



SITRA HOLDINGS (INTERNATIONAL) LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 197901237E)

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- (A) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 438,200,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.01 FOR EACH RIGHTS SHARE ON THE BASIS OF SEVEN (7) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS (AS DEFINED IN PARAGRAPH 8.2) AS AT THE BOOKS CLOSURE DATE (AS DEFINED IN PARAGRAPH 2.1), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**
- (B) **PROPOSED INTEREST PAYMENT ON LOANS GRANTED BY DIRECTOR AND CONTROLLING SHAREHOLDER, MR CHEW AH BA GEORGE (“MR GEORGE CHEW”) TO THE COMPANY AND ITS SUBSIDIARY (“PROPOSED IPT”)**
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1. INTRODUCTION

The board of Directors (“**Board**” or “**Directors**”) of Sitra Holdings (International) Limited (“**Company**”) wishes to announce that the Company is proposing to undertake the Rights Issue (as defined in paragraph 2.1) to shareholders of the Company (“**Shareholders**”).

The allotment and issue of the Rights Shares pursuant to the proposed Rights Issue is subject to *inter alia*, specific approval being obtained from Shareholders at an extraordinary general meeting of the Company to be convened (“**EGM**”).

2. DETAILS OF RIGHTS ISSUE

2.1 Principal Terms of the Rights Issue

The Company is proposing a renounceable, non-underwritten rights issue of up to 438,200,000 Rights Shares at an issue price of S\$0.01 for each Rights Share (“**Issue Price**”) on the basis of seven (7) Rights Shares for every five (5) existing ordinary shares in the capital of the Company (each ordinary share of the Company, a “**Share**”) held by Shareholders as at a date and time to be determined by Directors for the purpose of determining the entitlements of Entitled Shareholders (“**Books Closure Date**”), fractional entitlements to be disregarded (“**Rights Issue**”).

Entitled Shareholders will be provisionally allotted the Rights Shares on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be at liberty to accept (in full or in part), decline, or otherwise renounce or trade during the rights trading period prescribed by the Singapore Exchange Securities Trading Limited (“**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.

Fractional entitlements to the Rights Shares, if any, will be disregarded in arriving at Entitled Shareholder’s provisional allotments of Rights Shares and will, together with provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares (if any), or disposed of or

otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

In the allotment of excess Rights Shares, 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, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment and issue of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise specifically approved by Shareholders in a general meeting.

The Rights Shares are payable in full upon acceptance and/or application by Entitled Shareholders.

In relation to the subscriptions by the Director and controlling shareholder, Mr George Chew and his wife, Mdm Teresa Tan for their pro rata entitlements of the Rights Shares, pursuant to the Deed of Set-Off (as defined in paragraph 6), the payment for Mr George Chew's and Mdm Teresa Tan's subscriptions of their Rights Shares entitlements will be set-off against the Outstanding SHI Loan (as defined in paragraph 6) owing by the Company to Mr George Chew. Subject to the Company obtaining the approval of independent Directors and independent Shareholders (collectively, "**IPT Approvals**") for the Proposed SHI Interest Payment (as defined in paragraph 7.1) and to the extent that the amount of the Outstanding SHI Loan is insufficient to satisfy payment for Mr George Chew's subscription for his Rights Shares entitlement ("**Shortfall**"), the payment for the Shortfall shall be set-off against the SHI Interest (as defined in paragraph 7.1) payable to Mr George Chew. "Independent Directors" and "independent Shareholders" in this announcement shall respectively mean the Directors and Shareholders who are independent for the purposes of the Proposed IPT. If any of the IPT Approvals is not obtained for the Proposed SHI Interest Payment, Mr George Chew will make payment of the Shortfall in cash. Please refer to paragraph 6 for more details.

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 (as defined herein) for which falls before the date of issue of the Rights Shares. For this purpose, a "**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 Company or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

2.2 **Non-Underwritten Right Issue**

The Rights Issue will not be underwritten. The Company believes that the Issue Price of S\$0.01 for each Rights Share, which represents a discount of approximately 68.75% to the closing price of S\$0.32 for Shares traded on the Catalist board of the SGX-ST ("**Catalist**") on 27 February 2014, being the last market day on which Shares were traded on the Catalist immediately preceding the date of this announcement, is attractive and should encourage subscriptions for the Rights Shares by Shareholders.

In view of the above and taking into consideration the Irrevocable Undertakings (as defined in paragraph 4.2) as well as cost considerations, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

2.3 **Size of Rights Issue**

As at the date of this announcement, the issued share capital of the Company comprises 313,000,000 Shares ("**Existing Share Capital**").

Maximum Subscription Scenario. Based on the Existing Share Capital, and assuming that all of the Entitled Shareholders subscribe and pay for their pro rata entitlements of Rights Shares ("**Maximum Subscription Scenario**"), 438,200,000 Rights Shares will be issued pursuant to the Rights Issue.

Minimum Subscription Scenario. Based on the Existing Share Capital and assuming that other than the Undertaking Shareholders (as defined in paragraph 4.1), none of the other Entitled Shareholders subscribe for their pro rata entitlements of Rights Shares ("**Minimum Subscription Scenario**"), 236,895,400 Rights Shares will be issued pursuant to the Rights Issue.

2.4 Amount of Proceeds to be Raised

The amount of gross proceeds to be raised based on a Maximum Subscription Scenario is S\$4,382,000.00, and on a Minimum Subscription Scenario is S\$2,368,954.00, out of which part of the proceeds will be raised in cash and the balance through the set-off of the Outstanding SHI Loan and (subject to the Company obtaining the IPT Approvals for the Proposed SHI Interest Payment) the amount of SHI Interest payable to Mr George Chew. Depending on whether the Proposed SHI Interest Payment is approved by the independent Directors and independent Shareholders, details of the amount to be raised in a Maximum Subscription Scenario and a Minimum Subscription Scenario are as follows:-

	Maximum Subscription Scenario		Minimum Subscription Scenario	
	Cash S\$	Set-Off⁽¹⁾ S\$	Cash S\$	Set-Off⁽¹⁾ S\$
Proposed SHI Interest Payment approved by independent Directors and independent Shareholders	3,191,846.00	1,190,154.00	1,178,800.00	1,190,154.00
Proposed SHI Interest Payment not approved by independent Directors and independent Shareholders	3,376,496.00	1,005,504.00	1,363,450.00	1,005,504.00

Note:

- (1) Set-Off refers to the setting-off of the Outstanding SHI Loan of S\$1,005,504.00 and, if applicable and subject to the IPT Approvals being obtained for the Proposed SHI Interest Payment, part of the SHI Interest amount of S\$184,650.00 for the subscription in full of Mr George Chew's and Mdm Teresa Tan's Rights Shares entitlements. This assumes that the balance SHI Interest amount of S\$124,930.00 is not utilised to set off any excess Rights Shares application by Mr George Chew. Please refer to paragraph 6 for more details.

2.5 Issue Price

The Issue Price of S\$0.01 per Rights Share represents a discount of approximately 68.75%% to the closing price of S\$0.32 for Shares traded on the Catalist on 27 February 2014, being the last market day on which Shares were traded on the Catalist immediately preceding the date of this announcement.

2.6 Option to Scale Down

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, and upon the approval of the sponsor of the Company and/or the SGX-ST, scale down the subscription and/or excess applications for the Rights Shares by any of the substantial Shareholders (if such substantial Shareholder chooses to subscribe for its pro rata Rights Shares entitlement and/or apply for excess Rights Shares) to avoid placing the relevant substantial Shareholder and parties acting in concert with it (as defined in the Singapore

Code on Take-overs and Mergers (“**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 in full.

2.7 Further Information

The terms and conditions of the Rights Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement (“**Offer Information Statement**”) to be lodged with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore (“**Authority**”) in connection with the Rights Issue.

3. RATIONALE AND USE OF PROCEEDS

The Company is undertaking the Rights Issue to strengthen the financial position and capital base of the Company and to provide additional working capital for the operations of the Company and its subsidiaries (the “**Group**”). The Rights Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company, and will allow the Group to be less reliant on external sources of funding.

There is no minimum amount to be raised from the Rights Issue. For the purposes of Rule 814(1)(e) of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), the Directors are of the opinion that:

- (i) after taking into consideration the present bank facilities, the working capital available to the Group is not sufficient to meet its present requirements; and
- (ii) after taking into consideration the present bank facilities and the net proceeds of the Rights Issue based on a Minimum Subscription Scenario, the working capital available to the Group will be sufficient to meet its present requirements.

The proceeds arising from the Rights Issue is (a) S\$2,368,954.00 in the Minimum Subscription Scenario, and (b) S\$4,382,000.00 in the Maximum Subscription Scenario. The Company intends to use such proceeds (in the following order of priority) in the manner set out below:

Use of Proceeds	Maximum Subscription Scenario S\$	Minimum Subscription Scenario S\$
1. Estimated costs and expenses relating to Rights Issue	160,000.00	160,000.00
2. Repayment of Outstanding SHI Loan ⁽¹⁾	1,005,504.00	1,005,504.00
3. Proposed SHI Interest Payment ⁽²⁾	309,580.00	309,580.00
4. Working capital purposes	2,906,916.00	893,870.00
Gross Proceeds from Rights Issue	4,382,000.00	2,368,954.00

Notes:

- (1) The payment of the Outstanding SHI Loan will be set-off against the subscription monies payable by Mdm Teresa Tan for her Rights Shares entitlement and part of the subscription monies payable by Mr George Chew for his Rights Shares entitlement.
- (2) The Proposed SHI Interest Payment is subject to the IPT Approvals being obtained. If the Proposed SHI Interest Payment is so approved, part of the SHI Interest will be set-off against the balance subscription monies payable for the subscription of the Rights Shares entitlement by Mr George Chew. If the Proposed SHI Interest Payment is not so approved, the proceeds which would

otherwise be reserved for payment of the SHI Interest amount will be utilised towards working capital of the Group.

Pending the deployment of the net proceeds raised from the Rights Issue, such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.

The Company will make periodic announcements on the use of the proceeds from the Rights Issue as and when such proceeds are significantly disbursed and will provide a status report on the use of proceeds from the Rights Issue in the annual report(s) of the Company, until such time the proceeds have been fully utilised.

4. IRREVOCABLE UNDERTAKINGS

4.1 Rights Entitlements of Undertaking Shareholders

As at the date of this announcement:

- (a) Mr George Chew holds an aggregate of 49,561,284 Shares, representing approximately 15.83% of the aggregate number of issued Shares. Accordingly, Mr George Chew will be entitled to subscribe for an aggregate of 69,385,797 Rights Shares;
- (b) Mdm Teresa Tan holds an aggregate of 35,449,716 Shares, representing approximately 11.33% of the aggregate number of issued Shares. Accordingly, Mdm Teresa Tan will be entitled to subscribe for an aggregate of 49,629,602 Rights Shares;
- (c) Mr Chew Chiew Siang Steven ("**Mr Steven Chew**") holds an aggregate of 9,200,000 Shares, representing approximately 2.94% of the aggregate number of issued Shares. Accordingly, Mr Steven Chew will be entitled to subscribe for an aggregate of 12,880,000 Rights Shares;
- (d) Mr Chen Weiping ("**Mr Chen**") holds an aggregate of 37,500,000 Shares, representing approximately 11.98% of the aggregate number of issued Shares. Accordingly, Mr Chen will be entitled to subscribe for an aggregate of 52,500,000 Rights Shares; and
- (e) Ms Josca Woo Kong Hwa ("**Ms Josca Woo**") holds an aggregate of 37,500,000 Shares, representing approximately 11.98% of the aggregate number of issued Shares. Accordingly, Ms Josca Woo will be entitled to subscribe for an aggregate of 52,500,000 Rights Shares.

Mr George Chew, Mdm Teresa Tan, Mr Steven Chew, Mr Chen and Ms Josca Woo shall collectively be referred to as the "**Undertaking Shareholders**" in this announcement.

4.2 Irrevocable Undertakings

As an indication of their support and commitment to the Company,

- (a) Mr Steven Chew, Mr Chen and Ms Josca Woo, has each given an irrevocable undertaking dated 21 May 2014 to the Company to, subject to, *inter alia*, the Whitewash Waiver (as defined in paragraph 5) being obtained from the SIC (as defined in paragraph 5) and the passing of the Whitewash Resolution (as defined in paragraph 5) at the EGM, amongst other things, subscribe and/or cause to be subscribed for and on his/her behalf, their respective entitlements of the Rights Shares; and
- (b) Mr George Chew and Mdm Teresa Tan have pursuant to the Deed of Set-Off and

subject to the terms and conditions therein contained, including the Whitewash Waiver being obtained from the SIC and the passing of the Whitewash Resolution at the EGM, each given an irrevocable undertaking to the Company to, amongst other things, subscribe and/or cause to be subscribed for and on his/her behalf, their respective entitlements of the Rights Shares,

(collectively, the “**Irrevocable Undertakings**”).

4.3 Confirmation of Financial Resources

Mr Steven Chew, Mr Chen and Ms Josca Woo will provide a confirmation of financial resources to undertake their respective Irrevocable Undertakings to the Company in due course.

The subscription monies of Mr George Chew and Mdm Teresa Tan are to be set-off against the Outstanding SHI Loan. Subject to the IPT Approvals being obtained for the Proposed SHI Interest Payment and to the extent that there is Shortfall, the payment for the Shortfall shall be set-off against the SHI Interest payable to Mr George Chew. In the event that the IPT Approvals are not obtained, Mr George Chew will make payment of the Shortfall, being the balance subscription monies of S\$184,650.00 payable in respect of his subscription for his Rights Shares entitlement after off-setting the Outstanding SHI Loan, in cash. Mr George Chew will provide to the Company in due course a confirmation of financial resources to undertake payment of the Shortfall. Please refer to paragraph 6 for more details.

4.4 Potential Transfer of Controlling Interest

Based on the Existing Share Capital, the shareholding changes of *inter alia*, each of the Undertaking Shareholders after completion of the Rights Issue in (a) a Minimum Subscription Scenario; and (b) a Maximum Subscription Scenario, are as follows:

	Number of Shares	Share-holding %	Rights Entitlements	Minimum Subscription Scenario		Maximum Subscription Scenario	
				Number of Shares	Share-holding %	Number of Shares	Share-holding %
Mr George Chew	49,561,284	15.83	69,385,797	118,947,081	21.63	118,947,081	15.83
Mdm Teresa Tan	35,449,716	11.33	49,629,602	85,079,318	15.47	85,079,318	11.33
Mr Steven Chew	9,200,000	2.94	12,880,000	22,080,000	4.02	22,080,000	2.94
Mr Chen Weiping	37,500,000	11.98	52,500,000	90,000,000	16.37	90,000,000	11.98
Ms Josca Woo	37,500,000	11.98	52,500,000	90,000,000	16.37	90,000,000	11.98
Directors	410,000	0.13	574,000	410,000	0.07	984,000	0.13
Public	143,379,000	45.81	200,730,600	143,379,000	26.07	344,109,600	45.81
Total	313,000,000	100	438,200,000	549,895,400	100	751,200,000	100

The subscription of the Rights Shares entitlements in full by each of Mdm Teresa Tan, Mr Chen and Ms Josca Woo (each, a “**Substantial Shareholder**”) pursuant to their Irrevocable Undertakings may potentially result in a transfer of controlling interest in the Company to each of them in the event that there is insufficient subscription of the Rights Shares entitlements and/or applications for excess Rights Shares by Shareholders other than the Undertaking Shareholders (“**Under-subscribed Scenario**”).

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a controlling interest without the prior approval of shareholders in general meeting. Accordingly, the Company shall be seeking specific approval of Shareholders at the EGM for the Company

to allot and issue to each of the Substantial Shareholders Rights Shares up to the number of their respective Rights Shares entitlements in an Under-subscribed Scenario to the extent that such issue of Rights Shares constitutes a transfer of controlling interest to such Substantial Shareholder(s) ("**Potential Transfer of Controlling Interest**").

In the event that any of the Substantial Shareholders apply for excess Rights Shares, the allotment and issue of excess Rights Shares pursuant to such excess Rights Shares applications may potentially result in a transfer of controlling interest to him/her for which the Company is required to seek specific Shareholders' approval. Accordingly, each of the Substantial Shareholders has confirmed in writing to the Company that he/she will not be making any excess application for Rights Shares so as to avoid a situation where the Company has to seek Shareholders' approval for the specific allotment and issue to them of any excess Rights Shares.

5. THE WHITEWASH RESOLUTION

Mr George Chew is the Executive Chairman and Chief Executive Officer of the Company, Mdm Teresa Tan is the Senior Vice President (Group Administration and Human Resources) of the Company and Mr Steven Chew is the Executive Director and Deputy Chief Executive Officer of the Company. Mr George Chew, Mdm Teresa Tan, Mr Steven Chew are immediate family members. Mr George Chew is the husband of Mdm Teresa Tan while Mr Steven Chew is the son of both Mr George Chew and Mdm Teresa Tan. As at the date of this announcement, Mr George Chew, Mdm Teresa Tan and Mr Steven Chew who are parties acting in concert with each other, hold an aggregate of 94,211,000 Shares constituting an aggregate voting interest of 30.10% in the Existing Share Capital.

Ms Josca Woo is a substantial Shareholder of the Company. She is not an employee of the Company and does not hold any executive function in the Group. Ms Josca Woo is the sister-in-law of Mr George Chew. Under the Code, a close relative of a person is presumed to be acting in concert with such person unless the contrary is established. On the presumed basis that Ms Josca Woo is a party acting in concert with Mr George Chew, Mr George Chew and parties acting in concert with him, namely Mdm Teresa Tan, Mr Steven Chew and Ms Josca Woo (collectively, "**Concert Parties Shareholders**") hold an aggregate of 131,711,000 Shares constituting an aggregate voting interest of 42.08% in the Existing Share Capital.

As the Concert Parties Shareholders hold not less than 30.0% but not more than 50.0% of the voting rights of the Company, if the Concert Parties Shareholders subscribe for their Rights Shares in full but the Rights Issue is not fully subscribed, depending on the level of subscription for the Rights Shares by other Shareholders, this Under-subscribed Scenario may result in the Concert Parties Shareholders acquiring more than 1.0% additional voting rights of the Company within a six (6) month period thereby incurring an obligation on their part to make a mandatory general offer for the remaining Shares not already owned by them ("**Mandatory Offer**"). Please refer to paragraph 4.4 for details of the shareholding changes of the Concert Parties Shareholders in a Maximum Subscription Scenario and a Minimum Subscription Scenario.

The Company will apply to the Securities Industry Council ("**SIC**") for a waiver ("**Whitewash Waiver**") of the obligation for the Concert Parties Shareholders to make the Mandatory Offer under Rule 14 of the Code. The waiver from the SIC may be subject to, *inter alia*, the passing of a resolution ("**Whitewash Resolution**") by a majority of the independent Shareholders (with the Concert Parties Shareholders and parties not independent of it abstaining from voting on the Whitewash Resolution) by way of a poll to waive their rights to receive the Mandatory Offer at the EGM. An appropriate announcement on the outcome of such application will be made in due course and further details will be set out in the circular to Shareholders.

The issue and allotment of the Rights Shares and the obligations of the Undertaking Shareholders pursuant to their Irrevocable Undertaking are conditional upon, *inter alia*, the

grant of the Whitewash Waiver by the SIC and the Shareholders' approval of the Whitewash Resolution.

The Company will appoint an independent financial advisor ("**IFA**") in respect of the Whitewash Resolution and will announce the appointment in due course.

6. DEED OF SET-OFF

Mr George Chew, the Director and controlling shareholder of the Company had, during the period between October 2010 and March 2014, made loan advances to the Company for working capital purposes of the Group. The amount outstanding to Mr George Chew between October 2010 and the date of this announcement ranged between S\$158,513.00 and approximately S\$3,031,860.00. No interest has been paid to Mr George Chew in relation to such loan advances. Part of the loan advances had been repaid and as at the date of this announcement, the loan amount outstanding to Mr George Chew is S\$1,005,504.00 ("**Outstanding SHI Loan**").

On 22 May 2014, the Company, Sitra Dove Construction and Logistics Pte Ltd ("**SD**"), a wholly-owned subsidiary of the Company, Mr George Chew and Mdm Teresa Tan entered into a conditional deed ("**Deed of Set-Off**"), on, *inter alia*, the following terms:

- (a) Mr George Chew and Mdm Teresa Tan irrevocably undertake to the Company to, amongst other things, subscribe and/or cause to be subscribed for and on his/her behalf, their respective entitlements of the Rights Shares;
- (b) The Company agrees, in consideration of the undertaking of Mr George Chew and Mdm Tan as set forth above, and at the request of Mr George Chew, that Mr George Chew may set-off the subscription monies payable by him and Mdm Teresa Tan for the subscription of their respective entitlements of the Rights Shares against the Outstanding SHI Loan and, if the IPT Approvals are obtained for the Proposed SHI Interest Payment, the SHI Interest payable by the Company to Mr George Chew; and
- (c) In the event that the IPT Approvals are not obtained for the Proposed SHI Interest Payment, the Outstanding SHI Loan will be set-off firstly towards payment in full for Mdm Teresa Tan's subscription for her Rights Shares entitlement, and the balance will then be set-off towards partial payment for Mr George Chew's subscription for his Rights Shares entitlement. The Shortfall for Mr George Chew's subscriptions of his Rights Shares entitlement, will be paid in cash; and
- (d) The Company agrees that if Mr George Chew applies for and is allotted any excess Rights Shares in accordance with the terms of the Rights Issue and any applicable Catalist Rules, subject to the IPT Approvals being obtained for the Proposed SHI Interest Payment, any balance SHI Interest not otherwise utilised to satisfy Mr George Chew's subscriptions of his Rights Shares entitlements, will be utilised towards setting-off an equivalent amount of the subscription monies payable in respect of any excess Rights Shares application by Mr George Chew. For the avoidance of doubt, to the extent that any such balance SHI Interest is not sufficient to satisfy excess Rights Shares application by Mr George Chew, the balance subscription monies for such excess Rights Shares application will be paid in cash.

The obligations of the parties as set forth above shall be subject to the conditions for the Rights Issue as enumerated in paragraph 9, being fulfilled and complied with.

For the avoidance of doubt, the Outstanding SD Loan (as defined in Section 7.2) and Proposed SD Interest Payment (as defined in Section 7.2) payable by SD will not be set-off against any part of the subscription monies payable by Mr George Chew and Mdm Teresa Tan for their Rights Shares entitlements.

7. THE PROPOSED IPT

7.1 Proposed SHI Interest Payment

Subject to the IPT Approvals being obtained for the Proposed SHI Interest Payment, under the Deed of Set-Off, the Company has agreed to pay Mr George Chew, interest at the rates set forth below on the loan advances made by Mr George Chew to the Company during the period when such loan advances were and/or remain outstanding. Brief particulars of the loan advances and the proposed interest payment to the Company ("**Proposed SHI Interest Payment**"), are set out below:

FY ⁽¹⁾	Loan Amount Outstanding		SHI Interest	
	Lowest S\$	Highest S\$	Interest Rate Per annum	SHI Interest Amount S\$
2010	158,513.00	300,000.00	5.28%	3,358.07
2011	273,513.00	1,163,963.00	5.28%	50,627.55
2012	2,147,463.00	3,016,563.00	5.28%	151,438.55
2013	998,000.00	3,031,863.00	5.28% and 5.68%	83,117.87
1 January 2014 to 30 April 2014	984,000.00	1,005,504.00	5.68% and 6.65%	21,038.11
1 May 2014 until repayment	1,005,504.00		6.65%	_(2)

Notes:

- (1) The financial year ended 31 December.
- (2) The amount of interest payable for the period from 1 May 2014 will be computed up to the date of payment of the Outstanding SHI Loan.

Based on the proposed interest rates set forth above, the amount of interest proposed to be paid by the Company to Mr Chew on, and for the duration when such loan advances were outstanding to Mr George Chew up to, 30 April 2014, is approximately S\$309,580.00 ("**SHI Interest**"). The SHI Interest is proposed to be paid on the Outstanding SHI Loan at the rate of 6.65% per annum for the period after 30 April 2014 until such time when the Outstanding SHI Loan is fully repaid.

7.2 Proposed SD Interest Payment

Mr George Chew had, during the period between June 2012 and March 2014, made loan advances to SD for working capital purposes of SD. The amount outstanding to Mr George Chew by SD between June 2012 and the date of this announcement ranged between S\$50,000.00 and approximately S\$578,060.00. No interest has been paid to Mr George Chew in relation to such loan advances. As at the date of this announcement, the loan amount outstanding to Mr George Chew by SD is S\$578,060.00 ("**Outstanding SD Loan**").

Subject to the IPT Approvals being obtained for the Proposed SD Interest Payment, the Company is proposing that SD pays interest at the rates set forth below on the loan advances made by Mr George Chew to SD during the period when such loan advances were and/or remain outstanding. Brief particulars of the loan advances made by Mr George Chew to SD and the proposed interest payment by SD to Mr George Chew ("**Proposed SD Interest Payment**"), are set out below:

FY ⁽¹⁾	Loan Amount Outstanding		SD Interest	
	Lowest S\$	Highest S\$	Interest Rate Per annum	SHI Interest Amount S\$
2012	50,000.00	240,500.00	5.28%	4,751.87
2013	237,265.00	578,060.00	5.28% and 5.68%	20,586.61
1 January 2014 to 30 April 2014	578,060.00	578,060.00	5.68% and 6.65%	12,161.89
1 May 2014 until repayment	578,060.00		6.65%	_(2)

Notes:

- (1) The financial year ended 31 December.
- (2) The amount of interest payable for the period from 1 May 2014 will be computed up to the date of payment of the Outstanding SD Loan.

Based on the proposed interest rates set forth above, the amount of interest proposed to be paid to Mr Chew on, and for the duration when such loan advances were outstanding by SD to Mr George Chew up to, 30 April 2014, is approximately S\$37,500.00 ("**SD Interest**"). The SD Interest is proposed to be paid on the Outstanding SD Loan at the rate of 6.65% per annum for the period after 30 April 2014 until such time when the Outstanding SD Loan is fully repaid.

7.3 Rationale for the Proposed Interest Payment

Mr George Chew had during the relevant period when the Company was in need of financial support, made loan advances to the Company for its working capital requirements. The amount of loan advances made to the Company ranged between S\$158,513.00 and S\$3,031,860.00, and the amount of loan advances made to SD ranged between S\$50,000.00 and S\$578,060.00. The loan advances were financed by a combination of Mr George Chew's personal credit facilities from banks and funds raised from disposal of his personal assets. Mr George Chew personally paid interest to the banks in relation to funds drawn from his personal credit facilities. As a result of Mr George Chew's loan advances, the Group had been less reliant on other external sources of funding. The Proposed SHI Interest Payment and Proposed SD Interest Payment (collectively, "**Proposed Interest Payment**") are to compensate Mr George Chew for his interest and opportunity costs.

7.4 Proposed Interest Payment as an interested person transaction

Mr George Chew is an "interested person" and the Proposed Interest Payment is an "interested person transaction" for the purposes of Chapter 9 of the Catalist Rules ("**Proposed IPT**").

The Proposed SHI Interest Payment will result in the payment of an interest amount of at least S\$309,580.00 to Mr George Chew. The Proposed SD Interest Payment will result in the payment of an interest amount of at least S\$37,500.00 to Mr George Chew. The Proposed SD Interest Payment is aggregated with the Proposed SHI Interest Payment for the purpose of determining whether Shareholders' approval is required as both interest payments are made to the same interested person in the same financial year. As the Proposed Interest Payment amount exceeds 5% of the Company latest audited net tangible assets for the financial year ended 31 December 2013, each of the Proposed SHI Interest Payment and Proposed SD Interest Payment is subject to the approval of independent Shareholders in accordance with Rule 906 of the Catalist Rules. Subject to the approval of independent Directors, the Company will seek Shareholders' approval for the Proposed IPT in the EGM.

7.5 **Audit Committee Opinion and Independent Financial Advisor**

The Company will appoint the IFA to advise Directors who are independent for the purposes of the Proposed IPT. The Audit Committee of the Company will obtain an opinion from the IFA on the Proposed IPT before forming its view on the Proposed IPT, which will be announced subsequently.

The opinion of the IFA in respect of the Proposed IPT will be set out in a circular to be despatched to Shareholders in due course.

8. **ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE**

8.1 **Entitled Depositors**

Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date ("**Depositors**") will be provisionally allotted Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on 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, must provide CDP, at 9, North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588, with addresses in Singapore no 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.

8.2 **Entitled Scripholders**

Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP ("**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 no later than 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's share registrar, Tricor Barbinder Share Registration Services ("**Share Registrar**") in order to be registered to determine the transferee's provisional allotments of Rights Shares.

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 must provide the Share Registrar at 80 Robinson Road #02-00 Singapore 068898 with addresses in Singapore no 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.

The Entitled Depositors and Entitled Scripholders shall be collectively referred to as "**Entitled Shareholders**" in this announcement.

8.3 **CPF Investment Scheme**

Persons who bought their Shares previously using their Central Provident Fund account savings ("**CPF Funds**") may only use the same for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable rules and regulations of the Central Provident Fund. Such persons who wish to accept their provisional allotments of Rights Shares will need to instruct the respective approved banks where they hold their CPF investment accounts, to accept their provisional allotment of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. CPF Funds may

not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

8.4 Foreign Shareholders

For practical reasons and to avoid any violation of securities legislation applicable in countries other than Singapore, the 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 to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). As such, no provisional allotments of the Rights Shares will be made to, and no purported acceptance thereof and application therefor by Foreign Shareholders will be valid.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the Catalist of the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. The net proceeds arising from such sales after deducting all expenses will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10.00 to a single Foreign Shareholder, and such amount shall be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their absolute discretion deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company in connection therewith.

If such provisional allotments of Rights Shares cannot be or are not sold on the Catalist of 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 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 in connection therewith.

9. APPROVALS

The Rights Issue is subject to, *inter alia*,

- (i) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares on the Catalist;
- (ii) the approval of Shareholders at the EGM having been obtained for the Company to allot and issue the Rights Shares pursuant to the Rights Issue;
- (iii) the approval of Shareholders at the EGM having been obtained for the Company to allot and issue to each of the Substantial Shareholders Rights Shares up to the number of their respective Rights Shares entitlements in an Under-subscribed Scenario to the extent that such issue of Rights Shares constitutes a transfer of controlling interest to such Substantial Shareholder(s);
- (iv) the approval of Shareholders at the EGM having been obtained for the Whitewash Resolution; and
- (v) lodgement of the Offer Information Statement with the SGX-ST (acting as agent on behalf of the Authority).

The Proposed IPT is subject the IPT Approvals being obtained. For the avoidance of doubt, the resolutions for the approval of the Proposed IPT is not dependent on the Rights Issue being approved and/or proceeded with.

An application will be made to the SGX-ST for the listing and quotation of the Rights Shares on the Catalist. The Company will make the relevant announcement upon receipt of the outcome of the application.

A circular to Shareholders containing, *inter alia*, the notice of the EGM in relation to the Rights Issue, the Whitewash Resolution, the Potential Transfer of Controlling Interest and (if approved by independent Directors) the Proposed IPT will be despatched to Shareholders in due course. The Offer Information Statement in relation to the Rights Issue will be lodged with the SGX-ST (acting as agent on behalf of the Authority) and despatched to Entitled Shareholders in due course following the EGM if the Rights Issue is approved at the EGM.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial Shareholders has any interests, direct or indirect, in the Rights Issue and the Proposed IPT other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

11. 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 Rights Issue, the Whitewash Resolution, the Potential Transfer of Controlling Interest, the Proposed IPT, 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 the 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.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Irrevocable Undertakings and Deed of Set-Off will be made available for inspection during normal business hours from 9.00 a.m. to 5.30 p.m. at the Company's registered office at 15 Hillview Terrace Singapore 669226 (effective 26 May 2014) for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

George Chew
Executive Chairman
23 May 2014

The announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's Sponsor has not independently verified the contents of the announcement. The announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of the announcement, including the correctness of any of the statements or opinions made or reports contained in the announcement.

The contact person for the Sponsor is Mr Chew Kok Liang, Registered Professional at 6 Battery Road, #10-01 Singapore 049909, telephone (65) 6381 6757.