

VOLUNTARY CONDITIONAL CASH OFFER

by



UNITED OVERSEAS BANK LIMITED

(Company Registration No.: 193500026Z)

(Incorporated in Singapore)

for and on behalf of

DYNAMIC TECHNOLOGY PTE. LTD.

(Company Registration No.: 202009775C)

(Incorporated in Singapore)

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

DYNAMIC COLOURS LIMITED

(Company Registration No.: 199304233Z)

(Incorporated in Singapore)

OFFER ANNOUNCEMENT

1. **INTRODUCTION**

United Overseas Bank Limited ("**UOB**") wishes to announce, for and on behalf of Dynamic Technology Pte. Ltd. (the "**Offeror**"), that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the "**Code**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of Dynamic Colours Limited (the "**Company**"), other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer (the "**Offer Shares**").

2. **THE OFFER**

2.1 **Offer Terms**

In accordance with Rule 15 of the Code and subject to the terms and conditions set out in the formal offer document to be issued by UOB, 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\$0.225 in cash (the "Offer Price**")**

The Offer, when made, will be extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by parties acting in concert with the Offeror in connection with the Offer.

For the purposes of the Offer, the expression the "**Offer Shares**" will include all such Shares and the expression the "**Shareholders**" shall mean each shareholder of the Company.

The Offer Shares will be acquired (a) fully paid-up; (b) free from all liens, mortgages, charges, encumbrances, rights of pre-emption and other security or third party rights and interests of any nature whatsoever; and (c) together with all rights, benefits and advantages attached thereto as at the date of this Announcement and hereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the date of this Announcement).

Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any dividends that may be declared, made or paid by the Company on or after the date of this Announcement (including the final one-tier tax exempt dividend of S\$0.0100 per Share for the financial year ended 31 December 2019 proposed by the directors of the Company (the "**FY2019 Dividend**")). **In the event that any dividend has been paid by the Company to a Shareholder who accepts the Offer, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such dividend paid by the Company to such accepting Shareholder.**

Accordingly, the following will apply if any dividend (including the FY2019 Dividend) is declared, made or paid by the Company on or after the date of this Announcement:

- (i) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls on or before the record date for the determination of entitlements to the dividend (the "**Record Date**"), the Offeror will pay the relevant accepting Shareholders the Offer Price of S\$0.225 in cash for each Offer Share, as the Offeror will receive the dividend in respect of those Offer Shares from the Company; and
- (ii) if the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the Record Date, the amount of the dividend in respect of such Offer Shares will be deducted from the Offer Price of S\$0.225 in cash for each Offer Share payable for such Offer Shares, as the Offeror will not receive the dividend in respect of those Offer Shares from the Company.

In respect of the FY2019 Dividend, the Record Date has been announced by the Company to be 29 June 2020.

2.2 Conditional Offer

The Offer will be conditional upon 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 the Shares owned, controlled or agreed to be acquired by the Offeror (whether before or during the

Offer and pursuant to the Offer or otherwise), will result in the Offeror holding not less than 90% of the voting rights attributable to the total number of issued Shares (excluding any Shares held in treasury) as at the close of the Offer (the "**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 in respect of such Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror holding such number of Shares carrying more than 90% of the voting rights attributable to the total number of issued Shares.

The Offeror reserves the right to reduce the Acceptance Condition to a lower minimum acceptance level below 90% but above 50% of the voting rights attributable to the total number of issued Shares (excluding any Shares held in treasury), provided that such revision be made after obtaining the consent of the Securities Industry Council of Singapore. In the event that the Acceptance Condition is revised, the revised Offer shall remain open for another 14 days following the date of the posting of the notification of the revision and Shareholders who have accepted the Offer will be permitted to withdraw their acceptances within eight (8) days of the date of the posting of the notification of the revision.

Further information on the Offer and the terms and conditions upon which the Offer will be made shall be set out in the Offer Document to be issued.

3. INFORMATION ON THE OFFEROR

3.1 Information on the Offeror

The Offeror is an investment holding company incorporated under the laws of Singapore on 25 March 2020. Prior to the making of this Announcement: (a) the Offeror has an issued and paid-up share capital of S\$1,000, consisting of 1,000 ordinary shares (the "**Offeror Shares**"), which are held by Mr. Yeo Hock Leng and Mdm Goh Seok Eng (collectively, the "**Sponsors**"); and (b) the Sponsors are the only directors of the Offeror (the "**Directors**").

3.2 Roll-Over Arrangement

As at the date of this Announcement, the Sponsors collectively hold 48,600,180 Shares, representing approximately 23.15% of the total number of issued Shares¹, a breakdown of which is as follows:

- (a) Mdm Goh Seok Eng – 20,760,684 Shares; and
- (b) Mr. Yeo Hock Leng – 27,839,496 Shares.

¹ Based on the results of the instant information search obtained from the Accounting and Corporate Regulatory Authority of Singapore, the Company's issued and paid-up share capital comprises 209,971,310 Shares as at the date of this Announcement. Unless otherwise stated, in this Announcement, all references to the total number of issued Shares shall be to the said 209,971,310 Shares.

Pursuant to the Irrevocable Undertakings executed by the Sponsors (as further described in Paragraph 5.1 of this Announcement), each Sponsor has undertaken to tender all of his/her Offer Shares in acceptance of the Offer. Each Sponsor has also agreed to be allotted and issued new Offeror Shares for an aggregate subscription price that will be set off, in full, against the cash consideration payable by the Offeror to each such Sponsor for accepting the Offer in respect of his/her Shares pursuant to the aforementioned Irrevocable Undertaking (the "**Rollover Arrangements**"). The Securities Industry Council of Singapore has confirmed that the Rollover Arrangements do not constitute prohibited special deals for the purposes of Rule 10 of the Code.

4. INFORMATION ON THE COMPANY

4.1 Based on publicly available information, the Company was incorporated under the laws of Singapore on 2 July 1993 and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 23 November 2007.

4.2 Prior to the making of this Announcement, based on publicly available information:

- (a) the Company has an issued and paid-up share capital of S\$31,306,638.73 comprising 209,971,310 Shares. The Company does not have any treasury shares; and
- (b) the directors of the Company are:
 - (i) Mr. Yeo Hock Leng (Chief Executive Officer and alternate director to Mdm Goh Seok Eng);
 - (ii) Mdm Goh Seok Eng (Executive Chairman);
 - (iii) Mr. Tan Lye Huat (Independent Director);
 - (iv) Mr. Chong Yee Siew Sebastian (Lead Independent Director);
 - (v) Mr. Law Cheong Yan (Independent Director); and
 - (vi) Mr. Shabbir S/O Hakimuddin Hassanbhai (Non-Executive Director).

5. IRREVOCABLE UNDERTAKINGS

5.1 Details of Irrevocable Undertakings

As at the date of this Announcement, certain Shareholders (collectively, the "**Undertaking Parties**") have executed irrevocable undertakings (the "**Irrevocable Undertakings**") in favour of the Offeror, pursuant to which each of them has undertaken to, *inter alia*, (a) accept the Offer in respect of all Shares held or controlled by each of them; and (b) accept the Offer in respect of any other Shares or securities in the capital of the Company that each of them may acquire,

or which may be allocated and issued to each of them on or after the date of the Irrevocable Undertakings. Such Irrevocable Undertakings have been given by:

- (a) Mr. Yeo Hock Leng in respect of 27,839,496 Shares, representing approximately 13.26% of the total number of issued Shares;
- (b) Mdm Goh Seok Eng in respect of 20,760,684 Shares, representing approximately 9.89% of the total number of issued Shares;
- (c) Intraco Limited in respect of 62,800,000 Shares held as direct interest and 23,845,000 Shares held through CGS-CIMB Securities (Singapore) Pte Ltd as deemed interest, representing, in aggregate, approximately 41.27% of the total number of issued Shares;
- (d) Lee Low Meng in respect of 14,733,781 Shares, representing approximately 7.02% of the total number of issued Shares;
- (e) Syn Chung Wah/Quek Soh Mui Lucy in respect of 13,789,097 Shares, representing approximately 6.57% of the total number of issued Shares;
- (f) Tay Giok Siang in respect of 12,153,659 Shares, representing approximately 5.79% of the total number of issued Shares;
- (g) Hoe Puay Choo in respect of 3,906,533 Shares, representing approximately 1.86% of the total number of issued Shares;
- (h) Ma Fat Ying in respect of 2,142,000 Shares, representing approximately 1.02% of the total number of issued Shares; and
- (i) Chia Su Hoong Jennifer in respect of 457,000 Shares, representing approximately 0.22% of the total number of issued Shares.

The Irrevocable Undertakings have been given in respect of an aggregate of 182,427,250 Shares, representing approximately 86.88%² of the total number of issued Shares.

5.2 Waiver of Consideration

As set out in paragraph 3.2 of this Announcement, pursuant to the Rollover Arrangements, each of the Sponsors has agreed to be allotted and issued new Offeror Shares at a subscription price that will be set off against the cash consideration payable by the Offeror to each such Sponsor for accepting the Offer in respect of his/her Shares.

² Any discrepancies between the listed percentages at paragraphs 5.1(a) to 5.1(i) and the total percentage are due to rounding.

5.3 Termination of Irrevocable Undertakings

The Irrevocable Undertakings shall terminate, lapse and cease to have any effect upon the Offer lapsing or being withdrawn for whatever reason other than as a result of a breach of any of the Undertaking Parties' obligations under the Irrevocable Undertakings.

6. RATIONALE FOR THE OFFER

6.1 Generally Low Trading Liquidity of Shares

The trading volume of the Shares has been low, with an average daily trading volume³ of approximately 784 Shares, 1,007 Shares and 2,484 Shares during the one (1)-month period, three (3)-month period and six (6)-month period up to and including 29 May 2020, being the last full Market Day of trading in the Shares prior to the date of this Announcement (the "**Last Trading Day**"). This represents less than 0.002% of the total number of issued Shares for each of the relevant periods. Hence, the Offer represents a unique cash exit opportunity for the Shareholders to realise their entire investment at a premium over the market prices of the Shares up to and including the Last Trading Day as stated in paragraph 7 below, an option which may not otherwise be readily available due to the low trading liquidity of the Shares, without incurring brokerage and other trading costs.

For the purposes of this Announcement, "**Market Day**" means a day on which the SGX-ST is open for the trading of securities.

6.2 Greater Flexibility to Manage the Business of the Company

As noted in paragraph 8.3 below, the Offeror is making the Offer with a view to delisting the Company from the Mainboard of the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"). The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

6.3 Reduced Compliance Costs

In maintaining its listed status, the Company incurs compliance and associated costs. In the event the Offeror is able to delist the Company, 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.

³ The average daily trading volume of the Shares is calculated based on the total volume of Shares traded divided by the number of days which the SGX-ST is open for trading of securities during the relevant periods.

7. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premiums over the historical traded prices of the Shares:

Description	Benchmark Price ^{(1) (2)} (S\$)	Premium over Benchmark Price ⁽³⁾ (%)
Last traded price of the Shares as quoted on the SGX-ST on the Last Trading Day	0.198 ⁴	13.6
VWAP of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Last Trading Day	0.183	23.0
VWAP of the Shares traded on the SGX-ST for the three (3)-month period prior to and including the Last Trading Day	0.174	29.3
VWAP of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day	0.177	27.1

Notes:

- (1) The figures set out in the table above are based on data extracted from Bloomberg L.P..
- (2) Rounded to the nearest three (3) decimal places.
- (3) For the purposes of the table above, all percentage figures are rounded to the nearest one (1) decimal place.

8. LISTING STATUS AND COMPULSORY ACQUISITION

8.1 Listing Status

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 bring 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 in treasury), 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 in treasury) 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 in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

⁴ Based on the last traded price of the Shares on 21 May 2020 (being the last Market Day on which there were actual trades of the Shares effected on the SGX-ST) as there were no actual trades of the Shares on the Last Trading Day.

8.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total 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, for the avoidance of doubt, any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") at a price equal to the Offer Price.

Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held in treasury and Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total Shares, Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Offer Price. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

8.3 Offeror's intentions

The Offeror does not intend to maintain the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any steps for the public float to be restored and/or 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 Shares (excluding any Shares held in treasury) 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.

9. CONFIRMATION OF FINANCIAL RESOURCES

UOB, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares (excluding the consideration payable for the Offer Shares to be tendered by the Sponsors) on the basis of the Offer Price.

10. OFFER DOCUMENT

The Offer Document setting out the full terms and conditions of the Offer and enclosing the relevant form(s) of acceptance will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the date of this Announcement.

In the meantime, Shareholders are advised to exercise caution and seek appropriate independent professional advice when dealing in their Shares, pending receipt of the Offer Document.

11. DISCLOSURE OF HOLDINGS IN COMPANY SECURITIES

- 11.1 Prior to the making of this Announcement, save as set out in this Announcement, none of (a) the Offeror and its Directors; and (b) UOB (collectively, the "**Relevant Persons**") 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 (collectively, the "**Company Securities**").
- 11.2 Prior to the making of this Announcement, save as set out in this Announcement and save that the Offeror has entered into financing arrangements with UOB for the purpose of the Offer pursuant to which, *inter alia*, the Offeror Shares are, and the Shares to be acquired by the Offeror will be, charged in favour of UOB as security, none of the Relevant Persons:
- (a) has received any irrevocable commitment from any person to accept the Offer;
 - (b) has entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to Offeror Shares or the Company which might be material to 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 securities which have been on-lent or sold); or
 - (iii) lent to another person.
- 11.3 In the interest of confidentiality, the Offeror has not made enquiries in respect of certain other persons who are or may be deemed to be acting in concert with it in connection with the Offer. Further enquiries will be made of such persons by the Offeror and the relevant disclosures, if any, will be made in the Offer Document.

12. OVERSEAS PERSONS

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. **For the avoidance of doubt, the Offer shall be open to all Shareholders, including those to whom the Offer Document and relevant form(s) of acceptance may not be sent.**

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 the 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 and UOB each 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 or notice and if necessary, by paid advertisement in a 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, notice or advertisement.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Offer Document) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to the Company) are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

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 has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

The Directors jointly and severally accept responsibility accordingly.

Issued by
UNITED OVERSEAS BANK LIMITED

For and on behalf of
DYNAMIC TECHNOLOGY PTE. LTD.

1 June 2020

Any enquiries relating to this Announcement or the Offer should be directed during office hours to the UOB helpline at (65) 6539 7066.

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" and similar expressions or future or conditional verbs such as "will", "would", "shall", "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 described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor UOB undertakes any obligation to update publicly or revise any forward-looking statements.