VGO CORPORATION LIMITED

Incorporated in the Republic of Singapore
Company Registration No. 199301388D

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID UP SHARE CAPITAL OF SKY WIN MANAGEMENT CONSULTANCY PTE LTD

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of VGO Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 6 June 2016 entered into a sale and purchase agreement (the "**SPA**") with Tan June Teng, Colin and Tan Ping Huang, Edwin (the "**Vendors**"), pursuant to which the Company will acquire the entire issued and paid up share capital (the "**Sale Shares**") of Sky Win Management Consultancy Pte Ltd (the "**Target**") from the Vendors, upon the terms and conditions of the SPA (the "**Proposed Acquisition**").

The consideration for the Proposed Acquisition (the "**Purchase Consideration**") shall be determined at a later date by mutual agreement between Parties in writing and shall be satisfied by the allotment and issuance of new shares in the share capital of the Company (the "**Consideration Shares**"). The Proposed Acquisition may result in a reverse takeover pursuant to Rule 1015 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Accordingly, where the Proposed Acquisition results in a reverse takeover of the Company, the Proposed Acquisition will be subject, *inter alia*, to the approval of the SGX-ST and the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting ("**EGM**") of the Company to be convened pursuant to Rule 1015 of the Listing Manual.

2. INFORMATION ON THE TARGET AND THE VENDORS

The Target is a private company incorporated in Singapore and its entire issued and paid up share capital are legally and beneficially owned by the Vendors.

As a condition to the Proposed Acquisition, the Vendors and the Target have undertaken to carry out such restructuring (the "**Restructuring**") that will result in the Target holding directly or indirectly, the entire issued and paid up share capital of the following companies:

(i) Hatten International Pte Ltd;

(ii) Fuyuu Group Sdn Bhd;

(iii) Fuyuu Resources Sdn Bhd;

(iv) Fuyuu Venture Sdn Bhd; and

(v) Gold Mart Sdn Bhd,

(collectively, the "**Target Subsidiaries**" and together with the Target, the "**Target Group**").

As at the date of this announcement, the Target Group is engaged in the business of property development in Malacca, Malaysia and the provision of its related marketing and consultancy services in Singapore.

3. DETAILS OF THE PROPOSED ACQUISITION

3.1 Rationale for the Proposed Acquisition

The Proposed Acquisition is in line with the Group's corporate strategy to venture into a new business area that has the potential for growth. The Board is of the view that the Proposed Acquisition is beneficial to the Company and likely to enhance the long term interests of the Shareholders.

The Board further refers to the Company's announcement to Shareholders dated 3 March 2016 in relation to its inclusion on the watch-list due to the minimum trading price requirement (the "**MTP Requirement**") of S$0.20 per share for shares of issuers listed on the Mainboard of the SGX-ST as a continuing listing requirement. The Board has considered the options available to the Company to comply with the MTP Requirement and is of the view that the Proposed Acquisition will facilitate the Company's ability to satisfy the MTP Requirement.

However, Shareholders should note that there is no assurance that the Proposed Acquisition will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

3.2 Salient Terms of the Proposed Acquisition

3.2.1 Sale Shares

The Sale Shares will be acquired by the Company free from all encumbrances or third party interests together with all rights and benefits of any nature attached thereto as at the date of completion of the Proposed Acquisition (the "**Completion Date**").

3.2.2 Consideration

The Purchase Consideration for the Sale Shares shall be determined at a later date by mutual agreement between Parties in writing, which shall be satisfied in full by the allotment and issuance of the Consideration Shares by the Company to the Vendors (and/or its designated nominees).

In arriving at the Purchase Consideration, Parties agree to take into account the market value as set out in (i) the property valuation report to be produced in connection with the Proposed Acquisition valuing the properties of the Target Group by an independent property valuer (acceptable by the financial adviser of the Company) to be appointed by the Target; (ii) the realisable net asset value ("**RNAV**"); and (iii) the equity value as set out in the business valuation report to be produced in connection with the Proposed Acquisition valuing the business of the Target Group by an independent business valuer (acceptable by the financial adviser of the Company) to be appointed by the Company.

The Consideration Shares will, when allotted and issued, be credited as fully-paid ordinary shares in the capital of the Company free from any and all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the shares of the Company in issue as at the Completion Date, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

The issue of the Consideration Shares may result in a reverse takeover pursuant to Rule 1015 of the Listing Manual.

3.2.3 Restructuring

The Vendors and the Target agrees with and undertakes to the Company that it will ensure the completion of the Restructuring on or before the Completion Date that will result in the Target holding the entire issued and paid up share capital of the Target Subsidiaries.

3.2.4 Conditions Precedent

Completion of the Proposed Acquisition ("**Completion**") shall be conditional upon, amongst others, the following conditions being satisfied on or before the Completion Date ("**Conditions Precedent**"):

(a) The completion of the Restructuring of the Target Group;

(b) The completion of the legal, financial and commercial due diligence to be carried out by the Company and/or its appointed advisers in respect of the accounts, assets, liabilities and business of the Target Group (the "**Due Diligence Investigations**") and the results of such Due Diligence Investigations being satisfactory in the reasonable opinion of the Company provided that the Company shall not deem the outcome of the such Due Diligence Investigations unsatisfactory without reasonable cause and without first giving the Vendors and the Target Group a reasonable period to remedy any default in respect thereof;

(c) 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 Target Group.

(d) The Vendors being satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Vendors and/or its appointed advisers on the Company, 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.

(e) The Securities Industry Council of Singapore having granted the Vendors and its 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 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 (ii) the Independent Shareholders approving at a general meeting of the Company the proposed ordinary resolutions of the Company which if passed by the Independent Shareholders would result in a waiver by the Independent Shareholders of their right to receive a mandatory general offer from the Vendors and parties acting in concert with them in connection with the issue of the Consideration Shares under the Proposed Acquisition ("**Whitewash Resolution**").

(f) The completion of the proposed capital reduction exercise to be carried out by the Company in order to reduce accumulated losses of the Group (the "**Proposed Capital Reduction**");

(g) The Company receiving the following approvals from its Shareholders at an extraordinary general meeting to be convened, for:

(i) the Proposed Acquisition;

(ii) the proposed listing transfer of the Company from Mainboard to Catalist of SGX-ST;

(iii) the proposed disposal by the Company of all the existing business of the Company ("**Proposed Disposal**");

(iv) the Proposed Capital Reduction;

(v) the Whitewash Resolution;

(vi) the change of name of the Company;

(vii) the proposed new general share issue mandate;

(viii) the proposed appointment of new Directors;

(ix) the proposed change of the financial year end of the Company; and

(x) such other corporate action(s) in connection with the Acquisition and the Proposed Disposal, as may be necessary.

(h) The appointment of such directors nominated by the Vendors to form the Company's Board on the Completion Date provided always that the directors so nominated by the Vendors are qualified to hold such directorships under applicable laws and acceptable by the financial adviser of the Company.

(i) Approval in principle being received from the SGX-ST for the dealing in and quotation for the Consideration Shares, such approval not being revoked, rescinded or cancelled prior to Completion and, where such approval in principle is obtained subject to any conditions, such conditions being reasonably acceptable to the Vendors and the Company as confirmed by the Parties.

(j) The delivery of a disclosure letter (in such form to be agreed by Parties in writing) 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, by reference, any disclosures pertaining to Target Group and the Business as will be found in the shareholders' circular to be issued by the Company in connection with the acquisition of the Sale Shares).

(k) The execution of the legally binding agreement for the Proposed Disposal;

(l) The Company being free from all liabilities, contingent or otherwise, save for:

(i) costs and expenses incurred in the ordinary course of the Company's business;

(ii) the usual administrative and operational costs and expenses for the maintenance of the Company as a company listed on the Mainboard of the SGX-ST prior to completion of the Proposed Listing Transfer;

(iii) the usual administrative and operational costs and expenses for the maintenance of the Company as a company listed on the Catalist board of the SGX-ST upon completion of the Proposed Listing Transfer; and

(iv) the costs and expenses in connection with the proposed transactions contemplated in the SPA and/or in connection with the acquisition of the Sale Shares and other transaction costs.

(m) The Target Group meeting and complying with all the requirements for listing on the the SGX-ST Catalist.

(n) The receipt of a notification by SGX-ST confirming that it has no further comments to the Company's draft Shareholders' circular prepared in relation to the Company's acquisition of the Sale Shares and the compliance by the Company of all the conditions which may be imposed by the SGX-ST in connection thereto.

(o) Approval in principle being received from the SGX-ST for the Acquisition, the Proposed Listing Transfer and the Proposed Disposal and such other corporate action(s) in connection with the Acquisition, the Proposed Listing Transfer and the Proposed Disposal, as may be necessary, and where such approval is obtained subject to any conditions, such conditions being reasonably acceptable to the Vendors and the Company as confirmed by the Parties.

3.2.5 Long Stop Date

If any of the Conditions Precedent is not fulfilled or waived by mutual consent of the Parties by the date 12 months from the date of the SPA or such later date as the Company and the Vendors shall determine in their discretion, the SPA shall cease and determine and (save as provided in the SPA, or for any antecedent breach of the SPA) none of the Parties shall have any claim against any other Party for costs, damages, compensation or anything whatsoever.

4. FINANCIAL EFFECTS

The Company is in the process of finalising the financial effects of the Proposed Acquisition on the share capital, net tangible assets, earnings per share and gearing of the Group and will disclose the relevant information in due course.

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

The Proposed Acquisition is governed by the rules in Chapter 10 of the Listing Manual. As the Company is in the process of reviewing the financial statements of the Target Group and Parties are currently in the midst of determining the Purchase Consideration, the Company will disclose the relative figures of the Proposed Acquisition in due course.

The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover of the Company pursuant to Rule 1015 of the Listing Manual.

6. FURTHER INFORMATION

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Acquisition.

A circular together with a notice of the EGM will also be despatched to the Shareholders in due course to seek Shareholders' approval for the Proposed Acquisition.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA will be made available for inspection during normal business hours at the Company's registered office at 10 Changi South Lane #06-01 Singapore 486162, for a period of three (3) months from the date of this announcement.

8. NEW DIRECTORS

The Vendors and such persons nominated by them are proposed to be appointed as directors of the Company in connection with the Proposed Acquisition.

9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

10. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company as the Proposed Acquisition is subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed.

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Lotus Isabella Lim Mei Hua
Company Secretary
6 June 2016