



AGV GROUP LIMITED

(Company Registration No. 201536566H)

(Incorporated in the Republic of Singapore on 2 October 2015)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 929,732,200 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1 The Board of Directors of AGV Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue up to 929,732,200 new ordinary shares (the “**Rights Shares**”) in the capital of the Company at an issue price of S\$0.025 for each Right Share (the “**Issue Price**”), on the basis of five (5) Rights Shares for every one (1) ordinary share in the capital of the Company (the “**Share(s)**”) held by the shareholders of the Company (the “**Shareholders**”) as at the date and time to be determined by the Directors for the purposes of determining Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded (the “**Proposed Rights Issue**”).
- 1.2 The Proposed Rights Issue is subject to, amongst others, the approval of the Shareholders at an extraordinary general meeting (the “**EGM**”) to be convened by the Company in due course. A circular to Shareholders containing, amongst others, further information on the Proposed Rights Issue, together with the notice of the EGM, will be despatched to the Shareholders in due course.

2. DETAILS OF RIGHTS ISSUE

<u>Principal Terms of the Issue</u>	<u>Description</u>
Price	The Issue Price for each Right Share is S\$0.025, payable in full upon acceptance and application.
Discount (specifying benchmarks and periods)	<p>The Issue Price represents a discount of:</p> <p>(i) approximately 7.4% to the closing market price of S\$0.027 for trades done on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 21 February 2020, (being the last trading day on which the Shares were transacted on the SGX-ST prior to the release of the Announcement); and</p> <p>(ii) approximately 1.2% to the theoretical ex-rights price of S\$0.0253 per Share (the “Theoretical Ex-Rights Price”). The Theoretical Ex-Rights Price per Share is calculated based on the closing market price of S\$0.027 per Share on the SGX-ST on 21 February 2020, being the last trading day of the Shares on the SGX-ST prior to this announcement.</p>
Allotment Ratio	Five (5) Rights Shares, for every one (1) existing Share as at the Book Closure Date, fractional entitlements to be disregarded.

Use of Proceeds The use of proceeds arising from the allotment and issuance of all the Rights Shares has been set out in paragraph 4.

Purpose of Issue The Proposed Rights Issue has been proposed by the Company as part of its ongoing and prudent balance sheet management to enhance its cash position, enlarge its capital base and further enhance the financial flexibility of the Group. Further to this, the Proposed Rights Issue will allow the Company to pursue its growth strategy of developing and expanding its business in the region in the event that there are any merger and acquisition targets identified.

In addition, the Proposed Rights Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

The Company also intends to use part of the Net Proceeds (as defined in paragraph 4.1 below) as working capital for purposes including, the continuing listing expenses of the Group.

3. OTHER TERMS OF THE PROPOSED RIGHTS ISSUE

3.1. Renounceable.

The Proposed Rights Issue is proposed to be made on a renounceable basis to Entitled Shareholders (as defined herein)

3.2. Number of Rights Shares.

As at the date of this announcement, the Company has an existing issued and paid-up share capital comprising 185,946,440 Shares (the “**Existing Share Capital**”). For illustrative purposes only, based on the Existing Share Capital and:

- (i) assuming all the Entitled Shareholders (as defined below) subscribe for their pro-rata entitlements of Right Shares, the Company will issue up to 929,732,200 Rights Shares (the “**Maximum Subscription Scenario**”) and the resultant enlarged issued and paid-up share capital of the Company in the Maximum Subscription Scenario will be 1,115,678,640 Shares (excluding treasury shares); and
- (ii) assuming:
 - (a) only the Undertaking Shareholders (as defined in paragraph 7.2 below) subscribes and pays for (or procures subscription and payment for) in full at the Issue Price, by way of acceptance, their provisional allotment of an aggregate of 167,677,000 Rights Shares and 252,029,317 excess Rights Shares under the Rights Issue pursuant to the Irrevocable Undertakings (as defined in paragraph 7.2 below); and
 - (b) none of the other Entitled Shareholders or purchasers of the “nil-paid” rights during the “nil-paid” rights trading period subscribe and pay for any Rights Shares,

the Company will issue up to 419,706,317 Rights Shares (the “**Minimum Subscription Scenario**”) and the resultant enlarged issued and paid-up share capital of the Company in the Minimum Subscription Scenario will be 605,652,757 Shares (excluding treasury shares).

3.3. Status of Right Shares.

The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any

dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

For the purpose herein, “**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 the Shareholders must be registered with the Company or the CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

3.4. **Provisional Allotments and Excess Applications.**

Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.

Provisional allotments of Rights Shares which are not taken up for any reason shall be used to satisfy excess applications for Rights Shares (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company. In the allotment of excess Rights Shares, preference will be given to the Shareholders for rounding of odd lots, and Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment or issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by the Shareholders at a general meeting.

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

3.5. **Odd Lots.**

For the purposes of trading on the sponsor-supervised listing platform of the SGX-ST (the “**Catalist Board**”), each board lot of Shares will comprise 100 Shares. Following the Rights Issue, Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) and who wish to trade in odd lots on Catalist are able to trade odd lots of Shares in board lots of one (1) Share on the SGX-ST’s Unit Share Market.

The Unit Share Market is a ready market for trading of odd lots of Shares with a minimum size of one (1) Share. Shareholders should note that the market for trading of such odd lots of Shares may be illiquid. There is no assurance that Shareholders who hold odd lots of Shares will be able to acquire such number of Shares required to make up a board lot, or to dispose of their odd lots (whether in part or in whole) on the SGX-ST’s Unit Share Market.

3.6. **Non-Underwritten Rights Issue.**

In view of the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Proposed Rights Issue on a non-underwritten basis.

3.7. **Option to scale down subscription.**

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

and Mergers (the “**Code**”)) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up, whether partly or in full, their Rights Shares entitlements fully.

4. **USE OF PROCEEDS**

- 4.1. The net proceeds arising from the allotment and issuance of all the Rights Shares (the “**Net Proceeds**”), after deducting estimated costs and expenses of S\$228,000 relating to the Rights Issue under both the Maximum Subscription Scenario and Minimum Subscription Scenario, shall be utilized in accordance with the following proportions:

Use of Net Proceeds	Minimum Subscription Scenario		Maximum Subscription Scenario	
	Allocation of the Net Proceeds (S\$)	Approximate Allocation of the Net Proceeds (%)	Allocation of the Net Proceeds (S\$)	Approximate Allocation of the Net Proceeds (%)
General working capital ⁽¹⁾	1,072,000	30	6,765,305	35.1
Working capital and capital expenditure for the Group’s operations in Malaysia ⁽²⁾	2,500,000	70	2,500,000	13.0
Merger and acquisition opportunities	-	-	10,000,000	51.9
Approximate Net Proceeds arising from the Proposed Rights Issue	3,572,000	100	19,265,305	100

Notes:

- (1) General working capital includes the administrative expenses, manpower costs and continuing listing expenses such as professional fees of the Group.
- (2) Working capital includes manpower costs, administrative expenses and other operating expenses for the Group’s operations in Malaysia. Capital expenditure includes the purchase of new, or upgrading of existing, machinery for zinc galvanizing purposes in the Group’s operations in Malaysia.
- 4.2. The above allocations are based on the Maximum Subscription Scenario and Minimum Subscription Scenario only. In the event the Net Proceeds fall in between the Maximum Subscription Scenario and Minimum Subscription Scenario, the Company will make the necessary announcements on the allocations when the final Net Proceeds have been determined. It is anticipated that the allocations would not deviate significantly from the above illustrations.
- 4.3. The Company will make periodic announcements as and when net proceeds from the Proposed Rights Issue are materially disbursed and provide a status report on the use of the proceeds raised in its interim and full-year financial statements issued under Rule 705 of the The Listing Manual of the SGX-ST Section B: Rules of Catalyst (the “**Listing Manual**”) and in the

Company's annual report(s). Where the proceeds have been used for working capital, the Company will also provide a breakdown with specific details on the use of proceeds for working capital in the announcements and status reports. Where there is a material deviation in the use of the use of proceeds, the Company will also state the reasons for such deviation.

- 4.4. There is no minimum amount to be raised from the Proposed Rights Issue, as in the event that it is unable to raise sufficient funds, the Company will source for alternative sources of funding, including but not limited to bank borrowings and Shareholders' loans.

5. **OPINION OF DIRECTORS**

- 5.1. For the purposes of Rule 814(1)(f) of the Listing Manual, the Directors are of the opinion that after taking into consideration the Group's present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.
- 5.2. The Directors are of the opinion, after taking into consideration the purpose for the Proposed Rights Issue as set out in paragraph 2, that the Proposed Rights Issue is in the interest of the Company.
- 5.3. In determining the discount as set out in paragraph 2, the Directors had taken into consideration, amongst others, the last traded price of the Shares as at 21 February 2020 and the show of support for the Company received from the Undertaking Shareholders (as defined in paragraph 7.2) pursuant to the Irrevocable Undertakings received by the Company.

6. **PREVIOUS EQUITY FUND RAISING**

The Company has not undertaken any equity fund raising in the past 12 months.

7. **IRREVOCABLE UNDERTAKING**

- 7.2. The Board has today received irrevocable undertakings from the following shareholders as an indication of their support for the Rights Issue and to demonstrate their commitment to and confidence in the prospects of the Group (the "**Undertaking Shareholders**"):

- (a) Chua Wei Kee ("**CWK**");
- (b) Ch'ng Ban Bee ("**CBB**");
- (c) Lim Kim Cheei ("**LKC**");
- (d) Chan Fook Meng ("**CFM**");
- (e) GRW Capital Limited ("**GRW**"),

(collectively, the "**Irrevocable Undertakings**").

- 7.3. The Undertaking Shareholders hold the following interests in the Shares of the Company:

	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%) ⁽¹⁾⁽²⁾	Number of Shares	Shareholding (%) ⁽¹⁾⁽²⁾
Chua Wei Kee	15,000,000	8.07%	-	-
Ch'ng Ban Bee	15,000,000	8.07%	-	-
Lim Kim Cheei ⁽³⁾	-	-	1,000,000	0.54%
Chan Fook Meng ⁽⁴⁾	-	-	2,035,400	1.09%
GRW Capital Limited	500,000	0.27%	-	-

Notes:

- (1) Calculated based on 185,946,440 Shares, being the total number of Shares issued by the Company as at the date of this announcement.
- (2) Rounded to the nearest two decimal places.
- (3) Lim Kim Cheei is deemed to be interested in the 1,000,000 Shares held through OCBC Securities Private Ltd.
- (4) Chan Fook Meng is deemed to be interested in the 2,035,400 Shares held through Phillip Securities Pte Ltd.

7.4. As part of the respective Irrevocable Undertakings, the Undertaking Shareholders will, each respectively:

- (a) subscribe and pay for, and/or procure the subscription of and payment for, their respective *pro rata* entitlement of:

- (i) 75,000,000 Rights Shares for CWK;
- (ii) 75,000,000 Rights Shares for CBB;
- (iii) 5,000,000 Rights Shares for LKC;
- (iv) 10,177,000 Rights Shares for CFM; and
- (v) 2,500,000 Rights Shares for GRW,

(collectively, the “**Undertaking Entitled Shares**”), provided that they will not be placed in a position of incurring a mandatory general offer obligation under Rule 14 of the Code due to other Shareholders not taking up their Rights Shares entitlement fully;

- (b) subscribe and pay for, and/or procure the subscription of and payment for, the excess Rights Shares of:

- (i) 125,170,920 Rights Shares for CWK;
- (ii) 26,706,317 Rights Shares for CBB;
- (iii) 27,000,000 Rights Shares for LKC;
- (iv) 9,823,000 Rights Shares for CFM; and
- (v) 97,500,000 Rights Shares for GRW,

(collectively, the “**Undertaking Excess Shares**” and together with the Undertaking Entitled Shares, the “**Undertaking Shares**”), provided that they will not be placed in a position of incurring a mandatory general offer obligation under Rule 14 of the Code due to other Shareholders not taking up their Rights Shares entitlement fully; and

- (c) ensure that their registered shareholdings in the Company as at the Books Closure Date shall not be less than:

- (i) 15,000,000 Shares for CWK;
- (ii) 15,000,000 Shares for CBB;
- (iii) 1,000,000 Shares for LKC;
- (iv) 2,035,400 Shares for CFM; and
- (v) 500,000 Shares for GRW;

7.5. The obligations set out in the Irrevocable Undertakings are subject to and conditional upon, amongst others, the following:

- (a) receipt of the approval in-principle granted by the SGX-ST for the listing and quotation of the Rights Shares on the Catalist of the SGX-ST and such approval not being withdrawn or revoked as at the completion of the Rights Issue, and if such approval is granted subject to conditions, such conditions being acceptable to the Company;

- (b) the Proposed Rights Issue, including the allotment and issue of the Rights Shares, being approved by the Shareholders at the EGM to be convened (the “**Proposed Rights Issue Resolution**”);
- (c) the approval of Shareholders for the potential transfer of controlling interests in the Company to Chua Wei Kee, Ch’ng Ban Bee and GRW Capital Limited arising from the allotment and issue of Undertaking Excess Shares being obtained at the EGM to be convened (the “**Potential Transfer of Controlling Interest Resolution**”);
- (d) lodgment of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company in respect of the Rights Issue with the SGX-ST, acting as an agent on behalf of the MAS.

7.6. The Irrevocable Undertakings shall lapse and shall cease to have any effect upon the Rights Issue being withdrawn, lapsed or closed.

7.7. Confirmation of Financial Resources

The subscription monies for the Undertaking Shares payable by the Undertaking Shareholders will be fully offset against debts due and owing by the Company to some of the Undertaking Shareholders and advances made by some of the Undertaking Shareholders, the Undertaking Shareholders will not be required to provide any letter of confirmation of financial resources.

7.8. Illustration of shareholding interests of the Undertaking Shareholders pursuant to the Maximum Scenario and the Minimum Scenario

	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%) ⁽¹⁾	Number of Shares	Shareholding (%) ⁽¹⁾
Maximum Scenario⁽²⁾				
Chua Wei Kee	90,000,000	8.07%	-	-
Ch’ng Ban Bee	90,000,000	8.07%	-	-
Lim Kim Cheei	6,000,000	0.54%	-	-
Chan Fook Meng	12,212,400	1.09%	-	-
GRW Capital Limited	3,000,000	0.27%	-	-
Minimum Scenario⁽³⁾				
Chua Wei Kee	181,000,000	29.90% ⁽⁴⁾	-	-
Ch’ng Ban Bee	116,706,317	19.27%	-	-
Lim Kim Cheei ⁽⁵⁾	-	-	33,000,000	5.45%
Chan Fook Meng ⁽⁶⁾	-	-	22,035,400	3.64%
GRW Capital Limited	100,500,000	16.59%	-	-

Notes:

- (1) Rounded to the nearest two decimal places.
- (2) Calculated on the assumption that all the Rights Shares to be issued pursuant to the Rights Issue are fully subscribed for is fully subscribed for, 929,732,200 Rights Shares will be issued pursuant to the Rights Issue, the issued and paid-up share capital of the Company will thus increase to 1,115,678,640 Shares.
- (3) Assuming:

- (a) only the Undertaking Shareholders subscribes and pays for (or procures subscription and payment for) in full at the Issue Price, by way of acceptance, their provisional allotment of an aggregate of 167,677,000 Rights Shares and 252,029,317 excess Rights Shares under the Rights Issue pursuant to the Irrevocable Undertakings; and
- (b) none of the other Entitled Shareholders or purchasers of the “nil-paid” rights during the “nil-paid” rights trading period subscribe and pay for any Rights Shares,

the Company will issue up to 419,706,317 Rights Shares and the resultant enlarged issued and paid-up share capital of the Company in the Minimum Subscription Scenario will be 605,652,757 Shares (excluding treasury shares).

- (4) Under the Irrevocable Undertakings, the Rights Shares entitlement of Mr Chua Wei Kee is 75,000,000 Rights Shares and he has applied for 125,170,920 excess Rights Shares. However, issuing such number of Rights Shares to Mr Chua Wei Kee will result in Mr Chua Wei Kee incurring an obligation under Rule 14 of the Code to make a mandatory general offer for all the Shares of the Company in a Minimum Scenario. Accordingly, in such scenario, Mr Chua Wei Kee's application to subscribe for Rights Shares and excess Rights Shares will be scaled down from an aggregate of 200,170,920 Rights Shares to an aggregate of 166,000,000 Rights Shares, resulting in Mr Chua Wei Kee holding 181,000,000 Shares, representing 29.9% of the enlarged issued share capital following the completion of the Rights Issue.
- (5) Lim Kim Chee is deemed to be interested in the 1,000,000 Shares held through OCBC Securities Private Ltd.
- (6) Chan Fook Meng is deemed to be interested in the 2,035,400 Shares held through Phillip Securities Pte Ltd.

As set out above, based on the terms of the Proposed Rights Issue and the Irrevocable Undertakings, a controlling interest in the Company may be transferred to Chua Wei Kee, Ch'ng Ban Bee and GRW Capital Limited arising from the allotment and issue of the Undertaking Excess Shares. 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, as set out in paragraph 7.5(c) above and paragraph 10.1(ii) below, the Proposed Rights Issue and the Irrevocable Undertakings are conditional upon the approval of Shareholders for the potential transfer of controlling interests in the Company to each of Chua Wei Kee, Ch'ng Ban Bee and GRW Capital Limited arising from the allotment and issue of the Undertaking Excess Shares being obtained at the EGM to be convened.

8. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

8.1. Entitled Shareholders

The Company proposes to provisionally allot Rights Shares to all the Shareholders who are eligible to participate in the Proposed Rights Issue (the “**Entitled Shareholders**”), comprising Entitled Depositors and Entitled Scripholders (both as defined herein) and excluding Foreign Shareholders (as defined herein).

Entitled Shareholders will be entitled to participate in the Proposed Rights Issue and receive the offer information statement (the “**Offer Information Statement**”) together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the Central Depository (Pte) Limited (“**CDP**”) or the Share Registrar (as defined herein), as the case may be.

8.2. Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date (“**Depositors**”) will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date. To be “**Entitled Depositors**”, Depositors must have registered their addresses

with the CDP in Singapore as at the Books Closure Date or must have, at least three (3) Market Days (being days on which the SGX-ST is open for trading in securities) prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents.

8.3. **Entitled Scripholders**

Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (the “**Scripholders**”) will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company’s share registrar Boardroom Corporate & Advisory Services Pte Ltd (A division of Boardroom Ltd.) (the “**Share Registrar**”) in order to be registered to determine the transferee’s provisional allotments of the Rights Shares.

To be “**Entitled Scripholders**”, Scripholders must have registered their addresses in Singapore as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with their addresses in Singapore for the service of notices and documents.

8.4. **Foreign Shareholders**

For practical reasons and in order to avoid violation of relevant legislation applicable in countries other than Singapore, the Proposed Rights Issue is only made in Singapore and the Rights Shares will not be offered to the 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 the Company, the CDP, or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”). The Offer Information Statement to be issued for the Proposed Rights Issue and its accompanying documents will not be mailed outside Singapore. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

Entitlements to Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be sold “nil-paid” on the sponsor-supervised listing platform of the SGX-ST (the “**Catalist Board**”) after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date and sent to them at their own risk by ordinary post, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S\$10.00. In the event the amount is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, the Share Registrar, the Central Provident Fund Board, or the CDP and their respective officers in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on the Catalist Board, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, the Share Registrar, the Central Provident Fund Board, or the CDP and their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE PROPOSED RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE REGISTRAR, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR

THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.

9. OFFER INFORMATION STATEMENT

- 9.1. The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Proposed Rights Issue will be contained in the Offer Information Statement, to be lodged with the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore (the “**MAS**”), and to be dispatched by the Company to Entitled Shareholders in due course, subject to the necessary approvals listed in paragraph 8 of this announcement being obtained.
- 9.2. The Company will make the necessary announcement once the approval for the listing and quotation of the Subscription Shares has been obtained.

10. APPROVAL OF THE PROPOSED RIGHTS ISSUE

- 10.1. The Proposed Rights Issue is subject to, *inter alia*, the following:
- (i) the Proposed Rights Issue Resolution being approved by the Shareholders at the EGM to be convened;
 - (ii) the Potential Transfer of Controlling Interest Resolution being approved by the Shareholders at the EGM to be convened;
 - (iii) the approval in-principle from the continuing sponsor of the Company, Hong Leong Finance Limited (the “**Continuing Sponsor**”), and/or the SGX-ST (as the case may be), being obtained for the listing and quotation of the Right Shares on the Catalist Board and, if the approval is granted subject to conditions, such conditions being reasonably acceptable to the Company, and such approval in-principle not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Proposed Rights Issue; and
 - (iv) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable) in respect of the Proposed Rights Issue with the SGX-ST, acting as an agent on behalf of the MAS.
- 10.2. Shareholders should note that the passing of the Potential Transfer of Controlling Interest Resolution at the EGM to be convened is conditional on the passing of the Proposed Rights Issue Resolution at the EGM to be convened. This means that if the Proposed Rights Issue Resolution is not passed, the Potential Transfer of Controlling Interest Resolution will not be passed. The passing of the Proposed Rights Issue Resolution is not conditional upon the passing of the Potential Transfer of Controlling Interest Resolution and the Company may still elect to proceed with the Proposed Rights Issue if such resolution is approved, even if the Potential Transfer of Controlling Interest Resolution is not approved, subject to the Company's compliance with Rule 803 of the Catalist Rules.
- 10.3. The Continuing Sponsor, for and on behalf of the Company, will submit an additional listing confirmation to the SGX-ST for permission for the listing and quotation of the Rights Shares on the Catalist Board. Accordingly, an appropriate announcement will be made in due course to notify the Shareholders when the listing and quotation notice is obtained.

11. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS, AND CONTROLLING SHAREHOLDERS

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

12. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. Completion of the Proposed Rights Issue is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Rights Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

13. 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 enquires, 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 the announcement in its proper form and context.

14. FURTHER ANNOUNCEMENTS

Further announcements will be made by the Company in relation to the Proposed Rights Issue as and when appropriate.

BY ORDER OF THE BOARD

Chua Wei Kee
Executive Chairman

21 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the SGX-ST and the SGX-ST 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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