twelve (12) months from the date of the SPA (or such further date as may be agreed in writing between the Parties) ("Long-Stop Date) and such failure is not attributable to the default of the Company or the Vendors (whether by act or omission), the obligations of the Parties under the SPA shall cease and determine and (save as provided for in Clauses 6, 7, 8 and 10 of the SPA or for any antecedent breach of the SPA) neither Party shall have any claim against the other Party for costs, damages, compensation or anything whatsoever.

If any of the conditions precedent is not fulfilled or waived by mutual consent of the Parties by the Long Stop Date by reason of sole default (whether by act or omission) of the Company or the Vendors (as the case may be) under the terms of the SPA ("**Defaulting Party**"),

- (a) the Link Group (in the case where the Vendors are the Defaulting Party) shall bear all the transactional costs which the Company incurs in relation to the Proposed Acquisition on top of the expenses which the Link Group is obliged to bear in accordance with Clauses 8.2 and 9.10 of the SPA; and
- (b) the Company (in the case where the Company is the Defaulting Party) shall bear all the transactional costs which the Vendors incur in relation to the Proposed Acquisition on top of the expenses which the Company is obliged to bear in accordance with Clauses 8.2 and 9.10 of the SPA.

5.5 Completion

The Proposed Acquisition will be completed within seven (7) days ("**Completion Date**") from the fulfilment or waiver of all the conditions precedent set out in paragraph 5.3 above ("**Completion**").

5.6 Moratorium

The Proposed Acquisition, being a substantial acquisition or a reverse takeover for the purpose of the Listing Manual, is subject to the moratorium requirements pursuant to Rule 229 of the Listing Manual.

In this regard, the Vendors have under the SPA undertaken to subject their Consideration Shares to a moratorium of 12 months or until the completion of the land acquisitions for the Medini Project and also comply with any applicable moratorium requirements imposed by the SGX-ST.

6. PROPOSED SHARE CONSOLIDATION

Prior to the issue and allotment of the Consideration Shares in connection with the Proposed Acquisition, the Company proposes to consolidate every two (2) existing Shares held by Shareholders at a time and date to be determined by the Directors of the Company for the purposes of the Proposed Share Consolidation, into one (1) Share (each a "**Consolidated Share**"), fractional entitlements to be disregarded (the "**Proposed Share Consolidation**").

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1 Bases and Assumptions

The financial effects of the Proposed Acquisition on the share capital, earnings, net tangible assets ("**NTA**") and gearing of the Proforma Group³ have been prepared based on the unaudited financial statements of the Company for the financial year ended 31 December 2014 ("**FY2014**") (being the latest available information prior to the date of this announcement) and the unaudited financial results of Link Group for FY2014. The proforma financial effects of the Proposed Acquisition are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Proforma Group following Completion.

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects of the Proposed Acquisition on the earnings and earnings per Share of the Proforma Group are computed assuming that the Proposed Share Consolidation and Proposed Acquisition was completed on 1 January 2014;
- (b) the financial effects of the Proposed Acquisition on the NTA and gearing of the Proforma Group are computed assuming that the Proposed Share Consolidation and Proposed Acquisition was completed on 31 December 2014;
- (c) the unaudited consolidated financial statements of the Link Group, where relevant, have been translated using the closing exchange rates of US\$1:S\$1.3213 on 31 December 2014 (*Source: Monetary Authority of Singapore*);

³ "**Proforma Group**" means the Group and Link Group immediately following the completion of the Proposed Shares Consolidation and Proposed Acquisition, for the purpose of this announcement as if such group structure has been in existence since 1 January 2014.

- (d) the Proposed Share Consolidation having been effected and the Company post-Share Consolidation share capital being 224,720,526 Consolidated Shares;
- (e) the fair value adjustments on the net assets of the Group and positive or negative goodwill 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 shareholders of the Link Group have effectively obtained control of the Company. As the final goodwill will have to be determined at Completion and upon the full completion of a purchase price allocation exercise, the actual goodwill could be materially different from the aforementioned assumption. Any goodwill arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company;
- (g) the accrual of professional fees and other expenses relating to the Proposed Acquisition of US\$1.3 million and is included in the profits after taxation of the Proforma Group;
- (h) completion of the issue of 642,750,000 Consideration Shares, comprising 625,000,000 Link Consideration Shares and 17,750,000 Arranger Consideration Shares and where conversion between US\$ and S\$ is required, using an exchange rate of US\$1:S\$1.3213 on 31 December 2014 (Source: Monetary Authority of Singapore); and
- (i) the analysis does not take into account the financial effects of the potential issue of the Additional Earn-Out Consideration Shares.

The financial effects stated below are neither indicative of the actual financial effects of the Proposed Acquisition on the share capital, earnings per Share, NTA per Share and gearing of the Company, nor are they indicative of the actual financial effects of the Proposed Acquisition on the consolidated financial performance of the Company for the financial year ended 31 December 2014 or its consolidated financial position as at 31 December 2014.

7.2 Share Capital

	The Company before the Proposed Share Consolidation and Proposed Acquisition	The Company after the Proposed Share Consolidation	Proforma Group after the Proposed Share Consolidation and Proposed Acquisition
Issued and paid up share capital (US\$'000)	29,344	29,344	200,575 ⁽¹⁾
Number of issued shares of the Company / Proforma Group	449,441,053	224,720,526	867,470,526 ⁽¹⁾

Notes:

1. After the issuance of 642,750,000 Consideration Shares at S\$0.352 per Consideration Share, converted using an exchange rate of US\$1:S\$1.3213.

7.3 Earnings per share

	The Company before the Proposed Share Consolidation and Proposed Acquisition	The Company after the Proposed Share Consolidation	Proforma Group after the Proposed Share Consolidation and Proposed Acquisition
Profit after taxation ⁽¹⁾ (US\$'000)	2,163	2,163	6,484 ⁽²⁾
Number of issued shares of the Company / Proforma Group	449,441,053	224,720,526	867,470,526 ⁽³⁾
Earnings per share (US Cents)	0.48	0.96	0.75

Notes:

1. Excludes loss after taxation from discontinued operations of the Company
2. After adding the Link Group's net profit after tax of approximately US\$5.6 million and estimated fees and other expenses relating to the Proposed Acquisition of US\$1.3 million
3. After the issuance of 642,750,000 Consideration Shares at S\$0.352 per Consideration Share

7.4 Net Tangible Assets

	The Company before the Proposed Share Consolidation and Proposed Acquisition	The Company after the Proposed Share Consolidation	Proforma Group after the Proposed Share Consolidation and Proposed Acquisition
NTA (US\$'000)	31,840	31,840	73,829 ⁽¹⁾
Number of issued shares of the Company / Proforma Group	449,441,053	224,720,526	867,470,526 ⁽²⁾
NTA per share (US Cents)	7.08	14.16	8.51

Notes:

1. After adding the Link Group's NTA of approximately US\$43.3 million and adjusting for estimated fees and other expenses relating to the Proposed Acquisition of US\$1.3 million
2. After the issuance of 642,750,000 Consideration Shares at S\$0.352 per Consideration Share

7.5 Gearing

	The Company before the Proposed Share Consolidation and Proposed Acquisition	The Company after the Proposed Share Consolidation⁽¹⁾	Proforma Group after the Proposed Share Consolidation and Proposed Acquisition
Total bank borrowings (US\$'000)	(23,222)	(23,222)	73,431 ⁽¹⁾
Total shareholders' equity (US\$'000)	31,841	31,841	202,417
Gearing (times)⁽²⁾	Not meaningful	Not meaningful	0.36

Notes:

1. After adding the Link Group's Net Debt of approximately US\$96.7 million.
2. Gearing is computed based on the ratio of total borrowings to Shareholders' equity. "Total borrowings" means bank borrowings less cash and cash equivalent.

8. WAIVER FROM A GENERAL TAKE-OVER OFFER FROM THE SECURITIES INDUSTRY COUNCIL

Upon the completion of the Proposed Acquisition and the Proposed Share Consolidation, the Vendors will in aggregate hold approximately such number of ordinary shares in the capital of the Company, representing approximately 68.2% of the enlarged share capital of the Company (after deducting the share entitlement of the Link Investors referred to in paragraph 5.1 of this announcement). The Vendors will, under Rule 14 of the Code be required to make a mandatory offer for all Shares not already owned, controlled or agreed to be acquired by them. It is a condition precedent to the Proposed Acquisition that the SIC grants the Vendors, and does not revoke or repeal such grant, a waiver of their obligation to make a mandatory offer under Rule 14 of the Code and that the Shareholders approve at a general meeting of the Company the Whitewash Resolution for the waiver of the rights of the Shareholders of the Company to receive a mandatory offer from the Vendors, for all the Shares of the Company not already owned, controlled or agreed to be acquired by the Vendors.

9. COMPLIANCE PLACEMENT

Under Rule 406(1) of the Catalist Rules, at least fifteen (15) percent of the issued share capital of the Company must be held in the hands of at least 200 public shareholders in order for the Company to maintain its listing status. In order to comply with the free float requirement, the Vendors have agreed and undertaken to place or procure the placement of such number of Shares and/or procure the Company after Completion, to issue such number of new Shares to investors in order to fulfil the free float requirement (if required).

10. FURTHER INFORMATION

10.1 Interest of Directors and Controlling Shareholders

None of the Directors or controlling Shareholders of the Company has any interest, direct or indirect in the Proposed Acquisition.

10.2 **Directors' Service Contracts**

It is envisaged that the Company will, upon Completion, enter into service contracts with nominees of the Vendors to be appointed to the board of directors of the Company. As such arrangements have not been firmed up as at the date of this announcement, the details of such arrangements will be disclosed in the Circular.

10.3 **Financial Adviser**

The Company has appointed UOB Kay Hian Private Limited as its financial adviser in respect of the Proposed Acquisition and as its sponsor, for the proposed transfer of the Company's listing status from the SGX-ST Mainboard to Catalist subsequent to Completion.

10.4 **Extraordinary General Meeting**

The Circular setting out information on, *inter alia*, the Proposed Acquisition and the Proposed Share Consolidation, together with a notice of the EGM to be convened will be despatched by the Company to the Shareholders in due course. In the meantime, the Shareholders are advised to refrain from taking any action in relation to their Shares in the Company, which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

10.5 **Independent Financial Adviser**

The Company will be appointing an independent financial adviser to the independent directors of the Company in connection with the Whitewash Resolution and the advice of the independent financial adviser will be set out in the Circular to be despatched to the Shareholders in due course.

10.6 **Documents Available for Inspection**

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 300 Tampines Avenue 5, #09-05 NTUC Income Tampines Junction, Singapore 529653 for a period of three (3) months from the date of this announcement.

11. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors of the Company (including any who may have delegated supervision of this announcement) 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, the facts stated and opinions expressed in this announcement are accurate and fair in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

The directors of Link (including any who may have delegated supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement in respect of Link Group and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed in this announcement in respect of Link Group are accurate and fair in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

12. CAUTIONARY STATEMENT

The Directors of the Company would like to advise the Shareholders that, although the SPA has been entered into, completion is subject to conditions precedent to be fulfilled and there is no assurance that completion will take place. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the Company's shares. Shareholders who are in any doubt about this announcement should consult their stockbroker, bank manager, solicitor or other professional adviser.

BY ORDER OF THE BOARD

Chia Yau Leong
Company Secretary

25 March 2015