
PROPOSED PLACEMENT OF 119,402,900 NEW SHARES TO THE PLACEE (DEFINED BELOW)

1. TERMS OF PLACEMENT

- 1.1 The Board of directors (the “**Board**” or “**Directors**”) wishes to announce that the Company has on 2 February 2015, entered into a placement agreement dated 2 February 2015 (“**Placement Agreement**”) with HD Capital Holding Pte Ltd (the “**Placee**”), whereby the Placee has, *inter alia*, agreed to subscribe for an aggregate of 119,402,900 new ordinary shares in the capital of the Company (“**Placement Shares**”) at the issue price of S\$0.0335 per Placement Share, subject to and upon the terms of the Placement Agreement (which includes but is not limited to the condition precedents as set out in paragraph 3 below) (“**Proposed Placement**”).
- 1.2 The rationale for the Placement is to allow the Company to raise the Net Proceeds (as defined below) which will be used for general working capital and selected acquisitions in China.
- 1.3 The aggregate consideration for the subscription by the Placee, and the allotment and issue by the Company of the Placement Shares shall be the cash sum of S\$0.0335 per Placement Share, forming an aggregate consideration of S\$3,999,997 (the “**Consideration**”) for all of the Placement Shares. The Placee has, upon signing the Placement Agreement, deposited a few post-dated cheques with the Company, which collectively amount to an aggregate of S\$3,999,997.
- 1.4 The Company will be making an application to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing and quotation of the Placement Shares on the SGX-ST and will make the necessary announcements once the approval in-principal of the listing and quotation of the Placement Shares have been obtained from the SGX-ST.
- 1.5 The Placement Shares will not be issued to transfer a controlling interest of the Company and none of the Placement Shares will be placed to any person or groups of person prohibited by SGX-ST as set out under Rule 812 of the SGX-ST Listing Manual.
- 1.6 The issue price of S\$0.0335 for each Placement Share represents a discount of less than 10% to the volume weighted average price of S\$0.0374 for trades done on the ordinary shares in the capital (“**Shares**”) of the Company on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for five traded days prior to and including 2 February 2015 (being the market day on which the Placement Agreement was signed).
- 1.7 The issue and allotment of the Placement Shares is subject to shareholder approval. The Company will convene an extraordinary general meeting (“**EGM**”) to seek shareholders’ approval for the issuance and allotment of the Placement Shares, and will not be relying on the general mandate obtained at the annual general meeting of the Company held on 30 April 2014 which authorises the Directors of the Company pursuant to Rule 806 of the Listing Manual of the SGX-ST, to allot and issue new Shares in the capital of the Company in accordance with, and subject to, the provisions of Rule 806 of the Listing Manual, for the issuance and allotment of the Placement Shares.
- 1.8 Pursuant to the allotment and issue of the Placement Shares, the existing issued share capital of the Company (excluding treasury shares) will increase from 483,222,128 Shares to 602,625,028 Shares. The Placement Shares will represent (i) approximately 24.71% of the existing issued and paid-up share capital of the Company as at the date of this announcement; and (ii) approximately 19.81% of the enlarged issued and paid-up share capital of the Company after the issue of the Placement Shares.
- 1.9 The Placement Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever, are uniform and shall rank *pari passu* in all respects with and carry all rights similar to the existing issued ordinary shares in the capital of the Company save for any dividends, rights,

allotments or other distributions, the date in relation to any dividends, rights, allotments or other distributions, as at the close of business (or such other time as may have been notified by the Company) on which shareholders of the Company must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions, for which falls before the date of issue of the Placement Shares.

- 1.10 An arranger fee of S\$200,000 was paid to Han Bing (the “**Arranger**”) representing 5% of the aggregate gross consideration of S\$3,999,997 and was negotiated on a willing-seller willing-buyer basis. No part of the commission will be shared with the Placee.

2. ABOUT THE PLACEE

Name of Placee	Number of Placement Shares ('000)	Details on how the Placee was identified	Background and rationale for the Placee's subscription of the Placement Shares
HD Capital Holding Pte Ltd	119,402,900	Introduced by the introducer	Investment holding company that has invested in the Placement for investment purposes

The Placee, along with other potential investors, is an investor who has no connection (including business relationships) with the Company, its Directors and substantial shareholders, and are is not a person to whom the Company is prohibited from issuing shares to, as provided by Rule 812 of the Listing Manual. The Placee expressed interest to invest in the Company and, after negotiations, the Company agreed to place the Placement Shares to the Placee. As at the date of this announcement, the Placee does not hold any Shares in the Company.

To the best of the Company's knowledge, there is no agreement, arrangement or understanding between the Placee and any other shareholder of the Company to acquire Shares to obtain or consolidate effective control of the Company, and the Placee is not parties acting in concert with any other Placee or shareholder of the Company, as defined in The Singapore Code on Take-Overs and Mergers.

3. CONDITIONS PRECEDENT

The Proposed Placement is conditional upon:

- (a) approval for the listing and quotation of the Placement Shares on the SGX-ST being obtained from the SGX-ST and, where such approval is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), such conditions being acceptable to the Company and, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before the completion date, they are so fulfilled;
- (b) the approval of the Directors being obtained in respect of the transactions contemplated by the Placement Agreement including but not limited to the issue and allotment of the Placement Shares, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the parties hereto;
- (c) the approval of the Shareholders for the issuance and allotment of the Placement Shares to the Placee being obtained in a general meeting;
- (d) the subscription, issue and allotment, and offering (if any) of the Placement Shares being in compliance with the Securities and Futures Act (Cap 289) in connection with offers of securities and not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore.

If any of the conditions set forth above is not satisfied on or before two (2) months (or such other later date as the parties may agree) (the “**Long-Stop Date**”) after the date of the Placement Agreement,

- (i) the Company shall pay the Consideration received by the Company from the Placee to the Placee without interest within three (3) market days of the Long-Stop Date; and
- (ii) the Placement Agreement shall ipso facto cease and determine thereafter and none of the parties shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise.

4. PROCEEDS FROM PROPOSED PLACEMENT

- 4.1 The estimated net proceeds from the Proposed Placement, after deducting estimated expenses pertaining to the Proposed Placement, will be S\$3,799,997. The net proceeds arising from this Placement shall be used for general working capital and investment.
- 4.2 Pending deployment of net proceeds from the Proposed Placement, the net proceeds may be placed in deposits with banks and/or financial institutions as the Directors may deem fit in their absolute discretion.
- 4.3 The Company will make periodic announcements on the utilisation of proceeds from the Proposed Placement as and when the funds from the Proposed Placement are materially disbursed and provide a status report of the use of proceeds from the Proposed Placement in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

5. FINANCIAL EFFECTS

For illustration purposes only, the table below sets out the financial effects of the Proposed Placement based on the following bases and assumptions:-

- (i) The audited consolidated financial statements of the Company for the financial year ended 31 December 2013; and
- (ii) The financial impact on the consolidated net tangible assets ("NTA") per Share of the Company is computed based on the assumption that the Proposed Placement was completed on 31 December 2013 and in relation to the Company's consolidated earnings per Share ("EPS"), computed based on the assumption that the Proposed Placement was completed on 1 January 2013

	Before the Proposed Placement	After the Proposed Placement
Share capital		
- Issued and paid up share capital (S\$)	71,039,468	75039465
- Number of Shares	483,222,128	602,625,028
NTA (S\$'000)	(20,663)	(16,863)
NTA per Share (S\$ cents)	(4.88)	(0.01)
EPS (S\$ cents) ⁽¹⁾	(0.06)	(0.05)
Earnings attributable to equity holders of the Company (S\$'000)	25,107	25,107
Weighted average number of shares used to calculate diluted earnings ('000)	388.5	514.2

Note: (1) EPS is calculated by dividing the Company's consolidated net earnings attributable to equity holders of the Company by the weighted average number of ordinary shares.

The financial effects of the Proposed Placement on the Company and the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Company and the Group after the completion of the Proposed Placement.

6. RULE 812 AND INTERESTED PERSONS

The Placee does not fall within the persons or groups of persons disallowed by the SGX-ST as set out under Rule 812 of the SGX-ST Listing Manual or are interested persons under Chapter 9 of the SGX-ST Listing Manual.

7. CHANGES IN SHAREHOLDING STRUCTURE

The Placement Shares will represent approximately 4.0% of the enlarged issued and paid-up share capital of the Company after the completion of the Proposed Placement. Based on the issued share capital of the Company as at the date hereof, the following table sets out the impact on the percentage shareholding of existing Shareholders following completion of the Proposed Placement:

<u>Substantial Shareholders</u>	<u>Before the Proposed Placement</u>				<u>After the Proposed Placement</u>			
	<u>Direct Interest</u>		<u>Deemed Interest</u>		<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
<u>Existing Shareholders</u>								
Mitsubishi Electric Asia Pte Ltd	35,000, 000	7.24	-	-	35,000,000	5.81	-	-
Mitsubishi Electric Corporation	-	-	35,000,000	7.24	-	-	35,000,000	5.81
Mitsui & Co Ltd	26,495, 000	5.48	-	-	26,495,000	4.40	-	-
<u>The Placee</u>								
HD Capital Holding Pte Ltd	-	-	-	-	115,942,000	19.8 1	-	-

The Placement Shares will represent approximately 19.81% of the enlarged issued and paid-up share capital of the Company after the completion of the Proposed Placement. Based on the issued share capital of the Company as at the date hereof, the following table sets out the impact on the percentage shareholding of the Directors following completion of the Proposed Placement:

<u>Directors</u>	<u>Before Proposed Placement</u>				<u>After Proposed Placement</u>			
	<u>Direct Interest</u>		<u>Deemed Interest</u>		<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
Michael Ong Liang Huat	5,057,800	1.10	-	-	5,057,800	0.88	-	-
Yeung Koon Sang @David Yeung	214,000	0.04	-	-	214,000	0.04	-	-
Siew Chak Hung	4,000,000	0.83	-	-	4,000,000	0.66	-	-
Pang Toh Kang	-	-	30,000	0.01	-	-	30,000	0.00
Tan Choon Hock	-	-	-	-	-	-	-	-

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company have, to the best of their knowledge, any connection with the Placee or its directors or substantial shareholders.

9. RESPONSIBILITY STATEMENT

- 9.1 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 Proposed Placement, and 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.
- 9.2 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.

Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out above and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Lun Chee Leong
Company Secretary
3 February 2015