SINGAPURA FINANCE LTD

(Incorporated in the Republic of Singapore on 10 June 1969)
(Company Registration No.196900340N)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

1.1 **Rights Issue.** The directors ("**Directors**") of Singapura Finance Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") wish to announce the following:

(a) a proposed renounceable non-underwritten rights issue (the "**Rights Issue**") of 79,342,945 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S$1.00 for each Rights Share (the "**Issue Price**"), on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company ("**Share**") held by shareholders of the Company ("**Shareholders**") as at the time and date to be determined by the Directors for the purposes of determining the entitlements of Entitled Shareholders (as defined below) under the Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded; and

(b) the Rights Issue is subject to, *inter alia*, (i) the receipt of approval in-principle from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST; (ii) the approval of Shareholders at an extraordinary general meeting of the Company (the "**EGM**") to be convened; and (iii) the lodgment of the offer information statement to be issued by the Company in connection with the Rights Issue (the "**Offer Information Statement**") with the Monetary Authority of Singapore (the "**MAS**").

1.2 **Manager.** United Overseas Bank Limited ("**UOB**") has been appointed as the Manager of the Rights Issue.

2. PURPOSE OF THE RIGHTS ISSUE AND USE OF PROCEEDS

2.1 **Rationale.** The Rights Issue has been proposed to strengthen the capital base of the Company and better position the Company to take advantage of opportunities for business growth.

2.2 **Use of Proceeds.** Taking into consideration the Irrevocable Undertakings (as defined in paragraph 4.1 below), the gross proceeds from the Rights Issue are approximately S$79.34 million. The estimated net proceeds from the Rights Issue after taking into account the estimated expenses of approximately S$0.50 million for the Rights Issue are expected to be approximately S$78.84 million.

The Company intends to utilise the net proceeds of the Rights Issue for general corporate funding purposes of the Group, which includes uses in the ordinary course of the Group's business such as funding of loans to customers.

Pending the deployment of the net proceeds from the Rights Issue, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group. The Company will make periodic announcements on the utilisation of such proceeds from the Rights Issue as the funds from the Rights Issue are materially disbursed and provide a status report on the use of the proceeds in the Company's annual report.

3. RIGHTS ISSUE

3.1 **Terms.** The Company is proposing the Rights Issue to be offered on a renounceable basis to Entitled Shareholders on the basis of one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

The Issue Price of S$1.00 for each Rights Share represents (a) a discount of approximately 35.5% to the closing price of S$1.550 per Share on the SGX-ST on 8 September 2014, being the date of announcement of the Rights Issue; and (b) a discount of approximately 21.6% to the theoretical ex-rights price of S$1.275 (being the theoretical market price of each Share assuming the completion of the Rights Issue, and which is calculated based on the closing price of S$1.550 per Share on the SGX-ST on 8 September 2014, being the date of announcement of the Rights Issue, and the total number of Shares following the completion of the Rights Issue).

3.2 **Size.** Based on the number of issued Shares as at the date of this Announcement and assuming that there is no change in the issued Shares as at the Books Closure Date, 79,342,945 Rights Shares will be issued.

3.3 **Eligibility of Shareholders to Participate in the Rights Issue.** The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), comprising Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses, as maintained in the records of The Central Depository (Pte) Limited ("**CDP**") or the Company, as the case may be.

3.4 **Entitled Depositors.** 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 Accounts 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) days on which the SGX-ST is open for securities trading ("**Market Days**") prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.

3.5 **Entitled Scripholders.** Duly completed and (where necessary) 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 the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, will be registered to determine the provisional entitlements of the transferee (a "**Scripholder**", which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights Issue. 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.

3.6 **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore and who have not, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). The Offer Information Statement to be used for the Rights Issue and accompanying documents will not be despatched to Foreign Shareholders or into any jurisdiction outside Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue and no provisional allotment of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application therefore by Foreign Shareholders will be valid. Entitlements to Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares commence.

Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date and sent to them at their own risk by ordinary post, 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, the Directors, UOB, the Share Registrar, Central Provident Fund Board ("**CPF**") or CDP and their respective officers in connection therewith. Where such provisional allotments of Rights Shares are sold "nil-paid" on the 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, the Directors, UOB, the Share Registrar, CPF or CDP and their respective officers in respect of such sales or the proceeds thereof, of the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE REGISTRAR, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.

3.7 **Provisional Allotments.** Entitled Shareholders will be at liberty to accept, decline or renounce their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors will also be able to trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST their provisional allotments of Rights Shares. Fractional entitlements to the Rights Shares will be aggregated and used with provisional allotments which are not taken up or allotted for any reason to satisfy excess applications for Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of the Company, including the Undertaking Shareholders (as defined below), will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.

3.8 **Offer Information Statement.** The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with UOB, may deem appropriate. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the MAS and despatched by the Company to Entitled Shareholders in due course after the approval in-principle of the SGX-ST and the approval of Shareholders at the EGM have been obtained.

3.9 **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.

It should be noted that the Company had on 22 August 2014 announced, subject to Shareholders' approval at the annual general meeting of the Company to be held on 31 October 2014, a first and final one-tier tax-exempt dividend for the financial year ended 30 June 2014 of five cents for every Share held (the "**FY2014 Final Dividend**"). The Register of Members and Share Transfer Books of the Company will be closed at 5.00 p.m. on 10 November 2014 (up to and including 11 November 2014) for the purpose of determining Shareholders' entitlements to the FY2014 Final Dividend. The Rights Shares will not rank for any entitlements to the FY2014 Final Dividend.

3.10 **Non-Underwritten Rights Issue.** In view of the Irrevocable Undertakings, the Company has decided to proceed with the Rights Issue on a non-underwritten basis. The Directors are of the reasonable opinion that there is no minimum amount which must be raised from the Rights Issue.

3.11 **Odd Lots.** Shareholders should note that they are able to trade odd lots of Shares in board lots of one (1) Share on the Unit Share Market of the SGX-ST.

4. IRREVOCABLE UNDERTAKINGS

4.1 **Irrevocable Undertakings.** See Hoy Chan (1988) Private Limited ("**See Hoy Chan**"), Teo Soo Chuan (Private) Limited, Teo Hang Sam Realty Sdn Bhd and Teo Chiang Long (collectively, the "**Undertaking Shareholders**") have each irrevocably undertaken to the Company (collectively, the "**First Undertakings**") to subscribe for their respective Rights Shares entitlements under the Rights Issue, being 41,466,748 Rights Shares in aggregate, representing approximately 52.263% of the number of Rights Shares which may be issued under the Rights Issue.

Name of Undertaking Shareholder	**Number of Shares directly owned as at the date of this Announcement**	**% of total issued Shares**	**Number of Rights Shares**	**% of Rights Shares**
See Hoy Chan	37,221,000	46.912	37,221,000	46.912
Teo Soo Chuan (Private) Limited	53,437	0.067	53,437	0.067
Teo Hang Sam Realty Sdn Bhd	4,189,500	5.280	4,189,500	5.280
Teo Chiang Long	2,811	0.004	2,811	0.004
Total	**41,466,748**	**52.263**	**41,466,748**	**52.263**

In addition, See Hoy Chan has separately irrevocably undertaken to the Company (the "**Second Undertaking**" and together with the First Undertakings, the "**Irrevocable Undertakings**") to make excess application(s) for any Rights Shares which are not validly subscribed and/or applied for at the close of the Rights Issue (other than the Rights Shares which are subject to the First Undertakings) after satisfaction of all applications and excess applications (if any) for the Rights Shares.

Further, the Undertaking Shareholders have also irrevocably undertaken to the Company to vote in favour of the resolution to approve the Rights Issue at the EGM.

4.2 **Conditions.** The Irrevocable Undertakings by the Undertaking Shareholders as set out above are subject to and conditional upon the following:

(a) the approval of Shareholders at the EGM to be convened for the Rights Issue;

(b) the lodgment of the Offer Information Statement, together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights Issue, by the Company with the MAS;

(c) the approval in-principle of the SGX-ST (such approval not having been withdrawn or revoked on or prior to the closing date of the Rights Issue) for the listing of and quotation for the Rights Shares on the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company; and

(d) in the case of See Hoy Chan, the Securities Industry Council of Singapore (the "**SIC**") confirming that See Hoy Chan will not be required to make a mandatory general offer for the Company under Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "**Code**") as a result of its acquisition of more than one (1) per cent. of the voting rights of the Company pursuant to its obligations under the Irrevocable Undertakings as set out above.

4.3 **Singapore Code On Take-Overs and Mergers.** The Code regulates the acquisition of ordinary shares of public companies, including the Company. Unless exempted, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30.0% to 50.0% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1.0% of the voting rights in the Company in any six-month period, must extend a take-over offer for the remaining Shares in the Company in accordance with the provisions of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition of Rights Shares pursuant to the Rights Issue should consult the SIC and/or their professional advisers immediately.

Note 5 to Rule 14.1 of the Code provides, *inter alia*, that when a group of persons acting in concert holds over 50.0%, no obligation normally arises from acquisitions by any member of the group. However, subject to certain considerations, the SIC may regard as giving rise to an obligation to make an offer any acquisition by a single member or sub-group of the group of voting rights sufficient to increase his/its holding to 30.0% or more or, if he/it already holds between 30.0% to 50.0%, by more than 1.0% in any six-month period.

Assuming that (i) in fulfilment of the Irrevocable Undertakings, each of the Undertaking Shareholders subscribes for their respective entitlements of the Rights Shares; (ii) all Shareholders (save for the Undertaking Shareholders) do not subscribe for any Rights Shares; and (iii) all of the excess Rights Shares are allotted to See Hoy Chan, See Hoy Chan's shareholdings in the Company will increase from 46.912% as at the date of this Announcement to 70.780%.

In view of the above, an application has been made to the SIC for a confirmation, and the SIC has confirmed, that See Hoy Chan will not be required to make a mandatory general offer for the Company under Rule 14.1 of the Code in the event See Hoy Chan increases its voting rights in the Company by more than 1.0% in any six (6)-month period pursuant to the Irrevocable Undertakings given by See Hoy Chan to the Company.

5. APPROVALS

5.1 **Shareholders' Approval.** The Rights Issue is subject to the approval of Shareholders at the EGM to be convened for the Rights Issue. A circular to Shareholders containing further details on the Rights Issue and the notice of EGM will be despatched to Shareholders in due course.

5.2 **SGX-ST Approval.** The Rights Issue is subject to the approval in-principle of the SGX-ST for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST. An application will be made by the Company to obtain the SGX-ST's approval for the listing of and quotation for the Rights Shares. An appropriate announcement on the outcome of the application will be made in due course.

5.3 **Lodgment with MAS.** The Rights Issue is subject to the lodgment of the Offer Information Statement, together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights Issue, with the MAS.

6. GENERAL

The terms and conditions of the Rights Issue are subject to such changes as the Directors, after consultation with UOB, may deem appropriate. Subject to paragraphs 5.1 and 5.2 above, an Offer Information Statement containing further details on the Rights Issue will be lodged with the MAS and despatched to Entitled Shareholders in due course.

BY ORDER OF THE BOARD

Nguy Jootian
Company Secretary
8 September 2014
Singapore