

INFINIO GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199801660M)

PROPOSED PURCHASE OF PROPERTY FOR REDEVELOPMENT

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” or the “**Directors**”) of Infinio Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company, has on 12 February 2018, entered into the payment of the required Initial Deposit (as defined below), and has been granted an option to purchase (the “**OTP**”) the property on a single land lot 3462W of Mukim 23 and located at No. 6 Kim Chuan Terrace Singapore 537029 (the “**Property**”) by Hup Heng Enterprise Company Pte Ltd, the vendor of the Property (the “**Vendor**”)(“**Proposed Acquisition**”).
- 1.2. None of the Directors or the controlling shareholders has any relationship or is related to the Vendor. The Vendor is an independent third party from the Company, Directors and its controlling shareholders.
- 1.3. As part of the Company’s intention to diversify the business of the Group to include the conduct of property development and related business (“**Property Business**”) (“**Proposed Diversification**”), whilst the Proposed Acquisition is not part of the Company’s existing core business and will result in a change in the risk profile of the Company, the Proposed Acquisition, being a disclosable transaction as disclosed in paragraph 6, will be subject to the Company’s shareholders’ (“**Shareholders**”) approval being obtained for the Proposed Diversification at an extraordinary general meeting (“**EGM**”) to be convened (“**Proposed Diversification Mandate**”).
- 1.4. The Board also considers it appropriate for the Company, for identification purposes, to adopt a new name (“**Proposed Change of Name**”). The Proposed Change of Name is independent of the other resolutions to be tabled at the EGM.
- 1.5. The Proposed Diversification, the Proposed Acquisition and the Proposed Change of Name shall collectively be referred to as the “**Proposed Corporate Actions**”.
- 1.6. Further details of the Proposed Corporate Actions will be contained in a circular (“**Circular**”) to be despatched to Shareholders of the Company in due course.

2. INFORMATION ON THE PROPERTY AND RATIONALE FOR THE PROPOSED ACQUISITION

2.1. Information on the Property

The Property comprises an industrial building that is located on a single freehold land lot with a land area of approximately 827.4 square metres that is zoned as “Industrial B2”. The Property is currently used as a machinery workshop and warehouse by the Vendor.

2.2. Rationale for the Proposed Acquisition

The entry into the Proposed Acquisition is pursuant to the Group’s plans to demonstrate that it has a viable business to maintain its listing status by 30 June 2018, being the extended deadline granted by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) to the Company on 17 January 2018.

The Company intends to redevelop the Property, subject to obtaining all the necessary approvals from the relevant authorities, to facilitate the Company's proposal to acquire a new long term sustainable business and to diversify the business of the Group to include the Property Business.

The Board is of the view that the Proposed Acquisition would allow the Company to undertake a viable property development business, gain a foothold in the Property Business and this is in line with the Group's strategic plans and on-going efforts to pursue the Property Business.

3. **CONSIDERATION**

- 3.1. The purchase consideration for the Property is S\$10,800,000 (the "**Consideration**"). The Consideration was arrived at after arm's length negotiations and on a willing-buyer-willing-seller basis, after taking into account the indicative open market value of the Property as at 12 February 2018 of S\$11 million provided by an independent valuer, AVA Associates Limited (the "**Independent Valuer**"), using the Market Approach which references comparable transactions.
- 3.2. The Consideration would be satisfied wholly by cash, through the net proceeds ("**2018 Placement Proceeds**") from the share placement ("**2018 Placement**") completed and announced by the Company on 1 February 2018, and a combination of future equity fund-raising and bank borrowings as the case maybe.
- 3.3. The controlling shareholder and the Non-Executive Chairman of the Company, Mr. Wang ZhenWen, has on 12 February 2018, given an irrevocable undertaking to, *inter alia*, vote in favour of the Proposed Corporate Actions in respect of all the shares in the Company legally and beneficially owned by him as at the EGM.
- 3.4. The Initial Deposit for the Property represents 1% of the purchase consideration or S\$108,000 for the Property (the "**Initial Deposit**") and was paid in cash to the Vendor on 12 February 2018, being the date of the acceptance of the OTP granted by the Vendor to the Company.
- 3.5. Subject to meeting the conditions of exercise, the OTP may be exercised within 45 days from 12 February 2018 (the "**Option Period**") by the Company delivering the signed written acceptance portion of the OTP together with 5% of the purchase price for the Property less the Initial Deposit (collectively the "**Option Fee**") to the Vendor (the "**Exercise of Option**").

4. **REALLOCATION OF 2018 PLACEMENT PROCEEDS**

- 4.1. It was previously announced on 17 January 2018 that the Company intended to use up to 100% of the 2018 Placement Proceeds for working capital purposes. In view of the Proposed Acquisition, the Company has reallocated 25% of the 2018 Placement Proceeds from working capital to finance part of the Proposed Acquisition as follows ("**Reallocation**"):

Intended Purposes	Amount allocated (\$ million)	Reallocation amount (\$ million)	Amount allocated after the Reallocation (\$ million)	Amount utilised as at 12 February 2018 (\$ million)	Amount unutilised as at 12 February 2018 (\$ million)
General Working Capital	2.24	(0.56)	1.68	-	1.68
Proposed Acquisition	-	0.56	0.56	0.11	0.45
Total	2.24	-	2.24	0.11	2.13

5. **SALIENT TERMS OF THE OTP**

5.1. The salient terms of the OTP are as follows:-

- (a) The OTP will expire if it is not exercised within the Option Period and shall be considered null and void thereafter. Upon expiry of the OTP, any Initial Deposit paid will be forfeited to the Vendor and neither party shall have any claims against the other thereafter.
- (b) The Proposed Acquisition is subject to “The Singapore Law Society’s Conditions of Sale 2012” in so far as the terms and conditions stipulated in the OTP are not contrary to or in conflict with the Conveyancing and Law of Property (Conveyancing) Rules 2011 and the Singapore Academy of Law (Conveyancing Money) Rules 2011.
- (c) The Proposed Acquisition is subject to the Company obtaining such clearance, waiver or approval from the SGX-ST and the regulatory authorities in connection with the Proposed Acquisition, as well as any necessary shareholders’ approval at an EGM to be convened, as the case may be. If the said clearance, waiver or approval (if any) is not obtained by the Company within the Option Period, the Company may annul the sale and purchase or elect not to exercise the OTP in which event the OTP shall become null and void and any Initial Deposit paid will be forfeited to the Vendor and neither party shall have any claims against the other thereafter.
- (d) The Vendor warrants that the title to the Property is in order, properly deduced and shall be free from encumbrances.
- (e) The sale and purchase of the Property shall be completed and the balance of the purchase price for the Property shall be paid at the office of the Vendor’s solicitors within 12 weeks from the date of Exercise of Option.
- (f) The Property is sold with vacant possession.
- (g) Where the Company’s solicitors do not receive satisfactory replies to requisitions and applications on the Property from the usual government departments, the Company may elect to rescind the purchase and abort the Proposed Acquisition, following which the Vendor shall refund the full Option Fee (including the Initial Deposit) but without any interest compensation or deductions whatsoever, and thereafter neither party shall have any claims whatsoever against the other.

6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules based on the latest announced unaudited consolidated financial statements of the Group for the 6-month financial period ended 30 September 2017 are as follows:

Rule 1006 of the Catalist Rules	Bases	Relative Figures (%)
(a)	The 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 attributable to the assets acquired, compared with the Group’s net profits	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration given, compared with the Company’s market capitalisation based	31.7% ⁽³⁾

	on the total number of issued shares excluding treasury shares	
(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	Not applicable ⁽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) Not applicable, as the Proposed Acquisition is in relation to the acquisition of assets.
- (2) Not applicable, as the Proposed Acquisition is not an acquisition of businesses that have past profit and loss contributions but asset which is an industrial building that will be redeveloped.
- (3) The Company's market capitalisation of approximately S\$34.03 million, as calculated by multiplying 3,781,145,730 ordinary shares in issue by the volume-weighted average price per share of S\$0.009 as at 9 February 2018 (being the last full market day preceding the date of the OTP).
- (4) Not applicable as the Consideration for the Proposed Acquisition will be satisfied wholly in cash and no equity securities will be issued as part of the Consideration.
- (5) Not applicable as the Proposed Acquisition is not a disposal of mineral, oil and gas assets.

As the relative figures set out in Rule 1006 (c) of the Catalist Rules exceeds 5% but is less than 75%, the Proposed Acquisition constitutes a "Disclosable Transaction" within the meaning of Rule 1010 of the Catalist Rules.

Whilst a "Disclosable Transaction" is not subject to the approval of Shareholders, the Proposed Acquisition is not part of the Company's existing core business and will result in a change in the risk profile of the Company. Accordingly, the Proposed Acquisition will be subject to the receipt of approvals from the Shareholders for the Proposed Diversification Mandate.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- 7.1. The financial effects of the Proposed Acquisition on the Group as set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Acquisition.
- 7.2. The following financial effects of the Proposed Acquisition are computed based on the Group's audited consolidated financial statements for the financial year ended 31 March 2017 ("**FY2017**") and the following bases and assumptions:
 - (a) the financial effect on the net asset value ("**NAV**") or net tangible assets ("**NTA**") is computed based on the assumption that the Proposed Acquisition and the issuance of 180,000,000 placement shares on 4 April 2017, 1,289,459,850 conversion shares on 6 July 2017 and 1,260,381,900 2018 Placement shares on 1 February 2018 (collectively "**Additional Share Issuances**") were completed or had taken place on 31 March 2017; and
 - (b) the financial effect on the loss per share ("**LPS**") is computed based on the assumption that the Proposed Acquisition and Additional Share Issuances were completed on 1 April 2016.

7.3. **NAV/NTA per Share**

As at 31 March 2017	Before the Proposed Acquisition	After the Proposed Acquisition
NAV/NTA (S\$'000)	1,682	12,482
Number of shares	3,781,145,730	3,781,145,730
NAV/NTA per share (Singapore cents)	0.04	0.33

7.4. **EPS**

FY2017	Before the Proposed Acquisition	After the Proposed Acquisition
Loss attributable to owners of the Company (S\$'000)	(1,245)	(1,245)
Number of shares	3,781,145,730	3,781,145,730
Loss per share (Singapore cents)	(0.03)	(0.03)

8. **DIRECTORS' 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 Corporate Actions and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in the 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 the announcement in its proper form and context.

9. **CAUTIONARY STATEMENT**

Shareholders and potential investors should note that the completion of the Proposed Acquisition is conditional upon, *inter alia*, the approval from the Shareholders in respect of the Proposed Diversification being obtained, and are therefore advised to exercise caution when dealing or trading in the shares of the Company.

Meanwhile, Shareholders and potential investors should consult their stockbrokers, bankers, solicitors or other professional advisers if they have any doubt about the actions they should take.

10. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company (other than in their capacity as Directors or Shareholders of the Company) have any interests (direct or indirect) in the Proposed Corporate Actions.

11. **NO SERVICE CONTRACTS**

No person will be appointed to the Board in connection with the Proposed Acquisition, as no service contracts in relation thereto will be entered into by the Company.

12. CIRCULAR AND EGM

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Diversification and Proposed Change of Name. A circular setting out, *inter alia*, further information on the Proposed Diversification and Proposed Change of Name, together with the notice of EGM, will be despatched to Shareholders in due course. A copy of the valuation certificate of the Property by AVA containing, *inter alia*, the final valuation amount and basis of valuation, will be included in the Circular to be despatched in due course.

13. FURTHER UPDATES

The Company will provide further updates on the Proposed Corporate Actions as appropriate when there are material developments.

14. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the OTP is available for inspection at the Company's registered office at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
INFINIO GROUP LIMITED

Soong Kar Leong
Executive Director
13 February 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).