

## EUROSPORTS GLOBAL LIMITED

Company Registration Number: 201230284Z  
(the “Company”)

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### PROPOSED ACQUISITION OF THE BUSINESS AND ASSETS OF (I) AUTOINC SPORTS PTE. LTD., (II) AUTOINC LIFESTYLE PTE. LTD. AND (III) BIREL SINGAPORE PTE. LTD.

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#### 1. INTRODUCTION

- 1.1 Further to the Company’s announcements dated 20 June 2014 and 18 July 2014, the board of directors (“**Board**”) of EuroSports Global Limited (“**Company**”, and together with its subsidiaries, collectively the “**Group**”) wishes to announce that it had on 7 August 2014, through a newly incorporated subsidiary, EA Auto Pte. Ltd. (“**Purchaser**”), entered into a conditional sale and purchase agreement (“**SPA**”) with Mr Benjamin Solomon Tan (“**Guarantor**”), AutoInc Sports Pte. Ltd., AutoInc Lifestyle Pte. Ltd. and Birel Singapore Pte. Ltd. (collectively, the “**Vendors**”) pursuant to which the Purchaser shall acquire from the Vendors, the Business (as defined in Paragraph 1.2 below) and Assets (as defined in Paragraph 1.2 below) on the terms and subject to the conditions contained in the SPA (the “**Proposed Acquisition**”).
- 1.2 Pursuant to the SPA, the Purchaser shall acquire from each Vendor:
- (a) the business of each Vendor as described in Paragraph 2 of this announcement (“**Business**”) as a going concern; and
  - (b) all property, assets and rights of each Vendor used in the conduct of their respective Business, including the goodwill, fixed assets, inventory, contracts, intellectual property rights (comprising, *inter alia*, the “Autoinc” brand name), and certain cash balance (“**Assets**”),
- free from all encumbrances, but excluding certain excluded assets.
- 1.3 The Purchaser is a wholly-owned subsidiary of the Company incorporated in Singapore on 7 August 2014 with an issued share capital of S\$2.00 comprising two (2) ordinary shares.
- 1.4 In connection with the SPA and the Proposed Acquisition, the Guarantor, the Company and the Purchaser have entered into a shareholders’ agreement (“**Shareholders’ Agreement**”), pursuant to which:
- (a) the Company shall advance to the Purchaser the Consideration (as defined below) for the purchase of the Business and Assets, and upon completion of the Proposed Acquisition, such advance will be capitalised into 149,998 new ordinary shares in the capital of the Purchaser (“**New Shares**”); and

(b) the New Shares will be allotted and issued to the Company and the Guarantor in the following proportions:

The Company	:	89,998 New Shares
The Guarantor	:	60,000 New Shares.

Upon the completion of the Proposed Acquisition and the issue and allotment of the New Shares, the Company and the Guarantor will hold 60% and 40% of the issued share capital of the Purchaser, respectively.

## 2. INFORMATION ON VENDORS

AutoInc Sports Pte. Ltd. is a limited exempt private company incorporated in 2005 and is principally engaged in the business of trading of sports and luxury automobiles.

AutoInc Lifestyle Pte. Ltd. is a limited exempt private company incorporated in 2010 and is principally engaged in the business of provision of maintenance and grooming services for luxury automobiles.

Birel Singapore Pte. Ltd. is a limited exempt private company incorporated in 2012 and is principally engaged in the retail of "Birel" branded go-karts, go-kart parts and equipment and provision of maintenance and storage services for go-karts.

As at the date of the SPA, the Guarantor is the sole shareholder and sole director of the Vendors.

## 3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

### 3.1 Consideration

The total price for the Business and Assets to be paid by the Purchaser to the Vendors is S\$1,500,000 ("**Consideration**"), payable to each Vendor in the following proportion:

Vendors	Consideration
Autoinc Sports Pte. Ltd.	: S\$1,000,000
AutoInc Lifestyle Pte. Ltd.	: S\$200,000
Birel Singapore Pte. Ltd.	: S\$300,000

The Purchaser shall deposit a cashier's order or banker's draft drawn on a Singapore bank in respect of each amount of Consideration payable to each Vendor (as set out against their names above) with the Purchaser's solicitors to be held as stakeholder.

The Consideration was arrived at on a willing buyer willing seller basis, taking into account, the revenue and profits of the Vendors engaged in the Business, prospects of the Business and aggregate book value of the Assets. Based on the management accounts of the Vendors, the

net book value of the Assets and the net book value of the tangible assets to be acquired as at 31 March 2014 are S\$540,762.

### **3.2 Earn Out Amount**

Pursuant to the Shareholders' Agreement, the Company shall pay to the Guarantor the following:

- (a) in the event that the aggregate net operating profit after tax and minority interest of the Purchaser for the financial period commencing from the completion date and ending 12 months thereafter ("**NPAT**") shall be not less than S\$800,000 and not more than S\$899,999, an amount equivalent to S\$100,000;
- (b) in the event that the NPAT shall be not less than S\$900,000 and not more than S\$999,999, an amount equivalent to S\$200,000; and
- (c) in the event that the NPAT shall be S\$1,000,000 or more, an amount equivalent to S\$300,000,

(each an "**Earn Out Amount**").

In the event the NPAT is less than S\$800,000, no further amounts shall be payable by the Company to the Guarantor.

### **3.3 Conditions Precedent**

The completion of the Proposed Acquisition is conditional on, *inter alia*, the following:

- (a) the results of the financial, operational and legal due diligence on the Business and the Assets being satisfactory to the absolute discretion of the Purchaser;
- (b) execution by (i) the Purchaser and the Guarantor of the Service Agreement (as defined below); and (ii) the Purchaser and the employees of the Vendors of new service agreements or novation agreements in relation to existing employment/service agreements signed by the said employees with the relevant Vendors in such form and substance to the satisfaction of the Purchaser and the Vendors; and
- (c) execution by the Guarantor, the Purchaser and the Company of the Shareholders' Agreement.

## **4. RATIONALE FOR THE PROPOSED ACQUISITION**

The Company is of the view that the Business is complementary to the business of the Group. The Proposed Acquisition provides a ready platform and an established brand in "Autoinc" for the Group to grow and broaden its luxury and ultra-luxury automobiles trading and grooming business.

Separately, the Guarantor will be appointed as the Purchaser's executive director pursuant to the Service Agreement. The Guarantor has more than 10 years of experience in luxury

automobile trading, and the Company believes that with the Guarantor's extensive experience, the Group will be able to expand and strengthen its presence in the luxury automobile trading industry.

The Proposed Acquisition will be funded through the Group's internal resources.

## 5. RELATIVE FIGURES OF THE PROPOSED ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL

### 5.1 Relative Figures Pursuant to Rule 1006 of the Listing Manual

The relative figures in respect of the Proposed Acquisition, as computed on the bases set out in Rule 1006 of the Listing Manual and based on the audited consolidated financial statements of the Group for the period ended 31 March 2014, are as follows:

Bases of calculation		Relative figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as the Proposed Acquisition is not a disposal.
(b)	The net profits <sup>(1)</sup> attributable to the assets acquired or disposed of, compared with the Group's net profits	3.47 <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	2.56 <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities will be issued by the Company as consideration for the Proposed Acquisition.
(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.	Not applicable as the Proposed Acquisition is not a disposal of mineral, oil or gas assets.

#### Notes:

- (1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Computed based on the net profits attributable to the Business as carried out by the Vendors of S\$591,138 (based on the unaudited management accounts of the Vendors for the twelve-month period ended 31 March

2014) and the Group's net profits of S\$17,020,000 (based on the latest announced consolidated accounts of the Company for the financial year ended 31 March 2014).

- (3) The market capitalisation of the Company of S\$70,410,500 is determined by multiplying the Company's total number of issued shares of 265,000,000 shares by S\$0.2657, being the weighted average share price of the Company' shares on 6 August 2014, being the market day preceding the date of the SPA. The aggregate value of consideration given comprises the Consideration amounting to S\$1,500,000 and the Earn Out Amount of S\$300,000.

As the relative figure computed pursuant to Rule 1006(b) and Rule 1006 (c) do not exceed 5%, the Proposed Acquisition constitutes a "Non-Discloseable Transaction" under Rule 1010 of the Listing Manual.

## 6. SERVICE AGREEMENTS

In connection with the Proposed Acquisition, the Purchaser has entered into a conditional service agreement with the Guarantor ("**Service Agreement**") pursuant to which the Purchaser appointed the Guarantor to serve as an executive director of the Purchaser for a term of three (3) years. The Service Agreement will be effective upon the completion of the Proposed Acquisition.

Save as disclosed herein, no person will be appointed to the Company in connection with the Proposed Acquisition and no service contracts in relation thereto will be entered into by the Company.

## 7. INTERESTS 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, other than through their respective shareholdings in the Company.

## 8. DOCUMENTS FOR INSPECTION

A copy of the SPA and the Shareholders' Agreement is available for inspection during normal business hours at 30 Teban Gardens Crescent Singapore 608927 for a period of three (3) months from the date of this announcement.

By Order of the Board  
EuroSports Global Limited  
Melvin Goh  
Chief Executive Officer  
7 August 2014

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

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

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