

SKY ONE HOLDINGS LIMITED
(Incorporated in Singapore)
(Company Registration Number 198602949M)

PROPOSED ISSUE OF 40,000,000 NEW ORDINARY SHARES WITH OPTION TO SUBSCRIBE
FOR A FURTHER 40,000,000 ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY

The directors of Sky One Holdings Limited (the “**Company**”) are pleased to announce that the Company had, on 15 January 2010, entered into a Subscription and Share Lending Agreement (the “**Subscription Agreement**”) with various investors (the “**Investors**”), pursuant to which, *inter alia*:

- (1) the Investors have agreed to subscribe for 40,000,000 new Ordinary Shares in the share capital of the Company (the “**Subscription Shares**”) at an issue price of \$0.03 per Subscription Share; and
- (2) the Company will grant to the Investors options to subscribe for up to a further 40,000,000 Ordinary Shares in the share capital of the Company (the “**Option Shares**”) at an option exercise price of \$0.06 per Option Share (the “**Options**”).

In this Announcement, the proposed issue and allotment of the Subscription Shares and the Option Shares shall be referred to as the “**Proposed Share Issue**”. This Announcement sets out details of the Proposed Share Issue.

Issue Price and Option Exercise Price

The Issue Price of \$0.03 for each Subscription Share represents a 40% discount to the weighted average price of \$0.05 for trades done on the SGX-Catalist on 15 January 2010, being the date the Subscription Agreement is entered into .

The Option Exercise Price of \$0.06 for each Option Share represents a 20% premium over the weighted average price of \$0.05 for trades done on the SGX-Catalist on 15 January 2010, being the date the Subscription Agreement is entered into.

Conditions Precedent

The Proposed Share Issue is conditional upon the following conditions precedent being fulfilled:

- (a) in principal approval for the listing and quotation of the Subscription Shares and of the Option Shares on SGX-Catalist being received from SGX-ST and such approval not having been revoked or amended, and if the approval is granted subject to conditions, such conditions being satisfied or waived by the SGX-ST and the SGX-ST not having made any ruling the effect of which is to restrict or impede the listing and quotation of the Subscription Shares;
- (b) lodgment with and acceptance of an Offer Information Statement on Catalodge by SGX-ST. and

- (c) approvals for the issue and allotment of the Subscription Shares and of the Option Shares being received from Shareholders at an extraordinary general meeting.

Other Principal Terms of the Subscription Agreement

Other principal terms of the Subscription Agreement include:

- (1) The Investors will, on the third Business Day (defined as being a day other than a Saturday, Sunday or a public holiday in Singapore on which commercial banks are open for business in Singapore) from the date the Subscription Agreement is entered into, pay to the Company a deposit equivalent to the full subscription price for Subscription Shares;
- (2) Dicky Suen Yiu Chung and Lau Hon Kit (the “**Majority Shareholders**”), both directors and current controlling shareholders of the Company, will upon the Investors paying the aforesaid deposit to the Company, lend 34,000,000 Shares (the “**Loan Shares**”) to the Investors without charge (the “**Share Loan**”). The Majority Shareholders will lend the Loan Shares in the proportion of their respective shareholding in the Company. The Investors will return the Loan Shares to the Majority Shareholders on completion of the Subscription Agreement, and if the Subscription Agreement is not completed by 31 July 2010, the Investors will, at their discretion, return the Loan Shares or a sum of \$1,020,000 being monetary equivalent on the fifth Business Day therefrom;
- (3) The principal terms of the Options include:
 - (i) the Options may be exercised at any time from completion of the Subscription Agreement to the expiry of two years therefrom;
 - (ii) the Options may be exercised in part, provided that they are exercised in respect of multiples of 2,000,000 Option Shares.

The Investors

The Investors are Mr Lim Chye Huat @ Bobby Lim Chye Huat, Mr Ho Kok Fi, John, Mr Foo Seck Huat, Mr Tan Sze Seng and Mr Teo Yong Ping, who were introduced to the Company by Biztrack Partnership Pte Ltd pursuant to a consultancy agreement. The Investors are not related to any of the directors or substantial shareholders of the Company.

The shareholding of each Investor before the Proposed Share Issue, after the Share Loan, after the issue of the Subscription Shares and assuming the exercise of all Options are set out in the table below:

	Before Proposed Share Issue		After the Share Loan		After Issue of the Subscription Shares [#]		Assuming the Options exercised in full [#]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lim Chye Huat @ Bobby Lim Chye Huat	475,000	0.20	8,975,000	3.69	10,475,000	3.70	20,475,000	6.34
Tan Sze Seng	NIL		1,700,000	0.70	2,000,000	0.71	4,000,000	1.24
Foo Seck Huat	NIL		6,800,000	2.80	8,000,000	2.82	16,000,000	4.95
Ho Kok Fi, John	NIL		10,200,000	4.19	12,000,000	4.24	24,000,000	7.43
Teo Yong Ping	NIL		6,800,000	2.80	8,000,000	2.82	16,000,000	4.95

[#] Assuming that no Share has been disposed prior to the relevant time

The Investors and each one of them have confirmed that:

- (1) none of them is acting in accordance with instructions of any other Investor in respect of the Proposed Share Issue;
- (2) none of them is acting in concert with either other Investors and/or with any director or substantial shareholder of the Company in respect of the Proposed Share Issue; and
- (3) they and each one of them have no connection (including any business relationship) with the Company and its directors and substantial shareholders.

The Investors had informed the Company that they are financial investors whom believe in the future prospects of the Company, and as such, have no intention to seek any management role in the Company.

The Subscription Shares, Option Shares and Effect on Shareholding

The Company will convene an extraordinary general meeting to seek a specific mandate from shareholders to allot and issue the Subscription Shares and the Option Shares (in the event the Options are exercised either in full or in part).

When issued, the Subscription Shares and the Option Shares will be credited as fully paid-up and will rank *pari passu* in all respects with the then existing Shares. To the best of the Company's knowledge, none of the Subscription Shares is or will be placed to a director of the Company or his associates.

The Subscription Shares and the Option Shares (assuming all the Options are exercised) represents approximately 32.89% of the Company's existing share capital or 24.75% of the Company's enlarged share capital. The table below shows the effect the Proposed Share issue will have on the Company's shareholding:

	Before Proposed Share Issue		After the Share Loan		After Issue of the Subscription Shares		Assuming the Options exercised in full	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Majority Shareholders	156,068,608	64.17	122,068,608	50.19	156,068,608	55.11	156,068,608	48.29
The Investors	475,000	0.20	34,475,000	14.18	40,475,000	14.29	80,475,000	24.90
Other Public Shareholders	86,656,390	35.63	86,656,390	35.63	86,656,390	30.60	86,656,390	26.81
	243,199,998	100.00	243,199,998	100.00	283,199,998	100.00	323,199,998	100.00

Completion of the Proposed Share Issue will not result in a change in control of the Company. Neither would completion thereof adversely affect the Company's continued compliance of Rule 723 of the SGX Catalist Rules which requires the Company to have at least 10% of its equity securities to be held by the public.

Use of Net Proceeds

After the deduction of estimated expenses in relation to the Proposed Share Issue, the net proceeds from the issue of the Subscription Shares are estimated to be approximately \$1,100,000, which will be used by the Company as follows:

- (1) a sum of approximately \$500,000 will be used to fund costs and preliminary expenses to explore future business opportunities. In particular, the Company is exploring the feasibility of investing in certain projects in the logistics and green energy sectors which will provide the Group with additional sources of revenue (the "**Potential Projects**"). A substantial portion of the funds earmarked for this purpose will be for commercial feasibility studies and legal due diligence on the Potential Projects. THE COMPANY WISHES TO HIGHLIGHT THAT THE POTENTIAL PROJECTS ARE AT PRELIMINARY ASSESSMENT STAGES AND SUCH EXPLORATORY WORKS MAY OR MAY NOT RESULT IN THE COMPANY INVESTING IN THE POTENTIAL PROJECTS OR ANY OF THEM; and
- (2) the balance sum of approximately \$600,000 will be used for general working capital.

In the event the Options or any parts thereof are exercised, proceeds therefrom, up to a sum of \$2,400,000, would be utilised to fund the Group business expansion and growth.

Pending the deployment of the proceeds, such proceeds may, from time to time, be placed as deposits with financial institutions or invested in short-term money markets instruments as the directors may in their absolute discretion deem fit.

The Directors are of the opinion that:

- (1) after taking into consideration the present bank facilities, the working capital available to the group is sufficient to meet its present requirements; and

- (2) after taking into consideration the present bank facilities and net proceeds of the issue, the working capital available to the group is sufficient to meet its present requirements .

However, the Directors are also of the opinion for the Group to grow and expand its current level of operations more aggressively, additional working capital would be required.

The Company will make periodic announcements on the utilisation of the proceeds from the Proposed Share Issue, as the funds from the Proposed Share Issue are materially disbursed and provide a status report on the utilisation of the proceeds from the Proposed Share Issue in the Company's annual report.

Financial Effects

The financial effects of the Proposed Share Issue on the Company and the Group disclosed herein are calculated based on the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 March 2009 (being the date of the latest available audited financial statements), on the following assumptions and bases:

- (a) the Subscription Shares and all Option Shares (where applicable) are issued on 1 April 2008;
- (b) gross proceeds are firstly used to reduce borrowings, and if there are any balance thereafter, placed in non interest bearing bank deposits and not re-invested into the Group's operations; and
- (c) a fixed S\$:HK\$ exchange rate of S\$1 = HK\$5.38 is used.

Earnings and Earnings per Share ("EPS")

	Before the Proposed Share Issue	After Issue of Subscription Shares Only	After Issue of Subscription Shares and Option Shares
Profit attributable to equity holders of the Company (HK\$'000)	1,086	1,249	1,249
Earnings per Share (HK cents)	0.45	0.44	0.39
Weighted average number of Shares	243,199,998	283,199,998	323,199,998

NTA and NTA per Share

	<u>Before the Proposed Share Issue</u>	<u>After Issue of Subscription Shares Only</u>	<u>After Issue of Subscription Shares and Option Shares</u>
Net Tangible Assets (HK\$'000)	42,438	49,057	61,969
Net Tangible Assets per Share (HK cents)	17.45	17.32	19.17
Weighted average number of Shares	243,199,998	283,199,998	323,199,998

The Directors are of the opinion that there is no material change in the Group's financial position and financial performance for the current year as disclosed in the Company's Half Year Financial Statement and Dividend Announcement announced on 12 November 2009.

Rationale for the Proposed Share Issue

The Proposed Share Issue will strengthen the Company's capital base, improve the Company cash position and increase the public float of the Company's shares.

Singapore Code on Mergers and Takeovers

The Majority Shareholders are vendors presumed to be acting in concert during the the acquisition by the Company of the entire issued share capital of Sky One Network (Holding) Ltd which was completed in 28 January 2008. Their shareholding prior to the Share Loan is 64.17%. After the Share Loan, their shareholding will remain in excess of 50%, namely 50.19%.

The Investors will acquire Shares which carry a total of 14.18% of the voting rights of the Company after the Share Loan, and 14.29% of the total voting rights of the Company based on its enlarged share after the issue of the Subscription Shares. In the event they exercise all the Options and all the Option Shares are issued to the Investors, they will acquire 24.90% of the total voting rights of the Company based on its enlarged capital of the Company. Accordingly, the Investors will not be making a mandatory general offer for the Company as a result of the Proposed Share Issue.

Director and Substantial Shareholder's Interest

Save as disclosed herein, none of the Company's substantial shareholders or Directors have any direct or indirect interest in the Proposed Share Issue. More specifically, save for any benefit that they get by virtue of their interest in the Company as disclosed herein, the Majority Shareholders have not received any financial benefit (directly or indirectly) from the Share Loan arrangements.

The Company hereby confirms that Shares issued and allotted under the Proposed Share Issue are not issued to persons set out in Rule 812(1) of the Catalist Rules, that is to say, that the Subscription Shares and the Option Shares are not issued to:

- (1) the Company's directors and substantial shareholders;
- (2) immediate family members of the directors and substantial shareholders;
- (3) substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the Company's substantial shareholders;
- (4) corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10%; or
- (5) any person who, in the opinion of the Exchange, falls within category (1) to (4) above.

Audit Committee's Statement

The Audit Committee of the Company as at the date of this Announcement which comprise of Mr Kung Seah Lim (Chairman), Mr Teo Chew Seng @ Peter Chang and Mr Lim Chee San having considered all the terms of the Proposed Share issue is of the view that the Proposed Share Issue is on normal commercial terms and will not be prejudicial to the interests of the Company and/or its minority shareholders.

Documents for Inspection

A copy of the Subscription Agreement is available for inspection during normal office hours from 9.00 a.m. to 5.00 p.m. on Mondays to Fridays at the Company's registered office at 333 North Bridge Road #08-00 KH KEA Building , Singapore 188721 for a period of four (4) weeks from the date of this Announcement.

By Order of the Board of Directors

DICKY SUEN YIU CHUNG
Chief Executive Officer
Hong Kong SAR
18 January 2010

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.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange 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 Liau H.K. Telephone number: 6221 0271