

DEBAO PROPERTY DEVELOPMENT LTD.

(Incorporated in Singapore on 16 August 2007)

(Registration Number: 200715053Z)

SUBSCRIPTION OF SHARES IN PROFIT CONSORTIUM SDN BHD

1. INTRODUCTION

- 1.1. The board of directors ("**Board**" or "**Directors**") of Debao Property Development Ltd. ("**Company**" and together with its subsidiaries, "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Pavillion Treasures Land and Development Sdn Bhd ("**Pavillion**"), has on 29 November 2015 entered into a subscription agreement ("**Subscription Agreement**") with Profit Consortium Sdn Bhd ("**PCSB**") and Gabungan Tiasa Sdn Bhd ("**GTSB**") pursuant to which PCSB shall allot and issue to Pavillion 4,646,666 new callable ordinary shares representing 82% of the enlarged share capital of PCSB ("**Subscription Shares**") at an aggregate consideration of RM88 million and Pavillion shall subscribe to the Subscription Shares ("**Subscription**"). Pursuant to the Subscription, PCSB will become a subsidiary of the Company.
- 1.2. In connection with the Subscription, PCSB, GTSB and Pavillion (collectively, "**Parties**") have on 2 March 2016 entered into a supplemental agreement ("**Supplemental Agreement**") which provides that the Subscription Agreement is subject to the approval of the Board and shareholders of the Company ("**Shareholders**") and shall not take effect prior to GTSB receiving a written confirmation from Pavillion that the Board of the Company approves and consents to the Subscription Agreement.

2. INFORMATION ON PCSB

- 2.1. PCSB is a company incorporated in Malaysia under the Malaysian Companies Act 1965 on 23 April 2013, and having its registered address at Suite 14-2, Level 14, Wisma UOA Damansara II, No.6, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur. The principal activities of PCSB are property development and investment.
- 2.2. The net book value and net tangible asset value attributable to the Subscription Shares are both RM966,075.60, based on the audited financial statements of PCSB for the financial year 31 December 2014 ("**FY2014**").
- 2.3. Based on the audited financial statements of PCSB for FY2014, PCSB recorded a loss of RM10,555. PCSB has not commenced business and the loss is due to general administrative expenses such as filing and secretarial fees.
- 2.4. As at the date of this announcement, PCSB has an authorised share capital of RM9 million ordinary shares and RM1 million redeemable convertible preference shares of which:
 - (i) 1,020,000 ordinary shares of RM1.00 each have been issued and fully paid-up or credited as fully paid-up; and
 - (ii) 180,000 redeemable convertible preference shares of RM1.00 each have been issued and fully paid-up or credited as fully paid-up ("**RCPS**").
- 2.5. The current sole shareholder of PCSB is GTSB. GTSB is an investment holding company incorporated in Malaysia and is owned by Abdul Samad Haji Alias (14%), Sungei Wang Group Sdn Bhd ("**Sungei Wang Group**") (43%) and Maxcorp Development Sdn Bhd (43%).

3. RESULTANT SHAREHOLDING STRUCTURE OF PCSB

3.1. Upon the completion of the Subscription Agreement and the completion of the subscription and redemption and cancellation of the RCPS as stated at paragraph 5.5 below, the shareholding of PCSB shall be as follows:

- (i) GTSB holding 1,020,000 ordinary shares in the share capital of PCSB representing 18% of the enlarged share capital of PCSB; and
- (ii) Pavillion holding the Subscription Shares representing 82% of the enlarged share capital of PCSB.

3.2. Of the 82% shareholdings in PCSB, Pavillion is holding 1,133,333 ordinary shares (20%) in trust for Mr Tee Yam (“TY”) pursuant to a share agreement dated 29 November 2015 (“TY Share Agreement”). Salient terms of the TY Share Agreement are as follows:

- (i) Pavillion has subscribed to 1,133,333 out of the Subscription Shares (“TY Shares”) for and on behalf of TY;
- (ii) Pavillion shall, on behalf of TY, make advance payment to PCSB 20% of the Aggregate Subscription Consideration in accordance with the Subscription Agreement (“TY Proportionate Subscription Sum”);
- (iii) Pavillion shall, on behalf of TY, make advance payment to PCSB RM17.1 million (“TY Proportionate SPA Sum”) which forms part of the Advance Sum (as defined at paragraph 4.2 below);
- (iv) TY shall, on written demand from Pavillion, reimburse Pavillion such part of the TY Proportionate Subscription Sum and/or the TY Proportionate SPA Sum; and
- (v) upon full reimbursement of the Proportionate Subscription Sum and TY Proportionate SPA Sum by TY to Pavillion:
 - (a) Pavillion shall hold the TY shares on trust for TY, pursuant to a shareholder agreement and a formal trust deed to be entered into between TY and Pavillion in due course; and
 - (b) Pavillion shall transfer the TY shares to any nominee as may be appointed by TY, pursuant to a shareholder agreement to be entered into by the shareholders of PCSB in due course.

3.3. As at the date of this announcement, the TY Proportionate Subscription Sum and TY Proportionate SPA Sum (collectively, “TY Outstanding Sum”) have been paid to PCSB, and have not been reimbursed. TY has orally agreed to pay interest at a rate of 7% per annum (“Interest”) on the TY Outstanding Sum.

3.4. As security for the repayment of the TY Outstanding Sum, the Interest and/or all other monies payable to Pavillion under the TY Share Agreement, Pavillion and Shanghai City Sdn. Bhd (“Shanghai City”), a company incorporated in Malaysia and wholly owned by TY, had on 29 November 2015 entered into a debenture agreement (“Debenture Agreement”), pursuant to which Shanghai City has provided the following charges in favour of Pavillion:

- (i) Fixed Charge

By way of a first fixed charge, all of its present plant, equipment, motor vehicles, machineries, fixed assets and real property whatsoever, including but not limited to all plant, equipment, machineries, motor vehicles, fixed assets and real property acquired by Shanghai City in the future, together with all equipment, accessories and parts pertaining thereto.

(ii) Assignment

By way of charge and absolute assignment, all of its present and future right, title and interest in and to all its (a) contracts including all moneys payable to Shanghai City and any claims, awards and judgments in favour of, receivable or received by Shanghai City under or in connection with or pursuant to any contract, (b) insurances and all proceeds in respect of the insurances and all benefits of insurances, and (c) all investments which are scripless securities.

(iii) Floating Charge

(a) By way of a first floating charge, all of its undertaking, assets, stock-in-trade and book debts (including assets expressed to be charged by items (i) and (ii) above), both present and future; and

(b) By way of a first floating charge, all other undertakings, properties and assets of Shanghai City (other than those expressed to be charged by items (i) and (ii) above), movable and immovable whatsoever, both present and future, including Shanghai City's uncalled capital and goodwill.

4. RATIONALE OF THE SUBSCRIPTION

4.1. PCSB had on 30 October 2015 entered into a sale and purchase agreement ("**SPA**") with Datuk Bandar Kuala Lumpur ("**DBKL**") to acquire from DBKL five (5) parcels of land ("**Plaza Rakyat Project**") consisting of:

(i) leasehold land of 99 years with the expiry date of 15 April 2092 held under Pajakan Negeri 35318, Lot 737, Seksyen 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL, measuring approximately 5,056 square meters (1.25 acres);

(ii) leasehold land of 99 years with the expiry date of 15 April 2092 held under Pajakan Negeri 35319, Lot 738, Seksyen 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL, measuring approximately 21,290 square meters (5.26 acres);

(iii) leasehold land of 99 years with the expiry date of 15 April 2092 held under Pajakan Negeri 35320, Lot 739, Seksyen 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL, measuring approximately 8,165 square meters (2.02 acres);

(iv) leasehold land of 99 years with the expiry date of 15 April 2092 held under Pajakan Negeri 35321, Lot 740, Seksyen 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL, measuring approximately 6,459 square meters (1.60 acres); and

(v) leasehold land of 99 years with the expiry date of 15 April 2092 held under Pajakan Negeri 35322, Lot 741, Seksyen 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL, measuring approximately 20,680 square meters (5.11 acres),

(collectively, "**Land**").

- 4.2. Pursuant to the SPA, the consideration for the acquisition of Land ("**Land Acquisition**") is RM700 million ("**Land Acquisition Consideration**"). As at the date of this announcement, RM70 million representing 10% of the Land Acquisition Consideration ("**Advance Sum**") has been paid by PCSB to DBKL. The remaining RM630 million representing 90% of the Land Acquisition Consideration ("**Balance Land Acquisition Consideration**") shall be paid by PCSB to DBKL in the following manner:
- (i) the sum of RM140 million representing 20% of the Land Acquisition Consideration to be paid not later than one (1) month from the date of obtaining the planning approval for the issuance of the development order to be approved by the relevant authority for the purpose of development on the Land ("**Development Order**") ("**20% of the Purchase Price**");
 - (ii) the sum of RM150 million representing 21.4% of the Land Acquisition Consideration to be paid not later than one (1) month from the date of obtaining the approval of the building plan and approval for commencement of works from the relevant authority;
 - (iii) the sum of RM150 million representing 21.4% of the Land Acquisition Consideration to be paid not later than 12 months from the date of obtaining the approval of the building plan and approval for commencement of works from the relevant authority; and
 - (iv) the sum of RM190 million representing 27.2% of the Land Acquisition Consideration to be paid not later than 24 months from the date of obtaining the approval of the building plan and approval for commencement of works from the relevant authority.
- 4.3. Pursuant to the SPA, the date of receipt of the entire Balance Land Acquisition Consideration shall be the completion date of the Land Acquisition ("**Land Acquisition Completion Date**").
- 4.4. In entering into the Subscription Agreement, the Parties intend to carry on property development and the development of the Plaza Rakyat Project on the Land. Information on the Plaza Rakyat Project is as follows:
- (i) The Plaza Rakyat Project is a mixed-use development project located in central Kuala Lumpur, Malaysia, with the completed development ("**Plaza Rakyat**") occupying a total land area of approximately 663684.52 square feet. Development of the Plaza Rakyat Project commenced in 1996 and stalled in 1998 due to the 1997 Asian financial crisis.
 - (ii) The Plaza Rakyat Project, originally designed by Skidmore, Owings and Merrill, when completed, was intended to comprise a 79-storey office tower, a 46-storey condominium with 290 units, a 24-storey five-star hotel with 449 rooms, a 5-storey budget hotel with 157 rooms and a 7-storey shopping centre, having a total gross floor area of approximately 3,650,000 square feet.
 - (iii) The city government of Kuala Lumpur (Kuala Lumpur City Hall or DBKL) took vacant possession of the abandoned Plaza Rakyat Project site in 2014, after repaying a RM150 million loan taken by its earlier developer, Plaza Rakyat Sdn Bhd ("**Earlier Developer**"), from a consortium of banks.
 - (iv) With the execution of the SPA, PCSB shall take over and revive the Plaza Rakyat Project.

- (v) The Company believes that Plaza Rakyat, when completed, will become the next most significant landmark of Kuala Lumpur after the Petronas Twin Towers. The Company is of the view that the Plaza Rakyat Project has good prospects and will be able to provide the Company with a sustainable income in the future. The Company has considered the following factors in the Subscription:
 - (a) The Earlier Developer had invested approximately RM750 million into the development of the Plaza Rakyat Project. The construction of the foundation for Plaza Rakyat had been completed. In taking over the Plaza Rakyat Project, PCSB may build on this existing foundation, resulting in significant cost savings.
 - (b) The construction of a car park as part of the Plaza Rakyat Project occupying an area of approximately 2,800,000 square feet had been completed which will provide a sustainable leasing income in the future.
 - (c) The Plaza Rakyat LRT station, named after and located at the rear of Plaza Rakyat, was completed in 1996. A 150-metre-long covered pedestrian bridge and walkway was also provided to connect the Plaza Rakyat LRT station to the south of the nearby Pudu Sentral bus station. The pedestrian bridge continues to serve passengers entering and leaving the Plaza Rakyat LRT station to date. The Plaza Rakyat Project may make use of such existing transportation system.
 - (d) According to the Preliminary Development Plan (as defined below), upon completion of the Plaza Rakyat Project, the plot ratio of the Land shall be increased up to two (2) times from 5.5 to 11. The cost of purchase of the Land is approximately RM20 per square foot and the cost of construction and development of the Plaza Rakyat Project is estimated to be approximately RM530 per square foot, totaling RM550 per square feet. Comparatively, the current market price in the surrounding area of the Plaza Rakyat Project is approximately RM2,800 per square foot for commercial property and ranges from approximately RM1,300 to RM2,500 per square foot for residential property.
- (vi) The revised preliminary development plan (“**Preliminary Development Plan**”) is for the Plaza Rakyat Project to occupy a gross floor area of approximately 7,300,000 square feet, consisting of:
 - (a) a central business district occupying an area of approximately 1,350,000 square feet;
 - (b) a five-star hotel occupying an area of approximately 200,000 square feet;
 - (c) a budget hotel occupying an area of approximately 150,000 square feet; and
 - (d) a residential condominium area occupying an area of approximately 5,600,000 square feet.

5. PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

5.1. Conditions Precedent

The Subscription is conditional upon, *inter alia*, the following:

- (i) payment by Pavillion of the initial callable sum of RM8.8 million on the First Payment Date (as defined at paragraph 5.4 below); and

- (ii) undertaking by Pavillion to pay to PCSB the Advance Sum, as partial payment for the Land Acquisition,

(“**Conditions Precedent**”).

As at the date of this announcement, the Conditions Precedent have been satisfied.

5.2. Other Conditions

The performance of the rights and obligations of the Parties set out in the Subscription Agreement are also conditional upon the following conditions (“**Conditions**”) being obtained or fulfilled, where applicable:

- (i) the results of the due diligence on PCSB undertaken within 14 days from the date of the Subscription Agreement being satisfactory to Pavillion (“**Due Diligence**”);
- (ii) the execution of the SPA on terms agreeable to Pavillion; and
- (iii) the payment by Pavillion of the Advance Sum.

As at the date of this announcement, all the Conditions have been obtained or fulfilled and the Subscription Agreement is unconditional.

5.3. Subscription Consideration

Upon the satisfaction of the Conditions Precedent, Pavillion shall be granted the right to subscribe for the Subscription Shares at a subscription price of RM18.94 for each Subscription Share (“**Subscription Price**”) and for an aggregate consideration of RM88 million for the Subscription Shares (“**Aggregate Subscription Consideration**”).

The Aggregate Subscription Consideration shall be paid in cash and will be funded through internal resources and bank borrowings.

The Aggregate Subscription Consideration is arrived at after arm’s length negotiations and on a willing-buyer willing-seller basis, taking into account, *inter alia*, the following:

- (i) the net book value and the net tangible asset value attributable to the Subscription Shares as stated at paragraph 2.2 above; and
- (ii) the future earnings potential of PCSB.

5.4. Subscription and Payment Tranches

The Subscription and payment of the Aggregate Subscription Consideration shall be carried out in the following manner:

No	Action	% of payment	Total payment (RM)	New shares’ par value (RM)	New shares’ callable share premium (RM)
1	Upon signing the SPA (“ First Payment Date ”)	10%	8,800,000	4,646,666	4,153,334
2	Upon completion of the Due Diligence (“ Second Payment Date ”)	20%	17,600,000	-	17,600,000

3	6 months from completion of the Due Diligence (“ Third Payment Date ”)	30%	26,400,000	-	26,400,000
4	12 months from completion of the Due Diligence (“ Fourth Payment Date ”)	20%	17,600,000	-	17,600,000
5	18 months from completion of the Due Diligence (“ Fifth Payment Date ”)	20%	17,600,000	-	17,600,000
	Total	100%	88,000,000	4,646,666	83,353,334

As at the date of this announcement, 30% of the Aggregate Subscription Consideration comprising items 1 and 2 in the table above has been paid and the Subscription Shares have been issued to Pavillion.

5.5. Use of the Subscription Proceeds

The entirety of the Aggregate Subscription Consideration paid to PCSB shall be used to redeem and cancel the existing 180,000 RCPS shares in the following manner:

No	Action	% of payment	Total payment (RM)	RCPS par value (RM)	RCPS Redemption Premium (RM)
1	Upon signing the SPA (“ First Redemption Date ”)	10%	8,800,000	180,000	8,620,000
2	Upon completion of the Due Diligence (“ Second Redemption Date ”)	20%	17,600,000	-	17,600,000
3	6 months from completion of the Due Diligence (“ Third Redemption Date ”)	30%	26,400,000	-	26,400,000
4	12 months from completion of the Due Diligence (“ Fourth Redemption Date ”)	20%	17,600,000	-	17,600,000
5	18 months from completion of the Due Diligence (“ Fifth Redemption Date ”)	20%	17,600,000	-	17,600,000
	Total	100%	88,000,000	180,000	87,820,000

Upon receipt of the first RM8.8 million redemption sum paid by PCSB to GTSB, the entirety of the 180,000 RCPS shall be surrendered back to PCSB for redemption and cancellation notwithstanding that the balance sum of RM79.2 million redemption premium for the RCPS shall be paid in stages to GTSB.

As at the date of this announcement, the 180,000 RCPS have been redeemed.

5.6. Further Issues of Shares

Save for the Subscription Shares, any new shares to be issued by PCSB shall require the unanimous approval of the shareholders of PCSB and unless otherwise agreed, be offered to each of the shareholders of PCSB in proportion to their respective shareholdings at the time of the proposed new issue, which at all times shall be maintained in the proportion of 82% for Pavillion and 18% for GTSB.

5.7. Pre-emption Rights

GTSB shall not sell, dispose or transfer any of its shares in PCSB unless and until the following rights of pre-emption ("**Pre-emption Rights**") have been exhausted:

- (i) If GTSB ("**Selling Party**") desires to transfer all or any part of its shares ("**Sale Shares**"), GTSB shall provide to PCSB notice in writing ("**Transfer Notice**") specifying the price at which the Selling Party wishes to sell the Sale Shares ("**Offer Price**").
- (ii) The Transfer Notice shall constitute PCSB as the Selling Party's agent for the sale of the Sale Shares at the discretion of the directors of PCSB firstly, to the remaining shareholders of PCSB other than the Selling Party ("**Remaining Shareholders**") at the Offer Price. The Transfer Notice shall contain a provision that unless all the Sale Shares are sold by PCSB on behalf of the Selling Party, none of the Sale Shares shall be sold.
- (iii) Upon receipt of the Transfer Notice, PCSB shall forthwith by notice in writing inform the Remaining Shareholders of the number and price of the Sale Shares and invite the Remaining Shareholders to apply in writing to PCSB within 30 days of the date of despatch of the Transfer Notice for such maximum number of the Sale Shares (being all or any thereof) as he shall specify in such application.
- (iv) Upon such application, the directors of PCSB shall, subject to relevant governmental approval, allocate the Sale Shares to the applicants according to the number of Sale Shares as specified in the application on a pro-rata basis, where applicable.
- (v) If the Remaining Shareholders do not make the said application, PCSB shall be at liberty to transfer or dispose of the remaining Sale Shares to a purchaser to be approved by the Remaining Shareholders, whose approval shall not be unreasonably withheld, at any price and on terms which are not more favourable than those offered in the Transfer Notice.

The Pre-emption Rights shall not apply in respect of the sale, disposal or transfer by a party which is a corporate body ("**Prospective Transferor**") of its shares in PCSB to its subsidiary(ies) and/or its related company(ies) ("**Prospective Transferee**"). The Prospective Transferor shall be entitled to transfer such shares to the Prospective Transferee at any price without making an offer to the remaining shareholders of PCSB. Such transfer is subject to the express condition that the Prospective Transferor will, prior to such transfer and concurrently with the execution by the Prospective Transferee of the relevant subscription agreement, execute in favour of PCSB and the Parties who shall remain shareholders of PCSB, a guarantee of the due performance of the Prospective Transferee of the obligations to be undertaken by such Prospective Transferee. If at any time the Prospective Transferor ceases to be the holding company of the Prospective Transferee, the Prospective Transferor shall procure the Prospective Transferee to re-transfer such shares back to the Prospective Transferor.

5.8. Tag-along Rights

Subject to the terms of the Subscription Agreement, if Pavillion intends to sell, transfer or dispose of more than 80% in aggregate of its shares in PCSB to a third party (provided that the third party is not a subsidiary of Pavillion), GTSB shall, after complying with the provisions in the Subscription Agreement on the Pre-emption Rights, require the said third party to purchase all or part of the shares as is equivalent to the proportion in which the number of shares offered by Pavillion to be sold or disposed of to such third party on a pro-rata basis, at the same terms and pricing or on no less favourable terms than those offered to Pavillion.

5.9. Nomination of Directors

Pursuant to the Subscription Agreement, subject to any restrictions imposed in the SPA and unless otherwise agreed in writing by the Parties, the board of PCSB shall comprise of a maximum of seven (7) directors and Pavillion shall, upon the date that the Subscription Agreement becomes unconditional as stated at paragraph 5.2 of this announcement, be entitled to nominate and appoint up to four (4) directors at any one time and GTSB shall be entitled to nominate and appoint up to three (3) directors at any one time.

Pursuant to the SPA, PCSB undertook to ensure that commencing from the date of the SPA and until the date of the registration of transfer of the Land to PCSB, PCSB shall at all times maintain its board structure of three (3) specified directors ("**Restriction on PCSB Directors**"), unless PCSB has obtained the consent of DBKL to make any such changes, where such consent shall not be unreasonably withheld.

As at the date of this announcement, the Restriction on PCSB Directors has been waived under the SPA and Pavillion has nominated and appointed Mr Yuan Le Sheng, Mr Zhang Mao, Mr Zhong Yu Zhao and Mr Yuan Jun Rui to the board of PCSB.

6. **GUARANTEE AGREEMENT**

Pursuant to clause 16.6 of the Subscription Agreement, Pavillion had on 29 November 2015 entered into a guarantee agreement ("**Guarantee Agreement**") with Tan Peng Koon and Anuar Bin Adam (collectively, "**Guarantors**") as the directors of the Sungei Wang Group, pursuant to which the Guarantors jointly and severally guarantee as principal debtor:

- (i) to indemnify Pavillion in full against all demands, claims, losses, damages, liabilities, costs, charges and expenses whatsoever not owing to the default of Pavillion arising from the Subscription Agreement;
- (ii) that PCSB shall only liable to a maximum aggregate sum of RM40 million for any claim from any creditor against PCSB with regard to the Plaza Rakyat Project which may affect the development on the Land by PCSB, and any claim amount exceeding the said RM40 million arising from the SPA with regard to the Plaza Rakyat Project shall be borne by the Sungei Wang Group, provided that such a claim or cause of action arose prior to the execution of the Subscription Agreement and results in a legal liability for PCSB to pay such sum; and
- (iii) that the sale and purchase of the Land shall include all rights and benefits attached to the Land including all building structure, foundation, piling, carried out or erected on the Land.

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

- 7.1. Based on the latest unaudited consolidated financial statements of the Company for the financial year ended 31 December 2015 ("**FY2015**"), the relative figures in respect of the Subscription, as computed on the bases set out in Rule 1006 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), are as follows:

Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
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Rule 1006(b)	The net losses ⁽¹⁾ attributable to the assets acquired or disposed of compared with the Group's net profits.	Not meaningful ⁽²⁾
Rule 1006(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. (S\$29,268,800 ÷ S\$52,875,000 ⁽³⁾) x 100% ⁽⁴⁾	55%
Rule 1006(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
Rule 1006(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company

Notes:-

- (1) "Net losses" means loss before income tax, minority interests and extraordinary items.
- (2) Not meaningful as there was a net loss of approximately RM10,555 (equivalent to approximately S\$3,511) that was attributable to the Subscription Shares, as compared to the Group's net profits of S\$22,667,063.
- (3) "Market capitalisation" of the Company is determined by multiplying the number of shares in issue of 1,125,000,000 by the weighted average price of the shares of S\$0.047 transacted on 27 November 2015, being the market day preceding the date of the Subscription Agreement.
- (4) The exchange rate for 27 November 2015, being the market day preceding the date of the Subscription Agreement, is S\$1.00 to RM3.0066.

7.2. As the relative figure under Rule 1006(c) exceeds 20%, the Subscription constitutes a "**Major Transaction**" as defined under Chapter 10 of the Listing Manual and will be subject to the approval of Shareholders pursuant to Rule 1014 of the Listing Manual.

8. FINANCIAL EFFECTS OF THE SUBSCRIPTION

The financial effects of the Subscription on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Subscription. The financial effects of the Subscription set out below have been prepared based on the Group's unaudited consolidated financial statements for FY 2015.

8.1. Share Capital

The Subscription will not have any effect on the issued and paid up share capital of the Company as the Aggregate Subscription Consideration is to be satisfied in cash.

8.2. Net Tangible Assets (“NTA”)

The effects of the Subscription on the unaudited consolidated NTA per share of the Group for FY2015, assuming that the Subscription had been effected on 31 December 2015, are summarised below:

	Before the Subscription	After the Subscription
NTA (S\$’000)	324,198	324,198
Number of Shares (’000)	1,125,000	1,125,000
NTA per Share (S\$)	0.29	0.29

8.3. Earnings Per Share (“EPS”)

The effects of the Subscription on the unaudited consolidated EPS of the Group for FY2015, assuming that the Subscription had been effected on 1 January 2015 are summarised below:

	Before the Subscription	After the Subscription
Consolidated net profit (S\$’000)	7,465	7,462
Weighted average number of shares (’000)	1,125,000	1,125,000
EPS (Singapore cents)	0.66	0.66

8.4. Gearing

The Subscription will have no material impact on the gearing of the Group.

9. **DIRECTORS’ SERVICE AGREEMENTS**

No person is proposed to be appointed as a Director of the Company in connection with the Subscription. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Subscription, other than through their respective shareholdings in the Company.

11. **CIRCULAR**

11.1 A circular containing, inter alia, details of the Subscription and enclosing a notice of the extraordinary general meeting in connection therewith will be dispatched to Shareholders in due course.

11.2 In support of the Subscription, the existing Directors, controlling Shareholders and substantial Shareholders who hold an aggregate of approximately 77% of the shareholdings in the Company had undertaken to vote in favour of the Subscription at the extraordinary general meeting to be convened by the Company.

12. DIRECTORS' 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 Subscription, 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 the 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 the announcement in its proper form and context.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection during normal business hours at the Company's registered office at 80 Raffles Place, #32-01, UOB Plaza 1, Singapore 048624 for a period of three (3) months from the date of this announcement.

By Order of the Board

Mr Yuan Lesheng
Executive Chairman and CEO
3 March 2016