

CONDITIONAL SALE AND PURCHASE AGREEMENT IN RESPECT OF THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL OF OCAP MANAGEMENT PTE. LTD.

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of CPH Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company had, on 22 November 2018, entered into a conditional sale and purchase agreement (the “**SPA**”) with Delphinium Capital PLC (the “**Vendor**”) and oCap Management Pte. Ltd. (the “**Target Company**”) in respect of the proposed acquisition by the Company of 100% of the issued share capital of the Target Company from the Vendor, (the “**Proposed Acquisition**”) for a purchase consideration of S\$61,815,400, to be fully satisfied through the allotment and issuance of 5,151,283,333 new ordinary shares of the Company (“**Consideration Shares**”) to the Vendor at an issue price of S\$0.012 per Consideration Share (“**Issue Price**”).

Based on the foregoing, the Proposed Acquisition will result in a reverse takeover of the Company as defined under Chapter 10 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

In accordance with Chapter 10 of the Catalyst Rules, the Proposed Acquisition will be subject to, amongst others, the approval of the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting of the Shareholders (the “**EGM**”) to be convened pursuant to Rule 1015 of the Catalyst Rules.

2. INFORMATION ON THE PROPOSED ACQUISITION

The information on the Target Company and the Vendor was provided by the Target Company and the Vendor. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1 Information on the Target Company

Headquartered in Singapore, the Target Company is a technology-enabled specialist risk manager and alternative financing solutions provider, serving directly and indirectly the needs of small and medium enterprises (“**SMEs**”). It provides liquidity in the form of working capital loans against payment receivables, trade and supplier invoices, as well as in relation to commodity trade contracts (the “**Target Business**”).

Serving customers from a variety of industries across multiple markets in Asia, the Target Company applies Artificial Intelligence (“**AI**”) and the use of proprietary machine learning algorithms (“**Machine Learning Algorithms**”) and smart contracts on blockchain technology to fully digitise the trade finance and factoring processes to provide highly scalable and automated financial solutions.

Since inception in 2016, the Target Company has been profitable with a proven and scalable business model. Apart from growing its customer base, it has also expanded its product offerings which effectively addresses real-life problems such as financing gap faced by SMEs.

The Target Company’s strategic products, its payment receivables financing and merchant cash advance solutions are based on a proprietary AI and anti-money laundering (“**AML**”).

based risk assessment and management software (“**RAMS**”). It enables the Target Company to offer personalized and adaptable financing solutions to SMEs through a seamless integration with payment service providers and acquiring institutions.

The Target Company strives for full automation in the loan approval and underwriting process which will enable efficient and instant disbursement of loan amounts to the merchants. Machine Learning Algorithms will predict repayment schemes and bearable burden ratios based on historic transaction behaviour and adjust the actual repayments accordingly to give businesses maximum flexibility in their cash flow management.

In the field of providing financing for customers in commodity trading, the Target Company is developing a complete suite of blockchain-enabled trading platform incorporating smart contracts to generate transparency and higher efficiency within the overall transaction lifecycle. The smart contracts will allow automated disbursement to relevant trade parties against the respective parties’ credit facilities utilizing RAMS platform.

Within Asia, there is an estimated US\$700 billion worth of unmet trade financing demand¹ and the Target Company continues to capture growth opportunities within a large market underserved by traditional lending systems with its present product offerings.

2.2 Information on the Vendor

Delphinium Capital PLC, a wholly owned subsidiary of Swiss Life (Singapore) Pte. Ltd., is an Isle of Man investment company developing a portfolio of assets in the FinTech and regulated financial services domain to create a strategic portfolio of innovative financial services companies, maximising the value for its shareholder.

The Vendor is not related to any of the Company’s Directors or controlling shareholder or their respective associates. As at the date of this announcement, the Vendor does not hold shares in the Company (“**Shares**”).

2.3 Historical Financial Information of the Target Company

The Target Company had previously engaged in general wholesale trade of crude oil and other oil products (“**General Wholesale Trade**”), and trade financing in the financial year ended 31 December 2016. The Target Company has ceased to engage in the General Wholesale Trade as it transits into the Target Business which continues to comprise trade financing since April 2017.

The summary of the audited financial statements of the Target Company for the financial years ended 31 December 2016 and 31 December 2017 as presented in the tables below, includes the financial performance of the General Wholesale Trade and may not be fully representative of the Target Business’ future performance.

Income Statement

(US\$'000)	Audited Financial period from 16 September 2015 to 31 December 2016²	Audited Financial year ended 31 December 2017
Revenue	79,195	52,745

¹ “Trade Finance and SMEs: Bridging the gaps in provision”, World Trade Organisation, 2017

² The first financial period of the Target Company was for a period of 15 months from 16 September 2015 to 31 December 2016 as it was incorporated on 16 September 2015.

Profit before tax	2,474	1,614
Profit for the year	2,089	1,537

Balance Sheet

(US\$'000)	Audited As at 31 December 2016	Audited As at 31 December 2017
Current assets	41,512	31,004
Non-current assets	55	2
Total assets	41,567	31,006
Current liabilities	24,955	12,857
Non-current liabilities	-	-
Total liabilities	24,955	12,857
Shareholders' equity	16,612	18,149
NTA	16,612	18,149

2.4 Rationale for and Benefits of the Proposed Acquisition

The Company has been exploring various business opportunities in a bid to diversify from its loss-making printed circuit board business, which is facing increasing operational and financial challenges in the past few years. The Proposed Acquisition would present the Company with an opportunity to diversify into and participate in the emerging and fast-growing FinTech industry through the acquisition of an operating business with a profitable track record and good growth potential, thereby allowing the Group to achieve a consistent and sustainable financial growth.

In addition, the Board believes that the Proposed Acquisition should enable the Company to enhance shareholder value by generating renewed investor interest in the Shares and ultimately, create the potential to significantly increase the value of the Company with a wider investor base. Accordingly, the Board is of the view that the Proposed Acquisition is likely to enhance the long-term interests of the Company and its Shareholders.

2.5 Salient Terms of the SPA

2.5.1 Proposed Acquisition

Pursuant to the terms and conditions of the SPA, the Company intends to acquire 100% of the issued share capital of the Target Company from the Vendor, free from all encumbrances, together with all rights, benefits and entitlements attaching thereto with effect from the date of completion of the Proposed Acquisition (the "**Completion**").

As at the date of this announcement, the Target Company has an issued and paid-up share capital of S\$21,000,000 comprising 21,000,000 ordinary shares (the "**Sale Shares**").

2.5.2 Consideration

The purchase consideration for the Sale Shares shall be S\$61,815,400 (the "**Purchase Consideration**"), being the Singapore Dollar equivalent of US\$45,000,000 based on the exchange rate of S\$1.373675 to US\$1.00 as at 17 September 2018. The Purchase

Consideration was arrived at after arms' length negotiations between the Company and the Vendor, and on a willing-buyer and willing-seller basis, taking into consideration, *inter alia*, the Vendor's representation and warranty on the minimum profit before tax to be achieved by the Target Company of US\$5 million for the financial year ending 31 December 2018 as set out in Paragraph 2.5.8 of this announcement, and is expected to be supported by the Appraised Value (as defined below). The Purchase Consideration shall be fully satisfied on Completion, by an issuance and allotment of 5,151,283,333 Consideration Shares to the Vendor at the Issue Price of S\$0.012 per Consideration Share prior to the Proposed Share Consolidation (as defined below). The Issue Price represents a premium of 51.9% to the volume-weighted average price of S\$0.0079 per Share, based on trades done on the Shares on the Catalist of the SGX-ST on the full market day preceding the date of the SPA.

For the avoidance of doubt, the Proposed Share Consolidation (as defined below) shall take place upon the issuance of the Consideration Shares on or before Completion.

Pursuant to Rule 1015(3)(a) of the Catalist Rules, the Company will appoint a competent and independent valuer to conduct and furnish a valuation report (the "**Independent Valuation Report**") on the value of the Target Company and the Target Business (the "**Appraised Value**").

Further information relating to the independent professional valuer to be appointed, together with the Independent Valuation Report (which will include the basis and date of the Independent Valuation Report), will be included in the Circular to be despatched in due course (as defined below).

2.5.3 Waiver from the Securities Industry Council (the "SIC")

Following Completion, the Vendor will own an aggregate interest of no less than approximately 80.34³% of the enlarged share capital of the Company. In such event, pursuant to Rule 14 of the Singapore Code on Takeovers and Mergers (the "**Code**"), the Vendor and its concert parties will incur an obligation to make a mandatory general offer for all the remaining issued shares of the Company not already owned, controlled or agreed to be acquired by the Vendor and its concert parties, at the highest price paid or agreed to be paid by the Vendor and its concert parties for the Shares in the preceding six (6) months period.

It is a condition precedent to the Proposed Acquisition, *inter alia*, that the SIC grants the Vendors and its concert parties, and does not revoke or repeal such grant, a waiver of their obligation to make a mandatory offer under Rule 14 of the Code for all the Shares not owned or controlled by them (the "**Whitewash Waiver**") and that a majority of the independent Shareholders waive, by ordinary resolution on a poll taken, at the EGM, their right to receive a general offer from the Vendor and its concert parties under Rule 14 of the Code (the "**Whitewash Resolution**"). As such, the Vendor will be applying to the SIC to seek for the Whitewash Waiver and the Company shall procure and/or do all things as may be required and necessary to assist the Vendor with attaining the Whitewash Waiver, including but not limited to, obtaining the written undertaking of Mdm Choo Tung Kheng ("**Mdm Choo**") to vote her entire shareholding in favour of the Whitewash Resolution.

2.5.4 Proposed Share Consolidation

Rule 429 of the Catalist Rules stipulates that the issue price of the equity securities offered for subscription or sale, for which a listing is sought, must be at least S\$0.20 each. Accordingly, in conjunction with the Proposed Acquisition and the Proposed Compliance Placement and subject to Shareholders' approval being obtained, the Company will undertake a share consolidation exercise based on a consolidation ratio as may be mutually agreed between the

³ Taking into consideration the issuance of PPCF Shares.

Company and the Vendor (the “**Proposed Share Consolidation**”), which shall satisfy the aforementioned requirements of Rule 429 of the Catalist Rules on or before Completion. The Proposed Share Consolidation will not involve a diminution of any liability in respect of the unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders’ funds of the Company. The details of the Proposed Share Consolidation will be set out in the Circular to be despatched to the Shareholders in due course.

2.5.5 Proposed Compliance Placement

In connection with the Proposed Acquisition, the issuer is required to comply with Rule 1015(3)(a) read with Rules 406(1)(a) and (c) of the Catalist Rules, where at least 15.0% of the Company’s enlarged share capital must be held by at least 200 public Shareholders (the “**Public Float Requirement**”) following Completion. In the event that the Company does not meet the Public Float Requirement, it is agreed between the Vendor and the Company that new ordinary shares in the Company may be issued and placed out to satisfy the Public Float Requirement (the “**Compliance Placement Shares**”) and the issue price for the Compliance Placement Shares shall not be less than S\$0.20 per Compliance Placement Share (the “**Proposed Compliance Placement**”).

For the avoidance of doubt, it is envisaged that the public float of the Company would, at Completion, be at least 15.0% of the Company’s enlarged share capital and as a result, a Proposed Compliance Placement would not be necessary.

2.5.6 PPCF Shares

As part payment of professional fees in respect of the financial advisory services rendered by PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) to the Company in connection to the Proposed Acquisition, the Company shall issue and allot, on Completion, up to an aggregate of 31,250,000 new ordinary shares in the Company, credited as fully paid-up at the Issue Price (prior to the Proposed Share Consolidation) to PPCF (the “**PPCF Shares**”).

2.5.7 Conditions Precedent

Unless specifically waived by the Company, the Vendor and the Target Company (collectively, known as the “**Parties**” and each a “**Party**”), Completion is conditional upon the following conditions and delivery and execution of the following items (collectively, the “**Conditions Precedent**”, and each a “**Condition Precedent**”):

- (a) the results of a legal, financial and technical due diligence investigation on the Company, to be conducted by the Vendor and its advisors, being satisfactory in relation to all material aspects;
- (b) the results of a legal, financial and technical due diligence investigation on the Target Company, to be conducted by the Company and its advisors, being satisfactory in relation to all material aspects;
- (c) the approval of the Board and Shareholders having been obtained for the entry into, implementation and completion of the transactions contemplated in the SPA, including in particular:
 - (i) the Proposed Acquisition;
 - (ii) the Proposed Share Consolidation;
 - (iii) the allotment and issuance of the Consideration Shares;
 - (iv) the proposed Whitewash Resolution;

- (v) the allotment and issuance of the Compliance Placement Shares (if any) and the allotment and issuance of new shares in the capital of the Company to the sponsor and financial adviser, namely PPCF, for its part of its professional fees billable and payable upon Completion in the amount of S\$375,000 at the Issue Price prior to the Proposed Share Consolidation (if any);
 - (vi) the change of the Company's name to "oCap Group Ltd" or such name as the Vendor may decide;
 - (vii) the appointment of Mr Carlos-D. Haeuser ("**Mr Haeuser**") onto the Board upon Completion for a period of no less than thirty-six (36) months, following Completion upon the terms of such service agreement to be mutually agreed by the Parties;
 - (viii) the appointment of Mdm Choo onto the Board upon Completion upon such terms to be mutually agreed by the Parties including those as set out in clause 4B of the SPA; and
 - (ix) any additional terms as may be agreed among the Parties;
- (d) all necessary approvals, waivers, consents, licences, permits, authorisations and/or registrations from/ with all relevant governmental, regulatory and other authorities, financiers, counterparties and/or third parties (if any) of the Company, the Target Company and/or the Target Business in respect of the Proposed Acquisition being obtained and being in full force and effect and not having been withdrawn, suspended, revoked or amended, including but not limited to:
- (i) the approval in-principle being granted by the SGX-ST for the listing and quotation of the Consideration Shares, the Compliance Placement Shares (as defined below) (if any) and the PPCF Shares (if any); and
 - (ii) the SIC having granted the Whitewash Waiver to the Vendor.
- (e) the delivery of a disclosure letter by the Company and the Vendor respectively to the other party, in such form to be mutually agreed in writing, which shall include all disclosures pertaining to its respective business in connection with the Proposed Acquisition;
- (f) an opinion by the independent financial adviser (the "**IFA**") that the Whitewash Resolution to be sought from the Shareholders is fair, reasonable and not prejudicial to the interests of the independent Shareholders;
- (g) each of the warranties provided by the Vendor and the Company being complied with, true, complete, accurate and correct in all material respects to the best knowledge and belief of the Vendor and the Company as at the date of the SPA and until the date falling three (3) business days after the last of the Conditions Precedent has been fulfilled (or waived, as the case may be) (subject to such date being a business day and if not, the business day immediately following such date), or such other date as may be mutually agreed to by the Parties (the "**Completion Date**");
- (h) no material adverse change (as determined by the Company in its reasonable discretion) in the prospects, operations or financial conditions of the Target Company occurring on or before the Completion Date;
- (i) where required, the Company issuing the Compliance Placement Shares to satisfy the Public Float Requirement and the issue price for the Compliance Placement Shares shall not be less than S\$0.20 per Compliance Placement Share;
- (j) the Vendor undertakes to maintain:

- (i) its entire equity interest in the Company at the listing date of the Consideration Shares for a period of not less than six (6) months commencing from the listing date of the Consideration Shares; and
 - (ii) not less than fifty percent (50%) of the entire equity interest in the Company at the listing date of the Consideration Shares for a subsequent period of six (6) months thereafter.
- (k) the Company proposing and undergoing the Proposed Share Consolidation, to comply with and satisfy the listing requirements specified in the Catalist Rules. The Share Consolidation will not involve a diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Company; and
- (l) the execution and performance of the SPA by the Parties not being prohibited in any material aspects by any relevant applicable statute, order, rule, directive or regulation promulgated by any applicable legislative, executive or regulatory body or authority.

The Vendor and the Company undertake to use their best endeavours to assist each other to the extent permitted by applicable laws in any actions or filings necessary to achieve the fulfilment of the Conditions Precedent and will regularly inform each other without undue delay of the progress of the fulfilment of each Condition Precedent and notify the other party in writing as soon as they are aware of the fulfilment of a Condition Precedent or that a Condition Precedent has become incapable of fulfilment.

The Vendor and the Company may, upon mutual agreement, waive (in whole or in part) all or any of the Conditions Precedent set out above. For the avoidance of doubt, any such waiver shall not prejudice the Vendor's or the Company's rights in respect of the non-fulfilment of the same.

If any of the Conditions Precedent are not able to be fulfilled as a result of any decision or rejection received from any regulatory authority in connection with the Proposed Acquisition, and not otherwise waived by the Parties, the Parties shall be entitled to elect to be released from their respective obligations under the SPA by written notice, and upon issuance of such written notice, all obligations of the Parties hereunder shall *ipso facto* cease.

If any of the Conditions Precedent are not fulfilled (or is not waived in writing) by the date falling nine (9) months from 22 November 2018, being the date of the SPA (the "**Long Stop Date**"), or such other date as may be mutually agreed in writing between the Parties, not being longer than three (3) months after the Long Stop Date, the Parties shall be entitled to elect to be released from their obligations under the SPA by written notice, and upon issuance of such written notice, all obligations of the Parties under the SPA shall *ipso facto* cease.

2.5.8 Vendor's Representations and Warranties

The Vendor represents and warrants to the Company, *inter alia*, that the Target Company shall achieve a minimum profit before tax of US\$5.0 million, based on the audited accounts of the Target Company for the financial year ending 31 December 2018.

2.5.9 Company's Representations and Warranties

The Company represents and warrants to the Vendor, *inter alia*, that it shall procure that Mdm Choo to provide an undertaking to the Vendor and the Target Company before the EGM to:

- (a) vote in favour of the shareholders' resolutions in relation to the transactions contemplated in the SPA at the EGM;

- (b) not transfer or dispose her shareholdings in the Company until the conclusion of the EGM; and;
- (c) not acquire any new shares in the Company until the conclusion of the EGM.

2.5.10 Moratorium

The Vendor shall undertake to observe a moratorium on the transfer or disposal of all of its Consideration Shares held as at the listing date of the Consideration Shares in accordance with Rules 420, 422(1) and 422(2) of the Catalist Rules.

2.5.11 Appointment of Mdm Choo to the Board upon Completion

The service agreement of Mdm Choo to be mutually agreed to by the Parties shall include, but not be limited to, the following key terms:

- (a) Mdm Choo serving the Board upon Completion as a non-executive director, and/or such other executive or non-executive appointment on any other board within the Group, for a period of twenty-four (24) months;
- (b) Mdm Choo undertaking to use her utmost endeavours to contain subsequent and future losses incurred by the Group's existing printed circuit board and advance interconnect substrates manufacturing and sales business ("**PCB Business**");
- (c) Mdm Choo undertaking to maintain and be responsible for the factory situated at No. 8 First Lok Yang Road (the "**Singapore Factory**"), including the managing of all existing lease/ tenancy agreements for the Singapore Factory;
- (d) Mdm Choo undertaking to do all things necessary, including but not limited to the sourcing of potential buyers to facilitate the disposal or transfer of Joy Garden Restaurant Pte Ltd, the existing PCB Business and other ancillary businesses or ventures of the Company (the "**Existing CPH Business**") and/or assist (if required) in the striking off or winding down of any or all the foregoing. If so required, she shall vote in favour of all resolutions to, (a) effect the disposal or transfer of Joy Garden Restaurant Pte Ltd, the Existing CPH Business and (b) strike off or wind up the Company's existing subsidiaries and affiliates, being CP Lifestyle Pte Ltd and Circuits Plus (Asiatic) Pte Ltd, provided that the independent directors in the Company after the Completion have voted in favour of such resolutions; and
- (e) In the event that Mdm Choo disposes of or transfers the Existing CPH Business within twelve (12) months from the commencement of her appointment, she shall be entitled to a disposal bonus of S\$500,000.

Should the disposal or transfer of the Existing CPH Business not occur within twelve (12) months from the commencement of her appointment, Mdm Choo shall, provided she had in the initial twelve (12) month period used her utmost endeavours to source for potential buyers to facilitate the disposal or transfer, be given another twelve (12) months to source for potential buyers.

Where the Existing CPH Business remains unsold for twenty-four (24) months from commencement of her appointment, she shall use her utmost endeavours to assist in the striking off or winding down of the foregoing. In this circumstance, Mdm Choo shall be entitled to the disposal bonus of S\$500,000 if: (i) the Existing CPH Business is disposed, transferred, struck off or wound up within the extended twelve (12) month period, or (ii) the Existing CPH Business is struck off or wound up.

In the event that the Company terminates Mdm Choo's appointment at any time prior to the expiration of the twenty-four (24) month period from the Date of Completion, Mdm Choo shall be entitled to, all accrued but unpaid base salary, and the total sum (including

any bonuses) accruable for the remainder term of her appointment (the “**Proposed Payment**”), provided that the particulars of the Proposed Payment, including the amount thereof, have been disclosed and approved by the Shareholders at the EGM.

2.5.11 Appointment of Mr Jan Daniel Semrau as an executive officer

The Vendor undertakes to procure that a service agreement shall be entered between the Company and Mr Jan Daniel Semrau (“**Mr. Semrau**”) as the Chief Risk and Compliance Officer prior to the Completion for a period of no less than thirty-six (36) months commencing from the Date of Completion upon the terms of such service agreement to be mutually agreed by the Parties.

2.5.12 Change in Financial Year End

Following Completion and to align the financial year end with the Target Company, the Company shall change its financial year-end, as well as that of its subsidiaries to 31 December.

2.5.13 Divestment of the Company’s existing subsidiaries and businesses

Following Completion, the Company shall use its best efforts to cease, dispose or transfer the Existing CPH Business by doing all of the following:

- (a) selling, transferring or disposing all six hundred thousand (600,000) ordinary shares that it holds in Joy Garden Restaurant Pte Ltd, as provided, being a 25% owned associate company of the Group engaged in the food and beverage business;
- (b) selling, transferring or disposing of all the existing property or properties leased or occupied by the Company (save for the Singapore Factory) and machinery, parts and tools that the Company has in connection with the PCB Business including but not limited to all raw materials, spare parts, stocks and partially finished parts / works-in-progress of Circuits Plus (M) Sdn Bhd; and
- (c) striking off or winding up of its subsidiaries and affiliates, namely, CP Lifestyle Pte Ltd and Circuits Plus (Asiatic) Pte Ltd.

3. **RELATIVE FIGURES UNDER RULE 1006**

Based on the latest announced unaudited consolidated financial statements of the Group for the six (6) months financial period ended 30 September 2018 (the “**1H2019**”), the relative figures of the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of as compared with the Group’s net asset value	Not applicable ⁽¹⁾
(b)	The net profit attributable to the Target Company, compared with the Group’s net loss	(442.5)% ⁽²⁾
(c)	The aggregate value of the consideration given for the Proposed Acquisition, compared with the Company’s market capitalization based on the total number of issued shares excluding treasury shares	636.5% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity	419.1% ⁽⁴⁾

	securities of the Company in issue	
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) Based on the Target Company's unaudited net profit for six (6) months of approximately S\$5.75 million (or US\$4.27 million based on an average exchange rate of US\$1: S\$1.3468 for the period) and the Group's unaudited net loss for 1H2019 of approximately S\$1.30 million. Net profit/ (loss) is defined to be profit or loss before income tax, minority interests and extraordinary items. The Target Company's unaudited net profit of six (6) months was derived by pro-rating the management accounts provided by the Target Company for the financial period from 1 January 2018 to 31 August 2018.
- (3) Based on the Purchase Consideration of approximately S\$61,815,400 (or US\$45,000,000 based on the exchange rate of US\$1:S\$1.373675), and the Company's market capitalisation of approximately S\$9.71 million (computed based on the Company's issued ordinary share capital of 1,229,226,124 shares and the volume weighted average price of the shares of S\$0.0079 on 20 November 2018, being the last full market day on which Company's shares were traded prior to the date of this announcement. The Company does not have any treasury shares.
- (4) Based on 5,151,283,333 Consideration Shares and the Company's issued ordinary share capital of 1,229,226,124 shares.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed on the bases set out in paragraphs (b), (c) and (d) above exceed 100%, the Proposed Acquisition constitutes a "very substantial acquisition" or "reverse takeover" for the purposes of the Catalist Rules. In addition, as the Vendor will hold approximately 80.34% of the enlarged issue share capital of the Company upon Completion after the issuance of PPCF Shares but before the issuance of Compliance Placement Shares, a change in control of the Company will arise immediately upon Completion. Accordingly, the Proposed Acquisition is subject to the approval of the SGX-ST and the Shareholders under Rule 803 and Chapter 10 of the Catalist Rules.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The unaudited *pro forma* financial effects of the Proposed Acquisition are purely for illustrative purposes only and do not necessarily reflect the actual financial performance or position of the enlarged Group following Completion.

The unaudited *pro forma* financial effects of the Proposed Acquisition set out below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2018 (the "FY2018") and the audited financial statements of the Target Company for the financial year ended 31 December 2017, as well as the following bases and key assumptions:

- (i) the financial effects of the Proposed Acquisition on the Group's net tangible assets (the "NTA") per share and gearing are computed based on the assumption that the Proposed Acquisition were completed on 31 March 2018;

- (ii) the financial effects of the Proposed Acquisition on the Group's (loss)/earnings per share (the "LPS/EPS") are computed based on the assumption that the Proposed Acquisition were completed on 1 April 2017;
- (iii) no adjustments have been made to account for the different financial year ends and accounting standards of the Company with that of the Target Company;
- (iv) the analysis does not take into account the transactional costs and expenses in connection with the Proposed Acquisition; and
- (v) the analysis does not take into account the financial effects of the Proposed Share Consolidation, the Proposed Compliance Placement (if any) and the issuance of PPCF Shares (if any).

Share Capital

	Before the Proposed Acquisition	After the Proposed Acquisition
Number of Shares	1,229,226,124	6,380,509,457
Issued and paid-up share capital as at 31 March 2018 (S\$'000)	24,764	65,459 ⁽¹⁾

NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to Shareholders (S\$'000)	12,316	36,602
Number of Shares	1,229,226,124	6,380,509,457
NTA per Share attributable to Shareholders (Singapore cents)	1.00	0.57

LPS/EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net (loss)/profit attributable to Shareholders (S\$'000)	(1,744)	382
Number of Shares	1,229,226,124	6,380,509,457
(Loss)/Earnings per Share (Singapore cents)	(0.14)	0.01

Gearing

	Before the Proposed Acquisition	After the Proposed Acquisition
Total liabilities (S\$'000)	2,752	19,956
Total shareholders' equity (S\$'000)	12,316	55,137

Gearing ratio ⁽²⁾	22.3%	36.2%
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Note:

- (1) The fair value of new shares issued is based on the volume weighted average price of S\$0.0079.
- (2) Gearing is determined based on total liabilities divided by shareholders' equity.

5. HISTORICAL PROFORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A summary of the unaudited combined *pro forma* financial information of the enlarged Group for the latest financial year ended 31 March 2018 has been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2018 and the audited financial statements of the Target Company for the financial year ended 31 December 2017, without any adjustment to align the financial year end of the Company with that of the Target Company.

A summary of the unaudited combined *pro forma* income statement and balance sheet of the enlarged Group for the latest financial year ended 31 March 2018 is set out below:

Summary unaudited combined pro forma Income Statement of the enlarged Group

(S\$'000)	Unaudited Financial year ended 31 March 2018
Revenue	78,441
Profit before tax	488
Profit for the year	382

Summary unaudited combined pro forma balance sheet of the enlarged Group

(S\$'000)	Unaudited As at 31 March 2018
Current assets	46,948
Non-current assets	28,145
Total assets	75,093
Current liabilities	19,942
Non-current liabilities	14
Total liabilities	19,956
Net assets	55,137*
Shareholders' equity	55,137

*Includes goodwill arising from the Proposed Acquisition

The financial summary above is presented in the Company's reporting currency, Singapore dollars (S\$), while the financial statements of the Target Company for FY2017 were prepared in United States Dollars (US\$). The exchange rates used for such conversion are as follows:

US\$ to S\$	FY2017
For the purpose of income statement	US\$1: S\$1.3830
For the purpose of balance sheet	US\$1: S\$1.3381

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mdm Choo is the Managing Director of the Company. Her interests in the Proposed Acquisition have been set out under Paragraphs 2.5.3, 2.5.7, 2.5.9 and 2.5.11 of this announcement. In this regard, Mdm Choo has recused herself from any board decisions and/or discussions, and will further abstain from making any recommendations to Shareholders concerning the Proposed Acquisition.

Mr Tito Shane Isaac, an Independent Director of the Company, is the Managing Partner of Tito Isaac & Co LLP, the firm which acts as the legal adviser for the Vendor and the Target Company in the Proposed Acquisition. In this regard, Mr Isaac has recused himself from any board decisions and/or discussions, and will further abstain from making any recommendations to Shareholders concerning the Proposed Acquisition.

Save for the above, none of the Directors or Controlling Shareholders has any interests, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company, if any.

7. SERVICE CONTRACTS

As at the date of this announcement, the Company has not entered into any service agreement with any person proposed to be appointed as a Director or executive officer in connection with the Proposed Acquisition. As disclosed above, it is envisaged that the Company will, on or prior to Completion, enter into service agreements with Mdm Choo, Mr Haeuser and Mr Semrau, on terms acceptable to the Parties. The details of such appointments and service agreements will be set out in the Circular to be despatched to Shareholders in due course.

8. FINANCIAL ADVISER AND FULL SPONSOR

The Company has appointed PPCF as its financial adviser and full sponsor to the Company in respect of the Proposed Acquisition.

9. INDEPENDENT FINANCIAL ADVISER

The Company will be appointing an IFA to the Directors who are considered independent for the purposes of the Whitewash Resolution, namely Lee Teong Sang, Chong Cheng Whatt, and Ong Kian Soon, and the advice of the IFA will be set out in the Circular to be despatched to the Shareholders in due course.

10. CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

10.1 Circular

The circular setting out, amongst others, the terms of the Proposed Acquisition, the Proposed Share Consolidation, the Proposed Compliance Placement (if any), and the opinion and

recommendations of the IFA in relation to the Whitewash Waiver (the “**Circular**”), together with a notice of EGM, will be despatched by the Company to Shareholders in due course.

10.2 Documents Available for Inspection

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 8 First Lok Yang Road, Singapore 629731 for a period of three (3) months from the date of this announcement.

11. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for the information on the Target Company and the Vendor in paragraphs 2.1, 2.2 and 2.3 of this announcement) and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Proposed Share Consolidation, the Proposed Compliance Placement, 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 (save that in respect of information relating to the Target Company and the Vendor in paragraphs 2.1, 2.2 and 2.3 of this announcement, such information is given based on information available to the Company as at the date of this announcement and is subject to further due diligence investigation and verification). 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.

12. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully, and 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

Ong Kian Soon
Company Secretary

22 November 2018

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

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy,

completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).