

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,240,541,543 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of Nico Steel Holdings Limited (“**Nico Steel**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing a renounceable non-underwritten rights issue of up to 1,240,541,543 new ordinary shares (“**Rights Shares**”) in the capital of the Company at an issue price of S\$0.001 for each Rights Share (“**Issue Price**”), on the basis of one Rights Share for every four (4) existing ordinary shares in the capital of the Company held by the shareholders of the Company (“**Entitled Shareholders**”) as at the date and time to be determined by the Directors for the purposes of determining Shareholders’ entitlements under the Rights Issue (“**Books Closure Date**”), fractional entitlements to be disregarded (the “**Rights Issue**”).

2. PRINCIPAL TERMS OF THE RIGHTS ISSUE

- 2.1 **Principal Terms.** The principal terms of the Rights Issue are as follows:

Principal Terms of the Issue	Description	
Issue Price	S\$0.001 per Rights Share	
Discount (specifying benchmarks and periods)		
Approximately 66% to the last transacted price of S\$0.003 per Share for trades done on 19 February 2020, being the last full Market Day ¹ prior to this announcement; and		
Approximately 50% to the theoretical ex-rights price of S\$0.002 per Share (calculated based on the last transacted price of S\$0.003 per Share for trades done on 19 February 2020, being the last full market day prior to this announcement). There were no trades done on 20 February 2020, 21 February 2020, and 24 February 2020.		
The Issue Price when benchmarked against other SGX-ST listed companies which have announced offers of rights issue with discounts to their last transacted prices prior to their respective announcements in the period from December 2018 to September 2019 are as follows:		
Company	Date of Announcement	(Discount) /Premium to last transaction price prior to announcement date
Synagie Corporation Ltd	8/11/2019	(28.1%)
The Trendlines Group Ltd	26/9/2019	(19.3%)
Alpha Energy Limited	29/6/2019	(74.1%)
Chip Eng Seng Ltd	22/8/2019	(7.4%)
Raffles United Holdings Ltd	9/11/2019	(39%)
Sapphire Corporation Limited	20/12/2018	(11.1%)
Annaik Limited	28/12/2018	(35%)
Lifefrandz Ltd	14/12/2018	(46.2%)
China Star Food Group Limited	10/12/2018	(61.5%)

Allotment Ratio	1 Rights Share for every 4 existing Shares held by Entitled Shareholder
Use of Proceeds	Please see rationale and explanation in paragraph 5 below
Purpose of issue	Please see rationale and explanation in paragraph 5 below

2.2 Terms of the Rights Issue. Under the Rights Issue:

- 2.2.1 Rights Shares Issue Price: a total of up to 1,240,541,543 Rights Shares will be offered for subscription by Entitled Shareholders (defined below) at an issue price of S\$0.001 for each Rights Share (the “**Issue Price**”);
- 2.2.2 Allotment Ratio: Entitled Shareholders (as defined below) will be entitled to subscribe for 1 Rights Share for every 4 existing ordinary shares held in the share capital of the Company (the “**Shares**”), as at a date and time to be determined by the Directors, at and on which the Register of Members of the Company and the Transfer Books of the Company are closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded (the “**Allotment Ratio**”). No Books Closure Date will be determined and announced until the Company has received a listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the mainboard of the SGX-ST;
- 2.2.3 Basis of Allotment: the Rights Issue is offered on a renounceable (whether in whole or in part) and non-underwritten basis to all shareholders of the Company (the “**Shareholders**”) who are eligible, determined as at the Books Closure Date, to participate in the Rights Issue (the “**Entitled Shareholders**”);
- 2.2.4 Number of Rights Shares offered: as at the date of this announcement, there are 4,962,166,175 Shares (the “**Existing Issued Share Capital**”). There are no treasury shares, subsidiary holdings, outstanding share options, share awards, warrants or other convertibles as at the date of this announcement. Based on the Existing Issued Share Capital and the Allotment Ratio, assuming the Rights Issue is fully subscribed, the total number of Rights Shares to be allotted and issued under the Rights Issue will be 1,240,541,543. Upon the completion of the allotment and issuance of the Rights Shares (the “**Completion**”), the issued and paid-up share capital of the Company will increase to 6,202,707,718 Shares (the “**Enlarged Share Capital**”);
- 2.2.5 Discount to the Issue Price: the Issue Price of S\$0.001 per Rights Share represents (a) a discount of approximately sixty-six percent (66%) to the last transacted price of S\$0.003 per Share for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 19 February 2020 (being the last Market Day¹ the Shares were traded on the SGX-ST prior to the release of this announcement) and (b) a discount of approximately fifty percent (50%) to the theoretical ex-rights price of S\$0.002 per Share (calculated based on the last transacted price of S\$0.003 per Share for trades done on the SGX-ST on 19 February 2020, being the Market Day prior to this announcement);
- 2.2.6 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 date² for which falls before the date of issue of the Rights Shares;

- 2.2.7 Eligibility to Participate. the Company proposes, provisionally, to allot the Rights Shares to Entitled Shareholders, comprising Entitled Depositors and Entitled Scripholders (each, as defined below), on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be entitled to participate in the Rights Issue and receive the offer information statement to be issued by the Company in connection with the Rights Issue (the “**Offer Information Statement**”) together with all relevant application forms and accompanying documents sent to their respective Singapore addresses maintained in the records of The Central Depository (Pte) Limited (the “**CDP**”) or with the Company’s Share Registrar (as defined below);
- 2.2.8 Entitled Depositors. Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts (the “**Securities Account**”) with CDP and whose registered addresses with CDP are in Singapore as at the Books Closure Date, or who have provided CDP with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Books Closure Date (the “**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 as at 5.00 p.m. (Singapore time) on the Books Closure Date;
- 2.2.9 Entitled Scripholders. Entitled Scripholders are Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names, and (iii) registered addresses with the Company’s share registrar, M & C Services Private Limited (the “**Share Registrar**”) are in Singapore as at the Books Closure Date, or who have provided the Share Registrar with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Books Closure Date, or who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date (the “**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 by 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered for determination of the provisional allotments of Rights Shares.
- 2.2.10 Foreign Shareholders. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities laws requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will NOT be despatched to Shareholders with registered addresses outside Singapore and who have not, at least three (3) 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 (the “**Foreign Shareholders**”) and accordingly, the **RIGHTS SHARES WILL**

NOT BE OFFERED TO FOREIGN SHAREHOLDERS. The Offer Information Statement and its accompanying documents will not be despatched, lodged, registered or filed in any jurisdiction other than Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue;

2.2.11 Provisional Allotments and Excess Applications.

- (a) Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or, in the case of Entitled Depositors only, trade (during the “nil-paid” rights trading period prescribed by the SGX-ST) their provisional allotments of the Rights Shares and will also 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.
- (b) Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company.
- (c) In the allotment of excess Rights Shares, preference will be given to Entitled 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 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 and 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.
- (d) The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of the Rights Shares and for the applications for excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

2.2.12 Offer Information Statement. The terms and conditions of the Rights Issue are 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 Monetary Authority of Singapore (the “**Authority**”), and despatched by the Company to Entitled Shareholders in due course, subject to paragraph 5 below.

2.2.13 Odd Lots. Shareholders who hold odd lots of the Rights Shares, and who wish to trade in odd lots on the SGX-ST, should note that they will be able to do so on the “Unit Share Market” of

the SGX-ST.

2.2.14 Non-Underwritten Rights Issue. In view of the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, and there being no minimum amount that must be raised from the Rights Issue, the Company has decided to proceed with the Rights Issue on a non-underwritten basis. As explained in paragraph 5.2, the Company is proposing the Rights Issue to raise funds required to fulfill and/or augment internal resources available to fulfill the Investment Commitments.

2.3 The Company confirms that the terms of the Rights Issue do not contravene any laws and regulations governing the Company or its constitution.

1 “**Market Day**” means a day on which the SGX-ST is open for trading in securities.

2 “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been modified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

As Foreign Shareholders will not be entitled to participate in the Rights Issue, no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares therefor by any Foreign Shareholder will be valid.

*The Offer Information Statement and its accompanying documents will also NOT be despatched to persons purchasing entitlements to Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the “**Foreign Purchasers**”). Foreign Purchasers may not accept any “nil-paid” rights credited to their Securities Account unless the Company and its counsel are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.*

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the absolute 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 pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the depository register maintained by CDP as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be dealt with 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 and/or CDP in connection therewith.

Where the 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 CDP, the Share Registrar and/or their respective officers in connection therewith. If such provisional allotments of Rights Shares cannot be sold 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 new Shares represented by such provisional allotments will be allotted and issued to satisfy applications for excess Rights Shares or disposed of or 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, the CDP, the Share Registrar and/or their respective officers in connection therewith.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE MAY PROVIDE AN ADDRESS IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS BY NOTIFYING IN WRITING, AS THE CASE MAY BE, (I) CDP AT 9 NORTH BUONA VISTA DRIVE, #01-19/20 THE METROPOLIS, SINGAPORE 138588 OR (II) NICO STEEL HOLDINGS LIMITED. C/O THE SHARE REGISTRAR, M & C SERVICES PRIVATE LIMITED, AT 112 ROBINSON ROAD #05-01, SINGAPORE 068902, IN EACH CASE, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.

3 IRREVOCABLE UNDERTAKINGS

3.1 As at the date hereof, (a) Mr Tan Chee Khiong Danny (the Company's Executive Director and Chairman) ("**Danny Tan**") holds a direct interest in 1,186,977,925 Shares representing approximately 23.9% of the total number of Shares ("**Existing TCK Shares**"), and (b) his associates, namely, his wife, siblings and D.S.A.G Investment Pte. Ltd., a company controlled by Danny Tan (collectively, "**his Concert Parties**"), hold direct interests in Shares as represented by the table below:

Shareholders' Name	Number of Shares	Shareholding Percentage against the total number of issued Shares
Tang Chee Bian	5,515,725	0.11%
Tang Chee Wee	5,503,725	0.11%
Tang Hee Kya	5,565,725	0.11%
D.S.A.G Investment Pte. Ltd.	20,697,700	0.42%
Ang Bee Choo	344,462	0.01%
Total	37,627,337	0.76%

To show his support for the Rights Issue and to demonstrate his commitment to the Company, Danny Tan has given an irrevocable undertaking ("**Irrevocable Undertaking**") pursuant to which:

- (a) he has irrevocably undertaken to the Company that, *among other things*:
 - (i) he will subscribe and pay in full for up to his full entitlement of 296,744,481 Rights Shares (amounting to a total subscription amount of S\$296,744 (the "**Required Funds**")) in accordance with the terms and conditions of the Rights Issue no later than the last time and date for acceptance and payment for the Rights Shares under the Rights Issue, **PROVIDED** that the subscription for his full entitlement does not result in him and his Concert Parties incurring an obligation under Rule 14 of the Code of Takeovers and Mergers (the "**Code**") to make a general offer for all Shares that they do not already hold or have agreed to hold, owing to other Entitled Shareholders not subscribing for their rights entitlements, in which event, he will only subscribe for such number of Rights Shares which will not result in him and his Concert Parties triggering Rule 14 of the Code; and
 - (ii) he will not, on or before the closing date of the Rights Issue, sell, transfer or otherwise dispose of or encumber the Existing TCK Shares (or any interest therein).

- 3.2 The Irrevocable Undertaking is also subject to, and conditional upon, among other things:
- (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 Authority.
- 3.3 In support of the Irrevocable Undertaking, Danny Tan has furnished to the Company a letter issued by his bank, DBS Bank Ltd, dated 21 February 2020 which confirms that as at the date of the said letter, the aggregate net value of all cash and other assets deposited in his bank account with DBS Bank Ltd is in excess of the Required Funds.

4 AMOUNT OF PROCEEDS RAISED UNDER A MAXIMUM AND MINIMUM SCENARIO

4.1 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 1,240,541,543 Rights Shares to be issued by the Company, if all 1,240,541,543 Rights Shares (“**Maximum Scenario**”) are subscribed for by all Entitled Shareholders, a total of 1,240,541,543 Rights Shares will be issued. Under the Maximum Scenario, the Company will receive gross proceeds of approximately S\$1,240,542. Under the Maximum Scenario, the Company’s share capital would increase to 6,202,707,718 Shares. The Net Proceeds under the Maximum Scenario is estimated to be S\$1,180,542 after deducting estimated costs, expenses and commissions of approximately S\$60,000 anticipated to be incurred in connection with the Rights Issue.

4.2 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 1,240,541,543 Rights Shares to be issued by the Company, if only Danny Tan subscribes for its rights entitlement based on the Existing TCK Shares of 1,186,977,925 Shares (“**Minimum Scenario A**”), only a total of 296,744,481 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 from 4,962,166,175 to 5,258,910,656 Shares. Based on an enlarged share capital of 5,258,910,656 Shares, Danny Tan and his Concert Parties would, therefore, hold a total of 1,521,349,743 Shares, representing approximately 28.93% of the total issued Shares in the Company upon Completion of the Rights Issue. Under the Minimum Scenario A, Danny Tan and his Concert Parties will not trigger Rule 14 of the Code.

While none of his Concert Parties has provided an undertaking to subscribe for their rights entitlement, if each of them, comprising the Entitled Shareholders set out in the table under paragraph 3.1 above, subscribes for their respective rights entitlement, a total of 9,406,834 Rights Shares will be issued to his Concert Parties (“**Minimum Scenario B**”). As such the Company’s share capital would increase from 4,962,166,175 to 5,268,317,490 (derived by adding 9,406,834 Rights Shares to the enlarged share capital of 5,258,910,656 Shares under the Minimum Scenario A). In such an event, Danny Tan and his Concert Parties would, therefore, hold a total of 1,530,756,577 Shares, representing approximately

29.06% of the total issued Shares in the Company upon Completion of the Rights Issue. Under the Minimum Scenario B, Danny Tan and his Concert Parties will also not trigger Rule 14 of the Code.

Under Minimum Scenario A, the Company would receive gross proceeds of approximately S\$296,744. The Net Proceeds under this Minimum Scenario is estimated to be approximately S\$236,744 after deducting estimated costs, expenses and commissions of approximately S\$60,000 anticipated to be incurred in connection with the Rights Issue.

Under Minimum Scenario B, the Company would receive gross proceeds of approximately S\$306,151. The Net Proceeds under this Minimum Scenario is estimated to be approximately S\$246,151 after deducting estimated costs, expenses and commissions of approximately S\$60,000 anticipated to be incurred in connection with the Rights Issue.

5 RATIONALE AND USE OF PROCEEDS

- 5.1 **Rationale.** In the announcement released by the Company on 1 November 2019, the Company disclosed that it had on 29 October 2019 accepted an offer from the JTC Corporation (“**JTC**”) to renew the term of its lease at 51 Loyang Way Singapore 508744 (the “**Premises**”) for another 20 years, commencing 01 January 2023. Under the terms of the offer, the Group is required to (i) develop the Premises to a minimum gross floor area at the gross plot ratio of not less than 0.65, but not more than 2.50, and (ii) invest at least S\$460,000 in new machinery and equipment at the Premises, to be completed within three-and-a-half years, commencing from October 2019. In total, a sum total of approximately of S\$1 million is expected to be incurred to fulfill the requirements of (i) and (ii) (“**Investment Commitments**”).
- 5.2 The Company is, therefore, proposing the Rights Issue to raise funds required to fulfill and/or augment internal resources available to fulfill the Investment Commitments. The disruption to its operations in China due to the outbreak of the COVID-19 was unexpected, and if such disruption continues for any foreseeable period of time, it is expected to have an adverse impact on the Group’s revenues and, thus, cash inflows in the immediate future. The Board is, therefore, of the view that a fund raising is timely, and given the very specific requirement for funding, i.e., to fulfill the Investment Commitments, a Rights Issue is the most appropriate way to raise funds as (i) it is a direct appeal to Shareholders to support the Company during this unexpected and difficult period, and (ii) by pricing the Issue Price at the higher range of discounts given by other companies in their rights issue offerings (see the table in paragraph 1), the Rights Issue is also aimed at providing Shareholders with an opportunity to invest in the Group as its strategy of becoming the go-to specialist metallurgical solutions provider takes off.
- 5.3 In the event all the Rights Shares are fully subscribed for as described under the Maximum Scenario, the estimated net proceeds (the “**Net Proceeds**”) from the Rights Issue is expected to be approximately S\$1.18 million, after deducting estimated costs, expenses and commissions of approximately S\$60,000 incurred in connection with the Rights Issue. The Net Proceeds will be applied entirely for the Investment Commitments described in paragraph 5.1 above.
- 5.4 In the event not all the Rights Shares are subscribed for or if only Danny Tan subscribed for his rights entitlement, the Net Proceeds from the Rights Issue is expected to be approximately S\$236,744 after deducting estimated costs, expenses and commissions of approximately S\$60,000 anticipated to be

incurred in connection with the Rights Issue. Under these circumstances, the Company will use the Net Proceeds to augment internal resources available to fulfil the Investment Commitments.

- 5.5 In the event not all the Rights Shares are subscribed for or if only Danny Tan and his Concert Parties subscribed for their rights entitlement, the Net Proceeds from the Rights Issue is expected to be approximately S\$246,151 after deducting estimated costs, expenses and commissions of approximately S\$60,000 anticipated to be incurred in connection with the Rights Issue. Under these circumstances, the Company will use the Net Proceeds to augment internal resources available to fulfil the Investment Commitments.
- 5.6 Upon Completion, and pending the deployment of the Net Proceeds, the Net Proceeds 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.
- 5.7 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and 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 when the Net Proceeds have been fully utilised. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.
- 5.8 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. However, if the Net Proceeds raised from the Rights Issue are not sufficient to meet the Investment Commitments required, the Company will augment the Net Proceeds received with its internal resources for the purpose, bearing in mind that the time frame given by the JTC to fulfill the Investment Commitments is three and a half years from October 2019.

6 WORKING CAPITAL

The Directors are of the opinion that taking into consideration the present bank facilities, operating cash flows of the Group and the Net Proceeds from the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements.

7 APPROVALS

- 7.1 **Approvals.** The Rights Issue is subject to, *inter alia*, the following:
- (a) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the mainboard of the SGX-ST; and
 - (b) the lodgment of the Offer Information Statement together with all other accompanying documents (if applicable) with the Authority.
- 7.2 The Company will be making an application to the SGX-ST for the listing of and quotation for the Rights Shares on the mainboard of the SGX-ST. An appropriate announcement will be made in due course

when the Company receives the listing and quotation notice for the Rights Shares from the SGX-ST.

- 7.3 **General Mandate.** The issue of the Rights Shares will be made pursuant to the authority granted by the Shareholders under the general share issue mandate (the “**General Mandate**”) at the annual general meeting of the Company held on 25 June 2019, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806(2) of the Listing Manual of the SGX-ST.
- 7.4 The General Mandate, amongst other things, authorises the Directors to issue new Shares not exceeding 50 per cent of the total number of Shares (excluding treasury shares and subsidiary holdings) the Company had in issue on 25 June 2019, provided that the aggregate number of Shares to be issued other than on a pro rata basis to existing Shareholders does not exceed 20 per cent of the total number of issued Shares as at 25 June 2019.
- 7.5 As at 25 June 2019, the total number of Shares in issue (excluding treasury shares and subsidiary holdings) was 4,962,166,175, and the maximum number of Shares that may be issued pursuant to the General Mandate, on a pro rata basis, is 2,481,083,087 (“**Base Figure**”). As at the date of this announcement, no Shares have been previously issued under the General Mandate. As the maximum number of Rights Shares to be issued, being 1,240,541,543, is below the Base Figure, specific Shareholders’ approval will not be sought for the issue of the Rights Shares.

8 **PREVIOUS FUND RAISING IN THE LAST 12 MONTHS**

The Company has not raised any funds from the market in the last twelve months.

9 **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this announcement, none of the Directors and substantial Shareholders, as well as their respective associates, has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

10 **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.

11 **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.

12 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

Tan Chee Khiong Danny
Executive Chairman & President

Date: 25 February 2020

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