

MSM INTERNATIONAL LIMITED
(Incorporated in Singapore)
(Company Registration No.: 200918800R)

**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO
22,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**

1. INTRODUCTION

- 1.1 **Rights Issue.** The board of directors (the “**Board**” or “**Directors**”) of MSM International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 22,500,000 new ordinary shares in the capital of the Company (the “**Rights Shares**”), at an issue price of S\$0.07 for each Rights Share (the “**Issue Price**”), on the basis of 1 Rights Share for every 4 existing ordinary shares in the capital of the Company (the “**Shares**”) held by Entitled Shareholders (as defined below) as at a date and time to be determined by the Directors, at and on which the Register of Members of the Company and the Transfer Books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.

2. PRINCIPAL TERMS OF THE RIGHTS ISSUE

- 2.1 **Basis of Provisional Allotment.** The Company is proposing the Rights Issue be offered on a renounceable (in whole or in part), non-underwritten basis to all shareholders of the Company (the “**Shareholders**”) who are eligible to participate in the Rights Issue (the “**Entitled Shareholders**”) on the basis of one (1) Rights Share for every four (4) existing Shares held by Entitled Shareholders as at the Books Closure Date at the Issue Price, fractional entitlements to be disregarded.
- 2.2 **Size.** As at the date of this announcement (“**Announcement**”), there are 90,000,000 Shares issued by the Company (the “**Existing Issued Share Capital**”). There are no treasury shares, subsidiary holdings, outstanding share options, share awards or other convertibles as at the date of this Announcement. Therefore, based on the Existing Issued Share Capital, assuming the Rights Issue is fully subscribed, the number of Rights Shares to be allotted and issued under the Rights Issue will be 22,500,000 and, upon the completion of the allotment and issuance of the Rights Shares (the “**Completion**”), the issued and paid-up share capital of the Company will increase to 112,500,000 Shares (the “**Enlarged Share Capital**”).
- 2.3 **Issue Price.** The Issue Price:
- 2.3.1 represents a discount of approximately thirty (30) percent. to the volume-weighted average price of S\$0.1000 per Share for trades done on the Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 29 March 2019 (being the last trading day on which the Shares were traded on the SGX-ST prior to the release of this Announcement); and
- 2.3.2 represents a discount of approximately 25.53 percent. to the theoretical ex-rights price of S\$0.094 per Share (calculated based on the volume-weighted average price of S\$0.1000 per Share for trades done on the SGX-ST on 29 March 2019).
- 2.4 **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.
- 2.5 **Eligibility to Participate.** The Company proposes to provisionally allot the Rights Shares to the

Entitled Shareholders, comprising Entitled Depositors and Entitled Scripholders (each as defined below), on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be entitled to participate in the Rights Issue and receive the offer information statement to be issued by the Company in connection with the Rights Issue (the “**Offer Information Statement**”) together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of The Central Depository (Pte) Limited (the “**CDP**”) or the Share Registrar (as defined below), as the case may be.

2.5.1 **Entitled Depositors.** Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts (the “**Securities Account**”) with CDP and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have provided CDP with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days² prior to the Books Closure Date (the “**Entitled Depositors**”).

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 as at 5.00 p.m. (Singapore time) on the Books Closure Date.

2.5.2 **Entitled Scripholders.** Entitled Scripholders are Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names, and (iii) registered addresses with the Company’s share registrar, B.A.C.S. Private Limited (the “**Share Registrar**”), are in Singapore as at the Books Closure Date or who have provided the Share Registrar with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Books Closure Date, 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 (the “**Entitled Scripholders**”).

Entitled Scripholders will have to submit 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. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered to determine provisional allotments of Rights Shares.

2.5.3 **Foreign Shareholders.** The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities laws 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 jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will NOT be despatched to Shareholders with registered addresses outside Singapore 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 (the “**Foreign Shareholders**”) and accordingly, the **Rights Shares will NOT be offered to Foreign Shareholders.**

The Offer Information Statement and its accompanying documents will not be despatched, lodged, registered or filed in any jurisdiction other than Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue.

¹ “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been modified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

² “**Market Day**” means a day on which the SGX-ST is open for trading in securities.

As Foreign Shareholders will not be entitled to participate in the Rights Issue, no provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares therefor by any Foreign Shareholder will be valid.

*The Offer Information Statement and its accompanying documents will also NOT be despatched to persons purchasing entitlements to Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the “**Foreign Purchasers**”). Foreign Purchasers may not accept any*

“nil-paid” rights credited to their Securities Account unless the Company and its counsel are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the absolute discretion of the Company, be sold “nil-paid” on the Catalist board of the SGX-ST (“Catalist”), as soon as practicable, after dealings in the provisional allotments 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 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 entered against their names in the depository register maintained by CDP as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be dealt with 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 and/or CDP in connection therewith.

Where the provisional allotments of Rights Shares are sold “nil-paid” on Catalist, 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 Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”), CDP, the Share Registrar and/or their respective officers in connection therewith. If such provisional allotments of Rights Shares cannot be sold or are not sold on Catalist 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 new Shares represented by such provisional allotments will be allotted and issued to satisfy applications for excess Rights Shares 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, the Share Registrar and/or their respective officers in connection therewith.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE MAY PROVIDE AN ADDRESS IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS 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) MSM INTERNATIONAL LIMITED, C/O THE SHARE REGISTRAR, B.A.C.S. PRIVATE LIMITED, AT 8 ROBINSON ROAD, #03-00 ASO BUILDING, SINGAPORE 048544, IN EACH CASE, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE

- 2.6 **Provisional Allotments and Excess Applications.** Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce 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 the Rights Shares and will also be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue. Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share) will be aggregated and issued to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

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

In the allotment of excess Rights Shares, preference will be given to Entitled Shareholders for 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 will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotments 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.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of the Rights Shares and for the applications for excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

- 2.7 **Offer Information Statement.** The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore (the “**Authority**”), and despatched by the Company to Entitled Shareholders in due course, subject to paragraph 5 below.
- 2.8 **Odd Lots.** Shareholders who hold odd lots of the Rights Shares, and who wish to trade in odd lots on Catalist, should note that they will be able to do so on the Unit Share Market of the SGX-ST.
- 2.9 **Non-Underwritten Rights Issue.** In view of the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, and there being no minimum amount that must be raised from the Rights Issue, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.
- 2.10 Further, as at the date of this announcement, the Company has not received any undertaking from any of its substantial shareholders, to take up their respective Rights Shares. However, the Company has been given indications by at least one of its substantial shareholders that it will provide an undertaking as soon as practicable, to take up its entitlements. The Company will update shareholders via SGXNET as and when it has received such an undertaking from this and any other substantial shareholder (“**Undertaking(s)**”) and in case, prior to the lodgment and despatch of the Offer Information Statement. The Company will ensure that such Undertaking(s) will not place the substantial shareholder(s) in a position of incurring a mandatory bid obligation under the Singapore Code on Take-over and Mergers as a result of other shareholders not taking up their rights entitlement fully.

3. RATIONALE AND USE OF PROCEEDS

- 3.1 **Rationale.** As disclosed in the Company’s unaudited financial statements for the half year period ended 30 September 2018, the Company had a negative cash flow of approximately RM\$3,424,000, although the Group recorded a pre-tax profit of approximately RM\$3,827,000.
- 3.2 The Company is proposing the Rights Issue to raise funds for (a) general corporate and working capital purposes, including but not limited to funding operating costs and (b) expansion of existing business and making new strategic investments and/or acquisitions, if and when opportunities arise.
- 3.3 The Rights Issue will also help strengthen the Group’s financial position by augmenting the Group’s balance sheet and capital base, and reducing the gearing of the Group. This will enhance the Group’s ability to formulate, strategise and execute its business plans. It will also provide the Group with greater financial capacity and flexibility to capitalise on any investment opportunities in a timely manner as and when such opportunities arise.
- 3.4 **Use of Proceeds.** In the event that all the Rights Shares are fully subscribed, the estimated net proceeds (the “**Net Proceeds**”) from the Rights Issue is expected to be approximately S\$1.475 million, after deducting estimated costs, expenses and commissions of approximately S\$0.1 million incurred in connection with the Rights Issue. The Company intends to utilise the Net Proceeds mainly for its general corporate and working capital purposes, the reasons for which are as mentioned above. The ratio of utilization of the Net Proceeds is 70% toward general corporate and working capital purposes and 30% toward expansion of existing business and new investment opportunities as and when such opportunities arise.
- 3.5 Upon Completion, and pending the deployment of the Net Proceeds, the Net 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.
- 3.6 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 in the Offer Information Statement, and provide a status report on the use of the Net Proceeds in the Company’s annual reports until such time when 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.

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

4. WORKING CAPITAL

The Directors are of the opinion that after taking into consideration the present bank facilities and operating cash flows of the Group as well as the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

5. APPROVALS

- 5.1 **Approvals.** The Rights Issue is subject to, *inter alia*, the following:

- (a) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on Catalist; and
- (b) the lodgment of the Offer Information Statement together with all other accompanying documents (if applicable) with the SGX-ST, acting as an agent on behalf of the Authority.

- 5.2 The Company will be making an application to the SGX-ST, through the Sponsor, for the listing of and quotation for the Rights Shares on Catalist. An appropriate announcement will be made in due course when the Company receives the listing and quotation notice for the Rights Shares from the SGX-ST.

- 5.3 **General Mandate.** The issue of the Rights Shares will be made pursuant to the authority granted by the Shareholders under the general share issue mandate (the "**General Mandate**") at the annual general meeting of the Company held on 27 July 2018, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806(2) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

- 5.4 The General Mandate, amongst other things, authorises the Directors to issue new Shares not exceeding 100 per cent. of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at 27 July 2018 (the "**Base Figure**"), provided that the aggregate number of Shares to be issued other than on a pro rata basis to existing Shareholders does not exceed 50 per cent. of the Base Figure.

- 5.5 As at 27 July 2018, the total number of Shares in issue (excluding treasury shares and subsidiary holdings) was 90,000,000 and the maximum number of Shares that may be issued pursuant to the General Mandate, on a pro rata basis, is 90,000,000. As at the date of this announcement, no Shares have been previously issued under the General Mandate. However, as the Company is seeking to augment its working capital requirements, up to 22,500,000 new Shares will be issued pursuant to the Rights Issue. As the maximum number of Rights Shares to be issued is below the Base Figure, specific Shareholders' approval will not be sought for the issue of the Rights Shares.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Announcement, none of the Directors and substantial Shareholders, as well as their respective associates, has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

7. ANNOUNCEMENTS

Where there are updates, variations or amendments to the terms of the Rights Issue, the Company will make further announcements as and when appropriate.

8. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Rights Issue is subject to certain conditions. As at the date of this Announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments.

Shareholders and potential investors are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the proposed Rights Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Announcement in its proper form and context.

Specifically, to the best of their knowledge, the Directors are not aware of any matters not disclosed in this Announcement which could materially affect, directly or indirectly, the Company's business operations or financial position or results or investments by the holders of securities in the Company.

BY ORDER OF THE

BOARD

CHAN KEE SIENG

Executive Chairman

31 March 2019

This announcement 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 ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

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

This Announcement is for information only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any Rights Shares or to take up any entitlements to Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any Rights Shares except on the basis of the information contained in the Offer Information Statement when issued. The information contained in this Announcement should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The issue, exercise or sale of Rights Shares and the acquisition or purchase of the Rights Shares are subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

The unauthorized distribution of this Announcement, the Offer Information Statement and the provisional allotment letters and/or the application forms for Rights Shares and excess Rights Shares (when issued by the Company) into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this Announcement and such other documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.