

WE HOLDINGS LTD.
(Company Registration No. 198600445D)
(Incorporated in the Republic of Singapore)
(the “**Company**”)

**NON-BINDING MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE
PROPOSED ACQUISITION OF THE ENTIRE INTEREST IN SINGAPORE HUA KAI
ENGINEERING CO. PTE. LTD.**

1. Introduction

The board of directors (the “**Board**”) of WE Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 9 March 2015 entered into a non-binding memorandum of understanding (the “**MOU**”) with Singapore Hua Kai Engineering Co. Pte. Ltd. (the “**Target Company**”) for the proposed acquisition of the entire interest of the Target Company and its affiliates (the “**Proposed Acquisition**”).

2. Information on the Target Company and Koh Lee Hoo (the “Vendor”)

The Target Company is a corporation duly organized and existing under the laws of Singapore and is primarily engaged in the trading of sand, dredging and supplying processed sand needed for land reclamation activities in the South East Asia region, and has ongoing projects with partners in Singapore and Brunei.

The Target Company and the Vendor are not related to the Company, its directors and substantial shareholders.

3. Salient Terms of the Proposed Acquisition

3.1 Consideration

The consideration for the Proposed Acquisition shall be an amount of S\$25 million (the “**Consideration**”), subject to paragraphs 3.1 (ii), (iii) and (iv) below, to be satisfied as follows:-

- i. Upon the signing of the sales and purchase agreement for the Proposed Acquisition, the Company shall pay S\$8 million in cash and S\$2 million in consideration shares of the Company (through the issue and allotment of such number of new ordinary shares of the Company, the value of such shares to be determined at the market closing price at the date of signing the sales and purchase agreement for the Proposed Acquisition) to the Vendor, provided that upon the Company conducting due diligence on the Target Company, determines that the net tangible asset of the Target Company and its affiliates is of an amount no less than S\$10 million, and in the event that the net tangible asset of the Target Company is of an amount less than S\$10 million (the “**Actual Net Tangible Asset**”), the Company shall pay to the Vendor an amount equivalent to the Actual Net Tangible Asset in the form of cash for 80% of the amount equivalent to the Actual Net Tangible Asset and in the form of shares of the Company for 20% of the amount equivalent to the

Actual Net Tangible Asset (through the issue and allotment of such number of new ordinary shares of the Company, the value of such shares to be determined at the market closing price at the date of signing the sales and purchase agreement for the Proposed Acquisition);

- ii. S\$5 million in cash to be paid to the Vendor upon three working days provided the Target Company achieves a net profit of S\$16 million for the financial year end 2016;
- iii. S\$5 million in cash to be paid to the Vendor upon three working days provided the Target Company achieves a net profit of S\$18 million for the financial year end 2017;
- iv. S\$5 million in cash to be paid to the Vendor upon three working days provided the Target Company achieves a net profit of S\$20 million for the financial year end 2018;

In the event that the Target Company is unable to achieve a net profit of S\$16 million for the financial year end 2016 and a net profit of S\$18 million for the financial year end 2017, the Company shall not pay to the Vendor the consideration amount of S\$15 million as per paragraph 3.1(ii), (iii), and (iv) above.

In the event that the Target Company is unable to achieve a net profit of S\$16 million for the financial year end 2016, a net profit of S\$18 million for the financial year end 2017, and a net profit of S\$20 million for the financial year end 2018, but is able to achieve a cumulative net profit of no less than S\$54 million by its financial year end 2018, the Company shall pay to the Vendor the consideration amount of S\$15 million as per paragraph 3.1(ii), (iii) and (iv) above.

In the event that the Target Company is unable to achieve a net profit of S\$16 million for the financial year end 2016, a net profit of S\$18 million for the financial year end 2017, and a net profit of S\$20 million for the financial year end 2018, but is able to achieve a cumulative net profit between S\$50 million and S\$54 million by its financial year end 2018, the Company shall pay to the Vendor a consideration amount of S\$7.5 million.

3.2 Conditions Precedent

The Proposed Acquisition shall be conditional upon, including but not limited to:

- i. The due diligence results conducted on the Target Company by the Company being to the satisfaction of the Company;
- ii. There being no material adverse change or event, act or omission which would be likely to lead to such a change in the prospects, business, assets, performance, financial position or results of the operations of the Target Company;
- iii. The Target Company obtaining a working capital banking facility of S\$7,000,000.00 and a charterer credit of S\$10,000,000.00, both of which shall be under the Company's executing corporate guarantee; and

- iv. The Company being able to raise the necessary funding for the Proposed Acquisition and its required working capital through internal resources, bank borrowings and/or fund raising exercises by 30 April 2015.

3.3 Personal Guarantee by the Vendor

The Vendor unconditionally and irrevocably undertakes to the Target Company that the Target Company shall achieve a net profit of S\$6 million per year for each of the Target Company's financial year end of 2016, 2017 and 2018 (the "**Relevant Fiscal Years**"). In the event that the Target Company is unable to achieve a net profit of S\$6 million per year for any of the Relevant Fiscal Years, the Vendor unconditionally and irrevocable undertakes to pay to the Target Company all such amounts equivalent to the shortfall in the net profits for any of the Relevant Fiscal Years. In the event that the Target Company achieves a net profit exceeding S\$6 million for any of the Relevant Fiscal Years, all such amounts in excess of S\$6 million shall be taken into consideration in determining the net profits of the Target Company for the subsequent Relevant Fiscal Year.

All of the Vendor's obligations to the Target Company under such personal guarantee shall be discharged in absolute with immediate effect where the Target Company achieves an accumulative net profit of S\$18 million during the Relevant Fiscal Years, or where the Target Company achieves a net profit of S\$6 million per year during the Relevant Fiscal Years, whichever is earlier.

3.4 Arranger Fee

The Company shall provide cash payment of an amount equivalent to 5% of the Consideration to KK Capital Pte Ltd (the "**Arranger**") or its nominees in the following manner:

- i. Payment of S\$500,000 or an amount equivalent to 5% of the net tangible asset of the Target Company as determined upon the conduct of due diligence on the Target Company, whichever is lower;
- ii. Payment of S\$250,000 upon three working days provided the Target Company achieves a net profit of S\$16 million for the financial year end 2016;
- iii. Payment of S\$250,000 upon three working days provided the Target Company achieves a net profit of S\$18 million for the financial year end 2017;
- iv. Payment of S\$250,000 upon three working days provided the Target Company achieves a net profit of S\$20 million for the financial year end 2018.

The Arranger is an unrelated third party and has no connections (including any business relationship) with the Company, its directors and substantial shareholders.

4. Rationale for Proposed Acquisition

The Proposed Acquisition is in line with the Company's intention to expand in the commodities business. The Proposed Acquisition will be a strategic development in the Company's commodities business and will aid the Company in growing as a commodities player.

The construction, validity and performance of the MOU shall be governed by the laws of Singapore.

The parties agree that they shall endeavour to amicably resolve all differences. In the event the parties are unable to settle a dispute among them regarding this MOU, such dispute shall be referred to a board of arbitration under the rules of the Singapore International Arbitration Centre.

5. Further Announcements

The Company will make an announcement disclosing further details of the Proposed Acquisition upon execution of the sale and purchase agreement (the “**Definitive Agreement**”) and will make appropriate update announcement(s) on the Proposed Acquisition at the relevant time.

6. Miscellaneous

The Board wishes to emphasize that the MOU represents a non-binding agreement between the parties to the MOU. The Proposed Acquisition is subject to numerous conditions and there is no certainty or assurance as at the date of this Announcement that the parties will in due course enter into the Definitive Agreement as contemplated under the MOU.

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

The financial impact of the MOU on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 March 2014 cannot be determined at this juncture as the MOU is non-binding and no agreement has not been entered into.

7. Interests of Directors and Controlling Shareholders

As at the date of this announcement, save for their shareholdings in the Company, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

By Order of the Board
WE Holdings Ltd.

Terence Tea Yeok Kian
Executive Chairman and Managing Director
11 March 2015

This Announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (SGX-ST). The Company's Sponsor has not independently verified the contents of the Announcements.

This Announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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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