

MANDATORY CONDITIONAL CASH OFFER

by



DBS BANK LTD.

(Company Registration No.: 196800306E)
(Incorporated in the Republic of Singapore)

for and on behalf of

HONG WEI HOLDINGS LTD

(Company Registration No.: 1932045)
(Incorporated in the British Virgin Islands)

to acquire all the issued and paid-up ordinary shares in the capital of



SPINDEX INDUSTRIES LIMITED

(Company Registration No.: 198701451M)
(Incorporated in the Republic of Singapore)

OFFER ANNOUNCEMENT

1. INTRODUCTION

- 1.1 DBS Bank Ltd. ("**DBS Bank**"), for and on behalf of Hong Wei Holdings Ltd (the "**Offeror**"), refers to the announcement jointly released by the Offeror and Spindex Industries Limited (the "**Company**") on 9 February 2017 (the "**Joint Announcement**") in relation to the proposed acquisition (the "**Acquisition**") by the Offeror of all the issued and paid-up ordinary shares in the capital of the Company (the "**Shares**") by way of a scheme of arrangement (the "**Scheme**") in accordance with Section 210 of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**") and the Singapore Code on Take-overs and Mergers (the "**Code**"). All capitalised terms used and not defined herein shall have the same meanings given to them in the Joint Announcement, unless otherwise expressly stated or the context otherwise requires.
- 1.2 DBS Bank wishes to announce, for and on behalf of the Offeror, that:
- (a) as announced on 3 March 2017, the Securities Industry Council of Singapore ("**SIC**") has consented to the termination of the Scheme by the Offeror and the Company and for the Offeror to implement the Acquisition by way of a mandatory general offer for all Shares that are not held, directly or indirectly, by the Offeror;

- (b) the Offeror and the Company have, on the date of this Announcement, entered into a deed of termination to terminate the Implementation Agreement;
- (c) pursuant to Rule 12.1 of the Code, Mr Tan Choo Pie @ Tan Chang Chai, a director and shareholder of the Offeror, has agreed on the date of this Announcement to acquire the following Shares from certain shareholders of the Company (the "**Transactions**"):

(i)	Total number of Shares agreed to be acquired pursuant to the Transactions	16,950,100
(ii)	Percentage of issued share capital of the Company ¹	14.69% ²
(iii)	Price paid per Share (excluding brokerage commission, clearing fees, stamp duties and Goods and Services Tax)	S\$0.850
(iv)	Resultant total number of Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it	51,539,770 ³
(v)	Resultant total percentage of issued share capital of the Company owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it ¹	44.68% ^{2, 3}
- (d) as a result of the Transactions, the Offeror is required to make a mandatory conditional cash offer (the "**Offer**") for all the remaining Shares, other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer (the "**Offer Shares**") pursuant to Rule 14 of the Code.

2. **THE OFFER**

- 2.1 **Terms.** In accordance with Rule 14 of the Code, and subject to the terms and conditions set out in the formal offer document to be issued by DBS Bank for and on behalf of the Offeror (the "**Offer Document**"), the Offeror will make the Offer for the Offer Shares on the following basis:

For each Offer Share: S\$0.850 in cash (the "Offer Price**").**

The Offeror does **not** intend to revise the Offer Price and therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price.

- 2.2 The Offer Shares are to be acquired:

- (a) fully paid;

¹ In this Announcement, all references to the percentage shareholding of the issued share capital of the Company are based on the total number of issued Shares being 115,365,000 Shares.

² Rounded up to the nearest two (2) decimal places.

³ This figure includes an aggregate of 29,389,670 Shares held by parties acting in concert with the Offeror as at the date of the Joint Announcement, namely: (a) 28,175,670 Shares held by Mr Tan Choo Pie @ Tan Chang Chai; and (b) 1,214,000 Shares held by Mr Tan Heok Ting.

- (b) free from all liens, equities, mortgages, charges, encumbrances, easements, rights of pre-emption, securities, title retentions, preferential rights, trust arrangements or other security interests or other third party rights and interests of any nature whatsoever; and
- (c) together with all rights, benefits and entitlements as at the date of this Announcement (the "**Offer Announcement Date**") and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by the Company on or after the Offer Announcement Date.

In the event that any dividend, other distribution or return of capital is declared by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital paid or made by the Company to such shareholder of the Company ("**Shareholder**") who accepts or has accepted the Offer.

- 2.3 **Minimum Acceptance Condition.** The Offer will be subject to the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares as at the close of the Offer (the "**Minimum Acceptance Condition**").

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and parties acting in concert with the Offeror, will result in the Offeror and parties acting in concert with the Offeror holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company on the date of such declaration.

For the avoidance of doubt, all the Scheme Conditions referred to in paragraph 4.1 of the Joint Announcement do not apply to the Offer. Similarly, the approvals of the Shareholders at the Court Meeting and the sanction of the Scheme by the Court as set out in paragraph 7.1 of the Joint Announcement are not required for the Offer. Save for the Minimum Acceptance Condition, the Offer will be unconditional in all other respects.

3. **INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated in the British Virgin Islands on 19 December 2016. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition, the Scheme and the Offer.

As at the Offer Announcement Date:

- (a) the Offeror has a share capital of 50,000 issued ordinary shares (the "**Offeror Shares**"), held by the following individuals in the following shareholding proportion:
 - (i) Mr Tan Choo Pie @ Tan Chang Chai holds 27,500 Offeror Shares comprising 55% of the total issued share capital of the Offeror;
 - (ii) Mrs Tan Choo Pie @ Tan Chang Chai holds 12,500 Offeror Shares comprising 25% of the total issued share capital of the Offeror; and

- (iii) Mr Tan Heok Ting, being the son of Mr and Mrs Tan Choo Pie @ Tan Chang Chai, holds 10,000 Offeror Shares comprising 20% of the total issued share capital of the Offeror,

there will be no changes to the shareholding in the Offeror as set out in this paragraph 3(a) upon the close of the Offer; and

- (b) the board of directors of the Offeror comprises the following:
 - (i) Mr Tan Choo Pie @ Tan Chang Chai; and
 - (ii) Mr Tan Heok Ting.

4. INFORMATION ON THE COMPANY

4.1 The Company was incorporated in Singapore on 26 May 1987. The Company was listed on the Stock Exchange of Singapore Dealing and Automated Quotation in November 1998 and upgraded to the Main Board of the SGX-ST in April 2001. The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the business of being an integrated solution provider of precision machined components and assemblies with manufacturing locations in Malaysia, China and Vietnam. The Group serves diverse market sectors consisting of multi-national corporations in imaging and printing, machinery and automotive systems and consumer-related products.

4.2 The board of directors of the Company comprises the following:

- (a) Mr Tan Choo Pie @ Tan Chang Chai (Chairman);
- (b) Mr Tan Heok Ting (Managing Director);
- (c) Mr Chen Chang Rong (Executive Director);
- (d) Mr Chew Heng Ching (Lead Independent Director); and
- (e) Mr Chan Meng Wah Alexander (Independent Director).

4.3 As at the Offer Announcement Date, the Company has an issued and paid-up share capital of S\$13,145,807, comprising 115,365,000 Shares. As at the Offer Announcement Date, there are no treasury shares held in the issued share capital of the Company.

5. IRREVOCABLE UNDERTAKINGS

5.1 **Offeror Arrangement.** Each of the Tan Shareholders has entered into a deed (each, a "**Deed of Undertaking**") and collectively, the "**Deeds of Undertaking**") in favour of the Offeror pursuant to which, *inter alia*, he:

- (a) irrevocably undertakes to accept the Offer in respect of: (i) all the Shares held by him as at the date of the Deed of Undertaking; and (ii) any other Shares which he may acquire, or which may be issued or allotted to him, on or after the date of the Deed of Undertaking; and

- (b) waives all rights to receive any settlement or payment of the Offer Price that would otherwise be payable by the Offeror as consideration to such Tan Shareholder for the acceptance of the Offer (the "**Waived Amount**") pursuant to the Deed of Undertaking (the "**Offeror Arrangement**").

The SIC has confirmed that the Offeror Arrangement does not constitute a special deal under Rule 10 of the Code and there is no requirement for the Offeror to offer Offeror Shares as consideration to all the Shareholders.

- 5.2 The Deeds of Undertaking replace the deeds entered into by each of the Tan Shareholders in favour of the Offeror pursuant to which he waived all his rights to receive any settlement or payment of the Cash Consideration that would otherwise be payable by the Offeror as consideration to such Tan Shareholder for the transfer of his Shares pursuant to the Scheme (each, a "**Deed of Waiver**" and collectively, the "**Deeds of Waiver**"). Each Deed of Waiver has lapsed upon the termination of the Implementation Agreement. Save for the Deeds of Waiver, the Offeror did not procure any irrevocable commitments or letters of intent in connection with the Scheme that would be affected by the termination of the Scheme.
- 5.3 Each Deed of Undertaking will terminate or lapse if the Offer is withdrawn or lapses or fails to become or be declared to be unconditional in all respects for whatever reason.
- 5.4 Save for the Deeds of Undertaking, as at the Offer Announcement Date, neither the Offeror nor any party acting in concert with it has received any irrevocable undertaking from any other party to accept or reject the Offer.

6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

- 6.1 **Rationale.** As set out in paragraph 1 of this Announcement, the Offeror is making the Offer in compliance with the requirements of the Code.
- 6.2 **Offeror's intention to delist and privatise the Company.** The Offeror is making the Offer with a view to delisting the Company from the Official List of the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act.

The Offeror believes that the privatisation of the Company would provide the Offeror and the management of the Company greater flexibility to manage the business of the Company for a longer horizon. In the event that the Company is delisted from the Official List of the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations. The Offeror notes that the Company has not carried out any equity fund raising on the SGX-ST since its listing and currently has no intention to do so. Accordingly, the Offeror believes that the Company's listing status is of limited utility to the Company.

The Offeror has no intention of making any material changes to the existing business, re-deploying the fixed assets, or discontinuing the employment of the existing employees of the Company. However, the directors of the Offeror retain the flexibility at any time to consider any options or opportunities in relation to the Company which may present themselves and which they may regard to be in the best interests of the Offeror.

- 6.3 **The Offer Price represents an attractive premium to historical market prices.** The Offer represents a cash exit opportunity for Shareholders to realise their entire investment in cash at an attractive premium over the market prices of the Shares prior to the date of the Joint Announcement (the "**Joint Announcement Date**"), without incurring brokerage fees.

As stated below, the Offer Price represents a premium of approximately 21.4%, 20.9%, 23.4%, 15.3% and 12.9% over the last transacted price per Share on 8 February 2017 (being the last full trading day prior to the Joint Announcement Date (the "**Unaffected Date**")), and the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month periods, respectively:

	Description	Share Price ⁽¹⁾⁽²⁾ (S\$)	Premium over Share Price (%) ⁽³⁾
(a)	Last transacted price per Share on 8 February 2017 (being the Unaffected Date)	0.700	21.4
(b)	VWAP for the one (1)-month period prior to and including the Unaffected Date	0.703	20.9
(c)	VWAP for the three (3)-month period prior to and including the Unaffected Date	0.689	23.4
(d)	VWAP for the six (6)-month period prior to and including the Unaffected Date	0.737	15.3
(e)	VWAP for the 12-month period prior to and including the Unaffected Date	0.753	12.9

Notes:

- (1) The figures set out in this paragraph 6.3 are based on data extracted from Bloomberg L.P. as at 8 February 2017, being the Unaffected Date.
- (2) Rounded to the nearest three (3) decimal places.
- (3) Rounded to the nearest one (1) decimal place.

6.4 **Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity.** The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the last one (1)-month, three (3)-month, six (6)-month and 12-month periods up to and including the Unaffected Date are detailed in the table below:

	Description	Average daily trading volume ⁽¹⁾	Average daily trading volume as a percentage of total number of issued Shares (%) ⁽²⁾⁽³⁾
(a)	One (1)-month period prior to and including the Unaffected Date	38,305	0.033

(b)	Three (3)-month period prior to and including the Unaffected Date	26,963	0.023
(c)	Six (6)-month period prior to and including the Unaffected Date	55,576	0.048
(d)	12-month period prior to and including the Unaffected Date	69,561	0.060

Notes:

- (1) Calculated using the total volume of Shares traded divided by the number of Market Days with respect to the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period prior to and including the Unaffected Date. "**Market Day**" is defined as a day on which the SGX-ST is open for securities trading.
- (2) Calculated using the daily total volume of Shares traded divided by the total number of issued Shares.
- (3) Rounded to the nearest three (3) decimal places.

The Offer therefore provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in Shares with an opportunity to liquidate and realise their investment in the Shares at a premium to the historical market prices which would otherwise not be available given the low trading liquidity.

7. LISTING STATUS AND COMPULSORY ACQUISITION

7.1 **Listing Status.** As set out in paragraph 6.2 above, the Offeror intends to delist the Company from the Official List of the SGX-ST. Pursuant to Rule 1105 of the listing manual of the SGX-ST (the "**Listing Manual**"), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that brings the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held by the Company as treasury shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held by the Company as treasury shares) are held by at least 500 Shareholders who are members of the public.

Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held by the Company as treasury shares), thus causing the percentage of the total number of issued Shares (excluding any Shares held by the Company as treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Listing Manual, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be delisted.

7.2 **Compulsory Acquisition.** As set out in paragraph 6.2 above, the Offeror intends to exercise any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act. Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer at a price equal to the Offer Price.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, the Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

7.3 **The Offeror, when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of Shares (excluding any Shares held by the Company as treasury shares) are held in public hands.** In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

8. **DISCLOSURE OF INTERESTS**

8.1 As at the Offer Announcement Date, the interests in Shares held by the Tan Shareholders are set out below:

Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Mr Tan Choo Pie @ Tan Chang Chai	33,375,670	28.93	16,950,100	14.69
Mr Tan Heok Ting	1,214,000	1.05	-	-

8.2 Save as disclosed in this Announcement, none of the Offeror and any party acting in concert with it:

- (a) owns, controls or has agreed to acquire any (i) Shares; (ii) securities which carry voting rights in the Company; or (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the "**Company Securities**");
- (b) has received any irrevocable undertaking (other than the Deeds of Undertaking) from any other party to accept or reject the Offer; and
- (c) has, in respect of any Company Securities, (i) granted any security interest to another person, whether through a charge, pledge or otherwise; (ii) borrowed from another person (excluding borrowed Company Securities which have been on-lent or sold); or (iii) lent to another person.

All references to "**derivative**" shall mean any financial product whose value in whole or in part is determined, directly or indirectly, by reference to the price of an underlying security or securities which causes the holder to have a long economic exposure to the underlying securities.

- 8.3 In accordance with the Code, the associates (as defined under the Code, and which includes all substantial shareholders) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company and the Offeror under Rule 12 of the Code.

9. **OVERSEAS SHAREHOLDERS**

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of Shareholders who are not resident in Singapore to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

The Offeror reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders who are not resident in Singapore by announcement to the SGX-ST and if necessary, by paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

10. CONFIRMATION OF FINANCIAL RESOURCES

DBS Bank, as financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by holders of the Offer Shares on the basis of the Offer Price, excluding the Waived Amount in respect of the Shares held by the Tan Shareholders as at the Offer Announcement Date (as set out in paragraph 8.1 above).

11. OFFER TIMETABLE AND DOCUMENT

In view of the time that has elapsed since the Joint Announcement, the SIC has ruled that the offer timetable for the Offer will commence from the Offer Announcement Date in accordance with Rule 22 of the Code, save that the Offer Document setting out the terms and conditions of the Offer and enclosing the relevant form(s) of acceptance should be despatched to Shareholders **not later than 14 days** from the Offer Announcement Date.

Shareholders should exercise caution and seek appropriate independent professional advice when dealing in the Shares.

12. RESPONSIBILITY STATEMENT

The directors of the Offeror (including any who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this Announcement, and the directors of the Offeror jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

Issued by
DBS Bank Ltd.

For and on behalf of
HONG WEI HOLDINGS LTD
3 March 2017

Any queries relating to this Announcement or the Offer should be directed during normal business hours to:

DBS Bank Ltd.
Tel: +65 6878 2150

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast", "target" and similar expressions or future or conditional verbs such as "will", "would",

"should", "could", "may" and "might". These statements reflect the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied in such forward-looking statements. Given the risks and uncertainties that may cause actual results or outcomes to differ materially from those expressed or implied in such forward-looking statements, Shareholders and investors should not place undue reliance on such forward-looking statements, and the Offeror does not guarantee any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.