



## CRAFT PRINT INTERNATIONAL LIMITED

(Incorporated in Singapore)

(Company Registration Number 197501572K)

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### SUBSCRIPTION AGREEMENT AND PLACEMENT AGREEMENT

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#### 1. SUBSCRIPTION AGREEMENT

1.1 The Board of Directors of Craft Print International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a subscription agreement dated 8 May 2014 (the “**Subscription Agreement**”) with Mr Shi Jiangang and Mr Sam Kok Yin (collectively, the “**Subscribers**” and each, a “**Subscriber**”), pursuant to which the Company shall:

- (a) issue to the Subscribers non-transferrable convertible bonds due 2016 in aggregate principal amount of S\$14,000,000 (the “**Bonds**”) convertible into an aggregate of 280,000,000 new ordinary shares in the capital of the Company (the “**Conversion Shares**”) (the “**Bonds Issue**”); and
- (b) grant to the Subscribers an option to require the Company to allot and issue an aggregate of 210,000,000 new ordinary shares in the capital of the Company (the “**Option Shares**”) at the price of S\$0.05 per Option Share (the “**Option Price**”) (the “**Call Option**”).

#### 1.2 Information on the Subscribers

##### 1.2.1 Mr Shi Jiangang

Mr Shi Jiangang is a citizen of the People’s Republic of China (“**PRC**”) and a permanent resident of Singapore. He is an established entrepreneur in the chemical industry and based in Jiangsu, PRC. Mr Shi Jiangang built up Feixiang Chemicals (Zhangjiagang) Co. Ltd, a leading manufacturer of amines and surfactants. This company was sold to Rhodia in or around 2010 at an imputed enterprise value of US\$489 million. Besides this, Mr Shi Jiangang also incubated other sizeable chemical businesses. For example, under his leadership, polyamide producer Hipro Polymers and sebacic acid leader Casda Biomaterials grew rapidly. In or around 2011, both companies were sold to Arkema at an imputed enterprise value of US\$365 million. To date, Mr Shi Jiangang still has investments in several chemical related businesses. He is also involved in property development in both the PRC and Sydney, Australia.

##### Mr Sam Kok Yin

Mr Sam Kok Yin is a Singapore citizen. He started his working life as a corporate lawyer. His main areas of practice is corporate finance and he had been involved in several initial public offerings, reverse takeovers, investment deals and other capital markets related transactions. He subsequently went into fund management, financial consultancy and undertaking his own investments. From February 2011 to December 2011, Mr Sam Kok Yin was the Deputy Chairman and Chief Executive Officer of Sun East Group Limited

(now known as CEFC International Limited), a company listed on the mainboard of the SGX. He has also previously acted as independent director of several listed companies.

1.2.2 The Subscribers were introduced to the Company by Mr Soh Gim Teik, an Independent Director of the Company. For the past few financial years, the Group had suffered losses due to challenging business conditions as a result of structural difficulties within the printing industry. As announced on 8 May 2014, the Company had a net current liabilities position of S\$7,867,000. Therefore, the proceeds from the Bonds will strengthen the Group's financial position, and also enable it to undertake other potentially profitable business activities. Moreover, taking into account the experience and connections of the Subscribers, the Company is confident that they can assist in growing the current printing business. Whilst the Subscribers do not have any interests or experience in the printing industry, the Subscribers have extensive business connections, particularly in the PRC. The Subscribers will be able to assist in growing the current printing business by sourcing in the PRC for suitable partners for the Company to collaborate with, or potential customers to place orders with the Company. In addition, the Subscribers would be able to assist the Company to explore new revenue streams and/or venture into new business activities and industries.

1.2.3 Neither of the Subscribers is a director or substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of the Catalist (the "Catalist Rules").

### 1.3 Bonds Issue

1.3.1 Subject to the terms and conditions of the Subscription Agreement:

(a) the Company shall issue, and the Subscribers shall subscribe for, the following Bonds set out against their respective names below:

<u>Name of Subscriber</u>	<u>Principal Amount of Bonds to be Purchased</u>
Mr Shi Jiangang	S\$9,250,000
Mr Sam Kok Yin	S\$4,750,000

Upon conversion of the Bonds in full at an exercise price of S\$0.05 (subject to adjustments if applicable provided in the Agreement) (the "Exercise Price") for each Conversion Share, the Conversion Shares shall be allotted and issued to the Subscribers as follows:

<u>Name of Subscriber</u>	<u>Number of Conversion Shares</u>
Mr Shi Jiangang	185,000,000
Mr Sam Kok Yin	95,000,000

(b) the aggregate principal amount of the Bonds amounting to S\$14,000,000 shall be satisfied wholly in cash.

1.3.2 The Exercise Price represents a premium of approximately 257.14% to the weighted average price for trades done on the existing ordinary shares in the capital of the Company (the "Shares") on the SGX-ST on 6 May 2014, being the last full market day on which Shares were traded prior to the date of signing of the Subscription Agreement. No Shares were traded on the SGX-ST on 7 May 2014.

## 1.4 Call Option

1.4.1 Subject to the terms and conditions of the Subscription Agreement:

- (a) in consideration of the Subscribers agreeing to subscribe for the Bonds, the Company shall irrevocably grant to each Subscriber the Call Option in the manner set out below:

<u>Name of Subscriber</u>	<u>Number of Option Shares</u>
Mr Shi Jiangang	138,750,000
Mr Sam Kok Yin	71,250,000

- (b) the Call Option is exercisable (in whole and not in part only) once by each of the Subscribers at any time during the period of three (3) years commencing on the first anniversary of the date of completion of the Bonds Issue; and
- (c) the aggregate consideration of S\$10,500,000 payable for the Option Shares shall be satisfied wholly in cash.

1.4.2 The Option Price represents a premium of approximately 257.14% to the weighted average price for trades done on the Shares on the SGX-ST on 6 May 2014, being the last full market day on which Shares were traded prior to the date of signing of the Subscription Agreement. No Shares were traded on the SGX-ST on 7 May 2014.

## 1.5 Conditions Precedent

Completion of the Bonds Issue shall be conditional upon, *inter alia*:

- (a) approval in-principle for the listing and quotation of the Conversion Shares and the Option Shares on the Catalist board of the SGX-ST (on conditions, if any, acceptable to the Company and the Subscribers) having been obtained and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the Completion Date, they are so fulfilled;
- (b) the Company obtaining such approval(s) from its board of directors in connection with the Subscription Agreement and the transactions contemplated therein as may be necessary;
- (c) the issue and subscription of the Bonds, the allotment and issue of the Conversion Shares, the grant of the Call Option and the allotment, issue and subscription of the Option Shares upon any exercise of the Call Option by the Subscribers not being prohibited by any statute, order, rule or regulation promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore;
- (d) the representations and warranties of the Company in this Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations herein to be performed on or before the Completion Date;

- (e) the approval of the shareholders of the Company (the “**Shareholders**”) being obtained at an extraordinary general meeting of the Company for the issue and subscription of the Bonds, the allotment and issue of the Conversion Shares, the grant of the Call Option and the allotment and issue of the Option Shares upon any exercise of the Call Option by the Subscribers;
- (f) the Subscribers having received an irrevocable undertaking in a form acceptable to them, from each of Mdm Ong Kwee Cheng (Dora) and Mr Chan Charlie (in their capacities as Shareholders) that where the Subscribers are obliged to make a mandatory general offer (the “**Offer**”) for Shares not already owned by them (other than the Conversion Shares and the Option Shares) pursuant to The Singapore Code of Take-overs and Mergers (the “**Code**”) as a result of the issue and subscription of the Bonds, the allotment and issue of the Conversion Shares, the grant of the Call Option to the Subscribers and the allotment and issue of the Option Shares to the Subscribers, to reject or procure the rejection of the Offer in respect of Shares which they respectively hold or control, whether directly or indirectly;
- (g) the completion of a legal and financial due diligence review by the Subscribers on the Group being satisfactory to the Subscribers in their sole and absolute discretion; and
- (h) there being no material adverse change or event, act or omission likely to lead to such a change in the prospects, business, assets, performance, financial position or results of operations of the Group.

## **1.6 Conversion Shares and Option Shares**

- 1.6.1 The Conversion Shares and the Option Shares shall be issued free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the Shares existing as at their date of issue except for any dividends, distributions or entitlements the record date of which falls on or before such date of issue of the Conversion Shares or the Option Shares, as the case may be.
- 1.6.2 Pursuant to Rule 803 of the Catalist Rules, the issue of the Conversion Shares and the Option Shares shall be subject to specific approval of the Shareholders at an extraordinary general meeting to be convened.
- 1.6.3 The Company will be making an application through the sponsor of the Company (the “**Sponsor**”) to the SGX-ST for the listing of and quotation for the Conversion Shares and the Option Shares, on the Catalist board of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

## **1.7 Transfer of Controlling Interest**

- 1.7.1 Subsequent to the completion of the Bonds Issue, the issue of the Call Option and the Placement (as defined below), and in the event that the Bonds are fully converted and the Call Option is fully exercised, Mr Shi Jiangang’s and Mr Sam Kok Yin’s shareholdings in the Company would increase from approximately 0% and 0.095% (deemed interest) respectively of the Company’s existing share capital of 168,000,000 shares to approximately 47.75% and 26.02% respectively of the enlarged issued share capital of

the Company comprising 678,000,000 Shares on conversion of the Bonds, exercise of the Call Option and issue of the Placement Shares (assuming the Company does not otherwise issue any new Shares from the date of this announcement up to conversion of the Bonds, exercise of the Call Option and issue of the Placement Shares) (the “**Enlarged Share Capital**”).

- 1.7.2 Assuming that the Bonds are fully converted, the Call Option is fully exercised and the Placement (as defined below) is completed, the Substantial Shareholders of the Company would be as follows:

Name of Shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Chan & Ong Holdings Pte Ltd <sup>(2)</sup>	85,500,000	12.61	-	-	85,500,000	12.61
Ong Kwee Cheng (Dora) <sup>(3)</sup>	20,981,359	3.09	96,488,896	14.23	117,470,255	17.33
Chan Charlie <sup>(3)</sup>	10,988,896	1.62	106,481,359	15.71	117,470,255	17.33
Shi Jiangang	323,750,000	47.75	-	-	323,750,000	47.75
Sam Kok Yin <sup>(4)</sup>	166,250,000	24.52	10,159,000	1.50	176,409,000	26.02

**Notes:**

- (1) Calculated based on 678,000,000 Shares in the capital of the Company.
- (2) Mdm Ong Kwee Cheng (Dora) and Mr Chan Charlie have shareholding interests of 77% and 23% respectively in Chan & Ong Holdings Pte Ltd and accordingly are deemed to be interested in the 85,500,000 Shares held by Chan & Ong Holdings Pte Ltd.
- (3) Mdm Ong Kwee Cheng (Dora) and Mr Chan Charlie are deemed to be interested in each other’s shareholdings as they are spouses.
- (4) Mr Sam Kok Yin is deemed interested in 159,000 Shares held by his wife, Ms Tan Hui Har, and 10,000,000 Shares that will be allotted to Ms Tan Hui Har upon completion of the Placement (as defined below).

- 1.7.3 Specific shareholders’ approval will therefore be sought for the transfer of a controlling interest in the Company to each of the Subscribers, pursuant to Rule 803 of the Catalyst Rules.

**2. PLACEMENT AGREEMENT**

- 2.1 The Board of Directors of the Company also wishes to announce that the Company has entered into a placement agreement dated 8 May 2014 (the “**Placement Agreement**”) with Mr Soh Gim Teik, Mr Lum Tain Fore and Ms Tan Hui Har (collectively, the “**Placees**”), pursuant to which the Company shall allot and issue to the Placees an aggregate of up to 20,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) at the issue price of S\$0.05 per Placement Share (the “**Issue Price**”) (the “**Placement**”).

## 2.2 Placees

### 2.2.1 Mr Soh Gim Teik

Mr Soh Gim Teik has more than 35 years of experience in accounting, finance and general management. He is an independent director of the Company and also serves as an independent director on the boards of other listed companies in Singapore.

### Mr Lum Tain Fore

Mr Lum Tain Fore is a private investor and is subscribing for the Placement Shares purely for investment purposes. Mr Lum Tain Fore is a business partner of Mr Sam Kok Yin, one of the Subscribers.

### Ms Tan Hui Har

Ms Tan Hui Har is a private investor and is subscribing for the Placement Shares purely for investment purposes. Ms Tan Hui Har is the spouse of Mr Sam Kok Yin, one of the Subscribers.

2.2.2 The Company has decided to undertake the Placement to further improve the cash position of the Company.

2.2.3 As Mr Soh Gim Teik is a director of the Company, pursuant to Rule 812(2) of the Catalist Rules, the Placement is subject to the approval of the Shareholders being obtained at an extraordinary general meeting of the Company.

## 2.3 Placement

2.3.1 Subject to the terms and conditions of the Placement Agreement:

(a) the Company shall allot and issue, and the Placees shall subscribe for, the following Placement Shares at the Issue Price in the manner set out below:

<u>Name of Placee</u>	<u>Number of Placement Shares</u>
Mr Soh Gim Teik	6,000,000
Mr Lum Tain Fore	4,000,000
Ms Tan Hui Har	10,000,000

(b) the aggregate consideration of S\$1,000,000 payable for the Placement Shares shall be satisfied wholly in cash.

2.3.2 The Issue Price represents a premium of approximately 257.14% to the weighted average price for trades done on the Shares on the SGX-ST on 6 May 2014, being the last full market day on which Shares were traded prior to the date of signing of the Placement Agreement. No Shares were traded on the SGX-ST on 7 May 2014.

## 2.4 Conditions Precedent

Completion of the Placement shall be conditional upon, *inter alia*:

- (a) approval in-principle for the listing and quotation of the Placement Shares on the Catalist board of the SGX-ST (on conditions, if any, acceptable to the Company and the Placees) having been obtained and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the Completion Date, they are so fulfilled;
- (b) the Company obtaining such approval(s) from its board of directors in connection with the Placement Agreement and the transactions contemplated therein as may be necessary;
- (c) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore;
- (d) the representations and warranties of the Company in the Placement Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations herein to be performed on or before the Completion Date;
- (e) the approval of the Shareholders being obtained at an extraordinary general meeting of the Company, pursuant to Rule 812(2) of the Catalist Rules, for the allotment and issue of the Placement Shares to the Placees.

## **2.5 Placement Shares**

- 2.5.1 The Placement Shares shall be issued free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the Shares existing as at their date of issue except for any dividends, distributions or entitlements the record date of which falls on or before such date of issue of the Placement Shares.
- 2.5.2 Pursuant to Rule 812(2) of the Catalist Rules, the issue of the Placement Shares shall be subject to specific approval of the Shareholders at an extraordinary general meeting to be convened.
- 2.5.3 The Company will be making an application through the Sponsor to the SGX-ST for the listing of and quotation for the Placement Shares on the Catalist board of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

## **3. USE OF PROCEEDS**

- 3.1 The net cash proceeds from the Bonds Issue, the allotment of Option Shares upon exercise of the Call Option and the Placement (after deducting expenses relating thereto) will be approximately S\$25,405,000 (the “**Proceeds**”). The Proceeds will be used by the Company in the following estimated proportions:

### **Use of Proceeds**

Acquisition and financing of new businesses

### **Percentage Allocation**

65% to 75%

General working capital purposes 25% to 35%

**3.2** As a result of the ongoing structural changes in the printing industry and having suffered losses in the past few financial years, the Group is in a weak working capital position and has relied on loans from its controlling shareholders. It is envisaged that 25% to 35% of the Proceeds will be used for general working capital purposes in order to strengthen the Group's financial position and working capital base, and 65% to 75% of the Proceeds will be used to acquire and finance new businesses to enable the Group to undertake other potentially profitable business activities.

**3.3** The Company will make periodic announcements on the use of the Proceeds as and when the Proceeds are materially disbursed, and provide a status report on the use of the Proceeds in the Company's annual report. The Company will disclose a breakdown with specific details on the use of Proceeds for working capital in such announcements and annual reports.

**3.4** The Directors are of the opinion that after taking into consideration:

(a) the Group's present bank facilities and the loans from the Company's controlling shareholders, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the view that the Bonds Issue, Call Option and Placement should be undertaken to further strengthen the financial position and capital base of the Group and to enhance the financial flexibility of the Company to capitalise on future acquisition opportunities; and

(b) the Group's present bank facilities and the net cash proceeds of the Bonds Issue, the allotment of Option Shares upon the exercise of the Call Option and the Placement, the working capital available to the Group is sufficient to meet its present requirements.

#### **4. OTHER INFORMATION**

##### **4.1 Shareholders' Approval**

The Company intends to convene an extraordinary general meeting (the "EGM") to seek the approval of the Shareholders for, *inter alia*, the issue and subscription of the Bonds, the allotment and issue of the Conversion Shares, the grant of the Call Option, the allotment and issue of the Option Shares upon any exercise of the Call Option by the Subscribers, the transfer of a controlling interest to each of the Subscribers pursuant to Rule 803 of the Catalist Rules as well as the Placement. The Circular containing, *inter alia*, the notice of the EGM and details of the abovementioned transactions will be despatched to the Shareholders in due course.

##### **4.2 Mandatory General Offer**

Pursuant to Rule 14.1 read with Note 10 on Rule 14.1 of the Code, the conversion of the Bonds and/or the exercise of the Call Option resulting in an acquisition of Shares carrying more than 30% of the voting rights of the Company may, pursuant to the Code,



require the Subscriber(s) to make a mandatory general offer (the “**Mandatory General Offer**”) in respect of all the remaining Shares as well as appropriate offers for outstanding convertible securities of the Company that the Subscriber(s) and its/their concert parties do not already own, control or has agreed to acquire. The Company does not intend to apply for a waiver of Rule 14 of the Code from the Securities Industry Council, and accordingly does not intend to obtain a whitewash resolution from the Shareholders. The Subscriber(s) and the Company will make the necessary announcements in connection with the Mandatory General Offer as and when necessary.

#### **4.3 Proportion of Conversion Shares, Option Shares and Placement**

- 4.3.1 The 280,000,000 Conversion Shares represent 166.67% of the issued share capital of the Company comprising 168,000,000 Shares as at the date of this announcement and will represent approximately 41.30% of the Enlarged Share Capital.
- 4.3.2 The 210,000,000 Option Shares represent 125% of the issued share capital of the Company comprising 168,000,000 Shares as at the date of this announcement and will represent approximately 30.97% of the Enlarged Share Capital.
- 4.3.3 The 20,000,000 Placement Shares represent 11.90% of the issued share capital of the Company comprising 168,000,000 Shares as at the date of this announcement and will represent approximately 2.95% of the Enlarged Share Capital.

### **5. FINANCIAL EFFECTS OF THE CONVERSION OF THE BONDS, THE EXERCISE OF THE CALL OPTION AND THE PLACEMENT**

The *pro forma* financial effects of the Bonds Issue, Call Option and Placement, based on the audited consolidated financial statements of the Company and the Group for the financial year ended 30 September 2013, are set out below. The *pro forma* financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Company or the Group after the full conversion of the Bonds, the full exercise of the Call Option and the Placement.

#### **5.1 Net Tangible Assets**

Assuming that the Bonds are fully converted, the Call Option is fully exercised and the Placement is completed on 30 September 2013, the effect on the net tangible assets (“NTA”) per share of the Group as at 30 September 2013 will be as follows:

	<b><i>Before the Bonds Issue, Call Option and Placement</i></b>	<b><i>After the Bonds Issue, Call Option and Placement<sup>(1)</sup></i></b>
Consolidated NTA attributable to the Shareholders (S\$'000)	18,098	43,510
Number of Shares	168,000,000	678,000,000
Consolidated NTA per share attributable to	10.77	6.42

the Shareholders  
(Singapore cents)

**Note:**

(1) Assuming the full conversion of the Bonds and the full exercise of the Call Option.

## 5.2 Earnings per Share

Assuming that the Bonds are fully converted, the Call Option is fully exercised and the Placement is completed on 1 October 2012, the effect on the loss per share of the Group for the financial year ended 30 September 2013 will be as follows:

	<i><b>Before the Bonds Issue, Call Option and Placement</b></i>	<i><b>After the Bonds Issue, Call Option and Placement<sup>(1)</sup></b></i>
Consolidated loss after taxation and minority interests (S\$'000)	3,731	3,819
Weighted average number of shares	168,000,000	678,000,000
Consolidated loss per share (Singapore cents)	2.22	0.56

**Note:**

(1) Assuming the full conversion of the Bonds and the full exercise of the Call Option.

## 6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement and the Placement Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 9 Joo Koon Circle Singapore 629041 for a period of 3 months from the date of this announcement.

## 7. FURTHER INFORMATION AND ACTION BY SHAREHOLDERS

A circular containing information in connection with the Bonds Issue, the Call Option and the Placement will be despatched to the Shareholders in due course. The Company will make further announcements relating to the Bonds Issue, the Call Option and the Placement as and when necessary.

In the meantime, Shareholders are advised to refrain from taking any action which may be prejudicial to their interests before seeking advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers (as appropriate).

## **8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Bonds Issue, the Call Option and the Placement, other than through their respective shareholdings in the Company and save as disclosed in this announcement.

## **9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors (including those who may have been delegated detailed supervision of the Subscription Agreement and Placement Agreement) have individually and collectively reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that no material facts have been omitted from this announcement which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

By Order of the Board  
Ong Kwee Cheng  
Executive Chairman  
8 May 2014

*Note:*

*This Announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, 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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