

MSM INTERNATIONAL LIMITED
(Incorporated in Singapore)
(Company Registration No.: 200918800R)

UPDATE ON
PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO
22,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of MSM International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement released on 31 March 2019 (“**31 March Announcement**”) regarding the proposed renounceable non-underwritten Rights Issue of up to 22,500,000 Rights Shares in the capital of the Company.
- 1.2 All defined terms used in this announcement shall have the same meaning as the defined terms used in the 31 March Announcement.

2. UNDERTAKING BY SUBSTANTIAL SHAREHOLDER

- 2.1 As at the date of this announcement, the Company has received a deed of undertaking dated 4 June 2019 (“**Deed of Undertaking**”) from Triumphant Hope Sdn. Bhd. (“**Triumphant**”) undertaking to subscribe and/or instruct and procure the subscription of Triumphant’s pro-rata entitlement to the Rights Shares under the Rights Issue based on Triumphant’s existing shareholding as at the date of this Deed (the “**Undertaking Shares**”).
- 2.2 As at the date of this announcement, Triumphant holds a total of 61,564,747 Shares in the Company (“**Existing Shareholding**”).
- 2.3 Under the Deed of Undertaking, Triumphant has undertaken, amongst others, that (a) as at the date of this announcement, it has sufficient funds to subscribe for its entitlement of the Rights Issue, and that it will not dissipate the funds such that as at the closing date of the Rights Issue, it will be able to subscribe and pay for its rights entitlement; (b) as at the Books Closure Date, its registered shareholding with the Company shall not change from the Existing Shareholding; and (c) no later than the closing date of the Rights Issue, it will pay and/or procure the payment for such number of the Rights Shares which the Undertaking Shareholder has undertaken to subscribe for in accordance with the terms of the Rights Issue as set out in the Offer Information Statement (the “**Undertaking**”).
- 2.4 Triumphant has furnished a confirmation from a financial institution dated 30 May 2019 that Triumphant has sufficient funds standing to its credit in its bank account maintained with the financial institution to fulfil its obligations under the Undertaking.
- 2.5 The Deed of Undertaking is subject to and conditional upon (a) the approval in-principle having been granted by the SGX-ST for the listing and quotation of the Rights Shares on the official list of the SGX-ST; and (b) the lodgment of the Offer Information Statement, together with all other accompanying documents, with the SGX-ST, acting as an agent on behalf of the Authority.
- 2.6 Triumphant’s Existing Shareholding represents approximately 68.41% of the total Shares in the Company. As Triumphant currently holds more than fifty per cent (50%) of the total issued Shares in the Company, it is not required under Rule 14 of the Singapore Code of Takeovers and Mergers to make an obligatory offer for all the Shares it does not already own and/or has agreed to own in the event no other Shareholders subscribes for their respective entitlement.

3. MAXIMUM AND MINIMUM SCENARIOS

3.1 Maximum Scenario

Subject to there being no change made to the terms and basis of the Rights Issue by the Directors prior to the Books Closure Date, and based on the total of 22,500,000 Rights Shares to be issued by the Company, if all 22,500,000 Rights Shares ("**Maximum Scenario**") are subscribed by all Entitled Shareholders, a total of 22,500,000 Rights Shares will be issued. In this Maximum Scenario, the Company will receive gross proceeds of S\$1,575,000. The Net Proceeds under this Maximum Scenario is estimated to be S\$1,475,000 after deducting estimated costs, expenses and commissions of approximately S\$0.1 million anticipated to be incurred in connection with the Rights Issue.

3.2 Minimum Scenario

Subject to there being no change to the terms and basis of the Rights Issue by the Directors prior to the Books Closure Date, and based on the total of 22,500,000 Rights Shares to be issued by the Company, if only Triumphant subscribes for its entitlement based on its Existing Shareholding of 61,564,747 ("**Minimum Scenario**"), only a total of 15,391,186 Rights Shares will be issued (on the basis of one (1) Rights Share for every four (4) existing Shares held by Entitled Shareholders as at the Books Closure Date). As such, the Company's share capital would increase to 105,391,186 Shares. Triumphant would, therefore, hold 73.01% (rounded down) of the total Shares in the Company upon completion of the Rights Issue.

In this Minimum Scenario, the Company will receive gross proceeds of \$1,077,383. The Net Proceeds under this Minimum Scenario is estimated to be \$977,435 after deducting estimated costs, expenses and commissions of approximately S\$0.1 million anticipated to be incurred in connection with the Rights Issue.

4. USE OF PROCEEDS.

4.1 As stated in the 31 March Announcement, the Company intends to utilise the Net Proceeds from the Rights Issue mainly for its general corporate and working capital purposes, which include but not limited to (a) funding operating costs and (b) expansion of existing business and making new strategic investments and/or acquisitions, if and when opportunities arise.

4.2 The table below sets out the breakdown of the utilisation of Net Proceeds under the Maximum Scenario and the Minimum Scenario:

	Maximum Scenario (S\$)	Minimum Scenario (S\$)
FUNDING OPERATING COSTS	1,032,500	684,205
EXPANSION OF EXISTING BUSINESS AND MAKING NEW STRATEGIC INVESTMENTS AND/OR ACQUISITIONS	442,500	293,230
TOTAL	1,475,000	977,435

4.3 Upon Completion, and pending deployment, the Net Proceeds received from either the Maximum Scenario or Minimum Scenario may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

- 4.4 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed, whether such disbursements are in accordance with the use of proceeds as stated in the Offer Information Statement, and provide a status report on the use of the Net Proceeds in the Company's annual reports until such time the Net Proceeds have been fully utilised. Where the proceeds have been used for general corporate and/or operating costs purposes, the Company will also provide a breakdown with specific details on the use of the Net Proceeds in the announcements and annual reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.
- 4.5 Based on the reasonable opinion of the Directors as at the date of this announcement, there is no minimum amount which must be raised from the Rights Issue taking into consideration the intended use of the Net Proceeds.

5. WORKING CAPITAL

The Directors are also of the opinion that after taking into consideration the present bank facilities and operating cash flows of the Group as well as the Net Proceeds under either the Maximum or Minimum Scenario, the working capital available to the Group is sufficient to meet its present requirements.

6. ANNOUNCEMENTS

Where there are updates, variations or amendments to the terms of the Rights Issue, the Company will make further announcements as and when appropriate.

7. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Rights Issue is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof.

The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

8. DIRECTORS' 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 proposed Rights Issue and the Group, 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 the announcement in its proper form and context.

Specifically, to the best of their knowledge, the Directors are not aware of any matters not disclosed in this announcement which could materially affect, directly or indirectly, the Company's business operations or financial position or results or investments by the holders of securities in the Company.

BY ORDER OF THE BOARD

CHAN KEE SIENG

Executive Chairman

4 June 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

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

The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

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The unauthorized distribution of this announcement, the Offer Information Statement and the provisional allotment letters and/or the application forms for Rights Shares and excess Rights Shares (when issued by the Company) into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this announcement and such other documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.