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**Change in Capital :: Others :: PROPOSED PLACEMENT OF UP TO 30,000,000 NEW ORDINARY SHARES OF US\$0.01 EACH (THE "PLACEMENT SHARES")**

\* Asterisks denote mandatory information


Name of Announcer *	NETELUSION LIMITED
Company Registration No.	27671
Announcement submitted on behalf of	NETELUSION LIMITED
Announcement is submitted with respect to *	NETELUSION LIMITED
Announcement is submitted by *	Ng Lai Yick
Designation *	Executive Chairman
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**>> Announcement Details**

The details of the announcement start here ...

Announcement Title *	PROPOSED PLACEMENT OF UP TO 30,000,000 NEW ORDINARY SHARES OF US\$0.01 EACH (THE "PLACEMENT SHARES")
Specific shareholder's approval Required? *	No
Description	Please see attached.

**Attachments**

 [NL-ProposedPlacement-200110.pdf](#)  
 Total size = **27K**  
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**NETELUSION LIMITED**  
(Incorporated in Bermuda on 24 January 2000)  
(Registration No.: 27671)

**PROPOSED PLACEMENT OF UP TO 30,000,000 NEW ORDINARY SHARES OF US\$0.01 EACH (THE "PLACEMENT SHARES") IN THE CAPITAL OF NETELUSION LIMITED (THE "COMPANY"), AT AN ISSUE PRICE OF S\$0.075 FOR EACH PLACEMENT SHARE**

**1. INTRODUCTION**

The Board of Directors (the "**Directors**") of the Company wishes to announce the proposed placement (the "**Proposed Placement**") of up to 30,000,000 Placement Shares, at an issue price of S\$0.075 for each Placement Share (the "**Placement Price**").

Details on the Proposed Placement are provided herein.

**2. PROPOSED PLACEMENT**

The Directors wish to announce that the Company has on 20 January 2010 entered into a placement agreement (the "**Placement Agreement**") with UOB Kay Hian Private Limited (the "**Placement Agent**"), pursuant to which, the Placement Agent has agreed to use its best endeavours to procure subscriptions for up to 30,000,000 Placement Shares representing approximately 19.94% of the issued share capital of the Company as at the date of this announcement, at the Placement Price.

The Placement Price represents a discount of 6.25% to the weighted average price of S\$0.08 for trades done on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the full market day on 19 January 2010, being the full market day preceding the date on which the Placement Agreement was signed. There were no trades done on the SGX-ST on 20 January 2010. The Placement Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued ordinary shares of US\$0.01 each in the capital of the Company (the "**Shares**"), except for any dividends, rights, allotments or other distributions the record date of which falls on or before the date of issue of the Placement Shares.

The approval of the shareholders of the Company (the "**Shareholders**") for the issuance of shares not exceeding 20% of the total number of issued shares on a non-*pro rata* basis was obtained by way of a shareholders' resolution (the "**Resolution**") passed at the Annual General Meeting of the Company held on 31 July 2009.

**Rationale for the Placement**

The Proposed Placement will result in an injection of funds into the Company and will increase its working capital to fund its business operation and growth.

**Financial Effects of the Proposed Placement**

As at the date of this announcement, the issued and paid-up ordinary share capital of the Company is approximately US\$1,504,226 comprising 150,422,582 Shares. When completed and assuming that all the 30,000,000 Placement Shares are issued, the Proposed Placement will increase the existing issued and paid-up ordinary share capital of the Company by 19.94% to approximately US\$1,804,226 comprising 180,422,582 Shares.

Based on the consolidated balance sheet of the Company and its subsidiaries (the "**Group**") as at 31 March 2009 and assuming that all the 30,000,000 Placement Shares are issued, the issue of the Placement Shares will increase the number of Shares of the Company from 150,422,582 Shares to 180,422,582 Shares. The consolidated net tangible assets ("**NTA**") per Share as at 31 March 2009 was US cents 1.03. After adjusting for the issue of 30,000,000 Placement Shares at the Placement Price, the Group NTA per Share would be US cents 1.76.

Based on the consolidated income statement of the Group for the financial year ended 31 March 2009, the loss per Share was US cents 3.67. After adjusting for the issue of 30,000,000 Placement Shares at the Placement Price, the loss per Share of the Group would be US cents 3.06. The Directors are of the opinion that the Proposed Placement would not guarantee a positive effect on the earning per Share. As and when the net proceeds from the Proposed Placement are deployed, the effect on the earnings per Share of the Company will depend on the returns or earnings, if any, generated from such deployment.

The Directors are of the opinion after taking into consideration the cash and cash equivalents, and cash used in operations, that the working capital available to the Group is sufficient to meet its present requirements at the date of this announcement.

#### **Use of Proceeds**

The estimated net proceeds from the Proposed Placement (the "**Net Proceeds**"), after deducting estimated expenses, will amount to approximately up to S\$2.1 million.

The Company intends to utilise all the Net Proceeds for the Company's working capital.

As and when any significant amount of the Net Proceeds is disbursed or deployed, the Company will make the necessary announcements on SGXNET and subsequently provide a status report on the use of such Net Proceeds in its annual report. Pending the deployment of the Net Proceeds for the use mentioned above, the Net Proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

#### **Conditions Precedent**

The Proposed Placement is subject to certain conditions precedent more particularly set out in the Placement Agreement, including without limitation, the in-principle approval for the listing and quotation of the Placement Shares on the SGX-ST being obtained from the SGX-ST.

An application for the listing of and quotation for the Placement Shares will be made to the SGX-ST and the Company will make the necessary announcement once in-principle approval has been obtained.

#### **No Prospectus or Offer Information Statement to be issued**

The Proposed Placement will be undertaken by way of private placement in accordance with Section 272B 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 Placement.

4. **INTEREST OF THE DIRECTORS, CONTROLLING SHAREHOLDERS AND/OR SUBSTANTIAL SHAREHOLDERS**

None of the Placement Shares will be placed by the Company to any person who is a director or a substantial shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the SGX-ST Listing Manual. None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement (other than through their shareholdings in the Company).

By Order of the Board of  
NeteLusion Limited

Ng Lai Yick  
Executive Chairman

20 January 2010