

**SMARTFLEX HOLDINGS LTD**  
(Company Registration No. 201003501R)  
Incorporated in the Republic of Singapore

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**PROPOSED PLACEMENT OF UP TO 30,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “PLACEMENT SHARES”) AT S\$0.12 FOR EACH PLACEMENT SHARE (THE “PLACEMENT PRICE”)**

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**1. INTRODUCTION**

- 1.1 The board of directors (“**Board**”) of Smartflex Holdings Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 10 October 2014 entered into a placement agreement (“**Placement Agreement**”) with UOB Kay Hian Private Limited (the “**Placement Agent**”) in relation to the proposed issuance by the Company of up to 30,000,000 Placement Shares by way of a placement (the “**Placement**”) via the Placement Agent. In accordance with and subject to the terms and conditions of the Placement Agent, the Placement Agent has agreed to use its best efforts to procure subscriptions for, and payment of, the Placement Shares at the Placement Price.
- 1.2 The Placement Shares will represent approximately 23.7% of the Company’s enlarged issue share capital of 126,440,002 shares<sup>1</sup> immediately after completion of the Placement (assuming that the full 30,000,000 Placement Shares are placed out pursuant to the Placement). A placement commission of 3.0% of the gross proceeds raised pursuant to the Placement is payable by the Company to the Placement Agent pursuant to the Placement Agreement.
- 1.3 The Placement Shares will be delivered free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto save that the Placement Shares will not be entitled to any dividend, rights, allotments or other distributions, the record date for which falls on or before the date of the issue of the Placement Shares.

**2. SALIENT TERMS OF THE PLACEMENT AGREEMENT**

**2.1 Conditions Precedent**

The completion of the subscription of the Placement Shares of the Placement (“**Completion**”) is conditional upon, *inter alia*:

- (a) the offer information statement (“**OIS**”), which complies as to the form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, being lodged with Singapore Exchange Securities Trading Limited (“**SGX-ST**”), acting as agent on behalf of the Monetary Authority of Singapore (“**MAS**”), and accepted by SGX-ST;
- (b) in-principle approval for the additional listing application for the listing and quotation of the Placement Shares on the SGX-ST being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before Completion, they are so fulfilled;
- (c) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of this

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<sup>1</sup> The Company does not have any treasury shares.

Agreement, by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Placement Agent;

- (d) the delivery of the Placement Agent on Completion Date, of a certificate of no material adverse change, substantially in the form set out in the Placement Agreement, signed on behalf of the Company by its duly authorised officer;
- (e) there not having occurred, in the reasonable opinion of the Placement Agent, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the signing of the Placement Agreement, which, in the opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the Placement or is reasonably likely to prejudice materially the success of the Placement or dealings in Placement Shares in the secondary market; and
- (f) the representations, warranties and undertakings set out in the Placement Agreement remaining true and correct in all material aspects as at Completion and the Company having performed all its obligations to be performed on or before Completion.

2.2 In connection with the Placement, an OIS issued pursuant to Section 277 of the Securities and Futures Act (Chapter 289) ("**SFA**") complying as to form and content with the Sixteenth Schedule of the SFR will be lodged with SGX-ST acting as agent on behalf of MAS.

2.3 The Company will apply to SGX-ST for the admission of the Placement Shares to the Catalist of the SGX-ST and for the listing and quotation for the Placement Shares on the SGX-ST. An appropriate announcement will be made upon the receipt of such approval-in-principle from the SGX-ST.

#### 2.4 Placement Price

The Placement Price of S\$0.12 represents a discount of 2.3% to the volume-weighted average price of S\$0.1228 for each share, based on the trades done to the SGX-ST on 7 October 2014<sup>2</sup>, being the preceding market day up to the time the Placement Agreement was signed.

### **3. RATIONALE FOR PLACEMENT AND USE OF PROCEEDS**

3.1 When allotted and issued in full, the estimated net proceeds from the Placement due to the Company, after deducting expenses incurred in connection with the Placement, is expected to amount to approximately US\$2.7 million<sup>3</sup> ("**Net Proceeds**").

3.2 The Company intends to use the Net Proceeds solely and exclusively for its working capital requirements.

3.3 The Company will make periodic announcements as and when the net proceeds from the Placement are materially disbursed and whether such a use is in accordance with the stated use. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

3.4 Pending the deployment of the proceeds from the Placement, such proceeds may be placed as short term deposits with financial institutions and/or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may in their absolute discretion deem fit, from time to time.

3.5 The Directors are of the opinion that:

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<sup>2</sup> There were no trades on 8 October 2014.

<sup>3</sup> This is based on the in-house exchange rate of the Company S\$1.274404:USD1, for the month of October 2014.

- (a) after taking into consideration the Group's present banking facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) after taking into consideration the Group's present banking facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

In the reasonable opinion of the Directors, no minimum amount must be raised from the Placement.

- 3.6 The Placement will increase the Group's capital base, in turn increasing the public float of the Company. With the increased public float, there will be greater liquidity of the Company's shares. Furthermore, as announced by the Company on 1 September 2014, the Company's joint venture company, Smartflex Innovation Pte Ltd was granted the European patent for the "Electronic Device Having a Chip and Method for Manufacturing by Coils" (the "**Patent**") by the European Patent Office. Subsequent to the grant of the Patent, the Company will require more working capital to increase its manufacturing activities.

#### 4. MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES

- 4.1 The Placement Shares will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 25 April 2014 for the Company to issue shares and convertible securities ("**General Mandate**"). Under the General Mandate, the Board is authorised to issue new shares in the capital of the Company, on the basis that the aggregate number of shares and instruments to be issued other than on a pro rata basis to existing shareholders must not be more than fifty (50%) per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company as at the time of the passing of the resolution approving the General Mandate.

- 4.2 As at 25 April 2014 and the date of this announcement, the Company has 96,440,002 shares. The Placement Shares, when allotted and issued in full, will represent approximately 31.1% of the issued share capital of the Company as at 25 April 2014 as well as the issued share capital of the Company as at date of this announcement, and approximately 23.7% of the enlarged issued and paid-up share capital upon Completion, assuming all the Placement Shares are issued.

#### 5. FINANCIAL EFFECTS

- 5.1 As at the date of this announcement, the issued and paid up capital of the Company is US\$10.2 million divided into 96,440,002 shares. When allotted and issued in full, the Placement will increase the existing issued and paid-up share capital of the Company to approximately US\$12.9 million, divided into 126,440,002 shares.

- 5.2 Assuming that the issuance of the Placement Shares had been effected on 1 January 2013, the basic loss per share ("**LPS**") of the Group as at 31 December 2013 would be as follows:

	Before the Proposed Placement	After the Proposed Placement
FY2013 Loss net of tax (US\$)	40,931	40,931
LPS (US\$)	0.0005	0.0003
Weighted average number of Shares for calculating LPS	89,574,249 <sup>(1)</sup>	119,574,249

**Note:**

- (1) Based on weighted average number of Shares as 14,000,000 Shares were issued in June 2013.

- 5.3 Assuming that the issuance of the Placement Shares had been effected on 31 December 2013, the net tangible asset value (“NAV”) attributable to the owners of the Company per share of the Group would be as follows:

	<b>Before the Proposed Placement</b>	<b>After the Proposed Placement</b>
NAV as at 31 December 2013	12,271,084	12,271,084
NAV per Share (US\$)	0.1272	0.0971
Number of Shares at the end of FY2013 for calculating NAV per share	96,440,002	126,440,002

- 5.4 It should be noted that such financial effects are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Placement.

## **6. GENERAL**

- 6.1 None of the Placement Shares will be placed to any person or groups of person disallowed by the SGX-ST under Section B: Rules of Catalist of the SGX-ST.
- 6.2 The Placement will not result in any transfer of controlling interest in the Company.
- 6.3 None of the Directors of the Company have any interest, direct or indirect in the Placement.
- 6.4 The Directors are not aware of any substantial shareholder of the Company having any interest, direct or indirect, in the Placement and have not received any notification of any interest in this transaction from any substantial shareholder.

By Order of the Board

TAN TONG GUAN  
EXECUTIVE CHAIRMAN  
10 October 2014

*This announcement and its contents have been reviewed by the Company’s sponsor, RHT Capital Pte Ltd (“Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this announcement.*

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

*The contact person for the Sponsor is Mr Chew Kok Liang, Registered Professional, RHT Capital Pte Ltd, Six Battery Road, #10-01, Singapore 049909, telephone (65) 6381 6757.*