

PROCURRI CORPORATION LIMITED
(Incorporated in the Republic of Singapore on 15 March 2013)
(Company Registration No. 201306969W)

ACQUISITION OF EAF SUPPLY CHAIN HOLDINGS LIMITED

1. INTRODUCTION

The board of directors (the “**Directors**” or the “**Board**”) of Procurri Corporation Limited (the “**Company**” or “**Procurri**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Procurri UK Limited (“**PUK**”), has on 7 November 2016 (the “**Completion Date**”), entered into a sale and purchase deed (the “**Deed**”) with, and pursuant to such Deed, purchased from: (i) Gary John Burley; (ii) Matthew Alexander Graham Woollard; (iii) Mark James Hesketh; (iv) Jonathan Henry King; (v) Robert Bernard Hall; (vi) George Allan Buchan; (vii) Stephen James Tonge; and (viii) EET Group A/S (collectively, the “**Sellers**”), 1,000 ordinary shares (the “**Sale Shares**”) representing the entire issued and paid-up share capital of EAF Supply Chain Holdings Limited (Registration No. 08203216) (“**EAF**”, and together with its subsidiaries, the “**EAF Group**”), a private company incorporated in the United Kingdom and having its registered office at Unit 1 Axis, Leacroft Road Birchwood, Warrington, Cheshire, WA3 6PJ, United Kingdom (the “**Acquisition**”). The purchase price for the Sale Shares was GBP 1,500,000 (the “**Purchase Price**”).

Following the Acquisition, EAF has become a wholly-owned subsidiary of PUK.

2. INFORMATION ON EAF

EAF is a private company incorporated in the United Kingdom, and has an issued and paid-up share capital of GBP 100, comprising 1,000 shares.

EAF is in turn, the sole shareholder of EAF Supply Chain Limited (Registration No. 06408761), a private company incorporated in the United Kingdom and having its registered office at Unit 1 Axis, Leacroft Road Birchwood, Warrington, Cheshire, WA3 6PJ, United Kingdom (“**EAFL**”). EAFL has an issued and paid-up share capital of GBP 500,000, comprising 500,000 shares.

EAF is an investment holding company, while EAFL is principally a distributor of information technology (IT) spare parts to service companies and end-users across Europe.

EAF brand has been present in the European Union since 1974 and the EAF Group has 55 stock locations and more than 2,000 collect and drop-off points across Europe. The EAF Group’s customers include global IT companies and resellers such as HP, IBM, Dell and Fujitsu. For more information about the EAF Group’s business, please visit <http://www.eafsupplychain.com>.

Based on the audited financial statements of EAF, the book value and consolidated net tangible asset value of EAF as at 31 December 2015 is GBP 2,894,000 while the consolidated net loss after tax of EAF is approximately GBP 581,000.

3. PRINCIPAL TERMS OF THE ACQUISITION

3.1 PURCHASE PRICE

The Purchase Price is GBP 1,500,000 comprising: (i) GBP 1,400,000, which has been paid to the Sellers in cash; and (ii) GBP 100,000, which has been paid into an escrow account opened in the joint names of PUK's solicitors and the Sellers' solicitors (the "**Retention**"). The Retention will be held in escrow for at least one (1) year to resolve certain claims that may arise, including but not limited to claims by PUK for breaches of certain warranties and indemnities provided by the Sellers under the Deed. In the event that any payments become due to PUK out of the Retention, the same shall (to the extent permitted by law), be treated as a reduction of the Purchase Price.

The Purchase Price was arrived at on a willing-seller and willing-buyer basis, after negotiations which were conducted at arm's length between the parties, and takes into account, *inter alia*, prevailing market conditions and the capabilities and synergies between the Group and the EAF Group. No independent valuation was conducted on EAF.

The Purchase Price was funded from the proceeds of the Company's initial public offering ("**IPO**") (S\$2.594 million of the Company's IPO proceeds was utilised), which is in accordance with the use as disclosed in its prospectus dated 12 July 2016 in relation to its IPO (the "**Prospectus**"). The Company will provide periodic updates as and when the balance of the proceeds from the IPO are materially utilised.

3.2 RESTRICTIONS ON THE SELLERS

3.2.1 Definitions

In this paragraph 3.2, the following words and expressions shall have the following meanings:

"**Business**" means the business carried on by EAF and EAFL at the Completion Date.

"**Prospective Customer**" means a person who is, or who has been, at any time during the period of 12 months immediately preceding the Completion Date, in discussions with EAF or EAFL with a view to becoming a client or customer of EAF or EAFL.

"**Restricted Business**" means any business that is or would be in competition with any part of the Business, as the Business carried on at the Completion Date.

"**Restricted Customer**" means any person who is, or who has been, at any time during the period of 12 months immediately preceding the Completion Date, a client or customer of, or in the habit of dealing with, EAF or EAFL.

"**Restricted Person**" means any person who is, or who has been, at any time during the period of 12 months immediately preceding the Completion Date, employed or directly or indirectly engaged by EAF or EAFL in an executive, managerial, sales or technical role.

3.2.2 Restrictions on the Sellers other than EET Group A/S

Each of the Sellers other than EET Group A/S covenants with each of PUK, EAF and EAFL that he shall not:

- (a) at any time during the period of 2 years commencing on the Completion Date, in any geographic areas in which the Business (or any part of it) is carried on at the Completion Date, carry on or be engaged, concerned or interested in, or in any way assist, a Restricted Business; or
- (b) at any time during the period of 2 years commencing on the Completion Date:
 - (i) canvass, solicit or otherwise seek the custom of any Restricted Customer or Prospective Customer with a view to providing goods or services to that Restricted Customer or Prospective Customer in competition with the Business (or any part of it) as it was carried on at the Completion Date; or
 - (ii) induce or attempt to induce a Restricted Customer or Prospective Customer to cease or refrain from conducting business with, or to reduce the amount of business conducted with or to vary adversely the terms upon which it conducts business with EAF or EAFL, or do any other thing which is reasonably likely to have such an effect; or
- (c) at any time during the period of 2 years commencing on the Completion Date, have any business dealings with a Restricted Customer or Prospective Customer in connection with the provision of goods or services to that Restricted Customer or Prospective Customer in competition with the Business (or any part of it) as it was carried on at the Completion Date; or
- (d) at any time during the period of 2 years commencing on the Completion Date, have any business dealings with, or solicit, entice or attempt to entice away any person who is, or who has been, at any time during the period of 12 months immediately preceding the Completion Date, a supplier of goods or services to EAF or EAFL, if such dealings, solicitation or enticement causes or is reasonably likely to cause such supplier to cease supplying, or to reduce its supply of goods or services to EAF or EAFL, or to vary adversely the terms upon which it conducts business with EAF or EAFL; or
- (e) at any time during the period of 2 years commencing on the Completion Date:
 - (i) offer employment to, enter into a contract for the services of, or otherwise entice or attempt to entice away from EAF or EAFL, any Restricted Person; or
 - (ii) procure or facilitate in relation to a Restricted Person, the making of any such offer or attempt by any other person; or
- (f) at any time after the Completion Date, use in the course of any business:
 - (i) the words "EAF, EAF SUPPLY CHAIN, ServiceSource, Servicesource, Service Source"; or
 - (ii) any trade or service mark, business or domain name, design or logo which, at the Completion Date, was or had been used by EAF or EAFL, in connection with the Business; or

- (iii) anything which is, in the reasonable opinion of PUK, capable of confusion with the words, mark, name, design or logo referred to in clause (i) or clause (ii) above; or
- (g) at any time after the Completion Date, present itself or permit itself to be presented as:
 - (i) connected in any capacity with EAF or EAFL; or
 - (ii) interested or concerned in any way in the Sale Shares (or any of them); or
- (h) at any time after the Completion Date, do or say anything which is or is likely to be harmful to the reputation of EAF or EAFL.

3.2.3 Restrictions on EET Group A/S

EET Group A/S covenants with each of PUK, EAF and EAFL only in the terms of the covenants set out at paragraph 3.2.2(f) and (g) above, and in the terms set out in this paragraph 3.2.3 below that it shall not:

- (a) at any time during the period of 2 years commencing on the Completion Date:
 - (i) offer employment to, enter into a contract for the services of, or otherwise entice or attempt to entice away from EAF or EAFL, any Restricted Person; or
 - (ii) procure or facilitate in relation to a Restricted Person, the making of any such offer or attempt by any other person;

but for the purposes of this paragraph 3.2.3(a) the definition of "Restricted Person" shall be deemed not to include any person falling into any one or more of the following categories:

- (iii) any person who contacts EET Group A/S voluntarily;
 - (iv) any person whose employment or engagement has been terminated by PUK, EAF or EAFL;
 - (v) any person who responds to a non-directed search carried out by an agent on behalf of EET Group A/S; and/or
 - (vi) any person who responds to a general public advertisement of a role; or
- (b) at any time after the Completion Date, do or say anything which is or is likely to be harmful to the reputation of EAF or EAFL PROVIDED ALWAYS that nothing in this paragraph shall, or shall be deemed to, prevent EET Group A/S or any member of its group from continuing to conduct its business in the ordinary and usual course and to make such statements regarding its competitors (including but not limited to comparative statements as to its and its competitors' products, services and prices) and its general marketplace as would be customary for a commercial entity operating in the market in which EET Group A/S and EAF and/or EAFL carry on business.

4. **THE RATIONALE FOR THE ACQUISITION**

As stated in the Company's Prospectus in relation to its IPO, the Company intends to:

- (a) expand its geographic reach and grow its business via mergers and acquisitions, joint ventures and partnerships;
- (b) enhance its infrastructure to drive business growth;
- (c) expand its business by pursuing new opportunities with key customers and acquiring new customers; and
- (d) build income resilience and increase profitability.

The Board believes that the Acquisition will:

- (i) achieve the above aims, and provide the Group with further in-roads into the United Kingdom;
- (ii) will provide the Group with a larger customer base as EAF already has an established presence in the United Kingdom; and
- (iii) with the enlarged customer base, provide the Group with further opportunities to cross sell its different offerings.

5. **FINANCIAL EFFECTS OF THE ACQUISITION**

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after the Acquisition.

5.1 **NET TANGIBLE ASSETS**

Assuming that the Acquisition had been completed on 31 December 2015, the effect of the Acquisition on the Group's net tangible assets ("**NTA**") per Share as at 31 December 2015 ("**FY2015**") will be as follows:

	Before the Acquisition	After the Acquisition
NTA of the Group attributable to shareholders of the Company (\$'000)	17,423	18,709
Number of Shares ('000)	211,120	211,120
NTA per Share (Cents)	8.25	8.86

5.2 EARNINGS PER SHARE

Assuming that the Acquisition had been completed on 1 January 2015, the effect of the Acquisition on the Group's earnings per Share ("EPS") for FY2015 will be as follows:

	Before the Acquisition	After the Acquisition
Net profit attributable to shareholders of the Company for FY2015 (\$'000)	8,772	9,053
Weighted average number of Shares ('000)	197,860	197,860
EPS (Cents)	4.43	4.58

5.3 GEARING

There is no material impact on the gearing ratio of the Company and the Group arising from the Acquisition.

6. RELATIVE FIGURES UNDER RULE 1006

Based on the Group's latest announced unaudited consolidated accounts for the six (6) months ended 30 June 2016, the relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profit attributable to the assets acquired, compared with the Group's net profit ⁽¹⁾	-12.6%
(c)	Aggregate value of the Purchase Price given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽²⁾	1.93%
(d)	Number of equity securities issued by the Company as consideration for the Acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	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	Not applicable

Notes:

- (1) The Group's profit before tax for the six (6) months ended 30 June 2016 was approximately S\$4.46 million.

- (2) The Company's market capitalisation of approximately S\$134.5 million was computed based on the Company's existing issued share capital of 280,000,000 Shares and the volume weighted average price of S\$0.4803 per Share on 4 November 2016, being the market day preceding the date of the Deed.

The relative figure computed further to Rule 1006(b) of the Listing Manual is a negative figure not exceeding 20%. Rule 1007(1) of the Listing Manual provides that if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Listing Manual may still be applicable to the issuer at the discretion of the SGX-ST. As the relative figure for Rule 1006(b) above is negative, the Company has consulted the SGX-ST, and the SGX-ST has informed the Company on 20 October 2016 that the Company is not required to seek shareholders' approval for the Acquisition. Accordingly, the Acquisition is a discloseable transaction in accordance with the Listing Manual.

7. DIRECTORS' SERVICE CONTRACTS

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

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

9. INSPECTION OF DEED

A copy of the Deed is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 29 Tai Seng Avenue, #02-01 Natural Cool Lifestyle Hub, Singapore 534119, for a period of three (3) months from the date of this announcement.

10. FURTHER ANNOUNCEMENTS

The Company will update shareholders on material developments relating to the Acquisition, if any.

11. 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 Acquisition, 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.

12. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
PROCURRI CORPORATION LIMITED

Thomas Sean Murphy
Global Chief Executive Officer
8 November 2016

*DBS Bank Ltd. was the issue manager and underwriter (the “**Issue Manager and Underwriter**”) for the initial public offering of shares in, and listing of, Procurri Corporation Limited on the Main Board of Singapore Exchange Securities Trading Limited. The Issue Manager and Underwriter assumes no responsibility for the contents of this announcement.*