

E2-CAPITAL HOLDINGS LIMITED
(Company Registration No.: 200814792H)
(Incorporated in the Republic of Singapore on 28 July 2008)

**PROPOSED SUBSCRIPTION OF APPROXIMATELY 99.99% OF THE ENTIRE ISSUED
AND PAID-UP CAPITAL OF ASTAKA PADU LIMITED – AMENDMENTS TO THE SALE
AND PURCHASE AGREEMENT AND PROPOSED CAPITAL REDUCTION**

1. INTRODUCTION

- 1.1 The board of directors (“**Board**”) of E-2 Capital Holdings Limited (the “**Company**”) refers to the announcements made by the Company on 17 September 2014 and 19 January 2015 in relation to the Proposed Acquisition (“**Earlier Announcements**”). Capitalized terms not defined herein shall bear the same meanings ascribed to them in the Earlier Announcements.
- 1.2 The Board wishes to announce that the Company had on 6 May 2015 entered into a supplemental agreement to the SPA (the “**Supplemental SPA**”) with (a) Daing A Malek Bin Daing A Rahaman, Abd Aziz Bin Daing Rahman, Daing Abd Rahim Bin Daing A Rahman, Luxus Holdings Limited and Classic Link Investments Limited (the “**APL Shareholders**”); and (b) Andrea Chow and Tan Li-Ann (the “**Ultimate APL Shareholders**”), to amend certain terms in the SPA. Save as amended by the Supplemental SPA, all other terms and conditions of the SPA are to continue in full force and effect.
- 1.3 The Board also wishes to announce that the Company is proposing to undertake a capital reduction exercise (the “**Proposed Capital Reduction**”) pursuant to Section 78A read together with Section 78C of the Companies Act (Cap. 50) of Singapore (“**Companies Act**”), which will involve a cash distribution (the “**Proposed Cash Distribution**”) by the Company to the shareholders of the Company (the “**Shareholders**”) of HK\$0.039 in cash for each ordinary share (“**Share**”) in the issued and paid up share capital of the Company held by a Shareholder as at a books closure date to be determined by the Board (the “**Books Closure Date**”), amounting to an aggregate distribution of HK\$10,920,000.

2. SALIENT AMENDMENTS TO THE SPA

2.1 Definitions

- (a) The definition of “Advance” in the SPA was amended to clarify that the Advance shall become an inter-company current account balance payable upon completion of the Proposed Acquisition.
- (b) The definition of “Back Stop Date” in the SPA was amended to extend the back stop date from the date falling six (6) months after the date of the SPA, being 17 September 2014 (“**SPA Date**”), to the date falling 11 months, (unless extended by agreement of the Parties) after the SPA Date.
- (c) The definition of “Completion Date” was amended to provide that the Completion Date shall take place on the same date as the date of the completion of the Compliance Placement.

- (d) The definition of “Issue Price” was amended from 8.93 cents to 26.79 cents per Consideration Share.
- (e) The definition of “Placement Shares” was amended to specify that the additional Shares to be issued pursuant to the Proposed Compliance Placement are Shares that have been consolidated pursuant to the Proposed Share Consolidation.

2.2 Conditions Precedent

- (a) The references to “Shareholders” within the condition precedent set out in Appendix B, paragraph (c) of the Earlier Announcement dated 17 September 2014 (“**First Announcement**”) were amended to “Daing A Malek Bin Daing A Rahaman, Abd Aziz Bin Daing Rahman, Daing Abd Rahim Bin Daing A Rahman”.
- (b) The condition precedent set out in Appendix B, paragraph (e)(iii) of the First Announcement was amended to exclude the requirement for the removal of Mr Lee Gee Aik from the existing Board.
- (c) The condition precedent set out in Appendix B, paragraph (q) of the First Announcement was deleted and substituted with the following :

“Suntec Real Estate Consultants Pte Ltd be appointed as independent valuer for the Company’s Land Asset and the Balance Land and Deloitte & Touche Financial Advisory Services Pte. Ltd. be appointed as independent valuer for the business of the Group, and that such valuations be satisfactory to the Investor and the financial adviser appointed by the Investor in their reasonable discretion as at Completion;”

- (d) The removal of the condition precedent set out in Appendix B, paragraph (u) of the First Announcement was deleted in its entirety as the indemnity in favour of Dato Malek for his provision of a fixed deposit of RM90,000,000 as security for the performance of APSB under a contract dated 27 June 2013 between APSB and Penta-Ocean (Malaysia) Sdn Bhd was ultimately not provided by APSB.
- (e) A new condition precedent that provides for the (i) Company having received such amount of funds pursuant to the Proposed Compliance Placement that, taken together the existing bank and cash balances and banking facilities of the Target Group, would enable the new board of directors of the Investor immediately post-Completion and the financial advisor appointed by the Investor to form the reasonable opinion in accordance with Rules 407(2) and 407(3) of the Catalist Rules respectively; and (ii) placement agent appointed by the Company for the Proposed Compliance Placement having secured such number of placees such that the Company, taking into account such placees, is able to comply with Rule 406(1) of the Catalist Rules post-Completion.

2.3 Consideration Shares and Completion

- (a) Clause 4.2 of the SPA has been amended to specify that the Consideration Shares to be issued are Shares that have been consolidated pursuant to the Proposed Share Consolidation.
- (b) Clause 5.1 of the SPA has been amended to specify that Completion shall take place only after the effecting of the Proposed Share Consolidation.

2.4 Moratorium

Clause 5.4.4 of the SPA has been amended to provide for the following:

- (a) the Nominees (where applicable) to be subject to a moratorium not to dispose of or transfer or create any encumbrances over their interests in the Consideration Shares (if any, and where applicable, adjusted for the Proposed Share Consolidation) in accordance with the Catalist Rules;
- (b) for the APL Shareholders to provide a written undertaking (where applicable) to provide a written undertaking to the Company that they shall maintain their entire equity interests in such Nominee for a period of twelve (12) months commencing from the listing date of the Consideration Shares; and
- (c) notwithstanding anything in Clause 5.4.4 of the SPA, for Daing A Malek bin Daing A Rahaman :
 - (i) to, or if he has a Nominee to procure that his Nominee, be subject to a moratorium not to dispose of or transfer or create any encumbrances over
 - (aa) his/their interests in the Consideration Shares issued to him/them upon Completion (less any such Consideration Shares that may be placed out in connection with the Proposed Compliance Placement) ("**Original Shareholding**") for a period of one (1) year commencing from the listing date of the Consideration Shares (where applicable, adjusted for the Proposed Share Consolidation) ("**First Moratorium Period**");
 - (bb) two (2) thirds of the Original Shareholding for a period of (1) year commencing immediately after the First Moratorium Period ("**Second Moratorium Period**"); and
 - (cc) one (1) third of the Original Shareholding for a period of one (1) year commencing immediately after the Second Moratorium Period; and
 - (ii) if he has a Nominee, provide a written undertaking to maintain his entire equity interest in his Nominee upon Completion for a period of three (3) years commencing from the listing date of the Consideration Shares.

2.5 Undertakings

- (a) Clause 8.1.1(e)(i) has been amended to include particulars of additional charges that have been made on the Land Asset, namely the Lienholder's caveat presentation No. 6798/2015 and charge-in-escrow over the land known as HSD 520589 PTD 216,345, Mukim Plentong, District of Johor Bahru in favour of Maybank Islamic Berhad.
- (b) Clause 8.1.2(b) has been amended such the Company need not seek prior written consent from the APL Shareholders' for the following expenses :
 - (i) expenses that have been notified to the APL Shareholders prior to the

date of the SPA (including such expenses incurred for and in connection with the Proposed Acquisition);

- (ii) expenses that are incurred in the maintenance of the corporate existence and the listing status on the SGX-ST (including the payment of corporate secretarial fees, annual filing fees and escrow fees) of the Company; and
- (iii) expenses incurred for and in connection with the Proposed Capital Reduction.

3. PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION

3.1 Background

The Company is proposing to return HK\$0.039 in cash for each Share held by the Shareholders or on their behalf as at the Books Closure Date. Based on the number of existing issued Shares of 280,000,000 as at the date of this announcement, an aggregate amount of HK\$10,920,000 will be returned to the Shareholders pursuant to the Proposed Capital Reduction and Proposed Cash Distribution.

The following illustrates the position of a Shareholder who holds 100 Shares as at the Books Closure Date:

	Shareholder
Shareholding immediately before the Proposed Capital Reduction⁽¹⁾	100
Shareholding immediately after the Proposed Capital Reduction	100
Cash received (HK\$)	3.9

Note:

- (1) Shareholding figures are based on the assumption that such Shareholder did not dispose of any Shares between the Books Closure Date and the effective date of the Proposed Capital Reduction.

Shareholders holding odd lots of Shares (i.e. lots other than board lots of 100 Shares) will likewise receive HK\$0.039 in cash for each Share held as at the Books Closure Date.

The Proposed Capital Reduction and Proposed Cash Distribution will not result in any change in the number of Shares held by any Shareholder. Each Shareholder will hold the same number of Shares before and immediately after the Proposed Capital Reduction and Proposed Cash Distribution.

3.2 Rationale

The Proposed Capital Reduction and Proposed Cash Distribution is part of the efforts by the Board in returning and/or distributing as much of the paid up capital in excess of the immediate requirements of the Company.

The Proposed Capital Reduction and Proposed Cash Distribution will comprise of paid-up capital in excess of the immediate requirements of the Company. The Board is of the opinion that the remaining financial resources available to the Company following the Proposed Capital Reduction and Proposed Cash Distribution will be sufficient for its foreseeable and anticipated operating needs and other expenses.

The funds for the Proposed Capital Reduction and Proposed Cash Distribution would be funded from existing cash and cash equivalents.

3.3 Conditions Precedent

The Proposed Capital Reduction shall be subject to, *inter alia*, the following conditions:

- (a) the Board making a solvency statement (“**Solvency Statement**”) in relation to the reduction of the share capital of the Company and compliance with other relevant solvency requirements as prescribed by the Companies Act;
- (b) the approval of Shareholders by way of a special resolution for the Proposed Capital Reduction (“**Special Resolution**”) at an extraordinary general meeting of Shareholders (the “**EGM**”);
- (c) the notification to the Comptroller of Income Tax of the following within eight (8) days beginning with the date of the Special Resolution (“**Resolution Date**”) stating that:
 - (i) the Special Resolution has been passed; and
 - (ii) containing the text of the Special Resolution and the Resolution Date;
- (d) compliance with the relevant publicity requirements as prescribed by the Companies Act;
- (e) lodgement with the Accounting and Corporate Regulatory Authority of copies of the Solvency Statement and the Special Resolution within 15 days beginning with the Resolution Date; and
- (f) no application(s) having been made by any creditor of the Company to the High Court for the cancellation of the Special Resolution, within the period of six (6) weeks beginning with the Resolution Date, or if any such application(s) were made, the High Court dismisses such creditors’ application(s).

3.4 Financial Effects

The pro forma financial effects of the Proposed Capital Reduction and Proposed Cash Distribution have been prepared based on the audited consolidated financial results of the Company for the period ended 30 June 2014 and does not take into account the (a) Proposed Acquisition; and (b) Group’s capital reduction exercise that was undertaken and completed in August 2014.

The pro forma financial effects of the Proposed Capital Reduction and Proposed Cash Distribution are for illustrative purposes only and do not necessarily reflect the actual future results and financial position of the Company following completion of the Proposed Capital Reduction and Proposed Cash Distribution.

For purposes of illustrating the financial effects of the Proposed Capital Reduction and Proposed Cash Distribution, the financial effects are computed based on the assumption that the financial effects take into account the Company's expenses in relation to the Proposed Capital Reduction and Proposed Cash Distribution, which is estimated to be approximately HK\$405,000.

Share capital

	Before the Proposed Capital Reduction and Proposed Cash Distribution	After the Proposed Capital Reduction and Proposed Cash Distribution
Number of issued and paid-up Shares	280,000,000	280,000,000
Share capital (HK\$'000)	44,285	33,365

Earnings per Share

The Proposed Capital Reduction and Proposed Cash Distribution will have no impact on the earnings per Share of the Company.

Net tangible assets

(HK\$'000)	Before the Proposed Capital Reduction and Proposed Cash Distribution	After the Proposed Capital Reduction and Proposed Cash Distribution
Net tangible assets attributable to equity holders of the Company	222,871	211,546
Number of issued and paid-up Shares	280,000,000	280,000,000
Net tangible assets per Share (HK cents)	79.60	75.55

Gearing

The Company does not have any borrowings as at 30 June 2014 and will not have any borrowings after the Proposed Capital Reduction and Proposed Cash Distribution. Accordingly, the Proposed Capital Reduction and Proposed Cash Distribution would not have any impact on the gearing of the Company.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors (other than in his capacity as Director or shareholder of the Company) nor (as far as the Directors are aware) substantial shareholders of the Company as well as any of their respective associates, has any interest, direct or indirect, in the Proposed RTO Transactions, Proposed Capital Reduction or Proposed Cash Distribution.

5. RESPONSIBILITY STATEMENT

- 5.1 The Directors collectively and individually accept full responsibility (save in respect of information relating to the APL Shareholders, the Ultimate APL Shareholders, the Target Group, the Land Asset and the Balance Land) for the accuracy of the information given in this announcement and confirm after making all reasonable

enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed RTO Transactions, Proposed Capital Reduction, Proposed Cash Distribution and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

- 5.2 The APL Shareholders and Ultimate APL Shareholders collectively and individually accept full responsibility for the accuracy of the information given in this announcement in respect of themselves, the Target Group, the Land Asset and the Balance Land, and confirm after making all reasonable enquiries that, to the best of its knowledge and belief, this announcement constitutes full and true disclosure of all material facts in respect of themselves, the Target Group, the Land Asset and the Balance Land, and it is not aware of any facts the omission of which would make any statement in this announcement in respect of themselves, the Target Group, the Land Asset and the Balance Land misleading.
- 5.3 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.

6. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

- 6.1 The Circular containing further information on, *inter alia*, the Proposed RTO Transactions, the Proposed Capital Reduction and the Proposed Cash Distribution and enclosing the notice of the EGM to seek approval of shareholders of the Company for, *inter alia*, the Proposed RTO Transactions, the Proposed Capital Reduction and the Proposed Cash Distribution will be despatched by the Company to the Shareholders in due course.
- 6.2 A copy of the Supplemental SPA will be made available for inspection by the Shareholders during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

7. CAUTIONARY STATEMENT

The Board would like to advise Shareholders that, although the SPA and Supplemental SPA have been entered into, completion of the Proposed Acquisition is subject to conditions precedent being fulfilled and 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.

Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed RTO Transactions, Proposed Capital Reduction and Proposed Cash Distribution carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Lee Gee Aik
Executive Vice Chairman

6 May 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone +65 6229 8088.