LASSETERS INTERNATIONAL HOLDINGS LIMITED
Company No: 200402223M

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 249,469,521 NEW ORDINARY SHARES IN THE CAPITAL OF LASSETERS INTERNATIONAL HOLDINGS LIMITED (THE "COMPANY") AT AN ISSUE PRICE OF S$0.06 FOR EACH RIGHTS SHARE (AS DEFINED BELOW), ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE (EXCLUDING TREASURY SHARES) IN THE CAPITAL OF THE COMPANY HELD AS AT THE BOOKS CLOSURE DATE (AS DEFINED BELOW), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The Board of Directors ("**Board**" or "**Directors**") of the Company wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 249,469,521 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S$0.06 for each Rights Share (the "**Issue Price**"), on the basis of one (1) Rights Share for every one (1) existing ordinary share (excluding treasury shares) in the capital of the Company ("**Shares**") held by the shareholders of the Company (the "**Shareholders**") as at a time and date to be determined by the Directors and announced by the Company in due course, at and on which the register of members of the Company ("**Register of Members**") and the share transfer books of the Company (the "**Share Transfer Books**") will be closed for the purpose of determining the entitlements of Shareholders under the Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded.

The Rights Issue will be made and the proposed Rights Shares will be issued pursuant to the authority granted by the share issue mandate approved by the Shareholders at the annual general meeting of the Company held on 29 October 2014 (the "**Share Issue Mandate**"). The Share Issue Mandate authorised, *inter alia*, the Directors to allot and issue shares and convertible securities of not more than 100% of the total number of issued shares in the capital of the Company, excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing Shareholders does not exceed 50% of the total number of issued shares in the capital of the Company, excluding treasury shares. Accordingly, as the number of Rights Shares to be issued pursuant to the Rights Issue falls within such limit of the Share Issue Mandate, the Company will not be seeking specific approval from the Shareholders for the Right Issue.

The Company has appointed UOB Kay Hian Private Limited as the manager of the Rights Issue (the "**Manager**").

2. PRINCIPAL TERMS OF THE RIGHTS ISSUE

2.1 Proposed Terms of the Rights Issue

The Company is offering up to 249,469,521 Rights Shares at an issue price of S$0.06 per Rights Share (the "**Issue Price**") on the basis of one (1) Rights Share for every one (1) existing ordinary Share held by Entitled Shareholders (as defined below) as at the Books Closure Date, fractional entitlements to be disregarded.

The Issue Price for each Rights Share represents:

(i) a discount of approximately 34.8% from the closing price of S$0.092 per Share on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 15 December 2014, being the last trading day of the Shares on the SGX-ST prior to the date of this announcement; and

(ii) a discount of approximately 21.1% to the theoretical ex-rights price of S$0.076 per Share.

2.2 Size of the Rights Issue

As at the date of this announcement, there are 249,469,521 Shares (the "**Existing Shares**") and there are no outstanding share options granted under the Lasseters Employee Share Option Scheme or any other outstanding convertible securities.

Based on the Existing Shares and assuming that only the Undertaking Shareholders (as defined in Section 3 of this Announcement) subscribe and pay for their pro rata entitlements of Rights Shares (the "**Minimum Subscription Scenario**"), the Company will issue up to 96,742,276 Rights Shares under the Rights Issue.

Based on the Existing Shares and assuming that all the Entitled Shareholders subscribe and pay for their pro rata entitlements of Rights Shares (the "**Maximum Subscription Scenario**"), the Company will issue up to 249,469,521 Rights Shares under the Rights Issue.

2.3 Eligibility of Shareholders to Participate in the Rights Issue

The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Rights Issue, comprising Entitled Depositors (as defined below) and Entitled Scripholders (as defined below) (collectively, the "**Entitled Shareholders**").

2.4 Entitled Depositors

Shareholders whose securities accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date (the "**Depositors**") will be provisionally allotted 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.

To be "**Entitled Depositors**", Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP, at 9 North Buona Vista Drive, #1-19/20 The Metropolis, Singapore 138588, with addresses in Singapore 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.

2.5 Entitled Scripholders

Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (the "**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 not later than 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's share registrar, Boardroom Corporate & Advisory Services Pte Ltd (the "**Share Registrar**") in order to be registered to determine the transferee's provisional allotments of Rights Shares.

To be "**Entitled Scripholders**", Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered addresses outside Singapore, must provide the Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 with addresses in Singapore 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.

2.6 Foreign Shareholders

For practical reasons and to avoid any violation of 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 CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**"). As such, no provisional allotments of the Rights Shares will be made to, and no purported acceptance thereof and application therefor by, Foreign Shareholders will be valid.

If it is practicable to do so, arrangements may be made, at the absolute discretion of the Company, for provisional allotments of Rights Shares which would otherwise be 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 and the net proceeds therefrom will be dealt with in accordance with the terms set out in the offer information statement (the "**Offer Information Statement**") to be issued by the Company for the Rights Issue.

2.7 Provisional Allotments

Entitled Shareholders will be at liberty to accept, decline, renounce or trade, in whole or in part, their provisional allotments of the Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Fractional entitlements to the Rights Shares will be disregarded in arriving at Shareholders' entitlements and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications (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 subject to applicable laws and SGX-ST Section B: Rules of Catalist ("**Catalist Rules**").

2.8 Ranking and Odd Lots

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of the Company, will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment and issue 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.

The Rights Shares are payable in full upon acceptance and application by Entitled Shareholders. The Rights Shares will, upon allotment and issue, 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, a "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 notified by the Company) on which the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

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

2.9 Central Provident Fund Investment Scheme ("CPFIS")

Shareholders who have previously purchased Shares using their Central Provident Fund ("**CPF**") account savings ("**CPF Funds**") under the CPFIS may only use their CPF Funds for the payment of the Issue Price to subscribe for their provisional allotments of the Rights Shares and (if applicable) apply for excess Rights Shares, subject to applicable CPF rules and regulations. Such Shareholders who wish to accept provisional allotments of the Rights Shares and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved CPF agent banks with whom they hold their CPF investment accounts, to accept the provisional allotments of the Rights Shares and (if applicable) apply for excess Rights Shares on their behalf in accordance with the terms and conditions in the Offer Information Statement. CPF Funds may not be used to purchase provisional allotments of Rights Shares directly from the market.

2.10 Offer Information Statement

The terms and conditions of the Rights Issue may be subject to such changes as the Board may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be dispatched by the Company to Entitled Shareholders in due course.

3. IRREVOCABLE UNDERTAKINGS

To demonstrate their support for the Rights Issue, Dato' Kamal Y P Tan and Dato' Jaya J B Tan (the "**Undertaking Shareholders**") have provided irrevocable undertakings dated 29 December 2014 to the Company (collectively, the "**Irrevocable Undertakings**") that, *inter alia*:

(a) prior to the Books Closure Date, they have not, and will not procure another person to, sell, transfer or otherwise dispose of or part with the ownership of their respective Shares; and

(b) they will subscribe and pay in full for their respective pro-rata entitlements under the Rights Issue in relation to their respective shareholding interests as follows:

Name of Undertaking Shareholders	Number of Shares beneficially owned as at the date of this Announcement	Percentage (%) of total number of Shares in issue	Number of Rights Shares to be subscribed for	Percentage (%) of total number of Rights Shares
Dato' Kamal Y P Tan	49,558,006 (1)	19.87	49,558,006	19.87
Dato' Jaya J B Tan	47,184,270 (2)	18.91	47,184,270	18.91

Notes:

(1) 100,000 of the Shares beneficially owned by Dato' Kamal Y P Tan as at the date of this Announcement are held through a nominee, Teh Cheng Chuan.

(2) 10,000,000 of the Shares beneficially owned by Dato' Jaya J B Tan as at the date of this Announcement are held through a nominee company, Amfraser Securities Pte. Ltd.

The Undertaking Shareholders, who are also the executive directors of the Company, did not initiate the Rights Issue and did not take part in the discussion pertaining to the relevant use of proceeds (set out in Section 5 of this Announcement). The Undertaking Shareholders have also abstained from participating in the Board's deliberation to proceed with the Rights Issue.

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Rights Shares by any of the substantial Shareholders (if such substantial Shareholder chooses to subscribe for its pro-rata Rights Shares entitlement) to avoid placing the relevant substantial Shareholder in the position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers as a result of other Shareholders not taking up their Rights Shares entitlements fully.

In view of the Irrevocable Undertakings provided by the Undertaking Shareholders, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

4. SET-OFF ARRANGEMENTS FOR UNDERTAKING SHAREHOLDERS

As at the date of this announcement, the Undertaking Shareholders have made loans and advances to the Company. The principal amount outstanding to Dato' Kamal Y P Tan is approximately S$3.2 million (equivalent to AUD3.0 million) and the principal amount outstanding to Dato' Jaya J B Tan is approximately S$3.0 million (equivalent to AUD2.8 million), based on the agreed exchange rate of S$1.0645 to AUD1.00 (collectively, the "**Shareholder Loans**")[(1)].

Pursuant to the Irrevocable Undertakings and pursuant to set-off agreements each dated 29 December 2014 between the Company and each of the Undertaking Shareholders, the aforementioned parties have agreed that each Undertaking Shareholder will not demand repayment of the Shareholder Loans prior to the close of the Rights Issue and the Company shall be entitled, prior to or at the close of the Rights Issue and at the Company's sole discretion, to apply and set off the respective Shareholder Loans against the respective subscription monies otherwise payable by each of them to the Company in respect of their subscription of the Rights Shares pursuant to their Irrevocable Undertakings.

As the quantum of the respective Shareholder Loans exceeds the quantum of the respective subscription monies payable by each of the Undertaking Shareholdings in respect of their subscription of the Rights Shares pursuant to their Irrevocable Undertakings, the Undertaking Shareholders will not be providing a separate confirmation of financial resources from a financial institution in respect of their respective obligations under the Irrevocable Undertakings.

5. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is undertaking the Rights Issue to strengthen the financial position and capital base of the Company and its subsidiaries (the "**Group**"). The Rights Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company, and will allow the Group to be less reliant on external sources of funding, thereby potentially incurring lower external funding expenses.

In the event of the Minimum Subscription Scenario, the Rights Issue will raise approximately S$5.8 million and the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S$0.2 million, will amount to approximately S$5.6 million.

Based on the Minimum Subscription Scenario, the Company intends to use all of the net proceeds of the Rights Issue towards the partial repayment of the Shareholder Loans. Please refer to Section 4 of this Announcement for further details.

In the event of the Maximum Subscription Scenario, the Rights Issue will raise approximately S$15.0 million and the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S$0.2 million, will amount to approximately S$14.8 million.

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(1) The Shareholder Loans are denominated in AUD. For the purpose of the computing the S$ equivalent of the Shareholder Loans for the set-off against the subscription monies payable by the Undertaking Shareholders, the agreed exchange rate of S$1.0645 to AUD1.00 will be applied.

Based on the Maximum Subscription Scenario, the Company intends to use S$5.8 million of the net proceeds of the Rights Issue towards the partial repayment of the Shareholder Loans, as further detailed in Section 4 of this Announcement, and S$4.3 million of the net proceeds of the Rights Issue towards the prepayment of the bank borrowings of the Group to save on interest payments and to improve the Group's cash flow position. The remaining amount of the net proceeds of the Rights Issue will be used for general working capital purposes.

Pending the deployment of the net proceeds raised from the Rights Issue, such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities, as the Directors may deem fit in the interests of the Company.

The Company will make periodic announcements on the use of the proceeds from the Rights Issue as and when such proceeds are materially disbursed and will provide a status report on the use of proceeds from the Rights Issue in the interim and full year financial statements issued pursuant to Rule 705 of the Catalist Rules and in the annual report(s) of the Company, until such time the proceeds have been fully utilised.

For the purposes of Rule 814(1)(e) of the Catalist Rules, the Directors are of the opinion that:

(a) after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements and the Rights Issue is being undertaken for the reasons stated in this section; and

(b) after taking into consideration the present bank facilities and the net proceeds of the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements and that assuming the Undertaking Shareholders subscribe for their pro rata entitlement of Rights Shares and none of the other shareholders subscribes for the Rights Shares, the net proceeds raised from the Rights Issue will be sufficient to meet the Group's present funding requirements.

6. CONDITIONS AND APPROVALS

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

(a) the approval in-principle from the SGX-ST for the dealing in and listing and quotation of the Rights Shares on the Catalist Board of the SGX-ST having been obtained; and

(b) the lodgment of the Offer Information Statement, together with all other accompanying documents (if applicable) with the SGX-ST (acting as agent on behalf of the Monetary Authority of Singapore).

An application will be made by the Company to Stamford Corporate Services Pte Ltd (the "**Sponsor**") and SGX-ST for the permission for the dealing in and listing and quotation of the Rights Shares on the Catalist Board of the SGX-ST. The Company will make the relevant announcement upon receipt of the listing and quotation notice from the SGX-ST in due course.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial Shareholders has any interests, direct or indirect in the Rights Issue, other than through each of their respective shareholding interests (direct or indirect) in the Company, or pursuant to the Irrevocable Undertakings or the set-off arrangements described in paragraph 5 above.

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the 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 circular in its proper form and context.

BY ORDER OF THE BOARD

DATO' JAYA J B TAN
Executive Chairman

29 December 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of Singapore Exchange Securities Trading Limited (the "Exchange"). The Company's Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the Exchange and the Exchange 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.

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