

## SKY ONE HOLDINGS LIMITED

(Company Registration Number 198602949M)

(Incorporated in the Republic of Singapore)

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THE PROPOSED ACQUISITION (THE "PROPOSED ACQUISITION") BY SKY ONE HOLDINGS LIMITED (THE "COMPANY") FROM MR. JOHNSON HSIEH (THE "VENDOR") OF SHARE INTERESTS ("SALE SHARES") COMPRISING (I) 50.1% IN THE CAPITAL OF CHINA JET EXPRESS GROUP LIMITED (亨達航空貨運集團有限公司) (THE "HONG KONG SALE COMPANY") AND (II) 50.1% IN THE CAPITAL OF JET INTERNATIONAL COURIER LTD. (亨達航空貨運承攬股份有限公司) (THE "TAIWAN SALE COMPANY")

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The Company refers to its announcements dated 1 November 2008 and 30 December 2008 (collectively, the "**earlier announcements**") in respect of:-

- (a) the Proposed Acquisition; and
- (b) the proposed allotment and issue of up to 90,428,238 new ordinary shares in the capital of the Company (the "**Consideration Shares**") credited as fully paid up as part of the consideration for the Proposed Acquisition,

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

Except as otherwise defined herein, all terms and references which are defined or construed in the earlier announcement dated 30 December 2008 but not defined or construed herein shall have the same meaning and construction in the earlier announcement dated 30 December 2008.

Further to the earlier announcements, the Board of Directors of the Company wishes to clarify and elaborate on certain details of the Proposed Transactions as follows.

### **1 Purchase Consideration**

Under the terms of the sale and purchase agreement dated 31 October 2008, as amended, supplemented and/or varied by a supplemental agreement dated 30 December 2008, (the "**Sale and Purchase Agreement**"), the Vendor had agreed to sell and the Company had agreed to purchase the Sale Shares.

The consideration in respect of the acquisition of the Sale Shares (the "**Purchase Consideration**") shall be an amount equal to ten (10) times of the FY2008 Profits multiplied by 50.1%, subject to a maximum amount of HK\$65,000,000.

The Purchase Consideration shall be payable in a combination of cash and new ordinary shares in the capital of the Company ("**Shares**") to be issued, in the following manner:-

- (a) on completion of the Proposed Acquisition,
  - (i) 55% of the Purchase Consideration shall be satisfied by way of the Company issuing and allotting to the Vendor new Shares, credited as fully paid up and which shall rank *pari passu* in all respects as the

other issued Shares, at an issue price of S\$0.15 per Share (based on the exchange rate published on Bloomberg News on the date of the sale and purchase agreement dated 31 October 2008); and

- (ii) HK\$3,500,000, being part of the remaining 45% of the Purchase Consideration, shall be payable in cash;
- (b) within one (1) month after the issue and release of the unaudited management accounts of the Hong Kong Sale Company and the Taiwan Sale Company for the six (6) months ending 30 June 2009, all or part of 50% of the Second Tranche Amount (defined below) shall, at the election of the Company, be satisfied in cash or by way of the Company issuing and allotting to the Vendor such number of new Shares, credited as fully paid up and which shall rank *pari passu* in all respects as the other issued Shares, at an issue price of S\$0.11 per Share (based on the exchange rate published on Bloomberg News on the date of the sale and purchase agreement dated 31 October 2008); and
- (c) within one (1) month after the issue and release of the audited accounts of the Hong Kong Sale Company and the Taiwan Sale Company for the twelve (12) months ending 31 December 2009, all or part of the remaining 50% of the Second Tranche Amount shall, at the election of the Company, be satisfied in cash or by way of the Company issuing and allotting to the Vendor such number of new Shares, credited as fully paid up and which shall rank *pari passu* in all respects as the other issued Shares, at an issue price of S\$0.11 per Share (based on the exchange rate published on Bloomberg News on the date of the sale and purchase agreement dated 31 October 2008).

For the purposes herein, "**Second Tranche Amount**" means 45% of the Purchase Consideration less HK\$3,500,000.

The Purchase Consideration was arrived at, following arms' length negotiations between the Company and the Vendor, on a willing buyer willing seller basis after taking into account, *inter alia*, the strong strategic fit between the Group and the JET International Group (defined below) as set out in the rationale for the Proposed Acquisition under section 5 of the earlier announcement dated 1 November 2008, the prevailing market conditions, market prices (as traded on the SGX-ST) of the Shares, financial performance, financial position, operations and business prospects of the JET International Group as well as the Group's internal estimate of the cost and time required for organic growth, expanding its business network into the geographical regions currently covered by the JET International Group, namely Taiwan and certain parts of the PRC, and the terms and conditions of the Sale and Purchase Agreement.

"**JET International Group**" means, collectively, the Hong Kong Sale Company, 特极国际储运有限公司 (TEJI International Storage & Transportation Co., Ltd) (PRC Company Registration Number 440301503227700), 捷特亨达货运代理 (上海) 有限公司 (JET Hengda Freight Agent (Shanghai) Co., Ltd.) (PRC Company Registration Number 310000400222872), 亨达国际货运代理有限公司 (Hengda International Freight Agent Co., Ltd) (PRC Company Registration Number 033641) and the Taiwan Sale Company.

Details of the Purchase Consideration were set out in section 2.1 of the earlier announcement dated 30 December 2008 and section 1 of the earlier announcement dated 1 November 2008.

Assuming the Purchase Consideration is the maximum amount of HK\$65,000,000 and the Company elects to satisfy the whole of the Second Tranche Amount in cash in full ("**Scenario 1**"):-

- (a) the total amount of cash consideration payable by the Company ("**Scenario 1 Cash Consideration**") shall be HK\$29,250,000 or S\$5,598,836 (based on an exchange rate of HK\$5.2243 to S\$1.00, being the HK\$:S\$ exchange rate published on Bloomberg News on the date of the sale and purchase agreement dated 31 October 2008); and
- (b) the number of new Shares to be issued and allotted to the Vendor pursuant to the Proposed Acquisition shall be 45,620,147 new Shares ("**Scenario 1 Consideration Shares**"), which will constitute approximately 15.80% of the enlarged issued and paid-up share capital of the Company. The value of the Scenario 1 Consideration Shares to be issued based on the volume weighted average price per Share of S\$0.0513 transacted on 30 October 2008, being the market day preceding the date of the sale and purchase agreement dated 31 October 2008, shall be S\$2,340,314.

Accordingly, the effective consideration deemed payable by the Company which is equal to the aggregate value of the Scenario 1 Consideration Shares and the Scenario 1 Cash Consideration will be S\$7,939,150 ("**Scenario 1 Effective Consideration**"), which when compared to the Company's market capitalisation as at 30 October 2008 based on the total number of issued Shares excluding treasury shares of S\$12,476,119 ("**Market Capitalisation**") under Rule 1006(c) read together with Rule 1003(3) of the Listing Manual is 63.63% ("**Scenario 1 Ratio**").

Assuming the Purchase Consideration is the maximum amount of HK\$65,000,000 and the Company elects to satisfy the whole of the Second Tranche Amount by way of issue and allotment of new Shares ("**Scenario 2**"):-

- (a) the total amount of cash consideration payable by the Company ("**Scenario 2 Cash Consideration**") shall be HK\$3,500,000 or S\$669,946 (based on an exchange rate of HK\$5.2243 to S\$1.00, being the HK\$:S\$ exchange rate published on Bloomberg News on the date of the sale and purchase agreement dated 31 October 2008); and
- (b) the number of new Shares to be issued and allotted to the Vendor pursuant to the Proposed Acquisition shall be 90,428,238 new Shares ("**Scenario 2 Consideration Shares**"), which will constitute approximately 27.10% of the enlarged issued and paid-up share capital of the Company. The value of the Scenario 2 Consideration Shares to be issued based on the volume weighted average price per Share of S\$0.0513 transacted on 30 October 2008, being the market day preceding the date of the sale and purchase agreement dated 31 October 2008, shall be S\$4,638,969.

Accordingly, the effective consideration deemed payable by the Company which is equal to the aggregate value of the Scenario 2 Consideration Shares and the Scenario 2 Cash Consideration will be S\$5,308,915 ("**Scenario 2 Effective Consideration**"), which when compared to the Company's Market Capitalisation under Rule 1006(c) read together with Rule 1003(3) of the Listing Manual is 42.55% ("**Scenario 2 Ratio**").

Taking into account the effective consideration deemed payable by the Company under Scenario 1 and Scenario 2 as illustrated above, each of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual in relation to the Proposed Acquisition is below 100%. In particular, the ratio under Rule 1006(c) read together with Rule 1003(3) of the Listing Manual is 63.63% under the Scenario 1 Ratio and 42.55% under the Scenario 2 Ratio, details of which are as set out below.

Relative figures under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 (a) to (d) of the Listing Manual are as follows:-

		As set out in the earlier announcement dated 1 November 2008	Scenario 1	Scenario 2
<b>Rule 1006(a)</b>	Net asset value of the assets to be disposed of, compared with the group's net asset value.	Not applicable	Not applicable	Not applicable
<b>Rule 1006(b)</b>	The net profits <sup>(1)</sup> attributable to the assets acquired, compared with the group's net profits.	15.63% <sup>(2)</sup>	15.63% <sup>(2)</sup>	15.63% <sup>(2)</sup>
<b>Rule 1006(c)</b>	The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	99.73% <sup>(3)</sup>	63.63% <sup>(4)</sup>	42.55% <sup>(5)</sup>
<b>Rule 1006(d)</b>	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	18.76% <sup>(6)</sup>	18.76% <sup>(6)</sup>	37.18% <sup>(7)</sup>

Notes:-

- (1) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Determined by dividing the unaudited consolidated net profit of the combined management accounts of the JET International Group for the financial year ended 31 December 2007 of HK\$7.5 million multiplied by 50.1% and the latest announced audited consolidated net profit of the Company for the financial year ended 31 March 2008 of HK\$24.04 million.
- (3) Determined by dividing the S\$ equivalent of the maximum Purchase Consideration of HK\$65.0 million (or S\$12.44 million, based on an exchange rate of S\$1:HK\$5.2243) by the Market Capitalisation of the Company of approximately S\$12.48 million.
- (4) Determined by dividing the Scenario 1 Effective Consideration of approximately S\$7.94 million by the Market Capitalisation of the Company of approximately S\$12.48 million.
- (5) Determined by dividing the Scenario 2 Effective Consideration of approximately S\$5.31 million by the Market Capitalisation of the Company of approximately S\$12.48 million.
- (6) Determined by dividing the Scenario 1 Consideration Shares by the issued share capital of the Company prior to the Proposed Acquisition of 243,199,998 Shares.

- (7) Determined by dividing the Scenario 2 Consideration Shares by the issued share capital of the Company prior to the Proposed Acquisition of 243,199,998 Shares.

The net asset value of the JET International Group based on the unaudited proforma combined accounts of the Hong Kong Sale Company and the Taiwan Sale Company as at 31 December 2007 is HK\$54.76 million. The net asset value of the Group based on the audited accounts as at 31 March 2008 is HK\$64.90 million or HK\$0.2669 (or S\$0.0511, based on an exchange rate of S\$1:HK\$5.2243) per Share.

In electing whether to pay or satisfy all or part of the Second Tranche Amount either in cash or in Shares, the Company may take into account factors including but not limited to the following:-

- (a) the Share price performance at the time of payment for the Second Tranche Amount;
- (b) the Company's internal resources and its available banking facilities;
- (c) the Company's gearing ratio; and
- (d) the Company's ability to secure debt or equity financing (such as the issue of convertible bonds) on terms acceptable to the Company.

## 2 Change of Shareholdings of the Company

For illustrative purposes only, the shareholdings of the Company pursuant to Scenario 1 and Scenario 2 (assuming there is no change in the number of Shares held by shareholders of the Company ("**Shareholders**") and the Company's share capital is 243,199,998 Shares) are as set out below:-

### Scenario 1

	Before the Proposed Transactions		After completion of the Proposed Transactions	
	Number of Shares	%	Number of Shares	%
<b>Directors who are Substantial Shareholders and Vendor</b>				
Dicky Suen Yiu Chung	109,319,624 <sup>(1)</sup>	44.95	109,319,624 <sup>(1)</sup>	37.84
Lau Hon Kit	46,748,984 <sup>(2)</sup>	19.22	46,748,984 <sup>(2)</sup>	16.19
Johnson Hsieh	-	-	45,620,147	15.80
<b>Other Shareholders</b>	87,131,390	35.83	87,131,390	30.17
<b>Total</b>	<b>243,199,998</b>	<b>100</b>	<b>288,820,145</b>	<b>100</b>

## Scenario 2

	Before the Proposed Transactions		After completion of the Proposed Transactions	
	Number of Shares	%	Number of Shares	%
<b>Directors who are Substantial Shareholders and Vendor</b>				
Dicky Suen Yiu Chung	109,319,624 <sup>(1)</sup>	44.95	109,319,624 <sup>(1)</sup>	32.77
Lau Hon Kit	46,748,984 <sup>(2)</sup>	19.22	46,748,984 <sup>(2)</sup>	14.01
Johnson Hsieh	-	-	90,428,238	27.10
<b>Other Shareholders</b>	87,131,390	35.83	87,131,390	26.12
<b>Total</b>	<b>243,199,998</b>	<b>100</b>	<b>333,628,236</b>	<b>100</b>

### Notes:-

- (1) Comprising a direct interest of 54,659,812 Shares and a deemed interest in 54,659,812 Shares held by Smart Easy International Limited (Company Registration Number 1385315), a company incorporated in the British Virgin Islands and which is wholly-owned by Dicky Suen Yiu Chung as at the date hereof.
- (2) Comprising a direct interest of 23,420,492 Shares and a deemed interest in 23,328,492 Shares held by Timely Chance International Limited (Company Registration Number 1378363), a company incorporated in the British Virgin Islands and which is wholly-owned by Lau Hon Kit as at the date hereof.

Smart Easy International Limited and Timely Chance International Limited are collectively referred to as the "Holding Companies".

Notwithstanding the Proposed Transactions and the issue of Shares to the Vendor under either Scenario 1 or Scenario 2, the existing Directors and Controlling Shareholders namely, Messrs Dicky Suen Yiu Chung and Lau Hon Kit, will continue to hold substantial stakes in the Company after completion of the Proposed Transactions.

Mr. Dicky Suen Yiu Chung will continue to be the single largest Shareholder as he will have interests in Shares comprising 37.84% of the enlarged issued share capital of the Company under Scenario 1 and 32.77% of the enlarged issued share capital of the Company under Scenario 2 respectively, compared to the Vendor's shareholding of 15.80% of the enlarged issued share capital of the Company under Scenario 1 and 27.10% of the enlarged issued share capital of the Company under Scenario 2 respectively. Mr. Lau Hon Kit will have interests in Shares comprising 16.19% of the enlarged issued share capital of the Company under Scenario 1 and 14.01% of the enlarged issued share capital of the Company under Scenario 2 respectively.

Both Mr. Dicky Suen Yiu Chung and Mr. Lau Hon Kit have given undertakings to the Company, *inter alia*, that at all times during the Directors' Moratorium Period (defined below):-

- (a) they shall not sell, transfer and/or otherwise dispose of any of the Shares which they legally and beneficially own and hold directly as at the date hereof;
- (b) they shall undertake and procure that the respective Holding Companies which they own will not sell, transfer and/or otherwise dispose of any of the Shares which such companies legally and beneficially own and hold as at the date hereof; and
- (c) they shall not sell, transfer and/or otherwise dispose of any of the shares in the capital of the respective Holding Companies which they legally and beneficially own and hold as at the date hereof.

For the purposes herein, "**Directors' Moratorium Period**" means a period of one (1) year from the date of completion of the Proposed Acquisition.

### 3 **Board Composition**

Neither the Vendor nor any of his associates (as defined under the Listing Manual) and/or nominees (collectively, the "**Associates**") is required to be appointed as a Director of the Company as a condition of the Proposed Transactions, although the Vendor will enter into an employment contract with the Company as a condition of the Proposed Acquisition.

There is no agreement, undertaking, arrangement or understanding (written or otherwise) between any of the Company, the Directors of the Company and/or the controlling shareholders of the Company and the Vendor and/or any of his Associates and there is no current intentions on the part of the Vendor and/or any of the Company, the Directors of the Company and/or the controlling shareholders of the Company for the Vendor and/or his Associates to be appointed to the Board of Directors of the Company or otherwise to gain management of the Company or to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.

The Vendor has confirmed that neither the Vendor nor any of his Associates is acting in concert (as defined under the Singapore Code on Take-overs and Mergers) with any of the Company, the Directors of the Company, the controlling shareholders of the Company and/or any other persons arising from the Proposed Acquisition of the Hong Kong Sale Company and Taiwan Sale Company by the Company, through any agreement, undertaking, arrangement or understanding (written or otherwise) to, directly or indirectly, obtain or consolidate effective control of the Company.

In addition, both Mr. Dicky Suen Yiu Chung and Mr. Lau Hon Kit have confirmed that they and/or their respective Associates are not acting in concert (as defined under the Singapore Code on Take-overs and Mergers) with the Vendor and/or any other persons arising from the Proposed Acquisition of the Hong Kong Sale Company and Taiwan Sale Company by the Company, through any agreement, undertaking, arrangement or understanding (written or otherwise) to, directly or indirectly, obtain or consolidate effective control of the Company.

To demonstrate such intentions, the Vendor has given an undertaking, *inter alia*, that for a period of one (1) year from the date of completion of the Proposed Acquisition (the "**Relevant Period**"), neither the Vendor nor any of his Associates:-

- (a) will propose or seek nomination or appointment of the Vendor and/or any of his Associates to the Board of Directors of the Company; or
- (b) will propose or seek the removal of any persons from the Board of Directors of the Company.

After the Relevant Period, the Company may have the flexibility to consider the appointment of the Vendor to the Board of Directors of the Company, subject to proper and due consideration of the Vendor's qualifications and potential contribution by the nominating committee of the Company. The Directors are of the opinion that the Company should not preclude the possible appointment of the Vendor to the Board of Directors of the Company as his business experience and know-how in the logistics and courier industry across the Greater China can be of value-add to the business and management of the Company.

In view of the above, neither the Vendor nor any of his Associates is expected to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.

#### **4 Interests in the JET International Group and/or the Proposed Transactions**

Both Mr. Dicky Suen Yiu Chung and Mr. Lau Hon Kit have confirmed that neither of them nor any of their respective Associates:-

- (a) is a director of the Hong Kong Sale Company and/or the Taiwan Sale Company and/or any company in the JET International Group;
- (b) takes instructions from or act under the influence of the Vendor and/or any of his Associates, individually or collectively, or acts as a trustee and/or nominee for the Vendor and/or any of his Associates; and/or
- (c) has any interests, direct or deemed, in any company in the JET International Group and/or the Proposed Transactions.

Mr. Dicky Suen Yiu Chung had worked for the Hong Kong Sale Company for the periods between 1990 and 1992 and between 1994 and 1996 as operations supervisor and operation manager respectively. Mr. Lau Hon Kit had worked for the Hong Kong Sale Company for the period between 1992 and 1995 as operations department staff.

Save as disclosed herein, neither Mr. Dicky Suen Yiu Chung, Mr. Lau Hon Kit and/or any of their respective Associates has any directorship or involvement or interests, past or current, in any company in the JET International Group.

For the foregoing reasons, the Proposed Acquisition is a major transaction under Rule 1013 of the Listing Manual and does not constitute a very substantial acquisition or a reverse takeover under Rule 1015 of the Listing Manual.

As stated in section 3.3 of the earlier announcement dated 1 November 2008, the Company is entitled, under the sale and purchase agreement dated 31 October 2008, to exercise the Call Option to purchase from the Vendor the Call Option Shares, being the remaining shareholding

interest in the Hong Kong Sale Company and the Taiwan Sale Company that the Vendor owns or will own following completion of the Proposed Acquisition.

Pursuant to Rule 1005 of the Listing Manual, the SGX-ST may aggregate separate transactions completed within the last twelve (12) months and treat them as if they were one transaction. The Call Option, if and when exercised, will be aggregated with that of the Proposed Transactions and pursuant to Rule 1015 of the Listing Manual, may be deemed to be a very substantial acquisition if any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual is 100% or more, or is one which will result in a change in control of the Company.

Extraordinary general meeting to be convened to approve Proposed Acquisition

A circular will be despatched to Shareholders in due course in connection with the extraordinary general meeting of the Company to be convened, *inter alia*, to approve the Proposed Transactions. The Company will make further announcements in relation to the Proposed Acquisition as and when appropriate.

**By Order of the Board**

Lau Hon Kit  
Chief Operations Officer  
Date: 17 March 2009

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NRA Capital Pte. Ltd. was the financial adviser to the Company in relation to the acquisition by the Company of the entire issued share capital of Sky One Network (Holding) Ltd.