

LIONGOLD CORP LTD
(Incorporated in Bermuda)
(Company Registration No. 35500)

- (I) **THE PROPOSED TERMINATION OF THE SUBSCRIPTION AGREEMENT IN RESPECT OF THE ISSUE OF UP TO S\$100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 2.5% REDEEMABLE CONVERTIBLE BONDS DUE 2020**
 - (II) **THE PROPOSED GRANT OF OPTIONS TO SUBSCRIBE FOR NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**
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1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of LionGold Corp Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a conditional termination agreement dated 25 March 2019 with Premier Equity Fund Sub Fund E (the “**Subscriber**”) and Value Capital Asset Management Pte. Ltd. (the “**Manager**”) pursuant to which the RCB Subscription Agreement (as defined below) will be terminated (the “**Proposed RCB Termination**”). It is a condition to the completion of the Proposed RCB Termination that the Company issues the Options (as defined below) to the Subscriber.

2. BACKGROUND

2.1 Issue of Redeemable Convertible Bonds

The Company had entered into a subscription agreement dated 19 June 2015 (as amended, modified and/or supplemented from time to time, the “**RCB Subscription Agreement**”) with the Subscriber and the Manager, pursuant to which the Company shall issue to the Subscriber 2.5% redeemable convertible bonds due 2018 in aggregate principal amount of up to S\$100,000,000 comprising three (3) tranches of principal amounts of S\$50,000,000, S\$25,000,000 and S\$25,000,000 respectively (collectively, the redeemable convertible bonds shall be referred to as the “**RCBs**”) (the “**RCB Issue**”). On 13 July 2018, the maturity date of the RCBs was extended to 16 March 2020.

Further details on the RCB Issue are contained in the Company’s announcements dated 20 June 2015, 12 August 2015, 17 September 2015, 5 April 2016, 4 October 2016 and 6 June 2018.

2.2 Subscription of Shares by Yao Capital

The Company had entered into a subscription agreement dated 28 December 2018 with Yao Capital Pte Ltd (“**Yao Capital**”) pursuant to which Yao Capital will subscribe for, and the Company will allot and issue to Yao Capital, up to 21,808,939,540 new ordinary shares (“**Shares**”) in the capital of the Company (the “**Yao Capital Subscription Shares**”) at the issue price of S\$0.001 for each Yao Capital Subscription Share (the “**Proposed Yao Capital Subscription**”).

Further details on the Proposed Yao Capital Subscription are contained in the Company’s announcements dated 28 December 2018 and 1 February 2019.

3. THE PROPOSED TERMINATION OF THE RCB ISSUE

3.1 RCB Termination Agreement

The Company, the Subscriber and the Manager have entered into a termination agreement dated 25 March 2019 (the “**RCB Termination Agreement**”) pursuant to which the parties have agreed to terminate the RCB Subscription Agreement in its entirety. With effect from the completion of the Proposed RCB Termination, all rights and obligations of the Parties under the RCB Subscription Agreement shall automatically cease and terminate and each party

shall release and discharge the other from the further observance and performance of, and from any and all outstanding liabilities and obligations in connection with, the RCB Subscription Agreement.

3.2 Conditions Precedent

Completion of the Proposed RCB Termination is conditional upon:

- (a) the completion of the Proposed Yaa Capital Subscription;
- (b) the Company, the Subscriber and the Manager having entered into an option agreement pursuant to which the Company shall issue the Options (as defined below) to the Subscriber, the parties not being in breach of any of the undertakings and covenants in such option agreement and the conditions precedent set out in such option agreement (other than the condition precedent referred to in paragraph 6.6(a)) having been satisfied to the reasonable satisfaction of the Subscriber;
- (c) the approval of the shareholders of the Company (the “**Shareholders**”) having been obtained for, amongst others, the Proposed RCB Termination and the payment of the Termination Fee (as defined below) (collectively, the “**Proposed Transactions**”) if required under the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) or by the Sponsor (as defined below) and/or the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”);
- (d) the receipt of the approval-in-principle from the SGX-ST for the listing and quotation of the Option Shares (as defined below) on the Catalist of the SGX-ST that such approval remains in force and where such approval is given subject to conditions, that such conditions are acceptable to the Subscriber (acting reasonably);
- (e) the Company having obtained all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Transactions and to give effect to the Proposed Transactions and such consents, approvals and waivers not having been withdrawn or revoked as at the date of the completion of the Proposed RCB Termination (the “**RCB Completion Date**”);
- (f) the Proposed Transactions not being prohibited by any statute, order, rule or regulation promulgated after the date of the RCB Termination Agreement by any applicable legislative, executive or regulatory body or authority;
- (g) there having been no occurrence of any event or discovery of any fact rendering any of the representations and warranties in the RCB Termination Agreement untrue or incorrect in any material respect as at the RCB Completion Date; and
- (h) the parties not being in breach of any of the undertakings and the covenants in the RCB Termination Agreement as at the RCB Completion Date.

If any of the conditions are not satisfied or waived by 23 June 2019 (or such other date as may be agreed by the parties), the RCB Termination Agreement shall terminate and the provisions thereunder shall cease and be of no further effect (save for certain clauses).

Further details on the Proposed Grant of Options are set out in paragraph 4 below.

3.3 Repayment of Outstanding Amount and Payment of Termination Fee

On the RCB Completion Date, the Company shall pay to the Subscriber (in cash):

- (a) the outstanding amount under the RCB Subscription Agreement as of the RCB Completion Date (the “**Outstanding Amount**”), comprising the (i) outstanding principal amount that remains payable by the Company to the Subscriber under the RCB Subscription Agreement as of the RCB Completion Date and (ii) accumulated interest under the RCB Subscription Agreement owing by the Company to the Subscriber for

the period up to the RCB Completion Date. The Outstanding Amount as of the date of this announcement is S\$51,291.10; and

- (b) a termination fee of S\$500,000 (the “**Termination Fee**”).

The Termination Fee was proposed by the Manager and agreed to by the Board after taking into consideration the following:

- (i) the RCBs were to have lapsed on or about 18 June 2018, but at the request of the Company, the Subscriber had agreed to extend the maturity date of the RCBs to 16 March 2020 at no additional cost to the Company;
- (ii) as at the date of this announcement, there is a balance of approximately 25.9 billion shares in the Company that may be issued to the Subscriber should the Subscriber elect to subscribe to RCBs under the terms of the RCB Issue and further elect to convert such RCBs into new shares in the Company. Under the terms of the RCB Issue, there is a 15% discount in the issue price of the conversion shares. By terminating the RCB issue, the Subscriber would be forgoing potential returns from the conversion shares; and
- (iii) interest at the rate of 2.5% per annum is payable by the Company to the Subscriber for subscriptions made under the RCB Issue. On the assumption that the Subscriber, from the date of this announcement till the maturity of the RCBs on 16 March 2020, subscribes to RCBs aggregating the value of the issue price for the balance 25.9 billion shares in the Company, the interest payable by the Company to the Subscriber for any unconverted RCBs would exceed the amount of Termination Fee.

4. THE PROPOSED GRANT OF OPTIONS

- 4.1 As a condition to the completion of the Proposed RCB Termination, the Company entered into a conditional option agreement dated 25 March 2019 (the “**Option Agreement**”) with the Subscriber and the Manager, pursuant to which the Company shall issue an aggregate of 500,000,000 share options (the “**Options**”), with each Option carrying the right to subscribe for one (1) Share in the Company at the exercise price of S\$0.001 (the “**Exercise Price**”) for each new Share on the terms and conditions of the Option Agreement (the “**Proposed Grant of Options**”).
- 4.2 There is no placement agent appointed for the Proposed Grant of Options.
- 4.3 The Proposed Grant of Options will be made by way of a private placement pursuant to an exempted offer under Section 272B of the Securities and Futures Act, Chapter 289, of Singapore. Hence, no prospectus or offer information statement in connection with the Proposed Grant of Options will be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore.
- 4.4 The Company will be seeking the approval of Shareholders for the Proposed Grant of Options and the proposed issuance of Option Shares at an SGM (as defined below) to be convened.

5. INFORMATION ON THE SUBSCRIBER

- 5.1 The Subscriber is a sub fund of Premier Equity Fund managed by the Manager. The Manager is a company incorporated in Singapore, registered with the Monetary Authority of Singapore and operates as a Registered Fund Management Company. The Manager has been appointed as the investment manager of the Subscriber and to manage all the investments in the Company on a discretionary basis. The Manager has been authorised to act for and on behalf of the Subscriber in respect of any of the terms in the Agreements mentioned herein and shall have the same force as it is performed by the Subscriber personally.
- 5.2 As of the date of this announcement, the Subscriber is a controlling shareholder of the Company with a direct interest in 1,585,799,422 Shares, representing approximately 18.23% of the total issued share capital of the Company. Following the completion of the Proposed Yahoo Capital Subscription and the exercise of the Options in full, the Subscriber will hold

approximately 6.73% of the enlarged issued share capital of the Company.

- 5.3 Save as disclosed and other than the debt restructuring agreement dated 29 June 2017 (the **"Debt Restructuring Agreement"**) between the Company, Premier Equity Sub Fund D and the Manager, to the best of the Company's knowledge, the Directors and substantial shareholders of the Company do not have any connection (including business relationship) with the Subscriber or the Manager, or their directors or substantial shareholders (where applicable).
- 5.4 Please refer to the Company's announcements dated 20 June 2015, 5 July 2016 and 29 June 2017 for further information on the Debt Restructuring Agreement and the Company's announcement dated 28 December 2018 for further information on the proposed termination of the Debt Restructuring Agreement.

6. TERMS AND CONDITIONS OF THE OPTIONS

6.1 Option Agreement

Subject to the terms and conditions of the Option Agreement, the Company shall grant, and the Subscriber shall acquire, 500,000,000 Options, with each Option carrying the right to subscribe for one (1) new Share, at the Exercise Price of S\$0.001 for each new Share.

6.2 Key Terms and Condition of the Options

The key terms and conditions of the Options are set out below:

Aggregate Number of Options	:	500,000,000 Options
Transferability	:	The Options are non-transferable.
Exercise Rights	:	Each Option entitles the holder of the Option (the "Optionholder") to subscribe for one (1) new Share (the "Option Share") at the Exercise Price during the Exercise Period (as defined below). The Options are to be exercised by the Option Holder in multiples of 100,000,000 Options at any time during the Exercise Period, save where the balance of Options held by the Option Holder is less than 100,000,000 Options, in which case, the Option Holder may exercise all but not some of such balance of the Options.
Exercise Price	:	S\$0.001 for each Option, which is equivalent to the volume weighted average price of S\$0.001 of the Shares for trades done on the SGX-ST on 22 March 2019 (being the last full market day on which Shares were traded prior to the date the Option Agreement was signed).
Aggregate Gross Proceeds	:	S\$500,000 (assuming the exercise of all the Options and subscription of all the Option Shares).
Exercise Period	:	The period commencing on and including the first (1 st) anniversary of the date of issue of the Options and expiring on the fourth (4 th) anniversary of the date of issue of the Options (unless such date is a date on which the Register of Members of the Company is closed or is not a market day, in which event, such period shall end on the date prior to the closure of the Register of Members or immediate preceding market day) (the "Exercise Period").

- Adjustment Events** : The Exercise Price and the number of Options shall from time to time be adjusted by the Directors, in consultation with a bank or financial adviser selected by the Directors (and the adjustment shall be certified by the Company's auditors), in any of the following events:
- (a) an issue by the Company of Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature, other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);
 - (b) a capital distribution made by the Company to Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
 - (c) an offer or invitation made by the Company to Shareholders under which they may acquire or subscribe for Shares by way of rights
 - (d) an issue (otherwise than pursuant to a rights issue which is available to all Shareholders requiring an adjustment under sub-section (c) above, and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares if the total effective consideration for each Share is less than 90% of the last dealt price on the SGX-ST (calculated as provided in the Option Agreement); and
 - (e) any consolidation, subdivision or conversion of the Shares.
- Winding Up** : Where there is a members' voluntary winding-up of the Company, each Optionholder may elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Options and had on such date been the holders of the Shares to which he would have become entitled pursuant to such exercise. The Company shall give notice to each Optionholder in accordance with the terms and conditions of the passing of any such resolution.
- In the event the Company is wound up for any other reasons, all Options which have not been exercised at the date of the passing of such resolution shall lapse and the Options shall cease to be valid for any purpose.
- Further Issues** : The Company shall be at liberty to issue Shares to the Shareholders either for cash or as a bonus distribution and to issue further subscription rights, upon such terms and conditions as the Company sees fit, but each Optionholder shall not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.

The terms and conditions of the Options do not provide an Optionholder with any right to participate in any distributions and/or offers of further securities made by the Company unless the Options are converted into Shares.

Notice of Expiry : The Company shall, not later than one (1) month before the last day of the Exercise Period (the “**Expiry Date**”), announce the expiry of the Exercise Period on SGXNET. In addition, the Company shall not later than one (1) month before the Expiry Date, take reasonable steps to notify the Optionholders in writing of the Expiry Date, and such notice shall be delivered personally or by post to the address of the Optionholder.

Alteration to Terms : No material alteration to the terms of the Options after the issue thereof to the advantage of the Optionholder shall be made, unless the alterations are made pursuant to the terms and conditions of the Options or the prior approval of the Shareholders in general meeting has been sought.

Governing Law : The laws of the Republic of Singapore.

6.3 Option Shares

The Company’s existing issued and paid-up share capital (excluding treasury shares) is 8,698,161,119 Shares.

Assuming that the Proposed Yaoo Capital Subscription has been completed, the Company’s existing issued and paid-up share capital (excluding treasury shares) will increase from 8,698,161,119 Shares to 30,507,100,659 Shares.

Assuming that the Proposed Yaoo Capital Subscription has been completed and the Options are exercised in full, the Company’s existing issued and paid-up share capital (excluding treasury shares) will increase from 8,698,161,119 Shares to 31,007,100,659 Shares. The Option Shares to be issued by the Company represents approximately 5.75% of the existing issued and paid-up share capital and 1.61% of the enlarged issued and paid-up share capital of the Company, and the Subscriber will hold approximately 6.73% of the enlarged issued share capital of the Company, in each case after the issue of the Option Shares.

The allotment and issuance of the Option Shares to the Subscriber will not be made pursuant to the general mandate obtained from Shareholders at the annual general meeting of the Company held on 30 July 2018 and the Company will be seeking specific Shareholders’ approval for the Proposed Grant of Options in this regard.

The Option Shares, when allotted and issued upon exercise of the Options, shall be fully paid and shall rank *pari passu* in all respects with the existing Shares, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of allotment of the Option Shares.

6.4 Listing and Quotation of the Options Shares

The Company will make an application through its sponsor, Stamford Corporate Services Pte. Ltd. (“**Sponsor**”), to the SGX-ST for the listing of and quotation for the Option Shares on the Catalist of the SGX-ST. The Company will make the necessary announcement(s) when the listing and quotation notice for the Option Shares on the Catalist of the SGX-ST has been obtained from the SGX-ST.

6.5 Exercise Price

The Exercise Price of S\$0.001 is equivalent to the volume weighted average price of S\$0.001 of the Shares for trades done on the SGX-ST on 22 March 2019, being the last full market day immediately preceding the date on which the Option Agreement was signed.

6.6 Conditions Precedent

Completion of the Proposed Grant of Options is conditional upon, amongst others:

- (a) the completion of the Proposed RCB Termination;
- (b) the approval of the Shareholders having been obtained for, amongst others, the Proposed Grant of Options if required under the Listing Manual or by the Sponsor and/or the SGX-ST;
- (c) the receipt of the approval-in-principle from the SGX-ST for the listing and quotation of the Option Shares on the Catalist of the SGX-ST;
- (d) the Company having obtained all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Grant of Options and to give effect to the Proposed Grant of Options and such consents, approvals and waivers not having been withdrawn or revoked as at the date of completion of the Proposed Grant of Options (the “**Options Completion Date**”);
- (e) the Proposed Grant of Options or allotment and issuance of the Option Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Option Agreement by any applicable legislative, executive or regulatory body or authority;
- (f) there having been no occurrence of any event or discovery of any fact rendering any of the representations and warranties in the Option Agreement untrue or incorrect in any material respect as at the Options Completion Date; and
- (g) the parties not being in breach of any of the undertakings and the covenants in the Option Agreement as at the Options Completion Date,

If any of the conditions are not satisfied or waived by 23 June 2019 (or such other date as may be agreed by the parties), the Option Agreements shall terminate and the provisions thereunder shall cease and be of no further effect (save for certain clauses).

7. INTERESTED PERSON TRANSACTIONS

7.1 Proposed Payment of the Termination Fee

The Subscriber is a controlling shareholder of the Company. Accordingly, the Subscriber is an “interested person” within the meaning of Chapter 9 of the Catalist Rules and the Termination Fee to be paid to the Subscriber pursuant to the Proposed RCB Termination is an interested person transaction within the meaning of Chapter 9 of the Catalist Rules.

Pursuant to the proposed payment of the Termination Fee, the value of the interested person transaction to be entered into between the Subscriber and the Company will amount to S\$500,000, which represents approximately 15.17% of the net tangible asset (“**NTA**”) of the Group of S\$3.295 million based on the latest consolidated financial statements for the financial year ended 31 March 2018.

As the value of this interested person transaction exceeds 5% of the Group’s latest audited NTA, it is an interested person transaction for which independent Shareholders’ approval is required under Rule 906 of the Catalist Rules.

7.2 Proposed Grant of Options and Issuance of Option Shares

Similarly, the Proposed Grant of Options and the proposed issuance of Option Shares to the Subscriber is an interested person transaction within the meaning of Chapter 9 of the Catalyst Rules.

Pursuant to the Proposed Grant of Options and the proposed issuance of Option Shares, the value of the interested person transaction to be entered into between the Subscriber and the Company will amount to S\$500,000, which represents approximately 15.17% of the NTA of the Group of S\$3.295 million based on the latest consolidated financial statements for the financial year ended 31 March 2018.

As the value of this interested person transaction exceeds 5% of the Group's latest audited NTA, it is an interested person transaction for which independent Shareholders' approval is required under Rule 906 of the Catalyst Rules.

7.3 Aggregate Value of the Interested Person Transactions

As a result, the aggregate value of the proposed payment of the Termination Fee and the proposed issuance of Option Shares is S\$1,000,000, which represents approximately 30.34% of the NTA of the Group of S\$3.295 million based on the latest consolidated financial statements for the financial year ended 31 March 2018.

Other than (i) the proposed payment of the Termination Fee and (ii) the Proposed Grant of Options and the proposed issuance of Option Shares abovementioned, there are no other transactions entered into with the Subscriber for the financial year ended 31 March 2018 up to the date of this announcement. The Company has not entered into any other interested person transactions for the current financial year ended 31 March 2018 up to the date of this announcement.

The Company will be appointing an independent financial adviser to provide an opinion on whether (i) the proposed payment of the Termination Fee and (ii) the Proposed Grant of Options and the proposed issuance of Option Shares are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders (the "IFA Opinion"). The Audit Committee of the Board will be obtaining the IFA Opinion before forming its view on the above which will be announced in due course.

8. RATIONALE AND USE OF PROCEEDS

8.1 The Proposed Grant of Options was requested for by the Manager (in addition to the Termination Fee) for the Proposed RCB Termination. The Option Shares are exercisable at the discretion of the Manager and upon exercise will provide additional funding to the Company.

8.2 Assuming that all of the Options are validly exercised, the aggregate gross proceeds from the exercise of the Options will be S\$500,000 and the net proceeds from the exercise of the Options (after deducting expenses relating to the Proposed Grant of Options) is expected to be approximately S\$450,000. The net proceeds from the exercise of the Options shall be used by the Company as follows:

Use of Net Proceeds	Amount (S\$)	Percentage Allocation
Working Capital	450,000	100%
Total	450,000	100%

8.3 Pending the deployment for the uses identified above, the proceeds from the issuance of the Option Shares may be deposited with banks and/or financial institutions or invested in money

market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

- 8.4 The Company will make periodic announcements of the utilisation of the proceeds from the issuance of the Option Shares as and when the funds are materially disbursed and whether such use is in accordance with the stated use and percentage allocated. The Company will also provide a status report on the use of the proceeds in the Company's interim and full year financial statements and the Company's annual report. Where there is material deviation from the stated use of the proceeds from the issuance of the Option Shares, the Company will announce the reasons for such deviation.

9. FINANCIAL EFFECTS OF THE PROPOSED GRANT OF OPTIONS

- 9.1 The following tables illustrate the financial effects of the Proposed Grant of Options on:

- (a) the NTA per Share of the Group (assuming the Options have been fully exercised at the end of that financial year);
- (b) the earnings per Share of the Group (assuming the Options have been fully exercised at the beginning of that financial year);
- (c) the gearing of the Group (assuming the Options have been fully exercised at the end of that financial year),

based on the audited financial statements of the Group for the financial year ended 31 March 2018.

- 9.2 The financial effects of the Proposed Grant of Options also take into account the following assumptions:

- (a) the Proposed Yaa Capital Subscription has been completed;
- (b) the Outstanding Amount has been paid; and
- (c) the Termination Fee has been paid.

9.3 Net Tangible Assets

	Before the Proposed Grant of Options	After Issuance of the Option Shares
NTA (S\$'000)	15,320	34,566
Number of Shares	8,109,925,825	30,418,865,365
NTA per Share (cents)	0.19	0.11

9.4 Loss per Share

	Before the Proposed Grant of Options	After Issuance of the Option Shares
Loss after tax attributable to shareholders (S\$'000)	10,490	10,990
Weighted average number of Shares	6,831,601,894	29,140,541,434
Loss per Share (cents)	0.15	0.04

9.5 Gearing

	Before the Proposed Grant of Options	After Issuance of the Option Shares
Net borrowings (S\$'000)	16,927	705
Total equity (S\$'000)	3,295	25,104
Gearing ratio (times)	5.14	0.03

10. DIRECTORS' CONFIRMATIONS

The Directors are of the opinion that the working capital available to the Group is sufficient to meet its present requirements and the net proceeds from the exercise of the Options do not impact the present working capital requirements of the Group.

Notwithstanding the above, the receipt of net proceeds from the exercise of the Options will increase and strengthen the working capital of the Group.

11. INTEREST OF DIRECTORS AND SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or controlling Shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed RCB Termination or the Proposed Grant of the Options save for their interests (if any) by way of their shareholdings and/or directorships, as the case may be, in the Company.

12. SPECIAL GENERAL MEETING

- 12.1 The Company intends to convene a special general meeting ("**SGM**") to seek the approval of:
- (a) Shareholders for (i) the Proposed RCB Termination and (ii) the Proposed Grant of Options and the proposed issuance of the Option Shares pursuant to Rules 805 and 812 of the Catalist Rules; and
 - (b) independent Shareholders for (i) the proposed payment of the Termination Fee and (ii) the Proposed Grant of Options and proposed issuance of the Option Shares pursuant to Rule 906 of the Catalist Rules.
- 12.2 Rule 805(1) of the Catalist Rules states that, except as provided in Rule 806, an issuer must obtain the prior approval of Shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer. As the allotment and issuance of the Option Shares to the Subscriber will not be made pursuant to the general mandate obtained from Shareholders at the annual general meeting of the Company held on 30 July 2018, the Company will be seeking specific Shareholders' approval for, amongst others, the Proposed Grant of Options and the proposed issuance of Option Shares.
- 12.3 Additionally, Rule 812(1)(a) and Rule 812(2) of the Catalist Rules state that, save where specific Shareholders' approval for a placement has been obtained, the company must not place any issue to directors and substantial shareholders of the company. As at the date of this announcement, the Subscriber is a substantial Shareholder of the Company, and the Company will therefore be seeking Shareholders' approval for, amongst others, the Proposed Grant of Options and the proposed issuance of Option Shares pursuant to Rule 812 of the Catalist Rules.
- 12.4 Further, Rule 906(1) of the Catalist Rules states that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than (a) 5% of the group's latest audited net tangible assets; or (b) 5% of the group's latest audited net tangible

assets, when aggregated with other transactions entered into with the same interested person during the same financial year. Moreover, Rule 919 states that in a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given. As the value of (i) the proposed payment of the Termination Fee and (ii) the Proposed Grant of Options and proposed issuance of the Option Shares, whether individual or aggregated, exceed 5% of the Group's latest NTA, the Company will be seeking independent Shareholder's approval for (i) the proposed payment of the Termination Fee and (ii) the Proposed Grant of Options and proposed issuance of the Option Shares.

- 12.5 A circular containing, inter alia, further information on the Proposed RCB Termination (including the proposed payment of the Termination Fee), the Proposed Grant of Options and the proposed issuance of Option Shares, and the notice to convene the SGM will be dispatched by the Company to Shareholders in due course.

13. ABSTENTION FROM VOTING

Rule 919 of the Catalist Rules states that in a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given. Further, Rule 921(7) of the Catalist Rules requires that, except in the case of a general mandate, if shareholder approval is required, any circular to shareholders must include a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the relevant transaction.

In view of the above, the Subscriber and/or Manager shall abstain, and shall procure that each of their associates shall abstain, from voting in respect of each of their shareholdings in the Company on the respective resolutions approving (i) the proposed payment of the Termination Fee and (ii) the Proposed Grant of Options and the proposed issuance of the Option Shares.

14. DIRECTORS' 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 Proposed RCB Termination, the Proposed Grant of Options and the proposed issuance of Option Shares, 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 this announcement in its proper form and context.

15. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the Proposed RCB Termination, the Proposed Grant of Options and/or the proposed allotment and issuance of the Option Shares 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.

16. DOCUMENTS FOR INSPECTION

Copies of the RCB Termination Agreement and the Option Agreement are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of

the Company at 100 Beach Road, #21-01 Shaw Towers, Singapore 189702 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Tan Soo Khoo Raymond
Executive Director
25 March 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's continuing sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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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