

DECLOUT LIMITED

(Incorporated in Singapore on 21 August 2010)
(Company Registration No. 201017764W)

PROPOSED SALE OF 36,319,978 SHARES IN PROCURRI CORPORATION LIMITED

1. INTRODUCTION

The Board of Directors (“**Board**”) of DeClout Limited (“**Company**”, and together with its subsidiaries, “**Group**”) refers to the circular dated 30 October 2018 (“**Circular**”) in relation to the proposed disposal, in whole or in part, of the Company's shares in Procurri Corporation Limited (“**Procurri**”).

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them respectively in the Circular.

2. PROPOSED SALE OF 36,319,978 PROCURRI SHARES

The Company has today entered into a put and call option agreement (“**Agreement**”) with independent third party, Novo Tellus PE Fund 2, L.P. (the “**Purchaser**”), pursuant to which the Company has granted a call option to the Purchaser to require the Company to sell to the Purchaser, and the Purchaser has granted a put option to the Company to require the Purchaser to purchase from the Company, 36,319,978 Procurri Shares held by the Company (“**Sale Shares**”) at S\$0.33 per Sale Share (“**Proposed Sale**”). The options may be exercised at any time during the period commencing on the date falling 31 days after the date of the Agreement (being 18 March 2019) and ending on the date falling 61 days from the date of the Agreement (being 17 April 2019), with completion taking place on the date falling three (3) business days from the date of the exercise of the relevant option (or such other date as the parties may agree in writing). On completion, the Company shall deliver the Sale Shares to the Purchaser (or such nominee as the Purchaser may designate in writing to the Company, which nominee shall be an affiliate and/or co-investor of the Purchaser).

The Proposed Sale is pursuant to the Disposal Mandate approved by Shareholders at the EGM held on 14 November 2018.

Upon exercise of the relevant option, the aggregate consideration for the Sale Shares is S\$11,985,592.74 (“**Consideration**”), payable in full in cash by the Purchaser to the Company. Assuming the transaction costs in relation to the Proposed Sale are immaterial, the Company intends to use the proceeds from the Proposed Sale (“**Sale Proceeds**”) to repay the Group's external borrowings up to S\$4.2 million and the remaining S\$7.8 million for funding of the Group's merger and acquisition activities, which is in accordance with the intended use of proceeds disclosed in paragraph 5.5 of the Circular.

The Consideration was arrived at on a willing buyer-willing seller basis and in accordance to the terms of the Disposal Mandate set out in paragraph 6.1(b) of the Circular, and represents a premium of 3% to the VWAP of Procurri Shares of S\$0.3202 traded on 14 February 2019, being the last Market Day on which Procurri Shares were traded prior to the date of the Agreement.

Based on the unaudited financial statements for the third quarter and nine months ended 30 September 2018, the book value of the Sale Shares as at 30 September 2018 at the Company level is approximately S\$5.7 million. The Sale Proceeds represent an excess of approximately S\$6.3 million over the book value of the Sale Shares as at 30 September 2018 at the Company level. After taking into consideration the disposal of 48,000,000 Procurri Shares by the Company on 4 January 2019 (the “**January 2019 Disposal**”) whereby the remaining Procurri Shares held by the Company then were revalued at S\$0.32 per share, the completion of the Proposed Sale will result in an accounting gain on disposal of approximately S\$0.4 million and a revaluation gain of approximately S\$0.5 million (assuming the value

of each Procurri Share is S\$0.33) on the remaining 48,000,000 Procurri Shares held by the Company.

Please refer to the Circular for further information on Procurri, the Disposal Mandate and the rationale for the Proposed Disposal.

3. INFORMATION ON THE PURCHASER

The Company understands that the Purchaser is a private equity firm that invests in Southeast Asia based technology and industrial companies. The Purchaser seeks to build lasting value at companies by partnering with management teams to execute clear customer focused strategies and world class operations.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The aggregate relative figures computed pursuant to Rule 1006 of the Catalist Rules in respect of the Proposed Sale and the January 2019 Disposal are set out below:

Bases in Rule 1006	Size of Relative Figure
(a) Net asset value of Sale Shares and 48 million Procurri Shares (S\$20.1 million), compared with the Group's net asset value as at 30 September 2018 (S\$122.6 million)	16.4%
(b) Net profit ⁽¹⁾ of S\$2.3 million attributable to the Sale Shares and 48 million Procurri Shares, compared with the Group's net profit ⁽¹⁾ of S\$7.1 million for the nine months ended 30 September 2018	32.6%
(c) Aggregate value of the consideration received from the Proposed Sale and the January 2019 Disposal compared with the Group's market capitalisation of S\$86.6 million ⁽²⁾	31.6%
(d) Number of equity securities issued by the Company as consideration for the Proposed Sale, compared with the number of equity securities previously in the issue	N.A. ⁽³⁾
(e) Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	N.A. ⁽⁴⁾

Notes:

- (1) "Net profit" means profit or loss before income tax, minority interests and extraordinary items.
- (2) The Company's market capitalisation is determined by multiplying the number of Shares in issue (being 666,001,586 Shares (excluding 5,267,388 treasury Shares)) by the VWAP of the Shares (being S\$0.1301) transacted on 14 February 2019 (being the last Market Day on which Shares were traded preceding the date of the Agreement).
- (3) This is not applicable as the Proposed Sale does not involve any issuance of consideration shares.
- (4) This is not applicable as the Company is not a mineral, oil and gas company.

5. FINANCIAL EFFECTS

The aggregate pro forma financial effects of the Proposed Sale and the January 2019 Disposal are for illustrative purposes only and the pro forma financial effects have been prepared based on audited consolidated financial statements of the Group for FY2017 and on the following key bases and assumptions:

- (a) completion of the Proposed Sale and the January 2019 Disposal had taken place on 31 December 2017 for purposes of the financial effect on the NTA per Share;

- (b) completion of the Proposed Sale and the January 2019 Disposal had taken place on 1 January 2017 for purposes of the financial effect on the EPS;
- (c) the NTA per Share is computed based on the 658,684,486 Shares in issue (excluding 12,584,488 treasury shares) as at 31 December 2017, and the EPS of the Group is computed based on the weighted average number of 650,898,311 Shares in issue for FY2017; and
- (d) transaction costs in relation to the Proposed Sale and the January 2019 Disposal amount to approximately S\$200,000.

For the avoidance of doubt, these pro forma financial effects do not take into account (i) any other corporate actions announced and undertaken by the Group; and (ii) any issuance of new Shares, on or after 1 January 2018.

NTA

	Before the Proposed Sale and the January 2019 Disposal	After the Proposed Sale and the January 2019 Disposal
<i>NTA attributable to the Shareholders (S\$'000)</i>	65,392	84,915
<i>NTA per Share (cents)</i>	9.93	12.89

EPS

	Before the Proposed Sale and the January 2019 Disposal	After the Proposed Sale and the January 2019 Disposal
<i>Loss attributable to the Shareholders (S\$'000)</i>	(16,448)	(4,997)
<i>Loss per Share (cents)</i>	(2.53)	(0.77)

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr. Ho Chew Thim is an independent director of Procurri.

Save as disclosed above, none of the Directors and their respective associates has any interest, direct or indirect, in the Proposed Sale (other than through their respective shareholding interests in the Company, if any).

The Directors have not received any notification of interest in the Proposed Sale from any controlling shareholders of the Company and their respective associates, and are not aware of any controlling shareholders of the Company and their respective associates which has any interests, direct or indirect, in the Proposed Sale, other than through their respective shareholding interests in the Company.

7. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection at the Company's registered office at 29 Tai Seng Avenue #05-01 Natural Cool Lifestyle Hub, Singapore 534119 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Wong Kok Khun
Chairman and Group Chief Executive Officer
15 February 2019

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.