

SITRA HOLDINGS (INTERNATIONAL) LIMITED (the “COMPANY”)

(Co. Regn. No: 197901237E)

(Incorporated in Singapore)

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- (1) **PROPOSED ACQUISITION BY THE COMPANY OF A MAJORITY STAKE IN MAPUR ROCKY RESORT LIMITED (THE “TARGET COMPANY”)**
 - (2) **PROPOSED SUBSCRIPTION OF THE SUBSCRIPTION SHARES AND THE PROPOSED GRANT OF THE CALL OPTION AND PUT OPTION**
 - (3) **PROPOSED ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES, THE SUBSCRIPTION SHARES AND THE OPTION SHARES**
 - (4) **PROPOSED JOINT VENTURE WITH AN INTERESTED PERSON IN THE TARGET COMPANY FOLLOWING COMPLETION OF THE PROPOSED ACQUISITION**
 - (5) **PROPOSED WAIVER OF THE OBLIGATION UNDER THE SINGAPORE CODE ON TAKE-OVERS AND MERGERS TO MAKE A MANDATORY GENERAL OFFER FOR THE SHARES IN THE COMPANY**
 - (6) **PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE COMPANY TO INCLUDE THE DEVELOPMENT OF RESORTS IN BINTAN, INDONESIA**
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1. INTRODUCTION

- 1.1 The board of directors of the Company (the “**Board**”) wishes to announce that the Company had on 27 February 2019 entered into a share sale cum subscription and option agreement (the “**Agreement**”) with (1) Madam Doris Chung Gim Lian and Mr Chew Han Wei (collectively, the “**Vendors**” and individually, a “**Vendor**”) and Mr Chew Hua Seng (the “**Subscriber**”).

Under the Agreement,

- (a) the Vendors have collectively agreed to sell to the Company, and the Company has agreed to purchase an aggregate of 54 ordinary shares in the capital of the Target Company (the “**Target Sale Shares**”) from the Vendors (the “**Proposed Acquisition**”) constituting 54% of the issued share capital of the Target Company;
- (b) the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue 158,000,000 new ordinary shares in the capital of the Company (the “**Subscription Shares**”) to the Subscriber (the “**Proposed Subscription**”). The Subscription Shares constitute 21.03% of the existing issued share capital of the Company and 12.86% of the enlarged and fully diluted share capital of the Company on completion of the Proposed Acquisition and Proposed Subscription; and
- (c) the Company has agreed to grant to the Subscriber an option (the “**Call Option**”) to require the Company to allot and issue to the Subscriber up to 255,000,000 new ordinary shares in the capital of the Company (the “**Option Shares**”), and the Subscriber has agreed to grant to the Company an option (the “**Put Option**”) to require the Subscriber to subscribe for up to the number of Option Shares (collectively, the “**Proposed Options**”). The Option Shares constitute 33.95% of the existing issued share capital of the Company, 20.76% of the enlarged and fully

diluted share capital of the Company after completion of the Proposed Acquisition and Proposed Subscription and 17.19% of the enlarged and fully diluted share capital of the Company assuming that the Call Option and/or Put Option is exercised in respect of all of the Option Shares,

all on the terms of, and subject to the conditions set out in the Agreement.

- 1.2 The Target Sale Shares constitute 54.0% of the total number of issued ordinary shares in the capital of the Target Company (the “**Target Shares**”) as at the date of the Agreement and on completion of the Proposed Acquisition. On completion of the Proposed Acquisition, the Vendor, Doris Chung Gim Lian will hold the remaining 46 Target Shares, equivalent to 46.0% of the total number of issued Target Shares. The Target Company will become a subsidiary of the Company.
- 1.3 The Call Option and Put Option shall be exercisable within a period of 24 months from the date of Completion. The Call Option and Put Option may be exercised at any time and from time to time by the Subscriber and the Company respectively in respect of any or all of the Option Shares but each exercise shall be in respect of not less than 50,000,000 Option Shares.

2. **CONSIDERATION FOR THE PROPOSED ACQUISITION, THE PROPOSED SUBSCRIPTION AND THE OPTION SHARES**

2.1 Proposed Acquisition

- (a) The consideration for the Target Sale Shares is S\$3,510,100 (the “**Acquisition Consideration**”) and is to be satisfied by the allotment and issue of an aggregate 319,100,000 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) to the Vendors or their nominee at an issue price of S\$0.011 per Consideration Share, credited as fully paid-up. The Consideration Shares constitute 42.48% of the existing issued share capital of the Company and 25.98% of the enlarged and fully diluted share capital of the Company on completion of the Proposed Acquisition and Proposed Subscription.
- (b) The Acquisition Consideration was arrived at following arms’ length negotiation between the Company and the Vendors, on a willing-buyer-willing-seller basis and after taking into account the valuation of the vacant land described in paragraph 5.3 of this Announcement (the “**Property**”) owned by the subsidiary of the Target Company, PT East Bintan Resort (the “**Target Subsidiary**”). The unaudited net tangible asset value of the Target Group as at 31 December 2018 was S\$372,006.28.
- (c) Based on the valuation report (the “**Valuation Report**”) commissioned by the Company and prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (the “**Valuer**”), the market value of the Property as at 1 October 2018 was determined to be Indonesian Rp70,358,000,000 (the “**Valuation**”) (equivalent to approximately S\$6,500,000) based on an exchange rate of S\$1.00 to Rp10,896.68, being the middle rate of the Bank Indonesia as at the date of the valuation.

The Valuation uses the comparison method (market approach) in arriving at the market value of the Property. The Valuation was prepared based on a number of assumptions, including the assumptions that the Property is free from any charges, liens and encumbrances of an onerous nature that is likely to affect its value, there

is no right of way over the Property, any proposed development on the Property has or will obtain sufficient and all necessary permits in accordance with all applicable laws and conforms to all planning and building regulations, and any use of the Property upon which the Valuation Report is based, has obtained all required licences, permits, certificates and authorisations.

The Valuation of the Property as at 1 October 2018 is equivalent to approximately S\$6,500,000. The valuation of the Property implied by the Acquisition Consideration is equivalent to the Valuation as at 1 October 2018.

- (d) The issue price for each Consideration Share represents a premium of approximately 17.95% to the volume weighted average price of S\$0.009025 for trades done on the Company's shares (the "**Shares**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 26 February 2019, being the market day on which the Shares were last traded on the SGX-ST immediately preceding the date on which the Agreement was signed.

Based on the latest announced unaudited financial results, the consolidated net asset value of the Company and its subsidiaries (the "**Group**") as at 31 December 2018 was S\$10,849,521. The issue price for each Consideration Share represents a discount of approximately 23.61% to the latest announced unaudited net asset value per Share of S\$0.0144.

2.2 Proposed Subscription and Proposed Options

- (a) The Subscription Shares are proposed to be issued at an issue price of S\$0.011 per ordinary share in the Company (the "**Share**") aggregating S\$1,738,000 (the "**Subscription Consideration**").
- (b) The Option Shares to be allotted and issued upon the exercise of the Call Option or the Put Option, are proposed to be issued at an exercise price of S\$0.011 per Share.
- (c) The issue price for each Subscription Share and the exercise price of each Option Share was arrived at following arms' length negotiation between the Company and the Subscriber, on a willing-buyer-willing-seller basis.
- (d) The issue price for each Subscription Share and Option Share represents a premium of approximately 21.88% to the volume weighted average price of S\$0.009025 for trades done on the Shares on the SGX-ST on 26 February 2019, being the full market day on which trades on the Shares are done immediately preceding the signing of the Agreement, and a discount of approximately 23.61% to the latest announced unaudited consolidated net asset value per Share of S\$0.0144 as at 31 December 2018.

2.3 In arriving at the issue price for each Consideration Share, Subscription Share and Option Share, the parties have also taken into consideration other factors such as the trading prices of the Shares on the SGX-ST for the last 12 months, the poor financial performance of the Group in the last few years, the current general weak market conditions in the industries and markets where the Group operates in, and the prospects of the tourism industry in Bintan, Indonesia.

2.4 The Consideration Shares, Subscription Shares and Option Shares will be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with, and carry all rights similar to existing Shares except that they

will not rank for any dividend, right, allotment or other distributions, the record date of which falls before the date of allotment and issue of such Consideration Shares, Subscription Shares and Option Shares.

3. CHANGES TO THE ISSUED SHARE CAPITAL OF THE COMPANY

- 3.1 As at the date of this Announcement, the total number of issued Shares is 751,200,000. On completion of the Proposed Acquisition and Proposed Subscription (the “**Completion**”), which are to take place concurrently, the total number of issued Shares will be increased to 1,228,300,000. Assuming that the Call Option and/or the Put Option are exercised in respect of all the Option Shares, the total number of issued Shares upon completion of the issuance of the Option Shares (the “**Option Shares Completion**”) will be increased to 1,483,300,000.
- 3.2 The Consideration Shares, Subscription Shares and Option Shares as a percentage of the existing total issued Shares, and the enlarged total number of issued Shares upon Completion and Option Shares Completion are set out below:

	Number of Shares	As at the date of this Announcement ⁽¹⁾	On Completion ⁽²⁾	On Option Shares Completion ⁽³⁾
Existing Shares	751,200,000	100%	61.16%	50.64%
Consideration Shares	319,100,000	42.48%	25.98%	21.51%
Subscription Shares	158,000,000	21.03%	12.86%	10.65%
Option Shares	255,000,000	33.95%	20.76%	17.19%

Notes:

(1) Based on existing total issued Shares of 751,200,000.

(2) Based on enlarged total issued Shares of 1,228,300,000 following Completion.

(3) Based on enlarged total issued Shares of 1,483,300,000 following Option Shares Completion.

- 3.3 As at the date of this Announcement, the Subscriber holds 69,115,100 issued Shares, representing approximately 9.2% of the total number of issued Shares. Under the Agreement, the Vendors have nominated the Subscriber as their nominee to receive the Consideration Shares, which when allotted and issued to the Subscriber, shall be deemed a full discharge and settlement of the Acquisition Consideration to the Vendors.
- 3.4 The total number of new Shares to be issued to the Subscriber pursuant to the Proposed Acquisition, the Proposed Subscription and the exercise of the Call Option and/or the Put Option in respect of all the Option Shares, and the shareholding of the Subscriber before and after Completion and the Option Shares Completion, are set out below:

Shares held by Subscriber	Based on the total number of Shares as at the date of this Announcement		Based on the enlarged number of Shares after Completion		Based on the enlarged number of Shares after Option Shares Completion	
	Number	% ⁽¹⁾	Number	% ⁽²⁾	Number	% ⁽³⁾
Existing Shares	69,115,100	9.20	69,115,100	5.63	69,115,100	4.66

Consideration Shares	-	-	319,100,000	25.98	319,100,000	21.51
Subscription Shares	-	-	158,000,000	12.86	158,000,000	10.65
Option Shares	-	-	-		255,000,000	17.19
Total	69,115,100	9.20	546,215,100	44.47	801,215,100	54.01

Notes:

(1) Based on existing total issued Shares of 751,200,000.

(2) Based on enlarged total issued Shares of 1,228,300,000 following Completion.

(3) Based on enlarged total issued Shares of 1,483,300,000 following Option Shares Completion.

4. INFORMATION ON THE SUBSCRIBER AND THE VENDORS

- 4.1 The Subscriber is a substantial shareholder of the Company and holds 69,115,100 Shares, constituting 9.2% of the total issued Shares as at the date of this Announcement.

The Vendors, Doris Chung Gim Lian and Chew Han Wei are respectively the wife and son of the Subscriber.

Mr Chew Ah Ba, George is the Executive Chairman and Chief Executive Officer of the Company and the brother of the Subscriber.

Mr Steven Chew Chiew Siang is the Executive Director and Deputy Chief Executive Officer of the Company and son of Mr Chew Ah Ba, George.

Madam Teresa Tan is the Senior Vice President (Group Administration and Human Resource) and a substantial shareholder of the Company and wife of Mr Chew Ah Ba, George.

Madam Josca Woo Kong Hwa is a substantial shareholder of the Company and wife of a brother of Mr Chew Ah Ba, George and the Subscriber.

Save as stated above and as far as the Company is aware, the Subscriber and the Vendors do not have any relationship (including business relationships) with the Company, its Directors and substantial shareholders.

- 4.2 No placement agent has been appointed in respect of the Subscription Shares and Option Shares and no commission or any other additional payment (apart from professional fees) will be made in relation to the Proposed Subscription and the Proposed Options.

5. INFORMATION ON THE TARGET COMPANY

- 5.1 The Target Company

The Target Company is a company incorporated under the laws of the British Virgin Islands on 7 February 2017. As at the date of this Announcement, the Target Company has an issued and paid-up capital of US\$100 comprising 100 ordinary shares (the “**Target Shares**”). The Vendor, Doris Chung Gim Lian holds 90 Target Shares and the Vendor, Chew Han Wei holds the remaining 10 Target Shares. The Vendors are the only two directors in the Target Company.

5.2 The Target Subsidiary

The Target Company is the holding company of PT East Bintan Resort (the “**Target Subsidiary**”), a company incorporated in Indonesia on 26 July 2018 for the purpose of acquiring and developing the Property (as described below). The Target Company holds 9,991 shares, constituting 99.9% in the capital of the Target Subsidiary while the remaining 10 shares, constituting 0.1% in the capital of the Target Subsidiary is held by the Vendor, Doris Chung Gim Lian. The registered capital of the Target Subsidiary is Indonesian Rupiah 10 billion and one million.

The Target Subsidiary is the owner of the property described in paragraph 5.3 below (the “**Property**”).

5.3 The Property

The below description of the Property is based on information furnished by the Vendors and the Subscriber and/or extracted from the Valuation Report.

The Property is located at Jalan H. Abdul Salam Teluk Merbau, Sub-district of Berakit, District of Teluk Sebong, Regency of Bintan, Province of Kepulauan Riau - Indonesia. It is vacant land with an aggregate area of 123,534 square metres, comprising land with SHGB certificate of an area of 108,962 square metres (the “**Development Land**”) and beachfront land of an area of 14,572 square metres (the “**Beachfront Land**”).

Based on the Rights to Build Land Certificate (SHGB) of the Development Land, the rights to build interest will expire on 7 January 2046. The Beachfront Land is intended to be used as the beachfront access to the Development Land.

The Property is located in Jalan H. Abdul Salam Teluk Merbau. The Development Land is intended to be developed by the Target Subsidiary into a resort which may include resort suites, apartments and villas for sale.

6. CONDITIONS PRECEDENT

Completion of the Proposed Subscription, the Proposed Acquisition, the Proposed Options and the Proposed Joint Venture (as defined in paragraph 11.1) are subject to *inter alia*, the fulfilment of the following conditions precedent:

- (i) The Company being satisfied in its sole and absolute discretion with the results of its due diligence investigations, in particular the title to the Properties of the Target Subsidiary being in order (the Target Company and the Target Subsidiary, the “**Target Group**” and each, a “**Target Group Company**”);
- (ii) The approval of the circular to be issued to shareholders of the Company (the “**Shareholders**”) in connection with the transactions contemplated under the Agreement, and the listing and quotation notice in respect of the Consideration Shares, Subscription Shares and Option Shares, being obtained by the Company from the SGX-ST.
- (iii) The Subscriber obtaining the waiver from the Securities Industry Council (“**SIC**”) of the mandatory obligation under the Singapore Code on Takeovers and Mergers to make a general offer to acquire all the issued Shares

(other than the Consideration Shares, Subscription Shares, Option Shares and Shares held by the Subscriber) as a result of the allotment and issue by the Company to the Subscriber of the Consideration Shares, Subscription Shares and/or Option Shares (or any part or parts thereof)(the “**Whitewash Waiver**”).

- (iv) The approval of the Shareholders in general meeting (“**EGM**”) being obtained for the following matters (collectively, the “**Proposed Transactions**”):
 - (a) the Proposed Acquisition as an interested person transaction (“**IPT**”) under the Catalist Rules;
 - (b) the Proposed Subscription and the Proposed Options as IPTs under the Catalist Rules;
 - (c) the allotment and issue of the Consideration Shares, Subscription Shares and Option Shares pursuant to the exercise of the Call Option and/or Put Option, in favour of the Subscriber;
 - (d) the Whitewash Waiver;
 - (e) subject to Completion, the Proposed Joint Venture between the Company and the Vendor, Doris Chung Gim Lian in the Target Company as an IPT, and
 - (f) the diversification of the business of the Company to include property development in Bintan, Indonesia, including but not limited to the development of resort suites, apartments and villas for sale and the management and operation of resorts in Bintan, Indonesia,

all on the terms of, subject to the terms of this Agreement

- (v) The waivers and releases of all advances or loans extended to any Target Group Company prior to the date of Completion.
- (vi) All the warranties given by the Vendors and the Subscriber under the Agreement being true, accurate and correct in all material respects and the Vendors and the Subscriber having performed all of their obligations under the Agreement which are required to be performed on or before the date of Completion.
- (vii) The execution and performance of the terms of the Agreement not being prohibited by any statute, order, rule or regulation promulgated after the date of the Agreement by any legislative, executive or regulatory body or authority which is applicable to the Company, the Target Group, the Vendors or the Subscriber.
- (viii) No material and adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, assets, prospects, performance, financial condition or operating results of any Target Group Company.
- (ix) The entering into of such agreement as may be necessary on terms to be mutually agreed to address any conflicts of interest between the Company

on the one part and the Subscriber and/or the Vendors on the other part, in Bintan, arising from the diversification of the business of the Group into property development in Bintan, Indonesia.

7. RATIONALE

Proposed Subscription

- 7.1 The Proposed Subscription will raise net proceeds of approximately S\$1,488,000 while the exercise of the Call Option and Put Option (assuming they are exercised in respect of all the Option Shares) will raise additional net proceeds of approximately S\$2,790,000. The net proceeds from the Proposed Subscription and the additional net proceeds from the exercise of the Call Option and Put Option can be utilized towards general working capital of the Group.

Proposed Acquisition and diversification of the Group's business

- 7.2 Currently, the core business of the Group is the sale and distribution of quality wood-based products. The Group's core business has been operationally loss making since 2008 and may continue to be loss making unless the current economic and market sentiments in the industries in which the Group operates in, and the Group's business performance improves significantly in the immediate future.
- 7.3 The Directors are constantly looking for investment opportunities to diversify the Group's business with the prospects of increasing the revenue and income stream of the Group in the future.

The Proposed Acquisition presents an opportunity for the Group to acquire a controlling stake in the Target Company which subsidiary, PT East Bintan Resort holds legal rights and interest to a piece of development land in the island of Bintan, Indonesia. As the consideration for the Proposed Acquisition will be fully satisfied by an issue of the Consideration Shares, there is no cash outlay for the Group to acquire a majority interest in the Target Company.

- 7.4 The Proposed Acquisition will enable the Group to make its first foray into resort development and the successful completion of the Project will enhance the financial performance of the Group and improve shareholders' value.

Proposed Joint Venture

- 7.5 On Completion, the Company will hold 54% and the existing shareholder, Madam Doris Chung Gim Lian (the "remaining shareholder") of the Target Company will hold the remaining 46% of the share capital of the Target Company. The Consideration Shares will be issued to the Subscriber who is the husband of the remaining shareholder in the Target Company. By holding the Consideration Shares and a minority interest in the Target Company, it will further align the interests of the remaining shareholder and the Subscriber with the interest of the Company as they will have a direct vested interest in the success of the Project. This, the Directors reasonably believe will increase their commitment to see to the success of the Project.
- 7.6 Having a joint venture partner in the Target Company will also reduce the Group's financial obligation in the future in relation to the funding required for the development of the Project, as the Company and the remaining shareholder in the Target Company will be expected to bear the obligations of such financial support for the funding in proportion to their respective shareholding interest in the Target Company, and to share the other risks and rewards of the joint venture proportionately.

8. **THE PROPOSED SUBSCRIPTION AND THE PROPOSED OPTIONS AS IPTs UNDER THE CATALIST RULES**

- 8.1 Mr Chew Ah Ba George is the chief executive officer, Director and controlling shareholder of the Company. The Subscriber, being the brother of Mr Chew Ah Ba George, is as such an interested person for the purposes of Chapter 9 of the Catalist Rules and the Proposed Subscription is an IPT as defined under Chapter 9 of the Catalist Rules.
- 8.2 Under Rule 906 of the Catalist Rules, Shareholders' approval is required for an IPT of a value equal to, or exceeding 5.0% of the Group's latest audited net tangible assets ("NTA").
- 8.3 The value of the Proposed Subscription (being the amount at risk to the Company) is the Subscription Consideration of S\$1,738,000. The value of the Call Option and Put Option (assuming they are exercised in respect of all of the Option Shares) is S\$2,805,000. The Group's latest audited NTA as at 31 December 2017 is approximately S\$13,252,206. As the value of the Proposed Subscription and the Call Option and Put Option are respectively 13.9% and 22.46% of the Group's latest audited NTA as at 31 December 2017, the approval of the Shareholders for the Proposed Subscription and the Proposed Options as IPTs has to be obtained at the EGM. The Subscriber and his associates must abstain from the resolution approving the Proposed Subscription, the Proposed Options and the allotment and issue of the Subscription Shares and Option Shares to the Subscriber.

9. **THE PROPOSED ACQUISITION AS AN IPT**

IPT

- 9.1 The Vendors, Madam Doris Chung Gim Lian and Mr Chew Han Wei do not fall within the definition of an "interested person" under Chapter 9 of the Catalist Rules as they are not the immediate family members of the chief executive officer, a Director or a controlling shareholder of the Company. However, as the Consideration Shares are to be allotted and issued to the Subscriber who is an interested person, taking into consideration the objective of Chapter 9 of the Catalist Rules, the Company will be tabling the Proposed Acquisition as an IPT at the EGM and will observe the requirements of Chapter 9 in relation to the Proposed Acquisition.
- 9.2 The value of the Proposed Acquisition (being the amount at risk to the Company) is the Acquisition Consideration of S\$3,510,100. As the value of the Proposed Acquisition is 26.49%% of the Group's latest audited NTA as at 31 December 2017 of S\$13,252,206, the approval of the Shareholders for the Proposed Acquisition as an IPT will be sought at the EGM. The Subscriber and the Vendors and their respective associates must abstain from the resolution approving the Proposed Acquisition and the allotment and issue of the Consideration Shares to the Subscriber.

Discloseable transaction

- 9.3 Rule 1010 read with Rule 1014 of the Catalist Rules prescribes that in relation to an acquisition, where any relative figures as computed on the bases set out in Rule 1006 exceeds 5% but is less than 75%, the transaction is classified as a discloseable transaction.
- 9.4 The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition and based on the latest announced unaudited

consolidated financial statements of the Group for the financial year ended 31 December 2018 (“FY2018”), are as follows:

	<u>Bases</u>	
(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
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits.	Not meaningful ⁽¹⁾
(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.	67.78% ⁽²⁾⁽³⁾
(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.	42.48% ⁽⁴⁾
(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.	Not applicable

Notes:

- (1) The Target Group is dormant and does not have any operating income yet.
- (2) Rule 1003 of the Catalist Rules provides that where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher. The unaudited consolidated net asset value of the Group as at 31 December 2018 was S\$0.0144 per Share. The net asset value per Share is as such higher than the market value of S\$0.009025 per Share (being the weighted average price of the Shares traded on 26 February 2019, the market day on which the Shares were last traded on the SGX-ST immediately preceding the date of the Agreement). For the purpose of Rule 1006(c), the value of the Consideration Shares is S\$4,595,040, being the net asset value per Share as at 31 December 2018 multiplied by the number of Consideration Shares.
- (3) The Company’s market capitalisation as at 26 February 2019 is S\$6,779,580. The market capitalization is determined based on 751,200,000 Shares in issue as at, and the weighted average price of the Shares of S\$0.009025 per Share traded on 26 February 2019, being the market day on which the Shares were last traded on the SGX-ST immediately preceding the date of the Agreement.
- (4) This is based on the number of Consideration Shares (319,100,000) divided by 751,200,000 Shares in issue as at the date of the Agreement.

As the relative figures computed on the bases set out in Rule 1006(c) and (d) is more than 5% but less than 75%, the Proposed Acquisition constitutes a discloseable transaction.

10. PROPOSED ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES, SUBSCRIPTION SHARES AND OPTION SHARES

Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules

The proposed allotment and issue of the Consideration Shares, Subscription Shares and Option Shares will not be issued pursuant to the general share issue mandate approved by Shareholders at the annual general meeting of the Company held on 30 April 2018. The Company will be seeking the approval of Shareholders pursuant to the relevant provisions of the Companies Act, Cap. 50 and the Catalist Rules for such allotment and issue, more details of which will be set out in a circular to Shareholders (the “**Circular**”).

11. PROPOSED JOINT VENTURE WITH AN INTERESTED PERSON IN MAPUR ROCKY RESORT LIMITED FOLLOWING THE PROPOSED ACQUISITION

- 11.1 On completion of the Proposed Acquisition, the Company and the Vendor, Doris Chung Gim Lian will respectively hold 54% and 46% of the issued share capital of the Target Company. The Subscriber will on Completion, be a controlling shareholder of the Company after the Subscription Shares and Consideration Shares are allotted and issued to him. As the Vendor, Doris Chung Gim Lian is the spouse of the Subscriber, she will be regarded as an interested person under Chapter 9 after Completion. Accordingly, the Target Company will be the subject of a joint venture between the Company and an interested person, namely, Doris Chung Gim Lian (the “**Proposed Joint Venture**”).
- 11.2 The value at risk of the Proposed Joint Venture is the amount of the Acquisition Consideration, which exceeds 5.0% of the last audited NTA of the Group (please see paragraph 9.2 of this Announcement). The Proposed Joint Venture will as such be subject to the approval of Shareholders pursuant to Rule 906 of the Catalist Rules. The salient terms of the Shareholders' Agreement will be set out in the Circular.

12. INDEPENDENT FINANCIAL ADVISER

- 12.1 Rule 921(4)(a) of the Catalist Rules provides that if shareholder approval is required in respect of an interested person transaction, the circular to shareholders must include an opinion in a separate letter from an independent financial adviser (“**IFA**”) stating whether the relevant transaction is on normal commercial terms and is prejudicial to the interests of the issuer and its minority shareholders. Rule 921(4)(b) further provides that the opinion of the IFA is not required in relation to the issue of shares for cash.
- 12.2 An IFA will be appointed by the Company to advise the independent Directors on the Proposed Acquisition and the Proposed Joint Venture. The Audit Committee of the Company will consider the opinion of the IFA before forming its view, which will be disclosed in the Circular) on whether the Proposed Acquisition, the Proposed Subscription, the Proposed Options and the Proposed Joint Venture are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.
- 12.3 Except for the Proposed Acquisition, the Proposed Subscription, the Proposed Options and the Proposed Joint Venture, there was no transaction between the Group and any interested person in the current financial year as at the date of this Announcement.

13. WHITEWASH WAIVER

- 13.1 As at the date of this Announcement, the Subscriber owns in aggregate approximately 9.2% of the total issued Shares. Upon the issuance of the Consideration Shares and the Subscription Shares to the Subscriber on Completion, the shareholding interest of the Subscriber will increase from 9.2% to 44.47% of the enlarged total number of issued Shares. Upon the issuance of all of the Options Shares (assuming that the Call Option and/or Put Option are exercised in respect of all of the Option Shares), the shareholding interest of the Subscriber will increase from 44.47% to 54.01% of the enlarged total number of issued Shares. Please see paragraph 3.4 for more details.
- 13.2 Following Completion, the Subscriber's shareholding will cross 30% and in addition, he may pursuant to each exercise of the Call Option or Put Option, increase his shareholding in the Company by more than 1% in any 6 month period, thereby triggering the mandatory general offer obligation under the Code.
- 13.3 Accordingly, upon Completion and where applicable, upon each exercise of the Call Option or Put Option, the Subscriber and his concert parties will be required under the Singapore Code on Takeovers and Mergers (the "**Code**") to make a mandatory general offer for the Shares not already owned or controlled by them pursuant to Rule 14.1 of the Code unless such obligation is waived by the SIC and the approval of independent Shareholders in general meeting is obtained for such waiver.
- 13.4 As set out in paragraph 6(iii) of this Announcement, an application will be made to the SIC for the Whitewash Waiver and the approval of the SIC and Shareholders to the Whitewash Waiver are conditions precedent to Completion.

14. PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE COMPANY TO INCLUDE THE DEVELOPMENT, MANAGEMENT AND OPERATION OF RESORTS IN BINTAN, INDONESIA

- 14.1 The current core business of the Group is the sale and distribution of quality wood-based products and premium lifestyle furniture (the "**Existing Business**").
- 14.2 Based on information furnished by the Subscriber to the Company, the principal business of the Target Subsidiary is the development of resorts in Bintan, Indonesia, including but not limited to resort apartments, suites and villas for sale, and the management and operation of resorts in Bintan, Indonesia. Upon Completion, the Target Company will become a subsidiary of the Company and the business of the Target Company will form part of the business of the Group (the "**Proposed Diversification**"). The Proposed Diversification will involve a new business which is substantially different from the Existing Business. It is envisaged to change the existing risk profile of the Group. Pursuant to Practice Note 10A of the Catalist Rules, Shareholders' approval is required for the Proposed Diversification. Accordingly, the Company will seek the approval of Shareholders at the EGM for the Proposed Diversification.

15. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION, PROPOSED SUBSCRIPTION AND PROPOSED OPTIONS

For the purposes of illustration only and based on the unaudited consolidated financial statements of the Group for FY2018, the financial effects of the Proposed Acquisition, Proposed Subscription and Proposed Options are as follows:

(a) Earnings per Share ("EPS")

Assuming that the Proposed Acquisition and Proposed Subscription were completed and the Option Shares are fully issued on 1 January 2018, the effect of the Proposed Acquisition, Proposed Subscription and Proposed Options on the EPS of the Group for FY2018 will be as follows:

	Before the Proposed Acquisition, Proposed Subscription and issuance of the Option Shares in full	After the Proposed Acquisition and Proposed Subscription but before the issuance of the Option Shares in full	After the Proposed Acquisition, Proposed Subscription and issuance of the Option Shares in full
Net loss attributable to the Shareholders	(2,969,384)	(2,599,625) ⁽¹⁾	(2,614,625) ⁽¹⁾
Number of Shares	751,200,000	1,228,300,000	1,483,300,000
EPS (cents)	(0.0040)	(0.0021)	(0.0018)

(b) Net Tangible Assets ("NTA")

Assuming that the Proposed Acquisition and Proposed Subscription were completed and the Option Shares are fully issued on 31 December 2018, the effect of the Proposed Acquisition, Proposed Subscription and Proposed Options on the NTA of the Group for FY2018 will be as follows:

	Before the Proposed Acquisition, Proposed Subscription and issuance of the Option Shares in full	After the Proposed Acquisition and Proposed Subscription but before the issuance of the Option Shares in full	After the Proposed Acquisition, Proposed Subscription and issuance of the Option Shares in full
NTA attributable to the Shareholders	10,849,521	15,847,521 ⁽¹⁾	18,637,521 ⁽¹⁾
Number of Shares	751,200,000	1,228,300,000	1,483,300,000
NTA per Share (cents)	0.0144	0.0129	0.0126

Note:

- (1) The figure has incorporated an adjustment of the net asset value of the Target Group to take into account the market value of the Property of approximately S\$6,500,000, as determined by the Valuation Report.

16. USE OF PROCEEDS

Assuming that all the Subscription Shares are successfully allotted and issued, the estimated net proceeds from the Proposed Subscription (the "**Subscription Net Proceeds**") will be approximately S\$1.5 million (after deducting expenses of

approximately S\$250,000 incurred by the Company in connection with the Proposed Transactions).

Assuming that the Call Option and/or Put Option are exercised in respect of all the Option Shares during the option period of 24 months after Completion, the estimated proceeds from the issuance of the Options Shares (the “**Option Net Proceeds**”) will be approximately S\$2,790,000 (after deducting expenses of approximately S\$15,000 to be incurred in connection with the issue and allotment of the Option Shares).

The Company intends to use the Subscription Net Proceeds and Option Net Proceeds (collectively, the “**Net Proceeds**”) for general working capital purposes.

Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed, and provide a status report on the use of the Net Proceeds in the Company's annual report and financial results announcement.

17. SERVICE AGREEMENT

Subject to Completion, the Subscriber is entitled to nominate the appointment of two (2) Directors to the Board.

Save as set out above, as at the date of this Announcement, no other person is proposed to be appointed as Director of the Company in connection with the Proposed Transactions.

18. EXTRAORDINARY GENERAL MEETING

The Circular containing further details of the Proposed Transactions, the opinion and recommendation of the IFA and enclosing a notice of extraordinary general meeting to be convened in connection with the Proposed Transactions will be dispatched by the Company to Shareholders in due course. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interest until they or their advisers have considered the information and recommendations to be set out in the Circular.

THE RESOLUTIONS TO APPROVE EACH OF THE PROPOSED TRANSACTIONS ARE INTER-CONDITIONAL. ACCORDINGLY, THE APPROVAL OF A PROPOSED TRANSACTION IS CONDITIONAL UPON THE APPROVAL OF EACH OF THE OTHER PROPOSED TRANSACTIONS.

19. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

19.1 Director's Interest

Save as disclosed above, none of the Directors (other than in his capacity as Director or Shareholder) or controlling Shareholders (other than through their respective

shareholdings in the Company) has any interest, direct or indirect, in the Proposed Transactions.

19.2 Abstention

The Subscriber and the Vendors will abstain, and have undertaken to ensure that their associates will abstain from voting on the resolutions approving the Proposed Transactions at the EGM.

The Directors, Mr Chew Ah Ba George and Mr Steven Chew will abstain from voting on the resolutions approving the Proposed Transactions at the EGM.

20. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Subscription and the Proposed Options are undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

21. ADDITIONAL LISTING CONFIRMATION

The Sponsor of the Company, RHT Capital Pte Ltd, will be submitting an additional listing application to the SGX-ST on behalf of the Company for the listing of and quotation for the Consideration Shares, Subscription Shares and Option Shares on the Catalist Board of the SGX-ST (“**LQN**”).

The Company will make the necessary announcement upon receipt of the LQN.

22. CONFIRMATION

The Directors are of the opinion that the working capital available to the Group will be sufficient to meet its present requirements. Notwithstanding, the Net Proceeds are raised as additional general working capital for the Group.

The working capital requirements confirmation stated above has not taken into consideration the funds required for the development of the Property after Completion. The Directors will deliberate and evaluate the sources of funds for the potential development, which may include various financing alternatives, such as external bank borrowings or related party loans, or additional capital funding from Shareholders or potential investors through placement of Shares, rights issues or other capital market instruments.

23. CAUTIONARY STATEMENT

Shareholders of the Company and potential investors should exercise caution when trading in the shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

24. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement and the Valuation Report will be available for inspection during normal business hours at the Company's registered office at 15 Hillview Terrace Singapore 669226 for a period of three (3) months from the date of this Announcement.

25. 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 Proposed Transactions, 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.

BY ORDER OF THE BOARD

George Chew
Executive Chairman

27 February 2019

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 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 details of the contact person for the Sponsor are:

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