Vallianz Holdings Limited
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PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 3,596,211,385 NEW ORDINARY SHARES OF THE COMPANY WITH FREE DETACHABLE WARRANTS

1. INTRODUCTION

1.1 The board of directors (the "**Board**") of Vallianz Holdings 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 cum warrants issue of up to 3,596,211,385 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price of S$0.020 for each Rights Share (the "**Issue Price**"), with free detachable warrants ("**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("**New Share**") at an exercise price of S$0.020 for each New Share (the "**Exercise Price**"), on the basis of one (1) Rights Share for every one (1) existing ordinary share in the share capital of the Company ("**Share**") held by each shareholder of the Company ("**Shareholder**") as at a time and date to be determined by the directors of the Company (the "**Directors**") for the purpose of determining the Shareholders' entitlements under the Rights cum Warrants Issue (the "**Books Closure Date**"), with two (2) free detachable Warrants for every one (1) Rights Share, fractional entitlements to be disregarded (the "**Rights cum Warrants Issue**"). Please refer to paragraph 4 of this announcement for the rationale for the Rights cum Warrants Issue and use of proceeds.

1.2 To demonstrate its support for the Rights cum Warrants Issue, Rawabi Holding Company Limited ("**RHCL**"), who owns (directly or indirectly) 672,000,000 Shares, representing approximately 18.71% of the Company's issued and paid-up share capital as at the date of this announcement, has provided an Irrevocable Undertaking (as defined below). The Rights Shares with Warrants to be issued to RHCL, and Excess Rights Shares with Warrants (as defined below) that may be issued to RHCL (subject to availability), pursuant to the Irrevocable Undertaking, may result in RHCL holding a shareholding interest equal to or more than 30.0% in the Company after the completion of the Rights cum Warrants Issue as well as after the exercise of the Warrants. As at the date of this announcement, RHCL does not have any concert parties as defined under the Singapore Code on Take-overs and Mergers (the "**Code**") that are holding Shares. Please refer to paragraph 6 of this announcement for further information on the Irrevocable Undertaking (as defined below).

1.3 The Rights cum Warrants Issue is subject to, amongst others, the following:

(a) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares, the Warrants and the New Shares on the Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist**") and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with Warrants under the Rights cum Warrants Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and can be fulfilled by the Company;

(b) the lodgement of the offer information statement (the "**Offer Information Statement**"), together with all other necessary accompanying documents, in connection with the Rights cum Warrants Issue, with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the "**Authority**");

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(c) the Whitewash Waiver (as defined below) granted by the Securities Industry Council (the "**Council**") on 22 August 2016 not having been withdrawn or revoked as at the date of completion of the Rights cum Warrants Issue; and

(d) the approvals of (i) the Shareholders for the Rights cum Warrants Issue and the issue and allotment of the Rights Shares, the Warrants and the New Shares, and (ii) the Shareholders other than RHCL and parties not independent of it (the "**Independent Shareholders**") for the Whitewash Resolution (as defined below), at an extraordinary general meeting of the Company (the "**EGM**") to be convened.

1.4 The Company will be seeking specific approval from the Shareholders for the Rights cum Warrants Issue and the Independent Shareholders for the Whitewash Resolution (as defined below) at the EGM. A circular (the "**Circular**") setting out, amongst others, the details of, and other relevant information pertaining to, the Rights cum Warrants Issue and the Whitewash Resolution (as defined below), together with the notice of the EGM, will be despatched to the Shareholders in due course.

2. PRINCIPAL TERMS OF THE RIGHTS CUM WARRANTS ISSUE

Issue Price for each Rights Share and Exercise Price for each New Share

2.1 The Issue Price of S$0.020 for each Rights Share represents:

(a) a premium of approximately of 5.3% to the last traded price of S$0.019 for Shares traded on Catalist on 2 September 2016, being the Market Day(1) prior to the trading halt of the Shares on 5 September 2016; and

(b) a premium of approximately of 2.6% to the theoretical ex-rights price ("**TERP**")(2) of S$0.0195 per Share.

Notes:

(1) Market Day means a day on which the SGX-ST is open for trading in securities.

(2) The TERP per Share is equal to sum of the last traded price of the Shares of S$0.019 on 2 September 2016 and the Issue Price, divided by two. For the avoidance of doubt, the TERP computations do not include the New Shares to be issued from the exercise of the Warrants.

2.2. The Exercise Price of S$0.020 for each New Share represents:

(a) a premium of approximately 5.3% to the last traded price of S$0.019 for Shares traded on Catalist on 2 September 2016, being the Market Day prior to the trading halt of the Shares on 5 September 2016; and

(b) a premium of approximately of 2.6% to the TERP of S$0.0195 per Share.

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Terms of the Rights cum Warrants Issue

2.3. Entitled Shareholders (as defined below) will be at liberty to accept (in full or in part), or decline, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue ("**Excess Rights Shares with Warrants**").

2.4. Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' (as defined below) provisional allotments of Rights Shares with Warrants and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy applications for Excess Rights Shares with Warrants (subject to availability), 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.

2.5. In the allotment of Excess Rights Shares with Warrants, preference will be given to Entitled Shareholders (as defined below) in satisfaction of their applications for Excess Rights Shares with Warrants (subject to availability), provided that where there are insufficient Excess Rights Shares with Warrants to allot to each application, the Company shall allot Excess Rights Shares with Warrants to Entitled Shareholders (as defined below) such that preference will be given to the rounding of odd lots, and the 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 cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and the allotment of Excess Rights Shares with Warrants. The Company will also not make any allotment and issuance of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by the Shareholders in a general meeting.

2.6. The Rights Shares with Warrants are payable in full upon acceptance and application by Entitled Shareholders (as defined below). The Rights Shares with Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issuance of the Rights Shares with Warrants. For the purposes herein, the "**Record Date**" means, in relation to any dividends, rights, allotments or other distributions that may be declared or paid, 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 Central Depository (Pte) Limited ("**CDP**"), as the case may be, in order to participate in such dividends, rights, allotments or other distributions that may be declared or paid.

2.7. The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders (as defined below) in due course.

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Terms of Warrants

2.8. The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form and will be listed and traded separately on Catalist under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on Catalist, subject to, amongst others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.

2.9. Subject to the terms and conditions governing the Warrants to be set out in an instrument by way of a deed poll (the "**Deed Poll**"), each Warrant will carry the right to subscribe for one (1) New Share at the Exercise Price at any time during the period commencing on the date of issue of the Warrants and expiring on the day immediately preceding the second (2nd) anniversary of the date of issue of the Warrants (the "**Exercise Period**"). The Warrants that remain unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

2.10. The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances as provided for in the Deed Poll and appropriate announcements on any adjustments will be made by the Company.

2.11. The New Shares arising from the exercise of the Warrants 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 for which falls before the date of issue of the New Shares.

2.12. The Company will be making an application to the SGX-ST through its continuing sponsor, Provenance Capital Pte. Ltd. ("**Provenance Capital**"), for the permission to deal in and for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist. An appropriate announcement on the outcome of the application for the permission to deal in and for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist will be made in due course.

Notice of Expiry of the Warrants

2.13. The Company shall, not later than one (1) month before the expiry 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 all holders of the Warrants in writing of the Expiry Date, and such notice shall be delivered by post to the address of the relevant holders of the Warrant(s).

3. SIZE OF THE RIGHTS CUM WARRANTS ISSUE

3.1. As at the date of this announcement, the existing issued and paid-up share capital of the Company consists of 3,592,211,385 Shares (the "**Existing Share Capital**"). The Company does not have any treasury shares. In addition, pursuant to the Vallianz Employee Share Option Scheme, which was implemented by the Company in the financial year ended 31 March 2009 in accordance with the scheme approved by the Shareholders on 11 April 2001 (the "**ESOS**"), there are 4,000,000 outstanding options (the "**ESOS Options**"), each carrying the right to subscribe for one (1) new Share, which may be exercised on or prior to the Books Closure Date.

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3.2. In the event that none of the ESOS Options are exercised and converted into new Shares, the issued and paid-up share capital of the Company will amount to 3,592,211,385 Shares (the "**Minimum Scenario**"). In the event that all of the ESOS Options are exercised and converted into new Shares, the issued and paid-up share capital of the Company will be 3,596,211,385 Shares (the "**Maximum Scenario**").

3.3. **For illustrative purposes only, assuming that:**

(a) based on the Minimum Scenario; and

(b) only RHCL subscribes for the Rights cum Warrants Issue in accordance with its Irrevocable Undertaking,

up to 3,592,211,385 Rights Shares with 7,184,422,770 Warrants will be issued under the Rights cum Warrants issue (the "**Minimum Subscription Scenario**").

For illustrative purposes only, assuming that:

(a) based on the Maximum Scenario; and

(b) either (i) only RHCL subscribe for the Rights cum Warrants Issue in accordance with its Irrevocable Undertaking (the "**Maximum Subscription Scenario 1**"); or (ii) all the Entitled Shareholders (as defined below) subscribe in full for their *pro rata* entitlements of Rights Shares with Warrants (entitlements *pro rata* vis-à-vis all other Shareholders) under the Rights cum Warrants Issue (the "**Maximum Subscription Scenario 2**"),

up to 3,596,211,385 Rights Shares with 7,192,422,770 Warrants will be issued under the Rights cum Warrants issue.

Irrespective of the scenarios, the Rights cum Warrants Issue will be fully subscribed for in view of the Irrevocable Undertaking.

4. RATIONALE FOR THE RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

4.1. The Company is undertaking the Rights cum Warrants Issue to strengthen the financial position of the Group. The Rights cum Warrants 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, providing the financial flexibility for future expansion both in and outside Singapore.

4.2. In view of the Irrevocable Undertaking, and after taking into consideration the cost of engaging an underwriter and having to pay commission in relation to such underwriting, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis. The Board is of the opinion that there is no minimum amount which must be raised from the Rights cum Warrants Issue taking into consideration the intended use of proceeds.

4.3. The following table illustrates the following in relation to the Minimum Subscription Scenario and the Maximum Subscription Scenario 1 and the Maximum Subscription Scenario 2: (a) the gross proceeds arising from the Rights cum Warrants Issue before the Warrants are exercised, and (b) the gross proceeds arising from the exercise of all the Warrants.

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Scenario	Gross Proceeds from the Rights Shares (before the exercise of the Warrants) (S$ million)	Gross Proceeds from the exercise of all the Warrants (S$ million)
Minimum Subscription Scenario	71.8	143.7
Maximum Subscription Scenario 1 and Maximum Subscription Scenario 2	71.9	143.8

4.4. The Company intends to utilise the proceeds from the Rights cum Warrants Issue, before the exercise of the Warrants, to partially repay the advances from RHCL to the Company, repay bank loans and for working capital purposes. The amount and percentage allocation of the use of proceeds for these purposes will depend on the amount of Rights Shares with Warrants allocated to RHCL and subscription of the Rights Shares with Warrants by other Entitled Shareholders (as defined below).

4.5. RHCL has made certain advances to the Company (the "**RHCL Advances**") and the total outstanding amount owing by the Company to RHCL under the RHCL Advances as at the date of this announcement is approximately S$83.7 million. The Company has undertaken, pursuant to the terms of the Set-off and Settlement Agreement (as defined below) not to decrease the amount of RHCL Advances to below S$72.0 million (the "**Relevant RHCL Advances**") before the close of the Rights cum Warrants Issue. In repayment of the aforesaid advances from RHCL, the Company has agreed with RHCL to set-off the Relevant RHCL Advances against and to the extent of the subscription amount payable by RHCL to the Company (the "**RHCL Subscription Amount**") for subscribing for its *pro rata* entitlement of Rights Shares with Warrants (entitlement *pro rata* vis-à-vis all other Shareholders) and any Excess Rights Shares with Warrants (subject to availability) under the Rights cum Warrants Issue pursuant to the Irrevocable Undertaking. For the avoidance of doubt, in the Maximum Subscription Scenario 2, RHCL will only be entitled to subscribe for its *pro rata* entitlement of Rights Shares with Warrants. Based on RHCL's shareholding of approximately 18.71% of the Existing Share Capital, the RHCL Subscription Amount in the Maximum Subscription Scenario 2 will be approximately S$13.4 million. Please refer to paragraph 6 of this announcement for further information on the set-off and settlement arrangement as described herein.

4.6. In the Minimum Subscription Scenario and the Maximum Subscription Scenario 1, where only RHCL subscribes for the Rights Shares with Warrants, the gross proceeds from the Rights cum Warrants Issue will be utilised to set-off against the Relevant RHCL Advances. In the Maximum Subscription Scenario 2, which assumes a full subscription by Entitled Shareholders (as defined below) and RHCL is only allocated its *pro rata* entitlement, then only the subscription amount by RHCL of S$13.4 million will be utilised to set-off against the Relevant RHCL Advances, and the remaining net proceeds (after deduction of the fees and expenses payable in respect of the Rights cum Warrants Issue) will be utilised to repay bank loans and for working capital purposes as set out in the table below.

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	Minimum Subscription Scenario		Maximum Subscription Scenario 1		Maximum Subscription Scenario 2	
Use of proceeds	**In S$ million**	**% allocation**	**In S$ million**	**% allocation**	**In S$ million**	**% allocation**
1. Repayment of advances granted by RHCL to the Company(1)	71.8	100.0	71.9	100.0	13.4	18.6
2. Working capital and repayment of bank loans	-	-	-	-	58.0	80.7
3. Estimated expenses(2)	-	-	-	-	0.5	0.7
Gross proceeds	71.8	100.0	71.9	100.0	71.9	100.0
Net proceeds	-	-	-	-	71.4	-

Notes:

(1) Please refer to paragraph 4.5 of this announcement for further information.

(2) In the Minimum Subscription Scenario and the Maximum Subscription Scenario 1, professional fees and expenses relating to the Rights cum Warrants Issue will be paid out of the Company's existing resources. However in the Maximum Subscription Scenario 2, professional fees and expenses relating to the Rights cum Warrants Issue will be deducted from the gross proceeds of the Rights cum Warrants Issue, to the extent of fresh funds being raised from Shareholders other than RHCL, with any shortfall being paid out of the Company's existing resources.

4.7. As and when the Warrants are exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards expanding the business of the Group, financing new business ventures through acquisitions and/or strategic investments, working capital (including repayment of bank loans) and/or such other purposes as the Directors may deem fit.

4.8. Pending deployment, the gross/net proceeds (as the case may be) of the Rights cum Warrants Issue (if any) may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit in the interests of the Company.

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4.9. The Directors are of the opinion that (a) after taking into consideration the present bank facilities available to the Group, the Group's internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements, and the Rights cum Warrants Issue is being undertaken for the reasons and the intended use of proceeds stated above in paragraphs 4.1, 4.4 and 4.6, as the case may be, and (b) after taking into consideration the present bank facilities available to the Group and the proceeds of the Rights cum Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

4.10. The Company will make periodic announcements on the use of proceeds from the Rights cum Warrants Issue as and when the funds are materially disbursed, as well as provide status reports on the use of proceeds from the Rights cum Warrants Issue in the Company's annual reports until such time the proceeds have been fully utilised.

5. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS CUM WARRANTS ISSUE

Entitled Shareholders

5.1. The Rights cum Warrants Issue is proposed to all the "**Entitled Shareholders**", comprising Entitled Depositors and Entitled Scripholders (both as defined below).

5.2. Shareholders whose Shares are registered in the name of CDP and whose securities accounts with CDP are credited with Shares as at the Books Closure Date ("**Depositors**") will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their securities account with CDP as at the Books Closure Date. To be "**Entitled Depositors**", Depositors must have registered addresses with CDP in Singapore as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138588, with addresses in Singapore for the service of notices and documents.

5.3. Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to the Books Closure Date by Tricor Barbinder Share Registration Services (the "**Share Registrar**") at 80 Robinson Road, #02-00, Singapore 068898, will be registered to determine the provisional entitlements of the transferee ("**Scripholder**"), which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP. To be "**Entitled Scripholders**", Scripholders must have registered 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 addresses in Singapore for the service of notices and documents.

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CPF Investment Scheme

5.4. Persons who bought their Shares previously using their Central Provident Fund ("**CPF**") account savings ("**CPF Funds**") may use the same for the payment of the Issue Price to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants, subject to the applicable rules and regulations of the CPF. Such persons who wish to accept their provisional allotments of Rights Shares with Warrants will need to instruct their respective approved banks where they hold their CPF Investment Accounts, to accept their provisional allotment of Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants 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 with Warrants directly from the market. ANY APPLICATIONS MADE BY THE ABOVEMENTIONED ENTITLED SHAREHOLDERS DIRECTLY TO CDP OR THROUGH AUTOMATED TELLER MACHINES OF ANY PARTICIPATING BANK APPOINTED AND NAMED IN THE OFFER INFORMATION STATEMENT WILL BE REJECTED. Such Entitled Shareholders should refer to the Offer Information Statement to be lodged with the SGX-ST acting as agent on behalf of the Authority for important details relating to the offer procedure in connection with the Rights cum Warrants Issue.

Foreign Shareholders

5.5. For practical reasons and in order to avoid any violation of relevant securities legislation applicable in countries other than Singapore, the Rights cum Warrants Issue 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 the Company, CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**").

5.6. The Offer Information Statement to be issued for the Rights cum Warrants Issue and its accompanying documents will not be mailed outside Singapore. Accordingly, no provisional allotments of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid. Entitlements to Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders will, if practical, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares with Warrants commence.

5.7. Such sales may, however, only be effected if the Company, in its sole 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 or CDP and their respective officers in connection therewith. Where such provisional allotments of Rights Shares with Warrants are sold "nil-paid" on SGX-ST, 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, CDP and their respective officers in respect of such sales or proceeds thereof, or the provisional allotments of Rights Shares with Warrants represented by such provisional allotments.

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6. IRREVOCABLE UNDERTAKING AND SET-OFF AND SETTLEMENT ARRANGEMENT

Irrevocable Undertaking

6.1 As at the date of this announcement, RHCL owns (directly or indirectly) 672,000,000 Shares, representing approximately 18.71% of the Existing Share Capital. To demonstrate its support for the Rights cum Warrants Issue, RHCL has provided to the Company an irrevocable undertaking (the "**Irrevocable Undertaking**") that it will subscribe and pay in full (subject to the terms of the Set-Off and Settlement Agreement (as defined below)) for its *pro rata* entitlement of 672,000,000 Rights Shares with Warrants, and 2,924,211,385 Excess Rights Shares with Warrants (subject to availability), subject to a maximum aggregate subscription amount of up to approximately S$72.0 million.

6.2 For the avoidance of doubt, the terms of the Irrevocable Undertaking provide that RHCL will subscribe for its *pro rata* entitlement of the Rights Shares with Warrants (entitlement *pro rata* vis-à-vis all other Shareholders), and Excess Rights Shares with Warrants (subject to availability), subject always to the condition that 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 cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority in the rounding of odd lots and allotment of Excess Rights Shares with Warrants.

6.3 The Irrevocable Undertaking is subject to and conditional upon:

(a) the receipt of the listing and quotation notice from the SGX-ST for the dealing in and listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares with Warrants under the Rights cum Warrants Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;

(b) the lodgement of the Offer Information Statement, together with all other necessary accompanying documents, in connection with the Rights cum Warrants Issue with the SGX-ST acting as agent on behalf of the Authority;

(c) the Whitewash Waiver (as defined below) granted by the Council on 22 August 2016 not having been withdrawn or revoked as at the date of completion of the Rights cum Warrants Issue; and

(d) the approvals of the Shareholders and the Independent Shareholders for the Rights cum Warrants Issue and the Whitewash Resolution (as defined below) respectively.

6.4 The Irrevocable Undertaking shall automatically terminate upon the earlier of:

(a) the Company deciding not to proceed with the Rights cum Warrants Issue for any reason whatsoever and upon the release of an announcement by the Company through SGXNET of such decision, subject to the Company's compliance with the requirement of the SGX-ST Listing Manual Section B: Rules of Catalist that the Rights cum Warrants Issue will not be withdrawn after the commencement of ex-rights trading; or

(b) at 5.30 p.m. (Singapore time) on 31 January 2017 or such other date as the Company and RHCL may agree in writing.

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Set-Off and Settlement Arrangement

6.5 The Company has also entered into a set-off and settlement agreement dated 5 September 2016 with RHCL (the "**Set-Off and Settlement Agreement**"), which shall automatically terminate on the termination of the Irrevocable Undertaking.

6.6 Pursuant to the terms of the Set-Off and Settlement Agreement:

(a) the Company and RHCL have confirmed that RHCL has made the RHCL Advances to the Company, and the total amount outstanding under the RHCL Advances as at 5 September 2016 was approximately S$83.7 million;

(b) the Company has undertaken not to reduce the RHCL Advances to below S$72.0 million before the close of the Rights cum Warrants Issue; and

(c) the Company and RHCL have agreed to settle and set-off the Relevant RHCL Advances against and to the extent of the actual RHCL Subscription Amount.

7. WAIVER OF MANDATORY OFFER OBLIGATION ARISING FROM THE IRREVOCABLE UNDERTAKING

7.1. The Rights Shares with Warrants to be issued to RHCL, and Excess Rights Shares with Warrants that may be issued to RHCL (subject to availability), pursuant to the Irrevocable Undertaking may result in RHCL holding a shareholding interest equal to or more than 30.0% after the completion of the Rights cum Warrants Issue as well as after the exercise of the Warrants.

7.2. Assuming the Maximum Subscription Scenario 1 as described in paragraph 3.3 of this announcement, the shareholding of RHCL will increase to 59.34% of the share capital of the Company after the completion of the Rights cum Warrants Issue (the "**Enlarged Share Capital**") and will increase further to 79.67% of the Enlarged Share Capital after the exercise of all the Warrants.

7.3. Based on paragraph 7.2 above, RHCL may potentially acquire 30.0% or more of the voting rights of the Company after the completion of the Rights cum Warrants Issue. In such event, RHCL would incur an obligation to make a mandatory general offer for the Company under Rule 14 of the Code unless the aforesaid obligation is waived by the Council. Accordingly, the Company:

(a) has sought and obtained from the Council a waiver of the obligation of RHCL to make a general offer under the Code for all the Shares not owned or controlled by RHCL as a result of the Rights cum Warrants Issue (the "**Whitewash Waiver**"); and

(b) will be seeking the respective approvals of the Shareholders and the Independent Shareholders for the Rights cum Warrants Issue and the whitewash resolution for the waiver of the Independent Shareholders' rights to receive a mandatory offer from RHCL (the "**Whitewash Resolution**"), respectively, at the EGM to be convened.

7.4. For the avoidance of doubt, RHCL and parties not independent of it will abstain from voting on the Whitewash Resolution and shall not accept nomination as proxies or otherwise for voting on the Whitewash Resolution at the EGM.

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7.5. The Whitewash Waiver obtained on 22 August 2016 is subject to the following conditions:

(a) a majority of holders of voting rights of the Company approving the Whitewash Resolution at the EGM by way of a poll to waive their rights to receive a general offer from RHCL;

(b) the Whitewash Resolution is separate from the other resolutions;

(c) RHCL and parties not independent of it abstain from voting on the Whitewash Resolution;

(d) RHCL did not acquire and is not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):

(i) during the period between the date the Company makes an announcement of the Rights cum Warrants Issue (the "**Announcement Date**") and the date Independent Shareholders' approval is obtained for the Whitewash Resolution; and

(ii) in the six (6) months prior to the Announcement Date, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue;

(e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;

(f) the Company sets out clearly in the Circular:

(i) details of the Rights cum Warrants Issue, including the Irrevocable Undertaking;

(ii) the possible dilution effect to existing Shareholders of issuing the Rights Shares and the issue of New Shares upon the exercise of the Warrants to RHCL;

(iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by RHCL and its concert parties as at the latest practicable date of the Circular;

(iv) the number and percentage of voting rights in the Company to be issued to RHCL upon (I) the acquisition of the Rights Shares, and (II) the exercise of the Warrants;

(v) specific and prominent reference to the fact that the issue of the Rights Shares and the New Shares upon the exercise of the Warrants to RHCL might result in RHCL and its concert parties holding shares carrying over 49.0% of the voting rights of the Company based on the Enlarged Share Capital and that RHCL and its concert parties would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;

(vi) that Independent Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from RHCL at the highest price paid by RHCL and its concert parties for the Shares in the six (6) months preceding the commencement of the offer; and

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(vii) that Independent Shareholders, by voting for the Whitewash Resolution, could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants;

(g) the Circular stating that the Whitewash Waiver granted by the Council to RHCL is subject to the conditions stated at paragraphs 7.5(a) to (f) above;

(h) the Company obtaining the Council's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and

(i) to rely on the Whitewash Resolution, the acquisition of the Rights Shares with Warrants by RHCL must be completed within three (3) months of the approval of the Whitewash Resolution, and the acquisition of the New Shares by RHCL upon the exercise of the Warrants must be completed within five (5) years of the date of issue of the Warrants.

8. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Provenance Capital as the independent financial adviser to advise such Directors who are considered independent for the purposes of making the recommendation to Independent Shareholders in relation to the Whitewash Resolution. The Council had on 22 August 2016 confirmed to the Company that it has no objections to the appointment of Provenance Capital as the independent financial adviser in addition to their role as the continuing sponsor of the Company.

9. THE CIRCULAR AND THE OFFER INFORMATION STATEMENT

The Circular, containing further information on the Rights cum Warrants Issue and the Whitewash Resolution, will be despatched to Shareholders in due course. Thereafter, the Offer Information Statement containing the full terms and conditions of the Rights cum Warrants Issue will be lodged with the SGX-ST acting as agent on behalf of the Authority and despatched, together with the appropriate application forms and accompanying documents, to Entitled Shareholders in due course, after the approval of the Shareholders in obtained at the EGM to be convened.

10. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for RHCL, none of the Directors or substantial Shareholders have any interests, direct or indirect, in the Rights cum Warrants Issue, other than through their respective shareholdings in the Company.

11. 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 Rights cum Warrants 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 this announcement in its proper form and context.

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12. FURTHER ANNOUNCEMENTS

The Company will keep Shareholders updated and release announcements relating to the Rights cum Warrants Issue (including any material developments and progress made) as may be appropriate from time to time.

13. CAUTIONARY STATEMENT

The Directors would like to advise the Shareholders that although the Whitewash Waiver has been obtained, completion of the Rights cum Warrants Issue is subject to certain conditions being fulfilled and there is no assurance that the Rights cum Warrants Issue would be completed. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the Shares. Shareholders who are in any doubt about this announcement should consult their stockbroker, bank manager, solicitor or other professional adviser.

14. DOCUMENTS FOR INSPECTION

Copies of the Irrevocable Undertaking and the Set-off and Settlement Agreement are available for inspection by Shareholders at 12 International Business Park, #03-02, Singapore 609920 during normal office hours for a period of three (3) months from the date of this announcement.

By Order of the Board

Ling Yong Wah
Chief Executive Officer
6 September 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The 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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