

PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ORIENTIS SOLUTIONS SDN. BHD.

1. The Proposed Transaction

The Board of Directors (the "**Board**") of 3Cnergy Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 9 May 2014 entered into a sale and purchase agreement (the "**SPA**") with Medeva Venture Limited (the "**Vendor**") to acquire the entire issued and paid-up share capital of Orientis Solutions Sdn. Bhd. ("**Orientis**") ("**Sale Shares**"), a wholly-owned subsidiary of the Vendor (the "**Proposed Transaction**").

2. Background of the Vendor and Orientis

2.1 The Vendor, a company incorporated in British Virgin Islands, is the sole legal and beneficial owner of Orientis.

2.2 Orientis is a private limited company incorporated in Malaysia on 10 April 2013. As at the date of this announcement, the Sale Shares comprise the entire issued and paid-up share capital of Orientis. Following the completion of the Proposed Transaction ("**Completion**"), Orientis will become a wholly-owned subsidiary of the Company.

2.3 Orientis is an integrated property development management firm offering architectural design, project financial feasibility assessment, engineering expertise and construction management services. Its staff comprises multi-disciplinary professionals with a combined experience of more than 140 years in the property development industry, including project management and construction implementation, each with an average experience of 13 years. Its clients comprise property developers, land owners, investors and joint-venture companies on the lookout for a one-stop service provider to meet all their property development needs and objectives.

2.4 Based on the unaudited financial statements of Orientis for the financial period from the date of incorporation up to 31 December 2013 (based on an exchange rate of MYR 2.60: S\$1.00), the unaudited profit before tax of Orientis was S\$13,457, while the unaudited net asset value as at 31 December 2013 was S\$9,073.

2.5 As at the date of this announcement, Orientis has two existing project management contracts as follows:-

(a) a project management services agreement dated 31 January 2014 (the "**PMSA**") between Orientis and Liberty Bridge Sdn. Bhd ("**Liberty Bridge**"), relating to the provision of project management services in respect of a mixed-use development project on 10 parcels of land in Commercial North, Puteri Harbour, Nusajaya, District of Johor Bharu, Johor, Malaysia; and

(b) a letter of award dated 22 April 2014 (the "**LOA**") from Rainbow Crest Sdn. Bhd. ("**Rainbow Crest**"), on behalf of a joint venture entered into between Daiman Development Berhad and Rainbow Crest ("**Joint Venture**"), which had been accepted by Orientis for the provision of procurement, accounts and credit control and marketing services in respect of a mixed-use development project at Lot 83475, Taman Johor Jaya, Mukim Plentong in Johor Bahru Malaysia.

(collectively, "**Project Management Contracts**")

2.6 Mr Tong Kooi Ong ("**Mr Tong**"), the Company's Non-Executive Chairman, has a shareholding interest (direct and deemed) in Liberty Bridge and Rainbow Crest as elaborated below:-

- (a) one of the shareholders of Liberty Bridge, namely Icon Ventures Group Inc, ("**IVG**"), which holds 30,000,000 ordinary shares of RM1.00 each, representing 30% of the issued and paid-up share capital of Liberty Bridge, is wholly-owned by Phileo Capital Limited ("**Phileo Capital**"). Phileo Capital's issued and paid-up share capital is solely registered under Escan Trust reg. which is a trustee of a family trust of which Mr Tong is the sole beneficiary. Accordingly, Liberty Bridge is an associate of Mr Tong within the meaning of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"); and
- (b) Rainbow Crest, a joint venture partner in the Joint Venture, is a company in which Mr Tong holds one (1) ordinary share of RM1.00 each, representing 50% of the issued and paid-up share capital of Rainbow Crest. Accordingly, Rainbow Crest is an associate of Mr Tong within the meaning of the Catalist Rules;

Upon Completion, Liberty Bridge and Rainbow Crest will be defined as "interested persons" and the Project Management Contracts will each constitute an "interested person transactions" within the meaning of Chapter 9 of the Catalist Rules.

Pursuant to Chapter 9 of the Catalist Rules, each of the Project Management Contracts will upon completion of the Proposed Acquisition constitutes an interested person transaction requiring shareholders' approval as the transaction value for each of the Project Management Contracts, is greater than 5% of the Group's latest audited net tangible assets of S\$5,591,000 as at 31 December 2013. The Company will convene an extraordinary general meeting ("**EGM**") to seek shareholders' approval for the continued performance of the Project Management Contracts.

3. **Salient terms of the SPA**

The key terms of the SPA include the following:-

(a) Purchase Consideration

The consideration payable by the Company for the purchase of the Sale Shares shall be S\$6,000,000 (the "**Purchase Consideration**") to be satisfied through the allotment and issuance of 21,428,571 new ordinary shares of the Company ("**Consideration Shares**") to the Vendor at an issue price of S\$0.28 per Consideration Share ("**Issue Price**").

The Consideration Shares will be issued out of the general share issue mandate resolution ("**General Mandate**") approved by the shareholders of the Company at the annual general meeting held on 24 April 2014 which authorises the Directors of the Company pursuant to Section 161 of the Companies Act and Rule 806(2) of the Catalist Rules, to, *inter alia*, allot and issue new Shares provided that the number of Shares to be issued other than on a pro rata basis to shareholders does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) as at the date of the General Mandate. The total number of issued Shares (excluding treasury shares) as at the date of the General Mandate was 98,492,791 Shares and a maximum of fifty per cent. (50%) of such Shares to be issued other than on a *pro rata* basis to shareholders would be 49,246,395 Shares. As at the date hereof, the Company has not issued any Shares under the General Mandate. Accordingly, the number of Consideration Shares will fall within the limits of the General Mandate.

The Consideration Shares, when issued and allotted, shall rank *pari passu* in all respects with the then issued shares of the Company ("**Shares**") save for any

dividends, rights, allotments or other distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

The Consideration Shares will represent approximately 21.76% of the issued and paid-up share capital of the Company as at the date of this announcement (being 98,492,791 Shares) and approximately 17.87% of the enlarged issued and paid-up share capital of the Company immediately after the allotment and issue of the Consideration Shares (being 21,428,571 Shares).

The Purchase Consideration was arrived at pursuant to arm's length negotiations between the Company and the Vendor on a willing-buyer willing-seller basis, and taking into account, *inter alia*, the Project Management Contracts. The business rationale for the Proposed Transaction is described in paragraph 4 below.

(b) Conditions Precedent

The Completion is conditional upon the following conditions being fulfilled on or within 6 months from and excluding the date of the SPA (the "**Conditions Fulfilment Period**"):-

- (i) the listing and quotation notice being obtained from the SGX-ST for the listing of and quotation for the Consideration Shares on Catalist and has not been revoked or amended on or before the Completion Date; and
- (ii) the approval from the Company's shareholders being obtained pursuant to Chapter 9 of the Catalist Rules for the continued performance of the Project Management Contracts as interested person transactions.

(c) Completion

The Completion shall take place 14 days after all the conditions precedent in the SPA are fulfilled or such later date to be agreed between the Company and the Vendor ("**Completion Date**").

(d) Moratorium of the Consideration Shares

The Vendor has covenanted and undertaken to the Company that it agrees to a moratorium on specified percentages of the Consideration Shares (the "**Undertaking**") Pursuant to the Undertaking, the Vendor shall not:

- (i) for the period from the date of this Undertaking to 30 June 2015 (both dates inclusive), directly or indirectly (*inter alia*) sell, transfer or dispose (collectively, "**Dispose**") of all or any part of its interests in 15,000,000 ordinary shares in the capital of the Company, representing 70% of the Consideration Shares ("**First Tranche Moratorised Shares**");
- (ii) for the period from 1 July 2015 to 30 June 2016 (both dates inclusive), directly or indirectly Dispose all or any part of its interests in 10,714,286 ordinary shares in the capital of the Company, representing 50% of the Consideration Shares ("**Second Tranche Moratorised Shares**");
- (iii) for the period from 1 July 2016 to 30 June 2017 (both dates inclusive), directly or indirectly Dispose all or any part of its interests in 4,285,714 ordinary shares in the capital of the Company, representing 20% of the Consideration Shares ("**Third Tranche Moratorised Shares**");
- (iv) deposit any of the First Tranche, Second Tranche, or Third Tranche Moratorised Shares (as the case may be) in any depositary receipt facility during the respective periods stated above; or

- (v) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing, or which is designed or which may reasonably be expected to result in any of the above.

4. Rationale for the Proposed Transaction

The Proposed Transaction is in line with the Group's plan to provide one-stop services to clients ranging from pre-planning of a property development project to the sale of a completed unit. The provision of services under the Proposed Transaction will complement and provide synergy to the Group's existing real estate agency business.

5. Discloseable Transaction

The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of the Catalist Rules, based on the Group's latest audited consolidated financial statements for the financial year ended 31 December 2013 ("FY2013"), are as follows:-

Rule/ Bases of Computation	Size of relative figure
<p>Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.</p>	Not applicable
<p>Rule 1006(b) The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.</p>	Not meaningful ⁽¹⁾
<p>Rule 1006(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⁽²⁾.</p>	21.76% ⁽²⁾
<p>Rule 1006(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⁽³⁾.</p>	21.76% ⁽³⁾
<p>Rule 1006(e) The 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.</p>	Not applicable

Notes:

1. Based on the unaudited financial statements of Orientis for the financial period from the date of incorporation up to 31 December 2013 (based on an exchange rate of MYR 2.60: S\$1.00), the unaudited profit before tax of Orientis was S\$13,457, while the unaudited net asset value as at 31 December 2013 was S\$9,073. As the Group reported an audited

net loss of S\$7.1 million for FY2013, the computation under Rule 1006(b) is not meaningful.

2. Pursuant to Rule 1003(3) of the Catalist Rules, as the Purchase Consideration shall be satisfied by way of allotment and issuance of the Consideration Shares, the aggregate value of consideration of S\$6,857,142 is determined by multiplying the number of Consideration Shares being 21,428,571 Shares by the weighted average price of the Shares of \$0.32 transacted on 8 May 2014 ("VWAP") being the last market day on which the Company's shares were traded preceding the signing of the SPA. The market capitalisation of the Company of approximately S\$31,517,693 is determined by multiplying the existing number of the Company's shares in issue of 98,492,791 by the VWAP of S\$0.32).
3. Based on 21,428,571 new ordinary shares to be issued by the Company as Consideration Shares and the Company's existing 98,492,791 shares in issue.

Based on the relative figures computed above, the Proposed Transaction constitutes a discloseable transaction pursuant to Chapter 10 of the Catalist Rules.

6. Financial Effects of the Proposed Transaction

The *pro forma* financial effects of the Proposed Transaction on the Group are for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Transaction on the net tangible assets ("NTA") per ordinary share in the capital of the Company ("Share") and earnings per Share ("EPS") of the Group, nor do they represent the actual financial position and performance of the Group immediately after the Completion.

The following *pro forma* financial effects of the Proposed Transaction have been prepared based on the audited consolidated financial statements of the Group for FY2013 and the unaudited financial statements of Orientis for the financial period from the date of its incorporation up to 31 December 2013 with the following assumptions:

- (a) for the purpose of computing the financial effects of the Proposed Transaction on the NTA per Share of the Group, the Proposed Transaction is assumed to have been completed on 31 December 2013; and
- (b) for the purpose of computing the financial effects of the Proposed Transaction on the EPS of the Group, the Proposed Transaction is assumed to have been completed on 1 January 2013.

Effects on the NTA per Share of the Group as at 31 December 2013

	Before the Proposed Transaction	After the Proposed Transaction and the Allotment and Issuance of the Consideration Shares
NTA (S\$'000)	5,591	5,600
Number of Shares as at 31 December 2013 ('000)	98,493	119,921
NTA per Share (Singapore cents)	5.68	4.67

Effect on the EPS of the Group for FY2013

	Before the Proposed Transaction	After the Proposed Transaction and the Allotment and Issuance of the Consideration Shares
Loss attributable to shareholders (S\$'000)	7,109	7,100
Weighted average number of Shares ('000)	98,493	119,921
Loss per Share (Singapore cents)	7.22	5.92

7. Interests of Directors and Controlling Shareholders

Save for Mr Tong, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company) in the Proposed Transaction.

8. Service Contracts of Directors

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Transaction.

9. Independent Financial Adviser

The Company will be appointing an independent financial adviser (“**IFA**”) to advise the Directors of the Company who are considered independent for the purposes of the Project Management Contracts, namely Mr Eng Meng Leong, Mr Tan Kok Hiang and Mr Yii Due Hung @ Bill Yii (collectively, “**Independent Directors**”), on whether the Project Management Contracts are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company’s Audit Committee will form its views upon receipt of the IFA’s opinion, and set out its views in the Circular (as defined in Paragraph 6 below).

10. EGM and Circular

The Company will convene an EGM to seek the approval of the shareholders for the Project Management Contracts as interested person transactions, and a circular (“**Circular**”) containing, *inter alia*, details thereof, together with the opinion and recommendations of the IFA and the Independent Directors in relation thereto, and enclosing the notice of EGM in connection therewith, will be despatched to the shareholders in due course.

11. Documents for inspection

A copy of the SPA is available for inspection at the Company’s registered office at No. 3 Lorong 6 Toa Payoh, #01-01 HSR Building, Singapore 319378, for a period of three (3) months from the date of this announcement.

By Order of the Board
Tong Kooi Lian
Managing Director and Chief Executive Officer
Date: 9 May 2014

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 relevant rules of the Singapore Exchange Securities Trading Limited (the "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 Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.