

EUROSPORTS GLOBAL LIMITED

Company Registration Number: 201230284Z

PROPOSED ACQUISITION OF THE BUSINESS AND ASSETS OF (I) ULTIMATE DRIVE PTE LTD AND (II) DRIVEN BY ADRENALINE PTE LTD

1. INTRODUCTION

- 1.1 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 22 March 2016, entered into a conditional sale and purchase agreement (“**SPA**”) with (1) Marc Griot and Pascal Olivier Grandin (collectively the “**Guarantors**”) and (2) Ultimate Drive Pte Ltd (“**UD**”) and Driven By Adrenaline Pte Ltd (“**DBA**”, and together with UD, the “**Vendors**”) pursuant to which the Company 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 Company 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, contracts, intellectual property rights (comprising, inter alia, the “Ultimate Drive” brand name), and inventory (“**Assets**”), but excluding certain excluded assets.

2. INFORMATION ON THE VENDORS

UD and DBA are limited private companies incorporated in Singapore. DB is principally engaged in the business of short term rental of premium sports cars (for periods not exceeding two (2) hours) without the provision of drivers while DBA is principally engaged in the business of short term rental of premium sports car (for periods not exceeding two (2) hours) with the provision of drivers.

The Guarantors are the shareholders of UD holding shares representing 60% and 40% of the issued and paid up capital of UD. The entire issued and paid-up share capital of DBA is held by a Mr Muhammad Hidayat Bin Idross as nominee for the Guarantors.

The Vendors presently operate the Business at leased premises located at 30 Raffles Avenue, #01-06D Singapore Flyer, Singapore 039803 and Marina Bay Sands Hotel, 1 Bayfront Avenue Tower 3, #01-14, Singapore 018971 (“**Leases**”).

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

- 3.1 Consideration

The total price for the Business and Assets to be paid by the Company to the Vendors is S\$535,000.00 (“**Consideration**”), payable to each Vendor in the following proportion:

Vendor		Consideration
UD	:	S\$534,990.00
DBA	:	S\$10.00

The Parties agree that the Consideration payable to UD on completion shall be adjusted as follows:

- (a) in the event that any pre-paid Vehicle rental booking made by a customer (including any pre-paid booking represented by gift certificates issued by a Vendor) which, pursuant to the terms and conditions of such booking, allow the customer (or the holder of the gift certificate) to rent a Vehicle on or after the Completion Date without further payment (“**Advanced Booking**”) is not redeemed for any reason whatsoever before the Completion Date, the Consideration payable to UD shall be reduced by the aggregate cash value paid by the customer to the Vendors for such unredeemed Advanced Booking.

The Consideration was arrived at on a willing buyer willing seller basis, taking into account, the revenue and profits of the Vendors, prospects of the Business and aggregate book value of the Assets. Based on the unaudited management accounts of the Vendors for the financial year ended 31 December 2014 and 31 December 2015, the net book value, which is equal to the net tangible book value of the Assets as at 31 December 2014 and 31 December 2015 are S\$82,485 and S\$149,811 respectively while the loss before tax incurred are S\$3,584 and S\$38,990 respectively.

3.2 Conditions Precedent

Completion of the Proposed Acquisition is conditional on:

- (a) all the warranties set out in the SPA being true, accurate and not misleading as at completion;
- (b) the Vendors and Guarantors having performed or complied with all their obligations and undertakings in the SPA;
- (c) execution by the Company and Glazzhause Investment Pte. Ltd. of a consultancy agreement for the provision of consultancy services by Marc Griot to the Company (“**Consultancy Agreement**”);
- (d) execution by (i) each employee of the Vendors (“**Employees**”) and the relevant Vendor of a letter pursuant to which the Employee and the Vendor shall agree to the termination of the employment of the Employee with effect from Completion Date;

and (ii) each such Employee and the Company (or its subsidiary) of a new employment/service contract with the Company commencing from the Completion Date (“**New Service Contract**”) in such form and substance to the satisfaction of the Company (provided that the terms of the New Service Contract shall be substantially similar to the existing employment/service contract between the employee and the relevant Vendor);

- (e) the execution by the landlords of the Leases (“**Landlords**”) and the Company (or its nominee) of new lease agreements in respect of the premises leased to the Vendors under the Leases (“**New Lease Agreements**”) such New Lease Agreement to be on terms and conditions no less favourable than the Leases and the Parties further agree that it shall not be a term of the New Lease Agreements that the Company (or its nominee) shall be liable for or assume any default or omission of the Vendors under the Leases); or (ii) a deed of novation of the Leases on such terms acceptable to the Vendors, the Company and the Landlords;
- (f) save and except where the Leases are novated pursuant to paragraph 3.2(e)(ii) above, the execution by each relevant Landlord and Vendor of a deed of termination pursuant to which the Leases shall be terminated with effect from the Completion Date; and
- (g) all material approvals, consents, licenses, permits, waivers and exemptions, including but not limited to approval from SGX-ST and/or the Parties’ shareholders (if required) (collectively, “**Approval(s)**”) for the Proposed Acquisition, the novation/assignment of the Contracts to the Company and all transactions contemplated herein and where any such Approval(s) is subject to conditions, such conditions being reasonably acceptable to the Parties, and if such conditions are required to be fulfilled on or before the Completion Date, such conditions having been fulfilled on or before such date, and such Approval(s) remaining in full force and effect.

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 “Ultimate Drive” for the Group expand into the short term premium sports car rental business.

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

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 (i) the audited consolidated financial statements of the Group for the period ended 31 March 2015, and (ii) the combined audited financial statements of UD and unaudited financial statements of DBA, each for the financial year ended 31 December 2015¹, are as follows:

¹ The Vendors do not maintain monthly, quarterly or half-yearly financial statements. Accordingly, for the purposes of computing the relative figures under Rule 1006, the Company has compared the Group’s latest audited consolidated financial statements for the financial year ended 31 March 2015 against the financial statements of the Vendors for the closest relative

Bases	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 ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not meaningful ⁽²⁾
(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.	1.06 ⁽³⁾
(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) Not meaningful as the Business carried out by the Vendors incurred a net loss of S\$38,990 (based on the unaudited management accounts of the Vendors for the twelve-month period ended 31 December 2015) and the Group incurred a net loss of S\$4.841 million (based on the latest announced consolidated accounts of the Company for the financial year ended 31 March 2015).
- (3) The market capitalisation of the Company of S\$50,350,000 is determined by multiplying the Company's total number of issued shares of 265,000,000 shares by S\$0.19, being the weighted average share price of the Company's shares on 21 March 2016, being the market day preceding the date of the SPA.

As the relative figure under Rule 1006(c) is less than 5%, and after consulting Singapore Exchange Securities Trading Limited ("**SGX-ST**") on the not meaningful computation under Rule 1006(b), the Proposed Acquisition does not fall within the classification of a major transaction or a very substantial acquisition or reverse takeover under Rule 1014 and Rule 1015 of the Catalist Rules.

period, being the audited financial statements of UD and unaudited financial statements of DBA, each for the financial year ended 31 December 2015.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition on the Group are prepared based on the Group's audited consolidated financial statements for the financial year ended 31 March 2015. For the purpose of computing the earnings per share ("EPS") of the Group after the Proposed Acquisition, it is assumed that the Proposed Acquisition was completed on 1 April 2014. For the purpose of computing the net tangible assets ("NTA") per share of the Group, it is assumed that the Proposed Acquisition was completed on 31 March 2015.

6.1 Share capital

As at the date of this announcement, the issued and paid-up capital of the Company is S\$18,469,000 comprising 265,000,000 Shares. The Proposed Acquisition will have no impact on the issued and paid-up share capital of the Company.

6.2 NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	25,064	24,679
Number of Shares ('000)	265,000	265,000
NTA per Share (S\$ cents)	9.46	9.31

The NTA per share is calculated based on the unaudited management accounts of the Vendors for the twelve-month period ended 31 December 2015 and the latest announced consolidated accounts of the Company for the financial year ended 31 March 2015.

6.3 Effect on EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit / (Net loss) (S\$'000)	(4,020)	(4,059)
Weighted average number of shares ('000)	265,000	265,000
EPS / (Loss per Share)(cents)	(1.52)	(1.53)

The Effect on EPS is calculated based on the unaudited management accounts of the Vendors for the twelve-month period ended 31 December 2015 and the latest announced consolidated accounts of the Company for the financial year ended 31 March 2015.

6.4 Effect on Gearing

	Before the Proposed Acquisition	After the Proposed Acquisition
Total debt (S\$'000)	47,089	47,089
Total equity (S\$'000)	25,064	25,064
Gearing	1.88	1.88

7. SERVICE AGREEMENTS

In connection with the Proposed Acquisition, the Company will enter into the Consultancy Agreement pursuant to which one of the Guarantors, Marc Griot, will be nominated to serve as a consultant of the Group in respect of the Business for a term of one (1) month (extendable for a further one (1) month period at the sole and absolute discretion of the Company). The Consultancy Agreement will be effective upon the completion of the Proposed Acquisition.

Further, pursuant to the terms of the SPA, it is a condition to completion of the Proposed Acquisition that the Employees will each enter into a New Service Contract with the Company (or its subsidiary).

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.

8. 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.

9. DOCUMENTS FOR INSPECTION

A copy of the SPA 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
22 March 2016

*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 relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. 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.

The contact person for the Sponsor is Mr Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.
