PROCURRI CORPORATION LIMITED

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

PROPOSED ACQUISITION OF 49% OF THE EQUITY INTERESTS OF ROCKLAND CONGRUITY LLC AS A MAJOR TRANSACTION

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1. INTRODUCTION

The board of directors (the "**Directors**" or the "**Board**") of Procurri Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Procurri LLC ("**Procurri US**") has, on 16 November 2018, entered into an interest purchase agreement (the "**IPA**") with, *inter alia*, Congruity LLC (the "**Seller**") to acquire 49% of the issued and outstanding equity interests (the "**Target Shares**") of Rockland Congruity LLC (the "**Target Company**") held by the Seller, for an aggregate unadjusted consideration (the "**Purchase Price**") of US$22 million (the "**Proposed Acquisition**").

As the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**") exceed 20%, the Proposed Acquisition is classified as a "major transaction" within the meaning of Rule 1014 of the Listing Manual, and is subject to the approval of the shareholders of the Company (the "**Shareholders**"). Further details on the relative figures under Rule 1006 of the Listing Manual can be found in paragraph 7.1 of this announcement (this "**Announcement**").

A portion of the Purchase Price may in the Procurri US's sole discretion be paid with Consideration Shares (as defined below) allotted and issued to the Seller (the "**Proposed Issuance**" and, together with the Proposed Acquisition, the "**Proposed Transactions**"). As such, the Proposed Issuance is subject to the approval of the Shareholders. Further details on the Consideration Shares (as defined below) and the Proposed Issuance can be found in paragraphs 4.2.3 and 8 respectively of this Announcement.

2. THE TARGET COMPANY

2.1 INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated in the United States of America. The Target Company was incorporated as a joint venture company pursuant to an operating agreement (the "**Operating Agreement**") executed between Procurri US and the Seller (collectively, the "**JV Partners**"), to provide a platform for the sale of refurbished technology hardware and to provide third party IT maintenance and support services to customers (the "**Business**"). The entry into the Operating Agreement was announced by the Company on 23 January 2017 (the "**JV Announcement**"). As of the date of this Announcement, the Target Company is primarily engaged in the Business.

The Target Company has a capital contribution of US$100. As of the date of this Announcement, Procurri US and the Seller each hold 51% and 49%, respectively, of the entire issued and outstanding equity interests of the Target Company.

Upon completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of Procurri US.

2.2 VALUE OF AND NET PROFIT ATTRIBUTABLE TO THE TARGET SHARES

Based on the latest unaudited financial statements of the Target Company (the "**Target Company 9M2018 Results**") for the nine-month financial period ended 30 September 2018 ("**9M2018**"), the book value and the net tangible asset value of the Target Shares were approximately US$4,248,000. There is no open market value for the Target Shares as they are not publicly traded.

No independent valuation on the Target Shares was carried out for the purpose of the Proposed Acquisition.

The net profit before tax attributable to the Target Shares for 9M2018, based on the Target Company 9M2018 Results, is approximately US$3,574,000.

3. INFORMATION ON THE SELLER

The Seller is a limited liability company incorporated in the United States of America, and is principally engaged in the reselling, support and decommissioning of enterprise data storage hardware.

The Seller is not related to the Directors or controlling Shareholders of the Company and their respective associates.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1 DEFINITIONS

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

"**Aged Inventory**" means any items of inventory that were purchased by the Target Company prior to 1 August 2017, the quantum of which was agreed between the parties to the IPA.

"**Closing**" means the closing of the sale and purchase of the Target Shares under the IPA.

"**Closing Date**" means the date of the Closing.

"**Seller Principals**" mean Mr. Sean Brady and Mr. Brian Davidson.

"**weighted average price**" has the meaning ascribed to it in the Listing Manual, as amended, modified or supplemented from time to time.

4.2 CONSIDERATION

4.2.1 Consideration

Under the IPA, Procurri US has agreed to acquire the Target Shares from the Seller for the Purchase Price, subject to the various adjustments specified in paragraph 4.2.5 and payment of the Consideration Shares specified in paragraph 4.2.3 of this Announcement. The unadjusted Purchase Price that the Seller will receive for the sale of the Target Shares is US$22 million.

The Purchase Price for the Target Shares was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations, and was determined based on the historical financial performance, current financial position and prospects of the Target Company.

4.2.2 Terms of Payment

Subject to the various adjustments in paragraph 4.2.5 of this Announcement, the Purchase Price will be paid, as follows:

(a) on the Closing Date, US$12 million will be paid in cash (the "**Closing Date Payment**"); and

(b) on 31 January 2020 (the "**Post-Closing Date**"), US$10 million will be paid in cash (the "**Post-Closing Date Payment**").

Procurri US shall have the option with respect to each of the Closing Date Payment and the Post-Closing Date Payment to satisfy a portion of such payment obligations (the "**Stock Payment**") in an amount up to US$2 million for each of the Closing Date Payment and Post-Closing Date Payment through the transfer or issuance to the Sellers of shares of the Company (the "**Consideration Shares**"); provided that the sum of all Stock Payments shall not exceed U$4 million.

4.2.3 Consideration Shares

In the event Procurri US exercises its discretion to make a Stock Payment, the Consideration Shares that are issued shall be valued at a price per share equivalent to the higher of:

(a) 90% of the weighted average price of shares of the Company for trades done on the SGX-ST for the 20 full market days prior to the Closing Date, as the case may be;

(b) 90% of the weighted average price of shares of the Company for trades done on the SGX-ST for the 20 full market days prior to the Post-Closing Date, as the case may be; or

(c) the weighted average price of shares of the Company for trades done on the SGX-ST for the full market day on the date of the IPA, being 16 November 2018.

For the purposes of determining the number of Consideration Shares to be issued, the value of the Stock Payment shall be converted at the exchange rate between Singapore Dollars and United States Dollars as reported by the Wall Street U.S. Edition on the last business day prior to the Closing Date and the Post-Closing Date, as the case may be.

4.2.4 Moratorium

In the event that the Consideration Shares are issued to the Seller, or to a Seller Principal (at the request of the Seller), the Seller and/or Seller Principals, as the case may be, have undertaken not to directly or indirectly transfer or dispose of any of their Consideration Shares or any of the economic consequences of ownership of said shares, for a period of 180 days from the date of issuance of the Consideration Shares to the Seller and/or Seller Principals, as the case may be.

4.2.5 Consideration Adjustments

In the event that the Target Company has any Aged Inventory in excess of US$250,000 on hand as of 31 December 2018, Procurri US shall be entitled to a dollar for dollar adjustment of the Purchase Price (and the Post-Closing Date Payment) equal to the amount by which the Aged Inventory that remains on hand in inventory as of 31 December 2018 exceeds US$250,000 (the "**Set-Off Amount**"). Procurri US shall also have the right to offset an amount equal to the Set-Off Amount against any amounts owed to the Seller under the IPA, including the Post-Closing Date Payment.

In addition, all accounts receivable due to the Target Company from the Seller or its affiliates as at the date of the IPA shall be brought current, to be paid in full within 30 days of the date of the invoice. If such accounts receivable have not been paid in full on each of their due dates, the said accounts receivable shall be satisfied by a reduction on a dollar for dollar basis against the Purchase Price and the Closing Date Payment if not paid in full on or before the Closing Date, or against the Purchase Price and Post-Closing Date Payment if not paid in full after the Closing Date.

Notwithstanding the above, after the date of the IPA until Procurri US has paid the Post-Closing Date Payment in full, payment of accounts receivable up to an amount of US$1 million due to the Target Company from the Seller or its affiliates (the "**Eligible Receivables**") shall be permitted to be carried on the books of the Target Company and shall not be due and payable until and upon the payment by Procurri US of the Post-Closing Date Payment. To the extent any Eligible Receivables remain unpaid as of the date of the Post-Closing Date Payment, such Eligible Receivables shall be satisfied by the reduction, on a dollar for dollar basis, of the Post-Closing Date Payment. In the event the Seller's affiliate, Congruity 360, LLC, engages in a transaction resulting in the sale or transfer of more than 50% of the equity interest of Congruity 360, LLC (a "**Congruity Change of Control**"), and in connection with such Congruity Change of Control, the accounts receivable owing to the Target Company by the Seller or its affiliates, including without limitation accounts receivable owing by Congruity 360, LLC due to the Target Company (the "**Congruity Receivables**") are brought current, then upon the payment of the Post-Closing Date Payment, the Eligible Receivables shall not reduce the amount of the Post-Closing Date Payment, and the Target Company shall only look to Congruity 360, LLC for payment of the Congruity Receivables.

Finally, from and after the date of the IPA, all accounts payable due to the Seller or its affiliates from the Target Company shall be brought current, to be paid in full within 30 days of the date of the invoice. If such accounts payable have not been paid in full on each of their due dates, the said accounts payable shall be satisfied by an increase on a dollar for dollar basis against the Purchase Price and the Closing Date Payment if not paid in full on or before the Closing Date, or against the Purchase Price or the Post-Closing Date Payment if not paid in full on or before the Post-Closing Date.

Notwithstanding the foregoing, any accounts payable due to the Seller's affiliate, Congruity 360, LLC, from the Target Company or Procurri US relating to the Target Company's transactions with

a specified customer shall not be due and payable to Congruity 360, LLC unless and until payment is made by such customer to the Target Company. As of the date of this Announcement, said accounts payable amount to approximately US$500,000.

4.3 ASSET PURCHASE AND LICENSING

Simultaneously with the execution of the IPA, the Seller entered into an asset purchase agreement with the Seller Principals and the Target Company (the "**APA**"). Under the terms of the APA, the Seller agreed to transfer, assign and deliver certain assets owned by the Seller, including assets that are currently licensed to and used by the Target Company in connection with its Business, to the Target Company on the Closing Date (the "**Assets**"). In consideration for the Assets, the Target Company has agreed to, *inter alia*, pay the Seller an amount of US$100.

Further on the Closing Date, a supplemental agreement between the Seller, Seller Principals and the Target Company (the "**Licence Amendment Agreement**") to amend a licence agreement dated 20 January 2017 in respect of intellectual property rights owned by the Seller and/or Seller Principals, shall be executed. The Licence Amendment Agreement concerns, *inter alia*, the licensing of the www.congruity.com domain, as well as the usage of certain other service marks by the Seller.

4.4 EMPLOYMENT OF THE SELLER PRINCIPALS AND RESTRICTIVE COVENANTS ON THE SELLER PRINCIPALS AND THE SELLER

Pursuant to the IPA, the Seller Principals will execute fresh employment agreements with the Target Company at the Closing.

The Seller and the Seller Principals will also undertake customary restrictive covenants in favour of Procurri US and the Target Company pursuant to a restrictive covenants agreement (the "**Covenants Agreement**") which provides, *inter alia,* that:

(a) each of the Seller and the Seller Principals shall keep confidential and not disclose confidential information pertaining to the Business or the Target Company to any third party without the Target Company's prior written consent, or unless required by judicial and governmental action and as permitted under the Covenants Agreement. In respect of confidential information that does not constitute a trade secret, the confidentiality obligation applies for a period of five (5) years following the date of the Covenants Agreement (the "**Effective Date**");

(b) during the period of three (3) years following the Effective Date, the Seller shall not, within the geographic region throughout which Target Company conducted its business (the "**Restricted Business**") as of immediately prior to the Effective Date, in any way, directly or indirectly, either on its own account or otherwise do any of the following: (i) be engaged in or be economically interested in any business which is if the same or similar type to the Restricted Business or which is or is likely to be in competition with the Restricted Business; (ii) solicit or attempt to solicit orders or contracts for the supply of any competing service or product to the Target Company's customers; or (iii) solicit, divert or entice any person employed or engaged by Target Company or Procurri US (each, a "**Restricted Person**") to perform duties or provide services that are substantially similar to those duties performed or services provided by or on behalf of such Restricted Person to the Target Company or Procurri US, as the case may be.

(c) during the period of three (3) years following the Effective Date, the Seller Principals shall not directly or indirectly (i) own any interest in, provide financing to, render services of any nature, whether for consideration or otherwise to, serve as an employee, independent contractor, consultant, director, officer or agent for, or become associated with or interested in, in any way, with, any entity which has a business substantially similar to the Restricted Business or any entity providing any competing service or product; (ii) solicit or attempt to solicit orders or contracts for the supply of any competing service or product to any the Target Company's customers; and (iii) solicit, divert or entice any Restricted Person to perform duties or provide services that are substantially similar to those duties performed or services provided by or on behalf of such Restricted Person to the Target Company or Procurri US, as the case may be.

4.5 CONDITIONS PRECEDENT AND CLOSING

4.5.1 Conditions Precedent to Closing

Closing is subject to the satisfaction or waiver of the following:

(a) the obligations of Procurri US, the Target Company, the Seller and the Seller Principals to consummate the Closing are subject to the satisfaction or waiver of the following conditions:

(i) all required consents, approvals and authorisations of governmental authorities having been obtained; and

(ii) there being in effect no injunction or other order issued by any governmental authority which restrains, prohibits or otherwise makes illegal the transactions contemplated by the IPA at the Closing Date;

(b) the obligations of Procurri US to consummate the Closing are subject to the satisfaction or waiver of, *inter alia*, the following conditions:

(i) the transaction documents including, *inter alia*, the IPA, the APA, the Licence Amendment Agreement and the Covenants Agreement duly executed by the relevant parties and having been delivered to Procurri US;

(ii) the IPA and the transactions described therein having been duly adopted and duly approved by the managers, board of directors and members of Procurri US, and the Board of Directors and the Shareholders;

(iii) the representations and warranties of the Seller and the Seller Principals in the IPA shall be complete, true and correct in all material respects as of the Closing Date; and

(iv) there having been no material adverse change in the business, operations, properties, prospects, assets, liabilities, or condition of the Target Company, and no event having occurred or circumstances existing that may result in such material adverse effect;

(c) the obligations of the Seller to consummate the Closing are subject to the satisfaction or waiver of, *inter alia*, the following conditions:

(i) the transaction documents including, *inter alia*, the IPA, the APA, the Licence Amendment Agreement and the Covenants Agreement duly executed by the relevant parties and having been delivered to the Seller;

(ii) the representations and warranties of the Buyer in the IPA shall be complete, true and correct in all material respects as of the Closing Date; and

(iii) Procurri US having delivered to the Seller the Closing Date Payment, including the Stock Payment,

(the conditions specified in sub-paragraphs 4.6.1(a) to (c) collectively, the "**Closing Conditions Precedent**").

4.5.2 Closing

Closing will take place on the later of:

(a) the second business day immediately following the date on which each of the Closing Conditions Precedent have been satisfied or, if permissible, waived (other than those conditions that by their nature are to be satisfied at the Closing (but subject to the satisfaction or waiver of those conditions)); or

(b) at such other date and time as Procurri US and the Seller may mutually agree in writing.

5. RATIONALE FOR THE PROPOSED ACQUISITION AND SOURCE OF FUNDING

5.1 RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition is a strategic acquisition which will be significantly positive to the Group's long-term growth strategy and will enhance the performance of the Group, for the following reasons:

5.1.1 Increasing the Group's competitive edge and enhancing synergies from full integration

In recent years, there has been a significant number of mergers and acquisition activities within the independent maintenance industry, as competitors are actively scaling up operations in order to capture a meaningful market share. The Board believes that full integration of the Target Company's operations will enable the Group to compete even more effectively with its competitors.

The Target Company generated significant deferred revenue of US$7.2 million in the completed financial year commencing 1 January 2017 and ending 31 December 2017 ("**FY2017**") and US$7.5 million in 9M2018. The recurring monthly billings in 9M2018 that are not included in deferred revenue amounted to approximately US$300,000. The net profit after tax of the Target Company in FY2017 is approximately US$3.3 million. In 9M2018, the Target Company generated a net profit after tax of approximately US$5.1 million.

Given the robust performance of the Target Company, the Board believes that the Proposed Acquisition will create a more effective Business, and will improve the decision-making efficiency

and integration process of the Business, which are beneficial to the long-term profitability of the Group.

5.1.2 The Distribution Waiver

Furthermore, the Board has evaluated the financial impact of the Proposed Acquisition, and is of the view that the Proposed Acquisition would result in greater earnings for the Company relative to the position the Company would be in, when the Distribution Waiver expires on 31 December 2018 and without carrying out the Proposed Acquisition. Further details on the Distribution Waiver are set out in the JV Announcement.

Purely as an illustration, the financial effects of the Distribution Waiver on the Group's net losses in FY2017 without accounting for the Proposed Acquisition, as stated in the audited consolidated financial statements of the Group for FY2017 ("**Group FY2017 Results**"), is set out below.

	With the Distribution Waiver	Without the Distribution Waiver
Profits/(Loss)[(1)] attributable to shareholders of the Company (S$'000)	(2,749)	(4,980)
Weighted average number of shares for FY2017	280,118,325	280,118,325
Earnings/(Loss) per share (S$ cents)	(0.98)	(1.78)

Notes:

(1) Profits and losses refers to profits and losses after tax for FY2017 attributable to the Shareholders. For the avoidance of doubt, the financial effects of the Distribution Waiver computed above does not account for the Proposed Acquisition having taken place.

Taking the above into consideration, the Board has decided to proceed with the Proposed Acquisition to purchase the Target Shares.

5.2 SOURCE OF FUNDS

The Purchase Price will be financed through the Group's internal funds and/or bank borrowings. The Company intends to finance a portion of the Purchase Price from the net proceeds remaining after the initial public offering of the Company's shares ("**IPO Proceeds**") in July 2016. Further details can be found in paragraph 6 of this Announcement.

6. CHANGE IN USE OF IPO PROCEEDS

As disclosed in the offer document dated 12 July 2016 for the initial public offering of the Company's shares (the "**Offer Document**") and the Company's annual report for FY2017, the usage of IPO Proceeds as at the date of this Announcement is as follows:

Use of IPO Proceeds	Allocation of IPO Proceeds (S$'000)	IPO Proceeds utilised (S$'000)	Balance of IPO Proceeds (S$'000)
Mergers and acquisitions, joint ventures and partnerships strategy	17,000	16,125	875
Enhancement of infrastructure	5,000	1,911	3,089
Repayment of the DeClout Loans (as defined in the Offer Document)	6,081	6,081	0
Working capital purposes	6,744	6,744	0
Total	**34,825**	**30,861**	**3,964**

As of the date of this Announcement, the balance of the IPO Proceeds stands at a sum of approximately S$4 million. The Company wishes to announce that, subject to the approval of the Shareholders to proceed with the Proposed Acquisition, it has reallocated IPO Proceeds amounting to approximately S$3.1 million unutilised for the enhancement of infrastructure to fund mergers and acquisitions, joint ventures and partnerships strategy (the "**Reallocation**"), so as to pay part of the Purchase Price.

The Board is of the view that the Reallocation is in the best interest of the Company for the reasons set out in paragraph 5.1 above. The amount of IPO Proceeds previously earmarked for the enhancement of infrastructure took into consideration the possibility of setting up an operations centre. However, the Board is of the view that, given the strategic nature of the Proposed Acquisition, the Reallocation currently presents a better use of the unutilised IPO Proceeds. Accordingly, following the Reallocation, the balance of the IPO Proceeds, amounting to approximately S$4 million, will be used to finance part of the Closing Date Payment.

7. COMPLIANCE WITH CHAPTER 10 OF THE LISTING MANUAL

7.1 THE PROPOSED ACQUISITION AS A MAJOR TRANSACTION

Where relevant and unless otherwise stated, the sums in this paragraph 7 of this Announcement denominated in United States Dollars have been converted into Singapore Dollars at an exchange rate of US$1:S$1.38.

Based on the latest unaudited consolidated financial statements of the Group for 3Q2018 ("**Group 3Q2018 Results**") and the Target Company 9M2018 Results, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual are as follows:

Rule 1006	Bases of Calculation	Relative Figures after the Proposed Acquisition (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable[1]
(b)	The net profits/(losses) attributable to the assets being acquired, compared with the Group's net profits/(losses)	60.9[2]
(c)	The aggregate value of the Purchase Price, compared with the market capitalisation of the Company based on the total number of issued shares excluding treasury shares	36.8[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 (excluding treasury shares)	6.7[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[5]

Notes:

(1) Rule 1006(a) of the Listing Manual is not applicable as the Proposed Acquisition involves an acquisition of assets.

(2) Net profits/losses is defined as profit/loss before tax. The net profit attributable to the Target Shares based on 49% of the Target Company 9M2018 Results is approximately S$4.8 million (as converted from a sum of US$3.6 million). The Group's net profit based on the Group 9M2018 Results is approximately S$7.9 million.

(3) The relative figure is computed by dividing the Purchase Price of approximately S$30.4 million (being converted from a sum of US$22 million) by the market capitalisation of the Company of approximately S$82.4 million, based upon a total number of 282,569,100 shares (excluding treasury shares) of the Company in issue as at the date of this Announcement, and the volume weighted average price of S$0.2919 per share of the Company on the SGX-ST as at 16 November 2018 (being the full market day of the date of the IPA).

(4) The number of equity securities issued by the Company is 18,910,586 assuming the maximum Stock Payment is made, being equivalent to a value of approximately S$5.5 million each (being converted from US$4.0 million). The Consideration Shares are valued at a price equivalent to the weighted average price of shares of the Company for trades done on the SGX-ST for the full market day on the date of the IPA at 16 November 2018, being a price of S$0.2919. As such, the number of Consideration Shares issued, pursuant to the completion of the entire Proposed Acquisition, is 18,910,586. The number of issued shares of the Company (excluding treasury shares) as of the date of this Announcement is 282,569,100.

(5) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed based on Rule 1006(b) and (c) of the Listing Manual exceed 20% on the completion of the entire Proposed Acquisition, the Proposed Acquisition constitutes a "major transaction" under Rule 1014 of the Listing Manual. Accordingly, the Proposed Acquisition is conditional upon the approval of Shareholders in an extraordinary general meeting ("**EGM**") to be convened.

7.2 FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *pro forma* financial effects of the Proposed Acquisition as set out below are for illustrative purposes only and do not reflect the actual results and financial position of the Group and of the Company following the Closing.

The *pro forma* financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") per share and earnings per share ("**EPS**") of the Group are prepared based on the Group FY2017 Results, and are subject to the following assumptions:

(a) the financial effect on the consolidated NTA per share is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2017;

(b) the financial effect on the consolidated EPS is computed based on assumption that the Proposed Acquisition was completed on 1 January 2017;

(c) 18,910,586 Consideration Shares are issued for the maximum Stock Payment, equivalent to a value of approximately S$5.5 million each (being converted from a sum of US$4.0 million), at a price per share of S$0.2919, being the weighted average price of shares of the Company for trades done on the SGX-ST for the full market day on the date of the IPA at 16 November 2018; and

(d) the expenses incurred in relation to the Proposed Transactions are approximately S$321,000.

For the avoidance of doubt, such financial effects do not take into account any corporate actions announced and undertaken by the Group subsequent to 31 December 2017.

7.2.1 Financial Effects of the Proposed Acquisition on the Consolidated NTA per Share

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA of the Group [(1)] (S$'000)	50,018	24,539
Number of shares	282,056,600[(2)]	300,967,186
NTA per share (S$ cents)	17.73	8.15

Notes:

(1) NTA refers to total assets less the sum of total liabilities, non-controlling interest and intangible assets. The NTA of the Group in light of the Proposed Acquisition was adjusted based on the following calculations:

Accounting item	**After the Proposed Acquisition (S$'000)**
Payment of the Purchase Price to the Seller	(29,453)
Issuance of Consideration Shares	5,339
Expenses incurred in relation to the Proposed Transactions	(321)
De-recognition of a derivative financial asset, being the call option exercisable by the Group for the Target Shares under the Operating Agreement	(1,044)
Non-controlling interests acquired under the Proposed Acquisition (rounded down to the nearest S$1,000)	0
Net increase/(decrease) in NTA after the relevant adjustment	**(25,479)**

(2) Based upon a total number of 282,056,600 shares (excluding treasury shares) of the Company in issue as at 31 December 2017.

7.2.2 Financial Effects of the Proposed Acquisition on the Consolidated EPS

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Profits/(Loss)[(1)] attributable to shareholders of the Company (S$'000)	(2,749)	(4,615)
Weighted average number of shares for FY2017	280,118,325	299,028,911
Earnings/(Loss) per share (S$ cents)	(0.98)	(1.54)

Notes:

(1) Profits and losses refers to profits and losses after tax attributable to the Shareholders. The increase in the loss attributable to the Shareholders after the Proposed Acquisition are approximately S$1,866,000, due to:

(a) the expenses incurred in relation to the Proposed Transactions of approximately S$321,000;
(b) the interest expense incurred in financing the payment of the Purchase Price of approximately S$359,000;
(c) the amortisation expense of the Assets of approximately S$280,000; and
(d) the fair value adjustment on the financial liability arising from the deferred payment of approximately S$907,000.

As set out in paragraph 5.1.2 of this Announcement, the Board is of the view that the Proposed Acquisition would result in greater earnings for the Company relative to the position the Company would be in when the Distribution Waiver expires in 31 December 2018 and without carrying out the Proposed Acquisition. Please refer to paragraph 5.1.2 of this Announcement for an illustration on the same basis of the Group's net losses for FY2017.

8. THE PROPOSED ISSUANCE

As specified in paragraph 4.2.3 of this Announcement, the Proposed Issuance contemplates, *inter alia*, the allotment and issuance of Consideration Shares for the Stock Payment.

Rule 805(1) of the Listing Manual provides that an issuer must obtain prior approval of the Shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from the Shareholders. Further, under Section 161(1) of the Companies Act, Chapter 50 of Singapore, notwithstanding anything in a company's constitution, the directors shall not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares.

Accordingly, the Proposed Issuance is conditional upon the approval of Shareholders in the EGM to be convened.

9. ADDITIONAL LISTING APPLICATION

In view of the Proposed Issuance, the Company will be submitting an additional listing application to the SGX-ST for the listing and quotation of the maximum number of Consideration Shares, under the Proposed Issuance, on the Main Board of the SGX-ST. An announcement will be made in due course to notify the Shareholders when the approval in-principle from the SGX-ST for the Proposed Issuance is received.

10. 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 Proposed Acquisition, other than through their respective shareholdings in the Company.

11. DIRECTORS' SERVICE CONTRACTS

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

12. CIRCULAR TO SHAREHOLDERS

The Company will convene the EGM to seek the approval of the Shareholders for the Proposed Transactions. The Circular containing *inter alia*, further information on the Proposed Transactions and enclosing the notice of EGM therewith, will be dispatched to the Shareholders in due course.

13. DOCUMENTS FOR INSPECTION

Copies of the IPA and the APA are available for inspection during normal business hours at the registered office of the Company 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.

14. FURTHER ANNOUNCEMENTS

The Company will update Shareholders on material developments relating to the Proposed Transactions, if any.

BY ORDER OF THE BOARD
PROCURRI CORPORATION LIMITED

Thomas Sean Murphy
Chairman and Global Chief Executive Officer
18 November 2018