

# SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED

(Company Registration No. 200706801H)

(Incorporated in the Republic of Singapore)

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## PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE IN THE CAPITAL OF THE COMPANY

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### 1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or “**Directors**”) of Sino Grandness Food Industry Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing a renounceable underwritten rights issue (the “**Rights Issue**”) of up to 243,713,276 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.310 for each Rights Share (the “**Issue Price**”) on the basis of one (1) Rights Share for every three (3) existing ordinary shares in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a date and time to be determined by the Directors of the Company for the purpose of determining the Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements (if any) to be disregarded. As at the date of this Announcement, the Company has an issued and paid-up share capital comprising 673,344,828 Shares (the “**Existing Share Capital**”).
- 1.2 The Company has appointed UOB Kay Hian Private Limited as the manager and underwriter of the Rights Issue (“**UOBKH**”).

### 2. GENERAL MANDATE FOR THE ISSUE OF THE RIGHTS SHARES

- 2.1 The Rights Shares will be issued pursuant to the general share issue mandate (“**General Mandate**”) given by the Shareholders at the last annual general meeting of the Company held on 25 April 2016 (“**2016 AGM**”). As at the date of the 2016 AGM, the issued share capital of the Company comprised 673,344,828 Shares (excluding treasury shares).
- 2.2 Pursuant to the General Mandate, the Directors are authorised to issue up to an aggregate of 336,672,414 Shares, on a pro rata basis to existing Shareholders. No Shares had previously been issued pursuant to the General Mandate, and the proposed allotment and issuance of the Rights Shares is within the limit of the General Mandate.

### 3. THE RIGHTS ISSUE

#### 3.1 Principal terms of the Rights Issue

**Basis of provisional allotment** : One (1) Rights Share for every three (3) existing Shares held by Entitled Shareholders (as defined herein) as at the Books Closure Date, fractional entitlements, if any, to be disregarded.

**Number of Rights Shares to be issued** : Up to 243,713,276 Rights Shares to be allotted and issued.

Under the Maximum Scenario (as defined herein), up to 243,713,276 Rights Shares will be issued pursuant to the Rights Issue.

Under the Minimum Scenario (as defined herein), up to 224,448,276 Rights Shares will be issued pursuant to the Rights Issue.

**Status of the Rights Shares** : The Rights Shares, upon allotment and issue, will rank *pari passu* in all respects with the then existing Shares and with each other, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.

**Issue Price** : S\$0.310 for each Rights Share, payable in full on acceptance and/or application.

The Issue Price represents a discount of approximately:

(a) 28.7% to the closing price of S\$0.435 per Share on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 30 September 2016, being the last trading day of the Shares on the SGX-ST prior to the date of this Announcement; and

(b) 23.3% to the theoretical ex-rights price<sup>1</sup> of S\$0.404 per Share

**Entitled Shareholders’ Rights** All Entitled Shareholders (as defined herein) will be at liberty to accept, decline, renounce (in part or in whole) or trade their provisional allotment of the Rights Shares during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (the “**Excess Rights Shares**”).

Fractional entitlements to the Rights Shares, if any, will be disregarded in arriving at the entitlements of Entitled Shareholders and will, together with such Rights Shares that are not validly taken up by Entitled Shareholders, the original allottees or their respective renounee(s) or the Purchasers, any unsold Nil-paid Rights of Foreign Shareholders and any Rights Shares that are otherwise not allotted for whatever reason in accordance with the terms and conditions of the offer information statement (and all its accompanying application forms) (“**OIS**”) to be despatched by the Company to the Entitled Shareholders, (if applicable) the constitution of the Company and the instructions contained in the PAL, the ARE, the ARS and/or any other application for

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<sup>1</sup> The theoretical ex-rights price per Share is the theoretical market price of each Share assuming the completion of the Rights Issue, and is calculated based on (A) the sum of (i) the Company’s market capitalisation based on the closing price of S\$0.435 per Share on the SGX-ST on 30 September 2016; and (ii) the gross proceeds of the Rights Issue under the Minimum Scenario, divided by (B) the enlarged total number of Shares in issue following the completion of the Rights Issue assuming the Minimum Scenario.

Rights Shares, be aggregated and issued to satisfy applications for Excess Rights Shares (if any) or otherwise disposed of or otherwise dealt with in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit.

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares, if any, provided that where there are insufficient Excess Rights Shares to allot to each application, the Company shall allot the Excess Rights Shares to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with its day-to-day affairs or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board 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.

For the purpose of this Announcement, “**Entitled Shareholders**” means the Entitled Depositors and the Entitled Scripholders. “**Entitled Depositors**” refers to Shareholders with Shares entered against their own names in the depository register maintained with Central Depository (Pte) Limited (the “**CDP**”) as at the Books Closure Date, and whose registered addresses with CDP are in Singapore as at the Books Closure Date, or who have, at least three (3) days Market Days (as defined herein) prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents. A “**Market Day**” means a day on which the SGX-ST is open for trading in securities. “**Entitled Scripholders**” refers to Shareholders whose share certificates are not deposited with CDP and who have tendered to the Company’s share registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Company’s share registrar with addresses in Singapore for the service of notices and documents.

The final terms and conditions of the Rights Issue will be set out in the OIS to be despatched by the Company to the Entitled Shareholders in due course.

### 3.2 **Size of the Rights Issue**

As at the date of this Announcement, the Existing Share Capital of the Company comprises 673,344,828 Shares.

Pursuant to the Sino Grandness Employee Share Option Scheme (“**ESOS**”) which was approved by the Shareholders on 23 September 2013, there are 32,703,750 outstanding share options (the “**Share Options**”) as at the date of this Announcement, each carrying the right to subscribe for one (1) new Share. From the date of this Announcement and up to 9 April 2017, up to 7,795,000 Share Options may be exercised on or prior to the Books Closure Date, assuming that the Books Closure Date is set before 9 April 2017 (the “**Exercisable Share Options**”).

In addition, on 13 April 2016, the Company announced that it had entered into a convertible loan agreement ("**Soleado Loan Agreement**") with its indirect wholly owned subsidiaries, Grandness (Shanxian) Food Co., Ltd., Shanxi Yongji Huaxin Food Co., Ltd. and Huang Yushan (as guarantors) and Soleado Holdings Pte. Ltd. ("**Soleado**") (as lender) for the grant by Soleado to the Company of a loan of US\$20 million ("**Soleado Loan**").

Subject to the approval of the Shareholders being obtained at an extraordinary meeting to be convened pursuant to Rules 803 and 811 and Chapter 9 of the Listing Manual of the SGX-ST ("**Soleado Loan Conversion Approval**"), and (i) after 12 months from the closing date (being 12 months from the date on which the Soleado Loan has been fully credited into the designated account(s) of the Company); or (ii) after the date of completion of proposed spin-off relating to the Group's beverage business, whichever is earlier (the "**Soleado Conversion Condition**"), Soleado shall be entitled to convert the Soleado Loan or the outstanding balance thereof, as the case may be, into a maximum of 50 million new Shares in the capital of the Company (the "**Soleado Conversion Shares**") by sending a prior-written notification ("**Conversion Notice**") to the Company ("**Soleado Conversion Option**"). The Soleado Conversion Shares shall be priced at S\$0.55 (Singapore Dollars Fifty-Five Cent) per Soleado Conversion Share or at the 20% discount to the volume weighted average price ("**VWAP**") per Share traded on the SGX-ST during the last 60 Market Days immediately preceding the date of the Conversion Notice, whichever is the lower (the "**Conversion Price**"). The balance principal amount of the Soleado Loan, which is not so converted into Soleado Conversion Shares, shall be deemed to be the outstanding Soleado Loan and subject to the interest rate of 12% per annum.

The Soleado Conversion Option is subject to certain adjustments in the event of consolidation or subdivision or reclassification of Shares, capitalisation of profits or reserves, excess distributions, rights issues of Shares or options over Shares (excluding employee stock options), rights issues of other securities, issues at less than current market price and other dilutive events.

On 17 May 2016, the Company announced that all conditions precedent under the Soleado Loan Agreement for Soleado to make available the Soleado Loan had been satisfied, and in accordance with the terms and conditions of the Soleado Loan Agreement, the Company had drawn down on the Soleado Loan and the full amount thereof had been disbursed by Soleado to the Company on 17 May 2016.

As at the date of this Announcement, the Soleado Conversion Option and issuance of the Soleado Conversion Shares remain subject to the Soleado Loan Conversion Approval being obtained at an extraordinary general meeting to be convened and the Soleado Conversion Condition. If the Soleado Loan Conversion Approval is not obtained at such extraordinary general meeting or if the Soleado Conversion Condition is not fulfilled, the Soleado Conversion Shares will not be issued. Please refer to the Company's announcements dated 13 April 2016 and 17 May 2016 for further details.

For illustrative purposes only, based on the Existing Share Capital and assuming that none of the Exercisable Share Options and the Soleado Conversion Option is exercised and no new Shares are issued on or before the Books Closure Date, up to 224,448,276 Rights Shares will be issued pursuant to the Rights Issue (the "**Minimum Scenario**"). In the Minimum Scenario, the share capital of the Company will increase from 673,344,828 Shares to 897,793,104 Shares.

For illustrative purposes only, based on the Existing Share Capital and assuming that:

- (a) all of the Exercisable Share Options are exercised and 7,795,000 new Shares are issued; and

- (b) all of the Soleado Conversion Option are exercised and 50,000,000 new Shares are issued

(collectively, the “**New Shares**”),

on or before the Books Closure Date, an additional 19,265,000 Rights Shares will be issued in respect of the New Shares. Accordingly, up to 243,713,276 Rights Shares will be issued pursuant to the Rights Issue (the “**Maximum Scenario**”). In the Maximum Scenario, the share capital of the Company will increase from 673,344,828 Shares to 974,853,104 Shares.

### 3.3 Listing and Quotation of Rights Shares

The Rights Issue is subjected to, amongst others, the following:

- (a) The approval-in-principle having been obtained from the SGX-ST (and such approval not having been withdrawn or revoked on or prior to completion of the Rights Issue) for the listing of and quotation for the Rights Shares on the Official List of the SGX-ST, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (b) the lodgement of the OIS with Monetary Authority of Singapore (“**MAS**”) in accordance with Section 277 of the Securities and Futures Act, Chapter 289 of Singapore.

The Company will be making an application to the SGX-ST for the permission to deal in and for the listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST.

The OIS will also be lodged with the MAS and despatched to Entitled Shareholders (as defined herein) after, amongst other, obtaining the approval in-principle of the SGX-ST for the Rights Issue.

Appropriate announcements in relation to the above application, lodgement and despatch will be made in due course.

## 4. THE IRREVOCABLE UNDERTAKINGS

- 4.1 As at the date of this Announcement, Mr Huang Yupeng (“**Mr Huang**”), the Company’s Executive Chairman and Chief Executive Officer, directly holds an aggregate of 239,266,560 Shares (direct and deemed), representing approximately 35.53% of the Existing Share Capital. Accordingly, Mr Huang will be entitled to subscribe for an aggregate of 79,755,520 Rights Shares (“**Mr Huang Entitled Rights Shares**”).
- 4.2 Mr Huang had on 29 September 2016 given an irrevocable undertaking to Mr. Ben Goi Kok Neng (the “**Investor**”) and UOBKH (“**Renounced Rights Shares Irrevocable Undertaking**”) to, amongst others, renounce an aggregate of 4,750,000 Rights Shares, being part of his provisional entitlements pursuant to the Rights Issue (collectively the “**Renounced Rights Shares**”) in favour of the Investor.
- 4.3 The Investor had on 29 September 2016 given an irrevocable undertaking to the Company and UOBKH (the “**Investor Irrevocable Undertaking**”) to, amongst others, subscribe for and pay in full the Renounced Rights Shares, on and subject to the terms and conditions of the Investor Irrevocable Undertaking.
- 4.4 Mr Huang had on 29 September 2016, given an irrevocable undertaking to the Company and UOBKH (“**Shareholder’s Irrevocable Undertaking**”) to, amongst others, subscribe for the remaining Mr Huang Entitled Rights Shares, being an amount of 75,005,520 Rights Shares after deducting the 4,750,000 Renounced Rights Shares (“**Mr Huang**”).

**Remaining Entitled Rights Shares**"), on and subject to the terms and conditions of the Shareholder's Irrevocable Undertaking.

(The above irrevocable undertakings are collectively referred to as the "**Irrevocable Undertakings**").

#### Shareholder's Irrevocable Undertaking

Mr Huang had under the Shareholder's Irrevocable Undertaking, provided an irrevocable undertaking to the Company and UOBKH that, amongst others:

- (a) on or prior to the Books Closure Date, he will not sell, transfer, or otherwise dispose of, encumber or part with or instruct his nominee(s) to sell, transfer or otherwise dispose of, encumber or part with, the ownership of any of the 239,266,560 Shares owned by him;
- (b) as at the Books Closure Date, his total shareholding in the Company will not be less than 239,266,560 Shares;
- (c) the letter of undertaking dated 29 September 2016 issued by him in favour of the Investor and UOBKH in relation to, amongst others, the renunciation of his provisional allotment of the Renounced Rights Shares in favour of the Investor remains valid and in full force and effect up to the completion of the Rights Issue;
- (d) he will subscribe and pay for, or procure the subscription and payment, in full for the Mr Huang Remaining Entitled Rights Shares to be provisionally allotted to him pursuant to the Rights Issue;
- (e) he has sufficient financial resources to subscribe and pay for, in full the Mr Huang Remaining Entitled Rights Shares and shall deposit not less than S\$23,251,711.20 with UOBKH on or before 29 September 2016, for the purposes of subscribing and payment of the Mr Huang Remaining Entitled Rights Shares and irrevocably agrees to authorise UOBKH to utilise S\$23,251,711.20 as payment for and on behalf of himself to subscribe for the Mr Huang Remaining Entitled Shares;
- (f) as at the Books Closure Date, he will have a registered address in Singapore as set out in the records of the Company's share transfer agent or the records of the CDP, as the case may be, or will provide to the Company or the CDP, as the case may be, an address in Singapore for the service of notices and documents in connection with the Rights Issue at least three (3) Market Days prior to the Books Closure Date;
- (g) he will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by, amongst others, the CDP, the SGX-ST, the Company and UOBKH for the Rights Issue;
- (h) he will not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, securities of the Company while he is in possession of unpublished information that is not generally available to the public, but if it were, would be likely to materially affect the price of the Company's securities, including but not limited to, information in relation to the Rights Issue ("**Price Sensitive Information**");
- (i) he will not communicate, or cause to be communicated, directly or indirectly, unpublished Price Sensitive Information to any other persons if he knows or

ought to know, that the person is likely to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell securities of the Company;

- (j) he will not make or permit the making of any announcements concerning or in connection with the Rights Issue or any matters relating thereto without the Company's prior written consent;
- (k) he will not disclose to any person the any information concerning or in connection with the Rights Issue or any matters relating thereto and shall make every effort to prevent the use or disclosure thereof, except where such disclosure is required pursuant to any applicable laws or any requirement of any competent governmental or statutory authority; and
- (l) he acknowledges and accepts that pursuant to Rule 877(10) of the Listing Manual of the SGX-ST, he will rank last in priority in the rounding of odd lots and allotment of Excess Rights Shares which are not taken up by the other shareholders of the Company.

#### Renounced Rights Shares Irrevocable Undertaking

Mr Huang had under the Renounced Rights Shares Irrevocable Undertaking, provided an irrevocable undertaking to the Investor and UOBKH that, amongst others:

- (a) he will renounce, or instruct his nominee(s) to renounce, his provisional allotment of the Renounced Rights Shares, being 4,750,000 Rights Shares, in favour of the Investor;
- (b) on or prior to the Books Closure Date, he will not sell, transfer, or otherwise dispose of, encumber or part with or instruct his nominee(s) to sell, transfer or otherwise dispose of, encumber or part with, the ownership of any of the 239,266,560 Shares owned by him; and
- (c) he will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by, amongst others, the CDP, the SGX-ST, the Company, UOBKH and the Investor for the purposes of renouncing the Renounced Rights Shares in favour of the Investor.

#### Investor Irrevocable Undertaking

The Investor had under the Investor Irrevocable Undertaking, provided an irrevocable undertaking to the Company and UOBKH that, amongst others:

- (a) he will subscribe and pay, or procure the subscription and payment, in full for the aggregate of 4,750,000 Renounced Rights Shares pursuant to the Rights Issue, which will be renounced to the Investor by Mr Huang, in accordance with the terms and conditions of the Rights Issue as soon as practicable but on or prior to the latest time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue (the "**Closing Date**");
- (b) he has sufficient financial resources to subscribe and pay for in full the Renounced Rights Shares and will provide, promptly upon the execution of the Investor Irrevocable Undertaking, a confirmation from a financial institution in Singapore in a format that is reasonably acceptable to UOBKH, or such evidence as may be required by and acceptable to UOBKH, that he has the necessary and sufficient financial resources to carry out his obligations under the Investor Irrevocable Undertaking;

- (c) he will do all such things, provide all such information, confirmations, undertakings and certificates and execute all such documents as may be required by, amongst others, the CDP, the SGX-ST, the Company and UOBKH, for the purpose of subscribing for the Renounced Rights Shares, and as it is necessary to ensure that the Renounced Rights Shares can be validly and legally provisionally allotted to him;
- (d) he will not subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, or procure another person to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, securities of the Company while he is in possession of any Price Sensitive Information;
- (e) he will not communicate, or cause to be communicated, directly or indirectly, unpublished Price Sensitive Information to any other persons if he knows or ought to know, that the person is likely to subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell securities of the Company;
- (f) he will not make or permit the making of any announcements concerning or in connection with the Rights Issue or any matters relating thereto without the Company's prior written consent;
- (g) he will not disclose to any person any information concerning or in connection with the Rights Issue or any matters relating thereto and shall make every effort to prevent the use or disclosure thereof, except where such disclosure is required pursuant to any applicable laws or any requirement of any competent governmental or statutory authority; and
- (h) he acknowledges and accepts that no representation and warranty is given by the Company or its subsidiaries or related companies in relation to, or in connection with, the merits or otherwise of the Rights Issue or timing thereof, the Rights Shares, the subscription thereof, or as to the Shares, the Company, its subsidiaries or associated companies (including their respective financial or other conditions).

Each of Mr Huang and the Investor confirms that he has not been offered additional terms or benefits in connection with the giving of his respective Irrevocable Undertakings.

- 4.5 The investor, Mr Ben Goi Kok Neng, is currently the Managing Director of Abaglobe (S) Pte Ltd, a business involved in the sales of abalone, which he joined in 2013. He is also Non-Executive Director of SGX-ST-listed Serial System Ltd and Yamada Green Resources Ltd. Prior to this, the Investor was Deputy Director of Sales of Hong Kong Stock Exchange-listed Trigiant Group Ltd from 2009 to 2013 and General Manager of Singapore-based Honji Foods (2005) Pte. Ltd. from 2005 to 2009. The Investor started his career with global frozen foods manufacturer Tee Yih Jia Group in 1999.

## 5. UNDERWRITING ARRANGEMENT

- 5.1 UOBKH has agreed, on and subject to the terms and conditions of an underwriting agreement dated the same date hereof and entered into with the Company ("**Underwriting Agreement**"), to underwrite up to 163,957,756 Rights Shares, being the total number of Rights Shares to be issued pursuant to the Rights Issue less the number of Mr Huang Entitled Rights Shares ("**Underwritten Balance Rights Shares**").
- 5.2 An underwriting commission ("**Underwriting Commission**") of 6.0% of the aggregate Issue Price of the Underwritten Balance Rights Shares will be payable by the Company to UOBKH.



## 6. PURPOSE OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS

### 6.1 Rationale for the Rights Issue

The Company is proposing to undertake the Rights Issue as a strategic initiative to raise additional funding to strengthen the financial position of the Group by enlarging the Group's working capital and capital base and enhance the financial flexibility of the Group to capitalise on potential growth opportunities.

### 6.2 Use of Proceeds

Under the Maximum Scenario, the estimated net proceeds from the Rights Issue, after deducting estimated expenses of approximately S\$3.2 million, is expected to be approximately S\$72.4 million. Under the Minimum Scenario, the estimated net proceeds from the Rights Issue, after deducting estimated expenses of approximately S\$3.2 million, is expected to be approximately S\$66.4 million (in each case the "Net Proceeds").

The Company intends to utilise the Net Proceeds in the following manner:

<b>Maximum Scenario</b>		
<b>Use of Proceeds</b>	<b>Amount (S\$'million)</b>	<b>Percentage Allocation (%)</b>
Capital expenditure for the Group's non-beverage business	43.4	60.0
Distribution network expansion and general working capital	29.0	40.0
<b>Total</b>	<b>72.4</b>	<b>100.0</b>

  

<b>Minimum Scenario</b>		
<b>Use of Proceeds</b>	<b>Amount (S\$'million)</b>	<b>Percentage Allocation (%)</b>
Capital expenditure for the Group's non-beverage business	39.8	60.0
Distribution network expansion and general working capital	26.6	40.0
<b>Total</b>	<b>66.4</b>	<b>100.0</b>

6.3 Pending the deployment of the Net Proceeds, the Net Proceeds may be used for investment in short-term deposits, money market instruments and/or debt instruments, and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

6.4 The Company will make periodic announcements on the utilisation of the proceeds of the Rights Issue, as and when the funds from the Rights Issue are materially disbursed or utilised. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds, its results announcement and the annual report.

## 7. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

### 7.1 Entitled Shareholders

The Company proposes to provisionally allot the Rights Shares under the Rights Issue at the Issue Price on the basis of their shareholdings as at the Books Closure Date to all Entitled Shareholders.

The Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the OIS together with the relevant application forms and accompanying documents. They are at liberty to accept, decline, renounce or in the case of Entitled Depositors only, trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares, and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

All dealings in and transactions of the provisional allotments of Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of Rights Shares and for the applications for Excess Rights Shares, including the different modes of acceptance or application and payment, will be contained in the OIS, the provisional allotment letter to be issued to the Entitled Scripholders setting out the provisional allotment of Rights Shares to such Entitled Scripholder under the Rights Issue (the “**PAL**”), the application and acceptance form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue (the “**ARE**”), and the application and acceptance form for Rights Shares to be issued to purchasers of the provisional allotment of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system (the “**ARS**”).

Shareholders who hold Shares under the CPF Investment Scheme (“**CPF Investment Scheme Members**”), the Supplementary Retirement Scheme (“**SRS**”) or through a finance company and/or Depository Agent can only accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares through their respective approved CPF agent banks (in the case of CPF Investment Scheme Members), their relevant approved banks with which they hold their SRS accounts, or the respective finance companies and/or Depository Agents through which such Shareholders hold Shares. For CPF Investment Scheme Members, acceptances of Rights Shares and (if applicable) applications for Excess Rights Shares, can only be made using CPF funds. In the case of insufficient CPF funds or stock limit, CPF Investment Scheme Members could top-up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Shares and (if applicable) apply for Excess Rights Shares. **ANY APPLICATION MADE BY THE ABOVE-MENTIONED SHAREHOLDERS DIRECTLY TO CDP OR THROUGH AUTOMATED TELLER MACHINES WILL BE REJECTED.** Such Shareholders should refer to the OIS for the details relating to the offer procedure in connection with the Rights Issue.

### 7.2 Foreign Shareholders

The OIS and its accompanying documents will not be lodged, registered or filed in any jurisdiction other than Singapore. For practical reasons and in order to avoid any violation of the securities legislations applicable in countries other than in Singapore where Shareholders may have their registered addresses, the Rights Issue is only made in Singapore, and the OIS and its accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date, and who have not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”) or to any jurisdictions

outside Singapore. No provisional allotment of the Rights Shares will be made to Foreign Shareholders and no purported acceptance of Rights Shares or application for Excess Rights Shares by Foreign Shareholders will be valid.

### 7.3 **Foreign Purchasers**

The OIS and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of the Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). **Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.** The Company reserves the right to reject any acceptances of Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable laws, rules and regulations of any jurisdiction.

If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the provisional allotment of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable 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 the 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 or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder 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, UOBKH, CDP and/or the Company's share registrar in connection therewith.

## 8. **ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE ESOS**

As a result of the Rights Issue, adjustments may be made to the number and/or exercise price of the outstanding Share Options. The Company will in due course make the relevant announcements and notify holders of the Share Options of such adjustments.

## 9. **INDICATIVE TIMETABLE**

An indicative timetable for the Rights Issue will be provided to Shareholders in due course.

## 10. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed above, none of the Directors or substantial Shareholders of the Company has any direct or indirect interest in the Rights 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 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 the Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Announcement in its proper form and context.

## 12. CAUTION IN TRADING

**SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION IN THE TRADING OF THEIR SHARES IN THE COMPANY.**

**THE COMPLETION OF THE RIGHTS ISSUE IS SUBJECT TO CERTAIN CONDITIONS. AS AT THE DATE OF THIS ANNOUNCEMENT, THERE IS NO CERTAINTY OR ASSURANCE THAT THE 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 ON THE RIGHTS ISSUE AND OTHER MATTERS CONTEMPLATED BY THIS ANNOUNCEMENT. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO READ THIS ANNOUNCEMENT AND ANY FURTHER ANNOUNCEMENTS BY THE COMPANY CAREFULLY.**

**SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD CONSULT THEIR STOCK BROKERS, BANK MANAGERS, SOLICITORS OR OTHER PROFESSIONAL ADVISORS IF THEY HAVE ANY DOUBT ABOUT THE ACTIONS THEY SHOULD TAKE.**

13. For the purpose of this Announcement, the terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore. The term “**acting in concert**” shall have the meaning ascribed to it in The Singapore Code on Take-overs and Mergers.

**BY ORDER OF THE BOARD**

Huang Yupeng  
Chairman and CEO  
30 September 2016