

RAFFLES UNITED HOLDINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration No.: 197302030N)

**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO
234,060,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**

1. Introduction

The board of directors (the “**Board**”) of Raffles United Holdings Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue of up to 234,060,000 new ordinary shares (“**Rights Shares**”) in the capital of the Company at an issue price of S\$0.05 for each Rights Share (“**Issue Price**”), on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company (“**Share**”) held by the shareholders of the Company (“**Shareholders**”) as at the date and time to be determined by the Directors for the purposes of determining Shareholders’ entitlements under the Rights Issue (“**Books Closure Date**”), fractional entitlements to be disregarded (“**Rights Issue**”).

The Company will be seeking specific approval from Shareholders by way of an extraordinary general meeting (“**EGM**”) to be convened for the undertaking of the Rights Issue. A circular setting out, amongst other things, the details of, and other relevant information pertaining to the Rights Issue (the “**Circular**”), together with the notice of the EGM, will be despatched to the Shareholders in due course.

2. Principal Terms of the Rights Issue

2.1 Basis of Provisional Allotment

The Company is proposing the Rights Issue to be offered on a renounceable non-underwritten basis to Entitled Shareholders (as defined below) on the basis of one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

2.2 Non-Underwritten Rights Issue

Taking into consideration the costs of engaging an underwriter and having to pay commission in relation to the underwriting, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

2.3 Issue Price

The issue price is proposed to be S\$0.05 per Rights Share. The Issue Price represents a discount of approximately:

- (a) 39.0% to the closing market price of S\$0.082 for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 8 January 2019 (being the last market day on which the Shares were transacted on the SGX-ST immediately preceding the date of this announcement);
- (b) 39.0% to the theoretical ex-rights price¹ of S\$0.082 per Share.

¹ The theoretical ex-rights price is calculated using the following formula: $T = (A + B) / C$
where:

A = the Company’s market capitalisation based on the closing price of S\$0.082 per Share on the SGX-ST on 8 January 2019, being the last trading day immediately prior to the date of this announcement

B = the gross proceeds from the Rights Issue assuming the completion of the Rights Issue under the Minimum Subscription Scenario (as defined below) based on the Existing Share Capital (as defined below) of 234,060,000 Shares

C = the issued share capital of the Company under the Minimum Subscription Scenario of 234,060,000 Shares

2.4 Size

As at the date of this announcement, the Company has an existing issued and paid-up share capital comprising 234,060,000 Shares (excluding treasury shares) (the “**Existing Share Capital**”).

For illustrative purposes only, based on the Existing Share Capital and assuming all the Entitled Shareholders subscribe and pay for their *pro-rata* entitlements of Rights Shares, the Company will issue up to 234,060,000 Rights Shares.

3. Eligibility to Participate in the Rights Issue

3.1 Entitled Shareholders

The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Rights Issue (the “**Entitled Shareholders**”), which comprise Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the offer information statement to be issued by the Company for the Rights Issue (the “**Offer Information Statement**”) together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the Central Depository (Pte) Limited (“**CDP**”) or the Share Registrar (as defined below), as the case may be.

3.2 Entitled Depositors

Shareholders whose Shares are registered in the name of CDP and whose securities accounts with CDP (the “**Securities Accounts**”) are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date (the “**Depositors**”) will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their Securities Accounts as at 5.00 p.m. (Singapore time) on the Books Closure Date.

To be “**Entitled Depositors**”, Depositors must have registered addresses with CDP in Singapore as the books closure date or if they have registered addresses outside Singapore, must have provided CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, with addresses in Singapore not later than 5.00 p.m. (Singapore time) on the date being at least three (3) market days prior to the books closure date, in order to receive their provisional allotments of Rights Shares.

3.3 Entitled Scripholders

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to 5.00 p.m. (Singapore time) on the books closure date by the Company’s share registrar, Boardroom Corporate & Advisory Services Pte Ltd (the “**Share Registrar**”) at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, will be registered to determine the provisional entitlements of the transferee (such transferee, the “**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 Issue.

To be “**Entitled Scripholders**”, Scripholders must have registered addresses in Singapore with the Company as at the books closure date or if they have registered addresses outside Singapore, must have provided the Share Registrar at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 with addresses in Singapore not later than 5.00 p.m. (Singapore time) on the date being at least three (3) market days prior to the books closure date, in order to receive their provisional allotments of Rights Shares.

3.4 Provisional Allotments and Excess Applications

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

3.5 CPF Investment Scheme

Shareholders who have previously purchased Shares using their Central Provident Fund (“**CPF**”) account savings (“**CPF Funds**”) under the Central Provident Fund Investment Scheme (“**CPFIS**”) should note that CPF Funds cannot be used to purchase shares of issuers on the SGX-ST watch-list with effect from 1 March 2016. The Company was placed on the SGX-ST watch-list under the minimum trading price entry criteria on 5 December 2018.

Shareholders who have previously bought Shares under the CPFIS prior to the Company being placed on watch-list can choose to hold or sell their Shares or participate in corporate actions, subject to the applicable CPFIS rules and limited for these Shares.

3.6 Foreign Shareholders

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Issue is only made in Singapore and the Rights Shares will NOT be offered to Shareholders with registered addresses outside Singapore as at the books closure date 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**”). The Offer Information Statement and its accompanying documents will not be mailed outside Singapore. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for Rights Shares by Foreign Shareholders will be valid.

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable, be sold “nil-paid” on the Mainboard of the SGX-ST or be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company as soon as practicable after dealings in the provisional allotments of Rights Shares commence.

Where such provisional allotments of Rights Shares are sold “nil-paid” on the Mainboard of the SGX-ST, 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 Share Registrar, CDP or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of the Rights Shares represented by such provisional allotments.

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation and/or sale of the provisional allotments of the Rights Shares and for excess application for the Rights Shares pursuant to the Rights Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

4. Approvals

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

- (a) the approval of Shareholders for the Rights Issue being obtained at the EGM to be convened;
- (b) the receipt of the approval in-principle from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST and such approval not having been withdrawn or revoked on or prior to the completion of the Rights Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (c) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) in connection with the Rights Issue, with the Monetary Authority of Singapore.

An application will be made by the Company to the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Mainboard of the SGX-ST. The Company will release an announcement on the outcome of the application in due course.

5. Rationale for the Rights Issue and Use of Proceeds

5.1 Rationale for the Rights Issue

The Company believes that the Rights Issue will enable the Group to reduce its bank borrowings, finance the working capital requirements and strengthen the balance sheet of the Group.

5.2 Use of Proceeds from the Rights Issue

On the assumption that all of the Entitled Shareholders subscribe in full for their provisional entitlements of Rights Shares, 234,060,000 Rights Shares will be issued pursuant to the Rights Issue (the “**Maximum Subscription Scenario**”). Under the Maximum Subscription Scenario, the net proceeds from the subscription of the Rights Shares (the “**Net Proceeds**”) is approximately S\$11.6 million after deducting approximately S\$0.1 million for professional fees and related expenses estimated to be incurred in connection with the Rights Issue.

On the assumption that none of the Entitled Shareholders subscribe for the Rights Shares, no Rights Shares will be issued pursuant to the Rights Issue (the “**Minimum Subscription Scenario**”). Under the Minimum Subscription Scenario, the Net Proceeds is approximately -S\$0.1 million after deducting approximately S\$0.1 million for professional fees and related expenses estimated to be incurred in connection with the Rights Issue. The Company intends to fund all the expenses in relation to the Rights Issue by internal resources.

The intended uses of such Net Proceeds are set out below:

Use of Net Proceeds	Minimum Subscription scenario		Maximum Subscription scenario	
	Amount S\$'000	Percentage Allocation	Amount S\$'000	Percentage Allocation
Repayment of bank borrowings	-	-	9,000	78
General working capital	-	-	2,600	22
TOTAL	-	-	11,600	100

Pending deployment of the Net Proceeds, such Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets or marketable securities or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

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 annual report of the Company. Where there is a material deviation in the use of Net Proceeds, the Company will state the reason(s) for such deviation.

The Directors are of the reasonable opinion that, barring unforeseen circumstances and after taking into consideration:

- (i) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements and the Rights Issue is being undertaken to improve gearing, reduce its bank borrowings and finance the working capital requirements of the Company and its subsidiaries; and
- (ii) the present bank facilities and the Net Proceeds (based on the Minimum Subscription Scenario), the working capital available to the Group is sufficient to meet its present requirements.

6. SGX-ST Watchlist

The Company was placed on the SGX-ST Watch-list under the minimum trading price entry criteria with effect from 5 December 2018.

Listing Rule 1314(2) states that the Company will be assessed by SGX-ST for removal from the watch-list if it records volume-weighted average price of at least S\$0.20 and an average daily market capitalisation of S\$40 million or more over the last 6 months.

7. Interests of Directors and Substantial Shareholders

None of the Directors or substantial shareholders of the Company (in so far as the Directors are aware) has any direct or indirect interest in the Rights Issue (other than through their respective shareholdings in the Company (if any)).

8. Circular to Shareholders

The Company intends to convene the EGM to seek Shareholders' approval for the Rights Issue. A circular setting out, *inter alia*, the details of, and other relevant information pertaining to the Rights Issue (the "**Circular**"), together with the notice of EGM, will be dispatched to the Shareholders in due course.

9. Responsibility Statement

The Directors of the Company (including those who 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.

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 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. Cautionary Statement

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares as there is no certainty or assurance that the Rights Issue 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 also advised to read this announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

BY ORDER OF THE BOARD

Tan Saik Hock
Chairman
9 January 2019