



TRIYARDS HOLDINGS LIMITED

Co. Reg. No. 201210555Z
(Incorporated in the Republic of Singapore)

THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF STRATEGIC MARINE (S) PTE. LTD. AND THE ENTIRE CHARTER CAPITAL OF STRATEGIC MARINE (V) COMPANY LIMITED

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of Triyards Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that two wholly-owned subsidiaries of the Company (collectively, the “**Purchasers**”), have, on 14 October 2014, entered into separate equity purchase agreements (the “**Equity Purchase Agreements**”) with Henderson Marine Base Pty Ltd (the “**Vendor**”) to purchase the entire issued share capital of Strategic Marine (S) Pte. Ltd. (“**Strategic Marine (S)**”) and the entire charter capital of Strategic Marine (V) Company Limited. (“**Strategic Marine (V)**”) (together, the “**Target Companies**”) for an aggregate consideration of A\$23.3 million (collectively, the “**Proposed Acquisition**”).

2. INFORMATION ON THE VENDOR AND TARGET COMPANIES

2.1 *Information on the Vendor*

The Vendor is a company incorporated in Western Australia whose registered address is at Unit 2, 7 Augusta Street, Willetton, WA 6155, Australia. The Vendor is a shipbuilder and fabricator with facilities in Australia, Singapore and Vietnam.

2.2 *Information on the Target Companies*

Strategic Marine (S) holds the Vendor’s shipbuilding and fabrication facility located at 4 Pioneer Sector 1, Singapore 628416 while Strategic Marine (V) holds the Vendor’s shipbuilding and fabrication facility at the Dong Xuyen Industry Park, Rach Dua Ward, Vung Tau City, Ba Ria - Vung Tau Province under Investment Certificate No. 492043000099 (first issue on 30 June 2006, 6th issue on 22 August 2013) located at Vung Tau in Vietnam.

3. OVERVIEW OF THE PROPOSED ACQUISITION

3.1 *Consideration*

The aggregate consideration of A\$23.3 million (the “**Aggregate Consideration**”) for the entire issued share capital of Strategic Marine (S) and the entire charter capital of Strategic Marine (V) (collectively, the “**Equity Interest**”) was arrived at between the Purchasers and the Vendor after arm’s length negotiations and on a “willing buyer, willing seller” basis, taking into account, amongst others, the net asset value of the Target Companies of approximately A\$19.7 million based on the unaudited proforma consolidated financial statements of Strategic Marine (S) and Strategic Marine (V) for the 12 months financial period ended 31 December 2013.

The Aggregate Consideration will be paid entirely by cash and will be funded by the proceeds from the issuance of 29,500,000 new ordinary shares in the capital of the Company (“**Shares**”) at S\$0.70 per Share on 29 September 2014 (the “**Placement**”) and internal cash resources.

3.2 **Conditions Precedent**

Pursuant to the terms of the Equity Purchase Agreements, completion of the Equity Purchase Agreements is subject to various conditions precedent, including, *inter alia*:

- (a) the release and discharge of certain encumbrances from financial institutions; and
- (b) any and all conditions precedent in the Equity Purchase Agreements being satisfied (or waived, as the case may be) on or before the date or dates specified therein for the satisfaction of such conditions precedent.

Completion of the Equity Purchase Agreements is expected to take place within 21 business days after the date on which the last of the conditions precedent are satisfied (or such other later date as the Purchasers and Vendor may agree).

4. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Group has consistently adopted a growth strategy of expanding its business and earnings base through both organic expansion and selective acquisitions. The Board believes that the Proposed Acquisition will bring long-term, strategic and commercial benefits to the Group, including but not limited to the following:

- (a) Growth Strategy

The Proposed Acquisition is in line with the Group's growth strategy of expanding its business through both organic expansion and acquisitions of quality assets in key strategic regions to develop its core business. In addition, the Proposed Acquisition is expected to provide the Group with increased fabrication capacities that will enable the Group to tap on increased resources to achieve economies of scale and scope. The increased capacity can also be used for new product and service offerings by the Group.

- (b) Expand Geographical and Client Coverage

The Proposed Acquisition will further enable the Group to increase the market reach for its current product and service offerings via the tapping of the Target Companies' existing clientele base.

5. **THE LISTING MANUAL**

5.1 **Chapter 10 of the Listing Manual**

Chapter 10 of the Listing Manual governs the continuing listing obligations of listed companies in respect of acquisitions and disposals. The relative figures of the Proposed Acquisition computed on the bases as set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative figure pursuant to the Proposed Acquisition
(a)	Net asset value of the assets to be disposed of, compared with the net asset value of the Group	Not applicable
(b)	Net profits attributable to the assets acquired ⁽¹⁾ , compared with the Group's net profits ⁽²⁾	20.1%

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| (c) | The aggregate value of the consideration ⁽³⁾ given or received, compared with the Company's market capitalisation ⁽⁴⁾ | 11.4% |
| (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 |
| (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 |

Notes:

- (1) Based on the unaudited proforma consolidated financial statements of Strategic Marine (S) and Strategic Marine (V) for the 12 months financial period ended 31 December 2013, the net profits before tax of the Target Companies is approximately US\$7 million, at the exchange rate of US\$1.00 : A\$0.8917 as at 31 December 2013.
- (2) The Group's net profit before income tax, minority interests and extraordinary items based on the Group's audited financial statements for the 12 months financial period ended 31 August 2013 is approximately US\$34.9 million.
- (3) The consideration amount for the acquisition of the Target Companies is approximately US\$20.3 million based on an exchange rate of US\$1.00 : A\$0.8732 as at 13 October 2014.
- (4) Based on the market capitalisation of the Company of approximately US\$178.9 million, determined by multiplying 324,508,913 Shares in issue by the volume weighted average price of S\$0.7012 for trades done on 13 October 2014, being the last full market day immediately preceding the date of the Equity Purchase Agreements.

Even though the relative figure under Rule 1006(b) of the Listing Manual exceeds 20%, in accordance with Rule 1014(2) of the Listing Manual, since the Target Companies are profitable assets and the only threshold exceeded is Rule 1006(b) of the Listing Manual, the Proposed Acquisition is not subject to the approval of the shareholders of the Company.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 Assumptions

The proforma financial effects of the Proposed Acquisition are presented based on:

- (1) The audited consolidated financial statement of the Group for the financial year ended 31 August 2013 ("FY2013") and the unaudited consolidated proforma financial statement of Strategic Marine (S) and Strategic Marine (V) for the financial period ended 31 December 2013.

- (2) The assumption that the Aggregate Consideration will be funded by the proceeds of the Placement completed on 29 September 2014 and internal cash resources.

The proforma financial effects of the Proposed Acquisition on the Group are for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") per Share and earnings per Share ("**EPS**"), nor do they represent the actual financial position and/or results of the Group immediately after the Proposed Acquisition.

6.2 **NTA**

For illustrative purposes only and assuming the Proposed Acquisition and the Placement had been completed on 31 August 2013, the pro forma financial effects on the NTA of the Group for FY2013 are as follows:

	Before Completion of the Proposed Acquisition and the Placement	After Completion of the Proposed Acquisition and the Placement
NTA (US\$'000)	140,010	153,470
Number of Issued Shares (‘000)	295,009 ⁽¹⁾	324,509 ⁽²⁾
NTA per Share (U.S. cents)	47.46	47.29

Notes:

- (1) Based on number of Shares in issuance as at 31 August 2013.
- (2) Based on number of Shares in issuance as at 31 August 2013 and additional Shares issued pursuant to the Placement.

6.3 **EPS**

For illustrative purposes only and assuming that the Proposed Acquisition and the Placement had been completed on 1 September 2012, the pro forma financial effects on the EPS for FY2013 are as follows:

	Before Completion of the Proposed Acquisition and the Placement	After Completion of the Proposed Acquisition and the Placement
Net profit attributable to Shareholders (US\$'000)	31,432	38,017
<u>Basic EPS</u> ⁽¹⁾		
Number of issued Shares (‘000)	295,009 ⁽²⁾	324,509 ⁽³⁾

Basic EPS (U.S. cents)	10.65	11.72
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Notes:

- (1) The calculation of basic EPS is based on the net profit attributable to Shareholders.
- (2) Total number of Shares in issuance as at 31 August 2013.
- (3) Based on number of Shares in issuance as at 31 August 2013 and additional Shares issued pursuant to the Placement.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

No Director or controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Acquisition, save in respect of his/its shareholding (if any) in the Company.

8. DIRECTORS' SERVICE CONTRACTS

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

9. DOCUMENTS FOR INSPECTION

Copies of the Equity Purchase Agreements are available for inspection at the registered office of Triyards Holdings Limited at 15 Hoe Chiang Road, #28-01 Tower Fifteen, Singapore 089316 during normal business hours for a period of three months from the date of this announcement.

By Order of the Board

Yeo Keng Nien
Company Secretary
14 October 2014

The Company's admission to and listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") was sponsored by Oversea-Chinese Banking Corporation Limited (the "Issue Manager"). The Issue Manager assume no responsibility for the contents of this announcement.