

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199400712N)

PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE OF CONVERTIBLE BONDS AND PLACEMENT OF CONVERTIBLE BONDS ANNOUNCEMENT

1. Introduction

1.1 The board of directors (the **"Board"**) of Raffles Education Corporation Limited (the **"Company"**, together with its subsidiaries, the **"Group"**), wishes to announce that the Company is proposing an offer of convertible bonds (the **"Convertible Bonds"**) (the **"Offer"**) pursuant to Section 277 of the Securities and Futures Act 2001 of Singapore which shall comprise the following:

- (a) a renounceable underwritten rights issue of up to S\$26,194,476 in aggregate principal amount of Convertible Bonds (the **"Rights Issue Bonds"**) convertible into new ordinary shares in the capital of the Company (**"Shares"**) (the **"Rights Issue"**). Subject to formal signing of the underwriting agreement, the Rights Issue will be underwritten by UOB Kay Hian Private Limited (**"UOBKH"**); and
- (b) a placement of S\$17,900,000 in aggregate principal amount of Convertible Bonds (**"Placement Bonds"**) convertible into Shares pursuant to a bought deal arrangement¹ with UOBKH (the **"Placement"**).

(the new Shares to be issued upon conversion of the Rights Issue Bonds and the new Shares to be issued upon conversion of the Placement Bonds to be collectively referred to as the **"Conversion Shares"**)

2. The Offer

2.1 The principal terms of the Rights Issue are as follows:

Principal Terms	Description
Issue Price of the Rights Issue Bonds	S\$0.85 ("Rights Issue Bond Price"), being 85% of the principal amount of each Convertible Bond, such principal amount being S\$1.00.
Conversion Price	Subject to adjustments as set out in the terms and conditions of the Convertible Bonds (the "Terms and Conditions"), the initial conversion price at which each Right Issue Share will be issued shall be S\$0.065 (the "Conversion Price"). Please refer to Paragraph 3 for further information on the Terms and Conditions.
Discount	Taking into account the Rights Issue Bond Price at 85% of the principal amount and the Conversion Price, each Conversion Share is effectively priced at approximately S\$0.055 or a discount of approximately 9.8% (the "Discount") to the closing price of S\$0.61 per Share quoted on Singapore

¹ There reference of "bought deal" in this announcement is not to be confused with the reference of the term "bought deal" in Rule 834 of the Listing Manual. UOBKH will not be offering the Placement Bonds to Shareholders on a pro-rata basis.

	<p>Exchange Securities Trading Limited (the "SGX-ST") on 7 June 2022 (the "Last Traded Price").</p> <p>The Conversion Price and the Discount have been determined by the Board after taking into account the prevailing market price of the Shares, the size and terms of the issue and underwriting interest.</p>
Allotment Ratio	<p>The Rights Issue Bonds are proposed to be offered on a renounceable basis to Entitled Shareholders (as defined herein) on the basis of nineteen (19) Rights Issue Bonds for every one thousand (1,000) existing Shares held by them on the Record Date (as defined below), fractional entitlements to be disregarded.</p>
Use of Proceeds	<p>The Company intends to use the proceeds for (a) general working capital; and (b) repayment of existing loans and interest thereon.</p> <p>Please refer to Paragraph 3 for further information on the use of proceeds.</p>
Purpose of Rights Issue	<p>The Company is undertaking the Rights Issue to raise funds for the above Use of Proceeds.</p> <p>Please refer to Paragraph 3 for further information.</p>

2.2 The principal terms of the Placement are as follows:

Principal Terms	Description
Issue Price of the Placement Bonds	<p>S\$1.00 being the principal amount of each Placement Bond.</p>
Conversion Price	<p>Subject to adjustments as set out in Terms and Conditions the initial Conversion Price shall be S\$0.065.</p> <p>Please refer to Paragraph 3 for further information on the Terms and Conditions.</p>
Premium/Discount	<p>The Conversion Price (taking into account the issue price of the Placement Bonds) represents a premium of approximately 6.6% to the Last Traded Price.</p> <p>The Conversion Price and the premium have been determined by the Board after taking into account the prevailing market price of the Shares and the size and terms of the issue.</p>
Use of Proceeds	<p>The Company intends to use the proceeds for (a) general working capital; and (b) repayment of existing loans and interest thereon.</p> <p>Please refer to Paragraph 3 for further information on the use of proceeds.</p>

Purpose of Placement	<p>The Company is undertaking the Placement to raise funds for the above Use of Proceeds.</p> <p>Please refer to Paragraph 3 for further information.</p>
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3. Terms and Conditions of the Convertible Bonds

The salient terms of the Terms and Conditions are as follows:

Maturity Date	5 years from the issue date Convertible Bonds (the " Maturity Date ").
Coupon	6% per annum, payable on a semi-annual basis.
Form and Denomination	<p>The Convertible Bonds will be issued in registered form and in the denomination of S\$1.00 each and integral multiples thereof and will initially be represented by a global certificate registered in the name of, and deposited with, The Central Depository (Pte) Limited ("CDP"). Except in the limited circumstances described in the provisions of the global certificate representing the Convertible Bonds, owners of interests in the Convertible Bonds represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of Convertible Bonds. The Convertible Bonds which are represented by such global certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.</p>
Conversion Right	Holders of the Convertible Bonds (" Bondholders ") will have the right to convert their Convertible Bonds into Conversion Shares, credited as fully paid, in accordance with the Terms and Conditions.
Conversion Price	Subject to adjustments as set out in Terms and Conditions the initial Conversion Price shall be S\$0.065.
Conversion Period	<p>Subject to and in compliance with the Terms and Conditions and any applicable fiscal or other laws or regulations, Bondholders may exercise the right to convert their Convertible Bonds, in whole or in part, into Conversion Shares at any time on or after the date falling 60 days after the issue date of the Convertible Bonds up to the date falling 10 days prior to the Maturity Date, excluding Closed Periods (as described in the Terms and Conditions), provided that, in each case, if such final date for the exercise of the right to convert is not a business day, then the period for exercise of conversion by Bondholders shall end on the immediately preceding business day.</p>
Adjustments to Conversion Price	The Conversion Price will be subject to adjustment in certain events, including:

	<p>(a) consolidation or subdivision or reclassification of Shares;</p> <p>(b) the Company issuing any Shares credited as fully paid to shareholders by way of capitalisation of profits or reserves;</p> <p>(c) capital distributions;</p> <p>(d) rights issues of Shares or options over Shares;</p> <p>(e) rights issues of other securities;</p> <p>(f) other issues at less than current market price;</p> <p>(g) modification of rights of conversion, other offers to shareholders and other events; and</p> <p>(h) if the Company determines that an adjustment should be made or should not be made or that the effective date for the relevant adjustments should be another date, the use by the Company of a leading independent investment bank of international repute (acting as expert) to determine if the adjustment is fair and reasonable, so as to restore the economic position of the Bondholders after the occurrence of such events or circumstances, to the same position as if the diluting of such events or circumstances had not occurred.</p> <p>The adjustments are determined in accordance with the specified formulas set out in the Terms and Conditions.</p>
Status of the Convertible Bonds	The Convertible Bonds will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions) unsecured obligations of the Company. The Convertible Bonds shall at all times rank <i>pari passu</i> and rateably without any preference or priority among themselves, and shall (subject to the Terms and Conditions) rank <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding.
Status of the Conversion Shares	The Conversion Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with the existing issued Shares as of the date the relevant Shares are credited to the relevant Bondholder's account with CDP or he is registered as such in the Company's register of members (" Registration Date "), save for any dividends, rights, allotments or other distributions for which the record date precedes the relevant registration date of the Convertible Bonds, subject to the Terms and Conditions.
Final Redemption	Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company will redeem each Convertible Bond at 100% of its principal amount together with accrued interest up to (but

	excluding) the Maturity Date. The Company shall at least thirty (30) days before the Maturity Date give notice to the holders of the Maturity Date and shall make such announcement.
Tax Redemption	The Company may, at any time, having given not less than 30 or more than 60 days' irrevocable notice to the Bondholders, redeem all (and not some only) of the Convertible Bonds at 100% of their principal amount, together with unpaid interest accrued to (but excluding) the date fixed for redemption for taxation reasons (i.e. the Company has or will become obliged to pay additional amount due to change of tax rules in Singapore or other Jurisdiction) , and in the manner, set out in the Terms and Conditions.
Clearing and Settlement	The Convertible Bonds will be cleared through CDP and represented by a global certificate registered in the name of, and deposited with, CDP as authorised depository.
Listing of the Convertible Bonds and the Conversion Shares	<p>An application will be made by the Company to SGX-ST for the dealing in and listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of SGX-ST, provided that, amongst others, there being an adequate spread of holdings to provide for an orderly market in the trading.</p> <p>An announcement on the outcome of the application will be made in due course.</p>
Governing Law	Singapore Law.

4. Intention of Controlling Shareholder

- 4.1 As at the date of this Announcement, Mr Chew Hua Seng ("**Mr Chew**"), a controlling shareholder of the Company, holds 462,907,764 Shares directly and indirectly, representing approximately 33.58% of the existing issued share capital of the Company (excluding treasury shares held by the Company). Mr Chew is also the Chairman and Chief Executive Officer of the Company.
- 4.2 To show his support for the Rights Issue Bonds and to demonstrate his commitment to and confidence in the prospects of the Group, Mr Chew intends to subscribe for his *pro-rata* entitlement to the Rights Issue Bonds under the Rights Issue. Mr Chew may at his discretion take up additional Rights Issue Bonds by way of market purchase of nil-paid rights and application of excess Rights Issue Bonds.

5. Issue of the Convertible Bonds and Conversion Shares under the General Mandate

- 5.1 The Convertible Bonds and Conversion Shares will be issued pursuant to the authority granted by the share issue mandate ("**General Mandate**") passed by Shareholders at the Company's last annual general meeting held on 30 October 2021 (the "**AGM**"). The General Mandate authorises the Directors to issue Shares and securities convertible into Shares not exceeding 50% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) as at 30 October 2021 (after adjusting for any new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time, and any subsequent bonus issue, consolidation or sub-division of Shares) (the "**Base Figure**"), provided that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued pursuant to convertible securities to be issued) shall not exceed 20% of the Base Figure. The General Mandate continues in force until the conclusion of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required by law to be held or it is revoked or varied by the Company in general meeting, whichever is the earliest.
- 5.2 As at 30 October 2021, the total number of issued Shares (excluding treasury Shares and subsidiary holdings) was 1,378,656,672 and there were 1,970,000 share options outstanding under the Raffles Education Corporation Employees' Share Option Scheme. Accordingly, under the General Mandate, up to 690,313,336 Shares and securities convertible into Shares may be issued on a *pro rata* basis, of which up to 276,125,334 Shares and securities convertible into Shares to be issued other than on a *pro rata* basis to existing Shareholder of the company. As the issue of the Convertible Bonds convertible into up to 678,376,553 Conversion Shares (the Rights Issue Bonds are convertible into up to 402,991,938 Conversion Shares and the issue of the Placement Bonds are convertible into up to 275,384,615 Conversion Shares) falls within the limits of the General Mandate, the Company will not be seeking specific approval from Shareholders for the Offer.

6. Rationale for the Offer

- 6.1 The Board believes that the Offer is in the interest of the Company having considered the overall terms of the Convertible Bonds and the funding certainty of the Offer in the current volatile market conditions. The proceeds raised will be timely to supplement the Group's internally generated cash flow to meet its on-going financial obligations.
- 6.2 The Rights Issue will also provide Shareholders with an opportunity to further participate in the equity of the Company through the possible conversion of the Rights Issue Bonds as the prospects of the Group and its share price improves in line with the recovery of its business post pandemic.
- 6.3 The financial position of the Group could be further strengthened in the event the Convertible Bonds were converted into equity, thus extinguishing its redemption obligation.

7. Financial Effects of the Offer

- 7.1 The *pro forma* financial effects of the Offer on the Company's share capital and the Group's net tangible assets ("**NTA**") per Share and earnings per Share ("**EPS**") as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the completion of the Offer.
- 7.2 The *pro forma* financial effects have been prepared based on the audited financial results of the Group for the financial year ended 30 June 2021, on the following bases and assumptions:
- (a) the Offer had been completed on 30 June 2021 for the purpose of illustrating the financial effects on the NTA;

- (b) the Offer had been completed on 1 July 2020 for the purpose of illustrating the financial effects on the EPS;
- (c) the share capital of the Company as at the date of this announcement comprising 1,378,656,672 Shares; and
- (d) the estimated expenses incurred in connection with the Offer amount to S\$2,383,206.

7.3 Share capital

	Number of Shares (excluding treasury shares, before CB conversion)	Number of Shares (excluding treasury shares, after CB conversion)
As at 30 June 2021	1,378,656,672	1,378,656,672
After the completion of the Private Placement	1,378,656,672	1,654,041,287
After the completion of the Rights Issue and Private Placement	1,378,656,672	2,057,033,225

7.4 NTA per Share

Assuming that the Offer was completed on 30 June 2021, the *pro forma* financial effects on the Group's NTA per Share would be as follows:

	Before the Placement and the Rights Issue	After the Placement and the Rights Issue (before CB conversion)	After the Placement and the Rights Issue (after CB conversion)
NTA attributable to owners of the Company (S\$)	672,361,694	666,049,316	710,143,793
Number of issued ordinary shares in the capital of the Company	1,378,656,672	1,378,656,672	2,057,033,225
NTA per Share (Singapore cents)	48.8	48.3	34.5

7.5 EPS

Assuming that the Offer was completed on 1 July 2020, the *pro forma* financial effects on the Group's EPS would be as follows:

Convertible Bonds are not converted to Equity	Before the Placement and the Rights Issue	After the Placement and the Rights Issue
Profit after income tax (S\$)	16,385,729	15,545,518
Number of issued ordinary shares in the capital of the Company	1,378,656,672	1,378,656,672
EPS (Singapore cents)	1.19	1.13

Convertible Bonds are converted to Equity on 1 July 2020	Before the Placement and the Rights Issue	After the Placement and the Rights Issue
Profit after income tax (S\$)	16,385,729	18,191,186
Number of issued ordinary shares in the capital of the Company	1,378,656,672	2,057,033,225
EPS (Singapore cents)	1.19	0.88

8. Use of Proceeds from the Offer

8.1 The Offer (after deducting expenses related thereto) will raise net proceeds as follows:

Description	S\$('000)
Rights Issue (on a fully underwritten basis)	22,265
Placement	17,900
Professional fees and expenses	2,383
Net Proceeds	37,782

The estimated net proceeds from the Offer after deducting estimated professional fees and expenses (including listing and application fees and other miscellaneous expenses of approximately S\$2,383,206), is approximately S\$37,782,098 (the "**Net Proceeds**"). The Company intends to apply such Net Proceeds in the following estimated proportions.

Proposed use of Net Proceeds	Allocation of Net Proceeds (S\$' million)	% of Net Proceeds
General working capital	5.7 – 9.5	15 - 25
Repayment of existing loans and interest thereon	28.4 - 32.1	75 - 85
Total	37.8	100

8.2 Pending deployment, the Net Proceeds may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Board may in their absolute discretion deem fit in the interests of the Company.

8.3 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and provide a status report on the use of the Net Proceeds in the Company's annual report until such time when the Net Proceeds have been fully utilised. Where the Net Proceeds have been used for general working capital, the Company will also provide a breakdown with specific details on the use of proceeds for working capital in the announcements and its status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reason(s) for such deviation.

9. Working Capital

9.1 The Directors are of the opinion that after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. The Company has decided to undertake the Offer in order to increase resources available to the Company. The Directors are of the opinion that the Offer is beneficial for the Group as this will improve its cash flow to further support the working capital requirements of the Group. The Directors are further of the opinion that after taking into consideration the Group's present bank facilities and the net proceeds of the Rights Issue and Placement, the working capital available to the Group is sufficient to meet its present requirements.

10. Conditions for the Offer

10.1 The Rights Issue is subject to, amongst others, the following:

- (a) the execution of the trust deed constituting the Convertible Bonds;
- (b) the execution of the underwriting agreement between the Company and UOBKH as the underwriter;
- (c) approval in-principle of SGX-ST for the dealing in and listing and quotation of the Rights Issue Bonds and the Conversion Shares on the Official List of SGX-ST having been obtained and not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- (d) the lodgement of the offer information statement (the "**OIS**") together with all other accompanying documents (if applicable) with the Monetary Authority of Singapore; and
- (e) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue, being obtained and not having been withdrawn or revoked before the completion of the Rights Issue.

10.2 The Placement is subject to, amongst others, the following:

- (a) the execution of the trust deed constituting the Convertible Bonds;
- (b) the execution of a subscription agreement between the Company and UOBKH pursuant to a bought deal arrangement;
- (c) approval in-principle of SGX-ST for the dealing in and listing and quotation of the Placement Bonds and the Conversion Shares on the Official List of SGX-ST having been obtained and not having been withdrawn or revoked as at the date of completion of the Placement;
- (d) the lodgement of the OIS together with all other accompanying documents (if applicable) with the Monetary Authority of Singapore; and
- (e) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Placement and to give effect to the Placement, being obtained and not having been withdrawn or revoked before the completion of the Placement.

The issue of the Placement Bonds and/or the Conversion Shares (assuming full conversion of the Placement Bonds) will not result in a transfer of controlling interest in the Company. In this regard, UOBKH confirms that they will not convert any Convertible Bonds in such manner which may result in its shareholding after conversion being more than 15% of the enlarged capital of the Company.

10.3 For avoidance of doubt, completion of the Rights Issue and the Placement is not inter-conditional.

11. Eligibility to Participate in the Rights Issue

Entitled Depositors

- 11.1 Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts ("**Securities Accounts**") with CDP as at the Record Date and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents. Entitled Depositors should note that all notices and documents will be sent to their last registered addresses with CDP.
- 11.2 Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 9 Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) market days before the Record Date.

Entitled Scripholders

- 11.3 Entitled Scripholders are Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to B.A.C.S. Private Limited, the share registrar of the Company (the "**Share Registrar**"), registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date and whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three (3) market days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents. Except in the limited circumstances described in the provisions of the global certificate representing the Convertible Bonds registered in the name of, and deposited with, CDP, owners of interests in the Convertible Bonds represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of Convertible Bonds. Accordingly, Entitled Scripholders who wish to participate in the Rights Issue must open Securities Accounts if they have not already done so and deposit their share certificates with CDP prior to the Record Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Issue Bonds. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the 12th market day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine. Entitled Scripholders should note that all correspondences and notices will be sent to their last registered Singapore mailing addresses with the Share Registrar. Entitled Scripholders are reminded that any request to the Share Registrar to update their records or effect any change in address must reach the Share Registrar, B.A.C.S Pte. Ltd., at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, at least three (3) market days before the Record Date.

Entitled Shareholders

- 11.4 Entitled Depositors and Entitled Scripholders (collectively, "**Entitled Shareholders**") will be eligible to participate in the Rights Issue and to receive the OIS together with the application and acceptance form for provisional allotments of Rights Issue Bonds and excess Rights Issue Bonds (the "**ARE**") or the provisional allotment letter (the "**PAL**"), as the case may be, and other accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the OIS, the product highlights sheet and the ARE may obtain them from CDP or the Share Registrar during the period from the date the Rights Issue commences up to the closing date. Entitled Scripholders who do not receive the OIS, the product highlights sheet and the PAL for the Rights Issue may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the closing date.
- 11.5 Entitled Shareholders will be provisionally allotted entitlements to the Rights Issue Bonds under the Rights Issue on the basis of their shareholdings in the Company as at the Record Date. They are at liberty to accept (in full or in part), decline, renounce (in the case of their provisional allotment of Rights Issue Bonds) or, in the case of Entitled Depositors only, trade on SGX-ST under the book-entry (scripless) settlement system (during the provisional allotment trading period prescribed by SGX-ST) their provisional allotment of Rights Issue Bonds, and are eligible to apply for additional Rights Issue Bonds in excess of their provisional allotments under the

Rights Issue. All dealings in and transactions (including transfers) of the Rights Issue Bonds effected through SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Account with The Central Depository (Pte) Limited" and the terms and conditions contained in the CDP Application Form, as the same may be amended from time to time, copies of which are available from CDP. The Rights Issue Bonds may also be traded over-the-counter on the Debt Securities Clearing and Settlement System.

- 11.6 All fractional entitlements to the Rights Issue Bonds will be disregarded in arriving at the provisional allotments of Entitled Shareholders and will, together with provisional allotments which are not taken up for any reason, be used to satisfy applications for excess Rights Issue Bonds or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company. In the allotment of excess Rights Issue Bonds, preference will be given to the 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 Directors of the Company, will rank last in priority for the rounding of odd lots and the allotment of excess Rights Issue Bonds.
- 11.7 The procedures for, and the terms and conditions applicable to, acceptance, excess application and payment will be set out in the OIS and the accompanying documents to be despatched by the Company to Entitled Shareholders in due course.
- 11.8 It should be noted that any or all of the Convertible Bonds may not be listed and quoted on SGX-ST in the event of an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds, amongst others. In such event, Bondholders will not be able to trade their Convertible Bonds on SGX-ST. However, if a Bondholder were to exercise his right, subject to the Terms and Conditions, to convert his Convertible Bonds into Conversion Shares, such Conversion Shares will be listed and quoted on the Main Board of SGX-ST.

Foreign Shareholders

- 11.9 For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the provisional allotments of the Rights Issue Bonds will not be offered to Shareholders with registered addresses outside Singapore as at the Record Date and who have not provided 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 Record Date ("**Foreign Shareholders**"). No provisional allotment of the Rights Issue Bonds will be offered to Foreign Shareholders and no purported acceptance or application for Convertible Bonds by Foreign Shareholders will be valid.
- 11.10 If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the entitlements to Rights Issue Bonds which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Issue Bonds commence. Such sales will, 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 arising from such sales will be dealt with in the manner described in the OIS.
- 11.11 Where such provisional allotments of the Rights Issue Bonds are sold "nil-paid" on SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments or the Rights Issue Bonds represented by such provisional allotments.
- 11.12 If such provisional allotments of Rights Issue Bonds cannot be sold or are not sold on SGX-ST as aforesaid for any reason by such time as SGX-ST shall have declared to be the last day for trading of the provisional allotments of Rights Issue Bonds, the Rights Issue Bonds represented

by such provisional allotments will be issued to satisfy applications for excess Rights Issue Bonds (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in connection therewith.

12. Expression of interest in relation to the Placement

- 12.1 UOBKH has expressed their interest to subscribe for the securities to be offered under the Placement pursuant to a bought deal arrangement as follows:

Name of Subscriber	Number of Placement Bonds	Conversion Shares (assuming full conversion of the Placement Bonds) as a percentage of the enlarged share capital of the Company post completion of the conversion the Placement Bonds but no conversion of the Rights Issue Bonds (%)	Conversion Shares (assuming full conversion of the Placement Bonds) as a percentage of the enlarged share capital of the Company post completion of full conversion of the Rights Issue Bonds and the Placement Bonds (%)
UOBKH	17,900,000	16.7	13.4
Total	17,900,000	16.7	13.4

The above illustration assumes that the Rights Issue Bonds are fully subscribed or applied for. As stated above, UOBKH confirms that they will not convert any Convertible Bonds in a manner which may result in its shareholding after conversion being more than 15% of the enlarged capital of the Company.

- 12.2 UOBKH is a brokerage firm in Singapore, and will be the underwriter of the Rights Issue.
- 12.3 Under the bought deal arrangement, UOBKH will subscribe to all the Placement Bonds as principal and not as agent and may at its sole discretion hold or resell some or all the Placement Bonds. Such bought deal arrangement allows the Placement to proceed before identifying any prospective investors of the Placement Bonds. The bought deal charges include a 3.5% fee (based on the gross proceeds of the Placement) which forms part of the professional fee and expenses in Clause 8.1.
- 12.4 To the best knowledge of the Company, other than the securities accounts and private wealth management services with UOBKH, none of the Directors and the substantial shareholders of the Company has any connection (including business relationships) with UOBKH, its directors and/or substantial shareholders.

13. General Information

- 13.1 The Company has not undertaken any equity fund raising exercise in the last twelve (12) months. No securities or equity interests of the Company have been issued for cash or securities within the twelve (12) months immediately preceding the date of this announcement.
- 13.2 The final terms and conditions of the Offer together with copies of the application form or the provisional allotment letter, as the case may be, will be contained in the OIS which will be lodged with the Monetary Authority of Singapore, and despatch to Shareholders in due course.
- 13.3 As a result of the Rights Issue and the Placement, adjustments may be made to the number and/or exercise price or exchange price or conversion price of the outstanding convertibles of

the Company. The Company will in due course make the relevant announcements and notify holders of these convertibles of such adjustments.

14. Interests of Directors and Substantial Shareholders

- 14.1 Save as disclosed in this announcement, none of the Directors or substantial Shareholders of the Company, as well as their respective associates, have any interests, direct or indirect, in the Rights Issue and the Placement (other than through their respective shareholdings in the Company, if any).

15. Further Announcements

- 15.1 Further announcements will be made by the Company in relation to the Rights Issue and the Placement as and when there are any material developments.

16. Directors' Responsibility Statement

- 16.1 The Directors of the Company (including any director who may have delegated detailed supervision 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 no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.
- 16.2 Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/ or reproduced in this announcement in its proper form and context.

17. Cautionary Statement

- 17.1 Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Rights Issue and the Placement is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Rights Issue and the Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

18. Take-over Implication

- 18.1 The Singapore Code on Take-overs and Mergers (the "**Take-over Code**") regulates the acquisition of voting shares of, among others, corporations with a primary listing on SGX-ST, including the Company. Under Rule 14.1 of the Take-over Code, except with the consent of the Securities Industry Council of Singapore, where:

- (a) 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 persons acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend a take-over offer immediately to the shareholders of the Company for the remaining shares in the Company in accordance with the provisions of the Take-over 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 an offer.

In general, the acquisition of instruments convertible into new shares which carry voting rights does not give rise to an obligation to make a mandatory take-over offer under the Take-over Code. However, the exercise of any conversion rights will be considered to be an acquisition of voting rights for the purpose of the Take-over Code (including Rule 14.1 of the Take-over Code).

- 18.2 The Company will **not** be making an application to the Securities Industry Council of Singapore to seek a waiver of the obligation of any Shareholder to make a mandatory take-over offer under Rule 14 of the Take-over Code as a result of the conversion of the Convertible Bonds into Conversion Shares. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any conversion of Convertible Bonds into Conversion Shares should consult the Securities Industry Council of Singapore and/or their professional advisers.

By Order of the Board

Chew Hua Seng
Chairman and Chief Executive Officer
7 June 2022

Appendix:

Illustration of shareholders' entitlement of CBs and subscription amount under Rights Issue: -

Number of shares owned	No of CB entitlement (S\$)	CB Subscription Amount after 15% discount (S\$)
1,000	19.00	16.15
2,000	38.00	32.30
5,000	95.00	80.75
10,000	190.00	161.50
20,000	380.00	323.00
50,000	950.00	807.50
100,000	1,900.00	1,615.00
200,000	3,800.00	3,230.00
500,000	9,500.00	8,075.00
1,000,000	19,000.00	16,150.00