



Far East Group Limited
(Company Registration No.:196400096C)
(Incorporated in the Republic of Singapore on 18 March 1964)

PROPOSED ACQUISITION OF 84.25% OF THE TOTAL REGISTERED CAPITAL OF EDEN REFRIGERATION MANUFACTURING (JIANGSU) CO., LTD.

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Far East Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a conditional share sale and purchase agreement (the “**SPA**”) with Universal Pte. Ltd. (“**UPL**”) and Mr. Cheung Wai Sum (“**Sam Cheung**”) (collectively known as the “**Vendors**”) on 11 April 2013 pursuant to which the Company will acquire an aggregate of 85.00% of the paid-up registered capital (“**Sale Shares**”) and an aggregate of 82.50% of the unpaid registered capital (“**Top-up Shares**”), of Eden Refrigeration Manufacturing (Jiangsu) Co., Ltd (the “**Target Company**” or “**ERM**”) (the “**Proposed Acquisition**”).

The aggregate consideration for the Proposed Acquisition shall be an amount of RMB43,191,416 for the Sale Shares (the “**Purchase Consideration**”) and an amount of US\$2,475,000 for the Top-up Shares (the “**Top-up Consideration**”). The total payment for the Proposed Acquisition shall be an amount of approximately S\$11,688,000 (the “**Total Payment**”), comprising the Purchase Consideration of approximately S\$8,617,000 (based on the exchange rate of RMB1=S\$0.1995 as at 28 March 2013) and the Top-up Consideration of approximately S\$3,071,000 (based on the exchange rate of US\$1=S\$1.2408 as at 28 March 2013).

As at the date of this announcement, UPL is an investment holding company incorporated in Singapore, and is a controlling shareholder of the Company holding 58.9% of the total issued and paid-up share capital of the Company. The shareholders of UPL comprise Loh Ah Peng @ Loh Ee Ming and his associates, namely, Loh Mun Yew, Loh Pui Lai, Lum Soo Mooi and Loh Pui Pui. Loh Ah Peng @ Loh Ee Ming, Loh Mun Yew and Loh Pui Lai are also Directors of the Company. Sam Cheung, a substantial shareholder of the Company holding 5.81% of the total issued and paid-up share capital of the Company, is also an associate of Loh Pui Lai. The Proposed Acquisition constitutes an interested person transaction under Chapter 9 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), and as its value exceeds 5% of the latest audited net tangible assets of the Group, it is subject to the approval of the Company’s shareholders (the “**Shareholders**”) at an extraordinary general meeting to be held in due course (the “**EGM**”).

As the relative figure under Rule 1006(c) of the Catalist Rules exceeds 75%, the Proposed Acquisition also constitutes a major transaction under Chapter 10 of the Catalist Rules which is subject to the approval of the Shareholders at the EGM.

Upon completion of the Proposed Acquisition (the "**Completion**"), the Target Company will be a 84.25%-owned subsidiary of the Company. The remaining 15.75% shareholding interest in the Target Company is held by Fuco Rudyanto Chandra ("**Fuco Rudyanto**") who is not related to any of the Company's chief executive officer, directors, controlling shareholders or their associates.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Background of the Proposed Acquisition

Prior to the listing of the Company on the SGX-ST, the Company had entered into an option agreement dated 27 June 2011 with UPL ("**Option Agreement**") whereby UPL had agreed to grant an option to the Company (the "**Option**") to purchase its entire 79.25% shareholding interest in the Target Company (the "**ERM Option Shares**"), subject to the terms and conditions contained in the Option Agreement.

Pursuant to the Option Agreement, it was agreed that the Company shall be entitled to exercise the Option at any time within five (5) years from the date of the Company's listing on the SGX-ST. Upon exercise of the Option by the Company, UPL shall be bound to sell and transfer the ERM Option Shares, free from encumbrances, to the Company.

2.2 Information on the Target Company

ERM, established on 1 June 2010 under the laws of the People's Republic of China ("**PRC**"), is primarily engaged in the manufacturing of "Eden" brand of heat exchangers and condensing units. The existing shareholders of ERM are UPL, Fuco Rudyanto and Sam Cheung, with shareholding interests of 79.25%, 15.75% and 5.00% respectively (the "**Existing Shareholders**"). The directors of ERM are Loh Mun Yew, Loh Pui Lai and Fuco Rudyanto. The legal representative of ERM is Loh Mun Yew.

As at the date of this announcement, ERM has a registered capital of US\$10,000,000 of which US\$7,000,000 has been paid up. Payment of the unpaid registered capital of ERM amounting to US\$3,000,000 ("**Unpaid Capital**") has to be effected by the Existing Shareholders in accordance with the proportion of their holdings in the registered capital of ERM on or before 30 June 2013. In the event that the Unpaid Capital is not fully paid-up on or before 30 June 2013, there is a possibility of the business licence of ERM being revoked or the imposition of a penalty on the Existing Shareholders of an amount equivalent to between 5% and 15% of the Unpaid Capital, by and at the sole discretion of the relevant authority in the PRC.

2.3 Information on the Assets of the Target Company

The fixed assets of the Target Company comprise mainly the following:-

2.3.1 Land use rights

The approximately 31,961 square meters of leasehold land situated at No.10 Fushan Road, Changzhou, Wujin economic and development zone ("**Land**"). ERM has procured the land use rights of the Land for a term of 50 years from the PRC's government in 2010 and such rights would expire on 8 March 2061.

2.3.2 Buildings

The 5 building structures built on the Land ("**Buildings**"), comprising 4 manufacturing facilities and an office cum administration building. The net book value of the Buildings is recorded at RMB21.2 million as at 31 December 2012.

2.3.3 Machinery and Equipments

The machinery and equipment comprise machinery required for the manufacture of heat exchangers and condensing units. The net book value of the machinery and equipment amounted to RMB13.1 million as at 31 December 2012.

2.4 Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition includes the following:

- 2.4.1 The Directors believe that the control over ERM's sales network and manufacturing capacity will allow the Company to grow its market share in the heating, ventilation, air-conditioning and refrigeration ("**HVAC&R**") industry in the PRC by expanding its brand presence in the PRC and strengthening its brand image to customers in the PRC.
- 2.4.2 Over the past few decades, the Company has consistently adopted an integrated approach to its "Eden" brand products, exercising full control over its sales and marketing process as well as its production and consultation services. The Company is familiar with adopting this approach in growing its operations in the Singapore and South East Asian markets. In a similar fashion, the Company believes that the integration of its "Eden" brand ownership with ERM's sales and manufacturing capabilities will enable the Group to adopt an approach which the Group is familiar with in growing its market share in the HVAC&R industry in the PRC.
- 2.4.3 The Directors believe that the Group will be able to enjoy economies of scale from its enlarged base of operations. The Directors believe that such cost savings arising from scale economies will aid the Group in its plans to grow and expand its business.

In summary, the Company believes that the Proposed Acquisition would allow the Group to explore viable business opportunities via the operating platform established by ERM and this could enhance shareholders' value over the long term. The Board considers the Proposed Acquisition to be in the interest of and is beneficial to the Group.

3. SALIENT TERMS OF THE PROPOSED ACQUISITION

3.1 Total Payment

The Total Payment to be paid by the Company shall be approximately S\$11,688,000, comprising (a) the Purchase Consideration and (b) the Top-up Consideration.

3.1.1 Purchase Consideration

The Purchase Consideration for the Sale Shares shall be paid in cash by the Company to the Vendors in the proportion to their holdings of the Sale Shares in the following manner:

- (a) 5% shall be payable upon signing of this Agreement as refundable deposit ("**Deposit**");
- (b) 35% shall be payable on the First Tranche Closing Date (as defined in the SPA) ("**First Tranche Payment**");
- (c) 20% shall be payable on the Third Tranche Closing Date (as defined in the SPA) ("**Third Tranche Payment**"); and
- (d) 40% shall be payable on or before the Long-Stop Date (as defined herein) ("**Fourth Tranche Payment**").

3.1.2 Top-up Consideration

The Top-up Consideration shall be paid in cash by the Company to ERM (as directed by the Vendors) for the Top-up Shares on or before the Second Tranche Closing Date (as defined in the SPA) ("**Second Tranche Payment**").

3.2 Factors taken into account in determining the Total Payment

3.2.1 Purchase Consideration

The Purchase Consideration was arrived at on a willing-seller-willing-buyer basis at arms' length negotiation between the parties taking into consideration, *inter alia*:

- (a) the net asset value ("**NAV**") of the Target Company of RMB43,782,605 as at 31 December 2012 based on the audited financial statements of the Target Company;
- (b) the net loss after tax for the year ended 31 December 2012 of the Target Company of RMB1,763,634 based on the audited financial statements of the Target Company;
- (c) the valuation of ERM by Orient Appraisal Co., Ltd and YinXin Appraisal Co., Ltd (both being independent professional valuers) of RMB50,865,561 and RMB50,761,300 respectively as at 31 December 2012.

The Purchase Consideration, being the average valuation of the Sale Shares by the Valuers, represents a premium of approximately 16.1% of the NAV

attributable to the Sale Shares as at 31 December 2012 based on the audited financial statements of the Target Company.

3.2.2 Top-up Consideration

The Top-up Consideration represents the Vendors' existing obligation in respect of the Unpaid Capital which needs to be fulfilled on or before 30 June 2013.

The Company shall pay the Top-up Consideration to ERM directly (as directed by the Vendors) to discharge the Vendors' existing obligation thereof, on or before the Second Tranche Closing Date (as defined in the SPA) and in consideration therefor, the Vendors shall transfer the Top-up Shares, together with the Sale Shares to the Company on Completion. The Top-up Consideration shall be used by ERM for the operation, development and expansion of the business of ERM including the setting up of a research and development facility as well as manufacturing facility for the production of heat-exchangers and related products for the industrial refrigeration segment of ERM.

3.2 **Source of Fund for the Consideration**

The Company intends to fund the Proposed Acquisition through internally generated funds and bank borrowings.

3.3 **Conditions Precedent**

3.3.1 The obligation of the Company to purchase the Sale Shares and to pay the First Tranche Payment shall be conditional upon, *inter alia*, the following conditions precedent ("**First Tranche Conditions**") being fulfilled or waived, as the case may be on or before the First Tranche Closing Date (as defined in the SPA):

- (a) the approval of the board of directors and shareholders of the Company being obtained at an extraordinary general meeting of such shareholders for the SPA and the transactions contemplated under the SPA;
- (b) the approval of the board of directors and/or shareholders of the Vendors and ERM (if required) being obtained for the transfer of the Sale Shares and Top-up Shares and the transactions contemplated under the SPA;
- (c) the written consent of Fuco Rudyanto to waive his right of first refusal in respect of the Sale Shares and the Top-up Shares under the same terms and conditions in the SPA being obtained;
- (d) the Company having been satisfied at its sole discretion with the valuation reports of ERM issued by Orient Appraisal Co., Ltd. and YinXin Appraisal Co., Ltd. on 25 February 2013 and 4 March 2013 respectively (the "**Valuation Reports**");
- (e) the Company having been satisfied at its sole discretion with the results of the financial and legal due diligence investigations performed on ERM;
- (f) there being no breach of any terms and conditions contained in the Option Agreement by the Company and UPL (each a "**Party**" and collectively, the "**Parties**");

- (g) all necessary governmental or regulatory or third party filings, permits or approvals, if any, being granted and not withdrawn or revoked by third parties (including without limitation, government bodies, stock exchange and/or other relevant authorities in Singapore, the PRC or elsewhere having jurisdiction for the SPA) for the SPA and the transactions contemplated therein (including the approval by the Original Approving Authority (as defined in the SPA) or the relevant PRC authorities for the transfer of the Sale Shares pursuant to the SPA) and if such approval is obtained subject to any conditions and where such conditions affect the Vendors and/or the Company, such conditions being acceptable to the party concerned, and if such conditions are required to be fulfilled before Completion, the fulfilment of such conditions before Completion.
- 3.3.2 The obligation of the Company to pay the Second Tranche Payment shall be conditional upon, *inter alia*, the following conditions precedent (“**Second Tranche Conditions**”) being fulfilled or waived, as the case may be, on or before the Second Tranche Closing Date (as defined in the SPA):
- (a) all First Tranche Conditions having been fulfilled or waived;
 - (b) the payment for Fuco Rudyanto’s obligation in respect of the Unpaid Capital amounting to US\$525,000 and representing 17.50% of the Unpaid Capital of ERM being duly made by Fuco Rudyanto;
 - (c) there being no breach of any terms and conditions of the SPA and no material adverse change affecting the business of ERM having occurred between the First Tranche Closing Date (as defined in the SPA) and Second Tranche Closing Date (as defined in the SPA).
- 3.3.3 The obligation of the Company to pay the Third Tranche Payment shall be conditional upon, *inter alia*, the following conditions precedent (“**Third Tranche Conditions**”) being fulfilled or waived, as the case may be, on or before the Third Tranche Closing Date (as defined in the SPA):
- (a) all First Tranche Conditions and Second Tranche Conditions having been fulfilled or waived;
 - (b) the legal ownership of the Sale Shares and the Top-up Shares being duly transferred from the Vendors to the Company and the Company’s name has been duly entered and registered as the shareholder of 84.25% of the fully paid-up registered capital of ERM with the corporate registry or relevant approval authorities in the PRC;
 - (c) there being no breach of any terms and conditions of the SPA and no material adverse change affecting the business of ERM having occurred between the Second Tranche Closing Date (as defined in the SPA) and Third Tranche Closing Date (as defined in the SPA).
- 3.3.4 The obligation of the Company to pay the Fourth Tranche Payment shall be conditional upon, *inter alia*, the following conditions precedent (“**Fourth Tranche Conditions**”) being fulfilled or waived, as the case may be, on or before 31 December 2013 or such other date as the Parties may agree in writing (“**Long-Stop Date**”):

- (a) all First Tranche Conditions, Second Tranche Conditions and Third Tranche Conditions having been fulfilled or waived;
 - (b) there being no breach of any terms and conditions of this Agreement and no material adverse change affecting the business of ERM having occurred between the Third Tranche Closing Date and the date of payment of the Fourth Tranche Payment.
- 3.3.5 The Company may waive all or any of the conditions set out in the SPA at any time by notice in writing.
- 3.3.6 Unless specifically waived by the Company, if any of the conditions precedent set out in the SPA shall not be fulfilled on or before the Long-Stop Date, either party may, at any time after the Long-Stop Date, by notice in writing to the other party terminate the SPA and upon such notice being delivered to the other party, the SPA shall *ipso facto* cease to have any force and effect whatsoever and the Vendors shall refund all payments made by the Company under the SPA (including, without limitation, the Total Payment, Cost of Funding (as defined in the SPA) and professional fees) to the Company and thereafter no party shall have any claim or demand against any of the other Parties for costs, damages, compensation or otherwise except for any claims for any antecedent breach. All refundable amounts should be conclusively determined and notified by the Company in writing to the Vendors and the Vendors shall make payment to the Company within 60 days from the date of receipt of such notice.

3.4 Other material terms

3.4.1 Rights and benefits acquired with effect from Completion

The Sale Shares and Top-up Shares will be acquired with all rights and benefits accruing thereto with effect from the date of Completion. The Company shall enjoy and assume all of rights and obligations stipulated in the article of association of ERM.

3.4.2 Credit and debt of ERM

The credit and debt recorded in the financial statements of ERM before transfer of the Sale Shares shall still be enjoyed and borne by ERM after the Completion.

3.4.3 Undertaking of the Vendors

The Vendors undertake to procure Fuco Rudyanto to make full payment of his obligation in respect of the Unpaid Capital amounting to US\$525,000 and representing 17.50% of the Unpaid Capital on or before the Second Tranche Closing Date (as defined in the SPA).

3.4.4 Indemnity

The Vendors have agreed to indemnify and keep indemnified the Company against any losses, damages, costs and expenses suffered or incurred by the Company as a result of the failure or delay of the Existing Shareholders to pay-up the Unpaid Capital on or before 30 June 2013.

3.4.5 Termination of SPA

Upon the rescission or termination of the SPA, the Vendors shall, in addition to the refund of all payments made by the Company under the SPA (including without limitation the Total Payment), jointly and severally bear all fees, costs and expenses incurred in relation to or in connection with the negotiation, preparation and execution of the Agreement and the sale and purchase hereby agreed to be made, including without limitation the Cost of Funding (as defined in the SPA), fees payable to the financial adviser, independent financial adviser, reporting accountant, the Company's auditors and solicitors (in Singapore and the PRC), valuers and such professional advisers appointed by the Company. All reimbursement amounts should be conclusively determined and notified by the Company in writing to the Vendors and the Vendors shall make payment to the Company within 60 days from the date of receipt of such notice.

4. THE PROPOSED ACQUISITION AS A MAJOR TRANSACTION

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2012 and the audited financial statements of the Target Company for the financial year ended 31 December 2012, the relative figures computed on the bases pursuant to Rule 1006 (a) to (d) of the Catalist Rules are as follows:

Listing Rule	Bases	Relative Figures (%)
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.	Not applicable.
Rule 1006(b)	The net loss ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits.	(49.3)
Rule 1006(c)	The aggregate value of the total consideration given or received, compared with the issuer's market capitalisation ⁽²⁾ based on the total number of issued shares excluding treasury shares.	78.8
Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.

Notes:

- (1) Net profit/loss means the profit/loss before income tax, minority interests and extraordinary items. The net loss attributable to the Sale Shares is approximately S\$299,000, compared with the Group's net profits of approximately S\$606,000.
- (2) Under Rule 1002(5) of the Catalist Rules, "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the SPA. As at 10 April 2013, the market capitalisation of the Company is S\$14,825,600. The market capitalisation is derived from the volume weighted average price of S\$0.205 per share as at 10 April 2013, being the last traded market day prior to the date of the SPA.

As the relative figure under Rule 1006(c) exceeds 75%, the Proposed Acquisition constitutes a major transaction under Chapter 10 of the Catalist Rules and is accordingly subject to the approval of the Shareholders at an EGM to be convened.

5. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

5.1 UPL, being one of the Vendors, is a controlling shareholder of the Company holding 58.9% of the total issued and paid-up share capital of the Company as at the date of this announcement. UPL is wholly owned by Loh Ah Peng @ Loh Ee Ming, a controlling shareholder and the non-executive chairman of the Company, and his immediate family members in the following proportions:

Shareholders	% shareholding
Loh Ah Peng @ Loh Ee Ming	40.68
Loh Mun Yew ⁽¹⁾	27.42
Loh Pui Lai ⁽²⁾	10.68
Lum Soo Mooi ⁽³⁾	10.33
Loh Pui Pui ⁽⁴⁾	10.89
Total	100.00

Notes:

- (1) Loh Mun Yew is the son of Loh Ah Peng @ Loh Ee Ming and Lum Soo Mooi. He is a controlling shareholder as well as an executive director and the chief executive officer of the Company.
- (2) Loh Pui Lai is the daughter of Loh Ah Peng @ Loh Ee Ming and Lum Soo Mooi. She is a non-executive director of the Company.
- (3) Lum Soo Mooi is the spouse of Loh Ah Peng @ Loh Ee Ming.
- (4) Loh Pui Pui is the daughter of Loh Ah Peng @ Loh Ee Ming and Lum Soo Mooi.

Sam Cheung, being one of the Vendors, is the spouse of Loh Pui Lai who is a non-executive director of the Company. Sam Cheung is also a substantial shareholder of the Company holding 5.81% of the total issued and paid-up share capital of the Company as at the date of this announcement.

Accordingly, the Proposed Acquisition would constitute an interested person transaction within the ambit of Chapter 9 of the Catalist Rules.

Based on the Group's latest audited financial statements as at 31 December 2012, the Group's latest audited NTA was approximately S\$18,786,000.

The Total Payment for the Proposed Acquisition will exceed 5% of the Group's latest audited NTA as at 31 December 2012. Accordingly, for the purposes of Chapter 9 of the Catalist Rules, the Proposed Acquisition is subject to the approval of Shareholders at an EGM to be convened and an independent financial adviser ("IFA") will be appointed to advise the Non-Interested Directors (as defined herein) on whether the Proposed Acquisition will be carried out on normal commercial terms and whether or not it will be prejudicial to the interests of the Company and its minority shareholders.

5.2 Total Value of Interest Person Transactions

The aggregate value of all transactions entered into with the same interested persons whose transaction is the subject of this announcement and the current total of all interested person transactions for the same financial year are set out as follows:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000)
UPL	NIL	NIL
Sam Cheung	NIL	NIL

6. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Acquisition, based on the audited consolidated financial statements of the Company and the audited financial statements of the Target Company for the financial year ended 31 December 2012, are set out below. The pro forma financial effects presented below are for illustrative purposes only and are not intended to reflect the actual future financial situation of the Company upon Completion.

6.1 Earnings Per Share

Assuming that the Proposed Acquisition had been completed on 1 January 2012, the earnings per share ("EPS") of the Group for the financial year ended 31 December 2012 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profits ⁽¹⁾ attributable to the Shareholders (S\$'000)	606	255
Weighted average number of shares ('000)	72,320	72,320
Basic EPS (S\$ cents)	0.84	0.35

Note:

(1) Profits mean the profit before income tax, minority interests and extraordinary items.

6.2 Net Asset Value

Assuming that the Proposed Acquisition had been completed on 31 December 2012, the net asset value ("NAV") of the Group for the financial year ended 31 December 2012 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV (S\$'000)	18,786	18,786 ⁽¹⁾
Weighted average number of shares ('000)	72,320	72,320
NAV per share (S\$ cents)	26.0	26.0

Note:

(1) The NAV attributable to the Sale Shares is assumed to be revalued to approximately S\$8,617,000 (based on the exchange rate of RMB1 = S\$ 0.1995 as at 28 March 2013), being the average valuation of the Sale Shares as derived from the Valuation Reports. No impact of any resultant goodwill and/or intangible assets has been made. Any goodwill and/or intangible assets arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company.

6.3 Gearing

Assuming that the Proposed Acquisition had been completed on 31 December 2012, the effect on the gearing of the Group would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Total Borrowings (S\$'000)	4,714	15,214
Shareholder's Equity (S\$'000)	18,786	18,786
Gearing ratio ⁽¹⁾ (\$ cents)	0.25	0.81

Note:

(1) Gearing ratio means the total borrowings over shareholder's equity. It is assumed that the Company will take on additional bank borrowings amounting to approximately S\$10,500,000 to partially fund the Proposed Acquisition.

7. INDEPENDENT FINANCIAL ADVISER

Pursuant to Chapter 9 of the Catalist Rules, the Company has appointed Asian Corporate Advisors Pte. Ltd. as IFA to advise the Directors who are considered independent for the purposes of the Proposed Acquisition (namely, Leng Chee Keong, Allan Ward, Hew Koon Chan, Mak Yen-Chen Andrew and Tan Hwee Kiong) ("**Non-interested Directors**") on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. The opinion of the IFA will be set out in the Circular (as defined below).

8. AUDIT COMMITTEE STATEMENT

The audit committee of the Company comprising of Hew Koon Chan, Mak Yen-Chen Andrew and Tan Hwee Kiong ("**Audit Committee**") will form its view as to whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders of the Company after considering the opinion of the IFA referred to in section 7 above. The view of the Audit Committee in respect of the Proposed Acquisition will be set out in the Circular (as defined below).

9. CIRCULAR

A circular to the Shareholders (the "**Circular**") setting out the information in respect of the Proposed Acquisition, together with a notice of the EGM, will be dispatched to Shareholders in due course. In the meantime, Shareholders are advised to exercise caution when dealing in their shares or to refrain from taking any action in relation to their shares in the Company which may be prejudicial to their interests until they or their professional advisers have considered the information and recommendations to be set out in the Circular.

10. OTHER INFORMATION

10.1 Interests of Directors or Controlling Shareholders

Pursuant to Rule 919 of the Catalist Rules, an interested person and any associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the shareholders.

Accordingly, UPL, Loh Ah Peng @ Loh Ee Ming, Loh Mun Yew, and Sam Cheung will abstain, and have undertaken to ensure that their associates will abstain, from voting on the resolutions, nor accept any nominations to act as proxy for any shareholder of the Company in approving the Proposed Acquisition at the EGM unless specific instructions as to voting are given by such shareholder in the proxy instrument. Lum Soo Mooi, Loh Pui Lai and Loh Pui Pui being the immediate family of Loh Ah Peng @ Loh Ee Ming are considered as his associates.

Loh Ah Peng @ Loh Ee Ming, Loh Mun Yew and Loh Pui Lai will also abstain from making any recommendation to the shareholders of the Company on the Proposed Acquisition.

Save as disclosed above, none of the directors and to the best knowledge of the directors, none of the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10.2 Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in 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 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 the 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 the announcement in its proper form and context.

10.3 Documents for Inspection

Copies of the SPA and the Valuation Reports are available for inspection during the normal business hours at the Company's registered office for three (3) months from the date of this announcement.

10.4 Announcements

Further announcements on the Proposed Acquisition will be made in due course as and when appropriate.

BY THE ORDER OF THE BOARD

Loh Mun Yew
CEO and Executive Director
11 April 2013

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Canaccord Genuity Singapore Pte Ltd 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 Alex Tan, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte Ltd, at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.