

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

1. INTRODUCTION

1.1 Rights cum Warrants Issue

1.1.1 The board (the "**Board**") of directors (the "**Directors**") of AnnAik Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights cum warrants issue (the "**Rights cum Warrants Issue**"). The Rights cum Warrants Issue is proposed to be offered to the Entitled Shareholders (as defined herein) on the basis of one (1) rights share ("**Rights Shares**") with one (1) free detachable and transferable warrant ("**Warrants**") for every four (4) existing ordinary shares ("**Shares**") held by the Entitled Shareholders as at the Books Closure Date (as defined herein), fractional entitlements to be disregarded.

1.1.2 The Rights cum Warrants Issue will be made pursuant to the authority under the general share issue mandate granted by the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company held on 13 April 2018, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

1.1.3 The principal terms and conditions of the Rights cum Warrants Issue are set out below. The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Board may, after consultation with the Manager (as defined herein) and in its absolute discretion, deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the offer information statement (the "**Offer Information Statement**") to be lodged with the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), acting as agent on behalf of the Monetary Authority of Singapore ("**Authority**"), in connection with the Rights cum Warrants Issue and to be despatched by the Company to the Entitled Shareholders (as defined herein) in due course.

1.2 Manager

The Company has appointed **Hong Leong Finance Limited ("HLF")** as the manager for the Rights cum Warrants Issue.

1.3 **Independent Financial Advisor**

The Company has also appointed **Novus Corporate Finance Pte Ltd** ("IFA") as the independent financial adviser to advise the Directors who are considered to be independent for the purpose of making a recommendation to the Independent Shareholders (as defined herein) in respect of the Whitewash Resolution (as defined herein). The advice of the IFA shall be included in the circular to Shareholders to be despatched in due course.

2. **PRINCIPAL TERMS OF THE RIGHTS CUM WARRANTS ISSUE**

2.1 **Size**

Based on the issued share capital of the Company of 244,770,900 shares and also 10,632,000 outstanding and unexercised share options as of the date of this announcement, the Company is proposing to issue up to 63,850,725 Rights Shares and up to 63,850,725 Warrants (and accordingly, up to 63,850,725 Warrant Shares (as defined herein)) in the share capital of the Company, pursuant to the Rights cum Warrants Issue.

2.2 **Basis**

The Rights cum Warrants Issue will be made on a renounceable basis to Entitled Shareholders (as defined herein) on the basis of one (1) Rights Share with one (1) Warrant for every four (4) existing Shares held by Shareholders in the issued share capital of the Company as at a time and date to be determined by the Board for the purposes of determining Shareholders' entitlements under the Rights cum Warrants Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded.

2.3 **Price**

2.3.1 The Rights Shares will be issued at S\$0.065 for each Rights Share (the "**Rights Issue Price**"), and the Warrants will be issued free.

2.3.2 Each Warrant will entitle the holder to subscribe for one (1) new Share (the "**Warrants Shares**"), at an exercise price of S\$0.200 for each Warrant Share (the "**Warrant Exercise Price**") at any time during the period commencing on and including the date of issue of the Warrants and expiring on the day immediately preceding the fifth (5th) anniversary of such date of issue ("**Exercise Period**") and Warrants that remain unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any and all purposes, subject to the terms and conditions of the Warrants as set out in a deed poll (the "**Deed Poll**") to be executed by the Company for the purposes of constituting the Warrants. The Warrants are detachable and are intended to be listed and quoted on the Catalist Board (the "**Catalist**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), subject to, among others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

2.3.3 The Rights Issue Price of S\$0.065 for each Rights Share represents (a) a discount of approximately 35.0% to the closing price of S\$0.100 per Share on the SGX-ST on 26 December 2018, being the last trading day prior to the date of this announcement, (b) a discount of approximately 7.0% to the theoretical ex-rights price of S\$0.093 (being the theoretical market price of each Share assuming the completion of the Rights cum Warrants Issue based on the Maximum Subscription Scenario (as defined herein), and which is calculated based on the closing price of S\$0.100 per Share on the SGX-ST on 26 December 2018, being the last trading day prior to the date of this announcement, and the total number of Shares following the completion of the Rights cum Warrants Issue) and (c) a discount of approximately 35.0% to the one-day volume weighted average price of S\$0.100 on 26 December 2018, being the last trading day prior to the date of announcement of the Rights cum Warrants Issue.

2.4 **Ranking**

The Rights Shares and the Warrant Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls on or before the date of allotment and issue of the Rights Shares or the Warrant Shares.

2.5 **Option to scale down**

Depending on the level of subscription for the Rights Shares, the Company will, if necessary and upon approval of the Manager and/or the SGX-ST, scale down a Shareholder's application to subscribe for the Rights Shares with Warrants to:-

- (i) ensure that the relevant Shareholder does not hold a controlling interest in the Company, which is prohibited under Rule 803 of the Catalist Rules, unless prior approval of Shareholders is obtained in a general meeting; or
- (ii) avoid placing the relevant Shareholder and parties acting in concert with it (as defined in The Singapore Take-over Code of Takeovers and Mergers (the "**Code**")) in the position of incurring a mandatory bid obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlements fully.

For the avoidance of doubt, the option to scale down referred to in this Paragraph 2.5 shall not apply to the Mr Ow Chin Seng's and Mdm Low Kheng's (the "**Undertaking Shareholders**") applications to subscribe for the Entitled Rights Shares with Warrants.

2.6 **Eligibility of Shareholders to Participate in the Rights cum Warrants Issue**

The Company will provisionally allot Rights Shares with Warrants to all Shareholders who are eligible to participate in the Rights cum Warrants Issue ("**Entitled Shareholders**"), comprising Entitled Depositors and Entitled Scripholders (both as defined herein).

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses, as maintained in the records of the Central Depository (Pte) Limited ("**CDP**") or the Company, as the case may be.

2.7 **Entitled Depositors**

Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date ("**Depositors**") will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date. To be "**Entitled Depositors**", Depositors must have registered their addresses with the CDP in Singapore as at the Books Closure Date or must have, at least three (3) Market Days (being days on which the SGX-ST is open for trading in securities) prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents.

2.8 **Entitled Scripholders**

Duly completed and (where necessary) stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to the Books Closure Date by the Company's share registrar, RHT Corporate Advisory Pte Ltd at 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619 (the "**Share Registrar**"), will be registered to determine the provisional entitlements of the transferee (a "**Scripholder**", which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights cum Warrants Issue. To be "**Entitled Scripholders**", Scripholders must have registered addresses in Singapore as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

2.9 **Entitled Shareholders**

Entitled Depositors and Entitled Scripholders shall be collectively referred to as "**Entitled Shareholders**" in this announcement.

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

Shareholder located or resident outside Singapore may participate in the Rights cum Warrants Issue.

2.10 Foreign Shareholders

The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities laws requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will **NOT** be despatched to Shareholders with registered addresses outside Singapore and who have not, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”) and accordingly, the Rights Shares with Warrants will NOT be offered to Foreign Shareholders.

The Offer Information Statement and its accompanying documents will not be despatched, lodged, registered or filed in any jurisdiction other than Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. As Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue, no provisional allotment of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares with Warrants therefor by any Foreign Shareholder will be valid.

The Offer Information Statement and its accompanying documents will also NOT be despatched to persons purchasing entitlements to Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (the “**Foreign Purchasers**”). Foreign Purchasers may not accept any “nil-paid” rights credited to their Securities Account unless the Company and its counsel are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Entitlements to Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the absolute discretion of the Company, be sold “nil-paid” on Catalist, as soon as practicable, after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the depository register maintained by CDP as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to

any single Foreign Shareholder is less than S\$10.00, such amount shall be dealt with as the Board may, in its absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager and/or CDP in connection therewith.

Where the provisional allotments of Rights Shares with Warrants are sold “nil-paid” on Catalist, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP, the Share Registrar and/or their respective officers in connection therewith. If such provisional allotments of Rights Shares with Warrants cannot be sold or are not sold on Catalist as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the new Shares represented by such provisional allotments will be allotted and issued to satisfy applications for excess Rights Shares with Warrants or disposed of or dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP, the Share Registrar and/or their respective officers in connection therewith.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS CUM WARRANTS ISSUE SHOULD PROVIDE 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 BOOKS CLOSURE DATE.

2.11 **Central Provident Fund Investment Scheme Shareholders**

Persons who bought their Shares previously using their CPF account savings (“**CPF Funds**”) may use the same for the payment of the issue price to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants, subject to the applicable rules and regulations of the CPF. Such persons who wish to accept their provisional allotments of Rights Shares with Warrants will need to instruct their respective approved banks where they hold their CPF Investment Accounts, to accept their provisional allotment of Rights Shares with Warrants and (if applicable) apply for the excess Rights Shares with Warrants on their behalf in accordance with the Offer Information Statement.

CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

ANY APPLICATION MADE BY THE ABOVEMENTIONED CENTRAL PROVIDENT FUND INVESTMENT SCHEME SHAREHOLDERS DIRECTLY TO CDP OR THROUGH THE AUTOMATED TELLER MACHINES OF THE PARTICIPATING BANKS TO THE RIGHTS CUM WARRANTS ISSUE WILL BE REJECTED. Such Shareholders should refer to the Offer Information Statement for important details relating to the offer procedure in connection with the Rights cum Warrants Issue.

2.12 **Provisional Allotments and Excess Applications**

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or, in the case of Entitled Depositors only, trade (during the “nil-paid” rights trading period prescribed by the SGX-ST) their provisional allotments of the Rights Shares with Warrants and will also be eligible to apply for Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share (with one (1) Warrant)) will be aggregated and issued to satisfy applications, if any, for excess Rights Shares with Warrants or otherwise disposed of or dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company.

Fractional entitlements to the Rights Shares with Warrants, if any, will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up for any reason, be aggregated and allotted to satisfy excess applications for excess Rights Shares with Warrants (if any), or be disposed of or otherwise dealt with in such manner as the Board may in its absolute discretion, deem fit for the benefit of the Company subject to applicable laws and the Catalist Rules.

In the allotment of excess Rights Shares with Warrants, preference will be given to Shareholders for 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 cum Warrants Issue, or have representation (direct or through a nominee) on the Board, including the **Undertaking Shareholders**, will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants. For the avoidance of doubt, the Rights cum Warrants Issue will not result in a transfer of controlling interest.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of the Rights Shares with Warrants and for the applications for excess Rights Shares with Warrants, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

2.13 **Trading of Odd Lots**

For the purposes of trading on Catalist, each board lot of Shares will comprise 100 Shares. Following the Rights cum Warrants Issue, **Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) and who wish to trade in odd lots on Catalist** are able to trade odd lots of Shares in board lots of one (1) Share on the SGX-ST’s Unit Share Market. The Unit Share Market is a ready market for trading of odd lots of Shares with a minimum size of one (1) Share. Shareholders should note that the market for trading of such odd lots of Shares may be illiquid. There is no assurance that Shareholders who hold odd lots of Shares will be able to acquire such number of Shares

required to make up a board lot, or to dispose of their odd lots (whether in part or in whole) on the SGX-ST's Unit Share Market.

3. PURPOSE OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

3.1 The Company intends to undertake the Rights cum Warrants Issue for funding the growth and expansion of the Company and its subsidiaries (the "**Group**") through investments and improving the Group's general working capital position. Part of the proceeds of the Rights cum Warrants Issue will go towards strengthening the Group's financial position, thereby increasing the Group's ability to strategise, formulate and execute its business plans, granting the Group greater financial flexibility to meet future working capital needs and allowing the Group to seize investment opportunities as well as growth and expansion in its distribution and environmental business in a timely manner.

3.2 In the maximum subscription scenario (the "**Maximum Subscription Scenario**"), assuming that the Rights cum Warrants Issue is fully subscribed and unexercised share options are exercised prior to the Books Closure Date, and 63,850,725 Rights Shares with 63,850,725 Warrants are issued, the net proceeds of the Rights cum Warrants Issue, after deducting estimated expenses of approximately S\$165,000 is expected to be approximately S\$4.0 million.

3.3 In the minimum subscription scenario ("**Minimum Subscription Scenario**"), assuming that:-

- (i) none of the shareholders of the Company (other than the Undertaking Shareholders) subscribe and pay for their entitlements for the Rights Shares with Warrants under the Rights cum Warrants Issue;
- (ii) the full subscription of the OCS Rights Shares (as defined herein) with 20,659,471 Warrants by the Undertaking Shareholders pursuant to the Irrevocable Undertakings; and
- (iii) none of the exercisable share options are exercised before the Books Closure Date,

and 20,659,471 Rights Shares with 20,659,471 Warrants are issued, the net proceeds of the Rights cum Warrants Issue, after deducting estimated expenses of approximately S\$165,000 is expected to be approximately S\$1.2 million.

3.4 For the avoidance of doubt, the figures set out in paragraphs 3.3 and 3.4 do not take into account any proceeds from the exercise of any Warrants.

3.5 Up to S\$12.8 million (based on 63,850,725 Warrants) and S\$4.1 million (based on 20,659,471 Warrants) may be raised from the exercise of all the Warrants under the Maximum Subscription Scenario and the Minimum Subscription Scenario respectively.

- 3.6 The Company intends to use the net proceeds in the Minimum Subscription Scenario and the Maximum Subscription Scenario (the “**Rights cum Warrants Issue Proceeds**”) as follows:-

Intended Use of Proceeds	Net Proceeds from Maximum Subscription Scenario (before exercise of the Warrants) Proceeds (\$ million)	For each dollar of gross proceeds of the Rights cum Warrants Issue (Maximum Subscription scenario (before exercise of the Warrants)) (cents)	Net Proceeds from Minimum Subscription Scenario (before exercise of the Warrants) Proceeds (\$ million)	For each dollar of gross proceeds of the Rights cum Warrants Issue (Maximum Subscription scenario (before exercise of the Warrants)) (cents)
Undertake potential investment in distribution and environmental business	2.4	60	0.8	67
Working capital requirement	0.8	20	0.4	33
Repayment of bank borrowings	0.8	20	-	-
Total	4.0	100	1.2	100

- 3.7 The Board is of the opinion that:-

3.7.1 after taking into consideration the present banking facilities and operating cash flows of the Group, the working capital available to the Group is sufficient to meet its present requirements; and

3.7.2 after taking into consideration the present banking facilities and operating cash flows of the Group as well as the net proceeds from the Minimum Subscription Scenario of the Rights cum Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

- 3.8 Pending the deployment of the net proceeds from the Rights cum Warrants Issue, such net proceeds may be deposited with banks and/or financial institutions or used for investment in short-term money markets or debt instruments or used for other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Company. The Company will undertake to make periodic announcements via SGXNET on

the utilisation of such Rights cum Warrants Issue Proceeds, as funds are materially disbursed, and whether such a use is in accordance with the proposed use and in accordance with the percentage allocated above. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and annual report. Where there is any material deviation from the proposed use of proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the Rights cum Warrants Issue Proceeds in the Company's annual report until such time the Rights cum Warrants Issue Proceeds have been fully utilised.

4. IRREVOCABLE UNDERTAKINGS

4.1 **Irrevocable Undertakings:** In support of the Rights cum Warrants Issue, the Undertaking Shareholders have on 28 December 2018 executed the deeds of undertaking in favour of the Company (the "**Irrevocable Undertakings**"), pursuant to which each Undertaking Shareholder has, subject to certain conditions, irrevocably undertaken to the Company that, *inter alia*, they will:-

- (i) subscribe for their full entitlement of 20,659,471 Rights Shares with 20,659,471 Warrants (the "**OCS Rights Shares**") (assuming that none of the exercisable share options are exercised before the Books Closure Date);
- (ii) not sell, transfer or otherwise dispose of any of the existing Shares held by himself or parties acting in concert with him until the Rights cum Warrants Issue is completed; and
- (iii) procure confirmations from relevant financial institutions that they have sufficient financial resources to fulfill their obligations under their respective Irrevocable Undertakings.

4.2 **Conditions:** The Irrevocable Undertakings are subject to and conditional upon, *inter alia*:-

- (a) the Whitewash Waiver (as defined herein) having been granted by the Securities Industry Council ("**SIC**") and not having been withdrawn or revoked as at the date of completion of the Rights cum Warrants Issue;
- (b) the Whitewash Resolution (as defined herein) being approved by the Shareholders that are independent of the Undertaking Shareholders and their concert parties (collectively, the "**Concert Party Group**").

4.3 The proposed subscription for the OCS Rights Shares by the Undertaking Shareholders shall be settled by way of cash.

4.4 In view of the above Irrevocable Undertakings and the fact that, in the reasonable opinion of the Board, there is no minimum amount which must be raised from the Rights cum Warrants Issue to meet the issuer's present funding requirements, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

5. WHITEWASH WAIVER

- 5.1 **Singapore Code on Take-Overs and Mergers:** The Code regulates the acquisition of ordinary shares of public companies, including the Company. Unless exempted, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0 % or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30.0 % to 50.0 % (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1.0 % of the voting rights in the Company in any six-month period, must extend a take-over offer for the remaining Shares in the Company in accordance with the provisions of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition of Rights Shares pursuant to the Rights cum Warrants Issue should consult the SIC and/or their professional advisers immediately.

Note 5 to Rule 14.1 of the Code provides, *inter alia*, that when a group of persons acting in concert holds over 50.0 %, no obligation normally arises from acquisitions by any member of the group. However, subject to certain considerations, the SIC may regard as giving rise to an obligation to make an offer any acquisition by a single member or sub-group of the group of voting rights sufficient to increase his/its holding to 30.0 % or more or, if he/it already holds between 30.0 % to 50.0 %, by more than 1.0 % in any six-month period.

- 5.2 Assuming that in fulfilment of the Irrevocable Undertakings, none of the exercisable share options are exercised, and none of the Entitled Shareholders subscribe for their entitlements of the Rights Shares with Warrants, the Undertaking Shareholders subscribe for their entitlements of the Rights Shares with Warrants and the Warrants are exercised, the Undertaking Shareholders' shareholdings in the Company will increase from 33.76% as at the date of this announcement to 43.33%. The increase in shareholding will trigger an obligation under the Code to make a general offer.

- 5.3 In view of the above,

- (a) the Irrevocable Undertakings are subject to and conditional upon a waiver by the Shareholders, by way of an ordinary resolution passed on a poll at a general meeting, of the obligation of the Undertaking Shareholders and their concert parties (collectively, the "**Concert Party Group**") to make a mandatory general offer for the shares in the Company not already owned or controlled by them, arising from the Undertaking Shareholders' obligations under the Irrevocable Undertakings (the "**Whitewash Resolution**"); and
- (b) the Company will be making an application to the SIC for a waiver of the obligations of the Concert Party Group to make a mandatory general offer for the shares in the Company not already owned or controlled by them in accordance with Rule 14 of the Code arising from the Undertaking Shareholders' obligations under the Irrevocable Undertakings (the "**Whitewash Waiver**").

5.4 Upon receipt of the SIC's ruling on the Whitewash Waiver, the Company shall immediately make the relevant announcements.

6. APPLICATIONS AND APPROVALS

6.1 The Rights cum Warrants Issue is conditional upon, *inter alia*, the following:-

- (a) the Whitewash Waiver not having been withdrawn or revoked as at the date of completion of the Rights cum Warrants Issue;
- (b) the receipt of the listing and quotation notice of the SGX-ST for the dealing in, listing of and quotation of the Rights Shares, the Warrants and the Warrant Shares on the SGX-ST, and such approval not having been withdrawn or revoked prior to the completion of the Rights cum Warrants Issue, and if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (c) the approval of the Independent Shareholders at the EGM for the Whitewash Resolution;
- (e) the lodgment of the Offer Information Statement, together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights cum Warrants Issue, with the SGX-ST acting as agent on behalf of the Authority; and
- (f) all other necessary consents, approvals and 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 cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the closing date.

6.2 The continuing sponsor of the Company, HLF (the "**Sponsor**"), for and on behalf of the Company, will submit an additional listing confirmation to the SGX-ST for permission for the listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on the Catalist. Accordingly, an appropriate announcement will be made in due course to notify the Shareholders when the listing and quotation notice is obtained.

6.3 The circular containing, *inter alia*, the notice of the EGM, the terms and conditions of the Rights cum Warrants Issue and the Whitewash Resolution will be despatched to the Shareholders in due course. Thereafter, the Offer Information Statement will be lodged with the MAS and despatched by the Company to the Entitled Shareholders in due course following the EGM, if the Rights cum Warrants Issue is approved at the EGM.

7. ADJUSTMENTS TO SHARE OPTIONS

As a result of the Rights cum Warrants Issue, adjustments may be made to the number and/or exercise price of the outstanding share options under the terms and conditions of

the existing share option scheme of the Company. The Company will in due course make the relevant announcements and notify holders of the share options of such adjustments.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the Irrevocable Undertakings set out above, none of the Directors or substantial Shareholders have any direct or indirect interests in the Rights cum Warrants Issue, other than through each of their respective shareholding interest, direct and/or indirect, in the Company.

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights cum Warrants Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement had been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors 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.

10. TRADING CAUTION

The Board would like to advise Shareholders that the completion of the Rights cum Warrants Issue is subject to conditions precedent being fulfilled and there is no certainty or assurance as at the date of this announcement that the Rights cum Warrants Issue will be completed or that no changes will be made to the terms thereof. Accordingly, Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Rights cum Warrants Issue carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Ow Chin Seng
Executive Chairman cum Chief Executive Officer
28 December 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, Telephone: +65 6415-9886.