



**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE WITH AN IRREVOCABLE UNDERTAKING PROVIDED BY A SUBSTANTIAL SHAREHOLDER TO SUBSCRIBE FOR ITS RIGHTS ENTITLEMENTS AND ALL OF THE RIGHTS SHARES UNSUBSCRIBED AT THE CLOSE OF THE RIGHTS ISSUE**

---

**1 INTRODUCTION**

- 1.1 The Board of Directors ("**Board**" or "**Directors**") of IFS Capital Limited (the "**Company**") wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights issue ("**Rights Issue**") of up to 225,581,799 new ordinary shares in the share capital of the Company ("**Rights Shares**") at an issue price of S\$0.22 for each Rights Share ("**Issue Price**"), on the basis of three (3) Rights Shares for every two (2) existing ordinary shares in the share capital of the Company ("**Shares**") held by Entitled Shareholders (as defined below) as at a books closure date to be determined by the Board ("**Books Closure Date**"), fractional entitlements to be disregarded.
- 1.2 The Company will be seeking specific approval from shareholders of the Company ("**Shareholders**") at an extraordinary general meeting ("**EGM**") in relation to the Rights Issue and the Proposed Whitewash Resolution (as defined below). A circular to Shareholders containing further information on the Rights Issue and the Proposed Whitewash Resolution, together with the notice of the EGM, will be despatched to Shareholders in due course.
- 1.3 Shareholders should note that the ordinary resolutions in respect of the Rights Issue and the Proposed Whitewash Resolution are interconditional on each other. If any one of these two ordinary resolutions is not approved, the other ordinary resolution will not proceed.
- 1.4 The Company has appointed Phillip Securities Pte Ltd ("**PSPL**") as the Manager for the Rights Issue ("**Appointment**"). Mr. Lim Hua Min is both a Director and substantial shareholder of PSPL and the Company. The Appointment constitutes an interested person transaction pursuant to Chapter 9 of the Listing Manual, but the fees to be paid by the Company to PSPL does not cross the disclosure thresholds prescribed by Chapter 9 of the Listing Manual. The audit committee of the Company has reviewed the terms of the Appointment, and is of the view that the terms of the Appointment is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.
- 1.5 The Company has also appointed Canaccord Genuity Singapore Pte. Ltd. as the independent financial adviser to advise the Directors who are considered to be independent for the purpose of making recommendations to the Independent Shareholders (as defined below) in respect of the Proposed Whitewash Resolution. The advice of the independent financial adviser shall be included in the circular to Shareholders to be despatched in due course.
- 1.6 ECICS Limited is a licensed insurer (as defined in the Insurance Act, Chapter 142 of Singapore ("**Insurance Act**")) which is wholly owned by the Company. Pursuant to the Insurance Act, no person may enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition or holding of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the total votes attached to all voting shares in a licensed insurer which is incorporated in Singapore, without first obtaining the written approval of the Monetary Authority of Singapore ("**MAS**"). Further, no person may become a substantial shareholder of a licensed insurer incorporated in Singapore, or alone or together with his associates have effective control over a licensed insurer incorporated in Singapore by:-

- (a) holding 20% or more of the total number of issued shares in the insurer; or
- (b) being in a position to control 20% or more of the voting power in the insurer,

without first obtaining the written approval of the MAS. Other forms of effective control over a licensed insurer incorporated in Singapore (i.e. whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in the insurer: (a) being in a position to determine the policy of the insurer; or (b) being a person whose directions, instructions or wishes the directors of the insurer are accustomed or under an obligation to act in accordance with) is also prohibited without the prior written approval of the MAS. Failure to comply with these provisions of the Insurance Act may result in criminal sanctions. **Shareholders should take caution when subscribing for the Rights Shares and excess Rights Shares (if any) to ensure that they do not breach Sections 28 and 29 of the Insurance Act. Shareholders who are in doubt as to the actions they should take should consult their professional advisers immediately.**

- 1.7 **The Board of Directors reserve the right to allocate any excess Rights Shares in its discretion.**

## **2 DETAILS OF THE RIGHTS ISSUE**

### **2.1 Basis of Provisional Allotment**

The Rights Issue is proposed to be made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of three (3) Rights Shares for every two (2) existing Shares, as at the Books Closure Date, fractional entitlements to be disregarded.

### **2.2 Issue Price**

The Issue Price of S\$0.22 represents:-

- (a) a discount of approximately 21.4% to the closing market price of S\$0.28 per Share on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 6 May 2016; and
- (b) a discount of approximately 9.8% to the theoretical ex-rights price of S\$0.244 (based on the closing market price of S\$0.28 per Share on the SGX-ST on 6 May 2016).

### **2.3 Size of the Rights Issue**

As at the date of this announcement, the Company has an issued share capital comprising 150,387,866. Assuming no new Share is issued on or before the Books Closure Date, up to 225,581,799 Rights Shares will be issued pursuant to the Rights Issue.

### **2.4 Eligibility of Shareholders to Participate in the Rights Issue**

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

### **2.5 Entitled Depositors**

Shareholders whose Shares are registered in the name of The Central Depository (Pte) Limited ("**CDP**") and whose securities accounts with CDP are credited with Shares as at the Books Closure Date will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their securities account with CDP as at the Books Closure Date. To be "**Entitled Depositors**", Depositors must have registered addresses with CDP in Singapore as at the Books Closure Date or must have, at least three (3) market days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.

## 2.6 Entitled Scripholders

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to the Books Closure Date by M & C Services Private Limited ("**Share Registrar**"), will be registered to determine the provisional entitlements of the transferee ("**Scripholder**", which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights Issue. To be "**Entitled Scripholders**", Scripholders must have registered addresses in Singapore as at the Books Closure Date or must have, at least three (3) market days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

## 2.7 Foreign Shareholders

For practical reasons and in order to avoid violation of relevant 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 the Company, CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). The Offer Information Statement (details set out below) to be issued for the Rights Issue and its accompanying documents will not be mailed to addresses outside Singapore. Accordingly, no provisional allotments of the nil-paid Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid. Entitlements to nil-paid Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of nil-paid 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 as at the Books Closure Date and sent to them at their own risk by ordinary post, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S\$10.00. In the event the amount is less than S\$10.00, 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 and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in connection therewith. Where such 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, CDP and their respective officers of such sales or the proceeds thereof, of such provisional allotments of nil-paid Rights Shares represented by such provisional allotments.

## 2.8 Status and Ranking

The Rights Shares will be payable in full upon acceptance and/or application and, upon issue and allotment, will rank *pari passu* in all respects with the Shares then in issue, 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, "**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.

## 2.9 **Provisional Allotments**

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

Provisional allotments of Rights Shares which are not taken up for any reason shall be used to satisfy excess applications for Rights Shares (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company. In the allotment of excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for excess Rights Shares (if any), provided that where there are insufficient excess Rights Shares to allot to each application, the Company shall allot the excess Rights Shares to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and substantial shareholders of the Company 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 either be ineligible for excess Rights Shares, or if eligible, rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

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.

## 2.10 **CPFIS**

Shareholders who have previously purchased Shares using their Central Provident Fund ("CPF") account savings ("CPF Funds") under the Central Provident Fund Investment Scheme ("CPFIS") may only use their CPF Funds for the payment of the Issue Price to subscribe for their provisional allotments of nil-paid Rights Shares and (if applicable) to apply for excess Rights Shares, subject to the 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 nil-paid Rights Shares directly from the market.

## 2.11 **Non-Underwritten Rights Issue**

Phillip Assets Pte. Ltd. ("**Undertaking Shareholder**") has provided an irrevocable undertaking to the Company ("**Irrevocable Undertaking**") to, amongst others, subscribe and pay, or procure the subscription and payment, for:-

- (a) all of its rights entitlements through its direct and deemed interest in the Shares as at the Books Closure Date; and
- (b) an excess application for all the Rights Shares excluding (a) above.

Accordingly, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

## 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 MAS, and despatched to Entitled Shareholders in due course.

### **3 RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

#### **3.1 Rationale**

The Company intends to undertake the Rights Issue to raise funds to strengthen the financial position and capital base of the Company. The Rights Issue will also provide Shareholders with an opportunity to further participate in the equity of the Company.

#### **3.2 Use of Proceeds**

For illustration purposes, if up to 225,581,799 Rights Shares are issued, the estimated net proceeds from the subscription of the Rights Issue will be up to approximately S\$49 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue ("**Net Proceeds**"). The Company intends to use the Net Proceeds as working capital to manage borrowings and capitalise on potential opportunities.

The Net Proceeds raised will be sufficient to meet the present funding requirements.

Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of Net Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the Net Proceeds in the annual report of the Company. Where there is a material deviation in the use of Net Proceeds, the Company will state the reasons for such deviation.

### **4 IRREVOCABLE UNDERTAKING**

- 4.1 As at the date of this announcement, the Undertaking Shareholder has a direct interest in 61,489,957 Shares which represents 40.89% of the issued share capital of the Company. Mr. Lim Hua Min, a Director and substantial shareholder of the Company, is deemed interested in the 61,489,957 Shares held by the Undertaking Shareholder.
- 4.2 The Undertaking Shareholder has provided the Irrevocable Undertaking as set out in Paragraph 2.11 above.
- 4.3 On the assumption that the Rights Issue is fully subscribed and no new Share is issued on or prior to completion of the Rights Issue, upon completion of the Rights Issue, the Undertaking Shareholder will have an interest in approximately 40.89% of the enlarged share capital of the Company.
- 4.4 On the assumption that there are zero subscription applications for the Rights Shares, no new Share is issued on or prior to completion of the Rights Issue and the Undertaking Shareholder subscribes for 225,581,799 Rights Shares, the Undertaking Shareholder's interest in the issued share capital of the Company will increase from 40.89% to 76.36%.

### **5 PROPOSED WHITEWASH RESOLUTION**

- 5.1 Under Rule 14.1 of the Singapore Code on Take-overs and Mergers, except with the consent of the Securities Industry Council, where:-

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares ("**Mandatory Offer**"). In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

- 5.2 As at the date of this announcement, the Undertaking Shareholder has a direct interest in 61,489,957 Shares which represents 40.89% of the issued share capital of the Company. The shareholders of the Undertaking Shareholder are as follows:-

Name of Shareholder	Shareholding in the Undertaking Shareholder
Lim Hua Min	85%
Lim Wah Tong	5%
Lim Wah Lin	5%
Lim Wah Sai	5%

- 5.3 Mr. Lim Hua Min, a Director and substantial shareholder of the Company, is deemed interested in the 61,489,957 Shares held by the Undertaking Shareholder as he holds 85% of the issued share capital of the Undertaking Shareholder, and is a director of the Undertaking Shareholder. Mr. Lim Hua Min also serves as the Chairman of Phillip Securities Pte Ltd and a director of Phillip Securities (HK) Limited.
- 5.4 The following is a list of parties ("**Other Parties**") presumed to be acting in concert with the Undertaking Shareholder and Mr. Lim Hua Min:-

Name	Relationship
Teo Yew Hock	Executive Director of Phillip Securities Pte Ltd
Chan Poh Yoke	Mother of Mr. Lim Hua Min
Lim Wah Lin	Brother of Mr. Lim Hua Min and Executive Director of the Undertaking Shareholder
Lim Wah Tong	Brother of Mr. Lim Hua Min and Executive Director of the Undertaking Shareholder
Lim Wah Sai	Brother of Mr. Lim Hua Min and Executive Director of Phillip Securities (HK) Limited
Lim May-Tjuen Lynette	Daughter of Mr. Lim Hua Min

- 5.5 As at the date of this announcement, the Other Parties have the following interests in the Shares:-

	Number of Shares		Total <sup>(1)</sup> (%)
	Direct Interest	Deemed Interest	
Teo Yew Hock	413,260	-	0.27
Chan Poh Yoke	145,200	-	0.10
Lim Wah Lin	145,200	-	0.10
Lim Wah Tong	145,200	-	0.10
Lim Wah Sai	514,250	-	0.34
Lim May-Tjuen Lynette	14,520	-	0.01

**Note:-**

(1) Based on 150,387,866 Shares as at the Latest Practicable Date.

In aggregate, the Undertaking Shareholder, Mr. Lim Hua Min and the Other Parties (collectively, the “**Concert Parties**”) have a direct and deemed interest in 62,867,587 Shares which represents 41.80% of the voting rights of the Company.

On the assumption that all the Entitled Shareholders subscribe for their respective pro rata entitlements to the Rights Shares and no new Share is issued on or prior to completion of the Rights Issue, upon completion of the Rights Issue, the Concert Parties will have an interest in 157,168,967 Shares, representing approximately 41.80% of the voting rights of the Company.

On the assumption that there is zero subscription application for the Rights Shares, no new Share is issued on or prior to completion of the Rights Issue and the Undertaking Shareholder subscribes for its rights entitlements and an excess application for all the Rights Shares excluding its rights entitlements, amounting to 225,581,799 Rights Shares, upon completion of the Rights Issue, the Concert Parties will have an interest in 288,449,386 Shares, representing approximately 76.72% of the voting rights of the Company.

- 5.6 The fulfilment by the Undertaking Shareholder of its obligations pursuant to the Irrevocable Undertaking may result in the Undertaking Shareholder acquiring more than 1% of the voting rights of the Company within a period of six months, thereby triggering a requirement for the Undertaking Shareholder and parties acting in concert with him to make a Mandatory Offer, unless independent shareholders (Shareholders other than the Undertaking Shareholder and parties acting in concert with it) (“**Independent Shareholders**”) approve at a general meeting a resolution to waive their rights to receive a Mandatory Offer from the Undertaking Shareholder and parties acting in concert with him (“**Proposed Whitewash Resolution**”).
- 5.7 The Company has submitted an application to the Securities Industry Council to seek a waiver of the obligations of the Concert Parties to make a Mandatory Offer as a result of the Undertaking Shareholder’s obligations pursuant to the Irrevocable Undertaking (“**Whitewash Waiver**”).

## 6 APPROVALS

- 6.1 The Rights Issue is subject to, amongst others, the following:-

(a) approval of the MAS pursuant to Sections 28 and 29 of the Insurance Act;

- (b) the Whitewash Waiver granted by the Securities Industry Council;
  - (c) the receipt of the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST;
  - (d) approval of the Shareholders for the Rights Issue at the EGM to be convened;
  - (e) approval of the Independent Shareholders for the Proposed Whitewash Resolution at the EGM to be convened;
  - (f) all other necessary consents, approvals and waivers from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue, being obtained and not having been revoked or amended before completion of the Rights Issue; and
  - (g) lodgement of the Offer Information Statement with the MAS.
- 6.2 As at the date of this announcement, the Company has obtained the approval of the MAS pursuant to Sections 28 and 29 of the Insurance Act.
- 6.3 An application will be made by the Company to the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST. The Company will release an announcement on the outcome of the application in due course.

## **7 INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this announcement, none of the Directors and substantial shareholders of the Company has any interests, direct or indirect, in the Rights Issue, other than through their respective shareholding interests in the Company.

## **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 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

Chionh Yi Chian  
Company Secretary  
6 May 2016  
Singapore