

- (A) PROPOSED GRANT OF OPTIONS TO CONTROLLING SHAREHOLDERS; AND**
- (B) PROPOSED CAPITAL REDUCTION EXERCISE**
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1. INTRODUCTION

The Board of Directors (the “**Board**”) of Sky One Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake the following:-

- (i) a grant of options to Mr. Dicky Suen Yiu Chung (“**Mr. Dicky Suen**”), a controlling shareholder and director of the Company, under the Sky One Holdings Limited Employee Share Option Scheme (the “**Scheme**”);
- (ii) a grant of options to Mr. Lau Hon Kit, a controlling shareholder and director of the Company, under the Scheme; and
- (iii) a capital reduction exercise (the “**Capital Reduction Exercise**”) pursuant to Section 78A read together with Section 78C of the Companies Act (Cap. 50) (the “**Companies Act**”), to write off accumulated losses of the Company amounting to S\$42,667,500 (presented in the audited financial statements of the Company for the financial year ended 31 March 2011 as HK\$233,079,000) (the “**Accumulated Losses**”). The proposed Capital Reduction Exercise will result in a change in the composition of reserves and does not entail any outflow of cash or change to the assets of the Company.

2. THE PROPOSED GRANT OF OPTIONS

The Board will be seeking the approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting (“**EGM**”) to be convened for the proposed grant of rights to subscribe for ordinary shares in the capital of the Company (“**Shares**”) under the Scheme (collectively the “**Options**”) to Mr. Dicky Suen and Mr. Lau Hon Kit (the “**Controlling Shareholders**”), both of whom are controlling shareholders and directors of the Company.

Pursuant to Rule 852 of the SGX-ST Listing Manual Section B: Rules of Catalist and Rule 23 of the Scheme, specific approval of independent Shareholders must be obtained by a separate resolution for the grant of Options to each of the Controlling Shareholders (including the actual number of Options to be granted to them and the specific terms thereof).

Subject to the approval of independent Shareholders at the EGM, it is proposed that approval be given to the remuneration committee of the Company to grant the Options to each of the Controlling Shareholders on the following terms:-

| | Mr. Dicky Suen | Mr. Lau Hon Kit |
|--|--|--|
| Proposed date of grant of Option(s) | : Any time within four (4) weeks from the date of the EGM | : Any time within four (4) weeks from the date of the EGM |
| Number of Shares that can be subscribed for pursuant to the exercise of the Option(s) proposed to be granted | : 3,600,000 Shares (representing approximately 1.48% of the total number of issued Shares as at the date of this announcement) | : 3,600,000 Shares (representing approximately 1.48% of the total number of issued Shares as at the date of this announcement) |
| Exercise Price per Option | : A price equal to the average of the last dealt price(s) for a Share, as determined by reference to the official list or any other publication by the SGX-ST, for the last five (5) Market Days immediately preceding the offering date of the Option | : A price equal to the average of the last dealt price(s) for a Share, as determined by reference to the official list or any other publication by the SGX-ST, for the last five (5) Market Days immediately preceding the offering date of the Option |
| Exercise Period | : Exercisable at any time after the first anniversary of the date of grant of Options (as defined in the Rules of the Scheme) and up to the fifth anniversary of the date of grant of Options | : Exercisable at any time after the first anniversary of the date of grant of Options (as defined in the Rules of the Scheme) and up to the fifth anniversary of the date of grant of Options |

3. THE PROPOSED CAPITAL REDUCTION EXERCISE

A. Purpose

The purpose of the proposed Capital Reduction Exercise is to write off the Accumulated Losses of the Company with a view to rationalise the balance sheet of the Company to more accurately reflect the value of its underlying assets and to facilitate future equity-related fund raising to recapitalise and strengthen the balance sheet of the Company. With the writing-off of the Accumulated Losses pursuant to the proposed Capital Reduction Exercise, the Company would also be in a better position to pay dividends from retained profits in the future.

The Accumulated Losses of the Company arose principally from the (i) previous accumulated losses of approximately HK\$87,114,000 incurred by the Company prior to the reverse take-over of Semitech Electronics Ltd which was completed on 28 January 2008 (“**RTO**”); (ii) net expenses of approximately HK\$1,995,000 incurred by the Company between 28 January 2008 and 31 March 2011; (iii) aggregate dividends of approximately HK\$3,970,000 paid between 28 January 2008 and 31 March 2011; and (iv) a write-down of the investments in the Company’s subsidiaries of approximately HK\$140,000,000.

B. Details of the Proposed Capital Reduction Exercise

The Board proposes to carry out the proposed Capital Reduction Exercise pursuant to Section 78A read with Section 78C of the Companies Act.

The proposed Capital Reduction Exercise will be effected in the following manner:-

- (a) reducing the issued and fully paid-up share capital of the Company from S\$55,445,692 to S\$12,778,192 by the cancellation of the issued share capital of the Company that has been lost or is unrepresented by available assets to the extent of S\$42,667,500; and
- (b) thereafter applying an amount equal to S\$42,667,500 being the credit arising from the cancellation of the share capital of the Company, towards the writing-off of the Accumulated Losses.

The proposed Capital Reduction Exercise will eliminate the Company's Accumulated Losses in its entirety.

There will be no change in the total number of issued Shares held by Shareholders immediately after the proposed Capital Reduction Exercise, nor will the proposed Capital Reduction Exercise involve the payment to any Shareholders of any paid-up share capital of the Company.

C. Financial Effects of the Proposed Capital Reduction Exercise

For illustration purposes only and based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2011, a summary of the financial effects of the proposed Capital Reduction Exercise is set out below. The financial effects of the proposed Capital Reduction Exercise as illustrated, are based on, *inter alia*, the assumption that the proposed Capital Reduction Exercise was completed on 31 March 2011.

(a) Share Capital

| | As at 31 March 2011 | |
|--|---------------------|----------|
| Share Capital ⁽¹⁾ | Number of Shares | S\$'000 |
| Before the proposed Capital Reduction Exercise | 243,199,998 | 55,446 |
| Amount of share capital to be cancelled | - | (42,668) |
| After the proposed Capital Reduction Exercise | 243,199,998 | 12,778 |

Note:-

- (1) The share capital of the Company is presented in Singapore dollars in accordance with the Company's records filed with the Accounting and Corporate Regulatory Authority of Singapore.

(b) **Shareholders' Funds**

As at 31 March 2011

| | Group | | Company | |
|------------------------------|---|--|---|--|
| | Before the proposed Capital Reduction Exercise (HK\$'000) | After the proposed Capital Reduction Exercise (HK\$'000) | Before the proposed Capital Reduction Exercise (HK\$'000) | After the proposed Capital Reduction Exercise (HK\$'000) |
| Share capital ⁽¹⁾ | 298,323 | 65,244 | 298,323 | 65,244 |
| Share option reserve | 49 | 49 | 49 | 49 |
| Capital reserve | (281,970) | (48,891) | - | - |
| Currency translation reserve | (1,464) | (1,464) | (1,464) | (1,464) |
| Accumulated profits/(losses) | 47,355 | 47,355 | (233,079) | - |
| Total equity | 62,293 | 62,293 | 63,829 | 63,829 |

Note:-

- (1) The share capital of the Company is presented in Hong Kong dollars in accordance with the audited consolidated financial statements of the Company and the Group for the financial year ended 31 March 2011.

(c) **Earnings, Net Tangible Assets and Gearing**

The proposed Capital Reduction Exercise will not have any impact on the earnings, net tangible assets and gearing of the Company and the Group.

D. Conditions for the Proposed Capital Reduction Exercise

The proposed Capital Reduction Exercise is subject to, *inter alia*, the following:-

- (a) the approval of Shareholders by way of a special resolution passed at an EGM to be convened (the "**Capital Reduction Resolution**");
- (b) notifying the Comptroller of Income Tax that the Capital Reduction Resolution has been passed at the EGM, within eight (8) days from the date of the Capital Reduction Resolution;
- (c) the Company complying with the relevant publicity requirements as prescribed in the Companies Act;

- (d) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the timeframe prescribed in the Companies Act, or if such application was made, the dismissal thereof by the judicial authorities; and
- (e) lodgment of the relevant documents with the Accounting and Corporate Regulatory Authority of Singapore after the end of six (6) weeks (but before the end of eight (8) weeks) commencing from the date of the Capital Reduction Resolution.

4. GENERAL

The Company will be seeking the approval of Shareholders for the proposed grant of Options to the Controlling Shareholders and for the proposed Capital Reduction Exercise, at the EGM to be convened. A circular containing further details of the above proposals, along with the notice convening the EGM, will be despatched to Shareholders in due course.

5. DIRECTORS RESPONSIBILITY STATEMENT

The Board collectively and individually accepts full responsibility for the accuracy of the information given in this announcement, and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this announcement are fair and accurate in all material respects as at the date of this announcement, and that there are no material facts the omission of which would make any statement in this announcement misleading.

By Order of the Board

Dicky Suen Yiu Chung
Chief Executive Officer
1 September 2011

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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