

P99 HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200311696K)

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- 1) EXECUTION OF LETTER OF INTENT IN RELATION TO THE PROPOSED SUBSCRIPTION OF UP TO 621,619,605 NEW ORDINARY SHARES OF THE COMPANY (THE “PROPOSED SUBSCRIPTION”);
 - 2) EXECUTION OF LETTER OF INTENT IN RELATION TO THE PROPOSED ACQUISITION BY THE COMPANY OF UP TO 75% OF THE ISSUED SHARE CAPITAL OF FUJIAN HUBANG BUILDING MATERIALS TECHNOLOGY CO., LTD. (福建省沪邦建材科技有限公司) AND QUANZHOU YONGBANG INVESTMENT AND MANAGEMENT CO., LTD. (泉州市永邦投资管理有限公司) (THE “PROPOSED ACQUISITION”); AND
 - 3) PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP INTO PROPERTY DEVELOPMENT, INVESTMENT AND MANAGEMENT, AND THE MANUFACTURING OF CONSTRUCTION MATERIALS (THE “PROPOSED DIVERSIFICATION”).
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1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of P99 Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has today entered into a letter of intent (the “**Subscription LOI**”) with Chip Eng Seng Corporation Ltd. (the “**Subscriber**”) in respect of the proposed issuance by the Company of 504,952,938 new ordinary shares (comprising 70% of the enlarged issued share capital of the Company) (the “**Initial Subscription Shares**”) to the Subscriber or its nominee(s). The Subscription LOI is intended to be a basis for further negotiations and does not constitute any legally binding obligations, save for certain exclusivity and confidentiality obligations undertaken by the Company.
- 1.2 The Subscriber also has an option in the Proposed Subscription to subscribe for an additional up to 116,666,667 shares (the “**Additional Subscription Shares**”, and together with the Initial Subscription Shares, the “**Subscription Shares**”) in the event certain existing shareholders of the Company subscribe for up to 50,000,000 shares in the Company (the “**Existing Shareholder Subscription**”). This is to allow the Subscriber to maintain its shareholding at up to 70% of the enlarged issued share capital of the Company.
- 1.3 The Board also wishes to announce that the Company has today entered into a letter of intent (the “**Acquisition LOI**”) with Mr. Chan Tuck Cheong and Mr. Yang Yongbo (the “**Sellers**”) in respect of the proposed acquisition by the Company of up to 75% of the issued share capital of Fujian Hubang Building Materials Technology Co., Ltd. (福建省沪邦建材科技有限公司) and Quanzhou Yongbang Investment and Management Co., Ltd. (泉州市永邦投资管理有限公司) (collectively the “**Targets**”, and each a “**Target**”, and together with their subsidiaries, the “**Target Group Companies**”), companies incorporated in the People’s Republic of China (the “**PRC**”) which are principally engaged in the business of manufacturing lightweight partitions, comprising up to 51% of the Vendor Shares from Mr. Chan Tuck Cheong and up to 24 % of the Vendor Shares from Mr. Yang Yongbo. The Acquisition LOI is intended to be a basis for further negotiations and does not constitute any legally binding obligations, save for certain exclusivity and confidentiality obligations undertaken by the Company.
- 1.4 In connection with the Proposed Subscription and the Proposed Acquisition, the Group proposes to diversify its core business into property development, investment and management (the “**Property Business**”) and the manufacturing of construction materials (the “**Manufacturing Business**”).

2. RATIONALE FOR THE PROPOSED CORPORATE ACTIONS

2.1 Cash Company

Following the announcement by the Board dated 1 December 2014 in relation to the Consent Final Award (as defined therein) issued on 27 November 2014, the Company became a “cash company” under Rule 1017 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) with effect from 1 December 2014. Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Catalist if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a “cash company”, which, in the case of the Company, would have taken place on 30 November 2015.

As announced by the Board on 30 November 2015, the SGX-ST had, by way of letter dated 30 November 2015, granted the Company, in its capacity as a “cash company”, a six-month extension of time to meet the requirements for a new listing, i.e. by 30 May 2016 (the “**Cash Company Delisting Date**”). This was to allow the Company additional time to complete the proposed acquisition of 95.95% of the issued share capital of Barito Pte. Ltd. (the “**Proposed RTO**”). However, as announced by the Company on 24 May 2016, Barito Pte. Ltd., the Company and certain shareholders of Barito Pte. Ltd. have decided to mutually terminate the Proposed RTO by mutual agreement as the parties had encountered difficulties during the course of fulfilling the conditions precedent set out in the sale and purchase agreement by the long-stop date.

Accordingly, the Company is proposing to undertake (*inter alia*) the Proposed Subscription, the Proposed Acquisition and the Proposed Diversification (collectively, the “**Proposed Corporate Actions**”), and will be applying to the SGX-ST for a waiver of Rule 1017(2) of the Catalist Rules or a further extension to the Cash Company Delisting Date, and will make the appropriate announcements on the status of such application in due course.

2.2 Further details on each of the Proposed Corporate Actions are set out in paragraphs 3, 4 and 5 of this announcement.

3. THE PROPOSED SUBSCRIPTION

3.1 Information on the Subscriber

The Subscriber is a public company limited by shares incorporated in Singapore and listed on the Mainboard of the SGX-ST, with its registered address at 171 Chin Swee Road, #12-01, CES Centre, Singapore 169877. It is one of Singapore’s leading construction and property groups with businesses spanning across construction, property development, property investment and hospitality. As at the date of this announcement, the Subscriber does not hold any shares in the capital of the Company (the “**Shares**”).

3.2 Subscription Consideration

The Subscription LOI sets out the key understanding between the Company and the Subscriber in relation to the Proposed Subscription, which is subject to the signing of the definitive subscription agreement pursuant to which the Company will issue the Subscription Shares to the Subscriber (the “**Subscription Agreement**”).

The aggregate subscription consideration for the Proposed Subscription is S\$49,729,568.40 (assuming the Subscriber acquires the Additional Subscription Shares) which will be satisfied in full by the allotment and issuance to the Subscriber of the requisite number of Subscription Shares at the issue price of S\$0.08 per Subscription Share.

3.3 Additional Subscription Shares

The Company may, concurrent with the Proposed Subscription, permit subscription by certain existing shareholders of the Company of not more than 50,000,000 ordinary shares in the Company, at a price of S\$0.08 per ordinary share (the “**Existing Shareholder Subscription**”). In the event that the Company proceeds with the Existing Shareholder Subscription, then the Subscriber has the right to subscribe for the Additional Subscription Shares at a price of S\$0.08 per ordinary share, such that taking into account the Existing Shareholder Subscription, the Subscriber will hold up to 70% of the enlarged issued share capital of the Company.

3.4 Rationale and Use of Proceeds

The Proposed Subscription will increase resources available to the Company to pursue acquisition opportunities, including the Proposed Acquisition and its proposed Property Business and Manufacturing Business.

The Company intends to use the net proceeds from the Proposed Subscription in satisfaction of the purchase price for the Proposed Acquisition, and the remainder of the net proceeds from the Proposed Subscription is intended for working capital purposes in relation to the proposed Property Business and Manufacturing Business. Please refer to paragraph 5 of this announcement for further information in relation to the proposed Property Business and Manufacturing Business.

3.5 Rule 14 of the Singapore Code on Take-overs and Mergers

In connection with the Proposed Subscription, it is expected that upon completion of the allotment and issuance of the Subscription Shares, the Subscriber will be required to make a mandatory general offer for all the remaining issued shares in the Company not already owned, controlled or agreed to be acquired by it pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”). As such, the Subscriber will be seeking a waiver of its obligation to make a mandatory general offer under Rule 14 of the Code from the Securities Industry Council (the “**SIC**”).

3.6 Conditions precedent

The Proposed Subscription is conditional on (*inter alia*) the following:

- (a) the Subscriber conducting, and being satisfied with the results of, comprehensive financial, tax, legal and commercial due diligence on the Group;
- (b) the SGX-ST granting to the Company, in its capacity as a “cash company”, a six-month extension of time to lift the “cash company” status of the Company, i.e. by 30 November 2016 (the “**Extension**”) and that such Extension is not revoked or withdrawn prior to completion of the Proposed Subscription;
- (c) the Company:
 - (i) allowing the Subscriber's officers, employees and professional advisers full access to such records, key employees, advisers and operations of the Group as will allow them to complete the due diligence exercise; and
 - (ii) providing, or procuring the provision of, all information required by the Subscriber to complete the due diligence exercise and all information provided being true, complete, accurate and not misleading;
- (d) the board of directors and shareholders (if necessary) of the Subscriber approving the Proposed Subscription;
- (e) the board of directors and shareholders of the Company approving:

- (i) the Proposed Subscription (including without limitation under Rules 803 and 805(1) of the Catalist Rules and section 161 of the Companies Act (Chapter 50) of Singapore);
 - (ii) the whitewash resolutions for the shareholders of the Company to unconditionally and irrevocably waive their rights to receive a mandatory general offer from the CES Concert Party Group (as defined below) in accordance with Rule 14 of the Code;
 - (iii) the proposed appointment of nominee(s) of the Subscriber as director(s) of the Company;
 - (iv) the Proposed Diversification;
 - (v) the Proposed Acquisition; and
 - (vi) the proposed change of the Company's name.
- (f) the granting by the SIC of a waiver for the Subscriber and its concert parties (the "**CES Concert Party Group**") to make a mandatory general offer for the Company under Rule 14 of the Code (the "**SIC Waiver**"), such waiver not having been withdrawn or revoked on the completion date of the Proposed Subscription, and if such approval is subject to any condition or restriction imposed by the SIC, such condition and restriction being reasonably acceptable to the Subscriber. This condition precedent of the SIC Waiver may be waived by the Subscriber at any time at its sole discretion;
- (g) any third party, regulatory or tax consents or approvals required for the Proposed Subscription, including without limitation the approval granted by the SGX-ST for the listing and quotation of the Subscription Shares on the SGX-ST pursuant to the additional listing application to be made by the Company to the SGX-ST through its Sponsor for the listing and quotation of the Subscription Shares on the SGX-ST, being received on terms satisfactory to the Subscriber, and such consents and approvals remaining in full force and effect;
- (h) the provision of an irrevocable deed of undertaking by each of Cheong Choong Kong, Tan Chong Huat, Tan Kim Seng and Lim Tze Jong, in favour of the Subscriber, pursuant to which each of them will undertake to (*inter alia*) vote in favour of the resolutions set out in paragraph 3.6(e) above and (in the event that no SIC Waiver is granted and the Subscriber waives the condition in paragraph 3.6(f) above) not to accept any offer of purchase of shares by the Subscriber under any general offer required under the Code;
- (i) the Company and the Subscriber signing a detailed and legally binding Subscription Agreement for the Proposed Subscription, which will incorporate full representations and warranties given by the Company relating to the Group and other terms as are customary for transactions of this nature as well as specific to the business of the Group;
- (j) there being no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the Group between the date of the Subscription LOI and completion of the Proposed Subscription; and
- (k) the Company signing a legally binding agreement for the Proposed Acquisition, which will incorporate terms as are customary for transactions of this nature as well as specific to the businesses of the Targets; and

- (l) the SGX-ST issuing a written confirmation that upon completion of the Proposed Subscription and Proposed Acquisition, the “cash company” status of the Company will be lifted.

3.7 Simultaneous Completion

The Company and the Subscriber are not obliged to complete the Proposed Subscription unless (*inter alia*) the Proposed Acquisition is completed simultaneously.

3.8 Actions subsequent to the Subscription LOI

The Subscription LOI sets out the framework upon which the Company and the Subscriber will proceed to negotiate the terms and conditions of the Subscription Agreement. The Subscriber will now take the necessary steps to:

- (a) conduct the necessary due diligence investigations in connection with the Proposed Subscription; and
- (b) negotiate the terms and conditions of the Proposed Subscription.

3.9 Termination

The Subscription LOI will terminate upon the Company and the Subscriber entering into the Subscription Agreement, and will expire automatically if the Company and the Subscriber fail to enter into the Subscription Agreement within six (6) months from the date of the Subscription LOI (unless extended in writing by mutual agreement of the Company and the Subscriber).

3.10 Exclusivity

Prior to the termination or expiry date of the Subscription LOI, the Company and any company within the Group (or any of their respective officers, agents, employees, advisers or other representatives) will not engage in any discussions or negotiations with any third parties (other than the Subscriber) relating to a corporate activity, being:

- (a) any investment in or acquisition of shares in any of the companies within the Group;
- (b) the disposal (whether by way of sale, offer, transfer or otherwise) of the whole or any part of the issued share capital (or any interest in such share capital) of any of the companies within the Group; or
- (c) the disposal (whether by way of sale, offer, transfer or otherwise) of all, or any part of, the business or (other than in the ordinary course of trading) the assets of any of the companies within the Group.

3.11 Interests of Directors and Controlling Shareholders

Mr. Tan Gim Soo is an independent non-executive director of the Company. As at the date of this announcement, he holds 25,000 shares in the capital of the Subscriber (amounting to 0.004% of 621,014,061 shares excluding treasury shares in the issued share capital of the Subscriber). Mr. Tan Gim Soo acquired the shares about one (1) year ago as a passive investor, and will abstain from any resolutions by the Board in respect of the Proposed Subscription.

Save as disclosed in this announcement, none of the Directors or (as far as the Company is aware) controlling shareholders of the Company have any interest, direct or indirect in the Proposed Subscription save through his shareholding in the Company, if any.

3.12 Transfer of Controlling Interest

The Board notes that the Proposed Subscription will lead to a transfer of controlling interest under Chapter 8 of the Catalist Rules. As such, the Proposed Subscription will be subject to shareholders' approval. The Company will issue announcements with the necessary disclosures in compliance with the Catalist Rules when it enters into the Subscription Agreement with the Subscriber.

4. THE PROPOSED ACQUISITION

4.1 Information on the Targets and the Sellers

(a) **The Targets**

The Targets are companies incorporated in the PRC. As at the date of this announcement, the shareholding structure of each Target is as follows:

Target	Mr. Chan Tuck Cheong	Mr. Yang Yongbo
Fujian Hubang Building Materials Technology Co., Ltd. (福建省沪邦建材科技有限公司)	51%	49%
Quanzhou Yongbang Investment and Management Co., Ltd. (泉州市永邦投资管理有限公司)	51%	49%

The Targets, through their subsidiaries, operate four (4) manufacturing plants in four (4) different provinces/cities in the PRC, and have engaged primarily in the business of manufacturing lightweight partitions and construction materials since year 2010.

(b) **The Sellers**

As at the date of this announcement, Mr. Chan Tuck Cheong holds 51% of the issued share capital of each Target. Mr. Yang Yongbo holds 49% of the issued share capital of each Target. Mr. Chan Tuck Cheong and Mr. Yang Yongbo each hold their shares in the Targets for their own benefit and not on trust or benefits for any other party.

Further details and background information of the Targets and the Sellers will be announced by the Company in due course.

4.2 Outline of Proposed Acquisition

The Acquisition LOI sets out the key understanding between the Company and the Sellers in relation to the Proposed Acquisition, which is subject to the signing of the definitive sale and purchase agreement (the "**SPA**") pursuant to which the Company will acquire up to 75% (up to 51% from Mr Chan Tuck Cheong and up to 24% from Mr. Yang Yongbo) of the issued share capital of the Targets (the "**Vendor Shares**") from the Sellers.

In addition, the Targets, the Company and the remaining shareholder(s) (if any) of the Targets shall negotiate (concurrent with the due diligence exercise) a shareholders' agreement (the "**Shareholders' Agreement**") among the Company, the remaining shareholder(s) of the Targets (if any) and the Targets in respect of the Targets, to be entered into on or prior to the completion of the Proposed Acquisition.

4.3 Rationale of the Proposed Acquisition

Subject to satisfactory due diligence by the Company, the Board believes that the Company should undertake the Proposed Acquisition for the following reasons:

(a) **Cash flow-generating business**

With the Proposed Acquisition, the Company has been presented with an opportunity to acquire a viable business with a profitable track record, and provide the Company with a consistent stream of revenue.

(b) **Diversification of the business of the Company**

The Proposed Acquisition is in line with the Group's corporate strategy to seek a better business opportunity that satisfies the requirements of the SGX-ST and lift the "cash company" status of the Company.

Having considered the terms of the Proposed Acquisition, the Board is of the view that the Manufacturing Business acquired through the Proposed Acquisition will be a complementary business to the Group's Property Business as well as providing the Company with the necessary cash flow. As the Group's proposed Property Business is of a capital-intensive nature with cyclical revenue, the Proposed Acquisition will also provide a diversification of the Group's income streams and risk exposure.

4.4 Vendor Shares

The Proposed Acquisition is predicated upon the Sellers owning full legal and beneficial interest in the Vendor Shares and the Vendor Shares being sold with full voting rights and free and clear of all liens, charges, restrictions or encumbrances.

4.5 Purchase Price

The purchase price for the Proposed Acquisition will be based on a willing seller and willing buyer basis.

The purchase price will be satisfied in cash, payable by the Company to the Sellers on completion of the Proposed Acquisition.

4.6 Conditions precedent

The Proposed Acquisition is conditional on (*inter alia*) the following:

- (a) the Company conducting, and being satisfied with the results of, comprehensive financial, tax, legal and commercial due diligence on the Target Group Companies;
- (b) the Sellers:
 - (i) allowing the Company's officers, employees and professional advisers full access to such records, key employees, advisers and operations of the Target Group Companies as will allow them to complete the due diligence exercise; and
 - (ii) providing, or procuring the provision of, all information required by the Company to complete the due diligence exercise and all information provided being true, complete, accurate and not misleading;
- (c) the board of directors and shareholders of the Company approving (a) the Proposed Acquisition (if necessary) and (b) the Proposed Diversification;
- (d) any third party, regulatory or tax consents or approvals required for the Proposed Acquisition being received on terms satisfactory to the Company, and such consents and approvals remaining in full force and effect;

- (e) the Company and the Sellers signing a detailed and legally binding SPA for the Proposed Acquisition, which will incorporate full representations and warranties given by the Seller relating to the Target Group Companies and other terms as are customary for transactions of this nature as well as specific to the business of the Target Group Companies;
- (f) the warranties in the SPA being accurate at completion of the Proposed Acquisition and the Sellers not otherwise being in breach of their obligations under the SPA;
- (g) the Shareholders' Agreement and all other legal documentation being finalised and executed on terms satisfactory to the Company on or before completion of the Proposed Acquisition;
- (h) there being no material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the Targets and their subsidiaries between the date of the Acquisition LOI and completion of the Proposed Acquisition;
- (i) no contract, licence or financial agreement that affects the business of any of the Targets and its subsidiaries being terminated, or having its terms adversely changed, between the date of the Acquisition LOI and completion of the Proposed Acquisition;
- (j) the Company and the Subscriber signing a legally binding agreement for the Proposed Subscription; and
- (k) Mr. Yang Yongbo transferring 17% of his interest in Zhejiang Aobang Building Materials Co., Ltd. (浙江奥邦建材有限公司) to Quanzhou Yongbang Investment and Management Co., Ltd. (泉州市永邦投资管理有限公司).

4.7 Simultaneous Completion

The Company and the Sellers are not obliged to complete the Proposed Acquisition unless (*inter alia*) the Proposed Subscription is completed simultaneously.

4.8 Actions subsequent to the Acquisition LOI

The Acquisition LOI sets out the framework upon which the Company and the Sellers will proceed to negotiate the terms and conditions of the SPA and Shareholders' Agreement. The Company will now take the necessary steps to:

- (a) conduct the necessary due diligence investigations in connection with the Proposed Acquisition; and
- (b) negotiate the terms and conditions of the Proposed Acquisition.

4.9 Termination

The Acquisition LOI will terminate upon the Company and the Sellers entering into the SPA, and will expire automatically if the Company and the Sellers fail to enter into the SPA within six (6) months after the date of the Acquisition LOI (unless extended in writing by mutual agreement between the Company and the Sellers).

4.10 Exclusivity

Prior to the termination or expiry date of the Acquisition LOI, the Sellers and any of the Targets or their subsidiaries (or any of their respective officers, agents, employees, advisers or other representatives) will not engage in any discussions or negotiations with any third parties (other than the Company) relating to a corporate activity, being:

- (a) any investment in or acquisition of shares in any of the Targets or their subsidiaries;

- (b) the disposal (whether by way of sale, offer, transfer or otherwise) of the whole or any part of the issued share capital (or any interest in such share capital) of any of the Targets or their subsidiaries; or
- (c) the disposal (whether by way of sale, offer, transfer or otherwise) of all, or any part of, the business or (other than in the ordinary course of trading) the assets of any of the Targets or their subsidiaries.

4.11 Interests of Directors and Controlling Shareholders

None of the Directors or (as far as the Company is aware) controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition save through his shareholding in the Company, if any.

4.12 Proposed Acquisition as Major Transaction or Very Substantial Acquisition

The Board notes that the Proposed Acquisition may constitute a “major transaction” pursuant to Rule 1014 of the Catalist Rules, or a “very substantial acquisition” under Rule 1015(1) of the Catalist Rules, and as such the Proposed Acquisition would be subject to shareholders’ approval. The Company will issue announcements with the necessary disclosures in compliance with the Catalist Rules when it enters into the SPA with the Sellers.

5. **THE PROPOSED DIVERSIFICATION**

5.1 Information regarding the Proposed Diversification

(a) **Property Business**

The Group intends to expand its current business to include the Proposed Acquisition and the Property Business as described below, as and when appropriate opportunities arise:

- (a) property development activities including acquisition, development and/or sale of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including mixed development properties) (the “**Property Related Assets**”);
- (b) holding of Property Related Assets as a long term investment for the collection of rent, capital growth potential and/or provision of property related services and facilities; and
- (c) management of Property Related Assets.

The Group may also, as part of the Property Business, invest in or acquire or dispose of shares or interests in any entity that is in the Property Business.

The Group plans to restrict the Property Business to certain geographical markets which include Vietnam, Myanmar, and the PRC. Going forward, the Subscriber will not operate in such markets. Each project and investment will be evaluated and assessed by the Board on its merits. The Group may also explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Property Business as and when the opportunity arises.

The decision on whether a project should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise

required, the period of time that is required to complete the project and conditions in the property market, taking into account the opportunities available.

(b) **Manufacturing Business**

The Group intends to expand its current business to include the Manufacturing Business as and when opportunities arise. The Manufacturing Business will involve undertaking the manufacturing of a wide range of construction materials and products.

As a first step towards diversifying into the Manufacturing Business, the Group has entered into the Acquisition LOI as described above. The Group intends to build upon the reputation and experience of the Targets to expand its reach and product range within the manufacturing industry.

5.2 Rationale for the Proposed Diversification

(a) **Enhance Shareholders' value**

The Proposed Diversification, together with the Proposed Subscription and the Proposed Acquisition, are part of the corporate strategy of the Group to satisfy the requirements of the SGX-ST and provide shareholders of the Company (the "**Shareholders**") with diversified returns, and long term growth.

(b) **Approval required from Shareholders for Major Transactions**

Pursuant to Rules 1013 and 1014 of the Catalist Rules, a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceed 75% but is less than 100% (a "**Major Transaction**"). A Major Transaction must be made conditional upon approval by Shareholders in general meeting. For further details on Rule 1013 and 1014 of the Catalist Rules, please refer to the Catalist Rules.

A Major Transaction does not include an acquisition or disposal which is, or in connection with, the ordinary course of an issuer's business or of a revenue nature. In addition, pursuant to Practice Note 10A of the Catalist Rules ("**Practice Note 10A**"), save where the acquisition changes the risk profile of the issuer, Shareholders' approval is not required for a Major Transaction if the acquisition will result in an expansion of the issuer's existing core business. Practice Note 10A further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek Shareholders' approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require Shareholders' approval.

With the proposed change of the business of the Company to include the Property Business and Manufacturing Business, acquisitions which are in the same nature as the Company's current business and which will not change the risk profile of the Company, will not require the approval of the Shareholders and need not be made conditional upon the approval of the Shareholders. However, should an acquisition change the risk profile of the Company, Shareholders' approval would need to be sought and this would be notwithstanding that there is no change to the current business of the Company.

(c) **Sharing of expertise with the Subscriber**

The Subscriber has been actively acquiring sites for property development and investment since 2000. It has an extensive portfolio and strong reputation within the industry. The Company will be able to leverage on the Subscriber in order to expand and develop the Property Business in complementary property markets.

The Subscriber and the Company will agree on guidelines to avoid direct competition and/or conflicts of interest and instead build upon the good relations and complement each other's growth in the industry.

Similarly, the Subscriber has been in the business of construction and further manufactures precast components. It has a strong track record and one of its wholly-owned subsidiaries has garnered an A1 grading as a general building and civil engineering contractor registered with the Building and Construction Authority. This is the highest classification that permits it to tender for public sector projects with an unlimited contract value.

Although the businesses of the Targets in the Proposed Acquisition are not directly involved in construction, their businesses fall within the same sector. It provides a good opportunity for the Company to learn from the experiences of the Subscriber in the industry in order to better manage and expand its businesses.

5.3 Shareholders' approval

The Proposed Diversification will involve a new business area which is substantially different from the Group's current business. It is envisaged that the Proposed Diversification will change the existing risk profile of the Group. Accordingly, an extraordinary general meeting (the "EGM") will be convened by the Company to seek Shareholders' approval for (*inter alia*) the Proposed Diversification, notice of which will be announced in due course. The EGM will allow Shareholders the opportunity to communicate their views on the Property Business and Manufacturing Business, and consider, if thought fit, to approve the Proposed Diversification.

5.4 Interests of Directors and Controlling Shareholders

As at the date of this announcement, none of the Directors or (as far as the Company is aware) controlling shareholders of the Company have any interest, direct or indirect in the Proposed Diversification save through his shareholding in the Company, if any.

6. **APPLICATION TO THE SGX-ST**

In light of the Proposed Corporate Actions, the Company will, in due course, submit the relevant application to the SGX-ST for an extension of time to meet the requirements for a new listing and facilitate these efforts.

7. **RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility 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 Subscription, the Proposed Acquisition and the Proposed Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. 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.

8. **FURTHER ANNOUNCEMENTS AND CAUTIONARY STATEMENT**

- 8.1 Shareholders and potential investors should exercise caution when trading in the Shares of the Company. The Proposed Subscription, Proposed Acquisition and the Proposed Diversification are subject to the execution of binding agreements and conditions precedent to

be fulfilled and there is no certainty or assurance that completion of the Proposed Subscription, Proposed Acquisition and the Proposed Diversification will take place. The Company will make the necessary announcements as and when there are further material developments on the Proposed Subscription, Proposed Acquisition and the Proposed Diversification and other matters contemplated by this announcement.

- 8.2 Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbroker, bank managers, solicitor or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Tan Sin Huat, Dennis
Executive Director
24 May 2016

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 SGX-ST assume 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 Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.