



HEETON HOLDINGS LIMITED
(Company Registration No. 197601387M)
(Incorporated in the Republic of Singapore)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

The board of directors (the “**Board**”) of Heeton Holdings Limited (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 104,447,063 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.493 for each Rights Share (the “**Issue Price**”) on the basis of one (1) Rights Share for every three (3) ordinary shares in the capital of the Company (“**Shares**”) held by the shareholders of the Company (“**Shareholders**”) as at a books closure date to be determined (the “**Books Closure Date**”), fractional entitlements to be disregarded (the “**Proposed Rights Issue**”).

As at the date of this announcement, the Company has an issued and paid-up share capital of S\$59,157,665.76 comprising 268,615,194 Shares and 44,725,994 outstanding warrants issued by the Company pursuant to the deed poll dated 15 August 2013, each warrant carrying the right to subscribe for one (1) new Share at an exercise price of S\$0.70 (“**Warrants**”). As announced by the Company on 4 August 2015, the Warrants will expire at 5.00 p.m. on Thursday, 3 September 2015.

2. PRINCIPAL TERMS OF THE PROPOSED RIGHTS ISSUE

- 2.1 Pursuant to the Proposed Rights Issue, up to 104,447,063 Rights Shares will be offered at the Issue Price, on the basis of one (1) Rights Shares for every three (3) Shares held by Shareholders as at the Books Closure Date, fractional entitlements being disregarded. Assuming that none of the Warrants are exercised as at the Books Closure Date, only up to 89,538,398 Rights Shares will be offered for subscription.
- 2.2 Entitled Shareholders (as defined below) will be at liberty to accept, decline, or otherwise renounce or trade their provisional allotments of Rights Shares on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Proposed Rights Issue. In the allotment of excess Right Shares not subscribed for in the Proposed Rights Issue (“**Excess Rights Shares**”), preference will be given to Shareholders for the rounding of odd lots, whereas directors of the Company (“**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 Proposed Rights Issue, or have a representation (directly or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

- 2.3 The Rights Shares will be 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, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.
- 2.4 The Issue Price represents a discount of approximately:-
- (a) 15.0% to the last transacted price of S\$0.58 per Share on the Mainboard of the SGX-ST on 11 August 2015, being the last full trading day of the Shares immediately preceding this announcement; and
 - (b) 11.65% to the theoretical ex-rights price⁽¹⁾ of S\$0.558 per Share.

Note:-

- (1) The theoretical ex-rights trading price is the theoretical market price of each Share assuming the maximum 104,447,063 Rights Shares are issued pursuant to the Rights Issue, and is computed based on the last transacted price of S\$0.58 per Share on the Mainboard of the SGX-ST on 11 August 2015, being the last full trading day of the Shares immediately preceding this announcement.
- 2.5 The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights Issue including procedures, acceptances and renunciations of applications for the Rights Shares will be contained in the offer information statement (“**OIS**”) to be despatched by the Company to Entitled Shareholders (as defined below) in due course.
- 2.6 After taking into consideration the costs of engaging an underwriter and having to pay commission in relation to the underwriting and taking into account the Irrevocable Undertakings (as defined below), the Directors decided that it is not feasible nor practical for the Proposed Rights Issue to be underwritten by a financial institution.
- 2.7 The Undertaking Shareholders (as defined below) have undertaken to subscribe for and pay in full for and/or procure the subscription and payment in full for their *pro rata* entitlements to the Rights Shares under the Proposed Rights Issue in relation to Shares held by the Undertaking Shareholders as at the Books Closure Date subject to the terms of their Irrevocable Undertakings (as defined below). Please refer to paragraph 7 of this Announcement for further details.

3. RATIONALE

- 3.1 The Company believes that the Proposed Rights Issue will strengthen the capital base of the Company and allow the Company to take advantage of opportunities for business growth.
- 3.2 In addition, the Proposed Rights Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

4. USE OF PROCEEDS

4.1 On the assumption that:

- (a) none of the Shareholders except for the Undertaking Shareholders (as defined below) subscribe for the Rights Shares under the Proposed Rights Issue; and (ii) the Undertaking Shareholders subscribe for the Right Shares under the Proposed Rights Issue pursuant to the Irrevocable Undertakings (as defined below) (the “**Minimum Subscription Scenario**”), the Company expects to receive net proceeds from the Proposed Rights Issue of approximately S\$27.0 million;
- (b) none of the Warrants are exercised before the Books Closure Date and all Shareholders subscribe for their respective *pro rata* entitlements to Rights Shares under the Proposed Rights Issue, the Company expects to receive net proceeds from the Proposed Rights Issue of approximately S\$43.6 million; and
- (c) all the Warrants are exercised before the Books Closure Date and all Shareholders subscribe for their respective *pro rata* entitlements to Rights Shares under the Proposed Rights Issue (the “**Maximum Subscription Scenario**”) the Company expects to receive net proceeds from the Proposed Rights Issue of approximately S\$51.0 million.

4.2 The Company intends to use the net proceeds from the Proposed Rights Issue (assuming the Maximum Subscription Scenario) (“**Net Proceeds**”) in the following manner:

- (a) approximately 80% for the repayment of borrowings; and
- (b) approximately 20% for financing investments and acquisitions and general working capital of the Company and the Group.

4.3 As and when any significant amount of the proceeds is disbursed or deployed, the Company will make the necessary announcements on SGXNET and subsequently provide a status report on the use of such proceeds in its annual report. Pending the deployment of the proceeds for the use mentioned above, the proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

5. ELIGIBILITY TO PARTICIPATE IN THE PROPOSED RIGHTS ISSUE

5.1 The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Proposed Rights Issue on the basis of their shareholdings in the Company as at the Books Closure Date (“**Entitled Shareholders**”). The Entitled Shareholders comprise Entitled Depositors and Entitled Scripholders (both as defined below).

5.2 “**Entitled Depositors**” are 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, provided that such Entitled Depositors have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore, they have provided CDP, at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 139589, with a registered address in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days (being a day on which the SGX-ST is open for trading in securities) prior to the Books Closure Date.

- 5.3 **“Entitled Scripholders”** are Shareholders whose share certificates are not deposited with CDP and who have tendered to M & C Services Pte Ltd (**“Share Registrar”**) valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date, provided that such Entitled Scripholders have registered addresses in Singapore with the Share Registrar as at the Books Closure Date or if they have registered addresses outside Singapore, they have provided the Share Registrar, at 112 Robinson Road #05-01 Singapore 068902, with a registered address in Singapore no later than 5.00 pm. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date.
- 5.4 For CPF Investment Scheme Members, acceptances of the Rights Shares and (if applicable) applications for excess Rights Shares, can only be made using CPF Funds. In the case of insufficient CPF Funds or stock limit, CPF Investment Scheme Members could top-up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Shares and (if applicable) apply for excess Rights Shares.

Any application made by the abovementioned CPF Investment Scheme Members directly to CDP or through the automated teller machines of the participating banks to the Proposed Rights Issue will be rejected. Such Shareholders should refer to the OIS for the details relating to the offer procedure in connection with the Proposed Rights Issue.

Foreign Shareholders

- 5.5 The Company, in its absolute discretion, may offer the Rights Shares to Shareholders who are not Entitled Depositors or Entitled Scripholders, with registered addresses outside Singapore as at the Books Closure Date and who have not provided CDP or the Share Registrar, 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 (the **“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 Foreign Shareholders.
- 5.6 To the extent it is practicable to do so, arrangements may, at the absolute 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 the commencement of trading of the provisional allotments. The net proceeds of such sales (after deducting any applicable brokerage, commissions and expenses, including goods and services tax) will be aggregated and paid to Foreign Shareholders in proportion to their respective shareholdings as at the Record Date, save that no payment will be made of amounts of less than S\$10.00 to a single or joint Foreign Shareholder and the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company. No Foreign Shareholder shall have any claim whatsoever against the Company, CDP, the CPF Board or the Share Registrar and their respective officers in respect of such sales or the proceeds thereof.
- 5.7 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 Registrar in connection therewith.

6. IRREVOCABLE UNDERTAKINGS

- 6.1 As at the date of this announcement, Hong Heng Company Private Limited, Heeton Investments Pte Ltd, Toh Khai Cheng, Toh Giap Eng and Toh Gap Seng (the “**Undertaking Shareholders**”), have direct interests in 167,328,730 Shares, representing approximately 62.30% of the existing issued and paid-up share capital (excluding treasury shares) of the Company.
- 6.2 As an indication of their support and commitment to the Company, each of the Undertaking Shareholders, have provided a joint and several irrevocable undertaking dated 12 August 2015 to the Company, *inter alia*:
- (a) to subscribe and pay and/or procure subscription and payment for his *pro rata* entitlement to the Rights Shares, in accordance with the terms and conditions of the Rights Issue; and
 - (b) that as at Books Closure Date, the number of Shares held by him will not be less than the number of Shares held by him as at the date of such undertaking,
- (collectively, the “**Irrevocable Undertakings**”).
- 6.3 Each of the Undertaking Shareholders shall procure confirmations from financial institutions that he has sufficient financial resources to fulfill his obligations under the Irrevocable Undertakings.
- 6.4 The Irrevocable Undertakings are conditional upon the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Main Board of the SGX-ST and such approval not having been withdrawn or revoked as at the date of completion of the Proposed Rights Issue.
- 6.5 Assuming the Maximum Subscription Scenario, the aggregate voting rights of the Undertaking Shareholders after the close of the Proposed Rights Issue will be approximately 62.26% of the Company’s aggregate voting rights (based on the enlarged share capital of the Company after the Proposed Rights Issue) respectively.
- 6.6 However, assuming the Minimum Subscription Scenario, the aggregate voting rights of the Undertaking Shareholders after the close of the Proposed Rights Issue will increase as follows:
- (a) in respect of Heeton Investments Pte Ltd, from approximately 25.09% of the Company’s aggregate voting rights as at the date of this Announcement to approximately 27.70%;
 - (b) in respect of Hong Heng Company Private Limited, from approximately 15.26% of the Company’s aggregate voting rights as at the date of this Announcement to approximately 16.85%;
 - (c) in respect of Toh Giap Eng, from approximately 9.63% of the Company’s aggregate voting rights as at the date of this Announcement to approximately 10.63%;
 - (d) in respect of Toh Khai Cheng, from approximately 6.84% of the Company’s aggregate voting rights as at the date of this Announcement to approximately 7.55%; and

- (e) in respect of Toh Gap Seng, from approximately 5.48% of the Company's aggregate voting rights as at the date of this Announcement to approximately 6.05%.

7. APPROVALS

7.1 Shareholders should note that the Proposed Rights Issue is subject to, *inter alia*, the following conditions:

- (a) receipt by the Company of the approval in-principle from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Main Board of the SGX-ST; and
- (b) the lodgment of the OIS with the Monetary Authority of Singapore.

7.2 An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST. The Company will make an appropriate announcement upon the receipt of the in-principle approval of the SGX-ST.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors nor any substantial Shareholder (in so far as the Directors are aware) has any interest, whether direct or indirect, in the Proposed Rights Issue, other than through their shareholdings in the Company (if any).

9. 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 this Announcement in its proper form and context.

BY ORDER OF THE BOARD

TOH GIAP ENG

Managing Director and Chief Executive Officer
12 August 2015