

CNA GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 19900449K)

RESPONSE TO SGX QUERIES ON PROPOSED ISSUE OF UP TO \$120 MILLION IN AGGREGATE PRINCIPAL AMOUNT OF REDEEMABLE ZERO COUPON CONVERTIBLE BONDS CONSISTING OF: (A) 2 SEPARATE SUCCESSIVE TRANCHEs OF INITIAL BONDS; AND (B) 58 SEPARATE SUCCESSIVE TRANCHEs OF SUBSEQUENT BONDS, EACH HAVING A PRINCIPAL AMOUNT OF S\$2,000,000, TO PACIFIC ALLIANCE ASIA OPPORTUNITY FUND L.P. AND/OR ITS AFFILIATES

Unless otherwise defined, all capitalised terms used in this announcement shall have the same meaning as ascribed to them in the Announcement (as defined below).

The Board of Directors ("Board") of CNA Group Limited ("Company") refers to its announcement dated 30 April 2014 ("Announcement") and wishes to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX").

SGX'S QUERIES

- 1) Please disclose the maximum number of conversion shares to be issued pursuant to the Proposed Bond Issue and the percentage of the existing and enlarged issued share capital of the Company represented by such conversion shares.

Company's Response

On the assumption that all S\$120 million Bonds are fully subscribed for and fully converted into New Shares at the Minimum Conversion Price of S\$0.05 pursuant to the proposed Bond Issue, the maximum number of New Shares that may be issued by the Company to the Subscriber will be 2,400,000,000 representing (i) approximately 652.50% of the Existing Issued Share Capital; and (ii) 86.71% of enlarged share capital of the Company after the completion of the subscription of all the Bonds and conversion of all the Bonds.

- 2) Please disclose whether any introducer fee is payable for the Proposed Bond Issue.

Company's Response

The Subscriber was identified and introduced to the Company by Harford Vantage Pte. Ltd. ("HVPL") whose main shareholder is Mr John Lui Kit Wei. HVPL's core activities include alternative fund arrangement, opportunistic fund investment and products and acting as an arranger for share placements and mergers and acquisitions.

Pursuant to a mandate agreement entered into between the Company and HVPL on 25 April 2014, the Company shall pay HVPL a success fee of 3.5% in cash of the transacted value upon each tranche of Bonds when the proceeds from each tranche are raised. The above fees shall be payable by the Company or deducted at source from the proceeds raised.

- 3) It is stated that, “The Issuer shall pay the Subscriber a fee of S\$720,000 (excluding GST)...”. Please clarify the reasons for the fee.

Company’s Response

The upfront fee of S\$720,000, which is payable to the Subscriber and based on 0.6% of the total bond issue size of S\$120 million, is a condition of the Convertible Bond arrangement. The alternative to this fee would be for the Subscriber to be provided with some form of collateral, which the Company has noted was the arrangement in some other convertible bond issues where existing shares borrowed from a major shareholder of the issuer is pledged or lent to a bond subscriber. As stated in the announcement, it is the intention of the Company and the Subscriber to issue and subscribe for at least the Initial Bonds and the Subsequent Bonds comprising the Subscriber Option Tranches. Subject to the terms of the Bond Subscription Agreement, the Company will raise gross proceeds of S\$20 million assuming that the Initial Tranches and the Subscriber Option Tranches are fully subscribed. In this event, the upfront fee represents 3.6% of the gross proceeds of \$20 million.

By order of the Board of CNA Group Ltd.

**Joint Company Secretary,
Lee Thiam Chye
6 May 2014**