

# SKY ONE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198602949M)

(the “**Company**”)

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## ADDENDUM TO THE SUBSCRIPTION AND SHARE LENDING AGREEMENT DATED 15 JANUARY 2010

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### 1 Background

As announced on 18 January 2010 and 26 January 2010, the Company had entered into a Subscription and Share Lending Agreement (the “**Subscription Agreement**”) with the Investors. Capitalised terms used in this Announcement shall have the same meaning as defined in the announcements dated 18 January 2010 and 26 January 2010.

The Board of Directors of the Company wishes to announce that the Company has on 31 July 2010 entered into an addendum to amend and vary certain terms of the Subscription Agreement (the “**Addendum**”).

### 2 Key terms of the Addendum

The Addendum sets out *inter alia* the following key amendments to the Subscription Agreement:

- 2.1 The amount of Subscription Shares and Option Shares will each be reduced from 40,000,000 to 34,000,000. Accordingly all references in the Subscription Agreement to “40,000,000” Subscription Shares shall be changed to “34,000,000” Subscription Shares and all references to “40,000,000” Option Shares and “40,000,000” Options shall be changed to “34,000,000” Option Shares and “34,000,000” Options respectively. The amount of Subscription Shares and Option Shares which the Investors will subscribe for will be reduced on a pro-rata basis vis-à-vis one another.
- 2.2 Arising from the reduction in the number of Subscription Shares, the aggregate Consideration payable by the Investors for the Subscription Shares will be “S\$1,020,000” instead. The Deposit of S\$1,200,000 received by the Company from the Investors on 25 January 2010 will instead be S\$1,020,000. Accordingly, the Company shall refund the Investors an aggregate sum of S\$180,000 within 21 Business Days from the date of the Addendum. The reduction in the number of Shares was due to the request of the Investors. After due consideration, the Board of Directors of the Company is of the opinion that it is still in the interest of the Company to proceed with the proposed subscription accordingly.
- 2.3 The Long Stop Date will be extended to 31 December 2010, subject to any further extension in writing by the Company and the Investors mutually.
- 2.4 The Options will not be transferable or assignable and all references to “nominees” and “assigns” of the Investors in the Subscription Agreement shall be deleted accordingly.

### 3 Resulting Quantitative Changes

Arising from the changes above, certain key quantitative information as announced on 18 January 2010 have been recalculated and are disclosed as follows:

#### 3.1 Shareholding of the Investors

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 <sup>#</sup>		Assuming the Options Exercised in full <sup>#</sup>	
	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	8,975,000	3.24	17,475,000	5.62
Tan Sze Seng	-	0.00	1,700,000	0.70	1,700,000	0.61	3,400,000	1.09
Foo Seck Huat	-	0.00	6,800,000	2.80	6,800,000	2.45	13,600,000	4.37
Ho Kok Fi, John	-	0.00	10,200,000	4.19	10,200,000	3.68	20,400,000	6.56
Teo Yong Ping	-	0.00	6,800,000	2.80	6,800,000	2.45	13,600,000	4.37

<sup>#</sup> Assuming that no Share has been disposed prior to the relevant time.

#### 3.2 Effect on Shareholding

The Subscription Shares (assuming all the Options are exercised) represents approximately 27.96% of the Company's existing share capital or 21.85% 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 <sup>#</sup>		Assuming the Options Exercised in full <sup>#</sup>	
	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	56.30	156,068,608	50.15
The Investors	475,000	0.20	34,475,000	14.18	34,475,000	12.44	68,475,000	22.00
Other Public Shareholders	86,656,390	35.63	86,656,390	35.63	86,656,390	31.26	86,656,390	27.85
	<u>243,199,998</u>	<u>100.00</u>	<u>243,199,998</u>	<u>100.00</u>	<u>277,199,998</u>	<u>100.00</u>	<u>311,199,998</u>	<u>100.00</u>

<sup>#</sup> Assuming that no Share has been disposed prior to the relevant time.

\* Namely, Mr Dicky Suen Yiu Chung and Mr Lau Hon Kit.

### 3.3 Net Proceeds and 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 S\$920,000, which will be used by the Company as follows:

- (1) a sum of approximately S\$420,000 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 S\$500,000 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 S\$2,040,000, would be utilised to fund the Group's 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.

### 3.4 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 Group for the financial year ended 31 March 2010 (being the date of the latest available audited financial statements).

#### **Earnings and Earnings per Share ("EPS")**

The effect on Earnings and EPS is calculated on the following assumptions and bases:

- (a) the Subscription Shares and all Option Shares (where applicable) are issued on 1 April 2009;
- (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\$5.71 is used.

The objective of the effect on Earnings and EPS disclosed herein is to illustrate what the historical information might have been had the allotment and issue of shares under the Subscription Agreement been completed at an earlier date. However, such financial information is not necessarily indicative of the results of operations or the related effects on the financial position that would have been attained had the allotment and issue been actually completed at the earlier date.

	<b>Before the Proposed Share Issue</b>	<b>After Issue of Subscription Shares Only</b>	<b>After Issue of Subscription Shares and Option Shares</b>
Profit attributable to equity holders of the Company (HK\$'000)	44	247	247
Earnings Per Share (HK cents)	0.02	0.09	0.08
Weighted average number of Shares	243,199,998	277,199,998	311,199,998

#### **NTA and NTA per Share**

The effect on NTA and NTA per Share is calculated on the following assumptions and bases:

- (a) the Subscription Shares and all Option Shares (where applicable) are issued on 31 March 2010;
- (b) a fixed S\$:HK\$ exchange rate of S\$1 = HK\$5.71 is used.

The objective of the effect on NTA and NTA per Share disclosed herein is to illustrate what the historical information might have been had the allotment and issue of shares under the Subscription Agreement been completed as at the end of financial year ended 31 March 2010, the date of the Group's latest available audited financial statements. However, such financial information is not necessarily indicative of the results of operations or the related effects on the financial position that would have been attained had the allotment and issue been actually completed at the earlier date.

	<b>Before the Proposed Share Issue</b>	<b>After Issue of Subscription Shares Only</b>	<b>After Issue of Subscription Shares and Option Shares</b>
Net Tangible Assets (HK\$'000)	41,549	47,373	59,022
Net Tangible Assets per Share (HK cents)	17.08	17.09	18.97
Total number of Shares	243,199,998	277,199,998	311,199,998

### 3.5 Singapore Code on Take-Overs and Mergers ("Take-Over Code")

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

The Investors have acquired Shares which carry a total of 14.18% of the voting rights of the Company after the share loan arrangement, and 12.44% of the total voting rights of the Company based on its enlarged share capital after the issue of the Subscription Shares. In the event they exercise all the Option and all the Option Shares are issued to the Investors, they will acquire in aggregate 22.00% of the total voting rights of the Company based on its enlarged share capital.

On 7 April 2010 we have obtained the confirmation of the Securities Industry Council that –

- (a) the Majority Shareholders are parties acting in concert and each of them are not obliged to make a mandatory offer under Rule 14 of the Take-Over Code; and
- (b) the Investors are not parties acting in concert with each other and/or with any one of the Majority Shareholders in respect of the Proposed Share Issue and each of the Investors are not obliged to make a mandatory offer under Rule 14 of the Take-Over Code.

## **4 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.

## **5 Documents for inspection**

A copy of the Subscription Agreement and Addendum is available for inspection 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 Director**

Dicky Suen Yiu Chung  
Chief Executive Officer  
Hong Kong SAR  
3 August 2010

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. ("Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The 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.*

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