**POLLUX PROPERTIES LTD.**
(Company Registration Number: 199904729G)

---

## NON-BINDING TERM SHEET FOR THE PROPOSED ACQUISITION OF A PROPERTY INVESTMENT GROUP

---

### 1. INTRODUCTION

The board of directors (the **"Board"** or **"Directors"**) of Pollux Properties Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 28 July 2017 entered into a non-binding term sheet with Pollux Holdings Pte. Ltd. (the "**Vendor**") with the aim of acquiring the PAI Properties (defined below) through the acquisition of 100% of the share capital of Pollux Alpha Investments Ltd ("**PAI**", together with its subsidiaries the "**PAI Group**") (the "**Proposed Acquisition**").

### 2. INFORMATION ON PAI GROUP AND THE VENDOR

PAI is a property investment company incorporated in the British Virgin Islands which is wholly-owned by the Vendor.

PAI, through its six wholly-owned subsidiaries ("**PAI Subsidiaries**"), holds investment properties ("**PAI Properties**") comprising commercial and residential properties located in prime locations in Singapore.

The Vendor is a controlling shareholder of the Company. Mr. Nico Purnomo Po, the chief executive officer, director and controlling shareholder of the Company, is the sole shareholder of the Vendor.

### 3. CONSIDERATION AND PRINCIPAL TERMS

The consideration for the Proposed Acquisition ("**Consideration**") will be satisfied by (i) setting-off an amount due from the Vendor to PAI Group ("**Set-off**"), and (ii) the allotment and issue of new ordinary shares in the capital of the Company ("**Consideration Shares**") to the Vendor in respect of the balance amount after applying the Set-off.

Completion of the Proposed Acquisition will be subject to conditions precedent, including but not limited to, approval of shareholders of the Company being obtained at an extraordinary general meeting of the Company ("**EGM**"); issue by the SGX-ST of a listing and quotation notice for the

listing and quotation of the Consideration Shares on the Catalist board of the SGX-ST; and the Company having completed satisfactory due diligence on the PAI Group.

## 4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition will be beneficial for the Company's property investment business as the Company will be able to expand its investment property portfolio and increase its revenue stream.

The Proposed Acquisition will also enable the Company to increase its market capitalization, enhance its investment profile, improve the stability of its investment property income, generate increased investors' interest, and enable the Company to have greater financial capacity to seek development and investment opportunities in Singapore and the region.

## 5. INTERESTED PERSON TRANSACTION

5.1 As the Vendor is a controlling shareholder of the Company and an "Interested Person" within the meaning of Chapter 9 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST ("**Catalist Rules**"), the Proposed Acquisition constitutes an "Interested Person Transaction". Accordingly, upon signing of a definitive agreement (the "**Definitive Agreement**"), the completion of the Proposed Acquisition will be conditional upon, *inter alia*, the approval of the Company's shareholders at an EGM to be convened.

5.2 As the Proposed Acquisition will constitute an "Interested Person Transaction" under Chapter 9 of the Catalist Rules, the Company will be appointing an independent financial adviser to opine whether the Proposed Acquisition is on normal commercial terms or prejudicial to the interests of the Company and its minority shareholders.

5.3 The Vendor and its associates (including Mr. Nico Purnomo Po) will abstain from voting on the shareholders' resolutions at the EGM.

## 6. MAJOR TRANSACTION

6.1 Based on the Consideration and the financials of the PAI Group, the Proposed Acquisition would have been considered a "Very Substantial Acquisition" under Catalist Rules 1006 and 1015.

6.2 The Company made an application to the SGX-ST to seek waiver from complying with the requirements of Catalist Rule 1015 and for the Proposed Acquisition to be regarded as a "Major Transaction" under Catalist Rule 1014 (the "**Waiver**"). The main reasons for seeking the Waiver are set out below:

(a) The Proposed Acquisition represents an expansion of the Company's existing property investment business and will not result in a change in control of the Company. Upon completion of the Proposed Acquisition, the Vendor and Mr. Nico Purnomo Po will continue to be controlling shareholders of the Company. There will be no change to the Company's board of directors or management as a result of the Proposed Acquisition.

(b) The Proposed Acquisition is essentially an acquisition of more investment properties by the Company. PAI's business is that of a holding company and the PAI Subsidiaries are

property investment companies which own the PAI Properties. The PAI Group does not have any employees and outsources its property management and finance functions.

(c) The PAI Properties represent a good investment opportunity for the Company as they are a good class of properties located in prime locations of Singapore with historical high occupancy rate and a substantial majority of the PAI Properties have freehold or 999 years tenure.

(d) The Proposed Acquisition is not expected to change the risk profile of the Company.

6.3 The SGX-ST had, on 7 June 2017, advised the Company that it has no objection to granting the Waiver, having taken into account the following:

(a) The Proposed Acquisition does not entail the acquisition of a new business venture but purely an acquisition of assets (i.e. investment properties);

(b) The Proposed Acquisition is an expansion of the Company's business in investment properties in Singapore, which would not significantly alter the industry and business risk profile of the Company nor result in fundamental change in the Company's business;

(c) The Board is of the view that the Proposed Acquisition will not have significant adverse impact on the enlarged group's financial position, earnings and gearing. The PAI Group is revenue generating and expected to generate positive operating cash flows;

(d) The Proposed Acquisition will not result in change of control of the Company in terms of Board composition / management / shareholding interests;

(e) The Company will appoint an independent valuer to value the PAI Group and disclose the valuation report in the Company's circular to shareholders in relation to the Proposed Acquisition ("**Circular**");

(f) The Company will disclose the audited financial statements of the PAI Group for the financial years ended 2015 and 2016, as well pro forma financial statements of the enlarged group for the financial year ended 2016 in the Circular;

(g) The Company will comply with requirements under Catalist Rule 921, including an independent financial adviser's letter stating whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders;

(h) The Vendor will comply with the moratorium requirements under Catalist Rules 419 to 422 and shall provide a moratorium undertaking to comply with the aforementioned rules. In addition, the Vendor will also procure a moratorium undertaking from Mr. Nico Purnomo Po, the sole shareholder of the Vendor for a period of 18 months commencing from the date of the listing of the Consideration Shares; and

(i) The Company will disclose the requirements under "Part V — Information on Relevant Corporation" and "Part VI — Operating and Financial Review" of the 5th Schedule of the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 in the Circular, where applicable.

6.4 The Waiver is subject to:

(a) Compliance with Catalist Rule 1014 in respect of the Proposed Acquisition;

(b) The Company making an announcement, as soon as practicable, on the Waiver granted by the SGX-ST. The announcement must include the reasons for the Company's application and the conditions, if any, attached to the Waiver and as required under Catalist Rule 106;

(c) The Company obtaining declarations containing information in Appendix 7F of the Catalist Rules from the Company's Directors, executive officers and controlling shareholders and making necessary disclosures in the Company's circular to shareholders;

(d) Both the Company and its Sponsor, SAC Advisors Private Limited, providing a confirmation to the SGX-ST on working capital sufficiency that after taking into consideration the present bank facilities of the enlarged group, they are of the opinion that the working capital available to the enlarged group is sufficient for the next 12 months and making necessary disclosures in the Circular;

(e) The Vendor complying with the moratorium requirements under Catalist Rules 419 to 422 and shall provide a moratorium undertaking to comply with the aforementioned rules. In addition, the Vendor will also procure a moratorium undertaking from Mr. Nico Purnomo Po, the sole shareholder of the Vendor for a period of 18 months commencing from the date of the listing of the Consideration Shares;

(f) Pursuant to Catalist Rules 719 and 1204(10), the Company shall commission a review of the internal controls of the enlarged group and the Company shall be satisfied with the implementation of recommendations, if any, from an internal auditor to be appointed. The said review should be completed by the end of the next immediate financial year following the signing of the Definitive Agreement; and

(g) Submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

## 7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

As at the date hereof, the Vendor is a controlling shareholder of the Company, having a direct interest of 378,789,384 ordinary shares representing approximately 60.40% of the issued and paid-up share capital of the Company. Mr. Nico Purnomo Po, the chief executive officer and executive director of the Company, is deemed interested in the 378,789,384 ordinary shares held by the Vendor.

Save as disclosed above, none of the directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition.

## 8. FURTHER UPDATES

The Company will provide further updates and details on the Proposed Acquisition in subsequent announcements as appropriate when there are material developments to the Proposed Acquisition and/or disclose further details in accordance with the Catalist Rules.

## 9. CAUTION IN TRADING

**Shareholders are advised to exercise caution in trading their shares of the Company. There is no certainty or assurance as at the date of this announcement that the Definitive Agreement will be entered into, the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Definitive Agreement, the Proposed Acquisition and other matters contemplated by this announcement. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.**

**BY ORDER OF THE BOARD**

Nico Purnomo Po
Chief Executive Officer
31 July 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Advisors Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

*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.*

*The contact person for the Sponsor is Ms. Lee Khai Yinn, at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone (65) 6532 3829. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.*