

CIRCULAR DATED 12 APRIL 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of Progen Holdings Ltd (the “**Company**”) represented by physical share certificate(s), you should forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay #10-00 Income at Raffles Singapore 049318 and Email: sponsorship@ppcf.com.sg).



PROGEN

PROGEN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199605118C)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED WHITEWASH RESOLUTION (AS DEFINED HEREIN) FOR THE WAIVER OF THE RIGHT OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM MR LEE ENG AND MDM KOH MOI HUANG (THE “CONCERT PARTY GROUP”) FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP AS A RESULT OF THE RIGHTS ISSUE (AS DEFINED HEREIN) AND**
- (2) THE PROPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP TO INCLUDE THE PROPERTY BUSINESS (AS DEFINED HEREIN).**

**Independent Financial Adviser to the Recommending Directors (as defined herein)
of the Company in respect of the Whitewash Resolution**



**HONG LEONG
FINANCE**

HONG LEONG FINANCE LIMITED

(Company Registration Number: 196100003D)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	25 April 2018 at 11:00 a.m.
Date and time of Extraordinary General Meeting	:	27 April 2018 at 11:00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	28 Riverside Road. #04-01 Progen Building, Singapore 739085

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DEFINITIONS

The following definitions apply throughout this Circular unless otherwise stated:

Companies within the Group

“Company”	:	Progen Holdings Ltd
“Group”	:	The Company and its subsidiaries collectively
“Subsidiary”	:	Has the meaning ascribed to it in Section 5 of the Companies Act

Other Corporations and Agencies

“Authority”	:	The Monetary Authority of Singapore
“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	The Central Provident Fund
“IFA”	:	Hong Leong Finance Limited, the independent financial adviser to the Recommending Directors in relation to the Whitewash Resolution
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“SIC”	:	Securities Industry Council
“Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd.

General

“AGM”	:	Annual general meeting of the Company to be held on 27 April 2018
“ARE”	:	Application and acceptance form for Rights Shares and excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue
“ARS”	:	Application and acceptance form for Rights Shares to be issued to purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on the Catalist through the book-entry (scripless) settlement system

DEFINITIONS

“ATM”	:	Automated teller machine of a Participating Bank
“Associate”	:	<p>(a) In relation to any Director, chief executive officer, substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and</p> <p>(b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
“Board” or “Directors”	:	The board of Directors of the Company as at the date of this Circular
“Books Closure Date”	:	Subject to Shareholders’ approval for the Whitewash Resolution to be passed at the EGM, the time and date to be determined by the Directors and to be announced by the Company in due course, at and on which the Register of Members and Depository Register will be closed to determine the provisional allotments of Entitled Shareholders under the Rights Issue
“Business Day”	:	A day on which the banks in Singapore are open for business (excluding Saturdays, Sundays and gazetted public holidays)
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
“Circular”	:	This circular to Shareholders dated 12 April 2018
“Closing Date”	:	The time and date to be determined by the Directors and announced by the Company in due course, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of the Rights Shares under the Rights Issue

DEFINITIONS

“Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Concert Party Group”	:	Mr Lee Eng and his spouse, Mdm Koh Moi Huang (each, an “Undertaking Shareholder”)
“Controlling Shareholder”	:	A Shareholder who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of the Shares in the Company; or (b) in fact exercises control over the Company
“Diversification”	:	The Company’s proposed business diversification into the Property Business
“EGM”	:	The extraordinary general meeting of the Company, to be held on 27 April 2018 for the purposes of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions
“Electronic Application”	:	Acceptance of the Rights Shares and (if applicable) application for excess Rights Shares made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offer Information Statement and the relevant procedures for electronic application at ATMs to be set out in the Offer Information Statement or on the ATM screens
“Entitled Depositors”	:	Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with the CDP are in Singapore as at the Books Closure Date or who 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
“Entitled Scripholders”	:	Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who 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
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders
“EPS”	:	Earnings per Share

DEFINITIONS

“Existing Concert Party Group’s Shares”	:	79,996,731 Shares held by the Concert Party Group as at the date of the Undertakings
“Existing Share Capital”	:	The existing issued share capital of the Company comprising 271,980,729 Shares as at the Latest Practicable Date
“Foreign Shareholders”	:	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 CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents
“FY”	:	Financial year ended or ending 31 December, as the case may be
“IFA Letter”	:	The letter dated 5 April 2018 from the IFA to the Recommending Directors in relation to the Whitewash Resolution as set out on pages 38 to 63 of this Circular
“Independent Directors”	:	The independent directors of the Company, namely, Dr Tan Eng Liang, Mr Chee Wai Pong and Mr Ch’ng Jit Koon
“Independent Shareholders”	:	Shareholders who are deemed to be independent for the purposes of the Whitewash Resolution
“Issue Price”	:	S\$0.045 for each Rights Share
“Latest Practicable Date”	:	29 March 2018, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Maximum Scenario”	:	The scenario for the subscription of the Rights Issue that describes the allotment and issue of 135,990,364 Rights Shares based on the assumption that all the Rights Shares offered under the Rights Issue are fully subscribed.
“Minimum Scenario”	:	<p>The scenario for the subscription of the Rights Issue that describes the allotment and issue of 39,998,365 Rights Shares based on the assumption that:</p> <ul style="list-style-type: none"> (a) only the Concert Party Group subscribes for the Rights Shares pursuant to the Undertakings (being collectively, 39,998,365 Rights Shares); and (b) none of the other Shareholders (save for the Concert Party Group pursuant to the Undertakings) subscribe for their entitlements to the Rights Shares and/or apply for excess Rights Shares

DEFINITIONS

“Notice of EGM”	:	The notice of EGM as set out in this Circular
“NTA”	:	Net tangible assets
“Offer Information Statement”	:	The offer information statement referred to in Section 277 of the SFA, together with the PAL, the ARE, the ARS and all accompanying documents including any supplementary or replacement document, to be issued by the Company in connection with the Rights Issue
“PAL” or “Provisional Allotment Letter”	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out their provisional allotments of Rights Shares under the Rights Issue
“Participating Banks”	:	The banks that will be participating in the Rights Issue by making available their ATMs to Entitled Depositors for acceptances of the Rights Shares and/or applications for excess Rights Shares
“Property Business”	:	<p>The business of</p> <p>(a) property development, re-development, including acquisition, development and/or sale of industrial, commercial and residential property; and</p> <p>(b) property investment in industrial, commercial and residential property for rental yield, capital growth and/or provision of property-related services and facilities.</p>
“Proposed Resolutions”	:	The resolutions as set out in the Notice of EGM for which the Directors are seeking Shareholders’ approval
“Proxy Form”	:	The proxy form in respect of the EGM enclosed in this Circular
“Recommending Directors”	:	Directors who are regarded as independent in respect of the Whitewash Resolution, namely, Dr Tan Eng Liang, Mr Ch’ng Jit Koon, Mr Chee Wai Pong, Mr Francis Lau Choo Yew and Mr Johnlin Yuwono.
“Record Date”	:	In relation to any dividends, rights, allotment 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 Shareholders must be registered with the Company or the Securities Account of Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions

DEFINITIONS

“Rights Issue”	:	The proposed renounceable non-underwritten rights issue of up to 135,990,364 Rights Shares at the Issue Price, on the basis of one (1) Rights Share for every two (2) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlement to be disregarded
“Rights Shares”	:	Up to 135,990,364 new Shares to be allotted and issued by the Company pursuant to the Rights Issue, each a “Rights Share”
“Scripholders”	:	Shareholders whose Shares are registered in their own names and whose share certificates are not deposited with CDP
“Securities Account”	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“Shareholders”	:	Registered holders of Shares in the register of Members of the Company or, where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with those Shares
“Shareholders’ Approval”	:	The approval of the Shareholders for any or all the Proposed Resolutions, as the case may be
“Shares”	:	Ordinary shares in the capital of the Company
“SIC Conditions”	:	Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out in Section 3.4 of this Circular
“Substantial Shareholder”	:	A person who has an interest (direct or indirectly) in 5% or more of the total issued voting rights of the Company
“Undertakings”	:	The irrevocable undertakings dated 11 December 2017 given by the Concert Party Group to the Company as disclosed in Section 2.6 of this Circular

DEFINITIONS

“Whitewash Resolution”	:	The resolution to be approved by way of poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer from the Concert Party Group pursuant to Rule 14 of the Code arising from the Concert Party Group subscribing for Rights Shares and excess Rights Shares (subject to availability) under the Rights Issue pursuant to the Undertakings, further details of which are found in Section 3 of this Circular
“Whitewash Waiver” or “SIC Waiver”	:	The waiver granted by the SIC on 10 January 2018 of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code in the event that the Concert Party Group, who previously held in aggregate less than 30% of the Company’s voting rights, increase their aggregate holding of voting rights in the Company to 30% or more as a result of the Concert Party Group subscribing for or acquiring Rights Shares pursuant to the Rights Issue. The waiver is subject to the satisfaction of the SIC Conditions, further details of which are set out in Section 3 of this Circular

Currencies, Units and Others

“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Per centum or percentage

The term **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. A **“person”** shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to the time of day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Catalist Rules or such statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA, or the Catalist Rules or such statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

PROGEN HOLDINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199605118C)

Directors:

Lee Eng (Managing Director)
Tan Eng Liang (Independent Chairman)
Ch'ng Jit Koon (Independent Director)
Chee Wai Pong (Independent Director)
Francis Lau Choo Yew (Non-Executive Non-Independent Director)
Johnlin Yuwono (Non-Executive Non-Independent Director)

Registered Office:

28 Riverside Road
#04-01 Progen Building
Singapore 739085

LETTER TO SHAREHOLDERS

12 April 2018

To: The Shareholders of Progen Holdings Ltd

Dear Sir/Madam,

1. INTRODUCTION

1.1. EGM

The Directors are convening an EGM to be held at 28 Riverside Road, #04-01 Progen Building, Singapore 739085 on 27 April 2018 at 11:00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and at the same place) to seek Shareholders' Approval in relation to:

- (1) The proposed Whitewash Resolution for the waiver of the right of the Independent Shareholders of the Company to receive a mandatory general offer from the Concert Party Group for all the issued Shares in the capital of the Company not already owned or controlled by the Concert Party Group as a result of the Rights Issue; and
- (2) The proposed diversification of the core business of the Group to include the Property Business

(collectively, the "**Proposed Resolutions**").

Shareholders should note that the Proposed Resolutions are not inter-conditional upon each other.

1.2. Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the Proposed Resolutions to be tabled at the EGM, the notice of which is set out on page 64 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

The SGX-ST takes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Circular.

2. THE RIGHTS ISSUE

2.1. Introduction

On 11 December 2017, the Company announced the proposed Rights Issue and Diversification (the “**Announcement**”). The Company is proposing to undertake a renounceable non-underwritten rights issue of up to 135,990,364 Rights Shares, at the Issue Price of S\$0.045 for each Rights Share on a basis of one (1) Rights Share for every two (2) Shares held by Eligible Shareholders as at the Books Closure Date, fractional entitlements to be disregarded. There are no treasury shares, subsidiary holdings, outstanding share options, share awards, or any other convertibles of the Company as at the Latest Practicable Date.

Subject to the Company obtaining Shareholders’ approval for a general share issue mandate at the AGM (“**FY2018 General Mandate**”), the issue of the Rights Shares will be made pursuant to the authority granted by the Shareholders under the FY2018 General Mandate, pursuant to Section 161 of the Companies Act and Rule 806(2) of the Catalist Rules.

As at the Latest Practicable Date, the Company has 271,980,729 Shares. Assuming that the Company will not be issuing any Shares between the Latest Practicable Date and 27 April 2018 and that no Shares would be issued under the FY2018 General Mandate, the maximum number of Shares that the Company may issue pursuant to the FY2018 General Mandate on a *pro-rata basis* to existing Shareholders is 271,980,729. Accordingly, the 135,990,364 Rights Shares to be issued under the Maximum Scenario falls within the limits of the FY2018 General Mandate. As such, the Company will not be seeking specific approval from the Shareholders for the Rights Issue.

2.2. Purpose of the Rights Issue and Use of Proceeds

On 15 October 2017, the Company announced that Progen Industrial Pte. Ltd. (“**PIPL**”), a wholly-owned subsidiary of the Group has acquired 20% of TSky Balmoral Pte. Ltd. (“**TBPL**”). TBPL was incorporated to undertake the redevelopment of two plots of land at 17 Balmoral Road (Lot 138C of Town Subdivision 26 and Lot 99899P of Town Subdivision 26) (the “**Redevelopment**”). On 6 November 2017, the Company further announced that further to a joint venture agreement, the Group is required to commit, *inter alia*, an additional S\$7.0 million. On 24 November 2017, the Company updated that the acquisition of the site for the Redevelopment has been completed. After careful business evaluation, the Group intends to finance its portion of the Redevelopment via internal resources, bank borrowings and/or the proceeds from the Rights Issue. The Rights Issue will also help strengthen the Group’s balance sheet, providing the Group with greater financial capacity and flexibility to capitalize on any other investment opportunities in the property business if and when it arises.

Assuming that the Rights Issue is fully subscribed by all Shareholders (the “**Maximum Scenario**”), based on the Existing Share Capital of 271,980,729 Shares, up to 135,990,364 Rights Shares may be issued or gross proceeds of S\$6.12 million may be raised pursuant to the Rights Issue.

Assuming that none of the Shareholders other than the Concert Party Group subscribes for the Rights Shares; and the Concert Party Group subscribes fully for their entitlements to the Rights Shares pursuant to the Undertakings (the “**Minimum Scenario**”), up to 39,998,365 Rights Shares may be issued or gross proceeds S\$1.80 million may be raised pursuant to the Rights Issue.

The table below sets out the Minimum Scenario and Maximum Scenario, assuming that the share capital of the Company as at the Books Closure Date is the Existing Share Capital.

	Minimum Scenario	Maximum Scenario
Total number of Shares	271,980,729	271,980,729
Total number of Rights Shares issued	39,998,365	135,990,364
Total number of Shares following the completion of the Rights Issue	311,979,094	407,971,093
Net proceeds (after deducting estimated costs, expenses of S\$0.2 million incurred in connection with the Rights Issue) (" Net Proceeds ")	S\$1.6 million	S\$5.9 million
For property related business (90% of Net Proceeds)	S\$1.4 million	S\$5.3 million
General working capital (10% of Net Proceeds)	S\$0.2 million	S\$0.6 million

Upon completion of the Rights Issue, and pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated above, and provide a status report on the use of the Net Proceeds in the Company's interim and full year financial statements issued under Rule 705 of the Catalist Rules and its annual reports until such time the Net Proceeds have been fully utilised. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the Net Proceeds in the announcements and status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

The Directors are of the opinion that after taking into consideration the Group's internal resources, operating cash flows and present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the reasons for undertaking the Rights Issue are as set out in this Circular.

Based on the reasonable opinion of the Directors as at the date of this Circular and in view of the Undertakings, there is no minimum amount which must be raised from the Rights Issue taking into consideration the intended use of the Net Proceeds.

In view of the Undertakings, and the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Rights Issue without having the Rights Issue being underwritten by any financial institution.

2.3. Principal Terms of the Rights Shares

Basis of provisional allotment	:	One (1) Rights Share for every two (2) existing Shares standing to the credit of the Securities Accounts of Entitled Depositors or held by Entitled Scripholders, as the case may be, as at the Books Closure Date, fractional entitlements to be disregarded.
Number of Rights Shares to be issued	:	Assuming that the share capital of the Company as at the Book Closure Date is the Existing Share Capital, up to 135,990,364 Rights Shares will be issued based on the Maximum Scenario.
Issue Price	:	<p>S\$0.045 for each Rights Share, payable in full on acceptance and/or application.</p> <p>The Issue Price represents: (i) a discount of approximately 36.6% to the last transacted price of S\$0.071 per Share on the Catalist on 30 November 2017 (being the last Market Day on which the Shares were traded on the Catalist prior to the date of the Announcement); (ii) a discount of approximately 27.8% to the theoretical ex-rights price of S\$0.0623 per Share based on the last transacted price of S\$0.071 per Share on the Catalist on 30 November 2017; and (iii) a discount of approximately 4.3% to the closing price of S\$0.047 per Share as at the Latest Practicable Date.</p>
Status of Rights Shares	:	The Rights Shares when allotted and issued, will rank <i>pari passu</i> in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares.
Eligibility to participate in the Rights Issue	:	Please see Section 2.5 of this Circular.
Listing of the Rights Shares	:	<p>In-principle approval for the listing of and quotation for the Rights Shares has been granted by the SGX-ST on 27 February 2018 subject to compliance with the SGX-ST's listing requirements.</p> <p>The in-principle approval by the SGX-ST is not an indication of the merits of the Rights Issue, the Rights Shares, the Company, its subsidiaries and their securities.</p>
Trading of the Rights Shares	:	Upon the listing and quotation of the Rights Shares on the Catalist, the Rights Shares will be traded on the Catalist under the book-entry (scripless) settlement system. For the purposes of trading on the Catalist, each board lot of Shares will comprise 100 Shares.

Trading of the Rights

- : Eligible Depositors who wish to trade all or part of their provisional allotments of Rights Shares on the SGX-ST can do so during the trading period for the “nil-paid” Rights.

Eligible Depositors should note that the provisional allotments of Rights Shares are expected to be tradeable in board lot sizes of 100. Eligible Depositors who wish to trade in lot sizes other than the board lot sizes, can do so on the SGX-ST’s unit share market.

Acceptance, excess application and payment procedures

- : Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or in the case of Entitled Depositors, trade (during the provisional allotments trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (“**excess Rights Shares**” and each such application, an “**excess application**”).

Fractional entitlements to the Rights Shares will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with provisional allotments not allotted or taken up for any reason, be aggregated and used to satisfy applications for excess Rights Shares (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company subject to applicable laws and the Catalist Rules.

In the allotment of excess Rights Shares, preference will be given to Eligible 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 who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

The Company will also not make any allotment and issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting. Provisional allotment of Rights Shares which would otherwise have been made to Foreign Shareholders will be dealt with in the manner described in Section 2.5 of this Circular.

The Rights Shares are payable in full upon acceptance of the provisional allotments of the Rights Shares and/or application for the excess Rights Shares.

The procedures for acceptance, payment and excess application by Entitled Depositors and the procedures for acceptance, payment, splitting, renunciation and excess application by Entitled Scripholders will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the Whitewash Resolution being approved by Shareholders at the EGM.

CPF Investment Scheme : 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.

Non-Underwritten : The Rights Issue will not be underwritten. In view of the savings in costs by the Company as a result of not having to pay any underwriting fees, the Company has decided to proceed with the Rights Issue without having the Rights Issue being underwritten by any financial institution. The Rights Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules.

Governing law : Laws of the Republic of Singapore.

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 despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the Whitewash Resolution being approved by the Independent Shareholders at the EGM.

2.4. Conditions for the Rights Issue

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

- (a) the Whitewash Waiver having been granted by the SIC and not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- (b) the FY2018 General Mandate being approved by Shareholders at the AGM;
- (c) the Whitewash Resolution being approved by the Independent Shareholders at the EGM;
- (d) receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares on Catalist; and
- (e) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) with the SGX-ST acting as agent on behalf of the Authority.

For the avoidance of doubt, in the event that the Whitewash Resolution is not approved by the Independent Shareholders, the Undertakings by the Concert Party Group may lead to a mandatory general offer for the Company under Rule 14 of the Code by the Concert Party Group. As this is not the intention of the Board, the Company will not be proceeding with the Rights Issue without fulfilling all the conditions as set out above.

In-principle approval for the listing of and quotation for the Rights Shares has been granted by the SGX-ST on 27 February 2018, subject to compliance with the SGX-ST's listing requirements.

The in-principle approval by the SGX-ST is not an indication of the merits of the Rights Issue, the Rights Shares, the Company, its subsidiaries and their securities.

The Whitewash Waiver granted by the SIC on 10 January 2018 is subject to the satisfaction of the SIC Conditions, details of which are set out in **Section 3.4** of this Circular.

2.5. Eligibility of Shareholders to Participate in the Rights Issue

Entitled Shareholders

The Company proposes to provisionally allot the Rights Shares to Entitled Shareholders (comprising Entitled Depositors, Entitled Scripholders and excluding Foreign Shareholders, as defined below) under the Rights Issue:

- (a) Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date (the "**Entitled Depositors**") will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date.

To be Entitled Depositors, depositors must have registered addresses in Singapore with CDP as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide CDP at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588 with registered addresses in Singapore for the service of notices and documents, not later than 5:00 p.m. (Singapore Time) on the date being three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

(b) Entitled Scripholders

Shareholders whose Shares are not registered in the name of CDP but whose names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date (the “**Entitled Scripholders**”) will be provisionally allotted Rights Shares on the basis of the number of Shares held by them as stated in the Register of Members of the Company as at the Books Closure Date.

To be Entitled Scripholders, Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with registered addresses in Singapore for the service of notices and documents, not later than 5:00 p.m. (Singapore Time) on the date being three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5:00 p.m. on the Books Closure Date by the Share Registrar, will be registered to determine the transferee’s provisional allotments of Rights Shares entitlements.

Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the Offer Information Statement together with the ARE or PAL, as the case may be, and other accompanying documents, at their respective Singapore addresses.

Entitled Depositors who do not receive the Offer Information Statement and the ARE may obtain them from CDP or the Share Registrar during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PAL may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at a liberty to accept (in full or in part), decline, renounce or in the case of Entitled Depositors only, trade their provisional allotments of Rights Shares on the Catalist during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Entitled Depositors, who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, may only do so through CDP and/or by way of an Electronic Application.

Full details of the Rights Issue, including an indicative timetable of the key events, will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course.

All dealings in and transactions of the provisional allotments of Rights Shares through the Catalist will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the Catalist.

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to effect any change in address must reach CDP not later than three (3) Market Days before the Books Closure Date.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit such share certificates with CDP at least twelve (12) Market Days before the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares. Entitled Shareholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Rights Issue have not been and will not be registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than in Singapore, the Rights Issue is only made in Singapore and the Rights Shares will not be offered to Foreign Shareholders. The Offer Information Statement relating to the Rights Issue and its accompanying documents will not be despatched to Foreign Shareholders or into any jurisdictions outside Singapore.

Accordingly, no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for excess Rights Shares despatched by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renouncee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of the Rights Shares renounced to him.

The Company reserves the right to reject any acceptances of the Rights Shares and/or applications for excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

The Company further reserves the right to treat as invalid any ARE, ARS or PAL or decline to register such application or purported application which (a) appears to the Company or its agent to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to

despatch the share certificate(s) to an address in any jurisdiction outside Singapore, or (c) purports to exclude any deemed representation or warranty.

Foreign Shareholders who wish to be eligible to participate in the Rights Issue may provide a Singapore address by notifying in writing, as the case may be, (i) CDP at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588, or (ii) Progen Holdings Ltd c/o the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, by 5:00 p.m. on the date being three (3) Market Days prior to the Books Closure Date.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotment of 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 the relevant 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 or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them at their **OWN RISK BY ORDINARY POST**. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such net proceeds will be retained for the sole benefit of the Company or dealt with as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, the Share Registrar or CDP or 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, the Sponsor, CDP, or the Share Registrar or their respective officers in respect of such sales or proceeds thereof, of such provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, CDP or the Share Registrar or their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any regulatory or legal requirements in those territories.

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation and/or sale of the provisional allotments of Rights Shares and the application for excess Rights Shares pursuant to the Rights Issue, including the different modes of acceptance or excess application and payment, will be set out in the Offer Information Statement and its accompanying documents to be despatched by the Company to Entitled Shareholders in due course, in the event that, *inter alia*, ordinary resolution 1 at the EGM is passed.

2.6. Undertakings

As at the Latest Practicable Date, the Concert Party Group has an aggregate direct interest in 79,996,731 Shares, representing approximately 29.41% of the Existing Share Capital of the Company ("**Existing Shareholding**").

To show their support for the Rights Issue and the prospects of the Group, the Concert Party Group has provided the Undertakings to the Company, *inter alia*, to:

- (i) subscribe and/or instruct and procure the subscription of their pro-rata entitlement to the Rights Shares under the Rights Issue based on their Existing Shareholding as at the date of the Undertakings (the "**Undertaking Shares**");
- (ii) do all things and execute all such documents as are reasonably necessary to effect the undertakings stated in paragraph 2.6(i) above, on the terms of the Undertakings and on the terms of the Offer Information Statement and any accompanying document that will be lodged with the SGX-ST, acting as an agent on behalf of the Authority in respect of the Rights Issue; and
- (iii) as at the Books Closure Date, their registered shareholdings shall not change from their Existing Shareholding.

The Undertakings are subject to and conditional upon *inter alia* (a) the approval in-principle having been granted by the SGX-ST for the listing and quotation of the Rights Shares on the Catalist, (b) the lodgement of the Offer Information Statement, together with all other accompanying documents, with the SGX-ST, acting as an agent on behalf of the Authority, (c) the approval by the SIC having granted the Whitewash Waiver, and (d) the Whitewash Resolution being approved by Independent Shareholders at the EGM.

On 9 February 2018, the Company had received written confirmation from Maybank Banking Berhad that the Concert Party Group has the requisite financial resources to fulfil the Undertakings and subscribe for their pro-rata entitlement to the Rights Shares under the Rights Issue based on their Existing Shareholding ("**Confirmation**"). For the avoidance of doubt, the Confirmation does not include the financial resources required to subscribe for an additional 72 million excess Rights Shares (as further elaborated below).

The Company wishes to elaborate that the Concert Party Group intends, subject to availability of excess Rights Shares, to subscribe for excess Rights Shares not taken up or renounced by Entitled Shareholders in order to raise additional proceeds for the Company.

For illustrative purposes only, in addition to subscribing fully for their pro-rata entitlement of Rights Shares, the Concert Party Group may subscribe for an additional 72 million of excess Rights Shares which will raise additional gross proceeds of approximately S\$3.2 million pursuant to the Rights Issue. In the event none of the Entitled Shareholders other than the Concert Party Group subscribe for their entitlement and 72 million excess Rights Shares ("**Excess Rights Scenario**"), it would result in the Concert Party Group gaining

statutory control of the Company and holding an aggregate of approximately 50% of the enlarged share capital of the Company upon completion of the Rights Issue, as set out in the table below:

Scenarios	Minimum Scenario	Excess Rights Scenario
	Where only the Concert Party Group subscribe for their full entitlement of Rights Shares	Where only the Concert Party Group subscribe for their full entitlement of Rights Shares and 72 million excess Rights Shares
Rights Shares Applied for by Concert Party Group	39,998,365 (based on 29.41% of total Rights Shares of 135,990,364)	111,998,365
Shareholdings of the Concert Party Group	38.46% of enlarged share capital	50.00% of enlarged share capital

2.7. Financial Effects of the Rights Issue

The financial effects of the Rights Issue under the Minimum Scenario and the Maximum Scenario as presented herein:

- (a) are for illustrative purposes only and do not reflect the future actual financial results or position of the Group immediately after the completion of the Rights Issue;
- (b) are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 (“FY2017”);
- (c) assume that the Rights Issue was completed on 31 December 2017, as the case may be, for the purposes of computing the financial effects on the share capital, net asset value (“NAV”) and gearing; and
- (d) assume that the Rights Issue was completed on 1 January 2017, for the purposes of computing the financial effects on the EPS.

2.7.1. Share Capital

	Minimum Scenario		Maximum Scenario	
	No. of Shares	S\$'000	No. of Shares	S\$'000
Issued share capital as at 31 December 2017	271,980,729	27,224	271,980,729	27,224
Add: Rights Shares to be issued	39,998,365	1,800	135,990,364	6,120
Issued share capital after the Rights Issue	311,979,094	29,024	407,971,093	33,344

2.7.2. NTA

	Minimum Scenario	Maximum Scenario
<u>As at 31 December 2017</u>		
NTA before the Rights Issue (S\$'000)	30,873	30,873
Number of Shares before the Rights Issue	271,980,729	271,980,729
NTA per Share before the Rights Issue (S\$ cents)	11.35	11.35
Add: Net proceeds from the Rights Issue (S\$'000)	1,600	5,920
NTA after the Rights Issue (S\$'000)	32,473	36,793
Number of Shares after the Rights Issue	311,979,094	407,971,093
NTA per Share after the Rights Issue (S\$ cents)	10.41	9.02

2.7.3. Gearing

	Minimum Scenario	Maximum Scenario
<u>As at 31 December 2017</u>		
Total borrowings before the Rights Issue (S\$'000)	2,950	2,950
Shareholders' equity before the Rights Issue (S\$'000)	31,071	31,071
Gearing before the Rights Issue (times)	0.09	0.09
Total borrowings after the Rights Issue (S\$'000)	2,950	2,950
Shareholders' equity after the Rights Issue (S\$'000)	32,671	36,991
Gearing after the Rights Issue (times)	0.09	0.08

2.7.4. EPS

	Minimum Scenario	Maximum Scenario
FY2017		
Net losses attributable to Shareholders (S\$'000)	(4,703)	(4,703)
Weighted average number of Shares before the Rights Issue	271,980,729	271,980,729
Weighted average number of Shares after the Rights Issue	311,979,094	407,971,093
(LPS) before the Rights Issue (S\$ cents)	(1.73)	(1.73)
(LPS) after the Rights Issue (S\$ cents)	(1.51)	(1.15)

3. THE WHITEWASH RESOLUTION

3.1. Interests of the Concert Party Group

As at the Latest Practicable Date, the interests of the Concert Party Group in the Company are as follows:

	No. of Shares held	% of issued share capital
<u>Concert Party Group</u>		
Mr Lee Eng	79,083,690	29.08
Mdm Koh Moi Huang	913,041	0.33
Total	79,996,731	29.41

3.2. Mandatory General Offer Requirement under the Code

Under Rule 14 of the Code, except with the SIC's consent, 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 30.0% 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 30.0% but not more than 50.0% 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 1.0% 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 a Mandatory Offer.

As at the Latest Practicable Date, the Concert Party Group holds in aggregate 29.41% of the Existing Share Capital of the Company. The Rights Shares to be issued to the Concert Party Group may result in the Concert Party Group increasing their aggregate holding of voting rights in the Company to 30% or more.

Assuming the Minimum Scenario, the shareholding of the Concert Party Group will increase from approximately 29.41% to 38.46% immediately following the allotment and issue of such Rights Shares. Please refer to Section 3.3 of this Circular for further details of the potential dilution arising from the Rights Issue.

Assuming the Excess Rights Scenario, the shareholding of the Concert Party Group will increase from approximately 29.41% to 50.00% immediately following the allotment and issue of such Rights Shares. The Concert Party Group and their concert parties would then be free to acquire further Company shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

Accordingly, an application was made by the Company to the SIC for a waiver of the obligations of the Concert Party Group to make a mandatory general offer for the Company under Rule 14 of the Code as a result of the subscription of Rights Shares under the Rights Issue in accordance with the Undertakings and the Excess Rights Scenario.

3.3. Potential Dilution

As a result of the Rights Issue and the Undertakings, the collective shareholding interests of Shareholders (other than the Concert Party Group) may be diluted from 70.59% to 61.54% and 50.00% under the Minimum Scenario and Excess Rights Scenario respectively, assuming that the share capital of the Company as at the Book Closure Date is the Existing Share Capital. Further details of the potential dilution are set out as follows:

As at the Latest Practicable Date

	No. of Shares held	% of Existing Share Capital
Concert Party Group	79,996,731	29.41
Other Shareholders	191,983,998	70.59
Total	271,980,729	100.00

After the Rights Issue

	Minimum Scenario		Maximum Scenario		Excess Rights Scenario	
	No. of Shares held	% of Enlarged Share Capital	No. of Shares held	% of Enlarged Share Capital	No. of Shares held	% of Enlarged Share Capital
Concert Party Group	119,995,096	38.46	119,995,096	29.41	191,995,096	50.00
Other Shareholders	191,983,998	61.54	287,975,997	70.59	191,983,998	50.00
Total	311,979,094	100.00	407,971,093	100.00	383,979,094	100.00

3.4. Whitewash Waiver

The Whitewash Waiver is subject to the satisfaction of the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the Rights Issue, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a general offer from the Concert Party Group;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Concert Party Group, their concert parties and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Concert Party Group and their concert parties did not acquire or are not to acquire any Company shares or instruments convertible into and options in respect of Company shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Company shares which have been disclosed in the circular):
 - (i) during the period between the date of the Announcement and the date shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the 6 months prior to the date of the Announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Rights Issue;
- (e) the Company appoints an independent financial adviser to advise its independent shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in its circular to shareholders:
 - (i) details of the Rights Issue;
 - (ii) the possible dilution effect to existing holders of voting rights as a result of the Concert Party Group subscribing for their entitlement of their Rights Shares and excess rights of 72 million Rights Shares;
 - (iii) 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 Company shares held by the Concert Party Group and their concert parties as at the latest practicable date;

- (iv) the number and percentage of voting rights to be issued to the Concert Party Group as a result of the Concert Party Group subscribing for their entitlement of their Rights Shares and excess rights of 72 million Rights Shares;
- (v) the fact that the Concert Party Group subscribing for their entitlement of their Rights Shares and excess rights of 72 million Rights Shares could result in the Concert Party Group and their concert parties holding shares carrying over 49% of the voting rights of the Company and the fact that the Concert Party Group and their concert parties would then be free to acquire further Company shares without incurring any obligation under Rule 14 of the Code to make a general offer. In this regard, specific and prominent reference should be made to these facts; and
- (vi) that 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 Company shares in the past 6 months preceding the commencement of the offer. In this regard, specific and prominent reference should be made to this; and
- (g) the circular by the Company to its shareholders states that the waiver granted by SIC to the Concert Party Group from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at 3.4(a) to (f) above;
- (h) the Company obtains SIC's approval in advance for those parts of the circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the acquisition by the Concert Party Group of the Rights Shares must be completed within 3 months of the date of approval of the Whitewash Resolution.

(Collectively, the "**SIC Conditions**").

As at 5 April 2018, save for the conditions set out in (a) and (i) above, all the other SIC Conditions set out above have been satisfied.

For the avoidance of doubt, the Concert Party Group and parties not independent of it will abstain from voting on the Whitewash Resolution and shall not accept nomination as proxies or otherwise for voting on the Whitewash Resolution at the EGM.

3.5. Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution (Ordinary Resolution 1) set out in the Notice of EGM, to waive their rights to receive a mandatory general offer from the Concert Party Group for the remaining Shares not already owned or controlled by them.

3.6. Advice to Independent Shareholders

Independent Shareholders should note that:

- (a) by voting in favour of the Whitewash Resolution (Ordinary Resolution 1), they will be waiving their rights to receive a mandatory general offer for their Shares from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group in the six (6) months preceding the commencement of the Rights Issue which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and
- (b) upon the completion of the Rights Issue, the subscription by the Concert Party Group and their concert parties under the Excess Rights Scenario may result in their shareholding interests increasing to 49% or more of the voting rights of the Company based on its enlarged issued share capital after the Rights Issue. As the Concert Party Group and their concert parties would then hold shares carrying more than 49% of the voting rights of the Company, they would be free to acquire additional shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer for the Company.

3.7. Advice from the Independent Financial Adviser

Hong Leong Finance Limited has been appointed as the independent financial adviser (“IFA”) to the Recommending Directors in respect of the Whitewash Resolution.

In its evaluation of the Whitewash Resolution, the IFA has given due consideration to, *inter alia*, the following key factors:

- (a) Rationale for the Rights Issue and the use of proceeds;
- (b) Rights Shares being offered to Entitled Shareholders on a pro-rata and renounceable basis;
- (c) Historical financial information of the Group;
- (d) Assessment of the Issue Price;
- (e) Financial effects of the Rights Issue; and
- (f) Other relevant considerations.

The IFA Letter, setting out its advice in full, is reproduced on pages 38 to 63 of this Circular. Having considered the above factors, as well as the considerations set out in the IFA Letter in its entirety, the IFA is of the opinion that the Whitewash Resolution, when considered in the context of the Rights Issue is fair and reasonable and is not prejudicial to the interests of the Independent Shareholders. Accordingly, the IFA has advised the Recommending Directors to recommend that the Independent Shareholders vote in favour of the Whitewash Resolution.

Shareholders are advised to read and consider the IFA Letter in its entirety as reproduced on pages 38 to 63 of this Circular and consider carefully the recommendations of the Recommending Directors for the Whitewash Resolution set out in Section 12.1 of this Circular.

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter reproduced on pages 38 to 63 of this Circular and all references thereto, in the form and context in which they appear in this Circular.

4. PROPOSED DIVERSIFICATION

4.1. Existing Business of the Group

The existing core business of the Group is the design, supply, installation and maintenance of air-conditioning and mechanical ventilation systems. The Group services clients in the public and private sectors, in relation to a wide variety of cooling systems for industrial, commercial and residential developments.

4.2. Proposed New Business of the Group

The Group remains focused on improving the performance of its existing core business but has been identifying various opportunities to venture into property-related business where its existing core business is complementary. On 15 October 2017, the Company announced that the Group acquired a minority shareholding of TBPL, which is primarily focused on the Redevelopment, and for which, the Group seeks to provide the relevant air-conditioning services. The Group expects to explore more of such opportunities that will complement the existing core business as well as become an additional core business of the Group in the future.

As it is envisaged that the existing risk profile of the Group will change with future ventures into property-related business, the Directors had proposed to convene the EGM to seek the approval of Shareholders for the proposed diversification of the Group's business ("**Diversification**") to include the businesses of:

- (a) property development, re-development including acquisition, development and/or sale of industrial, commercial and residential property; and
- (b) property investment in industrial, commercial and residential property for rental yield, capital growth and/or provision of property-related services and facilities.

(collectively, the "**Property Business**")

The Group intends to carry out the Property Business primarily within Singapore but expects to expand to the ASEAN region over time as it builds up its expertise in the Property Business.

4.3. Rationale for the Proposed Diversification

While the existing core business will remain the focus of the Group, the Board is mindful of the challenging market and hence, the Group should be leveraging on their existing core competencies to explore new markets with new revenue streams in order to build long-term growth and provide Shareholders with diversified returns. The Board believes opportunistic ventures in the Property Business that are synergistic with the Group's existing business will greatly benefit the Group and its Shareholders significantly.

4.4. Strategy and Approach and Management

The scale of the Property Business will differ based on the opportunities available to the Group. The Group will, in the beginning, target such opportunities where the size of the projects do not constitute a major transaction within the meaning of Chapter 10 of the Catalyst Rules.

The Group does not currently have the necessary expertise to carry out the entire scope of the proposed Property Business. However, the Group's existing core business is complementary to certain aspects of the Property Business and the Group is confident that its current management will be able to build up its expertise in the Property Business over time.

The Group further believes it has established a network of trusted and suitable business partners to enter into joint ventures and/or strategic alliances to explore opportunities in the Property Business where its current management expertise are currently insufficient.

The Board comprises individuals with varied qualifications, including financial, legal and property-related industrial experience, who will provide the strategic vision and policy on the Property Business. The Board also has an independent Audit and Risk Committee ("ARC") which will be able to guide the Group as and when required, including by reviewing the appropriate risk management processes.

A brief summary of the Board's relevant experience is as follows:

Mr Lee Eng, Managing Director, has been in the Group's core business of air-conditioning and mechanical ventilation systems for more than 40 years and has gathered vast experience in the industrial, commercial and residential development space.

Dr Tan Eng Liang, Independent Chairman and Chairman of the ARC, has previously served on the Board of United Engineering Limited and UE E&C Ltd., companies whose core businesses are related to the Property Business.

Mr Ch'ng Jit Koon, Independent Director and member of the ARC, is currently the Non-Executive Chairman of Pan-United Corporation Ltd and has previously sat on the board of Ho Bee Land Limited, whose core business is related to the Property Business.

Mr Chee Wai Pong, Independent Director and member of the ARC, is a lawyer with more than 40 years of experience in legal practice.

Mr Johnlin Yuwono, Non-Executive Non-Independent Director, has been a Director of several listed and/or private companies across industries including real estate.

Mr Francis Lau Choo Yew, Non-Executive Director Non-Independent, is currently a Managing Director of LCY Development Sdn. Bhd. and holds directorships in several private companies that specialise in property development and investment.

Given the above strategy, Board personnel and risk management framework, the Company does not see an immediate need to engage personnel with direct expertise or experience in the Property Business. The Group will however, in line with future growth in the Property Business, hire additional management and staff as and when required.

4.5. Financing and Financial Effects

The Company plans to fund the Property Business through internal sources of funds and bank borrowings. The Company is undertaking the Rights Issue, the net proceeds of which will form part of the internal source of funds available to the Company to undertake the Property Business.

As at the Latest Practicable Date, the Property Business is not expected to have any material impact on the Group's NTA per Share and EPS for FY2018 as the Property Business has yet to commence.

4.6. Risk Factors

The Board believes that the Diversification and the expansion of the Group's business activities may change the risk profile of the Company.

Any of the risks described below could materially and adversely affect the Group's business, financial condition, operations and prospects. In that event, the market price of the Shares could decline, and Shareholders may lose all or part of their investments in the Shares. The risks and uncertainties described below are not intended to be exhaustive and are not the only risks and uncertainties that the Group may face. The Group could be affected by a number of risks which relate to the industries and countries in which the Group intends to operate as well as those which may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. Additional risks and uncertainties not presently known to the Company or the Group or that the Company or the Group currently deems immaterial may also impair the Company's or the Group's business, financial condition, operations and prospects. The risks discussed below also include forward-looking statements and the Company's and the Group's actual results may differ substantially from those discussed in these forward-looking statements.

Subheadings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

(a) The Group has limited experience in the Property Business, and faces integration risk

Presently, the Group has limited experience in the Property Business. In line with future growth in the Property Business, the Group may hire additional suitably qualified employees, providing the relevant training, know-how, business support, creating new incentive structures for management and staff and establishing the operating infrastructure and internal controls, where necessary and appropriate.

Nevertheless, there can be no assurance that the Group will be successful in the Property Business, or that such measures will result in the seamless integration of the Property Business into the Group's existing operations. Delays in integration or unforeseen or unresolved issues may divert the Group's management attention and resources, delay the commencement of or prevent revenue growth in the Property Business, which may materially and adversely affect the Group's business, financial condition, operations and prospects.

(b) The performance of the Property Business may be affected by changes in general economic, political, social and environmental conditions

The Property Business is dependent on the health of the engineering and construction industries and the property market, which in turn is dependent on the general health of the economy. A downturn in the economy or a dampening of the general sentiments of the property market may result in reduced demand for the Property Business, which may have a material adverse effect on the Group's business operations, financial performance and financial condition. In addition, such downturn may dampen general sentiments in the property market and reduce demand for the Property Business.

Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors or any adverse developments in the supply, demand and prices of properties, may have an adverse effect on the Property Business. The Property Business is also subject to the cyclical nature of the property and construction industries and as such, any downturn in the property and construction industries may materially and adversely affect the Group's business operations, financial performance and financial condition.

(c) The Group may be subject to intense competition

The property development, construction and engineering industries are highly competitive. For the Property Business, the Group faces competition from existing property developers as well as new entrants to the property development business. Some of these competitors may possess stronger financial resources that enable them to compete more effectively as compared to the Group. In order to maintain its competitiveness in the property development market, the Group may have to offer more competitive prices or try to differentiate itself using more innovative marketing strategies and property designs. In order to secure tenders, the Group may have to compete aggressively in its bid price and in terms of service quality. If the Group needs to lower bid prices and yet face high operating costs from providing additional services, this will adversely affect the Group's profit margins.

There is no assurance that the Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. In the event that the Group is not able to compete successfully against its competitors or adapt to market conditions, its business operations, financial performance and financial condition may be adversely affected.

(d) The Group may require significant capital outlay for the Property Business

The Group may rely on bank financing to part finance its operations, in particular for its property development projects, which are capital intensive in nature. As such, the availability of adequate financing, including bank financing, may affect the Group's ability to acquire land and complete its property development projects according to plan. The Group's ability to obtain debt financing or funds from the capital markets for its requirements depends on the prevailing economic conditions, its ongoing performance, the general condition of the property market and the acceptability of the financing terms offered. These facilities may have variable interest rates and accordingly, any increase in such interest rates may have an adverse effect on the Group's profitability and financial performance.

Additional debt financing may restrict the Group's freedom to operate its business as new debt covenants may (i) increase its vulnerability to general adverse economic and industry conditions, (ii) limit its ability to pay dividends or require us to seek consent for the payment of dividends, (iii) require the Group to dedicate a portion of its cash flow from operations to payments of its debts, which would consequently reduce the availability of the Group's cash flow to fund capital expenditures, working capital requirements and other general corporate purposes, and (iv) limit its flexibility in planning for, or reacting to, changes in the Group's business and industry.

When planning for financing as well as project expenses and earnings for its projects, the Group needs to take into account various factors such as potential consumer response to its development projects, the timing of completion, the expected interest charges to be incurred for the entire duration of the project, the risk of recall of loans and the possibility that financial institutions may require that the Group provide additional security for its loans. Any variation in any of the factors mentioned above may lead to a corresponding change to the Group's estimated project expenses, including the cost of financing and earnings.

The Group cannot be assured that additional financing will be available when needed or that, if available, such financing may be obtained on terms and interest rates that are acceptable to it. There is also no guarantee that the terms for additional financing will be as favourable as those previously obtained. In the event that the Group is unable to obtain acceptable financing, it may not be able to undertake certain new projects and its business operations, financial performance and financial condition may be adversely affected.

(e) The Group may be subject to revenue, cashflow and profit volatility

The Property Business is highly volatile and the Group may not be able to secure a steady stream of projects to mitigate such volatility. Thus there is no assurance that the amount of projects, revenue, cashflow and profits will not fluctuate.

(f) The Group is exposed to credit risks of its customers

The Group's financial performance and position are dependent, to a certain extent, on the creditworthiness of its customers. If there are any unforeseen circumstances affecting the customers' ability or willingness to pay the Group, the Group may experience payment delays or non-payment. In any of such events, the Group's financial performance and financial position will be affected adversely.

(g) Any cost overruns and/or increase in costs may adversely affect the Group's financial performance

The contract value quoted in the tender submission for engineering and construction projects respectively is determined based on internal costing and budgetary evaluations on costs such as labour costs and material costs, including the indicative pricing from the various suppliers and/or sub-contractors.

However, unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions or unanticipated engineering or construction constraints at the worksite may arise during the execution of projects. Additional work which is not previously factored into the contract value of the Group's engineering and construction projects may have to be carried out and this may result in higher project costs. It is also possible for incorrect estimations of costs to be made during the tender submission or for delays in the execution of projects to arise. These circumstances will lead to cost overruns which will erode the Group's profit margin for the project or may result in losses. This may have an adverse effect on the Group's overall financial performance and financial condition.

(h) The Group may be subject to risks associated with joint ventures and mergers and acquisitions

The Group expects that it may, as a matter of business strategy, from time to time enter into projects through mergers and acquisitions and the formation of joint ventures. Any merger or acquisition undertaken, or joint venture entered into, by the Group for the Property Business may not be successful. Joint ventures involve a certain amount of business risks such as the inability or unwillingness of joint venture partners to fulfil their obligations under the joint venture agreements.

There is no assurance that the Group will not, in the future, encounter such business risks which, if financially material, will have an adverse effect on its business operations, financial performance and financial condition. In addition, if disputes arise out of such mergers or acquisitions or with its joint venture partners, the relevant business objectives may not be achieved and may lead to an adverse effect on the operations and financial position of the Group.

(i) The Group may be involved in legal and other proceedings arising from its operations from time to time

The Group may be involved from time to time in disputes with various parties involved in the property development, construction and engineering projects that the Group undertakes. These parties include contractors, sub-contractors, suppliers, construction companies, purchasers and other partners. These disputes may lead to legal and other proceedings. The Group may also have disagreements with relevant regulatory bodies. These may subject the Group to administrative proceedings. In the event that unfavourable decrees are determined by the courts or the regulatory bodies, the Group may suffer not only financial losses but also a delay in the construction or completion of its projects. In addition, if the Group is the main contractor of residential developments such as condominium projects and commercial projects, the Group may be exposed to the risk of legal suits, by either the management corporation or its clients who in turn are being sued by the management corporation in respect of defective works in common areas and common property. In such an event, the Group may be liable for damages and incur legal costs, which will have an adverse effect on the Group's financial performance and financial condition.

The Property Business may, from time to time, involve activities that may be harmful to the environment. Legal actions, other claims and/or activist actions may adversely affect the Group's financial position and market reputation.

(j) The Group may be affected by accidents and/or violation of regulatory requirements at the Group's worksites

Accidents or mishaps may occur at the worksites for the Group's projects even as the Group has put in place certain safety measures. As such, the Group may be subject to personal injury claims by workers who are involved in accidents at the Group's worksites during the course of their work from time to time.

Such accidents or mishaps may severely disrupt the Group's operations and lead to a delay in the completion of a project, and in the event of such delay, the Group could be liable to pay liquidated damages under contracts with its customers. In such an event, the Group's business operations, financial performance and financial condition may be materially and adversely affected. Further, such accidents or mishaps may subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them, and any significant claims which are not covered by the Group's insurance policies may materially and adversely affect its financial performance and financial condition. In addition, any accidents or mishaps resulting in significant damage to the Group's premises, machinery or equipment may also have a significant adverse effect on the Group's business operations, financial performance and financial condition.

In addition, in the event that the Group's worksites contravene the requisite safety and health standards imposed by the regulatory authorities, the Group could be fined, or issued with partial or full stop work orders. In the event that the Group is issued such stop work orders, this may severely disrupt the Group's operations and lead to a delay in the completion of a project. These circumstances would not only generate negative publicity and adversely affect the Group's market reputation but would also have a material adverse impact on the Group's business operations, financial performance and financial condition.

(k) The Group's insurance coverage may not be adequate

The Group faces the risk of loss or damage to its properties and machinery due to fire, theft and natural disasters, such as floods. Such events may cause disruption or cessation in its operations, thus adversely affecting its business operations, financial performance and financial condition.

Whilst the Group's insurance policies cover some losses in respect of loss or damage to its properties and machinery, the Group's insurance may not be sufficient to cover all of its potential losses in extraordinary events. In the event such loss exceeds the insurance coverage or is not covered by the insurance policies the Group has taken up, the Group may be liable to cover the shortfall of the amounts claimed and the Group's financial performance and financial condition may be adversely affected.

(l) The operations and profitability of the Property Business may be disrupted by acts of violence or wars and outbreaks of diseases

Any acts of violence (such as terrorist attacks) or wars may lead to uncertainty in the economic outlook of its markets. These could have a negative impact on the demand for the Property Business, and the Group's business operations, financial performance, and financial condition may be adversely affected.

Furthermore, an outbreak of infectious diseases such as the severe acute respiratory syndrome (SARS) may adversely affect its business operations, financial performance and financial condition. If an outbreak of such infectious diseases occurs in the future, customer sentiment and spending could be adversely affected and this may have a negative impact on the Group's business operations, financial performance and financial condition. The staff and employees may also be affected by any outbreak of such infectious diseases and this may affect the Group's day-to-day operations.

4.7. Risk Management Measures and Safeguards

The Group currently has in place an adequate and effective system of risk management and internal controls to address the material risks in its current business environment. If and/or when the Diversification is approved, the risks presented by the Property Business to the Group will be managed under the existing system of risk management and internal controls, which will determine the nature and extent of the significant risks which the Board is willing to take in achieving the strategic objectives.

The Group will endeavour to ensure that the risk management systems and internal controls are commensurate with the risk and business profile, nature, size and complexity of business activities engaged in the Property Business, and will review such risk management systems and internal controls periodically to assess adequacy and effectiveness. The Group will adopt internal policies and procedures which include the establishment of guidelines for the Company's investment objectives, strategies, approaches and restrictions to evaluate each investment and ensure that there are sufficient safeguards in place to manage risks. Where necessary, the Board and the ARC will seek the advice of reputable financial advisors and/or other experts.

4.8. Catalyst Rules

As the Property Business is substantially different from the Group's existing core business, it is envisaged that the Diversification will change the existing risk profile of the Group. Accordingly, the EGM will be convened by the Company to seek Shareholders' approval for the Diversification.

Upon Shareholders' approval of the Diversification, any acquisition or disposal which is in, or in connection with, the Property Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Property Business and which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the Property Business arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Notwithstanding that Shareholders' approval of the Diversification has been obtained,

- (a) Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company's ordinary course of business (which will include the Proposed New Business) and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company. Such acquisitions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting; or
- (b) Part III of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	% ⁽¹⁾	No. of Shares	%
Directors						
Lee Eng	79,083,690	29.08	913,041	0.34	79,996,731	29.42
Dr Tan Eng Liang	—	—	—	—	—	—
Ch'ng Jit Koon	—	—	200,000	0.07	200,000	0.07
Chee Wai Pong	—	—	—	—	—	—
Francis Lau Choo Yew	620,600	0.23	—	—	620,600	0.23
Johnlin Yowono ⁽⁴⁾	20,766,000	7.64	—	—	20,766,000	7.64
Substantial Shareholder (other than Directors)						
Golden Wang Holdings Pte Ltd ⁽²⁾	54,400,000	20.00	—	—	54,400,000	20.00
Lau Kung Ching ⁽²⁾	2,742,000	1.01	54,400,000	20.00	57,142,000	21.01
Ting Jack Hing ⁽³⁾	—	—	54,400,000	20.00	54,400,000	20.00

Notes:

- (1) Out of the 79,083,690 shares directly held by Mr Lee Ee @ Lee Eng, 6,349,500 shares are held by United Overseas Bank Nominees (Private) Limited. Mr Lee is deemed to be interested in the 913,041 shares held by his wife, Mdm Koh Moi Huang.
- (2) Mr Lau Kung Ching is deemed to be interested in the 54,400,000 shares held by Golden Wang Holdings Pte. Ltd. ("GW") pursuant to Section 7 of the Companies Act as he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in GW. Based on the records of the Central Depository Pte Limited as at the Latest Practicable Date, Mr Lau has a direct interest of 2,025,000 shares in the Company.
- (3) Mr Ting Jack Hing is deemed to be interested in the 54,400,000 shares held by GW pursuant to Section 7 of the Companies Act as he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in GW.
- (4) The 20,766,000 shares directly held by Mr Johnlin Yuwono are held by Hong Leong Finance Nominees Pte Ltd.

As at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in the Diversification (other than through their respective shareholdings in the Company, if any). As at the Latest Practicable Date, the Company has not received any notification from any of the Company's Substantial Shareholders that it has any interest, direct or indirect, in the Diversification (other than by reason of their shareholding interest in the Company).

6. BOOKS CLOSURE DATE

The Register of Members and the Register of Transfers of the Company will be closed as at a time and date to be determined by the Directors and announced by the Company in due course, for the purpose of determining the entitlements of Shareholders under the Rights Issue.

7. LISTING AND TRADING

In-principle approval for the listing of and quotation for the Rights Shares has been granted by the SGX-ST on 27 February 2018, subject to compliance with the SGX-ST's listing requirements.

The in-principle approval by the SGX-ST is not an indication of the merits of the Rights Issue, the Rights Shares, the Company, its subsidiaries and their securities.

The Offer Information Statement will be lodged with the SGX-ST acting as agent for and on behalf of the Authority and despatched to Entitled Shareholders in due course after, *inter alia*, Independent Shareholders' approval for the Whitewash Resolution has been obtained.

8. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter on pages 38 to 63 of this Circular and all references to its name in the form and context in which it appears in this Circular.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any legal or arbitration proceedings pending or threatened against the Company or any of its subsidiaries during the twelve (12) months before the Latest Practicable Date which might have or have had a significant effect on the financial position of the Group or of any facts likely to give rise to any such litigation or arbitration claim.

10. MATERIAL CONTRACTS

Save as disclosed in this Circular, the Group has not entered into any material contracts outside the ordinary course of business for the period of two (2) years prior to the Latest Practicable Date.

11. ABSTENTION FROM VOTING

11.1. Proposed Whitewash Resolution

Pursuant to the Code and SIC Conditions, the Concert Party Group and parties not independent of the Concert Party Group shall abstain, and shall procure their associates to abstain, from voting on the resolution approving the proposed Whitewash Resolution. The Concert Party Group and their associates will also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 1 (in relation to the proposed Whitewash Resolution) unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

12. DIRECTORS' RECOMMENDATIONS

12.1. Resolution 1: The Proposed Whitewash Resolution (as Ordinary Resolution)

The Recommending Directors in respect of the proposed Whitewash Resolution, having considered, *inter alia*, the rationale for the Rights Issue as set out in Section 2 of this Circular and the advice of the IFA as set out in the IFA Letter on pages 38 to 63 of this Circular, are of the opinion that the Whitewash Resolution is in the best interests of the Company, is fair and reasonable and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Independent Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

12.2. Resolution 2: The Proposed Diversification (as Ordinary Resolution)

The Directors, having considered, *inter alia*, the rationale for the Diversification as set out in Section 4 of this Circular, are of the opinion that the Diversification is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

13. EXTRAORDINARY GENERAL MEETING

An EGM will be held at 28 Riverside Road, #04-01 Progen Building, Singapore 739085 on 27 April 2018 at 11:00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and at the same place) for the purpose of considering, and, if thought fit, passing, with or without any modifications, the Proposed Resolutions set out in the Notice of EGM on page 64 of this Circular.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete and sign the Proxy Form which is attached to this Circular in accordance with the instructions printed thereon and return it to the Company's registered office at 28 Riverside Road #04-01 Progen Building Singapore 739085 as soon as possible and in any event so as to arrive at the Company's registered office no later than 11:00 a.m. on 25 April 2018. The completion and return of the Proxy Form by a Shareholder will not preclude him from attending the EGM and voting in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Rights Issue and the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular 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 the Circular in its proper form and context.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 28 Riverside Road #04-01 Progen Building Singapore 739085 during normal business hours from the date of this Circular up to and including the date of the EGM:—

- (a) the IFA Letter;
- (b) the letter of consent by the IFA;
- (c) the Undertakings referred to in Section 2.6 of this Circular;
- (d) the audited consolidated financial results of the Company for FY2017; and
- (e) the Constitution of the Company.

Yours faithfully
For and behalf of the Board of Directors of
Progen Holdings Ltd

Ngiam May Ling
Company Secretary

LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS

LETTER FROM HONG LEONG FINANCE LIMITED TO THE RECOMMENDING DIRECTORS OF PROGEN HOLDINGS LTD IN RELATION TO THE WHITEWASH RESOLUTION

HONG LEONG FINANCE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 196100003D)

5 April 2018

To: The Recommending Directors of Progen Holdings Ltd
(deemed to be independent in respect of the Whitewash Resolution)

Dr Tan Eng Liang (Independent Director and Non-Executive Chairman)
Mr Ch'ng Jit Koon (Independent Non-Executive Director)
Mr Chee Wai Pong (Independent Non-Executive Director)
Mr Francis Lau Choo Yew (Non-Independent Non-Executive Director)
Mr Johnlin Yuwono (Non-Independent Non-Executive Director)

Dear Sirs,

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHT OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM MR LEE ENG AND MDM KOH MOI HUANG (THE "CONCERT PARTY GROUP") FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP AS A RESULT OF THE RIGHTS ISSUE (AS DEFINED HEREIN)

*Except where the context otherwise requires or where otherwise stated, capitalised terms used in the circular dated 12 April 2018 (the "**Circular**") to the shareholders of Progen Holdings Ltd shall have the same meaning herein.*

1. INTRODUCTION

- 1.1 On 11 December 2017 (the "**Announcement Date**"), Progen Holdings Ltd ("**Progen**" or the "**Company**") and together with its subsidiaries, the "**Group**") announced that it is proposing, *inter alia*, to undertake a renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 135,990,364 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.045 (the "**Issue Price**") for each Rights Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company (the "**Shares**") held by the shareholders of the Company (the "**Shareholders**") as at the Books Closure Date, fractional entitlements to be disregarded (the "**Announcement**").

Detailed information on the Rights Issue is set out in Section 2 of the Circular.

We recommend that the Directors who are deemed independent in respect of the Whitewash Resolution (the "Recommending Directors") advise the independent shareholders (being Shareholders who are deemed to be independent for the purposes of the Whitewash Resolution) ("Independent Shareholders") to read the aforementioned section carefully.

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1.2 Mr Lee Eng, the Managing Director of the Group and a controlling shareholder of the Company, and his spouse, Mdm Koh Moi Huang (together the “**Concert Party Group**”, and each, an “**Undertaking Shareholder**”), are holding 79,083,690 Shares and 913,041 Shares, respectively as at the date of this Announcement (“**Existing Shareholding**”), representing an aggregate of approximately 29.41% of the Company’s issued share capital. The Concert Party Group has shown their support for the Rights Issue and the prospects of the Group by providing an irrevocable undertaking each dated 11 December 2017 (the “**Undertakings**”) to the Company, *inter alia*, to:

- (i) subscribe and/or instruct and procure the subscription of, the Undertaking Shareholder’s pro-rata entitlement to the Rights Shares under the Rights Issue based on the Undertaking Shareholder’s Existing Shareholding as at the date of the Undertakings (the “**Undertaking Shares**”);
- (ii) do all things and execute all such documents as are reasonably necessary to effect the undertakings stated in paragraph 1.2(i) above, on the terms of the Undertakings and on the terms of the offer information statement (“**OIS**”) and any accompanying document that will be lodged with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), acting as an agent on behalf of the Monetary Authority of Singapore (“**Authority**”) in respect of the Rights Issue; and
- (iii) as at the Books Closure Date, the Undertaking Shareholder’s registered shareholding shall not change from their Existing Shareholding.

The Undertakings are subject to and conditional upon *inter alia* (a) the approval in-principle having been granted by the SGX-ST for the listing and quotation of the Rights Shares on the Catalist, (b) the lodgement of the OIS, together with all other accompanying documents, with the SGX-ST, acting as an agent on behalf of the Authority, (c) the approval by the Securities Industry Council (“**SIC**”) having granted the Whitewash Waiver, and (d) the Whitewash Resolution being approved by Independent Shareholders at an extraordinary general meeting (“**EGM**”) to be convened.

As at the Latest Practicable Date, the Concert Party Group holds an aggregate of 79,996,731 Shares, representing approximately 29.41% of the Company’s existing issued share capital.

1.3 Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”), where any person acquires whether by a series of transactions over a period of time or not, shares (taken together with shares held or acquired by persons acting in concert with him) which carry 30% or more of the voting rights of a company, he must extend offers immediately to the holders of any class of share capital of the Company that carries votes and in which such person, or persons acting in concert with him, holds shares (“**Mandatory Offer**”).

Assuming that none of the Shareholders (save for the Concert Party Group pursuant to the Undertakings) subscribe for the Rights Shares; and the Concert Party Group subscribes fully for their entitlements of 39,998,365 Rights Shares pursuant to the Undertakings (the “**Minimum Scenario**”), the aggregate shareholding interests of the Concert Party Group will increase from approximately 29.41% to 38.46% immediately following the allotment and issue of such Rights Shares. Accordingly, the fulfilment by the Concert Party Group of their obligations under the Undertakings and subscription for the Rights Shares in connection with the Rights Issue may result in the Concert Party Group acquiring 30.0% or more of the voting rights of the Company. In such event, the Concert Party Group would incur an

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obligation to make a Mandatory Offer pursuant to Rule 14.1(a) of the Code, unless the approval of a resolution for the waiver of the rights of the Independent Shareholders to receive the Mandatory Offer for the Company from the Concert Party Group (the “**Whitewash Resolution**”) is obtained from the Independent Shareholders.

Accordingly, an application was made to the SIC to grant a waiver of the Concert Party Group’s obligation to make a Mandatory Offer under the Code (the “**Whitewash Waiver**”). The SIC had on 10 January 2018 granted the Whitewash Waiver subject to the satisfaction of certain conditions, including, *inter alia*, (i) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the Rights Issue, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a general offer from the Concert Party Group; and (ii) the Company appoints an independent financial adviser to advise its independent shareholders on the Whitewash Resolution.

- 1.4 Hong Leong Finance Ltd. (“**HLF**”) has been appointed by the Company as the independent financial adviser (“**IFA**”) to advise the Recommending Directors.

This letter (“**IFA Letter**”) sets out, *inter alia*, our evaluation of the Whitewash Resolution and our advice to the Recommending Directors in relation to their recommendation to the Independent Shareholders on the Whitewash Resolution. The IFA Letter forms part of the Circular providing, *inter alia*, the details of the Rights Issue, the Whitewash Resolution and the recommendation of the Recommending Directors in respect thereof.

2. TERMS OF REFERENCE

HLF has been appointed to advise the Recommending Directors in respect of the Whitewash Resolution, in relation to the Rights Issue. Accordingly, our opinion is confined as to whether the Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Rights Issue.

HLF is neither a party to the negotiations or discussions in relation to the Rights Issue and the Whitewash Resolution, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Rights Issue to Shareholders and to obtain the approval of Independent Shareholders for the Whitewash Resolution, and we do not, by this IFA Letter, advise on the merits of the Rights Issue and Whitewash Resolution other than to form an opinion as to whether the Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Rights Issue.

We have limited our evaluation to the Whitewash Resolution. Our terms of reference do not require us to evaluate or comment on the legal, strategic and commercial merits and/or risks (if any) of the Rights Issue and/or the Whitewash Resolution, or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluations or comments. Such evaluations or comments remain the sole responsibility of the Directors and the management of the Company (the “**Management**”), but we may draw upon their views or make such comments in respect thereof (to the extent required by the Code and/or Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

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In the course of our evaluation, we have held discussions with the members of the Board and Management and/or their professional advisors. For the purpose of rendering our advice and opinion, we have relied on publicly available information collated by us, information set out in the Circular and information (including representations, opinions, facts and statements) provided to us by the Directors, the Management, employees and/or professional advisers of the Company. We have relied upon and assumed the accuracy, truth, completeness and adequacy of, without having independently verified, such information, whether written or verbal, provided to us by the aforesaid parties and accordingly cannot and do not warrant, and do not accept any responsibility for, the accuracy, truth, completeness or adequacy of such information.

We have relied upon the assurances of the Directors and the Management who have confirmed to us that to the best of their respective knowledge, information and belief, having made due and careful enquiries, all material information available to them in connection with the Rights Issue, the Whitewash Resolution, the Company and the Group has been disclosed to HLF, that such information constitute full and true disclosure of all material information, is true, complete and accurate in all material respects and there is no other information or fact, the omission of which would cause any of the information disclosed to or relied by us or the facts of or in relation to the Rights Issue and the Whitewash Resolution to be inaccurate, untrue, incomplete, unfair or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for the accuracy, truth, completeness and adequacy of the information provided to us, including the audited financial statements for the full year ended 31 December 2017 for the Group. Accordingly, we cannot and do not represent or warrant (expressly or impliedly), and do not accept any responsibility for the accuracy, truth, completeness or adequacy of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors and Management to us or in the Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information but nevertheless have made such reasonable enquiry and exercised our judgment on the reasonableness of such information as we have deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

Saved as disclosed, we would like to highlight that all information relating to the Rights Issue, the Whitewash Resolution, the Company and the Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors, Management, employees and/or professional advisers of the Company. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and the Group at any time or as at 29 March 2018, being the Latest Practicable Date.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Any such evaluation or review remains the responsibility of the Directors and the Management, but we may draw upon their views or make such comments in respect thereof (to the extent required by the Code and/or Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and the

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Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after completion of the Rights Issue or if the Rights Issue is not effected.

We are not required to and have not made an independent evaluation or appraisal of the assets and liabilities of the Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held by the Group.

Our opinion herein is based upon market, economic, industry, monetary, regulatory and other applicable conditions prevailing on, and the information provided to us, as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of, and this IFA Letter does not take into account, any subsequent development after the Latest Practicable Date that may affect our opinion herein. Shareholders should also take note of any announcements relevant to the Rights Issue and/or the Whitewash Resolution which may be released by or on behalf of the Company and other relevant sources after the Latest Practicable Date.

The Company has been separately advised by its advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for, and express no views, express or implied, on the contents of the Circular (except for this IFA Letter).

We have not regarded the general or specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment portfolios and objectives, we would advise the Recommending Directors to recommend that any individual Shareholder who may require specific advice in relation to his or her investment portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisers immediately.

We have prepared the IFA Letter for the use of the Recommending Directors in connection with their consideration of the Whitewash Resolution and their recommendation to the Independent Shareholders arising thereof. The recommendation made to the Independent Shareholders in respect of the Whitewash Resolution remains the responsibility of the Recommending Directors.

Our opinion in relation to the Whitewash Resolution, as set out in Section 6 of this IFA Letter should be considered in the context of the entirety of this IFA Letter and the Circular.

3. SALIENT INFORMATION ON THE RIGHTS ISSUE

The detailed terms of the Rights Issue are set out in section 2 of the Circular. We recommend that Shareholders read the terms and conditions contained therein carefully.

A summary of the key information of the Rights Issue is set out below for your reference.

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3.1 Basis of the Rights Issue

The Company is proposing *inter alia*, to undertake a renounceable non-underwritten rights issue, on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company held by the Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

Based on the Company's issued and paid-up share capital of 271,980,729 Shares as at the Latest Practicable Date, the Company will issue up to 135,990,364 Rights Shares.

The Rights Shares are payable in full upon acceptance and/or application and, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

3.2 Issue Price of Rights Shares

The Issue Price is S\$0.045 for each Rights Share.

The Issue Price of S\$0.045 for each Rights Shares represents a discount of approximately:

- (i) 36.6% to the last transacted price of S\$0.071 per Share on the Catalist Board of the SGX-ST (the "**Catalist**") on 30 November 2017 (being the last Market Day on which the Shares were traded on the Catalist prior to the Announcement);
- (ii) 27.8% to the theoretical ex-rights price of S\$0.0623 per Share; and
- (iii) 4.3% to the closing price of S\$0.047 per Share as at the Latest Practicable Date.

3.3 Rationale of the Rights Issue and use of proceeds

On 15 October 2017, the Company announced that Progen Industrial Pte. Ltd. ("**PIPL**"), a wholly-owned subsidiary of the Group has acquired 20% of TSky Balmoral Pte. Ltd. ("**TBPL**"). TBPL was incorporated to undertake the redevelopment of two plots of land at 17 Balmoral Road (Lot 138C of Town Subdivision 26 and Lot 99899P of Town Subdivision 26) (the "**Redevelopment**"). On 6 November 2017, the Company further announced that further to a joint venture agreement, the Group is required to commit, *inter alia*, an additional S\$7.0 million. On 24 November 2017, the Company updated that the acquisition of the site for the Redevelopment by TBPL has been completed. After careful business evaluation, the Group intends to finance its portion of the Redevelopment via internal resources, bank borrowings and/or the proceeds from the Rights Issue. The Rights Issue will also help strengthen the Group's balance sheet, providing the Group with greater financial capacity and flexibility to capitalise on any other investment opportunities in the property business as and when it arises.

Assuming that the Rights Issue is fully subscribed by all Shareholders (the "**Maximum Scenario**"), based on the existing share capital of the Company of 271,980,729 Shares at the date of the Circular (the "**Existing Share Capital**"), up to 135,990,364 Rights Shares may be issued or gross proceeds of S\$6.12 million may be raised pursuant to the Rights Issue.

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Assuming the Minimum Scenario, based on the Existing Share Capital, up to 39,998,365 Rights Shares may be issued or gross proceeds of S\$1.80 million may be raised pursuant to the Rights Issue.

The table below sets out the Minimum Scenario and Maximum Scenario, assuming that the share capital of the Company as at the Books Closure Date is the Existing Share Capital.

	Minimum Scenario	Maximum Scenario
Total number of Shares	271,980,729	271,980,729
Total number of Rights Shares issued	39,998,365	135,990,364
Total number of Shares following the completion of the Rights Issue	311,979,094	407,971,093
Net proceeds (after deducting estimated costs and expenses of S\$0.2 million incurred in connection with the Rights Issue) (" Net Proceeds ")	S\$1.6 million	S\$5.9 million
Net proceeds to be used for property related business (90% of Net Proceeds)	S\$1.4 million	S\$5.3 million
Net proceeds to be used for general working capital (10% of Net Proceeds)	S\$0.2 million	S\$0.6 million

Upon completion of the Rights Issue, and pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

Based on the reasonable opinion of the Directors as at the date of the Circular and in view of the Undertakings, there is no minimum amount which must be raised from the Rights Issue taking into consideration the intended use of the Net Proceeds.

In view of the Undertakings, and the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Rights Issue without having the Rights Issue being underwritten by any financial institution.

The rationale for the Rights Issue and the use of proceeds are set out in Section 2.2 of the Circular. We recommend that Independent Shareholders read the information contained therein carefully.

3.4 Conditions for the Rights Issue

The Rights Issue is subject to, *inter alia*, the following:

- (i) the Whitewash Waiver having been granted by the SIC and not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- (ii) the FY2018 General Mandate being approved by Shareholders at the AGM;

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- (iii) the Whitewash Resolution being approved by the Independent Shareholders at the EGM;
- (iv) receipt of the listing and quotation notice from the SGX-ST for the dealing in, and listing of quotation for the Rights Shares on Catalist; and
- (v) the lodgement of the OIS, together with all other accompanying documents (if applicable) with the SGX-ST, acting as an agent on behalf of the Authority.

In-principle approval for the listing of and quotation for the Rights Shares has been granted by the SGX-ST on 27 February 2018, subject to compliance with the SGX-ST's listing requirements.

3.5 Undertakings

As at the Latest Practicable Date, the Concert Party Group has an aggregate direct interest in 79,996,731 Shares, representing approximately 29.41% of the Existing Share Capital of the Company. The Concert Party Group has shown their support for the Rights Issue and the prospects of the Group by providing Undertakings to the Company, *inter alia*, to:

- (i) subscribe and/or instruct and procure the subscription of the Undertaking Shares;
- (ii) do all things and execute all such documents as are reasonably necessary to effect the undertakings stated in paragraph 3.5(i) above, on the terms of the Undertakings and on the terms of the OIS and any accompanying document that will be lodged with the SGX-ST, acting as an agent on behalf of the Authority in respect of the Rights Issue; and
- (iii) as at the Books Closure Date, the Undertaking Shareholder's registered shareholding shall not change from their Existing Shareholding.

The Undertakings are subject to and conditional upon *inter alia* (a) the approval in-principle having been granted by the SGX-ST for the listing and quotation of the Rights Shares on the Catalist, (b) the lodgement of the OIS, together with all other accompanying documents, with the SGX-ST, acting as an agent on behalf of the Authority, (c) the approval by the SIC having granted the Whitewash Waiver, and (d) the Whitewash Resolution being approved by Independent Shareholders at an EGM.

Further, the Concert Party Group intends, subject to availability of excess Rights Shares, to subscribe for excess Rights Shares not taken up or renounced by Entitled Shareholders in order to raise additional proceeds for the Company.

As at the Latest Practicable Date, the Concert Party Group holds an aggregate of 79,996,731 Shares, representing approximately 29.41% of the Company's existing issued share capital.

3.6 Abstention from making recommendation and voting

Mr Lee Eng has abstained from making any recommendations to the Independent Shareholders in relation to the Whitewash Resolution, in view of the fact that he is an Undertaking Shareholder.

Pursuant to the Code and SIC Conditions, the Concert Party Group and parties not independent of them shall abstain, and shall procure their associates to abstain, from voting on resolutions approving the Whitewash Resolution. The Concert Party Group and their

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associates will also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 1 (in relation to the Whitewash Resolution) unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

4. THE WHITEWASH RESOLUTION

Pursuant to Rule 14 of the Code, where any person acquires whether by a series of transactions over a period of time or not, shares (taken together with shares held or acquired by persons acting in concert with him) which carry 30% or more of the voting rights of a company, he must extend an Mandatory Offer.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of 271,980,729 Shares; and the Concert Party Group holds an aggregate of 79,996,731 Shares, representing approximately 29.41% of the Company's existing issued share capital.

Assuming that none of the Shareholders other than the Concert Party Group subscribes for the Rights Shares; and the Concert Party Group subscribes fully for their entitlements of 39,998,365 Rights Shares pursuant to the Undertakings, the aggregate shareholding interests of the Concert Party Group will increase from 29.41% to 38.46% immediately following the allotment and issue of such Rights Shares. Accordingly, the fulfilment by the Concert Party Group of their obligations under the Undertakings and subscription for the Rights Shares in connection with the Rights Issue may result in the Concert Party Group acquiring 30.0% or more of the voting rights of the Company. In such event, the Concert Party Group would incur an obligation to make a Mandatory Offer pursuant to Rule 14.1(a) of the Code, unless the approval of a Whitewash Resolution is obtained from the Independent Shareholders.

Accordingly, an application was made to the SIC to grant a waiver of the Concert Party Group's obligation to make a Mandatory Offer under the Code (the "**Whitewash Waiver**"). The SIC had on 10 January 2018 granted the Whitewash Waiver subject to the satisfaction of the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the Rights Issue, approve by way of a poll, a resolution (the "**Whitewash Resolution**") to waive their rights to receive a general offer from the Concert Party Group;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Concert Party Group, their concert parties and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Concert Party Group and their concert parties did not acquire or are not to acquire any Company shares or instruments convertible into and options in respect of Company shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Company shares which have been disclosed in the circular):
 - (i) during the period between the date of the Announcement and the date shareholders' approval is obtained for the Whitewash Resolution; and

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- (ii) in the 6 months prior to the date of the Announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Rights Issue;
- (e) the Company appoints an independent financial adviser to advise its independent shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in its circular to shareholders:
 - (i) details of the Rights Issue;
 - (ii) the possible dilution effect to existing holders of voting rights as a result of the Concert Party Group subscribing for their entitlement of their Rights Shares and excess rights of 72 million Rights Shares;
 - (iii) 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 Company shares held by the Concert Party Group and their concert parties as at the latest practicable date;
 - (iv) the number and percentage of voting rights to be issued to the Concert Party Group as a result of the Concert Party Group subscribing for their entitlement of their Rights Shares and excess rights of 72 million Rights Shares;
 - (v) the fact that the Concert Party Group subscribing for their entitlement of their Rights Shares and excess rights of 72 million Rights Shares could result in the Concert Party Group and their concert parties holding shares carrying over 49% of the voting rights of the Company and the fact that the Concert Party Group and their concert parties would then be free to acquire further Company shares without incurring any obligation under Rule 14 of the Code to make a general offer. In this regard, specific and prominent reference should be made to these facts; and
 - (vi) that 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 Company shares in the past 6 months preceding the commencement of the offer. In this regard, specific and prominent reference should be made to this; and
- (g) the circular by the Company to its shareholders states that the waiver granted by the SIC to the Concert Party Group from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at 4(a) to (f) above;
- (h) the Company obtains SIC's approval in advance for those parts of the circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the acquisition by the Concert Party Group of the Rights Shares must be completed within 3 months of the date of approval of the Whitewash Resolution.

(Collectively, the “**SIC Conditions**”)

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As at 5 April 2018, save for the conditions set out in (a) and (i) above, all the other SIC Conditions set out above have been satisfied.

The Company intends to seek approval from the Independent Shareholders for the Whitewash Resolution at the EGM.

The Independent Shareholders should note that:

- (aa) by voting in favour of the Whitewash Resolution (Ordinary Resolution 1), they will be waiving their rights to receive a mandatory general offer for their Shares from the Concert Party Group at the highest price paid or agreed to be paid by the Concert Party Group in the six (6) months preceding the commencement of the Rights Issue which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code; and**
- (bb) upon the completion of the Rights Issue, the subscription by the Concert Party Group may result in their shareholding interests increasing to 49% or more of the voting rights of the Company based on its enlarged issued share capital after the Rights Issue. As the Concert Party Group would then hold shares carrying more than 49% of the voting rights of the Company, they would be free to acquire additional shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer for the Company.**

In addition, Independent Shareholders should note that the Rights Issue is subjected to conditions, including the Whitewash Resolution being approved by the Independent Shareholders at the EGM to be convened. The Company will not be proceeding with the Rights Issue without the approval of the Whitewash Resolution.

5. EVALUATION OF THE WHITEWASH RESOLUTION

In our evaluation of the Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Rights Issue and the use of proceeds;
- (b) Rights Shares being offered to Entitled Shareholders on a pro-rata and renounceable basis;
- (c) historical financial information of the Group;
- (d) assessment of the Issue Price;
- (e) financial effects of the Rights Issue; and
- (f) other relevant considerations.

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5.1 Rationale for the Rights Issue and the use of proceeds

The rationale for the Rights Issue and the use of proceeds have been extracted from Section 2.2 of the Circular and is set out in italics below. We recommend that the Recommending Directors advise the Independent Shareholders to read this section of the Circular carefully. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated:

“On 15 October 2017, the Company announced that Progen Industrial Pte. Ltd. (“PIPL”), a wholly-owned subsidiary of the Group has acquired 20% of TSKy Balmoral Pte. Ltd. (“TBPL”). TBPL was incorporated to undertake the redevelopment of two plots of land at 17 Balmoral Road (Lot 138C of Town Subdivision 26 and Lot 99899P of Town Subdivision 26) (the “Redevelopment”). On 6 November 2017, the Company further announced that further to a joint venture agreement, the Group is required to commit, inter alia, an additional S\$7.0 million. On 24 November 2017, the Company updated that the acquisition of the site for the Redevelopment has been completed. After careful business evaluation, the Group intends to finance its portion of the Redevelopment via internal resources, bank borrowings and/or the proceeds from the Rights Issue. The Rights Issue will also help strengthen the Group’s balance sheet, providing the Group with greater financial capacity and flexibility to capitalize on any other investment opportunities in the property business if and when it arises.

*Assuming that the Rights Issue is fully subscribed by all Shareholders (the “**Maximum Scenario**”), based on the Existing Share Capital of 271,980,729 Shares, up to 135,990,364 Rights Shares may be issued or gross proceeds of S\$6.12 million may be raised pursuant to the Rights Issue.*

*Assuming that none of the Shareholders other than the Concert Party Group subscribes for the Rights Shares; and the Concert Party Group subscribes fully for their entitlements to the Rights Shares pursuant to the Undertakings (the “**Minimum Scenario**”), up to 39,998,365 Rights Shares may be issued or gross proceeds S\$1.80 million may be raised pursuant to the Rights Issue.*

The table below sets out the Minimum Scenario and Maximum Scenario, assuming that the share capital of the Company as at the Books Closure Date is the Existing Share Capital.

	Minimum Scenario	Maximum Scenario
<i>Total number of Shares</i>	<i>271,980,729</i>	<i>271,980,729</i>
<i>Total number of Rights Shares issued</i>	<i>39,998,365</i>	<i>135,990,364</i>
<i>Total number of Shares following the completion of the Rights Issue</i>	<i>311,979,094</i>	<i>407,971,093</i>
<i>Net proceeds (after deducting estimated costs, expenses of S\$0.2 million incurred in connection with the Rights Issue) (“Net Proceeds”)</i>	<i>S\$1.6 million</i>	<i>S\$5.9 million</i>
<i>For property related business (90% of Net Proceeds)</i>	<i>S\$1.4 million</i>	<i>S\$5.3 million</i>
<i>General working capital (10% of Net Proceeds)</i>	<i>S\$0.2 million</i>	<i>S\$0.6 million</i>

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Upon completion of the Rights Issue, and pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated above, and provide a status report on the use of the Net Proceeds in the Company's interim and full year financial statements issued under Rule 705 of the Catalist Rules and its annual reports until such time the Net Proceeds have been fully utilised. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the Net Proceeds in the announcements and status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

The Directors are of the opinion that after taking into consideration the Group's internal resources, operating cash flows and present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the reasons for undertaking the Rights Issue are as set out in this Circular.

Based on the reasonable opinion of the Directors as at the date of this Circular and in view of the Undertakings, there is no minimum amount which must be raised from the Rights Issue taking into consideration the intended use of the Net Proceeds.

In view of the Undertakings, and the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Rights Issue without having the Rights Issue being underwritten by any financial institution."

We note the following:

- (a) The Group intends to finance its portion of the Redevelopment via internal resources, bank borrowings and/or the proceeds from the Rights Issue. The Rights Issue will also help strengthen the Group's balance sheet, providing the Group with greater financial capacity and flexibility to capitalise on any other investment opportunities in the property business as and when it arises.
- (b) Based on the reasonable opinion of the Directors as at the date of the Circular and in view of the Undertakings, there is no minimum amount which must be raised from the Rights Issue taking into consideration the intended use of the Net Proceeds. Notwithstanding the present sufficiency of working capital, the reasons for undertaking the Rights Issue are set out above in Section 5.1(a).
- (c) Under the Minimum Scenario, the gross proceeds and net proceeds to be raised is approximately S\$1.8 million and S\$1.6 million respectively. Whilst under the Maximum Scenario, the gross proceeds and net proceeds to be raised is approximately S\$6.1 million and S\$5.9 million respectively. 90% of the net proceeds will be used for the property related business and the remaining 10% will be used for general working capital.

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5.2 Rights Shares being offered to Entitled Shareholders on a pro-rata and renounceable basis

The Rights Issue is being offered on a pro-rata and renounceable basis to Entitled Shareholders who will be at liberty to accept, decline or otherwise renounce, in part or in whole, or, in the case of Entitled Depositors only, trade (during the “nil-paid” rights trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for the Excess Rights Shares. In addition, the Entitled Shareholders will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue, except that preference will be given to the rounding of odd lots, and 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 of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment or issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by the Shareholders at a general meeting.

Accordingly, the Independent Shareholders are not being prejudiced relative to the Concert Party Group, in the allocation of Rights Shares and the application for the Excess Rights Shares pursuant to the Rights Issue.

5.3 Historical financial information of the Group

The salient historical financial information of Progen for the financial years ended 31 December 2014, 2015, 2016 and 2017 (“FY2014”, “FY2015”, “FY2016” and “FY2017” respectively) are set out below:

Summary of the consolidated statement of comprehensive income

S\$'000	FY2014	FY2015	FY2016	FY2017
Revenue	17,815	6,827	9,861	3,291
Total other items of income	3,737	3,081	200	119
Total costs and expenses	(16,500)	(7,914)	(11,604)	(8,163)
Net profit/(Net loss)	4,895	2,076	(1,593)	(4,714)
Net profit margin	27.5%	30.4%	(16.2)%	(143.2)%

Summary of the consolidated statement of financial position

S\$'000	31 December 2014	31 December 2015	31 December 2016	31 December 2017
Current assets	24,144	13,162	9,654	4,797
Current liabilities	4,428	5,731	4,362	6,189
Net current assets	19,716	7,431	5,292	(1,392)
Non-current assets	16,226	30,496	30,483	32,463
Non-current liabilities	5	3	1	—
Total equity	35,937	37,924	35,774	31,071
Total borrowings	—	—	—	2,950

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S\$'000	31 December 2014	31 December 2015	31 December 2016	31 December 2017
Cash and bank balances	8,607	1,813	2,190	726
Current fixed deposits	12,253	8,175	3,648	2,055

Summary of the consolidated cash flow statement

S\$'000	FY2014	FY2015	FY2016	FY2017
Net cash flows used in operating activities	1,476	(347)	(1,747)	(2,069)
Net cash flows used in investing activities	4,457	(10,525)	(1,859)	(3,938)
Net cash flows used in financing activities	—	—	(544)	2,950
Net increase/(decrease) in cash and cash equivalents	5,933	(10,872)	(4,150)	(3,057)
Cash and cash equivalents at the end of financial period	20,860	9,988	5,838	2,781

We note the following:

- (a) Revenue declined significantly from S\$17.8 million in FY2014 to S\$6.8 million in FY2015, increased to S\$9.9 million in FY2016, and is on a downward trend, recording S\$3.3 million in FY2017. Revenue in the financial year ended 31 December 2017 of S\$3.3 million is significantly lower than the financial year ended 31 December 2016 of S\$9.9 million. This is due to a decrease in revenue from product and installation as a result of the completion of several major projects during the financial year ended 31 December 2016.
- (b) Net profit is on a downward trend, with the Group recording net profit of S\$4.9 million in FY2014, net profit of S\$2.1 million in FY2015, net loss of S\$1.6 million in FY2016 and net loss of S\$4.7 million in FY2017. The change in fair value of the investment property, being an 8-storey factory building at 28 Riverside Road, is a major contributor to the net profit/net loss. The change in fair value of the investment property contributed to a net gain of S\$3.2 million in FY2014, a net gain of S\$2.6 million in FY2015, a net loss of S\$1.7 million in FY2016 and a net loss of S\$1.8 million in FY2017. In the Group's financial result announcement for the financial period ended 31 December 2017, the Group commented that *"The Group's operating environment for the next 12 months continues to be very challenging with strong market competition, increasing operating and labour costs, and slow industry growth"*.
- (c) As at 31 December 2017, current assets primarily comprised S\$2.1 million fixed deposits, S\$1.1 million trade receivables and S\$0.7 million cash and bank balances; non-current assets primarily comprised S\$24.0 million investment property, S\$5.2 million loan to associated company and S\$2.0 million fixed deposits; and current liabilities primarily comprised S\$2.9 million interest bearing loan, S\$2.5 million other payables and S\$0.5 million trade payables. As at 31 December 2017, the Group has net current liabilities of S\$1.4 million and total equity of S\$31.1 million. The net asset

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value (“NAV”) per Share is S\$0.1142 and the net tangible asset (“NTA”) is S\$0.1135 based on 271,980,729 Shares in issue as at 31 December 2017.

- (d) The Group recorded positive net cash flows used in operating activities of S\$1.5 million in FY2014, and negative net cash flows used in operating activities of S\$0.3 million, S\$1.7 million and S\$2.1 million in FY2015, FY2016 and FY2017 respectively. Cash and cash equivalents as at 31 December 2017 is S\$2.8 million. As set out in Section 2.2 of the Circular, *“the Group intends to finance its portion of the Redevelopment via internal resources, bank borrowings and/or the proceeds from the Rights Issue”*.

5.4 Assessment of the Issue Price

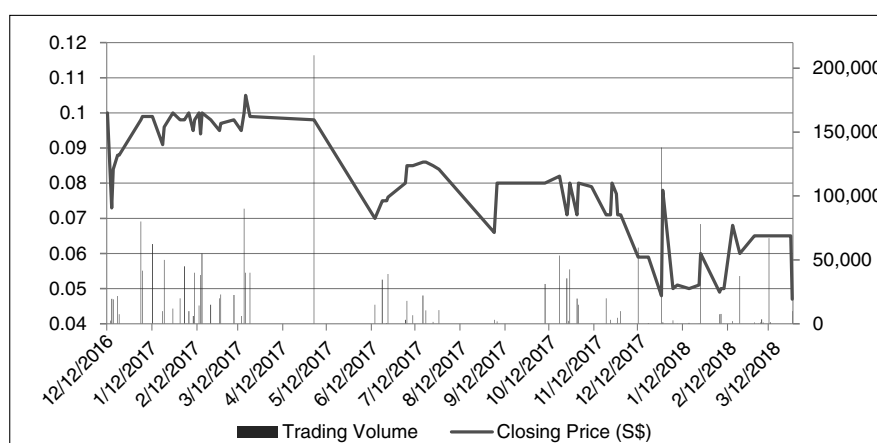
The Issue Price is S\$0.045 for each Rights Share.

In assessing the Issue Price of the Rights Shares, we have considered the historical trading performance of the Shares as well as the salient statistics of selected completed rights issues of shares by companies listed on the SGX-ST.

5.4.1 Market quotation and trading activity of the Shares

Historical share price performance

We set out below the daily closing price and volume chart for the Shares for the period commencing 12 December 2016, being the market day 12 months prior to the Announcement Date, to the Latest Practicable Date. The Rights Issue was announced after the close of the market trading on 11 December 2017.



Sources: Bloomberg L.P. and HLF presentation

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The salient announcements during the aforesaid period are set out below:

Date	Event
24 February 2017	Profit warning for the financial year ended 31 December 2016. The Company announced that the Group is expected to report a net loss for FY2016.
28 February 2017	The Company announced the Group's unaudited results for the financial year ended 31 December 2016. The Group announced a net loss of S\$1.6 million as compared to a net profit of S\$2.0 million in the previous financial year.
11 April 2017	Release of 2016 annual report to shareholders.
27 April 2017	The Company announced the results of the annual general meeting (" AGM ") held on 27 April 2017. All resolutions in the AGM were passed by the shareholders of the Company.
11 August 2017	The Company announced the Group's first half unaudited results for the financial period ended 30 June 2017. The Group recorded a net loss of S\$1.0 million as compared to a net profit of S\$4,000 in the corresponding period in the previous year.
15 October 2017	The Company announced that its wholly owned subsidiary, PIPL has on 13 October 2017, acquired 20% of TBPL.
6 November 2017	The Company announced that on 6 November 2017, PIPL had entered into a joint venture agreement with TSky and Seacare Property Development Pte. Ltd. (" Seacare ") to increase the paid-up capital of TBPL from S\$10 to S\$2,000,000. PIPL's share of the paid-up capital of TBPL will increase from S\$2 to S\$400,000 and PIPL's shareholding in TBPL will remain at 20%. PIPL's required commitments (excluding its share of the paid-up capital as stated above) under the joint venture agreement is estimated to be about S\$7 million and it will be funded by the Group's internal resources, bank borrowings and/or fund raising activities.
24 November 2017	The Company announced that TBPL, which was incorporated to undertake the redevelopment of two plots of land at 17 Balmoral Road (Lot 138C of Town Subdivision 26 and Lot 99899P of Town Subdivision 26) (collectively, the " Subject Site "), had completed the acquisition of the Subject Site on 24 November 2017. TBPL had funded the said acquisition of S\$80.5 million via bank facilities and proportionate cash contribution by its shareholders.
11 December 2017	The Company announced the Rights Issue.
12 January 2018	The Company announced the receipt of SIC waiver to exempt the Concert Party Group from the requirement to make a Mandatory Offer under the Code, subject to the satisfaction of the stated conditions. In addition, the Company announced that the Concert Party Group intends, subject to availability of excess Rights Shares, to subscribe for excess Rights Shares not taken up or renounced by Entitled Shareholders in order to raise additional proceeds for the Company.
12 February 2018	Profit warning for the financial year ended 31 December 2017. The Company announced that the Group is expected to report a net loss for FY2017.
27 February 2018	The Company announced the Group's unaudited results for the financial year ended 31 December 2017. The Group announced a net loss of S\$4.7 million as compared to a net loss of S\$1.6 million in the previous financial year.
27 February 2018	The Company announced the receipt of the listing and quotation notice from SGX-ST in relation to the listing and quotation of the Rights Shares subject to compliance with the SGX-ST's listing requirements.

Source: Company announcements on SGXNET

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During the 12 months period prior to and including the Announcement Date (from 12 December 2016 to 11 December 2017), the closing price had ranged between a low of S\$0.066 (on 4 September 2017) and a high of S\$0.105 (on 17 March 2017). The closing price of the Shares was on a general downward trend during this period. The last transacted price of the Shares prior to the release of the Announcement was S\$0.071. From 12 December 2017 to the Latest Practicable Date, the downward trend in the closing price of the Shares persisted, and the Shares closed at S\$0.047 on the Latest Practicable Date.

Share price analysis and trading liquidity analysis

We set out below the volume-weighted average prices (“VWAP”), Issue Price (discount) over VWAP, highest transacted price, lowest transacted price, average daily trading volume and average daily trading volume as a percentage of free float for the one year period, six months period, three months period, one month period prior to and including the Announcement Date, as at the Announcement Date (11 December 2017), for the period commencing after the Announcement Date up to the Latest Practicable Date and as at the Latest Practicable Date.

	VWAP (S\$) ⁽¹⁾	Issue Price (Discount) over VWAP	Highest transacted price (S\$)	Lowest transacted price (S\$)	Average daily trading volume (Shares) ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾
Periods prior to and including the Announcement Date						
Last 1 year	0.0904	(50.2)%	0.1050	0.0650	5,679	0.0050%
Last 6 months	0.0745	(39.6)%	0.0900	0.0650	3,182	0.0028%
Last 3 months	0.0752	(40.1)%	0.0900	0.0700	3,716	0.0033%
Last 1 month	0.0711	(36.7)%	0.0800	0.0710	1,805	0.0016%
As at 11/12/17	0.0710	(36.6)%	0.0780	0.0710	–	–
Periods after the Announcement Date						
From 12/12/17 to Latest Practicable Date	0.0552	(18.5)%	0.0780	0.0470	5,673	0.0050%
As at Latest Practicable Date	0.0470	(4.3)%	0.0470	0.0470	10,000	0.0088%

Sources: Bloomberg L.P. and HLF calculations

Notes:

- (1) The VWAP for the respective periods is computed based on the daily VWAP weighted by the daily trading volumes during the respective periods, as extracted from Bloomberg. The figures in the VWAP column as at 11/12/17 and the Latest Practicable Date represent the closing price as at the respective dates (instead of the VWAP).
- (2) The average daily trading volume for the respective periods is computed based on the total trading volume of the Shares on the SGX-ST during the period over the number of market days of the SGX-ST during the period.

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- (3) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of 113,255,398 Shares as extracted from Bloomberg L.P. as at the Latest Practicable Date.

Based on the table above, we note the following:

Share price analysis

- (a) the Shares traded above the Issue Price for the entire one year period prior to and including the Announcement Date (from 12 December 2016 to 11 December 2017), with the highest transacted price of S\$0.105 and lowest transaction price of S\$0.065 during the period;
- (b) the Issue Price represents a discount of approximately 50.2%, 39.6%, 40.1% and 36.7% over the VWAP of the Shares for the one year period, six months period, three months period, one month period prior to and including the Announcement Date respectively and a discount of approximately 36.6% over the closing price of S\$0.071 as at 11 December 2017, being the Announcement Date;
- (c) the Shares traded above the Issue Price for the entire period commencing after the Announcement Date up to the Latest Practicable Date, with the highest transacted price of S\$0.0780 and lowest transaction price of S\$0.0470 during the period;
- (d) the Issue Price represents a discount of approximately 18.5% over the VWAP of the Shares for the period commencing after the Announcement Date up to the Latest Practicable Date and a discount of approximately 4.3% over the closing price of S\$0.0470 as at the Latest Practicable Date;

Trading liquidity analysis

- (e) the average trading volume for the one year period, six months period, three months period, one month period prior to and including the Announcement Date represents approximately 0.0050%, 0.0028%, 0.0033% and 0.0016% of the free float of the Shares respectively and there was no Shares traded as at 11 December 2017, being the Announcement Date; during the one year period prior to and including the Announcement Date (from 12 December 2016 to 11 December 2017), the Shares had traded on 55 out of the 251 market days, with the highest daily trading volume of 210,000 Shares (on 3 May 2017); and
- (f) the average trading volume for the period commencing after the Announcement Date up to the Latest Practicable Date represents approximately 0.0050% of the free float of the Shares and the trading volume of 10,000 Shares as at the Latest Practicable Date, represents approximately 0.0088% of the free float of the Shares; during this period, the Shares had traded on 23 out of the 74 market days, with the highest daily trading volume of 137,900 Shares (on 28 December 2017).

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For the purpose of our evaluation, we have also considered the theoretical ex-rights price of each Share, as adjusted for the Rights Issue (“**TERP**”), based on the method set out below. We wish to highlight that the TERP is not to be construed as a forecast of the future price level of the Shares after the Rights Issue, and the analysis in this section is purely for the purpose of considering a theoretical ex-rights price.

	Basis	S\$
Market Capitalisation	271,980,729 Shares at the last transacted price of the Shares of S\$0.071 prior to the release of the announcement of the Rights Issue	19,310,632
Add: Proceeds from the Rights Issue	135,990,364 Rights Shares at S\$0.045 per Rights Share	6,119,566
		25,430,198
Post Rights Issue Share Capital (number of Shares)		407,971,093
TERP		0.0623
Discount to TERP implied by the Issue Price		27.8%

The Issue Price represents a discount of approximately 27.8% to the TERP.

5.4.2 Market statistics of selected completed renounceable rights issues of shares

In assessing the Issue Price of the Rights Shares, we have also looked at the salient statistics of selected completed renounceable rights issues of shares by securities listed on the SGX-ST (excluding rights issues with warrants attached) (the “**Selected Comparable Transactions**”) for rights issues which were announced and completed for the period from 12 December 2016 (one year prior to the Announcement Date) to the Latest Practicable Date.

To serve as a comparison, for each of the Selected Comparable Transactions, we have analysed the premium/(discount) implied by the issue price of the rights share over the security’s TERP. This analysis serves as a general indication of the relevant premium/(discount) of the issue price of a rights issue over the security’s TERP for securities listed on the SGX-ST.

In making the comparison herein, we wish to highlight that the securities of the Selected Comparable Transactions (the “**Selected Comparable Transactions Companies**”) may not be directly comparable to the Group in terms of, *inter alia*, business activities, composition of business activities, scale of operations, risk profile, geographical markets, asset base, customer base, operating and financial leverage, market capitalisation, cash flow requirement, track record, future prospects and other relevant criteria. In addition, certain circumstances and terms relating to Selected Comparable Transactions are unique and might not be identical to the Rights Issue, and are largely dependent on the market sentiments prevailing at the time of such precedent rights issues. We recognise that the list of Selected Comparable Transactions is by no means exhaustive. Accordingly, any inference that can be drawn from the comparison of the relevant premium/(discount) to TERPs may not be directly comparable to the Rights Issue and should not be conclusively relied upon.

In view of the above, it should be noted that the comparison made herein is necessarily limited and serves only as an illustrative guide to the Independent Shareholders.

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Security	Date of announcement	Terms of rights issue	Issue price of rights share (S\$)	Last trading price prior to announcement (S\$)	TERP (S\$) ⁽¹⁾	Discount to TERP (%)
Sino Grandness Food Industry Group Ltd	13 December 2016	5 for 11	0.210	0.295	0.2684	21.8
Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("REIT")	20 December 2016	42 for 100	0.258	0.505	0.4319	40.3
Ascott Residence Trust	6 March 2017	29 for 100	0.919	1.17	1.1136	17.5
NutryFarm International Limited	30 March 2017	1 for 2	0.100	0.220	0.1800	44.4
Advanced Systems Automation Limited	31 March 2017	5 for 1	0.0009	0.005	0.0016	43.8
Pan-United Corporation Ltd	3 May 2017	1 for 4	0.430	0.720	0.6620	35.0
Maxi-Cash Financial Services Corporation Ltd.	16 May 2017	1 for 6	0.170	0.182	0.1803	5.7
CDL Hospitality Trusts	27 June 2017	20 for 100	1.280	1.680	1.6133	20.7
CFM Holdings Limited	30 June 2017	6 for 7	0.015	0.030	0.0231	35.1
Manulife US REIT	2 September 2017	41 for 100	0.695 ⁽²⁾	0.965 ⁽²⁾	0.8865 ⁽²⁾	21.6
Cache Logistics Trust	4 September 2017	18 for 100	0.632	0.88	0.8422	25.0
CapitaLand Commercial Trust	21 September 2017	166 to 1000	1.363	1.695	1.6477	17.3
Maxi-Cash Financial Services Corporation Ltd.	9 November 2017	1 for 10	0.160	0.170	0.1691	5.4
High						44.4
Low						5.4
Mean						25.6
Median						21.8
The Company	11 December 2017	1 for 2	0.045	0.071	0.0623	27.8

Sources: Bloomberg L.P., SGXNET announcements, public documents in relation to the respective rights issue of shares

Notes:

- (1) The theoretical ex-rights share price is obtained by the following formula:
(number of existing shares to right shares × last trading price prior to announcement)

+ (number of rights shares × issue price of rights shares).

number of existing shares to rights shares + number of rights shares

- (2) The prices of the Manulife US REIT are denominated in United States dollars.

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Based on the table above, we note that the discount of 27.8% of the Issue Price to the TERP is within the range of the Selected Comparable Transactions which is between 5.4% and 44.4% discount and is above the mean and median discount of the Selected Comparable Transactions of 25.6% and 21.8% respectively.

5.5 Financial effects of the Rights Issue

The financial effects of the Rights Issue are set out in Section 2.7 of the Circular. The financial effects set out in the Circular are based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2017. The key assumptions upon which the financial effects are based on are also set out in the same section. We recommend that the Recommending Directors advise the Independent Shareholders to read this section of the Circular carefully.

Please note that the financial effects are theoretical in nature and have been prepared solely for illustrative purposes only and do not purport to be an indication or a projection of the financial results and financial positions of the Company and the Group immediately after the completion of the Rights Issue.

From the financial effects as illustrated in Section 2.7 of the Circular, we note the following:

(a) Issued share capital

After the completion of the Rights Issue, the number of issued Shares and the issued share capital of the Company will increase. The issued Shares will increase from 271,980,729 Shares to 311,979,094 Shares after the issuance of Rights Shares under the Minimum Scenario or increase to 407,971,093 Shares after the issuance of Rights Shares under the Maximum Scenario.

(b) NTA and NTA per share

Assuming the Rights Issue had been completed on 31 December 2017, the NTA of the Group will increase after the Rights Issue due to the injection of fresh equity into the Group from the subscription of the Rights Shares.

However, the NTA per Share of the Group will decrease from S\$0.1135 to S\$0.1041 under the Minimum Scenario or to S\$0.0902 under the Maximum Scenario as the Issue Price of S\$0.045 is set at a discount to the NTA per Share of S\$0.1135 as at 31 December 2017.

(c) Loss per Share

Assuming the Rights Issue had been completed on 1 January 2017, the loss per Share of the Group will decrease from S\$0.0173 to S\$0.0151 under the Minimum Scenario or to S\$0.0115 under the Maximum Scenario, due to the enlarged share base arising from the issuance of the Rights Shares. The future effect of the Rights Issue on the Group's earnings (if any) will depend on the returns earned from such deployment of the net proceeds from the issue of the Rights Shares and is not determinable at this point in time.

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(d) Net gearing

Assuming the Rights Issue had been completed on 31 December 2017, the net gearing of the Group will remain in a net cash position as a result of an increase in the cash balance and shareholders' equity of the Group arising from the net proceeds from the Rights Issue.

5.6 Other Relevant Considerations

5.6.1 Rights Issue being conditional on the approval of the Whitewash Resolution

Independent Shareholders should note that the Rights Issue is conditional upon, *inter alia*, the passing of the Whitewash Resolution by the Independent Shareholders. Accordingly, if the Whitewash Resolution is not approved by Independent Shareholders at the EGM, the Rights Issue will not proceed and the Company may not be able to achieve its fund raising objectives.

The Company has confirmed that it will not be proceeding with the Rights Issue without the approval of the Whitewash Resolution.

5.6.2 Potential dilution impact of the Rights Issue on the Independent Shareholders

The Rights Issue will not result in any dilution impact on the existing shareholdings in the Company in the event that all Shareholders subscribe to their full entitlements of the Rights Shares. In this regard, a dilution impact will only occur for Shareholders who do not subscribe to their full entitlements of the Rights Shares pursuant to the Rights Issue.

As at the Latest Practicable Date, the Concert Party Group holds an aggregate of 79,996,731 Shares, representing approximately 29.41% of the Existing Share Capital.

In evaluating the dilution impact of the Rights Issue on the Independent Shareholders, assuming the Whitewash Resolution is passed by the Independent Shareholders at the EGM, we have considered the scenarios as set out in Section 3.3 of the Circular, which includes the Minimum Scenario, Maximum Scenario and Excess Rights Scenario.

The Excess Rights Scenario assumes that none of the Shareholders other than the Concert Party Group subscribes for the Rights Shares; and the Concert Party Group subscribes fully for their entitlements of 39,998,365 Rights Shares pursuant to the Undertakings and subscribes for an additional 72 million of excess Rights Shares (for an aggregate subscription of 111,998,365 Rights Shares).

The shareholding interests of the Concert Party Group and the Independent Shareholders before and after the Rights Issue in the above scenarios are set out as follows:

Minimum Scenario	Interest in the Company before the Rights Issue		Interest in the Company after the Rights Issue	
	Number of Shares	%	Number of Shares	%
Concert Party Group	79,996,731	29.41	119,995,096	38.46
Independent Shareholders	191,983,998	70.59	191,983,998	61.54
Total issued share capital	271,980,729	100.00	311,979,094	100.00

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Maximum Scenario	Interest in the Company before the Rights Issue		Interest in the Company after the Rights Issue	
	Number of Shares	%	Number of Shares	%
Concert Party Group	79,996,731	29.41	119,995,096	29.41
Independent Shareholders	191,983,998	70.59	287,975,997	70.59
Total issued share capital	271,980,729	100.00	407,971,093	100.00

Excess Rights Scenario	Interest in the Company before the Rights Issue		Interest in the Company after the Rights Issue	
	Number of Shares	%	Number of Shares	%
Concert Party Group	79,996,731	29.41	191,995,096	50.00
Independent Shareholders	191,983,998	70.59	191,983,998	50.00
Total issued share capital	271,980,729	100.00	383,979,094	100.00

Under the Excess Rights Scenario, the Independent Shareholders will face the maximum dilution impact as the Concert Party's shareholding interest in the Company will increase from 29.41% to 50.00% and the Independent Shareholders' aggregate shareholding interest will be diluted from 70.59% to 50.00%, immediately after the Rights Issue.

We note that, as at the Latest Practicable Date, the Concert Party Group has the single largest shareholding block of 29.41% in the Company. In the above three scenarios, the Concert Party Group will continue to own the single largest shareholding block of the Company, immediately after the Rights Issue.

5.6.3 Support from the Concert Party Group for the Rights Issue

The Concert Party Group has shown its support for the Rights Issue by providing irrevocable undertakings to the Company, *inter alia*, to subscribe and/or instruct and procure the subscription of the Undertaking Shareholders' pro-rata entitlement to the Rights Shares under the Rights Issue based on the Undertaking Shareholders' Existing Shareholding as at the date of the Undertakings. Based on the Undertakings, up to 39,998,365 Rights Shares may be issued or gross proceeds of S\$1.80 million may be raised pursuant to the Rights Issue. Further, the Concert Party Group intends, subject to availability of excess Rights Shares, to subscribe for excess Rights Shares not taken up or renounced by Entitled Shareholders in order to raise additional proceeds for the Company.

We believe that the above underscores the Undertaking Shareholders' support for the Rights Issue and demonstrates their commitment to and confidence in the prospects of the Group.

It is not the intention of the Concert Party Group to make a general takeover offer or to privatise the Company. Hence, the Concert Party Group is seeking the Whitewash Resolution for the approval of Independent Shareholders.

LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS

5.6.4 Alternative fund-raising options

We understand from the Company that the Directors have considered other fund-raising options prior to proceeding with the Rights Issue. Having considered the terms and rationale of the Rights Issue, the Directors are of the opinion that the Rights Issue is in the best interests of the Company.

6. OUR OPINION

In arriving at our opinion in respect of the Whitewash Resolution, we have reviewed and evaluated all the factors, which we deem to have relevance to our assessment. This section should be read in conjunction with, and in the context of, the full text of this IFA Letter.

In arriving at our conclusion, we have taken into account the following key factors, which are described in more details in section 5 of this IFA Letter:

- (a) rationale for the Rights Issue and the use of proceeds;
- (b) Rights Shares being offered to Entitled Shareholders on a pro-rata and renounceable basis;
- (c) historical financial information of the Group
- (d) assessment of the Issue Price;
- (e) financial effects of the Rights Issue; and
- (f) other relevant considerations.

Having considered the above factors, as well as the considerations set out in this IFA Letter in its entirety, we are of the opinion that the Whitewash Resolution, when considered in the context of the Rights Issue, is fair and reasonable and is not prejudicial to the interests of the Independent Shareholders. Accordingly, we advise the Recommending Directors to recommend that the Independent Shareholders vote in favour of the Whitewash Resolution.

Our opinion herein is based upon market, economic, industry, monetary, regulatory and other applicable conditions prevailing on, and the information provided to us, as of the Latest Practicable Date. Our opinion does not reflect any projections of future financial performance of the Company or the Group after the completion of the Rights Issue. In addition, our opinion is solely confined to our views on the Whitewash Resolution in the context of the Rights Issue.

This IFA Letter is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the Whitewash Resolution. Any recommendations made by the Recommending Directors in respect thereof shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose not relating to the Whitewash Resolution and the forthcoming EGM, at any time and in any manner without our prior written consent in each specific case.

LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS

This IFA Letter is governed by and to be construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
Hong Leong Finance Limited

Tang Yeng Yuen
Vice President
Head, Corporate Finance

Vera Leong
Vice President
Corporate Finance

NOTICE OF EXTRAORDINARY GENERAL MEETING

PROGEN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199605118C)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Progen Holdings Ltd (the “**Company**”) will be held at 28 Riverside Road, #04-01 Progen Building, Singapore 739085 on 27 April 2018 at 11:00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

Unless otherwise defined, capitalized terms used in this notice shall have the same meaning ascribed to them in the Circular dated 12 April 2018.

ORDINARY RESOLUTION 1: The Whitewash Resolution

That subject to the satisfaction of all the conditions set out in the Securities Industry Council's letter of 10 January 2018, Shareholders (other than Mr Lee Eng and his spouse, Mdm Koh Moi Huang (the “**Concert Party Group**”)) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Concert Party Group in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”), in the event that their subscription of the Rights Shares pursuant to the Rights Issue by the Company results in them incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

ORDINARY RESOLUTION 2: The Proposed Diversification

That

- (a) the diversification of the business activities of the Company and its subsidiaries (the “**Group**”) to include the business of property development, re-development including acquisition, development and/or sale of industrial, commercial and residential property; and property investment in industrial, commercial and residential property for rental yield, capital growth and/or provision of property related services and facilities (collectively, the “**Property Business**”) be and is hereby approved; and
- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with the Diversification and to give effect to this Ordinary Resolution 2 as he shall think fit and in the interest of the Company.

BY ORDER OF THE BOARD

Ngiam May Ling
Company Secretary
Singapore
12 April 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The Concert Party Group shall abstain from voting in respect of Ordinary Resolution 1 to approve the Whitewash Resolution.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), a member of the Company entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member who is not a Relevant Intermediary, appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.
4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary, such as banks and capital markets services licence holders which provide custodial services and are members of the Company, may appoint more than two proxies provided each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. If the member is a corporation, the instrument appointing the proxy must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
6. The instrument appointing a proxy must be deposited at the registered office of the Company at 28 Riverside Road, #04-01 Progen Building, Singapore 739085 not less than 48 hours before the time appointed for holding of the EGM.
7. Shareholders who have used their CPF account savings to buy shares in the capital of the Company and who wish to attend the EGM as observers are to register with their respective CPF agent banks.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

PROGEN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199605118C)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (Please see note 4 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees/SRS Operators and is sent solely FOR INFORMATION ONLY
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____

of _____

being a member/members of **PROGEN HOLDINGS LTD** (the "**Company**"), hereby appoint:—

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**Meeting**") of the Company to be held at 28 Riverside Road, #04-01 Progen Building, Singapore 739085 on 27 April 2018 at 11:00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10:00 a.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof. All resolutions put to vote of the Meeting shall be decided by way of poll.

No.	Resolutions relating to:	Number of Votes For*	Number of Votes Against*
1	Approve the Whitewash Resolution (as Ordinary Resolution)		
2	Approve the Proposed Diversification (as Ordinary Resolution)		

* If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total Number of Shares Held in:	
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s) or,
Common Seal of Corporate Shareholder

* Delete where inapplicable

PROXY FORM

NOTES

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding (expresses as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the Meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 28 Riverside Road #04-01 Progen Building, Singapore 739085 not less than 48 hours before the time appointed for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 12 April 2018.

General:–

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.