

HIAP SENG ENGINEERING LTD.
(JUDICIAL MANAGERS APPOINTED)
(Company Registration No. 197100300Z)
(Incorporated in the Republic of Singapore)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE TO BE UNDERTAKEN BY HIAP SENG INDUSTRIES LIMITED¹ OF UP TO 607,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF HIAP SENG INDUSTRIES LIMITED (THE “RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.00543 FOR EACH RIGHTS SHARE, ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE OF HIAP SENG ENGINEERING LTD. HELD AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. BACKGROUND

- 1.1. Hiap Seng Engineering Ltd (Judicial Managers Appointed) (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcements dated (a) 7 January 2022, 25 March 2022, 15 August 2022, 31 May 2023 and 6 October 2023 in relation to the Proposed Subscription and the Proposed Grant of Options; (b); 20 May 2022, 2 June 2022, 29 June 2022, 4 July 2022, 18 August 2022, 24 August 2022 and 29 August 2022 in relation to the Proposed Debt Restructuring; and (b) 11 October 2023 in relation to the Proposed Transfer Listing (collectively, the “**Previous Announcements**”).
- 1.2. Capitalised terms used but not defined herein shall have the meanings as ascribed to them in the Previous Announcements.
- 1.3. As previously announced, the Company has also, pursuant to the Subscription Agreement, undertaken to undertake a rights issue at the Subscription Price (as defined below) to raise up to S\$3,300,000. In this regard, the Company wishes to further announce that it is proposing a renounceable non-underwritten rights issue of up to 607,500,000 Rights Shares (the “**Proposed Rights Issue**”) in the capital of Hiap Seng Industries Limited (following completion of the Proposed Transfer Listing) at an issue price of S\$0.00543 for each Rights Share (the “**Rights Issue Price**”), on the basis of two (2) Rights Shares for every one (1) existing share of the Company held as at a time and date to be determined, at and on which the register of members of the Company and the transfer books will be closed to determine the provisional allotment of the Rights Shares of Entitled Shareholders (as defined below) (the “**Record Date**”), fractional entitlements to be disregarded.
- 1.4. In this connection and to demonstrate support, commitment to and confidence in the Company, the family investment vehicle of Mr. Frankie Tan, the Non-Executive Chairman of the Company, and Mr. Richard Tan, the Executive Director and Chief Executive Officer of the Company (Tan Kuay Hoe Holdings Pte Ltd (the “**Undertaking Shareholder Entity**”)) has provided an irrevocable undertaking to subscribe for its entitlement to the Rights Shares, and any excess Rights Shares thereunder, amounting to a total of S\$1,000,000.

2. PROPOSED PRINCIPAL TERMS OF THE PROPOSED RIGHTS ISSUE

2.1. Principal terms of the Proposed Rights Issue

The principal terms of the Proposed Rights Issue are summarised below:

Rights Issue Price	:	S\$0.00543 for each Rights Share, payable in full upon acceptance and/or application.
Number of new shares to be issued	:	Up to 607,500,000 Rights Shares to be issued.
Discount	:	The Rights Issue Price represents a discount of approximately:

¹ Pursuant to the completion of, amongst others, the Proposed Transfer Listing.

(a) 72.9% to the VWAP of S\$0.02 for each Share based on the trades done on 26 November 2019, being the last full Market Day when the Shares were traded prior to the Company's trading suspension on 28 November 2019; and

(b) 69.1% to the theoretical ex-rights price of S\$0.01759² per Share.

The Rights Issue Price and discount has been determined to be in line with the Subscription Price, the Option Price and the issue price for the Settlement Shares to enable existing Shareholders to participate in the recapitalisation of the Company at a similar price to the Subscribers and the creditors to be issued Settlement Shares under the Scheme of Arrangement pursuant to the Proposed Debt Restructuring (the "**Scheme Creditors**").

Allotment ratio : Two (2) Rights Shares for every one (1) existing Share held by Entitled Shareholders (as defined below) as at the Record Date, fractional entitlements to be disregarded.

Rationale for the Proposed Rights Issue : Please refer to paragraph 2.2 (*Rationale for the Proposed Rights Issue*) below for further details.

Use of Proceeds : 100.0% of the net proceeds from the Proposed Rights Issue are to be utilised for working capital purposes.

Please refer to paragraph 2.4 (*Use of Proceeds*) below for further details.

2.2. Rationale for the Proposed Rights Issue

The Proposed Rights Issue will provide existing Shareholders an opportunity to subscribe for Rights Shares at the same issue price of the Subscription Shares and Settlement Shares and therefore they will also be able to participate in the Group going forward and be able to reduce the dilutive effect of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing.

The Irrevocable Undertaking (as defined below) provided by the Undertaking Shareholder is also an indication of commitment and confidence by an existing Shareholder in the Group's business pursuant to the completion of the Proposed Subscription, the Proposed Grant of Options and the Proposed Debt Restructuring. Please refer to paragraph 2.5 (*Irrevocable Undertaking*) below for further information on the Irrevocable Undertaking provided by the Undertaking Shareholder Entity to the Company and the New Listco.

Further, the proceeds raised from the Proposed Rights Issue will help strengthen the financial position of the Group by enlarging the Group's working capital base to further enhance the financial flexibility of the Group.

2.3. Size of the Proposed Rights Issue

Following the completion of the Proposed Subscription and the Proposed Grant of Options (for the avoidance of doubt, prior to the exercise of any Options), the Proposed Debt Restructuring and the

² Such theoretical ex-rights price is the theoretical market price of each Share assuming the completion of the allotment and issue of the (a) Subscription Shares and the Options pursuant to the Proposed Subscription and the Proposed Grant of Options; (b) Settlement Shares pursuant to the Proposed Debt Restructuring; and (c) Rights Shares pursuant to the Proposed Rights Issue (on a Maximum Subscription Scenario), and is calculated based on the last traded price of S\$0.02 for each based on the trades done on 26 November 2019, being the last full Market Day when the Shares were traded prior to the Company's trading suspension on 28 November 2019, and the number of Shares of 3,738,137,660 Shares following the completion of the Proposed Rights Issue (but excludes any Option Shares).

Proposed Transfer Listing, the Enlarged Share Capital³ will comprise 3,130,637,660 Shares. The New Listco does not have any treasury shares and save for the Options to be issued pursuant to the Proposed Grant of Options, there are no outstanding warrants or convertible securities issued by the New Listco pursuant to which new Shares may be issued on exercise or conversion.

For illustrative purposes only, based on the Existing Share Capital⁴ and assuming that:

- (a) (i) none of the Entitled Shareholders (excluding the Undertaking Shareholder Entity) subscribe for their *pro rata* entitlements of Rights Shares; and (ii) only the Undertaking Shareholder Entity subscribes for its *pro rata* entitlement of 141,577,278 Rights Shares and 42,584,784 excess Rights Shares pursuant to the Irrevocable Undertaking, 184,162,062 Rights Shares will be allotted and issued under the Proposed Rights Issue, resulting in a total of S\$1,000,000 in proceeds raised from the Proposed Rights Issue (the “**Minimum Subscription Scenario**”); and
- (b) all of the Entitled Shareholders (including the Undertaking Shareholder Entity) subscribe for their *pro rata* entitlements of Rights Shares, 607,500,000 Rights Shares will be allotted and issued under the Proposed Rights Issue, resulting in a total of S\$3,298,725 in proceeds raised from the Proposed Rights (the “**Maximum Subscription Scenario**”).

Depending on the level of subscription for the Rights Shares, the New Listco will, if necessary and upon approval of the SGX-ST, scale down a Shareholder’s application to subscribe for the Proposed Rights Issue to avoid placing the relevant Shareholder and parties acting in concert with it in the position of incurring a mandatory take-over bid obligation under the Singapore Code on Take-overs and Mergers as a result of other Shareholders not taking up their Rights Shares entitlements fully.

For the avoidance of doubt, the Subscribers and the Scheme Creditors will not be entitled to participate in the Proposed Rights Issue and accordingly, none of the Subscribers or the Scheme Creditors will be issued any Rights Shares.

2.4. Use of Proceeds

The net proceeds arising from the allotment and issue of the Rights Shares, after deducting estimated expenses incurred in connection with the Proposed Rights Issue of approximately S\$150,000, will be approximately (a) S\$3,148,725 in the Maximum Subscription Scenario; and (b) S\$850,000 in the Minimum Subscription Scenario.

In both the Maximum Subscription Scenario and Minimum Subscription Scenario, 100.0% of the net proceeds from the Proposed Rights Issue are to be utilised for working capital purposes.

Pending the deployment of the net proceeds from the Proposed Rights Issue, the net proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interests of the Group.

The Company will make the necessary announcement(s) as to the use of the proceeds as and when such net proceeds are materially disbursed and whether such use is in accordance with the stated use. A status report will be provided on the use of net proceeds in the interim and full-year financial statements and annual report. Where the net proceeds have been used for working capital purposes, a breakdown will be provided with specific details on how the proceeds have been applied in the announcements and status report. Where there is any material deviation from the stated use of the net proceeds, an announcement will be made with the reasons for such deviation.

2.5. Irrevocable Undertaking

As at the date of this announcement, the Undertaking Shareholder Entity holds an interest in 70,788,639 Shares, representing approximately 23.3% of the existing issued share capital of the Company. The

³ Means the enlarged issued share capital (including nil treasury shares and subsidiary holdings) on a diluted basis assuming the completion of the Proposed Subscription (resulting in the allotment and issue of 1,473,296,500 Subscription Shares), the Proposed Grant of Options (resulting in the grant of 1,473,296,500 Options), the Proposed Debt Restructuring (resulting in the allotment and issue of 1,353,591,160 Settlement Shares) and the Proposed Transfer Listing, being 3,130,637,660 Shares.

⁴ Means the existing issued share capital (including nil treasury shares and subsidiary holdings) being 303,750,000 Shares.

Undertaking Shareholder Entity is the family investment vehicle of Mr. Frankie Tan, the Non-Executive Chairman of the Company, and Mr. Richard Tan, the Executive Director and Chief Executive Officer of the Company.

To demonstrate support, commitment to and confidence in the Company, the Undertaking Shareholder Entity had on 14 December 2022 provided an irrevocable undertaking, as amended, modified and supplemented by the supplemental deeds of undertaking dated 20 June 2023 and 6 October 2023 (the “**Irrevocable Undertaking**”) pursuant to which it has irrevocably undertaken to the Company and the New Listco, that it shall *inter alia*, in accordance with the terms of the Proposed Rights Issue and in any case not later than the last time and date for acceptance of and/or excess application and payment for the Rights Shares under the Proposed Rights Issue (to be determined at the sole discretion of the Company or the New Listco as the case may be):

- (a) subscribe and pay for all of the Rights Shares which it is entitled to by virtue of its 70,788,639 Shares held in the Company, amounting to approximately S\$768,765; and
- (b) subscribe and pay for such number of additional Rights Shares (fractional entitlements to be disregarded) which have not been subscribed for by other Shareholders pursuant to their entitlements under the Proposed Rights Issue, amounting to approximately S\$231,235,

provided always that the total amount to be paid by the Undertaking Shareholder Entity for the Rights Shares described in sub-paragraphs (a) and (b) above shall be a total of S\$1,000,000.

The Undertaking Shareholder Entity shall procure a written confirmation from its financial institution that it has sufficient financial resources to fulfil its obligations under the Irrevocable Undertaking. No commission or fee will be paid to the Undertaking Shareholder Entity in connection with the provision or execution of the Irrevocable Undertaking.

2.6. Approvals

Shareholders should note that the Proposed Rights Issue is subject to, *inter alia*, the following conditions:

- (a) various other inter-conditional ordinary resolutions relating to, *inter alia*, the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing, being approved by the Shareholders at the extraordinary general meeting to be convened;
- (b) the approval-in-principle of the SGX-ST for the resumption of trading of the Shares having been obtained and not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue;
- (c) the approval-in-principle of the SGX-ST for the listing and quotation of the Rights Shares on the Main Board of the SGX-ST having been obtained and such approval not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue; and
- (d) the lodgement of the Offer Information Statement (as defined below), together with all other necessary accompanying documents, with the Monetary Authority of Singapore.

As at the date of this announcement, the condition in sub-paragraph (b) has been satisfied by virtue of the AIP granted by the SGX-ST on 28 July 2023. Please note that the AIP is not an indication of the merits of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Subscription Shares, the Options Shares, the Settlement Shares and the New Listco, the Company and/or its subsidiaries, and is further subject to the satisfaction of various conditions by the Company.

2.7. General

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Judicial Managers and the Executive Director may deem appropriate. Further details of the Proposed Rights Issue will be made available in the circular and the Offer Information Statement to be despatched or, as the case may be, disseminated to Entitled Shareholders, or will be disclosed in subsequent announcements in due course.

2.8. Notification under Section 309B of the Securities and Futures Act 2001 of Singapore

The provisional allotments of Rights Shares and the Rights Shares are prescribed as capital market products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

2.9. Eligibility of Shareholders to Participate in the Proposed Rights Issue

The Company proposes to provisionally allot by way of rights to all Shareholders who are eligible to participate in the Proposed Rights Issue (the **"Entitled Shareholders"**), which comprise Entitled Depositors and Entitled Scripholders (each as defined below).

Shareholders whose Shares are registered in the name of The Central Depository (Pte) Limited (**"CDP"**) and whose securities accounts (the **"Securities Accounts"**) with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Record Date (the **"Depositors"**) will be provisionally allotted entitlements to the Rights Shares on the basis of the number of Shares standing to the credit of their Securities Accounts with CDP as at the Record Date. **"Entitled Depositors"** are Depositors 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 Scripholders"** are Scripholders 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 of the New Listco (the **"Share Registrar"**) with addresses in Singapore for the service of notices and documents.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the rights to the Rights Shares will NOT be offered to Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three (3) market days prior to the Record Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents, subject to certain limited exceptions and/or unless otherwise reasonably determined by the Directors that the Rights Shares may be offered based on applicable securities legislation (the **"Foreign Shareholders"**). Entitlements to provisional allotments of Rights Shares which would otherwise accrue to Foreign Shareholders may, if practicable and at the absolute discretion of the New Listco, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares commence, and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the offer information statement to be issued for the Proposed Rights Issue (the **"Offer Information Statement"**).

Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradeable on the Main Board of the SGX-ST over a period to be determined by the Judicial Managers and the Executive Director in compliance with the rules of Listing Manual of the SGX-ST. Entitled Shareholders will be at liberty to accept, decline, renounce or trade, in whole or in part, their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their respective provisional allotments under the Proposed Rights Issue.

Entitlements which are not allotted or taken up for any reason (including any fractional entitlements to the Rights Shares) will be aggregated and used to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the New Listco.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots and Directors and Substantial Shareholders who have control or influence over the New Listco in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (direct or through a nominee) on the board of directors of the New Listco, will rank last in priority for the rounding of odd lots and the allotment of excess Rights Shares.

3. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION, PROPOSED GRANT OF OPTIONS, THE PROPOSED DEBT RESTRUCTURING, THE PROPOSED TRANSFER LISTING AND THE PROPOSED RIGHTS ISSUE

3.1. Bases and assumptions

For illustrative purposes only, the financial effects of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue have been prepared based on the audited financial statements of the Group for the financial year ended 31 March 2023. The financial effects have been prepared on the following assumptions:

- (a) the inter-conditional completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing;
- (b) the Group raises gross proceeds of approximately S\$8.0 million from the exercise of all Options;
- (c) there is no change in the net tangible losses (“**NTL**”) or net tangible assets (“**NTA**”), losses per Share (“**LPS**”) or earnings per Share (“**EPS**”) and share capital of the Company and the New Listco, pursuant to the Proposed Transfer Listing; and
- (d) the completion of the Proposed Rights Issue in the Minimum Subscription Scenario and in the Maximum Subscription Scenario will result in gross proceeds of S\$1.0 million and S\$3.3 million respectively.

3.2. Share Capital

	Number of Shares
Prior to the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ⁽¹⁾	303,750,000
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ⁽²⁾	3,130,637,660
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Minimum Subscription Scenario) ⁽³⁾	3,314,799,722
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Maximum Subscription Scenario) ⁽⁴⁾	3,738,137,660
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing, the Proposed Rights Issue (in the Maximum Subscription Scenario) and the full exercise of all the Options by the Subscribers ⁽⁵⁾	5,211,434,160

Notes:

- (1) Based on the Existing Share Capital of 303,750,000 Shares, including nil treasury shares and subsidiary holdings.
- (2) Based on an additional 1,473,296,500 Subscription Shares and 1,353,591,160 Settlement Shares to be issued upon the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing, which are inter-conditional.
- (3) Based on an additional 184,162,062 Rights Shares to be issued in the Minimum Subscription Scenario.
- (4) Based on an additional 423,337,938 Rights Shares to be issued in the Maximum Subscription Scenario.
- (5) Based on an additional 1,473,296,500 Option Shares to be issued upon the full exercise of all Options by the Subscribers.

3.3. LPS / EPS

Assuming that the following transactions were completed on 31 March 2023, the pro forma financial effects on the Group's EPS would be as follows:

	(Loss) / Profit Attributable to owners of the Company (S\$'000)	Number of Shares ('000)	(LPS) / EPS (Singapore cents)
Prior to the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ⁽¹⁾	(2,550)	303,750	(0.84)
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ^{(2), (3)}	15,748	3,130,638	0.50
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Minimum Subscription Scenario) ^{(3), (4)}	15,748	3,314,800	0.48
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Maximum Subscription Scenario) ^{(3), (5)}	15,748	3,738,138	0.42
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing, the Proposed Rights Issue (in the Maximum Subscription Scenario) and the full exercise of all the Options by the Subscribers ^{(3), (6)}	15,748	5,211,434	0.30

Notes:

- (1) Based on the Existing Share Capital of 303,750,000 Shares, including nil treasury shares and subsidiary holdings.
- (2) Based on an additional 1,473,296,500 Subscription Shares and 1,353,591,160 Settlement Shares to be issued upon the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing, which are inter-conditional.
- (3) Profit includes S\$18.7 million from the extinguishment of remaining debt under the Scheme of Arrangement and balance of amounts owing to the Group's lender, United Overseas Bank Limited ("UOB").
- (4) Based on an additional 184,162,062 Rights Shares to be issued in the Minimum Subscription Scenario.
- (5) Based on an additional 423,337,938 Rights Shares to be issued in the Maximum Subscription Scenario.
- (6) Based on an additional 1,473,296,500 Option Shares to be issued upon the full exercise of all Options by the Subscribers.

3.4. NTL / NTA

Assuming that the following transactions were completed on 31 March 2023, the pro forma financial effects on the Group's (NTL) / NTA per share would be as follows:

	(NTL) / NTA (S\$'000)	Number of Shares ('000)	(NTL) / NTA per Share (Singapore cents)
Prior to the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ⁽¹⁾	(17,352)	303,750	(5.71)
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ^{(2), (3)}	16,296	3,130,638	0.52
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Minimum Subscription Scenario) ^{(3), (4)}	17,146	3,314,800	0.52
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Maximum Subscription Scenario) ^{(3), (5)}	19,446	3,738,138	0.52
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing, the Proposed Rights Issue (in the Maximum Subscription	27,446	5,211,434	0.53

	(NTL) / NTA (S\$'000)	Number of Shares ('000)	(NTL) / NTA per Share (Singapore cents)
Scenario) and the full exercise of all the Options by the Subscribers ^{(3), (6)}			

Notes:

- (1) Based on the Existing Share Capital of 303,750,000 Shares, including nil treasury shares and subsidiary holdings.
- (2) Based on an additional 1,473,296,500 Subscription Shares and 1,353,591,160 Settlement Shares to be issued upon the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing, which are inter-conditional.
- (3) Profit includes S\$18.7 million from the extinguishment of remaining debt under the Scheme of Arrangement and balance of amounts owing to UOB.
- (4) Based on an additional 184,162,062 Rights Shares to be issued in the Minimum Subscription Scenario.
- (5) Based on an additional 423,337,938 Rights Shares to be issued in the Maximum Subscription Scenario
- (6) Based on an additional 1,473,296,500 Option Shares to be issued upon the full exercise of all Options by the Subscribers.

3.5. Gearing

Assuming that the following transactions were completed on 31 March 2023, the pro forma financial effects on the Group's gearing would be as follows:

	Total Borrowings (S\$'000)	Equity attributable to Shareholders (S\$'000)	Gearing (times)
Prior to the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ⁽¹⁾	14,696	(17,352)	N.M ⁽⁷⁾
Upon completion of Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ⁽²⁾	0	16,296	N.M ⁽⁷⁾
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Minimum Subscription Scenario) ^{(3), (6)}	5,600	17,146	0.33
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Maximum Subscription Scenario) ^{(4), (6)}	5,600	19,446	0.29

	Total Borrowings (S\$'000)	Equity attributable to Shareholders (S\$'000)	Gearing (times)
Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing, the Proposed Rights Issue (in the Maximum Subscription Scenario) and the full exercise of all the Options by the Subscribers ⁽⁵⁾ , ⁽⁶⁾	5,600	27,446	0.20

Notes:

- (1) Based on the Existing Share Capital of 303,750,000 Shares, including nil treasury shares and subsidiary holdings.
- (2) Based on an additional 1,473,296,500 Subscription Shares and 1,353,591,160 Settlement Shares to be issued upon the completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing, which are inter-conditional.
- (3) Based on an additional 184,162,062 Rights Shares to be issued in the Minimum Subscription Scenario.
- (4) Based on an additional 423,337,938 Rights Shares to be issued in the Maximum Subscription Scenario.
- (5) Based on an additional 1,473,296,500 Option Shares to be issued upon the full exercise of all Options by the Subscribers.
- (6) Includes S\$5.6 million of newly obtained banking facilities for the purposes of fulfilling the remaining JTC Investment Criteria of S\$7.0 million.
- (7) N.M means not meaningful.

4. SHARES ISSUED BY THE COMPANY IN THE PAST 12 MONTHS

No Shares have been issued by the Company in the 12-month period prior to the date of this announcement.

5. WORKING CAPITAL STATEMENT

As at the date of this announcement, taking into account:

- (a) the Group's internal resources and operating cashflows;
- (b) the proceeds of S\$8,000,000 from the Proposed Subscription (which will be utilised for the partial settlement in cash of the principal amounts and interests under loans owing to UOB); and
- (c) the implementation and completion of the Proposed Debt Restructuring (including the allotment and issue of the Settlement Shares),

the Judicial Managers, together with the Executive Director, Mr. Richard Tan Leau Kuee @ Tan Chow Kuee, are of the opinion that that the Group will have sufficient resources to meet the New Listco's obligations and continue to operate as a going concern. Notwithstanding the sufficiency of working capital following the Proposed Subscription and the Proposed Grant of Options, the Judicial Managers, together with the Executive Director, are of the opinion that the Proposed Rights Issue will strengthen the financial position and capital base of the Group. The Proposed Rights Issue will also provide the Shareholders with an opportunity to participate in the Group going forward and be able to reduce the dilutive effect of the Proposed Subscription, the Proposed Grant of Options and the Proposed Debt Restructuring. For the reasons outlined in paragraph 2.2 (*Rationale for the Proposed Rights Issue*) of this announcement, the

Judicial Managers, together with the Executive Director, believe that the Proposed Rights Issue is in the interests of the Group.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS, AND CHANGES TO SHAREHOLDING INTERESTS

Please refer to the Appendix to this announcement details on the effect on the shareholding structure pursuant to the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue.

7. FURTHER DOCUMENTS AND UPDATES

- 7.1. A circular is expected to be issued and despatched or, as the case may be, disseminated, by the Company to its Shareholders in due course, containing the necessary information to seek for the approvals required from its Shareholders for, *inter alia*, the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue.
- 7.2. The Company will also make further announcements as and when there are material updates in relation to the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue.

8. CAUTIONARY STATEMENT

- 8.1. Shareholders should note that the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue remain subject to, amongst others, the fulfilment of the conditions precedent of each of the transactions (where applicable). **There is no certainty or assurance that the conditions precedent for the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue can be fulfilled or that the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue will be undertaken at all.**
- 8.2. Although the Shares are under suspension, Shareholders, stakeholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company and the Judicial Managers carefully. Shareholders are also advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders, stakeholders and potential investors of the Company should consult with their financial, tax or other advisers if they have any doubt about the actions they should take.

Oon Su Sun and Lin Yueh Hung
Joint and Several Judicial Managers
11 October 2023

The affairs, business and property of the Company are being managed by the Judicial Managers appointed by the High Court of Singapore. The Judicial Managers contract and only act as agents of the Company and disclaim all personal liability of any nature whatsoever for all matters arising out of, in connection with and in respect of the Judicial Management of the Company herein.

APPENDIX

	Prior to the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ⁽¹⁾				Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing ⁽²⁾				Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Minimum Subscription Scenario) ⁽³⁾				Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing and the Proposed Rights Issue (in the Maximum Subscription Scenario) ⁽⁴⁾				Upon completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring, the Proposed Transfer Listing, the Proposed Rights Issue (in the Maximum Subscription Scenario) and the full exercise of all the Options by the Subscribers ⁽⁵⁾			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
OUTGOING DIRECTORS																				
Tan Ah Lam ⁽⁶⁾	3,319,500	1.1	70,788,639	23.3	3,319,500	0.1	70,788,639	2.3	3,319,500	0.1	254,950,701	7.7	9,958,500	0.3	212,365,917	5.7	9,958,500	0.2	212,365,917	4.1
Tan Leau Kuee @ Tan Chow Kuee ⁽⁷⁾	-	-	70,788,639	23.3	4,757,810	0.2	70,788,639	2.3	4,757,810	0.1	254,950,701	7.7	4,757,810	0.1	212,365,917	5.7	4,757,810	0.1	212,365,917	4.1
Koh Kim Wah ⁽⁸⁾	-	-	278,000	0.1	4,520,552	0.1	278,000	0.0	4,520,552	0.1	278,000	0.0	4,520,552	0.1	278,000	0.0	4,520,552	0.1	278,000	0.0
SUBSTANTIAL SHAREHOLDERS (OTHER THAN DIRECTORS)																				
Tan Kuay Hoe Holdings Pte Ltd	70,788,639	23.3	-	-	70,788,639	2.3	-	-	254,950,701	7.7	-	-	212,365,917	5.7	-	-	212,365,917	4.1	-	-
Cheng Bok Poh @ Chng Bok Poh ⁽⁹⁾	29,938,375	9.9	7,086,440	2.3	29,938,375	1.0	7,086,440	0.2	29,938,375	0.9	7,086,440	0.2	89,815,125	2.4	21,259,320	0.6	89,815,125	1.7	21,259,320	0.4
Goo Buik Bing @ Goh Guik Bing ⁽¹⁰⁾	7,086,440	2.3	29,938,375	9.9	7,086,440	0.2	29,938,375	1.0	7,086,440	0.2	29,938,375	0.9	21,259,320	0.6	89,815,125	2.4	21,259,320	0.4	89,815,125	1.7
OTHERS																				
Subscribers - Vibrant	-	-	-	-	1,104,972,375	35.3	-	-	1,104,972,375	33.3	-	-	1,104,972,375	29.6	-	-	2,209,944,750	42.4	-	-
Subscribers - Tian Yuan United Overseas Bank Limited	-	-	-	-	368,324,125	11.8	-	-	368,324,125	11.1	-	-	368,324,125	9.9	-	-	736,648,250	14.1	-	-
Asia Process Industries Pte Ltd ⁽¹¹⁾	-	-	-	-	329,857,012	10.5	-	-	329,857,012	10.0	-	-	329,857,012	8.8	-	-	329,857,012	6.3	-	-
Other non-public	278,000	0.1	-	-	228,951,992	7.3	-	-	228,951,992	6.9	-	-	228,951,992	6.1	-	-	228,951,992	4.4	-	-
INCOMING DIRECTORS																				
Khua Kian Hua ⁽¹²⁾	-	-	-	-	-	-	1,104,972,375	35.3	-	-	1,104,972,375	33.3	-	-	1,104,972,375	29.6	-	-	2,209,944,750	42.4
Tan Phuay Hung, Max Piti Pramotedham	-	-	-	-	-	-	-	0.0	-	-	-	0.0	-	-	-	0.0	-	-	-	0.0
Tan Cher Liang	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ong Kim Huat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Number of Shares	%			Number of Shares	%			Number of Shares	%			Number of Shares	%			Number of Shares	%		
Non-public	111,410,954	36.7			2,036,863,314	65.1			2,291,814,015	69.1			2,249,229,231	60.2			3,281,207,822	63.0		
Public	192,339,046	63.3			1,093,774,346	34.9			1,022,985,707	30.9			1,488,908,429	39.8			1,930,226,338	37.0		
TOTAL	303,750,000				3,130,637,660	100.0			3,314,799,722	100.0			3,738,137,660	100.0			5,211,434,160	100.0		

Notes:

- (1) Based on the Existing Share Capital of 303,750,000 Shares, including nil treasury shares and subsidiary holdings.
- (2) Based on the Enlarged Share Capital of 3,130,637,660 Shares, including nil treasury shares and subsidiary holdings, taking into consideration the allotment and issue of the (a) Subscription Shares and (b) Settlement Shares.
- (3) Based on the 3,314,799,722 Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings, taking into consideration the allotment and issue of the (a) Subscription Shares, (b) Settlement Shares; and (c) Rights Shares (in the Minimum Subscription Scenario).
- (4) Based on 3,738,137,660 Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings, taking into consideration the allotment and issue of the (a) Subscription Shares, (b) Settlement Shares; and (c) Rights Shares (in the Maximum Subscription Scenario).
- (5) Based on 5,211,434,160 Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings, taking into consideration the allotment and issue of the (a) Subscription Shares, (b) Settlement Shares; (c) Rights Shares (in the Maximum Subscription Scenario); and (d) Option Shares based on the full exercise of all the Options by the Subscribers.
- (6) Mr. Frankie Tan Ah Lam is deemed to have an interest in the shares held by Tan Kuay Hoe Holdings Pte Ltd by virtue of Section 7 of the Companies Act 1967 of Singapore (the "**Companies Act**").
- (7) Mr. Tan Leau Kuee @ Tan Chow Kuee is deemed to have an interest in the shares held by Tan Kuay Hoe Holdings Pte Ltd by virtue of Section 7 of the Companies Act.
- (8) Mr. Koh Kim Wah is deemed to have an interest in the shares held by his spouse, Mdm. Lee Hoon Hua.
- (9) Mr. Cheng Buck Poh @ Chng Bok Poh is deemed to have an interest in the shares held by his spouse, Mdm. Goo Guik Bing @ Goh Guik Bing.
- (10) Mdm. Goo Guik Bing @ Goh Guik Bing is deemed to have an interest in the shares held by her spouse, Mr. Cheng Buck Poh @ Chng Bok Poh.
- (11) Asia Process Industries Pte Ltd was placed under voluntary liquidation on 5 September 2020 and is one of the Scheme Creditors under the Scheme of Arrangement and will be allotted and issued 228,951,992 Settlement Shares under the Scheme of Arrangement. As Asia Process Industries Pte Ltd is currently in liquidation, the Company does not consider it a subsidiary as and therefore will not treat its shareholdings as subsidiary holdings.
- (12) It is the Subscribers' intention to refresh the entire board of directors of the Company with effect from completion of the Proposed Subscription, the Proposed Grant of Options, the Proposed Debt Restructuring and the Proposed Transfer Listing, with one of the incoming directors being Mr. Khua Kian Hua, who is a 30.0% shareholder of Vibrant. Mr. Khua Kian Hua is deemed to have an interest in the shares held by Vibrant by virtue of Section 7 of the Companies Act.