

TUNG LOK RESTAURANTS (2000) LTD

(Incorporated in Singapore)
(Registration No. 200005703N)

PROPOSED RIGHTS ISSUE

1 INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of Tung Lok Restaurants (2000) Ltd (“**Company**” and, together with its subsidiaries, “**Group**”) wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights issue (“**Proposed Rights Issue**”) of up to 78,400,000 new ordinary shares (“**Rights Shares**”) in the share capital of the Company at an issue price of S\$0.12 (“**Issue Price**”) for each Rights Share, on the basis of two (2) Rights Shares for every five (5) existing ordinary shares in the share capital of the Company (“**Shares**”) held by Entitled Shareholders (as defined below) as at the Books Closure Date (as defined below), fractional entitlements to be disregarded.

The Rights Shares will be issued pursuant to the share issue mandate (“**Share Issue Mandate**”) approved by shareholders of the Company (“**Shareholders**”) at the annual general meeting held on 30 July 2013 (“**2013 AGM**”). Pursuant to the Share Issue Mandate, the Directors are authorised to, *inter alia*, issue Shares whether by way of a rights, bonus or otherwise at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of Shares to be issued pursuant to such authority does not exceed 100.00% of the total number of issued Shares (excluding treasury shares), of which the aggregate number of Shares to be issued other than on a pro-rata basis to Shareholders does not exceed 50.00% of the total number of issued Shares (excluding treasury shares) at the date of the Share Issue Mandate. As at the date of the Share Issue Mandate, the Company’s issued share capital comprised 140,000,000 Shares. The number of Shares that may be issued on a pro-rata basis to Shareholders pursuant to the Share Issue Mandate obtained at the 2013 AGM is 140,000,000 Shares. On 24 September 2013, the Company issued 56,000,000 new Shares by way of a rights issue (“**2013 Rights Issue**”) on a pro rata basis to Shareholders pursuant to the Share Issue Mandate. As the maximum number of Rights Shares to be issued pursuant to the Proposed Rights Issue is 78,400,000 Rights Shares, and given that no Shares have been issued pursuant to the Share Issue Mandate to-date except for 56,000,000 new Shares issued pursuant to 2013 Rights Issue, the Company will not be seeking specific approval from the Shareholders for the Proposed Rights Issue since the basis of the Proposed Rights Issue is within the limit of the Share Issue Mandate.

2 SHAREHOLDERS’ COMMITMENT TO THE PROPOSED RIGHTS ISSUE

To demonstrate their commitment to the Company:

- (i) Zhou Holdings Pte Ltd, holding an aggregate of 74,480,000 Shares (representing 38.00% of the total issued and paid-up share capital of the Company) as at the date of this announcement, has given an irrevocable undertaking to the Company (“**Irrevocable Undertaking/ZH**”):
 - (a) to subscribe and pay for, and/or procure the subscription of and payment for, its pro rata entitlement to the Rights Shares under the Proposed Rights Issue (“**Undertaking Shares/ZH**”) provided that its shareholding in the Company following the completion of the

Proposed Rights Issue shall not exceed 39.00% of the enlarged share capital of the Company and it will not be placed in a position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers ("**Code**") as a result of the increase in its aggregate interest in the share capital of the Company by more than 1.00% in any period of six (6) months due to other Shareholders not taking up their Rights Shares entitlement fully; and

- (b) that as at the Books Closure Date, its registered shareholding in the Company shall be not less than the shareholding required for its subscription of the Undertaking Shares/ZH; and
- (ii) each of Goodview Properties Pte Ltd and Tee Yih Jia Food Manufacturing Pte Ltd, holding an aggregate of 37,755,200 Shares and 35,025,200 Shares respectively (representing 19.26% and 17.87% of the total issued and paid-up share capital of the Company respectively) as at the date of this announcement, has given an irrevocable undertaking to the Company (collectively, "**Irrevocable Undertakings/Other Controlling Shareholders**"):
- (a) to subscribe and pay for, and/or procure the subscription of and payment for, its pro rata entitlement to the Rights Shares and any additional Rights Shares in excess of its provisional allotments ("**Excess Rights Shares**") (subject to availability) under the Proposed Rights Issue ("**Undertaking Shares/Other Controlling Shareholders**") provided that each of its shareholding in the Company following the completion of the Proposed Rights Issue shall not exceed 30.00% of the enlarged share capital of the Company and each of it will not be placed in a position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlement fully; and
 - (b) that as at the Books Closure Date, its registered shareholding in the Company shall be not less than the shareholding required for its subscription of the Undertaking Shares/Other Controlling Shareholders.

(Zhou Holdings Pte Ltd, Goodview Properties Pte Ltd and Tee Yih Jia Food Manufacturing Pte Ltd are hereinafter collectively referred to as "**Undertaking Shareholders**") (Irrevocable Undertaking/ZH and Irrevocable Undertakings/Other Controlling Shareholders, and Undertaking Shares/ZH and Undertaking Shares/Other Controlling Shareholders are hereinafter collectively referred to as "**Irrevocable Undertakings**" and "**Undertaking Shares**" respectively.)

The Undertaking Shareholders will furnish to the Company confirmations of financial resources from financial institutions pursuant to the Irrevocable Undertakings in due course.

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Rights Shares and/or excess applications for the Excess Rights Shares by any of the controlling shareholders (if such controlling shareholder chooses to subscribe for its pro rata Rights Shares and/or apply for Excess Rights Shares) to avoid placing the relevant controlling shareholder and parties acting in concert with it (as defined in the Code) in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlement fully.

The Irrevocable Undertakings are subject to and conditional upon the Company's receipt of a listing and quotation notice from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (and such notice not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue)

for the listing and quotation of the Rights Shares on the Catalist and, if such notice is granted subject to conditions, such conditions being acceptable to the Company.

3 PRINCIPAL TERMS OF THE PROPOSED RIGHTS ISSUE

Subject to the relevant approvals being obtained for the Proposed Rights Issue, the principal terms of the Proposed Rights Issue and the Rights Shares are summarised below.

(i) Basis for the provisional allotment

The Proposed Rights Issue will be made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of two (2) Rights Shares for every five (5) existing Shares held by Entitled Shareholders as at a time and date to be determined and announced by the Board for the purpose of determining entitlements of Shareholders under the Proposed Rights Issue ("**Books Closure Date**").

Fractional entitlements to any Rights Shares will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allocated to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Board, in its absolute discretion, deems fit in the interests of the Company.

(ii) Eligibility of Shareholders to participate in the Proposed Rights Issue

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

Entitled Depositors are Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with the Central Depository (Pte) Limited ("**CDP**") are in Singapore as at the Books Closure Date or who have, at least three (3) market days (a "**Market Day**" being a day on which the SGX-ST is open for securities trading) prior to the Books Closure Date provided CDP with addresses in Singapore for the service of notices and documents ("**Entitled Depositors**").

Entitled Scripholders are Shareholders whose share certificates are not deposited with CDP and who have tendered to M & C Services Private Limited ("**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 Scripholders**").

(iii) Acceptance, excess application and payment procedures

Entitled Shareholders will be at liberty to accept (in part or in full), decline, renounce or transfer their provisional allotments of Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.

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 (as defined below) to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence.

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

The procedures for acceptance, excess application and payment by Entitled Shareholders will be set out in the Offer Information Statement (as defined below).

(iv) Issue size

(a) Assuming that the Proposed Rights Issue is fully subscribed, up to 78,400,000 Rights Shares will be issued ("**Maximum Issue Size**"). Upon the allotment and issuance of the Rights Shares, the Company will have an enlarged issued share capital comprising 274,400,000 Shares. The Rights Shares would represent 40.00% of the issued share capital of the Company as at the date of this announcement and approximately 28.57% of the enlarged issued share capital of the Company after the Proposed Rights Issue.

(b) Assuming that each of the Undertaking Shareholders subscribes for the Undertaking Shares/ZH and Undertaking Shares/Other Controlling Shareholders (as the case may be) pursuant to the Irrevocable Undertaking/ZH and Irrevocable Undertakings/Other Controlling Shareholders (as the case may be), and none of the other Shareholders subscribes for its entitlement to the Rights Shares, up to 58,904,160 Rights Shares will be issued ("**Minimum Issue Size**"). Upon the allotment and issuance of the Rights Shares, the Company will have an enlarged issued share capital comprising 254,904,160 Shares. The Rights Shares would represent approximately 30.05% of the issued share capital of the Company as at the date of this announcement and approximately 23.11% of the enlarged issued share capital of the Company after the Proposed Rights Issue.

(v) Issue price

The issue price is S\$0.12 per Rights Share, which represents a discount of approximately 31.43% to the closing price of S\$0.175 per Share on the Catalist on 26 June 2014, being the last full market day on which the Shares were traded on the Catalist immediately preceding this Announcement.

(vi) Status of the Rights Shares

The Rights Shares will, upon allotment and issue, 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 precedes the date of issue of the Rights Shares. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Share Registrar of the Company, M & C Services Private Limited or with the Central Depository (Pte) Limited, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

- (vii) Listing and trading

Upon the listing of and quotation for the Rights Shares on the Catalist of the SGX-ST, the Rights Shares will be traded under the book entry (scripless) settlement system. For the purposes of trading on the Catalist of the SGX-ST, each board lot of Rights Shares will comprise 1,000 Shares.

4 APPROVAL OF THE SGX-ST

The Proposed Rights Issue is subject to the approval in-principle of the SGX-ST for the listing of and quotation for the Rights Shares on the Catalist of the SGX-ST. An application will be made by the Company to obtain approval from the SGX-ST for the listing of and quotation for the Rights Shares. An appropriate announcement on the outcome of the application will be made in due course.

5 OTHER CONDITIONS OF THE PROPOSED RIGHTS ISSUE

In addition to the approval of the SGX-ST, the Proposed Rights Issue is subject to *inter alia*, the lodgment by the Company of an offer information statement ("**Offer Information Statement**") together with all other accompanying documents (if applicable) with the SGX-ST (acting as agent of the Monetary Authority of Singapore).

6 USE OF PROCEEDS AND RATIONALE OF THE PROPOSED RIGHTS ISSUE

The amount of proceeds and estimated use of proceeds from the Proposed Rights Issue are set out in the table below:

	Based on Maximum Issue Size (S\$'000)	% of Gross Proceeds	Based on Minimum Issue Size (S\$'000)	% of Gross Proceeds
Use of proceeds				
General working capital of the Group	9,308	98.9	6,968	98.6
Estimated costs and expenses for the Proposed Rights Issue	100	1.1	100	1.4
Gross Proceeds	9,408	100.0	7,068	100.00

The Company intends to use the net proceeds from the Proposed Rights Issue for general working capital of the Group which includes financing the expansion of new outlets and repayment of bank indebtedness which the Group is committed in the ordinary course of business, as set out in the table above.

Pending deployment of the net proceeds from the Proposed Rights Issue for the purposes stated, the net proceeds will be held on deposit or used for other purposes

on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Directors are of the reasonable opinion that, barring unforeseen circumstances:

- (i) after taking into consideration the Company's present bank facilities and the availability of future cashflows from the Group's restaurant operations, the working capital available to the Group is sufficient to meet its present requirements and the reasons for proposing to undertake the Rights Issue are to increase the Company's capital base, strengthen its balance sheet and enhance the financial flexibility of the Company to capitalise on potential growth opportunities; and
- (ii) after taking into consideration the Company's present bank facilities, the availability of future cashflows from the Group's restaurant operations and the net proceeds raised from the Rights Issue based on the Minimum Issue Size, the working capital available to the Group will be sufficient to meet its present funding requirements.

The Company will make periodic announcements on the utilisation of such proceeds of the Proposed Rights Issue as and when they are materially disbursed and provide a status report on the use of such proceeds in the Company's annual report.

7 NON-UNDERWRITTEN

The Company has considered that with the Irrevocable Undertakings, the Company is assured of raising a minimum of S\$7.068 million under the Proposed Rights Issue. In the opinion of the Directors, there is no minimum amount that must be raised from the Rights Issue, taking into consideration the Irrevocable Undertakings and intended use of proceeds as disclosed above. Further, by not appointing an underwriter for the Proposed Rights Issue, the Company will not incur the additional costs of engaging an underwriter and having to pay a commission to such underwriter. Accordingly, the Company has decided to proceed with the Proposed Rights Issue on a non-underwritten basis.

8 FOREIGN SHAREHOLDERS

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Proposed Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Company (as the case may be) with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). The Offer Information Statement in relation to and for the purposes of the Proposed Rights Issue and the accompanying documents to be issued by the Company will not be mailed outside Singapore. Further details on provisional allotments of Rights Shares, which would otherwise be provisionally allotted to Foreign Shareholders, will be set out in the Offer Information Statement.

9 GENERAL

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Board may deem fit. The final terms and conditions of the Proposed Rights Issue will be contained in the Offer Information Statement to be dispatched by the Company to Entitled Shareholders in due course.

SHAREHOLDERS AND/OR INVESTORS WHO WISH TO TRADE AND/OR INVEST IN THE SHARES OF THE COMPANY SHOULD EXERCISE DUE CAUTION AND NOTE THAT THERE IS NO ASSURANCE THAT THE PROPOSED RIGHTS ISSUE WILL PROCEED AS THEY ARE SUBJECT TO A NUMBER OF CONDITIONS TO BE FULFILLED. THE COMPANY WILL MAKE FURTHER ANNOUNCEMENT(S) ON THE PROPOSED RIGHTS ISSUE WHERE APPLICABLE.

10 OFFER INFORMATION STATEMENT

The Offer Information Statement will be lodged with the SGX-ST (acting as agent of the Monetary Authority of Singapore) and dispatched by the Company to the Entitled Shareholders in due course.

11 INDICATIVE TIMETABLE FOR THE PROPOSED RIGHTS ISSUE

An indicative timetable for the Proposed Rights Issue will be set out in a further announcement following the receipt of the listing and quotation notice for the listing and quotation of the Rights Shares on the Catalist of the SGX-ST from the SGX-ST.

12 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

The substantial shareholders of the Company and the number of Shares held by each of them based on information recorded in the Register of Substantial Shareholders maintained by the Company pursuant to Section 81 of the Companies Act as at the date of this announcement are as follows:

	Direct interests		Deemed interests	
	Number of shares	% ⁽¹⁾	Number of shares	% ⁽¹⁾
Substantial shareholder				
Zhou Holdings Pte Ltd	74,480,000	38.00	-	-
Amazing Grace Investments Pte. Ltd.	-	-	74,480,000 ⁽²⁾	38.00
Estate of Zhou Yingnan, Deceased	-	-	74,480,000 ⁽²⁾	38.00
Tjioe Ka Men	316,400	0.16	76,550,600 ⁽³⁾	39.06
Tjioe Ka In	75,600	0.04	74,480,000 ⁽²⁾	38.00
Tres Maria Capital Ltd	-	-	74,480,000 ⁽²⁾	38.00
Sugiono Wiyono Sugialam	-	-	74,480,000 ⁽²⁾	38.00
Goodview Properties Pte Ltd	37,755,200	19.26	-	-

Far East Organization Centre Pte. Ltd.	–	–	37,755,200 ⁽⁴⁾	19.26
Tan Kim Choo	–	–	38,088,400 ⁽⁵⁾	19.43
Estate of Ng Teng Fong, Deceased	–	–	38,088,400 ⁽⁶⁾	19.43
Tee Yih Jia Food Manufacturing Pte Ltd	35,025,200	17.87	-	-
Goi Seng Hui	–	–	35,025,200 ⁽⁷⁾	17.87
Antica Capital Pte. Ltd.	20,300,000	10.36		
Andre Tanoto	–	–	20,300,000 ⁽⁸⁾	10.36

Notes:

- (1) Based on the issued share capital of the Company of 196,000,000 Shares as at the date of this announcement.
- (2) Deemed to be interested in the 74,480,000 Shares held by Zhou Holdings Pte Ltd by virtue of Section 7 of the Companies Act
- (3) Deemed to be interested in the 74,480,000 Shares held by Zhou Holdings Pte Ltd and 2,070,600 Shares held by his spouse, Ang Tjia Leng @ Widjaja Linda Anggraini by virtue of Section 7 of the Companies Act
- (4) Deemed to be interested in the 37,755,200 Shares held by Goodview Properties Pte Ltd by virtue of Section 7 of the Companies Act
- (5) Deemed to be interested in the 37,755,200 Shares held by Goodview Properties Pte Ltd as her Associate, the Estate of Ng Teng Fong, Deceased, by a controlling interest in Far East Organization Centre Pte. Ltd., which in turn has a controlling interest in Goodview Properties Pte Ltd and 333,200 Shares held by Kuang Ming Investments Pte Limited by virtue of her having more than 20% interest in Kuang Ming Investments Pte Limited by virtue of Section 7 of the Companies Act
- (6) Deemed to be interested in the 37,755,200 Shares held by Goodview Properties Pte Ltd by virtue of its controlling interest in Far East Organization Centre Pte. Ltd., which in turn has a controlling interest in Goodview Properties Pte Ltd and 333,200 Shares held by Kuang Ming Investments Pte Limited as its Associate, Tan Kim Choo has more than 20% interest in Kuang Ming Investments Pte Limited by virtue of Section 7 of the Companies Act
- (7) Deemed to be interested in the 35,025,200 Shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of Section 7 of the Companies Act
- (8) Deemed to be interested in the 20,300,000 Shares held by Antica Capital Pte. Ltd. by virtue of Section 7 of the Companies Act

Save for the Irrevocable Undertakings and the interest of the Directors and substantial shareholders as disclosed in this announcement, none of the Directors or substantial shareholders of the Company have any direct or indirect interests in the Proposed Rights Issue.

13 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Rights issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Tjioe Ka Men
Executive Chairman
26 June 2014

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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