



ELEKTROMOTIVE GROUP LIMITED

(Incorporated in Singapore)

(Company Registration Number 199407135Z)

PROPOSED SUBSCRIPTION OF 1,200,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE ELEKTROMOTIVE GROUP LIMITED (THE "COMPANY") FOR AN AGGREGATE CONSIDERATION OF S\$2,552,400 (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 1,200,000,000 new ordinary shares in the capital of the Company (the "**Subscription Shares**") at S\$0.002127 (the "**Subscription Price**") for each Subscription Share, amounting to an aggregate amount of S\$2,552,400.

2. The Proposed Subscription

2.1 The Company had on 25 November 2016 entered into five (5) separate subscription agreements (the "**Subscription Agreements**") with each of Lim Ho, Jin Xianghua, Lee Sung Jin, Dato' Dr Choo Yeow Ming and Lee Ka Chung @ William Lee (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 as set out in the Subscription Agreements:

	Number of Subscription Shares	% of Total Subscription Shares	Total Amount of Subscription Price Payable (S\$)
Lim Ho	300,000,000	25.00	638,100
Jin Xianghua	300,000,000	25.00	638,100
Lee Sung Jin	300,000,000	25.00	638,100
Dato' Dr Choo Yeow Ming	165,000,000	13.75	350,955
Lee Ka Chung @ William Lee	135,000,000	11.25	287,145
Total	1,200,000,000	100.00	2,552,400

- 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 49.27% of the existing issued share capital of the Company (excluding treasury shares) (the "Shares") of 2,435,525,365 Shares and 33.01% of the Company's enlarged issued share capital of the Company (excluding treasury shares) of 3,635,525,365 Shares following the completion of the Proposed Subscription.
- 2.4 The Subscription Price represents a discount of 9.99% over the volume weighted average price of S\$0.002363 per ordinary share of the Company based on the trades done on the Company's shares on the Catalist of the SGX-ST for the full market day on 22 November 2016 and up to 25 November 2016 on which the Subscription Agreements were signed. The Subscription Price was arrived at on a willing-buyer, willing-seller basis. 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 28 July 2016 (the "AGM"). As at the date of the AGM, the number of issued Shares was 2,435,525,365. 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 1,217,762,682 Shares. The proposed allotment and issuance of an aggregate of 1,200,000,000 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 Completion Date (as defined herein) except for any dividends, distributions, or entitlements the record date of which falls on or before the Completion Date.
- 2.7 The Proposed Subscription is subject to, *inter alia*, the receipt of the listing and quotation notice (the "**LQN**") from 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 pursuant to 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 Mr. Lim Ho is the Chairman and sole owner of Interlims (HK) Co., Limited, a company that is retailing and wholesaling Korean medicine and medical supplies in China. Mr. Lim is also a major shareholder of Sungji Construction Co., Ltd., a company listed in the Korean Stock Exchange.
- 3.2 Ms. Jin Xianghua is the director and the sole owner of Century Greenland (HK) Limited, a company principally engaged in supplying medical supplies to hospitals in China. Ms. Jin was a product manager at Northland Co., Ltd in China.
- 3.3 Lee Sung Jin is the director and sole owner of L127 Co., Ltd for which its principal activities are that of investment consulting and entertainment business in Korea. Mr. Lee was a director of J-wide Company, an artist management company which also produced TV drama series in Korea.
- 3.4 Dato' Dr. Choo Yeow Ming is currently the Executive Chairman of Asia-Pacific Strategic Investments Limited, a company listed on the Catalist of the SGX-ST. Dr. Choo was formerly the Executive Chairman of Capital Strategic Investment Limited and Capital Estate Limited (both companies are listed on the Hong Kong Stock Exchange).
- 3.5 Mr. Wiliam Lee is a director of WKCL Human Resources (Pte) Ltd, a company providing business consultancy and human resources related services in Singapore. Mr. Lee is a regular investor in equity and trader in forex for the past 10 years.

- 3.6 The Subscribers were introduced through mutual contacts and business associates of Mr. Ng Kai Man, Executive Director of the Company.
- 3.7 Each Subscriber has represented, *amongst others*, that:
- (a) it is not an associate (as defined in the Catalist Rules) of the other Subscribers,
 - (b) it is not a person to whom the Company is prohibited from issuing Shares to, as provided in Rule 812(1) of the Catalist Rules;
 - (c) it does not directly or indirectly own any Shares as at the date of this announcement; and
 - (d) it has not entered into any arrangement or agreement (formal or informal) to acquire or to otherwise own any Shares other than the Proposed Subscription contemplated herein.
- 3.8 The Proposed Subscription would not result in any transfer of controlling interest in the Company.
- 3.9 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 had on 25 November 2016 announced that it has entered into a share purchase agreement to acquire a 63.13% stake in Dream T Entertainment Co., Ltd (the “**Proposed Acquisition**”). The net proceeds from the proposed Subscription will provide the Company with the working capital to defray the expenses related to the Proposed Acquisition, 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) 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\$2.50 million (after deducting expenses incurred in connection with the Proposed Subscription).
- 6.2 The Company intends to use the Net Proceeds for working capital purposes to defray the expenses related to the Proposed Acquisition, provide financial flexibility for future corporate developments and to tap on new business opportunities as and when they arise.
- 6.3 Pending deployment of the proceeds from the Proposed Subscription, 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 as and when such funds are materially disbursed, and provide a status report on the use of the Net Proceeds 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 with 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.

7. Financial Effects

Based on the audited consolidated financial statements of the Group for the most recently completed financial year ended 31 March 2016, 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 (“NTA”) per Share of the Group is computed based on the assumption that the Proposed Subscription was completed on 31 March 2016;
- (b) the financial impact on the consolidated Earnings Per Share (“EPS”) of the Group is computed based on the assumption that the Proposed Subscription was completed on 1 April 2015; and
- (c) transaction costs incurred for the Proposed Subscription are approximately S\$50,000.

S\$'000	Before Proposed Subscription	After Proposed Subscription
NTA (S\$'000)	(1,101)	1,401
NTA per share (Singapore cents) ⁽¹⁾	(0.06)	0.05
Loss attributable to shareholders (S\$'000)	(6,320)	(6,370)
EPS (Singapore cents) ⁽²⁾	(0.43)	(0.24)
Share capital (\$'000)	136,549	139,051

Notes:

- (1) NTA per share before and after proposed subscription is computed based on ordinary shares outstanding of 1,735,525,365 and 2,935,525,365 respectively.
- (2) EPS per share before and after proposed subscription is computed based on weighted average number of ordinary shares of 1,456,143,908 and 2,656,143,908 respectively.

8. Directors' and Substantial Shareholders' Interests

Dr Choo and Mr Lee Keng Mun, an Independent Director of the Company, are directors of Asia-Pacific Strategic Investments Limited (“ASPI”).

Mr Ng Kai Man, an Executive Director of the Company, is a director of ASPI's subsidiaries.

Save as disclosed above, 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 above, none of the Subscribers have any connection, including business relationship, with the Company, its subsidiaries, its Directors and its substantial shareholders.

Details of the change in shareholding interests of the Directors, substantial shareholders and Subscribers before and after the Proposed Subscription are set out in Appendix A of this announcement.

9. Confirmation by Directors

The Board is of the opinion that after taking into consideration (i) the present bank facilities available to the Group and the expenses related to the Proposed Acquisition, the working capital available to the Group is not sufficient to meet its present requirements; and (ii) the present bank facilities and Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements. The Directors are of the opinion that the additional working capital will defray the expenses related to the Proposed Acquisition, provide financial flexibility for future corporate developments and to 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

Ng Kai Man

Executive Director

28 November 2016

Appendix A

The interests of the Directors, substantial shareholders and Subscribers are set out below:

	Before Proposed Subscription		After Proposed Subscription	
	Number of Shares	%	Number of Shares	%
Directors				
Ng Kai Man	380,000,000	15.60	380,000,000	10.45
Tai Kok Chuan	120,300,000	4.94	120,300,000	3.30
Chou Kong Seng	3,000,000	0.12	3,000,000	0.08
Roy Ling Chung Yee	3,000,000	0.12	3,000,000	0.08
Kesavan Nair	3,000,000	0.12	3,000,000	0.08
Substantial shareholders				
Chung Yuen Yee Kathy	350,000,000	14.37	350,000,000	9.63
Kwong Chi Fai Gorman	175,000,000	7.18	175,000,000	4.81
Subscribers				
Lim Ho	-	-	300,000,000	8.25
Jin Xianghua	-	-	300,000,000	8.25
Lee Sung Jin	-	-	300,000,000	8.25
Dato' Dr Choo Yeow Ming	-	-	165,000,000	4.54
Lee Ka Chung @ William Lee	-	-	135,000,000	3.71
Other public shareholders				
	1,401,225,365	57.55	1,401,225,365	38.57
Total	2,435,525,365	100.00	3,635,525,365	100.00