

## ASIA FASHION HOLDINGS LIMITED

(Company Registration No. 41195)

(Incorporated in Bermuda)

---

**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 85,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.112 (AN EQUIVALENT TO APPROXIMATELY HK\$0.65) FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE IN THE CAPITAL OF THE COMPANY HELD BY THE ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

---

### 1. INTRODUCTION

#### 1.1. Basis of the Rights Issue

The board of directors (the "**Directors**" or the "**Board**") of Asia Fashion 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 85,500,000 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.112 (an equivalent to approximately HK\$0.65) for each Rights Share (the "**Issue Price**"), on the basis of one (1) Rights Shares for every one (1) existing ordinary share in the capital of the Company (the "**Shares**") held by the shareholders of the Company (the "**Shareholders**") as at a time and date to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders (as defined below) under the Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded. The Rights Issue cannot be withdrawn after the commencement of ex-rights trading.

#### 1.2. Share Issue Mandate

The issue of the Rights Shares is proposed to be made pursuant to the share issue mandate, with an enhanced rights issue limit, authorising the Directors to issue up to 100% of the total number of issued Shares by way of a renounceable rights issue, on a pro rata basis to Shareholders (the "**Enhanced Rights Issue Limit**"), approved by Shareholders at the annual general meeting of the Company held on 31 October 2017 ("**2017 AGM**") (the "**Share Issue Mandate**"). Pursuant to the Share Issue Mandate, with the Enhanced Rights Issue Limit, the Directors are authorised, *inter alia*, to issue up to 100% of the total number of issued Shares by way of a renounceable rights issued on a pro rata basis to Shareholders.

The Company will be utilising the Enhanced Rights Issue Limit to issue the Rights Shares.

Accordingly, the Company will not be seeking specific approval from the Shareholders for the Rights Issue as the basis of the Rights Issue is within the limit of the Enhanced Rights Issue Limit.

### 2. IRREVOCABLE UNDERTAKINGS

2.1. To show their support for the Rights Issue and to demonstrate their commitment to and confidence in the Company, several Shareholders, namely Yong Tai Investment Company Limited, Mr. Hu Zhen, Mr. Li Zheng, Ms. Li Yu Huan and Ms. Dai Ju Yun (collectively, the "**Undertaking Shareholders**") have given certain irrevocable undertaking deeds to the Company (collectively, the "**Irrevocable Undertakings**"). Details of the Irrevocable Undertakings are set out below.

2.2. As at the date of this Announcement, Yong Tai Investment Company Limited, a controlling shareholder of the Company, holds an aggregate of 14,765,797 Shares (the "**YTIC Shares**"), representing 17.27% of the existing share capital of the Company. Accordingly, Yong Tai Investment Company Limited will be entitled to subscribe for an aggregate of 14,765,797 Rights Shares (the

“**YTIC Entitled Rights Shares**”). Pursuant to a deed of irrevocable undertaking dated 8 December 2017, Yong Tai Investment Company Limited has undertaken to, *inter alia*:

- (a) subscribe and pay for and/or procure the subscription and payment of the YTIC Entitled Rights Shares; and
- (b) within such time and date to be informed by the Company to it (to the extent permitted by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), CDP or any relevant authority), and in accordance with the terms of the Rights Issue, to make excess applications and payment for up to 6,000,000 Excess Rights Shares (as defined below) (“**YTIC Excess Shares Obligation**”) that remain unsubscribed for by the Entitled Shareholders at the closing date of the Rights Issue after satisfying all applications and excess applications (if any) for the Rights Shares, provided that its total shareholding in the Company shall remain less than 30% of the total enlarged number of issued shares (excluding treasury shares) in the Company.

2.3. As at the date of this Announcement, Mr. Hu Zhen, a substantial shareholder of the Company, holds an aggregate of 12,000,000 Shares (the “**HZ Shares**”), representing 14.03% of the existing share capital of the Company. Accordingly, Mr. Hu Zhen will be entitled to subscribe for an aggregate of 12,000,000 Rights Shares (the “**HZ Entitled Rights Shares**”). Pursuant to a deed of irrevocable undertaking dated 8 December 2017, Mr. Hu Zhen has undertaken to, *inter alia*:

- (a) subscribe and pay for and/or procure the subscription and payment of the HZ Entitled Rights Shares; and
- (b) within such time and date to be informed by the Company to it (to the extent permitted by the SGX-ST, CDP or any relevant authority), and in accordance with the terms of the Rights Issue, to make excess applications and payment for up to 1,500,000 Excess Rights Shares (as defined below) (“**HZ Excess Shares Obligation**”) that remain unsubscribed for by the Entitled Shareholders at the closing date of the Rights Issue after satisfying all applications and excess applications (if any) for the Rights Shares, provided that his total shareholding in the Company shall remain less than 15% of the total enlarged number of issued shares (excluding treasury shares) in the Company.

2.4. As at the date of this Announcement, Mr. Li Zheng, a substantial shareholder of the Company, holds an aggregate of 9,000,000 Shares (the “**LZ Shares**”), representing 10.53% of the existing share capital of the Company. Accordingly, Mr. Li Zheng will be entitled to subscribe for an aggregate of 9,000,000 Rights Shares (the “**LZ Entitled Rights Shares**”). Pursuant to a deed of irrevocable undertaking dated 8 December 2017, Mr. Li Zheng has undertaken to, *inter alia*:

- (a) subscribe and pay for and/or procure the subscription and payment of the LZ Entitled Rights Shares; and
- (b) within such time and date to be informed by the Company to it (to the extent permitted by the SGX-ST, CDP or any relevant authority), and in accordance with the terms of the Rights Issue, to make excess applications and payment for up to 7,500,000 Excess Rights Shares (as defined below) (“**LZ Excess Shares Obligation**”) that remain unsubscribed for by the Entitled Shareholders at the closing date of the Rights Issue after satisfying all applications and excess applications (if any) for the Rights Shares, provided that his total shareholding in the Company shall remain less than 15% of the total enlarged number of issued shares (excluding treasury shares) in the Company.

2.5. As at the date of this Announcement, Ms. Dai Ju Yun, a substantial shareholder of the Company, holds an aggregate of 7,000,000 Shares (the “**DJY Shares**”), representing 8.19% of the existing share capital of the Company. Accordingly, Ms. Dai Ju Yun will be entitled to subscribe for an aggregate of 7,000,000 Rights Shares (the “**DJY Entitled Rights Shares**”). Pursuant to a deed of irrevocable undertaking dated 8 December 2017, Ms. Dai Ju Yun has undertaken to, *inter alia*:

- (a) subscribe and pay for and/or procure the subscription and payment of the DJY Entitled Rights Shares; and

- (b) within such time and date to be informed by the Company to it (to the extent permitted by the SGX-ST, CDP or any relevant authority), and in accordance with the terms of the Rights Issue, to make excess applications and payment for up to 10,000,000 Excess Rights Shares (as defined below) (“**DJY Excess Shares Obligation**”) that remain unsubscribed for by the Entitled Shareholders at the closing date of the Rights Issue after satisfying all applications and excess applications (if any) for the Rights Shares, provided that her total shareholding in the Company shall remain less than 15% of the total enlarged number of issued shares (excluding treasury shares) in the Company.

2.6. As at the date of this Announcement, Ms. Li Yu Huan, a substantial shareholder of the Company, holds an aggregate of 6,274,835 Shares (the “**LYH Shares**”), representing 7.34% of the existing share capital of the Company. Accordingly, Ms. Li Yu Huan will be entitled to subscribe for an aggregate of 6,274,835 Rights Shares (the “**LYH Entitled Rights Shares**”). Pursuant to a deed of irrevocable undertaking dated 8 December 2017, Ms. Li Yu Huan has undertaken to, *inter alia*:

- (a) subscribe and pay for and/or procure the subscription and payment of the LYH Entitled Rights Shares; and
- (b) within such time and date to be informed by the Company to it (to the extent permitted by the SGX-ST, CDP or any relevant authority), and in accordance with the terms of the Rights Issue, to make excess applications and payment for up to 11,459,368 Excess Rights Shares (as defined below) (“**LYH Excess Shares Obligation**”) that remain unsubscribed for by the Entitled Shareholders at the closing date of the Rights Issue after satisfying all applications and excess applications (if any) for the Rights Shares, provided that her total shareholding in the Company shall remain less than 15% of the total enlarged number of issued shares (excluding treasury shares) in the Company.

2.7. The Irrevocable Undertakings provide that the Company may reduce the subscription of the Rights Shares by each of the Undertaking Shareholders to (i) avoid placing any of them in a position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers (the “**Code**”), and (ii) avoid the obligation of seeking Shareholder approval at general meeting in respect of any of their subscription for the Rights Shares (if applicable).

2.8. In addition to the above, pursuant to the terms of the respective Irrevocable Undertakings, each of the Undertaking Shareholders has also made, *inter alia*, the following undertakings/confirmations in favour of the Company:

- (a) that none of the Shares in which he/she currently has an interest (directly or indirectly), will be sold, transferred or otherwise disposed of during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares without the prior written consent of the Company;
- (b) that as at the Books Closure Date, his/her total shareholding in the Company will not be less than the YTIC Shares, HZ Shares, LZ Shares, DJY Shares or the LYH Shares (as the case may be);
- (c) that he/she will, in connection with the acceptances, forward to the Company on the same day of acceptance and application, a copy of such acceptance and application and, in each case, evidence of payment;
- (d) that he/she acknowledges that the Company is not obliged to proceed with the Rights Issue and the Company shall have the right to vary any of the terms of the Rights Issue and that his/her undertaking will remain in force notwithstanding such variation and that the final terms and conditions of the Rights Issue will be set out in the offer information statement and the accompanying documents to be issued in connection with the Rights Issue. The Irrevocable Undertakings will remain in full force and effect notwithstanding such variation;
- (e) that he/she has sufficient financial resources to subscribe for the Entitled Rights Shares and Excess Rights Shares in the manner contemplated in the Irrevocable Undertaking and will

provide, at the Company's request, a confirmation from a financial institution or such other documentation acceptable to the SGX-ST, for the purposes of Rule 877(9) of the Listing Manual of the SGX-ST (the "**Listing Manual**"), in a format that is reasonably acceptable to the Company, or such evidence as may be required by and acceptable to the Company, that he/she has the necessary and sufficient financial resources to carry out his/her obligations under the Irrevocable Undertaking by 18 December 2017 or such other later date as may be acceptable to the Company;

- (f) that as at the Books Closure Date, he/she will have a registered address in Singapore as set out in the records of the Company's share transfer agent or the records of CDP, as the case may be, or will provide to the Company or CDP, as the case may be, an address in Singapore for the service of notices and documents in connection with the Rights Issue at least three (3) market days on which the SGX-ST is open for securities trading ("**Market Day**") prior to the Books Closure Date;
- (g) that he/she will not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, securities of the Company while he/she is in possession of unpublished information that is not generally available to the public, but if it were, would be likely to materially affect the price of the Company's securities, including but not limited to, information in relation to the Rights Issue ("**Price Sensitive Information**");
- (h) that he/she will not communicate, or cause to be communicated, directly or indirectly, unpublished Price Sensitive Information to any other persons if he/she knows or ought to know, that the person is likely to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell securities of the Company;
- (i) that he/she will not make or permit the making of any announcements concerning or in connection with the Rights Issue or any matters relating thereto without the Company's prior written consent unless required by any law or regulation;
- (j) that he/she will not disclose to any person any information concerning or in connection with the Rights Issue or any matters relating thereto and shall make every effort to prevent the use or disclosure thereof, except where such disclosure is required pursuant to any applicable laws or any requirement of any competent governmental or statutory authority;
- (k) that he/she acknowledges and accepts that no representation and warranty is given by the Company, its subsidiaries, related companies and/or associated companies in relation to, or in connection with, the merits or otherwise of the Rights Issue or timing thereof, the Rights Shares, the subscription thereof, or as to the Shares, the Company, its subsidiaries, related companies and/or associated companies (including their respective financial or other conditions);
- (l) that he/she shall do and/or procure the doing of all such acts and things, provide all such information, confirmations, undertakings and/or certificates and execute and/or procure the execution of all such documents as may be reasonably required to give effect to the undertaking contained in the Irrevocable Undertaking (including but not limited to such information, confirmations, undertakings, certificates and/or documents as may be required by the SGX-ST, the Monetary Authority of Singapore, the Securities Industry Council and/or any other regulatory authorities in Singapore), and acknowledges that in not making any underwriting arrangements in respect of the Entitled Rights Shares, the Company will be relying on the representations, warranties and undertaking contained in the Irrevocable Undertaking and that time of performance on his/her part shall be of the essence in respect of the aforesaid and his/her other obligations under the Irrevocable Undertaking; and
- (m) that he/she shall indemnify the Company in respect of any loss, claim or damage (including, without limitation, legal costs on a full indemnity basis) that may be sustained by the Company as a result of or in connection with any breach of the representations, warranties and undertaking contained in the Irrevocable Undertaking.

- 2.9. The Irrevocable Undertakings shall lapse and cease to have any effect whatsoever in the event that the Rights Issue is not completed within six (6) months from the date of Irrevocable Undertakings (or such other date as the relevant Undertaking Shareholder and the Company may mutually agree in writing).
- 2.10. The Directors will take steps to ensure Rule 803 of the Mainboard Rules of the SGX-ST, on the restriction of transfer of controlling interest without prior approval of Shareholders in a general meeting, is complied with in their exercise of discretion to allot and issue any Rights Shares. Based on the Irrevocable Undertakings obtained above, there will be no transfer of controlling interest pursuant to the subscription by the Undertaking Shareholders of the Rights Shares pursuant to the Irrevocable Undertakings.
- 2.11. None of the Undertaking Shareholders will trigger an obligation under The Singapore Code on Takeovers and Mergers (the “**Code**”) to make a mandatory general offer based on their respective undertakings and in the event none of the other Shareholders subscribe for the Rights Shares.

### 3. PRINCIPAL TERMS

#### 3.1. Entitled Shareholders

The Rights Issue will be offered on a renounceable basis to Entitled Shareholders (as defined below) on the basis of one (1) Rights Share for every one (1) Share held by, or standing to the credit of the securities accounts of Entitled Shareholders with CDP as at the Books Closure Date, fractional entitlements to be disregarded.

#### 3.2. Size

Based on the existing issued share capital of the Company of 85,500,000 Shares as at the date of this Announcement, and taking into account the Irrevocable Undertakings, the changes in the share capital of the Company would be as follows:

- (a) When completed, on the assumption that all of the outstanding convertible bonds (the “**Convertible Bonds**”) issued to Mr. Dai Ji Zhou (“**Mr. Dai Ji Zhou**”) pursuant to the convertible bond agreement entered into between the Company and Mr. Dai Ji Zhou dated 25 November 2016, and as supplemented by the supplemental agreements dated 23 December 2016 and 23 March 2017, have been fully converted into conversion shares (the “**Conversion Shares**”), then:
- (i) the Rights Issue will increase the issued and paid up share capital of the Company to 178,260,000 Shares; and
  - (ii) the Rights Shares will collectively represent approximately 47.88% of the enlarged issued and paid-up share capital of the Company after the issue of the Rights Shares.
- (b) When completed, on the assumption that none of the outstanding Convertible Bonds have been converted into Conversion Shares, then:
- (i) the Rights Issue will increase the issued and paid up share capital of the Company to 171,000,000 Shares; and
  - (ii) the Rights Shares will collectively represent approximately 50.0% of the enlarged issued and paid-up share capital of the Company after the issue of the Rights Shares.

#### 3.3. Issue Price

The issue price of S\$0.112 (an equivalent to approximately HK\$0.65) for each Rights Share represents a discount of approximately 6.67% to the last transacted price and to the volume

weighted average price (“**VWAP**”) of S\$0.120 per Share on the Main Board of the SGX-ST on 11 December 2017 (being the date of this Announcement).

#### 3.4. **Status of the Rights Shares**

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. For this purpose, “**Record Date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or distributions.

#### 3.5. **Provisional allotments**

Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (the “**Excess Rights Shares**”).

Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of Excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots. 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 on the Board (whether direct or through a nominee) will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The Company will also not make any allotments or issuance of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

#### 3.6. **Offer Information Statement**

The terms and conditions of the Rights Issue are subject to such changes and such other terms and conditions as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement (the “**Offer Information Statement**”) (including the accompanying application forms) to be lodged with the Monetary Authority of Singapore and despatched by the Company to the Shareholders in due course.

#### 3.7. **Non-Underwritten Rights Issue**

In light of the Irrevocable Undertakings, and the savings in costs by the Company in respect of underwriting fees and commission, the Directors have decided to proceed with the Rights Issue on a non-underwritten basis.

### 4. **SCALING DOWN OF SUBSCRIPTIONS**

- 4.1. The Code regulates the acquisition of ordinary shares of, inter alia, corporations with a primary listing on the SGX-ST, including the Company. Except with the consent of the Securities Industry Council, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1.0% of the

voting rights in the Company in any six (6)-month period, must extend a mandatory general offer for the remaining Shares in the Company in accordance with the provisions of the Code.

- 4.2. 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 and parties acting in concert with him (as defined in 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. RATIONALE AND USE OF PROCEEDS

- 5.1. The Company is proposing to undertake the Rights Issue to raise funds towards improving the Company's working capital position, strengthen the Group's financial position and provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans. This would allow the Group to pursue opportunities for business growth and expansion as and when such opportunities arise.
- 5.2. The estimated net proceeds from the Rights Issue (the "**Net Proceeds**"), after deducting estimated expenses of approximately S\$0.18 million, are expected to be approximately S\$9.40 million. The entire Net Proceeds from the Rights Issue are intended to be utilised for the following purposes:

<b>Use of Proceeds</b>	<b>Amount (S\$'million)</b>	<b>Percentage Allocation (%)</b>
General working capital	7.05	75.0
Funding new projects or investments when opportunities arise for business growth and expansion	2.35	25.0
<b>Total</b>	<b>9.40</b>	<b>100.0</b>

- 5.3. 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.
- 5.4. The proceeds raised will be sufficient to meet the Company's present funding requirements.

## 6. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

### 6.1. Entitled Shareholders

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 together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of CDP or the Share Transfer Agent (as defined below), as the case may be.

## 6.2. **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 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 three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

## 6.3. **Entitled Scripholders**

Entitled Scripholders are Shareholders whose share certificates are not deposited with CDP and persons who have tendered to the Company's share transfer agent, M&C Services Private Limited ("**Share Transfer Agent**"), 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 Transfer Agent 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 Share Transfer Agent 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 Transfer Agent, 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 Transfer Agent, 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 three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

## 6.4. **Foreign Shareholders**

The Company, in its absolute discretion, may offer the Rights Shares to some or all of its foreign Shareholders subject to such terms and conditions as the Company may decide at its absolute discretion, provided that there is no violation of the laws or securities legislation of the relevant jurisdiction. Save as aforesaid, 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 as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to the Share Transfer Agent or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**").

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. The net proceeds arising from such sales after deducting all expenses will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made for amounts of less than S\$10.00 to any single Foreign Shareholder, and such amount shall be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their



absolute discretion deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the Share Transfer Agent in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Transfer Agent or CDP in respect of such sales or proceeds thereof, of such provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments. If such provisional allotments of Rights Shares cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the Share Transfer Agent in connection therewith.

**SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE TRANSFER AGENT, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.**

## **7. APPROVALS AND OTHER CONDITIONS TO THE RIGHTS ISSUE**

- 7.1. The proposed Rights Issue is subject to, *inter alia*, the following:
- (a) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Main Board of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the rights Shares under the Rights Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
  - (b) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Chapter 289) of Singapore with the Monetary Authority of Singapore.
- 7.2. The Company will be making an application to the SGX-ST for the permission to deal in and for the listing of and quotation for the Rights Shares on the SGX-ST.
- 7.3. The Offer Information Statement will also be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course after, *inter alia*, obtaining the approval in-principle of the SGX-ST.
- 7.4. The terms of the Rights Issue does not contravene any laws and regulations governing the Company and the Bye-laws of the Company. Appropriate announcements in relation to the above application, lodgement and despatch will be made in due course.

## **8. ENHANCED RIGHTS ISSUE LIMIT**

- 8.1. As disclosed in paragraph 1.2 of this Announcement, the Company had, at its 2017 AGM, obtained Shareholders' Approval for a Share Issue Mandate, with the Enhanced Rights Issue Limit and will be utilising the Enhanced Rights Issue Limit to issue the Rights Shares.
- 8.2. The Enhanced Rights Issue Limit, resulted from the modification by the SGX-ST of the requirement under Rule 806(2) of the Listing Manual by provisionally raising the limit for an issue of pro-rata renounceable rights shares of up to 100% of the share capital from 50% previously, was proposed by the Company at its 2017 AGM pursuant to Practice Note 8.3 of the Listing Manual.

8.3. Practice Note 8.3 of the Listing Manual, which took effect on 13 March 2017, provides guidance on the provisional waiver in relation to the limit on the aggregate number of shares and convertible securities that an issuer may issue on a pro rata basis pursuant to a general mandate under Rule 806(2) of the Listing Manual.

8.4. In accordance with the requirements of Practice Note 8.3, the Company confirms that:

- (a) this Announcement is made in compliance with, among others, Practice Note 8.3 of the Listing Manual;
- (b) the Company is utilising the Enhanced Rights Issue Limit to undertake the Rights Issue;
- (c) the Issue Price of S\$0.112 (an equivalent to approximately HK\$0.65) represents a discount of approximately 6.67% to the last transacted price and to the VWAP of S\$0.120 per Share on the Main Board of the SGX-ST on 11 December 2017 (being the date of this Announcement); and
- (d) the Company has undertaken the following equity fund raising exercises since one (1) year preceding the date of this Announcement:

Equity Fund raising exercise	(i) Description of equity funds raised	(ii) Date of issue of new securities	(iii) Amount raised (both gross and net)	(iv) Amount utilised and breakdown on use of proceeds	(v) Amount not utilised and how it is intended to be used
Issuance of Convertible Bonds	The Company issued Convertible Bonds to Mr. Dai Ji Zhou on 2 June 2017 for an aggregate principal amount of S\$2,100,000.	2 June 2017	Gross - S\$2,100,000 Net - S\$2,020,000	Please refer to the Company's announcement dated 16 August 2017 for more details (attached as Annex A hereto).	Not Applicable as the proceeds have been fully utilised.
Placement of Shares	The Company issued 35,000,000 Shares on 5 June 2017 in connection with the placement of Shares to each of Hu Zhen, Li Zheng, Ng Wa Pang and Dai Ju Yun for a total of S\$3,850,000 in gross placement proceeds.	5 June 2017	Gross - S\$3,850,000 Net - S\$3,750,000	Please refer to the Company's announcement dated 16 August 2017 for more details (attached as Annex A hereto).	Not Applicable as the proceeds have been fully utilised.

The Board is of the view that the Rights Issue is in the interest of the Company as it would, as set out in section 5 of this Announcement, enable the Company to raise funds towards improving the Company's working capital position, strengthen the Group's financial position and provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans, which would allow the Group to pursue opportunities for business growth and expansion as and when such opportunities arise.

- 8.5. The Board is also of the view that the Issue Price for the Rights Shares, priced at approximately 6.67% discount to the last transacted price and to the VWAP of S\$0.120 per Share on the Main Board of the SGX-ST on 11 December 2017, is sufficiently attractive to Shareholders.

## **9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this Announcement, none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Rights Issue (other than in his capacity as Director or Shareholder of the Company).

## **10. 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.

## **11. TRADING CAUTION**

Shareholders and potential investors are advised to exercise caution in trading in the Shares as there is no certainty or assurance that the Rights Issue will materialise.

Shareholders and investors are also advised to read this Announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

## **BY ORDER OF THE BOARD**

Chong Tin Yam, Alex  
Chief Executive Officer and Executive Director  
11 December 2017

## Annex A