

HUAN HSIN HOLDINGS LTD
(Company Registration No. 199509142R)
(Incorporated in the Republic of Singapore)

- (A) **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 16,022,727,273 SHARES AT AN ISSUE PRICE OF S\$0.022 PER SHARE TO RAISE GROSS PROCEEDS OF UP TO US\$250 MILLION**
 - (B) **APPLICATION FOR EXTENSION OF TIME TO SATISFY REQUIREMENTS FOR REMOVAL FROM THE WATCH-LIST**
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1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Huan Hsin Holdings Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has today entered into a subscription agreement (the “**Subscription Agreement**”) with Oriental Straits Investment Limited (the “**Subscriber**”, and together with the Company, the “**Parties**”) and China Capital Impetus Investment Limited (“**CCIL**”), pursuant to which the Company shall allot and issue up to 12,818,181,818 ordinary shares in the capital of the Company to the Subscriber in two (2) tranches (the “**Subscription Shares**”) and up to 3,204,545,455 ordinary shares in the capital of the Company to CCIL (the “**Option Shares**”), at an issue price of S\$0.022 (the “**Issue Price**”) per Subscription Share or Option Share (as the case maybe), for an aggregate subscription amount of up to US\$250.0 million (equivalent to approximately S\$352.5 million, based on the exchange rate of US\$1.00:S\$1.41 (the “**Agreed Exchange Rate**”)), (the “**Proposed Subscription**”).

The Proposed Subscription is a fund-raising initiative by the Company to primarily (i) raise funds for investment, acquisition and diversification opportunities to generate additional sources of earnings; and (ii) facilitate the Company’s effort and application to the exit the watch-list.

Please see paragraphs 4 and 5 of this announcement for further details on the rationale and use of proceeds of the Proposed Subscription.

2. INFORMATION RELATING TO THE SUBSCRIBER AND CCIL

Shareholders should note that information relating to the Subscriber and CCIL in this paragraph and elsewhere in this announcement was provided by the Subscriber and CCIL respectively. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

2.1 Information on the Subscriber

The Subscriber is an investment holding company incorporated with limited liability in the Cayman Islands. Its registered office is at the offices of Elian Fiduciary Services (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9007, Cayman Islands.

2.2 Information on CCIL

CCIL is an exempted company with limited liability incorporated in the Cayman Islands, and having its registered office at the offices of Campbell Corporate Services

Limited, Floor 4, Willow House, Cricket Square PO Box 268, Grand Cayman, KY1-1104, Cayman Islands.

To the best knowledge of the Directors, save as disclosed above, each of the Subscriber and CCIL does not have any connections (including business relationships) with the Company or any of its Directors or substantial shareholders. Both the Subscriber and CCIL do not fall within any of the prohibited categories as set out in Rule 812 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

3. THE PROPOSED SUBSCRIPTION

3.1 Subscription Shares

Subject to the terms and conditions of the Subscription Agreement:

- (a) with respect to the first tranche, the Company agrees to allot and issue and the Subscriber agrees to subscribe for 1,818,181,818 Subscription Shares (the “**Tranche 1 Subscription Shares**”) at the Issue Price per Tranche 1 Subscription Share for an aggregate consideration of US\$28,368,794 (approximately S\$40,000,000, calculated at the Agreed Exchange Rate) (the “**Tranche 1 Subscription**”); and
- (b) with respect to the second tranche, the Company agrees to allot and issue and the Subscriber agrees to subscribe for up to 11,000,000,000 Subscription Shares (the “**Tranche 2 Subscription Shares**”) at the Issue Price per Tranche 2 Subscription Share for an aggregate consideration of up to US\$171,631,206 (approximately S\$242,000,000, calculated at the Agreed Exchange Rate) (the “**Tranche 2 Subscription**”).

With respect to the Tranche 2 Subscription, the Subscriber shall, subject to completion of the Tranche 1 Subscription (“**Tranche 1 Completion**”) and the terms and conditions of the Subscription Agreement, have the right (but not the obligation) to subscribe for the Tranche 2 Subscription Shares in accordance with the terms of the Subscription Agreement (the “**Tranche 2 Subscription Right**”) provided that the Subscriber delivers, and the Company receives, the Tranche 2 Subscription request notice (the “**Tranche 2 Subscription Request Notice**”) within 90 days from the date of completion of the Tranche 1 Subscription (or such other date as the Parties may agree in writing) (the “**Tranche 2 Subscription Period**”). For the avoidance of doubt, in the event the Company does not receive the Tranche 2 Subscription Request Notice during the Tranche 2 Subscription Period, the Tranche 2 Subscription Right shall *ipso facto* lapse on the expiry of the Tranche 2 Subscription Period.

Subject to the terms of the Subscription Agreement, the Tranche 1 Subscription Shares shall be issued within 90 days from the date on which the last condition precedent is satisfied, fulfilled or waived (as the case may be), or on such other date as the Parties may agree in writing. Subject to Tranche 1 Completion and the terms and conditions of the Subscription Agreement, the Company shall, within 90 days from receipt of the Tranche 2 Subscription Request Notice (or on such other date as the Parties may agree in writing), allot and issue such number of Tranche 2 Subscription Shares as specified in the Tranche 2 Subscription Request Notice to the Subscriber.

3.2 Option Shares

The Company agrees to grant CCIL the right but not the obligation to subscribe for a maximum of 3,204,545,455 Option Shares at the Issue Price in consideration for a maximum of S\$70,500,000 (the “**Option**”), and CCIL may exercise the Option by issuing to the Company a duly completed exercise notice (the “**Exercise Notice**”) at any time and from time to time during the 12 month period commencing from the date of the Tranche 1 Completion (the “**Exercise Period**”). For the avoidance of doubt, CCIL shall be permitted to issue any number of Exercise Notices during the Exercise Period, provided that the aggregate subscription amount in respect of all Exercise Notices shall not exceed S\$70,500,000.

The Option Shares subscription amount for each Exercise Notice shall not exceed 25.0% of the aggregate of (i) the Tranche 1 Subscription amount; and (ii) funds raised pursuant to any fund raising exercises undertaken by the Company (including the Tranche 2 Subscription and exercise(s) of the Option, if applicable) either via equity and/or debt instruments between the date of the Subscription Agreement and the date of issue of each Exercise Notice.

CCIL shall be permitted to assign, transfer or otherwise deal with all or any of its rights under the Subscription Agreement (including but not limited to assigning the Option to one or more third parties), without the prior consent of the Company. Accordingly, all references of CCIL in this announcement shall be construed to include CCIL’s assignees and/or nominees, where applicable.

CCIL shall be entitled (in its sole discretion) to issue an Exercise Notice for Option Shares notwithstanding the closing of the allotment and issue of the Option Shares to CCIL in respect of the immediately preceding Exercise Notice has yet to take place.

The allotment and issue of each tranche of Option Shares shall take place no later than seven (7) business days after the Company’s receipt of the respective Exercise Notice, or such other date as may be mutually agreed in writing between the Company and CCIL.

Unless agreed in writing between the Company and CCIL, the Option shall *ipso facto* lapse on the expiry of the Exercise Period.

3.3 Issue Price

The Issue Price of S\$0.022 represents a premium of approximately 10.0% over the volume weighted average price (“**VWAP**”) of the Shares for trades done on the SGX-ST on 18 February 2016, being the last market day on which the Company shares were traded prior to the signing of the Subscription Agreement.

3.4 Basis of Subscription

The Company and the Subscriber agree and acknowledge that the Proposed Subscription has been agreed on, *inter alia*, the basis that immediately prior to and as at the date of Tranche 1 Completion (the “**Tranche 1 Completion Date**”), save for the transactional costs, the Company has no liabilities (including all forms of taxation imposed by any taxation authority on the Company in relation to transactions, undertakings or arrangements entered into or commencing on or before the date of the Subscription Agreement), whether actual, deferred or contingent, and there are no off-balance sheet liabilities in the Company (including all forms of financial

guarantees provided by the Company in favour of its subsidiaries and/or any third parties) (the “**Zero Liability Requirement**”).

3.5 Status of the Subscription Shares and Option Shares

The Subscription Shares and Option Shares shall be issued by the Company to the Subscriber and CCIL respectively, free from all claims, charges, liens and other encumbrances whatsoever and the Subscription Shares and Option Shares shall rank *pari passu* in all respects with and carry all rights similar to existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the Tranche 1 Completion Date, the date of completion of the Tranche 2 Subscription (the “**Tranche 2 Completion Date**”) or each Option Shares Issue Date, as applicable.

Assuming the issued and paid-up share capital of the Company immediately prior to Completion comprises 400,000,000 Shares, the enlarged share capital of the Company immediately following the issuance of the maximum of 12,818,181,818 Subscription Shares and the maximum of 3,204,545,455 Option Shares will comprise 16,422,727,273 Shares (the “**Enlarged Share Capital**”). The 16,022,727,273 Subscription Shares and Option Shares in aggregate will represent approximately 4,005.68% of the issued and paid-up share capital of the Company as of the date of this announcement¹ and approximately 97.56% of the Enlarged Share Capital.

3.6 Representations, Warranties and Undertakings

The Proposed Subscription is subject to certain representations, warranties, and undertakings as are customary for transactions of this nature or other similar transactions, and in respect of the Company, the representations and warranties include the Zero Liability Requirement.

3.7 Indemnity

The Company has undertaken that it shall fully indemnify the Subscriber against all liabilities which may be suffered or incurred by the Subscriber, its officers, directors, employees or agents in connection with, *inter alia*, any breach by the Company of representations, warranties and undertakings contained in the Subscription Agreement.

3.8 Conditions Precedent to the issue of the Subscription Shares

The Company shall not be obliged to allot and issue and the Subscriber shall not be obliged to subscribe for the Subscription Shares unless the conditions precedent, including but not limited to the key conditions precedent as set out in Appendix A, have been fulfilled (or waived), as relevant on the Tranche 1 Completion Date.

3.9 Long-Stop Date

If any of the conditions precedent set out in the Subscription Agreement is not satisfied, fulfilled or waived (as the case may be) by 31 December 2016 or such other

¹ The issued and paid-up share capital of the Company as of the date of this announcement comprises 400,000,000 Shares.

date as may be agreed in writing by the Parties (the “**Long-Stop Date**”), the Parties shall consult in good faith with a view to determining whether the Proposed Subscription and such other transactions as contemplated in the Subscription Agreement may proceed by way of alternative means or methods or to extend the Long-Stop Date. If after such consultation, the Parties are unable to find a solution acceptable to both Parties and any of the conditions precedent is not fulfilled or if a condition precedent expressed to be capable of being waived is not waived (as the case may be), the Subscription Agreement shall terminate.

4. RATIONALE OF THE PROPOSED SUBSCRIPTION

The rationale for the Proposed Subscription is primarily twofold:

(a) **Increase the Company's market capitalisation**

As announced by the Board on 4 March 2014, the SGX-ST placed the Company on the watch-list with effect from 5 March 2014. The Company will have to fulfill the requirements under Rule 1314 of the Listing Manual for its removal from the watch-list no later than 4 March 2016 (i.e. within 24 months from 5 March 2014).

The Proposed Subscription would enable the Company to increase its market capitalisation to support an application to the SGX-ST for an extension of time to satisfy the requirements under Rule 1314 of the Listing Manual.

Rule 1314 of the Listing Manual states that an issuer on the watch-list may apply to the SGX-ST for its removal from the watch-list if it satisfies any one of the following requirements:

- (i) the issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full-year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items) and has an average daily market capitalisation of S\$40 million or more over the last 120 market days on which trading was not suspended or halted for a full market day; or
- (ii) the issuer satisfies Rule 210(3) of the Listing Manual and either one of the following requirements: (A) cumulative consolidated pre-tax profit of at least S\$7.5 million for the last three years, and a minimum pre-tax profit of S\$1 million for each of those three years; or (B) cumulative consolidated pre-tax profit of at least S\$10 million for the last one or two years. Rule 210(3)(a) of the Listing Manual applies to the last one year or last two years as the case may be.

(b) **Raise funds to diversify the Group's business by way of acquisitions**

The core business of the Group, being the manufacturing and distribution of telecommunications, information technology, electronics and other consumer products parts and components, has been adversely affected amidst lacklustre growth in the world economy over the past few years.

Further, the outlook for major economies is expected to continue to be

lacklustre with the pace of recovery likely to be uneven across various countries. In the face of ever-changing consumer demand in the Group's core business market, the Company believes it is crucial not only to keep ahead of the competition with relevant expertise and knowledge, but also to differentiate itself and look for diversification opportunities to generate sales from additional viable sources.

Accordingly, the Proposed Subscription is intended to raise funds for purposes of investments and acquisitions of such other assets to diversify the Group's income stream, as and when appropriate opportunities arise, which the Company believes will in turn enhance value for shareholders of the Company (the "**Shareholders**").

5. USE OF PROCEEDS

Assuming the Subscriber subscribes for the maximum of 12,818,181,818 Subscription Shares and CCIIL subscribes for the maximum of 3,204,545,455 Option Shares, the Company expects to receive estimated gross proceeds of approximately S\$352.5 million from the issue of the Subscription Shares and the Option Shares. The Board intends to apply such proceeds for the following purposes:

Proposed use of Proceeds	% of Proceeds
(a) Proposed acquisitions to be undertaken by the Company	98.0
(b) Working capital and general corporate purposes	2.0

Shareholders should note that the proposed allocation set out above only serves as a general guideline. In the event that the net proceeds initially allocated for the purposes set out in (a) above are not fully applied towards such uses for any reasons, the Company shall use the remaining proceeds for working capital of the Company and its subsidiaries and/or for such other purposes as the Company in its discretion may deem fit.

Pending the deployment of the net proceeds, such proceeds may be placed as deposits with banks and/or financial institutions, invested in short term money markets or debt instruments or for any other purpose on a short term basis as the Directors may, in their absolute discretion, deem fit from time to time.

The Company will make an announcement on the use of the net proceeds as and when such proceeds are materially disbursed, including whether the use is in accordance with the intended use as announced. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

6. FINANCIAL EFFECTS

The financial effects as set out below are strictly for illustrative purposes and do not necessarily reflect the actual financial position and performance of the Group, prepared according to the relevant accounting standards, following the issue of the Subscription Shares and the Option Shares.

The financial effects of the issue of the Subscription Shares and the Option Shares

are prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("FY2014") and the following assumptions:

- (i) the allotment and issuance of the maximum of 12,818,181,818 Subscription Shares to the Subscriber;
- (ii) the allotment and issuance of maximum of 3,204,545,455 Option Shares to CCIL;
- (iii) the Group's net tangible assets ("NTA") per Share was computed assuming that the issue of the Subscription Shares and the Option Shares was completed on 31 December 2014;
- (iv) the Group's loss per Share was computed assuming that the issue of the Subscription Shares and the Option Shares was completed on 1 January 2014; and
- (v) transaction costs are disregarded for the purposes of calculating the financial effects.

6.1 Share Capital

	As at the date of this announcement	Immediately following issuance of the Subscription Shares and the Option Shares
Number of Shares	400,000,000	16,422,727,273
Issued and paid-up Share Capital (S\$)	151,097,000	503,597,000

6.2 NTA per Share

	As at 31 December 2014	Immediately following issuance of the Subscription Shares and the Option Shares
NTA of the Group (S\$)	4,285,000	356,785,000
Number of Shares	400,000,000	16,422,727,273
NTA per Share (Singapore cents)	1.07	2.17

6.3 Loss per Share

	FY2014	Immediately following issuance of the Subscription Shares and the Option Shares
Consolidated profit/ (loss) attributable to Shareholders (S\$)	(78,955,000)	(78,955,000)
Weighted average number of Shares	400,000,000	16,422,727,273
Profit / (loss) per Share (Singapore cents)	(19.74)	(0.48)

7. WHITEWASH WAVIER

Under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”), 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 six (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.

As disclosed in paragraph 3.5 above, the Subscriber will acquire more than 30% of the voting rights in the Company following completion of the Proposed Subscription. As a result, the Subscriber and its concert parties would incur an obligation to make a mandatory offer under the Code, unless the relevant waivers under the Code are obtained. Accordingly, the Subscriber intends to make an application to the Securities Industry Council of Singapore (“**SIC**”) for a waiver of the obligations of the Subscriber and its concert parties to make the mandatory offer for the Company as a result of the allotment and issue of the Subscription Shares.

8. Extraordinary General Meeting

The allotment and issue of the Subscription Shares and the Option Shares are subject to the approval of the Shareholders at an extraordinary general meeting to be convened (the “**EGM**”). Additionally, there will be a change in controlling interest pursuant to Rule 803 of the Listing Manual following completion of the Proposed Subscription, for which specific Shareholders’ approval shall be sought. Shareholders should also note that following the issue of the Subscription Shares, the Subscriber will become a substantial shareholder of the Company.

A circular to the Shareholders containing more information on the Proposed Subscription and such other transactions in connection with and/or incidental to the Proposed Subscription, together with notice of EGM, will be despatched by the Company in due course.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, none of the Directors (other than in his capacity as director or shareholder of the Company, as the case may be) has any interest, direct or indirect, in the Proposed Subscription or the grant of the Option. To the best of the knowledge of the Board, save as disclosed above, there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Proposed Subscription or the grant of the Option.

10. APPLICATIONS TO THE SGX-ST AND THE SIC

The Company was placed on the watch-list with effect from 5 March 2014. Pursuant to Rule 1315 of the Listing Manual, if an issuer fails to submit an application pursuant to Rule 1314 within 24 months of the date on which it was placed on the watch-list, the SGX-ST may either remove the issuer from the Official List, or suspend trading of

the listed securities of the issuer (without the agreement of the issuer) with a view to removing the issuer from the Official List. Accordingly, the Company is required to submit an application pursuant to Rule 1314 by 4 March 2016. The Company has today submitted an application to the SGX-ST seeking the following:

- (a) a waiver from the strict requirements of Rule 1315 of the Listing Manual; and
- (b) an extension of the deadline prescribed under Rule 1315 of the Listing Manual to allow the Company to satisfy the requirements for removal from the watch-list on or before **4 March 2017**.

Further, the Company will be submitting an application together with the conforming documents to the SGX-ST for the listing and quotation of the Subscription Shares and the Option Shares on the Official List of the SGX-ST at the appropriate time.

As the Subscriber will acquire more than 30% of the voting rights of the Company following completion of the Proposed Subscription, it would incur an obligation to make a mandatory offer, unless the relevant waivers under the Code are obtained. In this regard, the Subscriber intends to make an application to the SIC.

The Company will update the Shareholders and make the necessary announcements as and when there are material updates to the applications.

11. FINANCIAL ADVISER AND LEGAL COUNSEL

The Company has appointed RHB Securities Singapore Pte. Ltd. as its financial adviser and Morgan Lewis Stamford LLC as its legal counsel in relation to Singapore law in connection with the Proposed Subscription.

12. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Subscription is subject to conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Subscription 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 are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

13. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement (other than information relating to the Subscriber and CCIL) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein (other than information relating to the Subscriber and CCIL) are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading. Where any information has been extracted or reproduced from published

or otherwise publicly available sources or provided by the Subscriber or CCIL, the sole responsibility of the Directors has been to ensure that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

BY ORDER OF THE BOARD

Hsu Hung Chun
Chairman
24 February 2016

APPENDIX A

Key Conditions Precedent

1. Satisfactory Due Diligence of the Company

The Subscriber being satisfied with its due diligence investigations into the financial, legal, tax and business of the Company, including being satisfied that the Zero Liability Requirement has been satisfied.

2. Regulatory Approvals

All necessary consents, approvals and waivers of all relevant government bodies, stock exchange and other regulatory authority for or in connection with Subscription Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the Company or the Subscriber, as relevant, including without limitation, the approval in-principle in respect of the listing of and quotation for the Subscription Shares and Option Shares on the Mainboard of the SGX-ST and the SIC having granted the Subscriber and its concert parties a waiver of its obligation to make a general offer under Rule 14 of the Code.

3. Representations and Warranties

All the representations and warranties of the Company and the Subscriber set out under the Subscription Agreement, as the case may be, being true, accurate and not misleading in all material respects as of the date of the Subscription Agreement and as at the Tranche 1 Completion Date.

4. Shareholders' Approval

The specific approval of the Shareholders at the EGM for the following:

- (a) allotment and issue of the Subscription Shares;
- (b) allotment and issue of the Option Shares;
- (c) in respect of independent Shareholders, their approval of the resolution, which if passed would result in a waiver by such independent Shareholders of their right to receive a mandatory general offer from the Subscriber and its concert parties in connection with the issue of the Subscription Shares under Rule 14 of the Code (the "**Whitewash Resolution**"), and such waiver not having been revoked prior to the Tranche 2 Completion Date;
- (d) the transfer of controlling interest in the Company to the Subscriber pursuant to the allotment and issue of the Subscription Shares to the Subscriber;
- (e) the change in core business of the Company to such business as may be advised by the Subscriber;
- (f) the consolidation of the Shares in such ratio to be determined by the Parties in writing, which shall take effect immediately after Tranche 1 Completion; and

- (g) any additional items as may be agreed in writing between the Company and the Subscriber,

(collectively, the “**Relevant Resolutions**”).

5. Indemnity Undertakings

The execution by Mr. Hsu Cheng Chien and Mr. Hsu Hung Chun (the “**Undertaking Shareholders**”) of an irrevocable letter of undertaking in a form satisfactory to the Subscriber (“**Indemnity Undertaking**”), pursuant to which the Undertaking Shareholders shall (jointly and severally) undertake to guarantee and indemnify the Subscriber on the following:

- (a) the due and punctual performance, observance and discharge by the Company of all the obligations and undertakings under the Subscription Agreement if and when they become performable or due under the Subscription Agreement;
- (b) that as at the Tranche 1 Completion Date, the Company has satisfied the Zero Liability Requirement, and if the Company defaults in any payment or fails to perform any of the obligations under the Subscription Agreement, the Undertaking Shareholders shall (jointly and severally) pay on demand any such amount to the Subscriber and in the manner as prescribed by the Subscriber as if the Undertaking Shareholders were the named obligors in the Subscription Agreement; and
- (c) any losses, costs, claims, liabilities, damages, demands and expenses suffered or incurred by the Subscriber arising out of or in connection with the Company’s representations, warranties, obligations and undertakings under the Subscription Agreement, and in particular, the Company’s failure to satisfy the Zero Liability Requirement as at the Tranche 1 Completion Date.

6. Voting Undertakings

The execution by each of the Undertaking Shareholders and their respective associates (the “**Associates of the Undertaking Shareholders**”) of an irrevocable undertaking pursuant to which each of the Undertaking Shareholders and the Associates of the Undertaking Shareholders shall undertake:

- (a) not to dispose any Shares that it holds or controls during the period commencing from the date of such Letter of Undertaking until the earlier of, as the case may be (A) the termination of the Subscription Agreement; and (B) the approval-in-principle from the SGX-ST in respect of the removal of the Company from the watch-list having been obtained; and
- (b) to exercise or procure the exercise at the EGM and such adjournments thereof, all voting rights attached to the Shares that it holds, in favour of the resolution(s) approving the Relevant Resolutions and such other transactions in connection therewith and incidental thereto, together with any related resolutions necessary or expedient for such purposes, unless prevented from doing so by applicable rules or regulations or by any relevant regulatory authority,

(collectively, the “**Letters of Undertaking**”).

7. No Changes in Share Capital

For the period between the date of the Subscription Agreement and the Tranche 1 Completion Date, the Company not having allotted or issued, or agreed to allot or issue, any share or loan capital, and there being no change to the share capital as at the date of the Subscription Agreement.

8. No Winding-Up

Other than provided for in the Subscription Agreement, no order being made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of the Company or any of its subsidiaries, or the appointment of any liquidator (provisional or otherwise), judicial manager, administrator, receiver, receiver and manager, custodian or similar official in respect of the Company, any of the Company’s subsidiaries or any part of their respective property, assets and/or undertaking.

9. No Material Adverse Change

No material adverse change (as determined by the Subscriber in its reasonable discretion) in the prospects, operations, conditions (financial or otherwise) of the Company having occurred between the date of the Subscription Agreement and the Tranche 1 Completion Date, both dates inclusive.

10. No Illegality

No relevant authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might (i) make the transactions contemplated in the Subscription Agreement and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same; (ii) render the Subscriber unable to subscribe for all or any of the Tranche 1 Subscription Shares in the manner set out in the Subscription Agreement; and/or (iii) render the Company unable to receive the subscription amount in respect of the Tranche 1 Subscription in the manner set out in the Subscription Agreement.

11. No Prescribed Occurrences

No Prescribed Occurrence having occurred in relation to the Company other than as required or contemplated by the Subscription Agreement between the date of the Subscription Agreement and the Tranche 1 Completion Date (both dates inclusive).

“**Prescribed Occurrence**” shall mean any of the following:

(a) Contracts, Agreements or Commitments

Other than as provided in the Subscription Agreement, the Company entering into any contract, agreement or commitment, or agreeing to any variation of any existing contract, agreement or commitment to which the Company is a party.

(b) Alteration of Share Capital

Other than pursuant to the grant of the Option, the Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement or reduce its share capital in any way, or making an allotment of, or granting an option to subscribe for, any Shares or securities convertible into Shares or agreeing to make such an allotment or to grant such an option or convertible security.

(c) Issuance of Debt Securities

The Company issuing, or agreeing to issue, convertible notes or other debt securities, or incur or agree to incur any debts, liabilities or third party borrowings, or provide any guarantee, security or indemnity (including creating any encumbrance over any of its assets, properties or undertakings).

(d) Insolvency Event

The occurrence of any event or circumstance described as follows:

- (i) any order being made, petition presented or meeting convened for the purpose of considering a resolution for the winding up of the Company or for the appointment of any provisional liquidator in the Company; or
- (ii) any petition being presented for the appointment of a judicial manager, assignee, administrator, receiver, liquidator, custodian or similar official, and such official has been so appointed, in respect of the whole or any part of any of the property, assets and/or undertaking of the Company; or
- (iii) any composition in satisfaction of the debts of the Company, or scheme of arrangement of its affairs, or compromise or arrangement between it and its creditors and/or members or any class of its creditors or members, having been proposed, sanctioned or approved; or
- (iv) any distress, distraint, charging order, garnishee order, execution or other process having been levied or applied for in respect of the whole or any part of any of the property, assets and/or undertaking of the Company.

(e) Delisting or Suspension of Trading

The SGX-ST removing/delisting (or resolving to remove/delist) the Company from the Mainboard of the SGX-ST, or suspending the trading of Shares on the Mainboard of the SGX-ST for a period longer than three (3) business days or such other period of extension which the SGX-ST may determine

(which for the avoidance of doubt, shall not include any trading halts or suspensions of trading of the Shares on the Mainboard of the SGX-ST made at the request of the Company or pursuant to any trading suspension imposed by the SGX-ST pursuant to Rule 1018 of the Listing Manual).

(f) Change in Accounting Policy

The Company changing any accounting procedure or policy other than as required by law.

(g) Changes to Articles

The Company amending its memorandum or articles of association or constitutional documents.

(h) Breaches of Representations and Warranties

The Company doing or allowing to be done any act or omission that would constitute a breach of any representations or warranties by the Company in the Subscription Agreement.

(i) General

The Company taking any action in respect of any matter which is analogous to any of the matters in paragraphs (a) to (h) above or which would be inconsistent with paragraphs (a) to (h) above.