

HONG LAI HUAT GROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905292D)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

1.1 The Board of Directors (the “**Board**” or “**Directors**”) of Hong Lai Huat Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 295,910,921 new ordinary shares in the share capital of the Company (the “**Rights Shares**”), at an issue price of S\$0.091 for each Rights Share (the “**Issue Price**”), on the basis of four (4) Rights Shares for every three (3) existing ordinary shares in the issued and paid-up share capital of the Company (the “**Shares**”) held by Entitled Shareholders (as defined in paragraph 3.5 below) as at the time and date to be determined by the Directors for the purpose of determining the entitlements of shareholders of the Company (the “**Shareholders**”) under the Rights Issue (the “**Record Date**”), fractional entitlements to be disregarded.

1.2 The principal terms of the Rights Issue are summarised below:

Issue Price : S\$0.091 per Rights Share

Discount : The Issue Price represents a discount of approximately:

- (i) 36.4% to the last transacted price of the Shares on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) of S\$0.143 per Share on 3 December 2020, being the last trading day on which trades were done on the Shares prior to this announcement (the “**Last Trading Day**”);
- (ii) 19.7% to the theoretical ex-rights price (“**TERP**”)¹ of S\$0.113 per Share, as calculated based on the last transacted price of the Shares on the Main Board of the SGX-ST of S\$0.143 on the Last Trading Day; and
- (iii) 37.1% to the volume weighted average price of S\$0.145 per Share, as calculated based on the volume weighted average price of the Shares on the Main Board of the SGX-ST over the five (5) consecutive market days leading up to and including the Last Trading Day.

The Issue Price and discounts have been determined after taking into account precedent transactions, the transaction size and discussions with the Manager (as defined in paragraph 1.4 below)

- Allotment Ratio** : Four (4) Rights Shares for every three (3) existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded
- Use of Proceeds** : Please refer to paragraph 3.4 below
- Purpose of Issue** : Please refer to paragraph 2 below
- Size of Rights Issue** : Please refer to paragraph 3.1 below
- Gross Proceeds** : (i) Approximately S\$14.4 million in the Minimum Subscription Scenario (as defined in paragraph 3.1 below)
- (ii) Approximately S\$26.9 million in the Maximum Subscription Scenario (as defined in paragraph 3.1 below)
- Previous Equity Fund Raising** : The Company has not undertaken any equity fund raising in the past 12 months prior to the date of this announcement
- Non-Underwritten Rights Issue** : In view of the Irrevocable Undertaking (as defined in paragraph 3.2 below) by Dato Dr. Ong Bee Huat, Executive Deputy Chairman and Group Chief Executive Officer (the “**Undertaking Shareholder**”), and 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.
- Status of the Rights Shares** : 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 Company’s then existing Shares, save for any dividend, rights, allotments or other distributions, the Record Date for which falls on or before the date of allotment and issue of the Rights Shares.

Note:

- (1) TERP is calculated based on the following formula, assuming the Rights Issue is fully subscribed:

$$\text{TERP} = \frac{(\text{Market capitalisation of the Company based on the last traded price} + \text{gross proceeds from the Rights Issue})}{\text{Number of Shares after completion of the Rights Issue}}$$

- 1.3 The Company will be seeking specific approval from the Shareholders for the Rights Issue and the Shareholders other than the Concert Party Group (as defined in paragraph 3.2 below) and their concert parties as well as parties not independent of them (the “**Independent Shareholders**”) for the Whitewash Resolution (as defined in paragraph 4.1(i) below) at an extraordinary general meeting of the Company (the “**EGM**”) to be convened. Further information on the Whitewash Resolution is set out in paragraph 4 below.
- 1.4 The Company has appointed SAC Capital Private Limited as the manager for the Rights Issue (the “**Manager**”) and Xandar Capital Pte. Ltd. as the independent financial adviser (the “**IFA**”), to advise the Directors who are deemed independent for the purpose of making recommendations to the Independent Shareholders in relation to the Whitewash Resolution. The advice of the IFA shall be included in the Circular (as defined in paragraph 4.1(iv) below), which shall be despatched to Shareholders in due course.

2. RATIONALE AND PURPOSE OF THE RIGHTS ISSUE

The Company is undertaking the Rights Issue primarily to raise proceeds to finance its ongoing 2nd mixed-use development project located in the Toul Kork District in Phnom Penh, Cambodia (“**Toul Kork**”), Royal Platinum, to finance the land cost and development cost for its 3rd mixed-use development project located in Toul Kork, to reduce its existing bank borrowings and for general working capital purposes. The Rights Issue will also strengthen the financial position of the Group and provide the Shareholders with an opportunity to further participate in the equity of the Company.

3. THE RIGHTS ISSUE

3.1 Size of Rights Issue

As at the date of this announcement, the issued share capital of the Company is comprised of 221,933,192 Shares (the “**Existing Share Capital**”). The Company does not have any treasury shares and there are no outstanding warrants or convertible securities issued by the Company pursuant to which new Shares may be issued on exercise or conversion.

Based on the Existing Share Capital and assuming: (a) none of the Entitled Shareholders (excluding the Undertaking Shareholder) subscribe for their *pro rata* entitlements of Rights Shares; and (b) only the Undertaking Shareholder subscribes for his *pro rata* entitlement of 62,208,000 Rights Shares (entitlement *pro rata* vis-à-vis all other Shareholders) (the “**Entitled Rights Shares**”) and 96,141,771 excess Rights Shares (the “**Excess Rights Shares**”) in addition to his *pro rata* entitlement, up to 158,349,771 Rights Shares will be issued under the Rights Issue (the “**Minimum Subscription Scenario**”).

Based on the Existing Share Capital and assuming that all the Entitled Shareholders subscribe in full for their *pro rata* Rights Shares (entitlements *pro rata* vis-à-vis all other Shareholders) under the Rights Issue, 295,910,921 Rights Shares will be issued under the Rights Issue (the “**Maximum Subscription Scenario**”).

Depending on the level of subscription for the Rights Shares, the Company will, if necessary and upon approval of the SGX-ST, scale down a Shareholder’s application to subscribe for the Rights Issue to avoid placing the relevant Shareholder and parties acting in concert with it (as defined in

the Singapore Code on Take-overs and Mergers (the “**Code**”)) in the position of incurring a mandatory take-over bid obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlements fully.

3.2 Irrevocable Undertaking

As at the date of this announcement, the Undertaking Shareholder, has an interest (directly and indirectly) in 46,660,066 Shares¹, representing 21.02% of the Existing Share Capital. The Undertaking Shareholder’s two sons, Ong Jia Ming (“**Ryan Ong**”), Executive Director, and Ong Jia Jing (“**Dylan Ong**”), Group General Manager and Executive Director, and the Undertaking Shareholder’s wife, Ms. Lau Yen Eng (“**Ms. Lau**”) own 8,828,471 Shares, 4,457,500 Shares and 4,066 Shares, respectively, representing 3.98%, 2.01% and 0.002% of the Existing Share Capital, respectively. Apart from Ryan Ong, Dylan Ong and Ms. Lau, the Undertaking Shareholder does not have any other concert parties who hold Shares. The Undertaking Shareholder, Ryan Ong, Dylan Ong and Ms. Lau will collectively be referred to as the “**Concert Party Group**”.

To show his support for the Rights Issue and to demonstrate his commitment to and confidence in the prospects of the Group, the Undertaking Shareholder has provided an irrevocable undertaking (the “**Irrevocable Undertaking**”) to the Company that he will subscribe and pay in full for his *pro rata* entitlement of the Rights Shares (entitlement *pro rata vis-à-vis* all other Shareholders) and Excess Rights Shares (subject to availability), under the Rights Issue, subject to the maximum aggregate subscription amount of S\$14,409,829.16. Using the issue price of S\$0.091 for each Rights Share, the maximum number of Rights Shares and Excess Rights Shares (subject to availability) to be subscribed for by the Undertaking Shareholder pursuant to the Irrevocable Undertaking are 62,208,000 Entitled Rights Shares and 96,141,771 Excess Rights Shares, respectively.

For the avoidance of doubt, the terms of the Irrevocable Undertaking will provide that the Undertaking Shareholder will subscribe for his *pro rata* entitlement of the Rights Shares (entitlement *pro rata vis-à-vis* all other Shareholders) and Excess Rights Shares (subject to availability), subject always to the condition that 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 in the rounding of odd lots and allotment of excess Rights Shares.

The Irrevocable Undertaking will be subject to and conditional upon, *inter alia*, the satisfaction of the following:

- (i) the relevant approvals under paragraph 3.7 below having been obtained; and
- (ii) all other third party approvals or consents which the Company reasonably determines are necessary to implement the Rights Issue, having been obtained either unconditionally or on conditions satisfactory to the Company acting reasonably and not having been withdrawn or revoked.

¹ The Undertaking Shareholder has a direct interest in 16,656,000 Shares. For the purposes of Section 4 of the SFA, the Undertaking Shareholder is treated as having an interest in the 30,000,000 Shares held by Haitong International Securities (Singapore) Pte. Ltd.. In addition, for the purposes of Section 133(4) of the SFA, the Undertaking Shareholder is deemed to have an interest in the 4,066 Shares held by his spouse, Ms. Lau.

Given the provision of the Irrevocable Undertaking, the Rights Issue will not be underwritten by a financial institution.

3.3 Set-off against PHDC Loan

As announced by the Company on 30 October 2020, the Undertaking Shareholder had granted a loan of US\$11,000,000 to Public Housing Development (Cambodia) Limited (“**PHDC**”), a wholly-owned subsidiary of the Company (the “**PHDC Loan**”). The PHDC Loan bears interest at a rate of 6% per annum. US\$10,726,150 has been drawn down from the PHDC Loan (a) to fund the land acquisition in Phnom Penh for PHDC’s 3rd mixed development project in Toul Kork, and (b) for the working capital of PHDC. As at the date of this announcement, the principal amount and accrued interest outstanding under the PHDC Loan is approximately US\$10,782,572 (equivalent to approximately S\$14,409,829.22 based on the exchange rate of US\$1.00 : S\$1.3364 (being the daily exchange rate published by the Monetary Authority of Singapore (“**MAS**”) on 2 December 2020, the day immediately preceding the date of the Set-off Agreement (as defined below)) (the “**Outstanding Indebtedness**”).

The Company and PHDC have entered into a set-off agreement dated 3 December 2020 with the Undertaking Shareholder (the “**Set-Off Agreement**”), which provides that the Outstanding Indebtedness may be satisfied in whole or in part by setting off (i) the S\$5,660,928 payable by the Undertaking Shareholder for his subscription of the Entitlement Rights Shares; and (ii) up to S\$8,748,901.16 payable by the Undertaking Shareholder for his subscription of the Excess Rights Shares allotted to him (the “**Set-off**”), provided that in no event shall the aggregate amount of the Set-off exceed the Outstanding Indebtedness.

All amounts Set-off shall be treated as repayment of the Outstanding Indebtedness by the Company on behalf of PHDC. The Set-off shall reduce the gearing and finance costs of the Group. Accordingly, the Directors are of the view that the Set-off is in the best interests of the Company and its Shareholders.

3.4 Use of Proceeds

The gross proceeds from the Rights Issue will be approximately: (a) S\$26.9 million in the Maximum Subscription Scenario; and (b) S\$14.4 million in the Minimum Subscription Scenario.

3.4.1 Maximum Subscription Scenario

For the purpose of this paragraph 3.4.1, the amounts subject to the Set-off shall be treated as proceeds from the Rights Issue. Assuming the Maximum Subscription Scenario, the Company intends to utilise the net proceeds from the Rights Issue, after deducting expenses, in the following approximate manner:

Use of proceeds	Percentage allocation (%)
Project development cost for on-going 2nd mixed-use development project located in the Toul Kork, Royal Platinum	30.0
New project land and development cost for the 3rd mixed-use development project in Toul Kork	30.0
Partial repayment of existing bank borrowings	30.0
General working capital	10.0
Net proceeds	100.0

3.4.2 Minimum Subscription Scenario

Assuming the Minimum Subscription Scenario, the gross proceeds raised will be utilised towards the repayment of the Outstanding Indebtedness. As mentioned in paragraph 3.3 above, the Outstanding Indebtedness has been utilised (a) to fund the land acquisition in Phnom Penh for PHDC's 3rd mixed development project in Toul Kork, and (b) for the working capital of PHDC. In this event, the Company will utilise its internal resources to pay for the professional fees and related expenses incurred in connection with the Rights Issue. For the avoidance of doubt, no fresh funds will be raised under the Minimum Subscription Scenario.

3.4.3 Pending the deployment of the proceeds from the Rights Issue for the uses mentioned above, the net 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, in their absolute discretion, deem fit in the interests of the Group.

3.4.4 The Company will make periodic announcements on the utilisation of the proceeds from the Rights Issue, as the funds from the Rights Issue are materially disbursed and provide a status report on the use of the proceeds from the Rights Issue in the Company's annual report, in accordance with the rules of the Listing Manual.

3.5 **Eligibility of Shareholders to Participate in the Rights Issue**

The Company proposes to provisionally allot the Rights Shares to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), which comprise Entitled Depositors and Entitled Scripholders (each as defined below) on the basis of their shareholdings as at the Record Date.

3.5.1 Entitled Depositors

Shareholders whose Shares are registered in the name of The Central Depository (Pte) Limited (“**CDP**”) and whose securities accounts (“**Securities Accounts**”) with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Record Date (“**Depositors**”) will be provisionally allotted entitlements to the Rights Shares on the basis of the number of Shares standing to the credit of their Securities Accounts with CDP as at the Record Date. “**Entitled Depositors**” are Depositors whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents.

3.5.2 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 5.00 p.m. (Singapore time) on the Record Date by the Company's Share Registrar, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758 will be registered to determine the provisional entitlements to Rights Shares of the transferee (a “**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. “**Entitled Scripholders**” are Scripholders whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided the Company's Share Registrar with addresses in Singapore for the service of notices and documents.

3.5.3 Foreign Shareholders

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the rights to the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three (3) market days prior to the Record Date, provided CDP or the Company's Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents, subject to certain limited exceptions and/or unless otherwise reasonably determined by the Directors that the Rights Shares may be offered based on applicable securities legislation (“**Foreign Shareholders**”).

Entitlements to provisional allotments of 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 Rights Shares commence, and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the offer information statement to be issued for the Rights Issue (the “**Offer Information Statement**”).

For the avoidance of doubt, even if a Foreign Shareholder has provided a Singapore address as aforesaid, any offer of the Rights Shares to such Foreign Shareholder will be subject to compliance with applicable securities laws outside Singapore to the extent reasonably practicable.

3.5.4 Central Provident Fund (“CPF”) Shareholders

Persons who bought their Shares previously using their CPF account savings (“**CPF Funds**”) must use CPF Funds for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable CPF rules and regulations. Such persons who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept the Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

3.5.5 Supplementary Retirement Scheme (“SRS”) Shareholders

Persons who bought their Shares previously under the SRS must use monies standing to the credit of their respective SRS accounts for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable SRS rules and regulations. Such persons who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using SRS monies will need to instruct their respective approved banks, where they hold their accounts under the SRS, to accept the Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. SRS monies may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

3.5.6 Trading of Provisional Allotments of Rights Shares

Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradeable on the Main Board of the SGX-ST over a period to be determined by the Directors in compliance with the rules of the Listing Manual. 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 Rights Shares in excess of their respective provisional allotments under the Rights Issue.

3.5.7 Excess Rights Shares

Entitlements which are not allotted or taken up for any reason (including any fractional entitlements to the Rights Shares) will be aggregated and used 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.

In the allotment of excess Rights Shares applied for from provisional allotments not taken up for any reason, preference will be given to Entitled Shareholders for rounding of odd lots. Unless otherwise stated in this announcement, the Company will also not make any allotments and issuance of any excess Right Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

3.5.8 Offer Information Statement

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Manager, may deem appropriate. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be despatched or, as the case may be, disseminated by the Company to Entitled Shareholders in due course.

3.6 **Statement of the Directors**

The Directors are of the opinion that after taking into consideration the Group's internal resources, operating cash flows and present credit facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Rights Issue will strengthen the financial position and capital base of the Group. The Rights Issue will also provide the Shareholders with an opportunity to maintain their equity participation in the Company. For the reasons outlined in paragraph 2 above, the Directors believe the Rights Issue is in the interest of the Group.

3.7 **Approvals**

3.7.1 Listing Approval

The Rights Issue is subject to the receipt of the listing and quotation notice from the SGX-ST for the dealing in and 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 on or prior to the closing date of the offer of the Rights Shares under the Rights Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company. 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.

3.7.2 Offer Information Statement

The Rights Issue is subject to the lodgment of the Offer Information Statement referred to in section 277 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), together with all other necessary accompanying documents, in connection with the Rights Issue with the MAS.

3.7.3 Other Approvals

The Rights Issue will be subject to and conditional upon, *inter alia*, the satisfaction of the following:

- (i) the Whitewash Waiver (as defined in paragraph 4.1 below) granted by the Securities Industry Council (the "**Council**") not having been withdrawn, revoked or amended, and all conditions to which the Whitewash Waiver is subject having been fulfilled, as at the date of completion of the Rights Issue;
- (ii) the approvals of the Shareholders and the Independent Shareholders for the Rights Issue and the Whitewash Resolution, respectively, having been obtained; and

- (iii) all other necessary waivers, consents and approvals from, *inter alia*, the SGX-ST and other third parties in connection with the Rights Issue having been obtained.

Where appropriate, further details will be disclosed in subsequent announcements.

3.8 General

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with the Manager may deem appropriate. Further details of the Rights Issue will be made available in the Offer Information Statement to be despatched or, as the case may be, disseminated to Entitled Shareholders, or will be disclosed in the Circular or subsequent announcements in due course.

3.9 Notification under Section 309B of the SFA

The provisional allotments of Rights Shares and the Rights Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

4. WHITEWASH WAIVER FOR THE TRANSACTION

Based on the Existing Share Capital and assuming: (a) none of the Entitled Shareholders (excluding the Concert Party Group) subscribe for their *pro rata* entitlements of Rights Shares; (b) only the Concert Party Group subscribe for their *pro rata* entitlement of 79,928,048 Rights Shares (entitlement *pro rata vis-à-vis* all other Shareholders); and (c) the Undertaking Shareholder subscribes for 96,141,771 excess Rights Shares in addition to his *pro rata* entitlement, pursuant to the Irrevocable Undertaking, the shareholding of the Concert Party Group will increase from approximately 27.01% to approximately 59.30% of the enlarged share capital of the Company comprising of 398,003,011 Shares after the completion of the Rights Issue.

For illustrative purposes only, the maximum shareholding scenario of the Concert Party Group pursuant to the Rights Issue mentioned in this paragraph 4 is set out in the Appendix to this announcement.

4.1 Whitewash Waiver

As the Concert Party Group may potentially acquire 30.0% or more of the voting rights of the Company as a result of the Rights Issue, the Company has sought and obtained a ruling from the Council on 24 November 2020 that the Concert Party Group will be exempted from the requirement to make a general offer for all the Shares under Rule 14 of the Code in the event that their aggregate voting rights in the Company increases to 30.0% or more as result of the Rights Issue (the "**Whitewash Waiver**"), subject to the following conditions being satisfied:

- (i) a majority of holders of voting rights of the Company approving at the EGM, before the issue of the Rights Shares and any excess Rights Shares, a resolution (the “**Whitewash Resolution**”) by way of poll to waive their rights to receive a general offer from the Concert Party Group;
- (ii) the Whitewash Resolution is separate from other resolutions;
- (iii) the Concert Party Group and their concert parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;
- (iv) the Concert Party Group and their concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Company’s circular to Shareholders in relation to the Rights Issue (the “**Circular**”)):
 - (a) during the period between the date of this announcement and the date Independent Shareholders’ approval is obtained for the Whitewash Resolution; and
 - (b) in the six (6) months prior to the date of this announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights Issue;
- (v) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (vi) the Company sets out clearly in the Circular:
 - (a) details of the Rights Issue, including the Irrevocable Undertaking;
 - (b) the dilution effect to existing holders of voting rights of the Company of issuing the Rights Shares and excess Rights Shares under the Irrevocable Undertaking to the Concert Party Group;
 - (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares in the Company held by the Concert Party Group as at the latest practicable date of the Circular;
 - (d) the number and percentage of voting rights to be issued to the Concert Party Group as a result of the Rights Issue and Irrevocable Undertaking;
 - (e) specific and prominent reference to the fact that the Rights Issue could result in the Concert Party Group holding Shares carrying over 49% of the voting rights of the Company and that the Concert Party Group and their concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and

- (f) specific and prominent reference to the fact that Independent Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Concert Party Group at the highest price paid by the Concert Party Group and their concert parties for the Shares in the six (6) months preceding the date of this announcement;
- (vii) the Circular stating that the Whitewash Waiver granted by the Council is subject to the conditions stated at (i) to (vi) above;
- (viii) the Company obtaining the Council's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
- (ix) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within three (3) months of the date of the Whitewash Waiver and the acquisition of the Rights Shares and any excess Rights Shares by the Concert Party Group must be completed within three (3) months of the approval of the Whitewash Resolution.

5. COMPANY CIRCULAR

A Circular setting out, amongst others, the details of, and other relevant information pertaining to, the Rights Issue and the Whitewash Resolution, together with the notice of the EGM, will be despatched to the Shareholders in due course.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

Ryan Ong and Dylan Ong are both Executive Directors of the Company, and are the sons of the Undertaking Shareholder. The Undertaking Shareholder is deemed to have an interest in the Rights Issue, as pursuant to the Set-off, the subscription price payable by him under the Rights Issue shall be set-off against the Outstanding Indebtedness owing to him by the Group. Accordingly, the Undertaking Shareholder, Ryan Ong and Dylan Ong have abstained from voting in the board deliberation on the terms of the Rights Issue and the Set-off, and will also abstain from making a recommendation to Shareholders in the Circular.

Dr. Chen Seow Phun, John, a non-executive independent director of the Company, is the chairman and a shareholder of SAC Capital Private Limited. SAC Capital Private Limited is the Manager for the Rights Issue. Accordingly, Dr. Chen Seow Phun, John, has abstained from voting in the board deliberation on the terms of the Rights Issue and the Set-off, and will also abstain from making a recommendation to Shareholders in the Circular.

7. 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, the Set-off, 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.

8. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Company's securities. 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.

BY ORDER OF THE BOARD

Liew Meng Ling
Company Secretary

Singapore,
Date: 3 December 2020

APPENDIX

Shareholder	Before the Rights Issue			After the Rights Issue			
	No. of Shares	(%) ⁽⁴⁾	Rights Shares entitlements	No. of Rights Shares subscribed for ⁽⁵⁾	No. of excess Rights Shares subscribed for ⁽⁵⁾	No. of Shares	(%) ⁽⁶⁾
Dato Ong ⁽¹⁾	46,656,000 ⁽²⁾	21.02	62,208,000	62,208,000	96,141,771	205,005,771	51.51
Ryan Ong	8,828,471	3.98	11,771,294	11,771,294	-	20,599,765	5.18
Dylan Ong	4,457,500 ⁽³⁾	2.01	5,943,333	5,943,333	-	10,400,833	2.61
Ms. Lau	4,066	0.002	5,421	5,421	-	9,487	0.002
Concert Party Group	59,946,037	27.01	79,928,048	79,928,048	96,141,771	236,015,856	59.30
Other Shareholders	161,987,155	72.99	215,982,873	-	-	161,987,155	40.70
Total	221,933,192	100.0	295,910,921	79,928,048	96,141,771	398,003,011	100.0

Notes:

- (1) Pursuant to Section 133(4) of the SFA, Dato Ong is deemed to have an interest in 4,066 Shares held his spouse, Ms. Lau.
- (2) This includes 30,000,000 Shares held by Haitong International Securities (Singapore) Pte. Ltd. that Dato Ong is treated as having an interest in pursuant to Section 4 of the SFA.
- (3) This includes 2,956,000 Shares held by Hong Leong Finance Limited that Dylan Ong is treated as having an interest in pursuant to Section 4 of the SFA.
- (4) Based on the Existing Share Capital comprising of 221,933,192 Shares.
- (5) Based on the Existing Share Capital and assuming: (a) none of the Entitled Shareholders (excluding the Concert Party Group) subscribe for their *pro rata* entitlements of Rights Shares; (b) only the Concert Party Group subscribe for their *pro rata* entitlement of 79,928,048 Rights Shares (entitlement *pro rata vis-à-vis* all other Shareholders); and (c) Dato Ong subscribes for 96,141,771 excess Rights Shares in addition to his *pro rata* entitlement, pursuant to the Irrevocable Undertaking.
- (6) Based on the enlarged share capital of the Company comprising of 398,003,011 Shares assuming: (a) none of the Entitled Shareholders (excluding the Concert Party Group) subscribe for their *pro rata* entitlements of Rights Shares; (b) only the Concert Party Group subscribe for their *pro rata* entitlement of 79,928,048 Rights Shares (entitlement *pro rata vis-à-vis* all other Shareholders); and (c) Dato Ong subscribes for 96,141,771 excess Rights Shares in addition to his *pro rata* entitlement, pursuant to the Irrevocable Undertaking.