

MEDIA RELEASE

For Immediate Release



(Company Registration Number: 196800320E)

Transcu Group signs Sale and Purchase Agreement for potential Reverse Take-Over of Straits Construction Group

Highlights:

- Purchase Consideration: Between S\$325 million - S\$338 million
- Consideration to be satisfied by issue of new Transcu shares of S\$0.50 per share, post-consolidation
- Proposed Reverse Take-Over (RTO) will give Transcu a new lease of life
- Completion of proposed acquisition by 31 December 2014

SINGAPORE – 21 April 2014 – Transcu Group Limited (“Transcu” or “the Group”) today announced that following its signing of the Memorandum of Understanding (“MOU”) for the proposed acquisition of Straits Construction Group Pte Ltd (“Straits Construction Group” or “the Target”) (海峡建筑集团私人有限公司) on 24 February 2014, the Group has now signed a conditional Sale and Purchase Agreement (SPA) with the vendors¹ of the Target.

If successful, the proposed acquisition is expected to result in a “Very Substantial Acquisition or RTO of Transcu as defined in Chapter 1015 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST).

The listing of one of Singapore’s most established and progressive building construction companies, is good news for an industry restructuring to be productivity-driven and less dependent on manpower.

¹ The Vendors are Wong Swee Chun Contractor Pte Ltd, Wong Swee Chun, Tang Loi Hup, Wong Sjew Hung, Wong Chee Heng, Kenneth Loo and Chuah Hwa Lim who together hold 100% of the equity of Straits Construction Group.

On the proposed RTO, **Mr Wong Chee Herng (黃志恒), Managing Director, Straits Construction Group** said, *“The listing of Straits Construction Group will give impetus to our growth as a progressive building construction company driven by innovation and high productivity.”*

At the same time, the RTO will give mainboard-listed Transcu a new lease of life. **Mr Koo Ah Seang, Executive Chairman, Transcu** said, *“The acquisition of Straits Construction Group, one of the leading building construction players in Singapore with an established business, will give Transcu a new lease of life, and generate increased investor interest in its shares.”*

The aggregate purchase consideration for the SPA of between S\$325 million and S\$338 million will be arrived at by the purchaser and the vendors, on a “willing-buyer willing-seller” basis taking into account the consolidated net profit after tax of the Target in respect of its financial year 2013 (FY2013) financial results being not less than S\$42 million.

The consideration shall be satisfied in full by way of an allotment and issue of new ordinary shares of Transcu to the Vendors at an issue price of S\$0.50 per share². The consideration shares will, upon allotment and issue represent not less than 79.89 per cent of the enlarged share capital of the Company.

Rationale for Acquisition

The Board of Directors of Transcu has hailed the proposed RTO as a means of giving Transcu a new lease of life via an entity with a proven track record in an industry with potential for growth. It has also stated as one of the rationale for the acquisition, that it hopes the increase in market capitalisation and the target company’s profile will attract institutional investors to Transcu’s shares to the benefit of its shareholders.

Approval

The Proposed Acquisition is subject to the approval of SGX-ST. A circular which contains further information on the Proposed Acquisition together will be despatched to Transcu shareholders in due course. An Extraordinary General Meeting (“EGM”) will be held to seek approval from shareholders for the proposed acquisition.

² See Annex A

Refocus of Business - restructuring efforts

In October 2013, the Group announced that as part of its restructuring exercise, it has commenced a review of the Group's business operations. This will include disposing off some or all of its interests in shares and/or assets/businesses in the underperforming transdermal pharmaceutical devices and cosmetics businesses.

Last week, the Group announced that it has acquired 51 per cent of the issued and paid up share capital of Mojo Films Sdn. Bhd. ("Mojo") at a total cash consideration of S\$0.4 million. The board of Directors is of the view that the acquisition of Mojo is in the best interests of the Group. Mojo's involvement and support for advertisement and promotions will boost the business of the remaining cosmetics business that has been identified as having some growth potential.

The Group has recently entered into separate agreements to dispose off two of its wholly-owned subsidiaries, TTI Ellebeau, Inc. ("TTIe") and Dharma Therapeutics, Inc. ("Dharma") for a total consideration of JPY1 each.

TTIe is a Japan incorporated company with an issued and paid-up share capital of JPY 30 million and its principal activities are research and development, manufacturing of pharmaceutical products and exploitation of new technology. Dharma is a US incorporated company with an issued and paid-up share capital of US\$ 1,600 and its principal activities are research and development, and manufacturing of pharmaceutical products.

Both TTIe and Dharma have negative net asset value based on their Financial Statements FY2013. The Disposals are part of the re-alignment of business strategy exercises currently being undertaken by the Group.

This press release should be read in conjunction with the full SGX announcements released by Transcu dated 21 April 2014. The announcements are available on www.sgx.com.

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## **Annex A: Proposed Share Consolidation (Extract from SGXNET)**

Transcu announced on 26 February 2014, that it is undertaking the following:-

1. A share consolidation of every sixty-five (65) existing ordinary shares in the capital of Transcu held by shareholders as at a books closure date to be determined, into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded (the "Preliminary Share Consolidation"); and
2. Immediately following the completion of the Preliminary Share Consolidation, a renounceable non-underwritten rights issue of up to such number of shares at an issue price of S\$0.008 for each share (the "Rights Shares") and up to an equal number of free detachable warrants (the "Warrants"), on the basis of five (5) Rights Shares for every one (1) ordinary share held by the shareholders as at the books closure date to be determined immediately after the Preliminary Share Consolidation, and one (1) Warrant for every one (1) Rights Share subscribed, fractional entitlements to be disregarded (the "Rights Cum Warrants Issue").
3. It is intended that the Preliminary Share Consolidation and the Rights cum Warrants Issue, and the Rights Shares and the Warrants be fully allotted and issued, prior to completion date of the proposed acquisition or such other date as may be agreed by the parties in the deal.

### **About Transcu Group Limited (Stock Code: Bloomberg: TSCU SP; Reuters: TRSU.SI)**

Transcu Group Limited ("Transcu" or the "Group"), established in 1988 is a company that engages in the research, development and commercialisation of cutting-edge technologies in the Life Sciences and cosmetics that enhance and improve the quality of human life.

In October 2013, Transcu announced that as part of its restructuring exercise, it will conduct an ongoing review of the Group's business operations. This will include disposing off some or all of its interests in shares and/or assets/businesses in the underperforming transdermal pharmaceutical devices and cosmetics businesses.

In April 2014, Transcu entered into a Sales and Purchase Agreement (SPA) in relation to the proposed acquisition of the entire issued and paid up capital of Straits Construction Group Pte Ltd, a group of companies primarily engaged in the business of building construction in Singapore. When completed, the proposed acquisition is expected to result in a "Very Substantial Acquisition or Reverse Take-over ("RTO")" of Transcu as defined in Chapter 1015 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

### **About Straits Construction Group Pte Ltd**

Straits Construction Group Pte Ltd (SC Group) is a private limited company incorporated in the Republic of Singapore. SC Group together with its subsidiaries and associate companies (the "Target Group"), is primarily engaged in the business of building construction in Singapore.

Established in the 1960s, the Target Group has grown into one of Singapore's larger building construction group and currently has a workforce of over 400. Straits Construction Singapore Pte Ltd, a principal subsidiary within the Target Group is rated as a A1 grade contractor for general building by the Building and Construction Authority of Singapore (BCA) which allows it to tender for public sector projects without any limits on value.

The Target Group's projects comprise public housing projects by the Housing Development Board (HDB), private residential and commercial developments. Having completed close to 100 projects since its establishment, the Target Group has won many awards along the way from the BCA, HDB and MOM. In September 2013, the Target Group received HDB's Distinguished

Construction Award for its quality work, innovative building methods, project management and efforts to engage the community in building Casa Clementi, Singapore's largest public housing project consisting of 2,234 dwelling units in 10 apartment blocks of which four are 40 storey blocks.

In 2010, the Target Group together with several partners set up a joint venture company in China to develop a land parcel of approximately two square kilometers. The land, zoned for mixed development, will comprise private residential apartments, a golf and country club, commercial areas, as well as a five star hotel. The first phase of the project comprising over 1,000 residential apartments was completed in the fourth quarter of 2013.

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