



ELEKTROMOTIVE GROUP LIMITED

(Incorporated in Singapore)

(Company Registration Number 199407135Z)

PROPOSED SUBSCRIPTION OF 700,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE ELEKTROMOTIVE GROUP LIMITED (THE “COMPANY”) FOR AN AGGREGATE CONSIDERATION OF S\$3,500,000 (THE “PROPOSED SUBSCRIPTION”)

*This announcement has been prepared by Elektromotive Group Limited (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 “**Catalist Rules**”). 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 Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

1. Introduction

1.1 The board of directors of the Company (the “**Board**”) wishes to announce the proposed subscription of 700,000,000 new ordinary shares in the capital of the Company (the “**Subscription Shares**”) at S\$0.005 (the “**Subscription Price**”) for each Subscription Share, amounting to an aggregate amount of S\$3,500,000.

2. The Proposed Subscription

2.1 The Company has today entered into three (3) separate subscription agreements (the “**Subscription Agreements**”) with each of Chung Yuen Yee Kathy, Kwong Chi Fai Gorman and Asia Smart Group Limited (each, a “**Subscriber**” and collectively, the “**Subscribers**”), who has agreed to subscribe for the Subscription Shares set out below and on the terms and conditions of the Subscription Agreements:

	Number of Subscription Shares	% of Total Subscription Shares	Total Amount of Subscription Price Payable (S\$)
Chung Yuen Yee Kathy	350,000,000	50.00	1,750,000
Kwong Chi Fan Gorman	175,000,000	25.00	875,000
Asia Smart Group Limited	175,000,000	25.00	875,000
Total	700,000,000	100.00	3,500,000

- 2.2 There is no introducer fee or placement commission paid by the Company in connection with the Proposed Subscription.
- 2.3 The aggregate number of Subscription Shares represents 40.33% of the existing issued share capital of the Company (excluding treasury shares) (the “**Shares**”) of 1,735,525,365 Shares and 28.74% of the Company’s enlarged issued share capital of the Company (excluding treasury shares) of 2,435,525,365 Shares following the completion of the Proposed Subscription.
- 2.4 The Subscription Price represents a premium of 11.1% over the weighted average trading price of S\$0.0045 per ordinary share of the Company based on the trades done on the Company’s shares on the Catalist of the SGX-ST on 17 March 2016, being the last full market day immediately preceding the execution date of the Subscription Agreements. The Subscription Price was arrived at following arm’s length negotiations between the Company and the Subscribers. In agreeing to the Subscription Price, the Board has also taken into consideration the general market conditions and the value of the existing issued Shares.
- 2.5 The Subscription Shares will be issued pursuant to the general mandate authorising the Directors of the Company (“**Directors**”) to issue new shares and convertible securities (the “**General Mandate**”), which was granted by the shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 31 July 2015 (the “**AGM**”). As at the date of the AGM, the number of issued Shares was 1,411,451,292. The General Mandate authorizes the Board to issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing Shareholders of the Company shall not exceed 50% of the Company’s total number of issued Shares (excluding treasury shares), after such adjustments as permitted under Rule 806(3) of the Catalist Rules. No Shares were previously issued under the general mandate prior to the Proposed Subscription. As such, the total number

of Shares that may be issued pursuant to the General Mandate other than on a pro-rata basis is 705,725,646 Shares. As such, the proposed allotment and issuance of an aggregate of 700,000,000 Subscription Shares will fall within the limits of the General Mandate.

- 2.6 The Subscription Shares shall be issued free from any form of legal, equitable or security interests or any other encumbrance and shall rank *pari passu* in all respects with the then existing issued shares of the Company at the date of issue of the Subscription Shares except for any dividends, rights, or entitlements the record date of which falls on or before the date of issue of the Subscription Shares.
- 2.7 The Proposed Subscription is subject to, *inter alia*, the receipt of the listing and quotation notice (the "**LQN**") of the SGX-ST for the listing and quotation of the Subscription Shares on the Catalist of the SGX-ST. The Company will be making an application to the SGX-ST via its Sponsor for the listing and quotation of the Subscription Shares on the Catalist of the SGX-ST. An appropriate announcement will be made upon the receipt of the LQN in respect of the Subscription Shares from the SGX-ST.
- 2.8 The Proposed Subscription will be undertaken in accordance with Section 275 of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Subscription.

3. The Subscribers

- 3.1 Chung Yuen Yee Kathy is a private investor and a company director of her family business.
- 3.2 Kwong Chi Fai Gorman is a private investor and is chairman of 21 Finance Limited, a company providing loans to property owners and managing director of Century 21 On Hing Property Consultants ("**C21OH**"). C21OH is one of the 130 franchisees of Century 21 Hong Kong Limited ("**C21HK**"). Mr Ng Kai Man, the Company's executive director, sits on the board of C21HK.
- 3.3 Asia Smart Group Limited is a company incorporated in British Virgin Island and is wholly owned by Mr Hung Hon Man. Mr. Hung is the Chairman and Executive Director of Get Nice Holdings Limited, a company listed in Hong Kong.
- 3.4 The Subscribers were introduced through mutual contacts and business associates of Mr Ng Kai Man, Executive Director of the Company.
- 3.5 Save as disclosed in paragraph 3.2 and pursuant to the Subscription Agreements, each Subscriber has represented, *amongst others*, that they have no connection (including business relationships) with the Company, its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares to, as provided by Rule 812 of the SGX-ST Listing Manual Section B: Rules of Catalist.

- 3.6 The Proposed Subscription would not result in any transfer of controlling interest in the Company.
- 3.7 The Company confirmed that there is no agreement, arrangement or understanding between any of the Subscriber or any shareholder of the Company to acquire Shares to obtain or consolidate effective control of the Company, and the Subscriber is not a party acting in concert with any shareholder of the Company as defined in the Singapore Code on Takeovers and Mergers.

4. Rationale for the Proposed Subscription

- 4.1 The Company is of the view that the Proposed Subscription would widen its investor base and increase liquidity in its shares. With a view to enhancing shareholders' value, the Directors believe that the proposed Subscription will also provide the Company and its subsidiaries (the "**Group**") with added financial flexibility for future corporate developments and to tap on new business opportunities as and when they arise.
- 4.2 The Subscribers have subscribed to the Subscription Shares purely for financial investment purposes.

5. Conditions precedent to Completion

Completion of the Proposed Subscription ("**Completion**") is conditional upon, *inter alia*:-

- (a) and the listing and quotation notice in respect of the Subscription Shares on the Catalist of the SGX-ST having been obtained and such approval being in full force and effect; and if obtained subject to conditions, such conditions being reasonably acceptable to the Company and the Subscribers and are timely and satisfactorily fulfilled;
- (b) the issue and subscription of the Subscription Shares not being prohibited by any publicly available law, statute, rule, regulation or code, or order, decree, requirement, judgment or decision of any governmental or regulatory body or authority or court of competent jurisdiction, applicable to the Company or the Subscribers or to the relevant matter(s) contemplated under the Subscription Agreements; and or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Subscribers; and
- (d) the representations and warranties of the Company and the Subscribers in the Subscription Agreements being true and accurate and not misleading as at the date of the Subscription Agreements, and remaining true and accurate and not misleading at all times between the date of the Subscription Agreements and Completion, as if repeated on each day after the date of the Subscription Agreements with reference to the facts existing on each such date.

Completion of the Subscription is to take place on the date falling five (5) business days after the date on which all the conditions precedent to Completion have been satisfied or waived (the "**Completion Date**"), being a date not later than three (3) calendar months from the date of the Subscription Agreements (or such other date as the Company and the Subscribers may agree in writing).

6. Use of Net Proceeds

6.1 The Proposed Subscription will allow the Company to raise estimated net proceeds (the "**Net Proceeds**") of up to approximately S\$3.4 million (after deducting estimated expenses incurred in connection with the Proposed Subscription).

6.2 The Company intends to use the Net Proceeds as follows:

Use of Net Proceeds	Percentage Allocation
Working capital	75.0%
Diversification of businesses	25.0%

The Directors are of the opinion that additional working capital will strengthen its balance sheet and add financial flexibility for future corporate developments.

6.3 Pending deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Group.

6.4 The Company will make periodic announcements on the utilization of the Net Proceeds from the Proposed Subscription as and when such funds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds from the Proposed Subscription in the Company's half and full year financial statements and the Company's annual report. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown the specific details on how the Net Proceeds have been applied in the announcements and the status report. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

6.5 As an indication of the Subscribers commitment to their investment in the Company, the Subscribers has agreed to place with the Company a deposit (the "**Deposit**") of the full consideration amount of S\$3.5 million within 10 days from the date of execution of the Subscription Agreements. In the event Completion does not take place on or before the date following 3 months after the date of the Subscription Agreements, the Company shall repay the Deposit thereof (without interest) to the Subscribers.

7. Financial Effects

The financial effects of the Proposed Subscription set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Subscription. Based on the audited consolidated financial statements of the Group for the most recently completed financial year ended 31 March 2015, purely for illustrative purposes, the financial effects of the Proposed Subscription on the Group based on the following assumptions:-

- (a) the financial impact on the consolidated net tangible assets per Share of the Group is computed based on the assumption that the Proposed Subscription was completed on 31 March 2015;
- (b) the financial impact on the consolidated EPS of the Group is computed based on the assumption that the Proposed Subscription was completed on 1 April 2014; and
- (c) transaction costs incurred for the Proposed Subscription are approximately S\$0.1 million.

	Before the Proposed Subscription	After the Proposed Subscription
NTA (\$'000)	(3,249)	151
NTA per share (Singapore cents) ⁽¹⁾	(0.47)	0.01
Loss attributable to shareholders (\$'000)	(2,793)	(2,893)
EPS (Singapore cents) ⁽²⁾	(0.44)	(0.42)
Share capital (\$'000)	132,541	136,041

Notes:

- (1) NTA per share before and after proposed subscription is computed based on ordinary shares outstanding of 684,225,646 and 1,384,225,646 respectively.
- (2) EPS per share before and after proposed subscription is computed based on weighted average number of ordinary shares of 623,432,532 and 681,765,864.

8. Directors' and Substantial Shareholders' Interests

None of the Directors and the substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Subscription (other than through their shareholdings in the Company).

Save as disclosed in paragraph 3.2, the Subscribers are not related to any Directors and the substantial shareholders of the Company.

9. Confirmation by Directors

The Board is of the opinion that after taking into consideration the present bank facilities available to the Group, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that proceeds from the Proposed Subscription will (a) strengthen its balance sheet and add financial flexibility for future corporate developments and (b) place the Group in a better position to undertake any strategic asset acquisition or business diversification or tap on new business opportunities as and when they arise.

10. Directors' 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 Subscription, the Group and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. 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.

11. Documents Available for Inspection

A copy of the Subscription Agreements will be made available for inspection during normal business hours at the Company's registered office address at 9 Battery Road #15-01, Straits Trading Building, Singapore 049910 for a period of three (3) months commencing from the date of this announcement.

12. Trading Caution

Shareholders and potential investors should exercise caution when trading in the Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

For and on behalf of the Board

Ricky Ang Gee Hing

Executive Vice-Chairman and Managing Director

17 March 2016