

**PROPOSED SUBSCRIPTION BY SUBSIDIARY COMPANY AND PURCHASE OF AUTOMOBILE
WORKSHOP BUSINESS**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of EuroSports Global Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its 60.0% subsidiary, Autoinc EuroSports Pte. Ltd. (“**Autoinc**”) had on 21 February 2017 (the “**Effective Date**”) entered into a subscription and shareholders’ agreement (the “**Subscription and Shareholders Agreement**”) with See Hoy Chan Holdings Pte Ltd (“**SHC**”), Exquisite Marques Holding Pte. Ltd. (“**EMHPL**”) and Exquisite Marques Pte. Ltd. (“**EMPL**”) to, amongst others, purchase the EMPL Business (as defined below).

Pursuant to the terms and subject to the conditions of the Subscription and Shareholders Agreement, the transaction structure is as follows:

- (a) Autoinc will subscribe for 49 new ordinary shares in the capital of EMHPL (“**Autoinc Subscription Shares**”) and SHC, who presently owns one (1) ordinary share in the capital of EMHPL, will subscribe for an additional 50 new ordinary shares in the capital of EMHPL (the “**SHC Subscription Shares**” and together with the Autoinc Subscription Shares, the “**Subscription Shares**”) at an issue price (the “**Issue Price**”) of S\$1.00 for each Subscription Share. The aggregate cash consideration payable by Autoinc to EMHPL for the Autoinc Subscription Shares is S\$49.00 (the “**Consideration**”) and the aggregate cash consideration payable by SHC to EMHPL for the SHC Subscription Shares is S\$50.00 (collectively the “**Proposed Subscription**”). Please refer to paragraph 3.1 of this announcement for more information on the Proposed Subscription;
- (b) conditional upon and on the date of completion of the Proposed Subscription (“**Completion**”), EMPL will sell the EMPL Business (as defined below) and EMHPL will purchase the EMPL Business (as defined below) for a consideration of S\$300,000.00 (the “**Business Transfer**”). The consideration payable by EMHPL to EMPL for the Business Transfer will be satisfied by an interest-free loan of S\$300,000.00 provided by Autoinc to EMHPL (the “**Shareholder Loan**”). Please refer to paragraph 3.2 of this announcement for more information on the Business Transfer;
- (c) conditional upon and on the date of Completion, SHC will assign all the Economic Interest (as defined below) arising from its 51% ownership of ordinary shares in EMHPL following and conditional on Completion (the “**SHC Shares**”) to Autoinc. Please refer to paragraph 3.3 of this announcement for more information on the Assignment of Economic Interest; and
- (d) upon the completion of the Proposed Subscription and the Business Transfer, EMHPL will grant SHC a call option to purchase all the EMPL Shares (as defined below) (the “**EM Call Option**”) and SHC will grant Autoinc a call option to purchase all of the SHC Shares (the “**Autoinc Call Option**” and together with the EM Call Options, the “**Call Options**”). Please refer to paragraph 3.4 of this announcement for more information on the Call Options.

Please refer to paragraph 5 of this announcement for the relative figures computed under Rule 1006 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”).

2. BACKGROUND INFORMATION ON SHC, EMHPL AND EMPL

Both SHC and EMHPL are Singapore-incorporated companies involved in the business of investment holding. As at the date of this announcement, SHC owns the entire issued and paid-up share capital of EMHPL of S\$1.00 comprising one (1) ordinary share. EMHPL has no treasury shares.

As at the date of this announcement, EMHPL owns the entire issued and paid-up share capital of EMPL, consisting of 5,921,199 shares (the “**EMPL Shares**”). EMPL is a Singapore-incorporated company involved in the business of owning and operating an automobile workshop centre for the repair and servicing of automobiles in Singapore (the “**EMPL Business**”). EMPL also owns a short term lease of Block 1010 Bukit Merah Lane 3 #01-119, Singapore 159724 (the “**EMPL Lease**”), which serves as the premises from which the EMPL Business is operated (the “**EMPL Premises**”). EMPL or “Exquisite Marques” is a reputable and established brand name in Singapore. It is well known for its one-stop shop automobile service and enhancement centre for premium and exotic car brands such as, amongst others, Lamborghini, Porsche, Ferrari, Maserati and Bentley, and offers a complete line of upgrades for such premium and exotic cars. The extensive range of services that EMPL offers includes factory quality servicing and maintenance, repair with genuine parts, diagnostic troubleshooting, power & performance upgrade, stylish body-kit and automobile pre-purchase evaluation. In addition, EMPL carries a selection of renowned automobile performance parts from international brands and offers car importation services and in-house warranties for its customer’s automobiles.

As at 31 December 2016, EMHPL and its wholly-owned subsidiary, EMPL (the “**EMHPL Group**”) is in a net asset position of S\$0, as the total value of the assets of the EMHPL Group was equivalent to the total value of the liabilities of the EMHPL Group. The EMHPL Group incurred a net loss after tax of S\$188,125 for the financial year ended 31 December 2016.

3. INFORMATION ON THE PROPOSED SUBSCRIPTION AND THE BUSINESS TRANSFER

3.1 The Proposed Subscription

The Proposed Subscription is subject to and conditional on the following conditions precedent:

- (a) all necessary corporate and regulatory approvals being obtained by EMHPL, EMPL, SHC and/or Autoinc for the entry into the Subscription and Shareholders Agreement;
- (b) the allotment and issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated or issued after the Effective Date by any legislative, executive or regulatory body or authority of Singapore which is applicable to EMHPL, SHC and/or Autoinc; and
- (c) there having been no occurrence of any event or discovery of any fact rendering any of the representations and warranties as stated in the Subscription and Shareholders Agreement untrue or incorrect in any material respect as at the date of Completion as if they had been given again on the date of Completion.

The Consideration payable by Autoinc to EMHPL will be satisfied by freely transferable and cleared funds on Completion and will be funded through Autoinc's internal resources. The Consideration was arrived at based on a willing buyer and willing seller basis and after the Board took into consideration the net financial position and the business prospects of EMHPL. There is no open market value for the Subscription Shares as the shares of EMHPL are not publicly traded.

On Completion and upon the allotment and issuance of the Autoinc Subscription Shares and SHC Subscription Shares by EMHPL to Autoinc and SHC respectively, the shareholding percentages of Autoinc and SHC in EMHPL shall be as follows:

Shareholder	Shareholding proportion (%)	No. of shares
Autoinc	49.0	49
SHC	51.0	51
Total	100.0	100

The Subscription Shares, when allotted and issued by EMHPL, shall be free from all claims, charges, liens and other Encumbrances¹ whatsoever and shall rank *pari passu* in all respects with the ordinary share of EMHPL existing as at the date of issue of the Subscription Shares, except that they will not rank for any dividend, right, allotment or other distribution, the record date for which falls on or before the date of issue of the Subscription Shares.

3.2 The Business Transfer

According to the Subscription and Shareholders Agreement, conditional upon Completion and on the date of Completion, Autoinc shall grant the Shareholder Loan to EMHPL, which shall be used in full to pay the consideration for the Business Transfer. Conditional upon receipt by EMPL of the consideration for the Business Transfer, EMPL shall transfer the EMPL Business to EMHPL on the terms of the Subscription and Shareholders Agreement. For the avoidance of doubt, the Business Transfer shall not include the transfer of the EMPL Lease and the workshop management system software and all deposits and credit thereunder.

The consideration for the Business Transfer was arrived at on a willing buyer and willing seller basis and after taking into account the net financial position and business prospects of the EMPL Business.

The Shareholder Loan to be provided by Autoinc will be funded through the proceeds raised by the Company from its initial public offering and listing on the Catalist board of the SGX-ST on 17 January 2014.

3.3 Assignment of Economic Interest

Subject to and conditional upon Completion, SHC has assigned all economic, financial and monetary entitlements accruing or arising from the SHC Shares (the "**Economic Interest**") to Autoinc (the "**Assignment of Economic Interest**").

¹"**Encumbrance**" means any mortgage, lien, hypothecation, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or other similar right, restriction, any other encumbrance, condition or security interest whatsoever or any other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect.

For the avoidance of doubt, SHC shall retain its ownership in the SHC Shares (excluding its entitlement to the Economic Interest arising therefrom) until the SHC Shares are transferred to Autoinc in connection with the exercise of the Autoinc Call Option by Autoinc.

3.4 The Call Options

Subject to and conditional upon Completion and the completion of the Business Transfer, EMHPL shall grant to SHC the EM Call Option for a consideration of S\$1.00, and SHC may exercise the EM Call Option to purchase all the EMPL Shares for a purchase consideration of S\$1.00 at any time during the period commencing on the earlier of (a) the expiry date of the EMPL Lease (including renewal thereof); or (b) the date that EMHPL has ceased to operate the EMPL Business on the EMPL Premises for whatever reason (the “**Commencement Date**”), and ending upon the date falling six (6) months from the Commencement Date (or such other period as SHC, EMHPL and Autoinc, as the case may be, may agree) (the “**Option Period**”), subject to the terms of the Subscription and Shareholders Agreement.

Subject to and conditional upon Completion and the completion of the Business Transfer, SHC shall grant to Autoinc the Autoinc Call Option for a consideration of S\$1.00, and Autoinc may exercise the Autoinc Call Option Call to purchase all the SHC Shares for a purchase consideration of S\$1.00 at any time during the Option Period, subject to the terms of the Subscription and Shareholders Agreement.

The Company will provide further updates to Shareholders on the Call Options as and when there are further developments.

3.5 Rationale for and benefits of the Proposed Subscription and the Business Transfer

The Board is of the view that the Proposed Subscription and the Business Transfer will enable the Group to expand into the independent automobile workshop business, which is complementary to the Group’s business of distribution of ultra-luxury automobiles and luxury automobiles and provision of after-sales services, under the established brand name “Exquisite Marques”. The Group’s enlarged portfolio following the Proposed Subscription and the Business Transfer will enable the Group to generate cost synergies and achieve economies of scale. Notwithstanding that the EMHPL Group was in a net loss after tax position for the financial year ended 31 December 2016, the Board is of the view that such loss is negligible when compared to the historical financial figures of the Group.

4. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION AND THE BUSINESS TRANSFER

4.1 Bases and assumptions

The financial effects of the Proposed Subscription and the Business Transfer on (a) the consolidated net tangible assets (“**NTA**”) per ordinary share in the capital of the Group (“**Share**”); and (b) the consolidated earnings per Share (“**EPS**”) of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2016 and the unaudited accounts of EMPL for the 12 month period ended 31 December 2016. The *pro forma* financial effects of the Proposed Subscription and the Business Transfer are for illustrative purposes only and do not reflect the actual financial effects or the future financial performance and condition of the Group after the Proposed Subscription and the Business Transfer.

For the purposes of illustrating the financial effects of the Proposed Subscription and the Business Transfer, the financial effects have been prepared based on, amongst others, the following assumptions:

- (a) the financial effects of the Proposed Subscription and the Business Transfer on the NTA per Share of the Group are computed assuming that the Proposed Subscription and the Business Transfer had taken place on 31 March 2016;
- (b) the financial effects of the Proposed Subscription and the Business Transfer on the EPS of the Group are computed assuming that the Proposed Subscription and the Business Transfer had been completed on 1 April 2015; and
- (c) the expenses in connection with the Proposed Subscription and the Business Transfer are disregarded for the purposes of calculating the financial effects.

4.2 NTA per Share

	Before the Proposed Subscription and the Business Transfer	After the Proposed Subscription and the Business Transfer
NTA attributable to the equity holders of the Group (S\$'000)	20,457	20,457 ⁽¹⁾
Number of Shares	265,000	265,000
NTA per Share (cents)	7.72	7.72

Note:

- (1) Assuming EMPL is not part of the Group as a result of the exercise of the EM Call Option by SHC.

4.3 EPS

	Before the Proposed Subscription and the Business Transfer	After the Proposed Subscription and the Business Transfer
Group losses after tax (S\$'000)	(4,496)	(4,425) ⁽¹⁾
Weighted average number of Shares ('000)	265,000	265,000
EPS (cents)	(1.70)	(1.67)

Note:

- (1) Assuming EMPL is not part of the Group as a result of the exercise of the EM Call Option by SHC.

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

Based on the unaudited financial statements of the Group for the six (6) months financial period ended 30 September 2016 (“HY2017”) and the unaudited management accounts of the EMHPL Group for the six (6) months financial period ended 31 December 2016, the relative figures of the Proposed Subscription and the Business Transfer computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	N.A. ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired, compared with Group's net profits ⁽²⁾ .	Not meaningful ⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽⁴⁾ .	0.54
(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.	N.A. ⁽⁵⁾
(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.	N.A. ⁽⁶⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3) of the Catalyst Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Not meaningful as the relative figure computed is 1.40%, based on the unaudited net loss before tax of EMHPL Group for the six (6) months financial period ended 31 December 2016 of S\$76,359 (on the basis that Autoinc will have 100.0% economic interest in the Subscription Shares further to the Assignment of Economic Interest), and the Group's net loss of S\$3,264,000 for HY2017 (based on the unaudited financial statements of the Group for HY2017).
- (4) The total aggregate value of the Consideration and the Shareholder Loan, being S\$300,049.00 compared with the market capitalisation of the Company of approximately S\$55,650,000 which was determined by multiplying the number of total issued Shares, being 265,000,000 Shares (excluding treasury shares) by S\$0.21 (being the volume-weighted average traded price of such Shares on 20 February 2017, being the last Market Day immediately preceding the date of the Subscription and Shareholders Agreement).
- (5) This is not applicable as the Company did not issue equity securities as consideration for an acquisition.
- (6) This is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed under Rule 1006(b) of the Catalyst Rules is not meaningful and after consulting the SGX-ST on the not meaningful computation under Rule 1006(b) of the Catalyst Rules, the Proposed Subscription and the Business Transfer does not fall within the classification of a major transaction under Rule 1014 of the Catalyst Rules.

6. APPOINTMENT OF DIRECTORS AND SERVICE CONTRACTS

No directors will be appointed to the Company and no service contracts have been entered into by the Company in connection with the Proposed Subscription and the Business Transfer.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the transactions contemplated by the Subscription and Shareholders Agreement.

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Subscription and Shareholders Agreement will be made available for inspection by Shareholders during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 30 Teban Gardens Crescent, Singapore 608927, for a period of three (3) months from the date of this announcement.

By Order of the Board
EuroSports Global Limited

Melvin Goh
Chief Executive Officer

21 February 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently 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 correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.
