



## ELEKTROMOTIVE GROUP LIMITED

(Incorporated in Singapore)

(Company Registration No. 199407135Z)

### PROPOSED ACQUISITION OF DREAM T ENTERTAINMENT CO., LTD

*This announcement has been prepared by Elektromotive Group Limited (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 Catalist (the “Catalist Rules”). 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.*

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#### 1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Elektromotive Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement of the Company issued on 4 November 2016 in relation to the non-binding memorandum of understanding (“**MOU**”) entered into by the Company with Gemini Investment Corp (“**GIC**”) and Arion Technology Inc. (“**Arion**”) in relation to the proposed acquisition by the Company of the Sale Shares (as defined below) representing 63.13% of the entire issued and paid-up share capital of Dream T Entertainment Co., Ltd (the “**Target**”, and together with its subsidiaries the “**Target Group**”).
- 1.2 Further to the MOU, the Board wishes to announce that the Company had on 23 November 2016 entered into a conditional share purchase agreement (the “**SPA**”) with Gemini Value No. 2 Limited Partnership (“**Gemini**”) and Arion (the “**Sellers**” and together with the Company, the “**Parties**” and each a “**Party**”), pursuant to which the Company has agreed to purchase 4,564,281 ordinary shares in the Target (the “**Sale Shares**”) from the Sellers based on the terms and conditions of the SPA (hereinafter referred to as the “**Proposed Acquisition**”).
- 1.3 The Proposed Acquisition, if it proceeds to completion, is expected to result in a Reverse Takeover of the Company as defined in Chapter 10 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is subject to, amongst other things, the approval of the SGX-ST and the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting (the “**EGM**”) to be convened. Further information on, inter alia, the Proposed Acquisition will be provided in the Circular (as defined below) to be dispatched to Shareholders in due course.

## **2. INFORMATION RELATING TO THE SELLERS AND THE TARGET**

2.1 The information on the Sellers and their shareholders, the Target and the Target Group in Paragraphs 2 and 6, and Appendices A, B and D to this announcement (“**Announcement**”) was provided by the Sellers, which has been extracted and reproduced in this Announcement.

### **2.2 The Sellers**

The Sellers, Gemini and Arion are a limited partnership and a company respectively, each formed and incorporated in the Republic of Korea on 27 September 2016 and 29 October 1999 respectively. Gemini was formed solely for the purpose of investment in the Target. Its general partner is GIC which holds 30.76% interest in Gemini. Its limited partners are Double K Company Corp. and Ayin Partners Corp., each holding 34.62% interest in Gemini.

Arion is a manufacturing company which supplies broadcast receivers and is listed on the Korean Securities Dealers Automated Quotations (“**KOSDAQ**”) of the Korea Exchange (“**KRX**”). Arion expanded its business focus when it invested into the entertainment business through the Target. 1st Gemini Value Union, which is a part of the investment union within GIC, holds 21.25% interests in Arion.

None of the Sellers are related to any of the Company’s Directors, controlling Shareholders, chief executive officer or their respective associates. As at the date of this announcement, none of the Sellers holds shares in the Company.

### **2.3 The Target and the Target Group**

The Target is a company incorporated in the Republic of Korea on 28 July 2009 and listed on the Korea New Exchange (“**KONEX**”) of the KRX on 24 June 2015. The Target and its 80% owned subsidiary, YMC Entertainment Co., Ltd, also a company incorporated in the Republic of Korea, are artist management companies which produce various genres of music and manage a variety of artists. The Target Group is also in the business of drama and soundtrack production. The Sale Shares comprise of 2,322,120 ordinary shares held by Gemini and 2,242,161 ordinary shares held by Arion, representing 32.12% and 31.01% of the equity interests in the Target respectively.

The Sellers have advised the Company that it is not required to make any public tender arising from this SPA pursuant to Article 133(3) of the Financial Investment Services and Capital Markets Act of the Republic of Korea. The Company has been informed by the Sellers that the public tender is only triggered when there is a purchase of shares involving (i) at least 5% of shares of the relevant company on the KONEX; and (ii) ten or more shareholders within a period of 6 months. In the event the Company is required to make any public tender pursuant to the entry into of this SPA, the Company may elect to terminate this SPA.

The artists under management of the Target Group are as follows:

<b>Type of artist</b>	<b>Name of artist</b>
Girl Group	Girl’s Day
Boy Group	MAP6
Singer	Ailee, Jessi, Topbob
Rapper	MC Mong
Rapper Duo	Bae Chi Gi

Band	Soul Lights
Actor	Ji Hyun Woo
Actress	Hong Soo Ah, Kim Soo Yeon
Comedian	Shin Bo Ra
Project girl group	I.O.I

## 2.4 Historical Financial Information of the Target Group and Pro-Forma Financial Information of the Enlarged Group

For illustrative purposes only, a summary of the audited financial statements of the Target Group for the financial years ended 31 December 2014 and 31 December 2015 is set out in Appendix A to this Announcement. The Target Group's financial statements have been prepared in accordance with the Korea International Financial Reporting Standards.

Based on the foregoing, the book value and the net tangible asset value of the Target Group as at 31 December 2015 was approximately S\$2.74 million and S\$(1.44) million respectively.

For illustrative purposes only, a summary of the pro-forma financial statements of the Target Group, the Company and its subsidiaries (the "**Enlarged Group**") is set out in Appendix B to this Announcement.

## 2.5 Value of the Sale Shares

The Company will be commissioning an independent valuer to undertake an independent valuation of the assets of the Target Group in connection with the Proposed Acquisition (the "**Valuation**") and furnish a valuation report on 63.13% of the value of the Target Group.

## 3. KEY TERMS OF THE PROPOSED ACQUISITION

### 3.1 Purchase Consideration

3.1.1 The consideration for the purchase of the Sale Shares shall be S\$22,700,000 (the "**Consideration**") which was arrived at on a willing-buyer willing-seller basis, after taking into consideration, *inter alia*, the audited net profit after tax of the Target Group for the financial year ended 31 December 2015, the prevailing market conditions, the business prospects of the Target Group and the capabilities and synergies between the Company and the Sellers.

3.1.2 The Consideration shall be satisfied by the Company as follows:

- (a) the payment of S\$11,548,834 to Gemini ("**Gemini Consideration**") and at the Company's sole discretion, either by way of:
  - (i) cash ("**Gemini Cash Consideration**"); or
  - (ii) an issue and allotment of 2,798,224,946 new Shares to Gemini (or to whom Gemini may direct) (rounded down to the nearest number) ("**Gemini Consideration Shares**") at an issue price of SGD 0.0041272 ("**Issue Price**") on Completion Date (as defined below); and

(b) the balance of S\$11,151,166 by way of an issue and allotment of 2,701,871,971 new Shares to Arion (or to whom Arion may direct) (rounded down to the nearest number) at the Issue Price (“**Arion Consideration Shares**”) on Completion Date.

((i) Arion Consideration Shares solely; or (ii) Arion Consideration Shares and Gemini Consideration Shares together; where the context requires, shall constitute the “**Consideration Shares**”)

3.1.3 The Consideration Shares shall be credited as fully paid up and shall rank *pari passu* in all respects with all the other then existing Shares on Completion Date.

3.1.4 The Company may elect to satisfy the Gemini Consideration by way of the Gemini Consideration Shares subject to the allotment and issue of such Gemini Consideration Shares not being prohibited by any statute, order, rule, regulation, directive, or request promulgated or issued after the date of the SPA by any legislative, executive or regulatory body or authority of the Republic of Korea which is applicable to Gemini.

3.1.5 In the event of any alteration of the share capital of the Company (by reason of any share consolidation, bonus issues, rights issues or placement or otherwise) (“**Adjustment Event**”) and:

(a) the Company elects to satisfy the Gemini Consideration by way of Gemini Cash Consideration, the number of Arion Consideration Shares and the Issue Price shall be adjusted by the Company in consultation with Arion, such that the Arion Consideration Shares will represent 30% of the enlarged issued and paid-up share capital of the Company;

(b) the Company elects to satisfy the Gemini Consideration by way of Gemini Consideration Shares, the number of Consideration Shares and the Issue Price shall be adjusted by the Company in consultation with the Sellers, such that the Consideration Shares will represent 60% of the enlarged issued and paid-up share capital of the Company.

3.1.6 In the event the Company elects to satisfy the Gemini Consideration by way of Gemini Cash Consideration, the Gemini Cash Consideration is intended to be funded by a combination of the Company’s internal resources and fund raising in the capital markets. The Company will update shareholders on any material developments and will make such announcements as and when appropriate.

## 3.2 **Completion**

3.2.1 Completion of the Proposed Acquisition (“**Completion**”) is expected to take place on the date falling ten (10) Business Days after the date on which all the Conditions Precedent (as defined below) are satisfied or waived by the Company or the Sellers (as the case may be) in accordance with the terms of the SPA, or such other date as may mutually agreed between the Parties in writing (the “**Completion Date**”).

3.2.2 Completion is conditional upon, inter alia, the conditions precedent specified in Appendix C to this Announcement (the “**Conditions Precedent**”) being

satisfied or waived in accordance with the terms of the SPA.

- 3.2.3 If the Conditions Precedent are not satisfied or waived by the Company or the Seller (as the case may be) by 23 March 2017, being the expiry of four (4) months from the date of the SPA, or such other date as may be mutually agreed in writing between the Parties, the SPA shall terminate. Upon termination, the SPA shall *ipso facto* cease, lapse and determine and save for antecedent breaches, no Party shall have any claim against the other for costs, damages, compensation or otherwise under the SPA.

### 3.3 Shareholding Structure on Completion

- 3.3.1 On Completion, the Target will become a subsidiary of the Company. Where an Adjustment Event does not take place, and:
- (a) the Gemini Consideration is to be satisfied by the Gemini Consideration Shares, Gemini and Arion will each hold approximately 35.26% and 34.05% of the enlarged share capital of the Company after Completion;
  - (b) the Gemini Consideration is to be satisfied by the Gemini Cash Consideration, Arion will hold approximately 52.59% of the enlarged share capital of the Company after Completion.
- 3.3.2 Arion (and in the case of Gemini where the Gemini Consideration is to be satisfied by the Gemini Consideration Shares) have undertaken not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, (i) all of the Consideration Shares for a period of six (6) months commencing on the Completion Date; and (ii) 50% of the Consideration Shares for a period of twelve (12) months commencing on the Completion Date, or such other period as may be required under the Catalist Rules, unless the same is not required by the SGX-ST or as may be otherwise imposed by the SGX-ST.

### 3.4 Proposed Share Consolidation

The Company may, in connection with the Proposed Acquisition, propose the consolidation of such number of shares of the Company into one (1) consolidated share (the “**Consolidated Share**”), to take effect on or before Completion (the “**Proposed Share Consolidation**”), so as to satisfy Rule 1015(3)(c) of the Catalist Rules relating to the minimum issue price of the Consideration Shares. The Proposed Share Consolidation will be subject to the approval of the shareholders of the Company and may be effected prior to the issue and allotment of the Consideration Shares. If so, the Consideration Shares to be issued to the Sellers will comprise the Consolidated Shares.

### 3.5 Proposed Whitewash Resolution

- 3.5.1 Where the Gemini Consideration is to be satisfied by the Gemini Consideration Shares, the Sellers will consequently own 60% of the enlarged voting share capital of the Company upon Completion. The Sellers and their concert parties will therefore be required under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) to make a general offer for the remaining shares of the Company not owned or controlled by the Sellers and its concert parties at the highest price paid or agreed to be paid by any of them for the shares in the

preceding six (6) months.

3.5.2 Accordingly, it is a condition precedent to the Proposed Acquisition that the Securities Industry Council (“**SIC**”) grants the Sellers and persons acting in concert with the Sellers (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory general offer (arising from or in connection with the acquisition of the Consideration Shares) under Rule 14 of the Code to the Shareholders and from having to comply with the requirements of Rule 14 of the Code, and where any waiver is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect (“**Whitewash Waiver**”), and that independent shareholders of the Company approve at an extraordinary general meeting of the Company a resolution for the waiver of their rights to receive a mandatory general offer under Rule 14 of the Code from the Sellers for all shares not already owned by the Sellers and persons acting in concert with the Sellers, as a result of the issue of the Consideration Shares to the Sellers at Completion (the “**Proposed Whitewash Resolution**”).

3.5.3 Where the Gemini Consideration is to be satisfied by the Gemini Cash Consideration, Arion will consequently own 30% of the enlarged voting share capital of the Company upon Completion. Accordingly, the requirements and conditions in paragraph 3.5.1 and 3.5.2 above will apply to Arion and its concert parties only.

3.5.4 The Company will appoint an independent financial adviser to the independent Directors of the Company for the purposes of the Proposed Whitewash Resolution. The advice of the independent financial adviser will be set out in the Circular (as defined below) to be dispatched to Shareholders in due course.

### 3.6 **Service Contracts**

Under the terms of the SPA, the Sellers are entitled to appoint new directors to the Board. As at the date of this Announcement, the Company has not entered into any service contract with any person proposed to be appointed as a director in connection with the Proposed Acquisition.

It is envisaged that the Company will, on or prior to Completion, enter into service contracts with certain key executive officers of the Target Group and/or directors of the Target Group to be appointed to the Board of the Company. The details of such appointments and service contracts (if any) will be set out in the Circular to be dispatched to Shareholders in due course.

### 3.7 **Undertakings, Representations and Warranties**

The Proposed Acquisition is subject to such further undertakings, representations and warranties from the Company and each of the Sellers (“**Sellers’ Warranties**”) as are customary for transactions of similar nature and as provided in the SPA. The Sellers’ Warranties are given by the Sellers on a joint and several basis.

#### 4. RATIONALE FOR THE PROPOSED ACQUISITION

With the termination of the proposed acquisition of QTI as announced on 4 November 2016, the Company has been seeking alternative opportunities to diversify its revenue streams and business operations. The Proposed Acquisition will enable the company to enter the entertainment media business in South Korea which has an ever-growing audience in Asia.

Notwithstanding the termination of the proposed acquisition of QTI, it is the Company's intention to cease, dispose or transfer its existing electric vehicle charging solutions and publishing businesses. The Company has on 9 September 2016 announced the proposed disposal of its 55% stake in the issued capital of Elektromotive Limited to Chargemaster Plc. Subject to the satisfaction of the conditions precedent and the approval of Shareholders, completion of the disposal of the said business is expected to take place on 31 December 2016.

#### 5. THE PROPOSED ACQUISITION AS A REVERSE TAKEOVER

- 5.1 On the basis that there are no adjustments made to align the financial year end of the Group and Target Group and based on the latest announced financial statements of the Target Group for the six months ended 30 June 2016 and the latest announced financial statements of the Group for the six months ended 30 September 2016, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to 1006(e) of Catalyst Rules are as follows:

Rule	Basis of Calculation	Relative Figure	
		Gemini Consideration satisfied by Gemini Cash Consideration	Gemini Consideration satisfied by Gemini Consideration Shares
<b>Rule 1006(a)</b>	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable	
<b>Rule 1006(b)</b>	Net profits attributable to the assets acquired, compared with the Group's net profits	Not meaningful <sup>(1)</sup>	
<b>Rule 1006(c)</b>	Aggregate value of Purchase Consideration given, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares	348.03 % <sup>(2)</sup>	225.83% <sup>(3)</sup>
<b>Rule 1006(d)</b>	Number of equity securities issued by the Company as the Purchase Consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue.	110.94% <sup>(4)</sup>	225.83% <sup>(5)</sup>
<b>Rule 1006(e)</b>	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable	

**Notes:**

- (1) Under Rule 1002(3)(b) of the Catalist Rules, net profits is defined as profit or loss before income tax, minority interests and extraordinary items.

Not meaningful based on the net profits of the Sale Shares for the six months ended 30 June 2016 being S\$1.20 million and the net loss of the Group for the six months ended 30 September 2016 of S\$3.63 million.

- (2) Under Rule 1003(3) of the Catalist Rules, 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. As such, for the purpose of Rule 1006(c) of the Catalist Rules, the consideration for the Proposed Acquisition is deemed to be S\$16,952,578 which is the aggregate of the cash of S\$11,548,834 and the market value of the Arion Consideration Shares. The market capitalisation of S\$4,871,051, which is determined by multiplying the issued share capital of the Company of 2,435,525,365 Shares in issue (as at the date of this Announcement) with the volume weighted average price of S\$0.002 (*Source: Shareinvestor.com*) transacted on the Catalist of SGX-ST on 22 November 2016 (being the last market day for which the Shares were traded prior to the day the SPA was entered into).
- (3) The consideration for the Proposed Acquisition is deemed to be S\$11,000,194 which is the market value of the Consideration Shares. The market capitalisation of S\$4,871,051, which is determined by multiplying the issued share capital of the Company of 2,435,525,365 Shares in issue (as at the date of this Announcement) with the volume weighted average price of S\$0.002 (*Source: Shareinvestor.com*) transacted on the Catalist of SGX-ST on 22 November 2016 (being the last market day for which the Shares were traded prior to the day the SPA was entered into).
- (4) For illustration purposes and assuming the Proposed Share Consolidation is based on the ratio of one hundred (100) existing Shares to one (1) new Consolidated Share, (i) the number of equity securities to be issued by the Company as consideration for the Proposed Acquisition is 27,018,719 Consolidated Shares; and (ii) the number of existing Shares previously in issue is 24,355,253 Consolidated Shares.
- (5) For illustration purposes and assuming the Proposed Share Consolidation is based on the ratio of one hundred (100) existing Shares to one (1) new Consolidated Share, (i) the number of equity securities to be issued by the Company as consideration for the Proposed Acquisition is 55,000,968 Consolidated Shares; and (ii) the number of existing Shares previously in issue is 24,355,253 Consolidated Shares.

- 5.2 As the relative figures under Rule 1006 (c) and 1006 (d) of the Catalist Rules exceed 100%, the Proposed Acquisition constitutes a “Reverse Take-over” transaction as defined under Chapter 10 of the Catalist Rules and will be subject to, inter alia, the approval of the Shareholders at an extraordinary general meeting to be convened and the issue of the listing and quotation notice by the SGX-ST for the Consideration Shares.

**6. PRO-FORMA FINANCIAL EFFECTS**

The pro-forma financial effects of the Proposed Acquisition as set out in Appendix D to this Announcement.



## 7. SHAREHOLDING EFFECTS

For illustrative purposes only and without taking into account the adjustments in paragraph 3.1.5 of this Announcement, it is envisaged that after the Proposed Share Consolidation upon Completion, the shareholding structure of the Company will be as follows:

Substantial Shareholders	Before the Proposed Acquisition		After the Proposed Acquisition			
			Gemini Consideration satisfied by Gemini Cash Consideration		Gemini Consideration satisfied by Gemini Consideration Shares	
	No. of Shares <sup>(1)</sup>	(%)	No. of Shares <sup>(1)</sup>	(%)	No. of Shares <sup>(1)</sup>	(%)
<b>Directors</b>						
Ng Kai Man	3,800,000	15.60	3,800,000	7.40	3,800,000	4.79
Chou Kong Seng	30,000	0.12	30,000	0.06	30,000	0.04
Ling Chung Yee Roy	30,000	0.12	30,000	0.06	30,000	0.04
Kesavan Nair	30,000	0.12	30,000	0.06	30,000	0.04
Tai Kok Chuan	1,203,000	4.94	1,203,000	2.34	1,203,000	1.52
Lee Keng Mun	-	-	-	-	-	-
<b>Substantial shareholders</b>						
Chung Yuen Yee Kathy	3,500,000	14.37	3,500,000	6.81	3,500,000	4.41
Kwong Chi Fai Gorman	1,750,000	7.18	1,750,000	3.41	1,750,000	2.20
Gemini	-	-	-	-	27,982,249 <sup>(3)</sup>	35.26
Arion	-	-	27,018,719 <sup>(2)</sup>	52.59	27,018,719 <sup>(2)</sup>	34.05
Existing Shareholders of the Company	14,012,253	57.55	14,012,253	27.27	14,012,253	17.65
<b>Total</b>	<b>24,355,253</b>	<b>100</b>	<b>51,373,972</b>	<b>100</b>	<b>79,356,221</b>	<b>100</b>

### Notes:

- (1) For illustration purposes and assuming the Proposed Share Consolidation is based on the ratio of one hundred (100) existing Shares to one (1) new Consolidated Share.
- (2) The number of equity securities to be issued by the Company as consideration for the Proposed Acquisition is 27,018,719 Consolidated Shares to Arion.
- (3) The number of equity securities to be issued by the Company as consideration for the Proposed Acquisition is 27,018,719 Consolidated Shares to Arion and 27,982,249 Consolidated Shares to Gemini.

**8. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors (other than in his capacity as a Director or shareholder of the Company) nor (as far as the Directors are aware) controlling shareholders of the Company (other than through their respective shareholdings in the Company) has any interest, direct or indirect in the Proposed Acquisition.

**9. FINANCIAL ADVISER / FULL SPONSOR**

The Company has appointed KGI Securities (Singapore) Pte. Ltd. as the financial adviser and full sponsor in respect of the Proposed Acquisition.

**10. FURTHER INFORMATION AND DOCUMENTS AVAILABLE FOR INSPECTION**

A circular containing further information on the Proposed Acquisition and such other transactions as contemplated in the SPA (the “**Circular**”), together with a notice of the extraordinary general meeting of the Company, will be dispatched by the Company to Shareholders in due course.

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this Announcement.

**11. RESPONSIBILITY STATEMENT**

The Directors of the Company (including those who have been delegated supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Sellers and the Target Group) 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 Acquisition (and such other transactions as contemplated in the SPA), 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.

The Sellers accept full responsibility for the accuracy of the information given in this Announcement in respect of the Sellers and the Target Group and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed by them in this Announcement in respect of the Sellers or the Target Group are fair and accurate in all material respects as at the date hereof, and that there are no material facts in respect of the Target Group the omission of which would make any statement in respect of the Target Group misleading in any material respect.

## **12. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their Shares. The Proposed Acquisition is subject to numerous conditions and further mutual due diligence. There is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this Announcement. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

### **BY ORDER OF THE BOARD**

Ng Kai Man  
Executive Director  
25 November 2016

## Appendix A

### HISTORICAL AUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

The audited financial statements of the Target Group for the financial years ended 31 December 2014 and 31 December 2015 have been prepared in accordance with the Korea International Financial Reporting Standards and in Korean Won. The exchange rate used for such conversion in the audited financial information of the Target Group below was KRW1 : S\$0.0012 as at 31 December 2015 (Source: <http://www.oanda.com/currency/converter>).

#### BALANCE SHEETS

	31 December 2014	31 December 2015
	S\$'000	S\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,281	3,713
Trade and other receivables	855	3,126
Assets available-for-sale	-	1,617
Other current assets	1,039	5,572
	<hr/> 4,175	<hr/> 14,028
<b>Non-current assets</b>		
Other investments	38	-
Other non-current receivables	-	3,600
Other non-current assets	269	816
Investment property	-	5,360
Property, plant and equipment	38	2,157
Intangible assets	479	4,183
	<hr/> 824	<hr/> 16,116
<b>TOTAL ASSETS</b>	<hr/> <b>4,999</b>	<hr/> <b>30,144</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	2,755	13,280
Borrowings	184	6,314
	<hr/> 2,939	<hr/> 19,594
<b>Non-current liabilities</b>		
Borrowings	-	7,019
Deferred tax liabilities	-	75
Other non-current liabilities	83	194
	<hr/> 83	<hr/> 7,288
<b>TOTAL LIABILITIES</b>	<hr/> <b>3,022</b>	<hr/> <b>26,882</b>
<b>NET ASSETS</b>	<hr/> <b>1,977</b>	<hr/> <b>3,262</b>

	31 December 2014	31 December 2015
	S\$'000	S\$'000
<b>EQUITY</b>		
Share Capital	1,190	1,081
Retained earnings	787	1,662
	<hr/> 1,977	<hr/> 2,743
<b>Non-controlling interests</b>	<hr/> -	<hr/> 519
<b>TOTAL EQUITY</b>	<hr/> <b>1,977</b> <hr/>	<hr/> <b>3,262</b> <hr/>

**INCOME STATEMENTS**

	31 December 2014 S\$'000	31 December 2015 S\$'000
<b>Revenue</b>	7,596	19,382
Other income	168	341
<b>Expenses</b>		
Direct costs	(4,205)	(15,834)
Amortisation, depreciation and impairment	(40)	(130)
Employee compensation	(376)	(993)
Operating lease expenses	(110)	(132)
Interest	(45)	(406)
Other	(462)	(893)
	<b>(5,238)</b>	<b>(18,388)</b>
<b>Profit before income tax</b>	2,526	1,335
Income tax expense	(306)	(352)
<b>Total profit</b>	<b>2,220</b>	<b>983</b>
<b>Profits attributable to:</b>		
- Equity holders of the Target	2,220	875
- Non-controlling interests	-	108

## Appendix B

### ILLUSTRATIVE COMBINED PRO-FORMA INFORMATION OF THE ENLARGED GROUP

#### BASES AND ASSUMPTIONS

1. A summary of the unaudited combined pro-forma financial information of the Enlarged Group for the financial year ended 31 December 2015 has been prepared for illustrative purposes only and is based on the audited consolidated financial results of the Group for the financial year ended 31 March 2016 and the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2015, without any adjustment to align the financial year end of the Group with that of the Target Group.
2. The audited financial statements of the Target Group for the financial year ended 31 December 2015 has been prepared in accordance with the Korea International Financial Reporting Standards. For the purpose of preparing the unaudited pro-forma financial information of the Enlarged Group, no re-alignment of the accounting standards has been performed.
3. The unaudited pro forma financial summary below is presented in Singapore Dollars while the audited financial information of the Target Group for the financial year ended 31 December 2015 was prepared in Korean Won. The exchange rate used for such conversion in the unaudited pro-forma financial summary below, was KRW1 : S\$0.0012 as at 31 December 2015 (Source: <http://www.oanda.com/currency/converter>).
4. The pro-forma financial information of the Enlarged Group for the financial year ended 31 December 2015 and based on, inter alia, the following basis and assumptions:
  - (a) the pro-forma income statement was prepared assuming that the Proposed Acquisition is completed on 1 January 2015;
  - (b) the pro-forma balance sheet was prepared assuming that the Proposed Acquisition is completed on 31 December 2015;
  - (c) under the Proposed Share Consolidation, every one hundred (100) existing shares of the Company is consolidated into 1 share;
  - (d) the costs and expenses in connection with the Proposed Acquisition are disregarded for the purposes of preparing the pro-forma financial information;
  - (e) subject to the Proposed Share Consolidation in sub-paragraph (c) above taking effect, 27,018,979 Arion Consideration Shares are issued at an issue price of S\$0.41272 per Arion Consideration Share;
  - (f) in the event the Company elects to satisfy the Gemini Consideration by way of Gemini Consideration Shares and subject to the Proposed Share Consolidation in sub-paragraph (c) above taking effect, 27,982,249 Gemini Consideration Shares are issued at an issue price of S\$0.41272 per Gemini Consideration Share;
  - (g) in the event the Company elects to satisfy the Gemini Consideration by way of Gemini Cash Consideration, the Company will undertake fund raising in the capital markets by way of issue of 27,982,249 Shares at an issue price of S\$0.41272

per Share such that there is no cash outlay by the Company and the pro-forma financial information of the Enlarged Group will be identical regardless of whether the Gemini Consideration is satisfied by way of the Gemini Cash Consideration or Gemini Consideration Shares;

- (h) the application of acquisition method to effect the Proposed Acquisition;
- (i) that the difference between the deemed consideration for the Proposed Acquisition and the fair value of the assets of the Group, if any, have not been considered and will be determined on the Completion Date when the Sellers have effectively obtained control of the Company. The actual difference could be materially different from the aforementioned assumption; and
- (j) there have been no adjustments for the impact of any other transactions or events other than the Proposed Acquisition.



## Pro-Forma Income Statement (Unaudited)

	<b>Financial year ended 31 Dec 2015 S\$'000</b>
<b>Revenue</b>	28,955
Other income	607
<b>Expenses</b>	
Direct costs	(20,276)
Amortisation, depreciation and impairment	(4,661)
Employee compensation	(4,895)
Operating lease expenses	(377)
Interest	(467)
Other	(4,037)
	<u><b>(34,713)</b></u>
Loss before income tax	(5,151)
Income tax expense	(395)
Loss from continuing operations	<u>(5,546)</u>
<b>Discontinued operations</b>	
Profit from discontinued operations	<u>330</u>
<b>Total loss</b>	<u><b>(5,216)</b></u>
<b>(Loss)/ profit attributable to</b>	
- Equity holders of the Company	(5,768)
- Non-controlling interests	<u>552</u>

## Pro-Forma Balance Sheet (Unaudited)

	<b>As at 31 Dec 2015</b> <b>S\$'000</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	7,897
Trade and other receivables	4,485
Inventories	523
Assets available for sale	1,617
Other current assets	7,637
	<hr/> 22,159
Assets directly associated with discontinued operations	13
	<hr/> 22,172
<b>Non-current assets</b>	
Other non-current receivables	3,600
Other non-current assets	816
Investment property	5,360
Property, plant and equipment	2,307
Intangible assets	29,882
	<hr/> 41,965
<b>TOTAL ASSETS</b>	<hr/> <b>64,137</b> <hr/>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Trade and other payables	20,990
Borrowings	6,736
Current income tax liabilities	9
	<hr/> 27,735
Liabilities directly associated with discontinued operations	16
	<hr/> 27,751
<b>Non-current liabilities</b>	
Borrowings	7,217
Deferred tax liabilities	102
Other non-current liabilities	194
	<hr/> 7,513
<b>TOTAL LIABILITIES</b>	<hr/> <b>35,264</b> <hr/>
<b>NET ASSETS</b>	<hr/> <b>28,873</b> <hr/>

**As at 31 Dec 2015**  
**S\$'000**

**EQUITY**

Share Capital	159,249
Accumulated losses	(135,791)
Other reserves	2,872
	<hr/>
	26,330
Non-controlling interests	2,543
	<hr/>
<b>TOTAL EQUITY</b>	<b>28,873</b>
	<hr/>

## Appendix C

### SUMMARY OF CONDITIONS PRECEDENT

The obligation of the parties under the SPA to complete the Proposed Acquisition are conditional upon, inter alia, the following salient conditions being satisfied, fulfilled or waived, as the case may be, before Completion:

#### Conditions to be satisfied by the Sellers

- (a) the results of a due diligence exercise (including legal, accounting, financial and tax due diligence) ("**Due Diligence Investigations**") over the Target Group and investigations on the controlling shareholders and their associates, and the executive directors, being satisfactory to the Company and the Company's financial adviser;
- (b) the rectification, or the procurement of such rectification, to the satisfaction of the Company and the Company's financial adviser, by the Sellers, of all issues or irregularities uncovered by the Company during the Due Diligence Investigations on the Target Group;
- (c) the issue of a legal opinion from the Korean legal counsel of the Company, satisfactory to the Company and its financial adviser, amongst other conditions, that (i) the Target Group satisfies and is in compliance with all relevant legal and regulatory requirements; (ii) the current licensing framework allows the Target Group to operate its Business; (iii) there is no material, real or immediate risk of the revocation or non-renewal of the Target Group's licences; (iv) no other matters which affect or will reasonably be expected to affect the ability of the Target Group to operate as a going concern; and (v) the Company is not required to make a public tender offer pursuant to Article 133(3) of the Financial Investment Services and Capital Markets Act of the Republic of Korea;
- (d) the results of the Valuation of the Target Group and its assets by an independent international valuer being satisfactory to the Company;
- (e) there not having occurred any event between the date of the SPA and Completion which would constitute a breach of any Sellers' Warranties if such Sellers' Warranties were to be repeated at Completion;
- (f) the Sellers not having breached, in any material respect, any material provision of the SPA;
- (g) all approvals, waivers or consents (including those of any relevant government and regulatory bodies in the Republic of Korea) as may be required by the Sellers to enable the Company to be registered as holder of any and all of the Sale Shares, and to give effect to the transactions contemplated under the SPA being obtained and where any waiver, consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;
- (h) the Target Group not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the SPA or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
- (i) there being no event having occurred between the date of the SPA and Completion which has or could reasonably be expected to have a material adverse effect on the business, operations, assets, financial condition or prospects of the Target Group; and
- (j) the SIC having granted to the Sellers the Whitewash Waiver and where any waiver is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect, where applicable.

### Conditions to be satisfied by the Company

- (a) the following approval(s) in connection with the SPA having been obtained (including approval of board of directors and shareholders of the Company and such approval not having been withdrawn or revoked as at the Completion Date):
  - (i) the acquisition by the Company of the Sale Shares;
  - (ii) the Proposed Whitewash Resolution;
  - (iii) the Proposed Share Consolidation;
  - (iv) the appointment of new directors as may be nominated by the Sellers;
  - (v) the allotment and issuance of the Consideration Shares;
  - (vi) the adoption of a new general mandate for the directors of the Company to issue and allot Shares; and
  - (vii) the change in the core business of the Company.
- (b) the listing of, and quotation for, the Consideration Shares on the Catalist Board not having been revoked or amended and, where such approval is subject to, to the extent that any conditions for the listing of, and quotation for, the Consideration Shares are required to be fulfilled on or before Completion Date, they are so fulfilled;
- (c) the allotment, issue and subscription of the Consideration Shares not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued after the date of the SPA by any legislative, executive or regulatory body or authority of Singapore, Republic of Korea or elsewhere, which is applicable to the Target Group and/or the Company;
- (d) an opinion from an independent financial adviser of the Company expressing an opinion in support of the Proposed Whitewash Resolution; and
- (e) the Company not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the SPA or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened.

## Appendix D

### ILLUSTRATIVE COMBINED PRO-FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

#### BASES AND ASSUMPTIONS

1. The combined pro-forma financial effects of the Proposed Acquisition on the Group as set out in this Appendix D are based on the audited consolidated financial statements of the Group for the year ended 31 March 2016 (“FY2016”) and the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2015, without any adjustment to align the financial year end of the Group with that of the Target Group.
2. The unaudited pro-forma financial summary below is presented in Singapore Dollars while the audited financial information of the Target Group for the financial year ended 31 December 2015 was prepared in Korean Won. The exchange rate used for such conversion in the unaudited pro-forma financial summary below, was KRW1 : S\$0.0012 as at 31 December 2015 (Source: <http://www.oanda.com/currency/converter>).
3. For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, *inter alia*, the following basis and assumptions:
  - (a) the financial effects of the Proposed Acquisition on the earnings per Share (“EPS”) of the Group are computed assuming that the Proposed Share Consolidation and the Proposed Acquisition is completed on 1 April 2015;
  - (b) the financial effects of the Proposed Acquisition on the net tangible assets (“NTA”) and gearing of the Group are computed assuming that the Proposed Share Consolidation and the Proposed Acquisition is completed on 31 March 2016;
  - (c) under the Proposed Share Consolidation, every one hundred (100) existing shares of the Company is consolidated into 1 share;
  - (d) the application of the acquisition method to effect the Proposed Acquisition;
  - (e) subject to the Proposed Share Consolidation in sub-paragraph (c) above taking effect, 27,018,719 Arion Consideration Shares are issued at an issue price of S\$0.41272 per Arion Consideration Share;
  - (f) in the event the Company elects to satisfy the Gemini Consideration by way of Gemini Consideration Shares and subject to the Proposed Share Consolidation in (c) above taking effect, 27,982,249 Gemini Consideration Shares are issued at an issue price of S\$0.41272 per Gemini Consideration Share;
  - (g) costs and expenses in connection with the Proposed Acquisition are disregarded for the purposes of calculating the financial effects; and
  - (h) the fair value adjustments on the net assets of the Group and positive or negative goodwill arising from the Proposed Acquisition, if any, have not been considered for the purpose of computing the financial effects of the Proposed Acquisition and will be determined on the Completion Date when the Sellers have effectively obtained control of the Company. As the goodwill will have to be determined at Completion of the Proposed Acquisition, the goodwill could be materially different from the aforementioned assumption. Any goodwill arising thereon from the Proposed

Acquisition will be accounted for in accordance with the accounting policies of the Company;

**Shareholders should note that the pro-forma financial effects of the Proposed Acquisition as prepared by management has not been reviewed by auditors of the Company and are purely for illustrative purposes only. The illustrative financial effects should not be construed to mean that the Group's actual results, performance or achievements will be as expected, expressed or implied in such financial effects.**

#### **PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

The effects of the Proposed Acquisition on the EPS and NTA of the Group for FY2016 are as follows:

#### **1. Share Capital**

(a) Where the Gemini Consideration is satisfied by Gemini Cash Consideration

	<b>Number of Shares '000</b>	<b>Issued and paid-up share capital (S\$'000)</b>
Before the Proposed Acquisition as at date of Announcement	2,435,525	140,049
After Proposed Share Consolidation	24,355	140,049
Consideration Shares	27,019	11,151
After Completion of Proposed Acquisition	51,374	151,200

(b) Where the Gemini Consideration is satisfied by Gemini Consideration Shares

	<b>Number of Shares '000</b>	<b>Issued and paid-up share capital (S\$'000)</b>
Before the Proposed Acquisition as at date of Announcement	2,435,525	140,049
After Proposed Share Consolidation	24,355	140,049
Consideration Shares	55,001	22,700
After Completion of Proposed Acquisition	79,356	162,749

## 2. EPS

	Before the Proposed Acquisition	After the Proposed Acquisition	
		Gemini Consideration satisfied by Gemini Cash Consideration	Gemini Consideration satisfied by Gemini Consideration Shares
Consolidated net loss attributable to Shareholders (S\$'000)	(6,320)	(5,768)	(5,768)
Weighted average number of issued Shares outstanding as at 31 March 2016 ('000) <sup>(1)</sup>	14,561	41,580	69,562
Consolidated loss per Consolidated Share (Singapore cents)	(43.40)	(13.87)	(8.29)

Note:

1. Assuming after the completion of the Proposed Share Consolidation.

## 3. NTA

	Before the Proposed Acquisition	After the Proposed Acquisition	
		Gemini Consideration satisfied by Gemini Cash Consideration	Gemini Consideration satisfied by Gemini Consideration Shares
NTA of the Enlarged Group (S\$'000)	(1,101)	(13,561)	(2,012)
Number of issued Shares ('000) <sup>(1)</sup>	17,355	44,374	72,356
Consolidated NTA per Consolidated Share (Singapore cents)	(6.35)	(30.56)	(2.78)

Note:

1. Assuming after the completion of the Proposed Share Consolidation.



#### 4. Gearing

	Before the Proposed Acquisition	After the Proposed Acquisition	
		Gemini Consideration satisfied by Gemini Cash Consideration	Gemini Consideration satisfied by Gemini Consideration Shares
Net Debt (S\$'000)	620	13,953	13,953
Total Capital (S\$'000)	3,630	3,231	26,330
Gearing	0.17	4.32	0.53