

## STARHUB LTD

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199802208C)

### ANNOUNCEMENT

#### PROPOSED ACQUISITION OF SHARES IN D'CRYPT PTE LTD ("D'CRYPT")

---

## 1. INTRODUCTION

1.1 **Proposed Acquisition.** The Board of Directors (the "**Board**") of StarHub Ltd (the "**Company**") wishes to announce that the Company has today entered into a put and call option agreement (the "**Agreement**") with Dr Ng Peng Chew Antony, Ms Chew Hwee Boon and Dr Pang Liang Teck (collectively, the "**Vendors**"), pursuant to which the Company has agreed to grant the Vendors the right to require the Company to purchase (the "**Put Option**"), and the Vendors have agreed to grant the Company the right to require the Vendors to sell (the "**Call Option**"), an aggregate of 1,500,000 issued ordinary shares in the share capital of D'Crypt (the "**Sale Shares**"), representing the entire issued share capital of D'Crypt, in two phases as follows:

- (a) 975,000 ordinary shares in the share capital of D'Crypt, representing 65 per cent. of the total issued share capital of D'Crypt (the "**Phase 1 Acquisition**"); and
- (b) 525,000 ordinary shares in the share capital of D'Crypt, representing 35 per cent. of the total issued share capital of D'Crypt (the "**Phase 2 Acquisition**"),

(collectively, the "**Proposed Acquisition**").

1.2 **Completion.** The exercise of the Put Option or the Call Option in relation to the Phase 1 Acquisition is conditional upon, *inter alia*, the satisfaction or waiver of the Phase 1 Conditions (as defined below). Following the exercise of the Put Option or the Call Option in relation to the Phase 1 Acquisition, completion of the Phase 1 Acquisition (the "**Phase 1 Completion**") will be effected and D'Crypt will be a subsidiary of the Company.

The exercise of the Put Option or the Call Option in relation to the Phase 2 Acquisition is conditional upon, *inter alia*, the satisfaction or waiver of the Phase 2 Conditions (as defined below), including the Phase 1 Completion. Following the exercise of the Put Option or the Call Option in relation to the Phase 2 Acquisition, completion of the Phase 2 Acquisition (the "**Phase 2 Completion**") will be effected and D'Crypt will be a wholly-owned subsidiary of the Company.

1.3 **Rule 704(17) of the Listing Manual.** As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") in respect of the Proposed Acquisition do not exceed 5 per cent., the Proposed Acquisition constitutes a non-discloseable transaction under Chapter 10 of the Listing Manual, and this Announcement is being made pursuant to Rule 704(17) of the Listing Manual.

## 2. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is a strategic investment which will enhance the Company's capabilities in the enterprise solution space in areas such as cybersecurity and digital security

portfolio as well as Internet of Things. The Company will also gain access to a world-class engineering team that will help develop new intellectual property and products relevant to the various markets as well as cater to Singapore's Smart Nation initiatives.

### 3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

- 3.1 **Maximum Consideration.** The aggregate maximum cash consideration payable by the Company to the Vendors for the Proposed Acquisition is S\$122,000,000 (the "**Maximum Consideration**"), comprising the Phase 1 Consideration (as defined below) in respect of the Phase 1 Acquisition and the Phase 2 Consideration (as defined below) in respect of the Phase 2 Acquisition. The Maximum Consideration was arrived at on a willing seller willing buyer basis after taking into account primarily (a) the historical financial performance and growth potential of D'Crypt and (b) the rationale for the Proposed Acquisition (as described in paragraph 2 above).

The Maximum Consideration shall be paid in cash by the Company to the Vendors and will be funded by the Company using internal cash resources.

- 3.2 **Phase 1 Consideration.** Upon the Phase 1 Completion and against delivery by the Vendors of their Phase 1 completion deliverables pursuant to the terms of the Agreement, an aggregate cash consideration of S\$57,460,000 (the "**Phase 1 Consideration**") is payable to the Vendors.

- 3.3 **Phase 2 Consideration.** Upon the Phase 2 Completion and against delivery by the Vendors of their Phase 2 completion deliverables pursuant to the terms of the Agreement, an aggregate maximum cash consideration of S\$64,540,000 (the "**Phase 2 Consideration**") is payable to the Vendors. The Phase 2 Consideration shall be calculated and finally determined in accordance with a formula agreed between the Company and the Vendors and set out in the Agreement. Such formula is based primarily on the audited earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") for D'Crypt's financial years ending 31 December 2018, 31 December 2019 and 31 December 2020, as well as the estimated EBITDA contributed by D'Crypt's confirmed new orders as at 31 December 2020 for D'Crypt's financial years ending 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025.

- 3.4 **Conditions to Phase 1 Acquisition.** Pursuant to the terms of the Agreement, the exercise of the Put Option or the Call Option in relation to the Phase 1 Acquisition will be conditional upon, *inter alia*, the satisfaction or waiver of the conditions (the "**Phase 1 Conditions**") set out below or their satisfaction subject only to the Phase 1 Completion:

- (a) in respect of certain contractual arrangements entered into by D'Crypt, the obtaining of written confirmations from third parties of the waiver of any restrictions or prohibitions on the change in the shareholding of D'Crypt, the change in the board of directors of D'Crypt and/or any right to terminate exercisable prior to or as a result of any matter contemplated by the Agreement (including the Proposed Acquisition) in a form and on terms (if any) satisfactory to the Company (acting reasonably);
- (b) save for any breach by the Company of its confidentiality obligations set out in the Agreement, no event having occurred since the date of the Agreement which, taken singly or together, have caused or are likely to cause a material adverse change in the facts relating to D'Crypt and its prospects including any event or circumstance likely to have the effect of reducing D'Crypt's annual revenue or net profit before tax by 20 per

cent. or more by reference to the audited accounts of the Company for the 12-month period ended on 31 December 2016;

- (c) the execution of new service agreements between D’Crypt and certain key employees of D’Crypt;
- (d) the execution of a shareholders’ agreement between the Company, D’Crypt and the Vendors; and
- (e) the execution of a technical assistance agreement between the Company, D’Crypt and the Vendors.

If the Phase 1 Conditions are not satisfied or waived on or before 15 February 2018 (or such other date as may be agreed in writing between the Company and the Vendors) (the “**Phase 1 Long Stop Date**”), any non-defaulting party shall be entitled by written notice to the other parties served on the Phase 1 Long Stop Date, to terminate the Agreement (other than the surviving provisions of the Agreement) without liability on its part and neither the Company nor the Vendors shall have any claim against the other under it, save for any claim arising from antecedent breaches of the Agreement.

The Phase 1 Completion is scheduled to take place on the first business day falling 5 business days from the date of the exercise of the Put Option or the Call Option in relation to the Phase 1 Acquisition (or such other date as may be agreed in writing between the Company and the Vendors).

3.5 **Conditions to Phase 2 Acquisition.** Pursuant to the terms of the Agreement, the exercise of the Put Option or the Call Option in relation to the Phase 2 Acquisition will be conditional upon, *inter alia*, the satisfaction or waiver of the conditions (the “**Phase 2 Conditions**”) set out below:

- (a) the occurrence of the Phase 1 Completion;
- (b) the provision of D’Crypt’s audited financial statements for each of the financial years ending 31 December 2017, 31 December 2018, 31 December 2019 and 31 December 2020 by D’Crypt to the Company; and
- (c) in respect of certain contractual arrangements entered into by D’Crypt, the obtaining of written confirmations from third parties of the waiver of any restrictions or prohibitions on the change in the shareholding of D’Crypt, the change in the board of directors of D’Crypt and/or any right to terminate exercisable prior to or as a result of any matter contemplated by the Agreement (including the Phase 2 Acquisition) in a form and on terms (if any) satisfactory to the Company (acting reasonably).

If the Phase 2 Conditions are not satisfied or waived on or before the business day falling 30 business days after D’Crypt’s audited financial statements for the financial year ending 31 December 2020 are approved and signed off by the board of directors of D’Crypt and made available to the Company (or such other date as may be agreed in writing between the Company and the Vendors) (the “**Phase 2 Long Stop Date**”), any non-defaulting party shall be entitled by written notice to the other parties served on the Phase 2 Long Stop Date to terminate the Agreement in respect of the provisions relating to the Phase 2 Conditions and the Phase 2 Acquisition only, without liability on its part and neither the Company nor the Vendors shall have any claim against the other under such provisions, save for any claim arising from antecedent breaches of such provisions.

The Phase 2 Completion is scheduled to take place on the first business day falling 10 business days from the date of the exercise of the Put Option or the Call Option in relation to the Phase 2 Acquisition (or such other date as may be agreed in writing between the Company and the Vendors).

#### **4. INFORMATION ON D'CRYPT**

D'Crypt is a private company limited by shares incorporated in Singapore and carries on the business of the development and delivery of advanced electronics, software, computational, cryptographic and security technology and products. As at the date of this Announcement, D'Crypt has an issued and paid-up share capital of S\$1,500,000 consisting of 1,500,000 ordinary shares.

As at the date of this Announcement, the shareholders of D'Crypt are the Vendors, who collectively own the entire issued share capital of D'Crypt as described in paragraph 1 above.

Based on the latest available audited financial statements of D'Crypt for the financial year ended 31 December 2016, the net asset value and the net tangible asset value (the "NTA") represented by the Sale Shares are S\$16,806,109 and S\$11,598,645 respectively.

#### **5. FURTHER INFORMATION**

- 5.1 **Interests of Directors and Controlling Shareholders of the Company.** None of the Directors and the controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition.
- 5.2 **Impact on NTA and Earnings Per Share.** The Proposed Acquisition is not expected to have any material impact on the NTA per share or earnings per share of the Company for the current financial year ending 31 December 2017.
- 5.3 **Inspection.** A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942 for 3 months from the date of this Announcement.

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

Veronica Lai  
Company Secretary  
Singapore, 15 December 2017