



RYOBI KISO HOLDINGS LTD.
(Under Interim Judicial Management)

(Company Registration No. 200803985D)
(Incorporated in the Republic of Singapore)

**GRANT OF WAIVERS FROM COMPLIANCE WITH RULE 1014 OF THE LISTING MANUAL OF
THE SGX-ST**

1. INTRODUCTION

Reference is made to the announcement by the interim judicial managers (the "**Interim Judicial Managers**") of Ryobi Kiso Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") dated 13 April 2019 (the "**Chapter 10 Announcement**") in relation to the proposed disposal by the Company of all the shares held by Ryobi Kiso (S) Pte. Ltd. ("**RKS**") in Ryobi Geotechnique Pte Ltd ("**RGPL**"), representing 74.1% of the issued and paid up capital of RGPL.

As described in the Chapter 10 Announcement, the Company had applied to Singapore Exchange Securities Limited (the "**SGX-ST**") for a waiver of the requirement under Rule 1014(2) of the Listing Manual of the SGX- ST ("**Listing Manual**") for the Company to seek the approval of its shareholders ("**Shareholders**") for the proposed disposal of the RGPL shares. The said waiver application also covered other asset disposals which the Interim Judicial Managers intended to undertake, further details of which are set out in paragraph 2 below (for convenience, all of the asset disposals are collectively referred to as the "**Proposed Disposals**", and the waivers granted in respect thereof are collectively referred to as the "**Waiver**").

On 10 May 2019, the SGX-ST informed the Company that the SGX-ST has no objections to the Company's application for the Waiver, subject to the conditions set out in paragraph 3.1 below.

2. INFORMATION ON THE PROPOSED DISPOSALS

Following the appointment of the Interim Judicial Managers of the Company, the Interim Judicial Managers have endeavoured to identify and secure buyers for the disposal of the following categories of assets of the Company and/or the Group:

(a) Disposals of Investments (Shares)

- (i) the disposal of all of the shares in RGPL which are held by RKS (the "**RGPL Disposal**"), representing 74.1% of the total number of shares in RGPL. The Chapter 10 Announcement related to the RGPL Disposal;
- (ii) the disposal of the Group's effective minority equity interest in its UK property portfolio (the "**UK Portfolio Disposal**"), which is currently held through various intermediate investment holding companies which are joint ventures between the Company and third parties;

- (iii) the disposal of the Group's equity interest in its Vietnam industrial property portfolio (the "**Vietnam Factories**"), which is currently held through wholly-owned subsidiaries¹; and

(b) Disposals of Equipment

the disposal of all of the Group's equipment which is currently located at: (1) 58A Sungei Kadut Loop, Singapore 729505; (2) 70 Sungei Kadut Loop, Singapore 729511, and (3) 12 Sungei Kadut Drive, Singapore 729576 (the "**Equipment Disposals**"), which comprises:

- (i) equipment pledged (the "**Pledged Equipment**") to certain lenders of the Group;² and
- (ii) unencumbered equipment (the "**Unencumbered Equipment**").

The Interim Judicial Managers intend to dispose of equipment which is not used (or when no longer used) in the Group's operations.

3. APPLICATION TO AND WAIVER GRANTED BY THE SGX-ST

3.1 Grant of Waiver and Waiver Conditions

Under Chapter 10 of the Listing Manual, where any of the relative figures in Rule 1006 exceeds 20%, the transaction will be considered a "major transaction" and must be made conditional upon the approval by shareholders of the issuer in a general meeting. Based on the calculations of the Company and the Interim Judicial Managers, it is likely that some or all of the Proposed Disposals will trigger the Shareholders' approval requirement under Rule 1014(2).

The Company has applied to the SGX-ST for a Waiver of the requirement under Rule 1014 of the Listing Manual such that the Company will not be required to seek shareholders' approval for the Proposed Disposals and make the Proposed Disposals conditional upon or subject to the approval of the Shareholders.

The conditions of the Waiver granted by the SGX-ST are:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual;
- (b) the Proposed Disposals not being "interested person transactions" as defined under Chapter 9 of the Listing Manual; and
- (c) the Company disclosing via SGXNet the Proposed Disposals pursuant to Rule 1010 of the Listing Manual.

¹ On 30 April 2019, the Interim Judicial Managers were notified that provisional liquidators have been appointed over RDV Realty Pte. Ltd., which holds RDV Binh Duong Company Limited, which in turn holds the Vietnamese Factories, after the directors of RDV Realty Pte. Ltd. placed the company under creditors' voluntary liquidation on 25 April 2019. The Interim Judicial Managers are currently in discussions with the directors of RDV Realty Pte Ltd in respect of this matter.

² In respect of the Pledged Equipment, the Interim Judicial Managers had, after their appointment, consulted the relevant lenders of the Group on whether such lenders would be enforcing their security and taking possession of the Pledged Equipment. While one lender had done so and repossessed certain equipment over which it had security, other lenders had opted not to do so and had requested the Interim Judicial Managers to undertake the sale process for such Pledged Equipment (together with the Unencumbered Equipment).

The release of this announcement seeks to satisfy the condition set out in paragraph (a) above. The condition in paragraph (b) above will be satisfied as the Interim Judicial Managers will ensure that none of the target buyers (including any existing joint venture partners) of the assets to be disposed of in the Proposed Disposals are interested persons of the Company for the purposes of Chapter 9 of the Listing Manual. With respect to the condition in paragraph (c) above, the Company has released the Chapter 10 Announcement in respect of the RGPL Disposal, and will also make the necessary announcements in relation to the other Proposed Disposals (where these trigger announcement obligations under Chapter 10 of the Listing Manual) when there are any material developments on the same.

3.2 Rationale for the Waiver Application

The Company submitted to the SGX-ST that the approval of the SGX-ST to waive the requirement under Rule 1014(2) of the Listing Manual to enable the Company to complete the Proposed Disposals without having to obtain Shareholders' approval should be given for the key reasons summarised below:

(a) Best interests of the Company

The Interim Judicial Managers are of the view that it is in the best interests of the Company (including its creditors) to undertake and complete the Proposed Disposals as soon as possible.

The Proposed Disposals are an opportunity for the Group to divest of its interests in its investments for valuable consideration. The Interim Judicial Managers consider that a sale of the assets by the Company will likely fetch better prices compared to a distressed sale in the event that the Company is liquidated.

In respect of the RGPL Disposal and the UK Portfolio Disposal, as the relevant assets are shareholding interests in existing joint ventures, there are limited options for the Company to liquidate such investments without the consent or involvement of its joint venture partners. Given the limited pool of potential buyers for such assets and the fact that the Company is under interim judicial management, the Company is placed in a weaker bargaining position. Additionally, if Shareholders' approval is required to be obtained, completion of the Proposed Disposals is likely to be significantly delayed, resulting in a delay in the receipt of the cash proceeds from the disposals.

In respect of the Equipment Disposals, a significant proportion of the equipment is currently not used in the operations of the Group and should be disposed of expeditiously to avoid incurring additional maintenance and storage costs for the Group. Additionally, as highlighted in paragraph 2(b) above, the equipment is currently housed by the Group at three (3) locations. The lease for the yard located at 12 Sungei Kadut Drive will expire at the end of May 2019. Save for the two (2) other premises at 58A Sungei Kadut Loop and 70 Sungei Kadut Loop, both of which have limited available storage capacity, there are no alternative sites to which the equipment can be relocated expeditiously without incurring significant additional costs. Such costs will also continue to accrue for as long as the equipment remains unsold.

(b) Costs of convening general meetings

It is in the interests of the Company to avoid incurring unnecessary costs to convene multiple general meetings to seek Shareholders' approval for each of the Proposed Disposals. This is because:

- (i) the Company has limited funds and its available cash resources should be channelled to other purposes for the benefit of the Company; and

(ii) the Company had to trim its workforce significantly due to its financial instability. It is challenging for the Company from a human resources perspective to organise multiple meetings in respect of the Proposed Disposals.

(c) Equipment which is pledged may otherwise be subject to a sale by the lenders

With respect to the Equipment Disposals, a significant portion of the equipment of the Group is pledged to the lenders of the Group as security. Most of the said lenders have not sought to enforce their security. However, as such lenders have the right to enforce their security and repossess such equipment for disposal without the approval of the Company or its Shareholders, the disposal of the Pledged Equipment by the Interim Judicial Managers should similarly, not be subject to the approval of Shareholders. Further, the Interim Judicial Managers view a sale process by the Company as a more favourable alternative compared to a distressed sale by the lenders, which could result in lower prices offered for the Pledged Equipment.

(d) Time sensitive nature of the Proposed Disposals

Given the deteriorating financial position of the Group, there is a risk that any further delay to the Proposed Disposals may result in serious value erosion and depress potential offer prices for the assets. Potential buyers may not be agreeable to conditions precedent which are predicated on Shareholders' approval, which will delay completion significantly and may make the deal less attractive for buyers.

Additionally, the Interim Judicial Managers understand that the fact that the Company is under interim judicial management has affected the creditworthiness of the Company in respect of certain customers and counterparties, thus adversely affecting the value of the business. In particular, the Interim Judicial Managers understand that the financial condition of the Company has had an adverse impact on the operations of RGPL, which will in turn have an impact on the valuation of RGPL.

4. NO NEED FOR EXTRAORDINARY GENERAL MEETING

As the SGX-ST has granted the Waiver, the Company will not be convening an extraordinary general meeting to seek Shareholders' approval for the Proposed Disposals.

BY ORDER OF THE INTERIM JUDICIAL MANAGERS

Goh Thien Phong and Chan Kheng Tek
Joint and Several Interim Judicial Managers

13 May 2019