

# PENGUIN INTERNATIONAL LIMITED

## (Company Registration No. 197600165Z)

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**PROPOSED CONSOLIDATION OF EVERY THREE (3) EXISTING ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL SHARES (IF ANY) TO BE DISREGARDED (THE “PROPOSED SHARE CONSOLIDATION”)**

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### 1. Introduction

- 1.1 The Board of Directors of Penguin International Limited (the “**Company**” and together with its subsidiaries the “**Group**”) wishes to announce that the Company is proposing to undertake a share consolidation exercise to consolidate every three (3) existing ordinary shares (“**Existing Shares**”) in the capital of the Company (“**Shares**”) into one (1) ordinary share (“**Consolidated Share**”).
- 1.2 Pursuant to the Proposed Share Consolidation, each shareholder of the Company (“**Shareholder**”) will receive one (1) Consolidated Share for every three (3) Existing Shares held as at the books closure date to be determined by the Directors in their absolute discretion as they deem fit (“**Books Closure Date**”), fractional Shares (if any) to be disregarded.

### 2. Details of the Proposed Share Consolidation

- 2.1 Under the Proposed Share Consolidation, every three (3) Existing Shares registered in the name or standing to the credit of the securities account of each Shareholder or Depositor (as defined in the Companies Act Chapter 50 of Singapore) (as the case may be) as at the Books Closure Date will be consolidated into one (1) Consolidated Share.
- 2.2 Shareholders should note that the number of Consolidated Shares which they will be entitled to, based on their holdings of Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional Shares arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding the fractional entitlements; or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractional Shares which are disregarded.
- 2.3 As at the date of this announcement, the Company has an issued and paid-up share capital of S\$94,943,077 divided into 660,518,052 Existing Shares. Assuming that there will be no new Shares issued by the Company up to the Books Closure Date, the Company will have a share capital of S\$94,943,077 divided into approximately 220,172,684 Consolidated Shares following the Proposed Share Consolidation. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares.
- 2.4 The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders’ funds (if any) of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.

### 3. Rationale for the Proposed Share Consolidation

- 3.1 The Monetary Authority of Singapore and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) have introduced a minimum trading price for Mainboard-listed securities of S\$0.20 as a continuing listing requirement (the “**MTP Requirement**”) with effect from 2 March 2015. A one-time transition period of 12 months from the date of introduction of the MTP Requirement will be given to affected issuers to undertake corporate actions to meet the new requirement.

- 3.2 Issuers will be placed on the watch-list of the SGX-ST if they are unable to meet the MTP Requirement on 1 March 2016 and at any of the subsequent quarterly review dates. Affected issuers which have consolidated their shares before 1 March 2016 in order to comply with the minimum trading price requirement will only be assessed for compliance with the minimum trading price requirement on 1 September 2016.
- 3.3 The review of whether an issuer has satisfied the MTP Requirement will be based on the volume weighted average price of the shares of the issuer for the six (6) months preceding the date of review ("**6-month VWAP**"). Affected issuers will be provided a cure period of 36 months to take remedial actions. Affected issuers which fail to take remedial actions during the cure period may be delisted from the Mainboard of the SGX-ST.
- 3.4 For the past six (6) calendar months prior to the date of this announcement, the 6-month VWAP of the Shares was S\$0.140 as at 29 January 2016, which is below the MTP Requirement of S\$0.20. The Proposed Share Consolidation would facilitate the Company's ability to satisfy the MTP Requirement to be imposed by the SGX-ST. For illustrative purposes only, the closing market price of the Shares on the last trading date on which the Shares were traded on the SGX-ST prior to the date of this announcement is S\$0.135, and the Company's 6-month VWAP was S\$0.140 as at 29 January 2016, and upon completion of the Proposed Share Consolidation, the theoretical share price of each Consolidated Share is S\$0.405, and the theoretical adjusted 6-month VWAP will be S\$0.420.
- 3.5 Shareholders should note, however, that the actual trading price of each Consolidated Share after the Proposed Share Consolidation may vary from the theoretical adjusted price, and that there is no assurance that the Proposed Share Consolidation will achieve the desired results as stated in this Section 3, nor is there assurance that such results (if achieved) may be sustained in the longer term.

#### **4. Approvals and Conditions for the Proposed Share Consolidation**

- 4.1 The Proposed Share Consolidation is subject to:
- (a) the approval of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Mainboard of the SGX-ST; and
  - (b) the approval of the Shareholders of the Proposed Share Consolidation by ordinary resolution at an extraordinary general meeting to be convened.
- 4.2 An application will be made to the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Mainboard of the SGX-ST. The Company will release an announcement on the outcome of the application in due course.

#### **5. Despatch of Circular**

- 5.1 A circular containing, inter alia, notice of the extraordinary general meeting and further information on the Proposed Share Consolidation will be despatched to Shareholders in due course.
- 5.2 Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors of the Company are advised to seek independent advice from their bank, stockbrokers, solicitors or other professional advisers.

By Order of the Board

James Tham Tuck Choong  
Managing Director  
22 February 2016