



Summit Limited

(formerly known as Equation Corp Limited)

(Company Registration No. 197501110N)

(Incorporated in the Republic of Singapore)

(%Company+ and together with its subsidiaries, %Group+)

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PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 5,002,993,953 WARRANTS ON THE BASIS OF NINE (9) WARRANTS FOR EVERY TEN (10) EXISTING ORDINARY SHARES ("PROPOSED WARRANTS ISSUE")

1. INTRODUCTION

The board of directors (%Directors+) of the Company wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue of up to 5,002,993,953 warrants (%Warrants+), at an issue price of S\$0.001 (%Issue Price+) for each Warrant, 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\$0.007 per New Share (%Exercise Price+), on the basis of nine (9) Warrants for every ten (10) existing ordinary shares in the capital of the Company (%Shares+) held by the Entitled Shareholders (as defined below) as at a books closure date to be determined by the Directors (%Books Closure Date+), fractional entitlements to be disregarded (%Proposed Warrants Issue+).

2. PRINCIPAL TERMS OF THE PROPOSED WARRANTS ISSUE

2.1 **Entitled Shareholders.** The Proposed Warrants Issue is to be offered on a renounceable basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (%CDP+), as the case may be, 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 to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (%Entitled Shareholders+),

on the basis of nine (9) Warrants for every ten (10) Shares held as at the Books Closure Date, fractional entitlements to be disregarded.

Please refer to section 3 of this announcement for more details on the eligibility of Shareholders to participate in the Proposed Warrants Issue.

- 2.2 **Basis and Exercise Price.** Each Warrant will, subject to the terms and conditions to be set out in an instrument by way of a deed poll constituting the Warrants (**Deed Poll**), carry the right to subscribe for one (1) New Share at an exercise price of S\$0.007 for each New Share, at any time during the period commencing on and including the date falling twelve (12) months from the date of issue of the Warrants and expiring on a date immediately preceding the date falling twenty four (24) months from the date of issue of the Warrants (**Exercise Period**).

The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll. The Warrants will be issued in registered form and will be traded on a book-entry (scripless) settlement basis on the Catalist Board of the SGX-ST (**Catalist**) upon the listing and quotation of the Warrants on the SGX-ST, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market for the Warrants.

The aggregate sum of the Issue Price and the Exercise Price of S\$0.008 is the same as the volume-weighted average price of S\$0.008 of trades done for the Share on the SGX-ST on 22 May 2015, being the full market day immediately preceding this announcement.

- 2.3 **Size of the Proposed Warrants Issue.** As at the date hereof, the Company has,

- (i) an issued and paid-up share capital comprising 5,113,729,645 Shares (**Existing Share Capital**);
- (ii) an outstanding Sculptor Convertible Loan (as defined below) which is convertible into 444,602,525 Shares; and
- (iii) 550,000 outstanding share options granted pursuant to the Equation Share Option Scheme (**Employee Share Options**), exercisable into 550,000 Shares.

For illustration purposes only:

- (i) based on the Existing Share Capital and assuming that none of the Sculptor Convertible Loan and Employee Share Options are converted before the Books Closure Date, up to 4,602,356,680 Warrants will be issued pursuant to the Proposed Warrants Issue; and
- (ii) based on the Existing Share Capital and assuming that the entire Sculptor Convertible Loan is converted into 444,602,525 Shares, and the Employee Share Options are converted into 550,000 Shares before the Books Closure Date, up to 5,002,993,953 Warrants will be issued pursuant to the Proposed Warrants Issue.

- 2.4 **Trading of Warrants.** The Warrants will be issued in registered form and will be listed and traded on the Catalist under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on the Catalist, subject to, *inter alia*, 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 comprise 100 Warrants. Entitled Shareholders should note that the Proposed Warrants Issue may result in them holding odd lots of Warrants (that is, lots other than board lots of 100 Warrants). The exercise of such Warrants would also result in an Entitled Shareholder holding odd lots of Shares. Entitled Depositors who wish to trade in lot sizes other than the board lot size, can do so on the Unit Share Market of the SGX-ST.
- 2.5 **Status and Ranking.** The New Shares allotted and issued upon the exercise of the Warrants shall be fully paid and shall rank for any dividends, rights, allotments or other distributions, the Record Date (as defined herein) for which is on or after the date of issue of the New Shares and shall rank *pari passu* in all respect with the then existing issued Shares. For the purpose herein, **%Record Date+** means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.
- 2.6 **Provisional Allotments and Excess Applications.** Entitled Shareholders will be free to accept in full or in part, decline or otherwise renounce their provisional allotment of Warrants under the Proposed Warrants Issue, and will also be eligible to apply for additional Warrants in excess of their provisional allotments.

Fractional entitlements of the Warrants will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments of Warrants which are not taken up for any reason, be aggregated and used to satisfy applications for excess Warrants (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of excess Warrants, preference will be given to the rounding of odd lots. Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Warrants Issue or have representation (direct or through a nominee) on the board of the Company will either be ineligible for excess Warrants, or if eligible, will rank last in priority for the rounding of odd lots and allotment of excess Warrants. The Company will also not make any allotment and issue of any excess Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

3. ELIGIBILITY TO PARTICIPATE IN THE PROPOSED WARRANTS ISSUE

- 3.1 **Eligibility of Shareholders to participate in the Proposed Warrants Issue.** The Company proposes to provisionally allot Warrants to all the **%Entitled Shareholders+**, comprising Entitled Depositors and Entitled Scripholders (both as defined herein).
- 3.2 **Entitled Depositors.** Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date (**%Depositors+**) will be provisionally allotted Warrants entitlements on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

To be **Entitled Depositors**, Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP, at 9 North Buona Vista Drive, #01-19/20, Singapore 138588, with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Warrants entitlements.

- 3.3 **Entitled Scripholders.** Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (**Scripholders**) will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (**Share Registrar**), in order to be registered to determine the transferees' provisional allotments of Warrants entitlements under the Proposed Warrants Issue.

To be **Entitled Scripholders**, Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered addresses outside Singapore, they must provide to the Share Registrar with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, in order to receive their provisional allotments of Warrants entitlements.

- 3.4 **CPF Investment Scheme.** Persons who bought their Shares previously using CPF Funds (as defined below) should use their CPF account savings (**CPF Funds**) for the payment of the Issue Price to accept their provisional allotments of Warrants and (if applicable) apply for excess Warrants, subject to the applicable CPF rules and regulations. Such persons who wish to accept their provisional allotments of Warrants using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept the Warrants and (if applicable) apply for the excess Warrants on their behalf in accordance with the Offer Information Statement (as defined below). CPF Funds may not, however, be used for the purchase of the provisional allotments of the Warrants directly from the market.

- 3.5 **Foreign Shareholders.** Investors should note that the offer and sale of, or exercise or acceptance of, or subscription for, provisional allotments of the Warrants to or by persons located or resident in jurisdictions other than Singapore may be restricted or prohibited by the laws of the relevant jurisdiction. Crediting of provisional allotments of the Warrants to any securities account with CDP, the receipt of any provisional allotments of the Warrants, or receipt of the Offer Information Statement and/or any of its accompanying documents, will not constitute an offer or sale in those jurisdictions in which it will be illegal to make such offer or sale, or where such offer or sale will otherwise violate the securities laws of such jurisdictions or be prohibited. The Company reserves absolute discretion in determining whether any Shareholder located or resident outside Singapore may participate in the Proposed Warrants Issue.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Warrants 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 Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (**Foreign Shareholders**). The Offer Information Statement to be issued for the Proposed Warrants Issue and its accompanying documents will not be mailed outside Singapore. Accordingly, no provisional allotments of Warrants

will be made to Foreign Shareholders and no purported acceptance thereof or application therefor will be valid.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Warrants 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 Warrants 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. Where such provisional allotments of Warrants are sold ~~nil-paid~~ on Catalist, 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 the proceeds thereof, the provisional allotments of Warrants or the Warrants represented by such provisional allotments.

The net proceeds arising from such sales after deducting all expenses will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10 to a single Foreign Shareholder, and such amount shall be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their absolute discretion deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the manager in connection therewith.

If such provisional allotments of Warrants cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Warrants, the Warrants represented by such provisional allotments will be dealt with in such manner 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, CDP or the manager in connection therewith.

4. IRREVOCABLE UNDERTAKINGS

- 4.1 **Undertakings to subscribe for Warrants.** As at the date of this announcement, each of Chng Weng Wah (~~CWW~~) and Starbids Ventures Inc. (~~Starbids~~) (collectively, the **Undertaking Shareholders**) hold an aggregate of 512,224,132 and 463,050,000 Shares representing 10.02% and 9.06% respectively of the aggregate number of issued Shares. Accordingly, CWW and Starbids will be entitled to subscribe for an aggregate of 461,001,718 and 416,745,000 Warrants respectively pursuant to the Proposed Warrants Issue (**Undertaking Warrants**). Starbids is the family trust of CWW and CWW is deemed interested in Shares held by Starbids.

To demonstrate their support for the Proposed Warrants Issue as well as their commitment to the Company, the Undertaking Shareholders, CWW and Starbids, will be providing irrevocable undertakings to subscribe or cause to be subscribed, all the Warrants representing his/its Warrant entitlements pursuant to the Proposed Warrants Issue (**Irrevocable Undertakings**). The Company will, in connection with the Irrevocable Undertakings, require each Undertaking Shareholder to provide a financial resources confirmation letter confirming that each Undertaking Shareholder has the necessary financial resources to fulfill his/its undertaking under the Irrevocable Undertakings (**Confirmation Letter**).

In view of the Irrevocable Undertakings, the Proposed Warrants Issue will not be underwritten by any financial institution.

- 4.2 **Mandatory Take-over Offer.** The Singapore Code on Take-overs and Mergers (**%Code+**) regulates the acquisition of ordinary shares of, *inter alia*, corporations with a primary listing on the SGX-ST, including the Company. Except with the consent of the Securities Industry Council of Singapore (**%SIC+**), under Rule 14 of the Code, where (i) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by parties acting in concert with him) carry 30% or more of the voting rights of the corporation; or (ii) any person who, together with parties acting in concert with him, holds not less than 30% but not more than 50% (both inclusive) of the voting rights in the corporation and such person, or any party acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights (collectively **%Mandatory Take-over Threshold+**), such person must extend a mandatory take-over offer immediately to the shareholders for the remaining shares in the corporation in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend a take-over offer.

Assuming that (i) before the Books Closure Date, the Sculptor Convertible Loan is not converted in part or in full into new Shares; (ii) none of the Employee Share Options are converted into New Shares, (iii) none of the Shareholders except for the Undertaking Shareholders subscribe for the Warrants under the Proposed Warrants Issue, the Undertaking Warrants, if exercised immediately upon completion of the Proposed Warrant Issue, will give rise to an aggregate 877,746,718 new Shares. The aggregate interest held by CWW and Starbids immediately after such exercise would amount to 1,853,020,850 Shares representing approximately 30.93% of the enlarged share capital of the Company.

Pursuant to Note 10 of the Notes on Rule 14.1 of the Singapore Code on Take-overs and Mergers (**%Code+**), the acquisition of instruments convertible into, rights to subscribe for and options in respect of new shares which carry voting rights will not give rise to an obligation under Rule 14 of the Code to make a mandatory take-over offer. Accordingly, the subscription of the Undertaking Warrants by the Undertaking Shareholders would not give rise to an obligation by the Undertaking Shareholders and their concert parties to make a mandatory take-over offer under the Code, notwithstanding that the present existing shareholding of the Undertaking Shareholders together with the new Shares issuable upon the exercise of the Undertaking Warrants would exceed 30% of the enlarged share capital of the Company.

However, Shareholders should note that that in the event any Undertaking Shareholder shall exercise the Undertaking Warrants, and the new Shares issued to them, together with existing Shares then held by them, shall exceed the Mandatory Take-over Threshold, the Undertaking Shareholders and their concert parties would be required to make a mandatory take-over offer under Rule 14 of the Code.

5. PURPOSE OF THE PROPOSED WARRANTS ISSUE AND USE OF PROCEEDS

- 5.1 **Sculptor Convertible Loan.** On 4 April 2012, the Company announced that it had on 2 April 2012 entered into a convertible loan agreement (**%Sculptor Convertible Loan+**) with Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited, Sculptor Finance (SI) Ireland Limited (collectively, the **%Sculptor Investors+**) and Disa Digital Safety Pte. Ltd., a 100% wholly-owned

subsidiary of the Company (~~%Borrower+~~). Pursuant to the terms of the Sculptor Convertible Loan, the Sculptor Investors agreed to grant to the Borrower an initial loan of an aggregate principal amount of S\$7,000,000 (~~%First Tranche+~~) and a further option for a further loan of an aggregate principal amount of S\$7,000,000 (~~%Second Tranche+~~), both of which are convertible into new ordinary shares in the capital of the Company or the Borrower at the Sculptor Investors' discretion. The Company agreed to guarantee the obligations of the Borrower on the terms and subject to the conditions of the Sculptor Convertible Loan.

As at the date of this announcement, the First Tranche has been drawn down and remains outstanding. Further, as at the date of this announcement, the option to the Second Tranche has expired and has not been exercised by the Sculptor Investors.

Pursuant to the terms of the Sculptor Convertible Loan, each Sculptor Investor may at any time after three (3) years from completion of the First Tranche (being 30 April 2012), require the Borrower to repay the Sculptor Investors' contributions to the First Tranche, including any outstanding interest, by giving the Borrower three (3) months' prior notice in writing.

- 5.2 **Rationale and Use of Proceeds.** Assuming that (i) before the Books Closure Date, the Sculptor Convertible Loan is not converted in part or in full into New Shares; (ii) none of the Employee Share Options are converted into New Shares, (iii) none of the Shareholders except for the Undertaking Shareholders subscribe for the Warrants under the Proposed Warrants Issue (~~%Minimum Subscription Scenario+~~); and (iv) the Undertaking Shareholders subscribe for the Warrants under the Irrevocable Undertakings, the estimated net proceeds (~~%Net Issue Proceeds+~~) will be approximately S\$697,746 after deducting professionals' fees and related expenses incurred in connection with the Proposed Warrants Issue. On the basis of the foregoing, and assuming that all Warrants issued are exercised, the estimated gross proceeds from the exercise of the Warrants (~~%Exercise Proceeds+~~) will be approximately S\$6,144,227. In view thereof, the total proceeds comprising the Net Issue Proceeds and Exercise Proceeds amount to approximately S\$6,841,973.

Assuming that (i) before the Books Closure Date, the entire Sculptor Convertible Loan is converted into New Shares; (ii) all of the 550,000 Employee Share Options are converted to New Shares; and (iii) the Proposed Warrants Issue is fully subscribed (~~%Maximum Subscription Scenario+~~), the estimated Net Issue Proceeds from the Proposed Warrants Issue will be approximately S\$4,822,993, after deducting professionals' fees and related expenses incurred in connection with the Proposed Warrants Issue. On the basis of the foregoing, and assuming that all Warrants issued are exercised, the Exercise Proceeds will be approximately S\$35,020,957. In view thereof, the total proceeds comprising the Net Issue Proceeds and Exercise Proceeds amount to approximately S\$39,843,950.

The Company intends to use the entire Net Issue Proceeds arising from both the Minimum Subscription Scenario and Maximum Subscription Scenario towards repayment of loans, including the Sculptor Convertible Loan.

As and when the Warrants are exercised, the Exercise Proceeds raised may, at the discretion of the Directors, be applied towards potential acquisitions, joint ventures, strategic alliances and/or working capital requirements of the Group.

The Company will make periodic announcements on the utilisation of Net Issue Proceeds and/or Exercise Proceeds as and when such proceeds are materially disbursed, and provide a status report

on the use of the proceeds raised in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report. Where the proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. Where there is a material deviation in the use of proceeds, the Company will also state the reasons for such deviation.

Pending the deployment of the Net Issue Proceeds and Exercise Proceeds from the Proposed Warrants Issue, the Net Issue Proceeds and Exercise 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 purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

6. OFFER INFORMATION STATEMENT

The terms and conditions of the Proposed Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Warrants Issue will be contained in the offer information statement to be issued by the Company in connection with the Proposed Warrants Issue (~~%Offer Information Statement+~~) which will be lodged with the SGX-ST (acting as agent of the Monetary Authority of Singapore).

7. APPROVALS

The Proposed Warrants Issue will be made pursuant to the authority granted by the share issue mandate passed by the shareholders of the Company (~~%Shareholders+~~) at its annual general meeting (~~%AGM+~~) on 30 October 2014 (~~%Share Issue Mandate+~~).

The Share Issue Mandate authorises the Directors to, *inter alia*, allot and issue Shares whether by way of rights, bonus or otherwise and/or make or grant offers, agreements or options (collectively, ~~%Instruments+~~) that might or would require Shares to be issued provided that, among others, the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) issued on a pro rata basis shall not exceed 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company as at the date of the AGM (subject to certain adjustments as provided in the Share Issue Mandate).

The Proposed Warrants Issue is subject to, *inter alia*, (i) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Warrants and the New Shares on Catalist, and (ii) lodgement of the Offer Information Statement with the SGX-ST (acting as agent of the Monetary Authority of Singapore). SAC Capital Private Limited, acting as Sponsor to, and on behalf of, the Company, will submit an additional listing confirmation to the SGX-ST for permission for the listing and quotation of the Warrants and the New Shares on Catalist. An appropriate announcement will be made in due course to notify Shareholders when the listing and quotation notice is obtained.

The Proposed Warrants Issue is undertaken pursuant to the Share Issue Mandate approved at the AGM and no further Shareholders' approval will be specifically sought for the Proposed Warrants Issue and the New Shares arising therefrom.

8. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that after taking into consideration:

- (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) the present bank facilities and the Net Issue Proceeds from the Proposed Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

9. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Warrants Issue other than their respective interests in the Shares.

FOR AND ON BEHALF OF THE BOARD

Chng Weng Wah
Executive Director
26 May 2015