

LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700318G)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

- 1.1 **Rights Issue.** The Board of Directors (“**Directors**”) of Ley Choon Group Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 148,101,749 new ordinary shares of the Company (“**Rights Shares**”), at an issue price of S\$0.040, for each Rights Share (“**Issue Price**”), on the basis of one (1) Rights Share for every four (4) existing ordinary shares of the Company (“**Shares**”) held by Entitled Shareholders (as defined below) as at the date and time to be determined by the Directors, at and on which the register of members and the transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders (the “**Books Closure Date**”) under the Rights Issue, fractional entitlements to be disregarded. The Rights Issue is subject to, *inter alia*, the approvals set out in paragraph 5 below.
- 1.2 **Share Issue Mandate.** The issue of the Rights Shares is proposed to be made pursuant to the authority granted by the shareholders of the Company (“**Shareholders**”) under the share issue mandate (“**Share Issue Mandate**”) at the Annual General Meeting of the Company held on 29 May 2015 (“**2015 AGM**”), pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Share Issue Mandate authorised, *inter alia*, the Directors to allot and issue shares and convertible securities of not more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing Shareholders does not exceed 20% of the total number of issued shares, excluding treasury shares) in the capital of the Company.

As at the date of approval for the Share Issue Mandate, the Company’s issued share capital comprised 592,406,996 Shares (excluding treasury shares). The number of Shares that may be issued on a *pro rata* basis to Shareholders pursuant to the Share Issue Mandate obtained at the 2015 AGM is therefore 296,203,498 Shares. As the maximum number of Rights Shares to be issued pursuant to the Rights Issue is 148,101,749 Rights Shares, and given that no Shares have been issued pursuant to the Share Issue Mandate since the 2015 AGM, the Company will not be seeking specific approval from the Shareholders for the Rights Issue as the basis of the Rights Issue falls within the limit of the Share Issue Mandate.

2. IRREVOCABLE UNDERTAKING

- 2.1 **Irrevocable Undertaking:** As at the date of this announcement, Zheng Choon Holding Pte. Ltd. (the “**Undertaking Shareholder**”) is the legal and beneficial owner of 312,579,500 Shares (“**Direct Shares**”), representing approximately 52.76% of the existing issued share capital of the Company of 592,406,996 Shares as at the date of this announcement (“**Existing Share Capital**”). In order to show its support for the Rights Issue and to demonstrate its commitment and confidence in the prospect of the Group, the Undertaking Shareholder had on 29 June 2015, pursuant to a deed of undertaking, irrevocably and unconditionally undertaken to the Company, *inter alia*, (the “**Undertaking**”):
- (a) to fully subscribe and/or procure subscription for its pro rata Rights Shares entitlements (based on the Direct Shares) under the Rights Issue which amounts to an aggregate of 78,144,875 Rights Shares;

- (b) it will remain the legal and beneficial owner of the Direct Shares and will continue to hold a direct interest in the Direct Shares from the date of the Undertaking until and including the last date for the acceptance and payment of the Rights Issue (the "**Closing Date**") and it will not to transfer, sell or otherwise dispose of any or all of its Shares from the date of the Undertaking until the Books Closure Date;
- (c) that it has sufficient funds (whether by way of credit facilities available to it or otherwise) to subscribe for or to procure the subscription for an aggregate of up to 78,144,875 Rights Shares and shall procure a confirmation from the relevant financial institutions that it has sufficient financial resources to fulfill its obligations pursuant to the Undertaking; and
- (d) to do or procure the doing of all such acts, provide all such information, confirmations, undertakings and certificates and execute or procure the execution of all such documents which are within its power to do or provide and as may be necessary and/or pursuant to any requirements of SGX-ST, the Monetary Authority of Singapore (the "**Authority**"), the Securities Industry Council ("**SIC**") and/or any other regulatory authorities in Singapore in relation to the Rights Issue and all matters set out in the relevant paragraph of the Undertaking.

2.2 The Undertaking by the Undertaking Shareholder as set out above are subject to and conditional upon the following:

- (a) the approval in-principle having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the Closing Date) for the listing of and quotation for the Rights Shares on the SGX-ST Mainboard and, if such approval is granted subject to conditions, such conditions being acceptable to the Company; and
- (b) the lodgment of the Offer Information Statement (as set out in detail below) together with all other accompanying documents by the Company with the Authority.

2.3 For illustrative purpose only, based on the assumption all the Entitled Shareholders (as defined herein) subscribe in full for their pro rata Rights Shares under the Rights Issue ("**Maximum Scenario**"), up to 148,101,749 Rights Shares will be issued under the Rights Issue.

2.4 For illustrative purpose only, based on the assumption that (i) none of the other Entitled Shareholders (as defined herein) subscribes for their pro rata Rights Shares under the Rights Issue and (ii) the Undertaking Shareholder is required to subscribe for up to an aggregate of 78,144,875 Rights Shares ("**Minimum Scenario**"), up to 78,144,875 Rights Shares will be issued under the Rights Issue.

2.5 Based on the terms of the Rights Issue and the Undertaking, the interest of the Undertaking Shareholder immediately after the close of the Rights Issue will be approximately:

- (a) under the Minimum Scenario, 58.27% of the Minimum Enlarged Share Capital (as defined below); and
- (b) under the Maximum Scenario, 52.76% of the Maximum Enlarged Share Capital (as defined below).

3. RATIONALE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

3.1 **Rationale of the Rights Issue.** The Rights Issue has been proposed to raise funds towards improving the Group's working capital position, strengthen the Group's financial position and thereby provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans. A stronger financial position will also allow the Group to seize

any opportunities for business growth and expansion into other business area in a timely manner as and when opportunities arise.

- 3.2 **Use of Proceeds.** The estimated net proceeds (the “**Net Proceeds**”) are expected to be approximately S\$5.7 million under the Maximum Scenario and S\$2.9 million under the Minimum Scenario. The Company intends to use the entire Net Proceeds from the Rights Issue under both the Maximum Scenario and the Minimum Scenario for working capital.
- 3.3 Pending the deployment of the Net Proceeds for working capital, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group. The Company will make periodic announcements on the utilisation of such proceeds from the Rights Issue as the funds from the Rights Issue are materially disbursed and provide a status report on the use of the proceeds in the Company’s annual report. Where the proceeds have been used for working capital, the Company will also provide a breakdown with specific details on the use of proceeds for working capital in the announcements and status reports.

4. **PRINCIPAL TERMS OF THE RIGHTS ISSUE**

- 4.1 **Terms.** The Company is proposing the Rights Issue to be offered on a renounceable non-underwritten basis to Entitled Shareholders (as defined below) on the basis of one (1) Rights Share for every four (4) existing Shares held by Entitled Shareholders (as defined below) as at the Books Closure Date, fractional entitlements to be disregarded.
- 4.2 **Issue Price.** The Issue Price is proposed to be S\$0.040 per Rights Share. The Issue Price represents a discount of:
- (a) approximately 38.5% to the closing market price of S\$0.065 per Share for trades done on the SGX-ST on 26 June 2015, being the last trading day of the Shares on which the Shares were transacted on the SGX-ST prior to this announcement (no Shares were traded on 29 June 2015); and
 - (b) approximately 33.3% to the theoretical ex-rights price of S\$0.06 per Share (“**Theoretical Ex-Rights Price**”). The Theoretical Ex-Rights Price per Share is equal to the sum of the market capitalisation of the Company based on the closing market price of S\$0.065 per Share on the SGX-ST on 26 June 2015, being the last trading day of the Shares on the SGX-ST prior to this announcement.
- 4.3 **Size.** Based on the number of Existing Share Capital of the Company of 592,406,996 Shares, as at the date of this announcement, and taking into account the Undertaking, the changes in the Existing Share Capital of the Company are as follows:
- (a) up to 148,101,749 Rights Shares will be issued under the Rights Issue under the Maximum Scenario and upon completion of the Rights Issue, the share capital of the Company will be increased from 592,406,996 Shares to 740,508,745 Shares (“**Maximum Enlarged Share Capital**”); and
 - (b) up to 78,144,875 Rights Shares will be issued under the Rights Issue under the Minimum Scenario, and upon completion of the Rights Issue, the share capital of the Company will be increased from 592,406,996 Shares to 670,551,871 Shares (“**Minimum Enlarged Share Capital**”).
- 4.4 **Eligibility of Shareholders to Participate in the Rights Issue.** The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Rights Issue (“**Entitled Shareholders**”), comprising Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the offer information statement to be issued for the Rights Issue (the “**Offer Information Statement**”)

together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the Central Depository (Pte) Limited (“**CDP**”) or the Share Registrar (as defined below), as the case may be.

- 4.5 **Entitled Depositors.** Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents (“**Entitled Depositors**”).

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

Entitled Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide CDP, with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore time) on the date being five (5) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

- 4.6 **Entitled Scripholders.** Entitled Scripholders are Shareholders whose share certificates are not deposited with CDP and persons who have tendered to the Company's share registrar, M & C Services Private Limited (“**Share Registrar**”) valid transfers of their shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Share Registrar are in Singapore as at the Books Closure Date or who have, at least five (5) market days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the services of notices and documents (“**Entitled Scripholders**”).

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered to determine the transferee's provisional allotments of Rights Shares entitlements.

Entitled Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, must provide the Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore time) on the date being five (5) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

- 4.7 **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore and who have not, at least five (5) Market Days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Offer Information Statement to be issued for the Rights Issue and accompanying documents will not be mailed outside Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of Rights Shares has been made to Foreign Shareholders and no purported acceptance thereof or application for any Excess Rights Shares therefore by any Foreign Shareholder will be valid.

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the discretion of the Company, be sold “nil-paid” on the SGX-ST, as soon as practicable, after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds

from all such sales, after deduction of all expenses therefrom, will be dealt with in accordance with the terms set out in the Offer Information Statement.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE REGISTRAR, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST FIVE (5) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.

- 4.8 **CPF Investment Scheme.** Persons who bought their Shares previously using their Central Provident Fund account savings (“**CPF Funds**”) may only use the same for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable rules and regulations of the Central Provident Fund (“**CPF**”). Such persons who wish to accept their provisional allotments of Rights Shares will need to instruct the respective CPF agent banks where they hold their CPF investment accounts, to accept their provisional allotment of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. CPF Funds
- 4.9 **Provisional Allotments.** Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue. Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share) will be aggregated and issued to satisfy applications, if any, for Excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of Excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares. The Company will also not make any allotment or issuance of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by the Shareholders at a general meeting.
- 4.10 **Offer Information Statement.** The terms and conditions of the Rights Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the Authority and despatched by the Company to Entitled Shareholders in due course.
- 4.11 **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.
- 4.12 **Non-Underwritten Rights Issue.** In view of the Undertaking, and savings in costs enjoyed by the Company for not having to bear underwriting fees as well as there being no minimum amount to be raised from the Rights Issue, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.
- 4.13 **Odd Lots.** Shareholders who hold odd lots of the Rights Shares, and who wish to trade in odd lots on the SGX-ST Mainboard should note that they will be able to do so on the Unit Share Market.
- 4.14 **Option to Scale Down Subscription.** Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for its pro-rata Rights Shares entitlement and/or apply for Excess Rights Shares) to avoid placing the relevant Shareholder (including the Substantial Shareholder) and parties acting in concert with him/her/it (as defined in the Singapore Code of Takeovers and Mergers

(the “Code”)) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares entitlements fully.

5. APPROVALS

The Rights Issue is subject to, *inter alia*, the following:

- (a) the receipt of the approval in-principle of the SGX-ST for the listing of and quotation for the Rights Shares on the Official List of the Main Board of the SGX-ST; and
- (b) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) with the Authority.

An application will be made by the Company to obtain the SGX-ST’s approval for the listing of and quotation for the Rights Shares. An appropriate announcement on the outcome of the application will be made in due course.

6. GENERAL

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem appropriate. Subject to Section 5 above, an Offer Information Statement containing further details on the Rights Issue will be lodged with the Authority and despatched to Entitled Shareholders in due course.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for Mr Toh Choo Huat, Mr Toh Swee Kim and Mr Toh Chew Leong who are directors and shareholders of the Undertaking Shareholder, none of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer
29 June 2015