

**CIRCULAR DATED 22 MARCH 2019**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular is issued by Raffles United Holdings Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”). This document is important. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other independent professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Rights Shares (as defined herein) on the Mainboard of the SGX-ST, subject to certain conditions. The Rights Shares will be admitted to the Mainboard of the SGX-ST and official quotation is expected to commence after all conditions are satisfied, all certificates relating thereto having been issued and the notification letters from CDP having been despatched.

Approval in-principle by the SGX-ST is not to be taken as an indication of the merits of the Rights Issue (as defined herein), the Nil-paid Rights (as defined herein), the Rights Shares (as defined herein), and the Company and/or its subsidiaries.

This Circular does not constitute an offer to sell or a solicitation of an offer to buy shares nor shall there be any sale of any shares in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under any securities laws of such jurisdiction. This Circular is issued to Shareholders (as defined herein) solely for the purpose of providing Shareholders with the information pertaining to, and seeking Shareholders’ approval for the resolution to be proposed at the Extraordinary General Meeting. Shareholders are authorised to use this Circular solely for the purpose of considering the approvals sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The distribution of this Circular and/or transfer of the Nil-paid Rights and the Rights Shares into jurisdictions other than Singapore may be prohibited or restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

**PLEASE NOTE THAT UNDER THE MINIMUM SUBSCRIPTION SCENARIO (AS DEFINED HEREIN), THE MAJORITY SHAREHOLDERS (AS DEFINED HEREIN) WILL BE IN A POSITION TO EXERCISE SUPER MAJORITY CONTROL OF THE COMPANY.**

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

# **Raffles United** Holdings Ltd

## **RAFFLES UNITED HOLDINGS LTD**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197302030N)

### **CIRCULAR TO SHAREHOLDERS**

in relation to

**THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 234,060,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.05 FOR EACH RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

#### **IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Forms	:	6 April 2019 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	8 April 2019 at 9.30 a.m.
Place of Extraordinary General Meeting	:	5 Changi South Street 3 Singapore 486117



---

## TABLE OF CONTENTS

---

	<b>Page</b>
<b>DEFINITIONS</b> .....	1
<b>LETTER TO SHAREHOLDERS</b> .....	8
1 INTRODUCTION .....	8
2 SGX-ST WATCH-LIST AND ASSOCIATED RISKS .....	9
3 THE RIGHTS ISSUE .....	10
4 IRREVOCABLE UNDERTAKING .....	21
5 RATIONALE FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS .....	22
6 FINANCIAL EFFECTS OF THE RIGHTS ISSUE .....	25
7 OFFER INFORMATION STATEMENT .....	28
8 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS .....	28
9 TAKE-OVER LIMITS .....	30
10 MATERIAL LITIGATION .....	31
11 EXTRAORDINARY GENERAL MEETING .....	31
12 ACTION TO BE TAKEN BY THE SHAREHOLDERS .....	31
13 DIRECTORS' RECOMMENDATION .....	31
14 DIRECTORS' RESPONSIBILITY STATEMENT .....	32
15 DOCUMENTS AVAILABLE FOR INSPECTION .....	32
<b>APPENDIX A – FINANCIAL INFORMATION OF THE GROUP</b> .....	33
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	44
<b>PROXY FORM</b>	

---

## DEFINITIONS

---

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

- “Announcements”** : Collectively, the announcements made by the Company on 9 January 2019 and 17 January 2019 in relation to the Rights Issue
- “ARE”** : Application and acceptance form for Rights Shares and Excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotment of Rights Shares pursuant to the Rights Issue
- “ARS”** : Application and acceptance form for Rights Shares to be issued to purchasers of provisional allotment of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
- “Authority”** : Monetary Authority of Singapore
- “Board”** : The board of Directors of the Company as at the date of this Circular
- “Books Closure Date”** : Subject to Shareholders’ approval of the Rights Issue being obtained, the time and date to be determined by the Directors and to be announced by the Company in due course, at and on which the Register of Members and share transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders under the Rights Issue
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 22 March 2019 in respect of the Rights Issue
- “Closing Date”** : The time and date to be determined by the Directors and to be announced by the Company in due course, being the last time and date for acceptance of and/or Excess Application and payment for, and renunciation and payment of the Rights Shares under the Rights Issue
- “Closing Price”** : S\$0.082 per Share, being the last traded price on the SGX-ST on 8 January 2019, being the last trading day on which the Shares were transacted on the SGX-ST immediately prior to the announcement made by the Company on 9 January 2019 in relation to the Rights Issue
- “Code”** : The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time

---

## DEFINITIONS

---

<b>“Companies Act”</b>	:	The Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
<b>“Company”</b>	:	Raffles United Holdings Ltd
<b>“Constitution”</b>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<b>“Director”</b>	:	A director of the Company at the time of this Circular, and <b>“Directors”</b> shall be construed accordingly
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on 8 April 2019, notice of which is set out in this Circular
<b>“Entitled Depositor(s)”</b>	:	Shareholders with Shares standing to the credit of their Securities Accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
<b>“Entitled Scripholders”</b>	:	Shareholders whose share certificates are not deposited with CDP and persons who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Share Registrar are in Singapore as at the Books Closure Date or if they have registered addresses outside Singapore, who have provided the Share Registrar with addresses in Singapore for the service of notices and documents no later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Books Closure Date
<b>“Entitled Shareholders”</b>	:	Entitled Depositors and Entitled Scripholders
<b>“EPS”</b>	:	Earnings per Share
<b>“Excess Application(s)”</b>	:	Applications for Excess Rights Shares by Entitled Shareholders
<b>“Excess Rights Shares”</b>	:	The provisional allotments of Rights Shares which are not taken up by the Entitled Shareholders as at the Closing Date, and which may be applied for by Entitled Shareholders in excess of the number of Rights Shares provisionally allotted to such Entitled Shareholders

---

## DEFINITIONS

---

<b>“Existing Share Capital”</b>	:	The existing issued and paid-up share capital of the Company of 234,060,000 Shares as at the Latest Practicable Date
<b>“Foreign Purchasers”</b>	:	Persons purchasing the provisional allotment of Rights Shares through the book-entry (scripless) settlement system and whose registered addresses with CDP are outside Singapore
<b>“Foreign Shareholders”</b>	:	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 to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
<b>“FY”</b>	:	Financial year ended or, as the case may be, ending 31 December
<b>“Group”</b>	:	The Company, and its subsidiaries
<b>“Irrevocable Undertaking”</b>	:	The irrevocable undertaking given by the Undertaking Shareholder to the Company, details of which are set out in Section 4 of this Circular
<b>“Issue Price”</b>	:	The issue price of the Rights Shares, being S\$0.05 for each Rights Share
<b>“Latest Practicable Date”</b>	:	19 March 2019, being the latest practicable date prior to printing of this Circular
<b>“Listing Manual”</b>	:	The rules of the listing manual of the SGX-ST, which apply to entities listed on the SGX-ST Main Board, as amended, modified or supplemented from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Majority Shareholders”</b>	:	Has the meaning ascribed to it in Section 8.4 of this Circular
<b>“Maximum Subscription Scenario”</b>	:	For illustrative purposes, the scenario under which the maximum number of Rights Shares will be issued pursuant to the Rights Issue as set out in Section 3.2(a) of this Circular
<b>“Minimum Subscription Scenario”</b>	:	For illustrative purposes, the scenario under which the minimum number of Rights Shares will be issued pursuant to the Rights Issue as set out in Section 3.2(b) of this Circular

---

## DEFINITIONS

---

<b>“Net Proceeds”</b>	:	The estimated net proceeds from the Rights Issue
<b>“Nil-paid Rights”</b>	:	The “nil-paid” rights (evidenced by the provisional allotments of Rights Shares)
<b>“Notice of EGM”</b>	:	Notice of the EGM set out on Page 44 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“Offer Information Statement” or “OIS”</b>	:	The offer information statement referred to in Section 277 of the SFA, together with (where the context requires) the PAL, the ARE, the ARS, and all other accompanying documents, including, where the context so admits, any supplementary or replacement documents to be issued by the Company in connection with the Rights Issue
<b>“PAL”</b>	:	The provisional allotment letter to be issued to an Entitled Scripholder, setting out the provisional allotment of the Rights Shares of such Entitled Scripholders under the Rights Issue
<b>“Rights Issue”</b>	:	The proposed renounceable non-underwritten rights issue of up to 234,060,000 Rights Shares at the Issue Price 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
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM as attached to this Circular
<b>“Purchaser”</b>	:	Persons purchasing the provisional allotment of Rights Shares through the book-entry (scripless) settlement system whose registered addresses with CDP are within Singapore
<b>“Record Date”</b>	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the Securities Account of the Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
<b>“Register of Members”</b>	:	The register of members of the Company
<b>“Rights Shares”</b>	:	Up to 234,060,000 new Shares to be allotted and issued by the Company pursuant to the Rights Issue

---

## DEFINITIONS

---

<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share”</b>	:	An ordinary share in the share capital of the Company and <b>“Shares”</b> shall be construed accordingly
<b>“Shareholders”</b>	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares
<b>“Share Registrar”</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>“SRS”</b>	:	The Supplementary Retirement Scheme, a voluntary scheme to encourage individuals to save for retirement, over and above their Central Provident Fund savings
<b>“SRS Account”</b>	:	An account opened by a participant in the SRS from which money may be withdrawn for, <i>inter alia</i> , payment of the Rights Shares and/or Excess Rights Shares
<b>“SRS Approved Banks”</b>	:	Approved banks in which SRS Investors hold their respective SRS Accounts
<b>“SRS Funds”</b>	:	Monies standing to the credit of the SRS Accounts of SRS Investors under the SRS
<b>“SRS Investors”</b>	:	Investors who have purchased Shares pursuant to the SRS
<b>“Substantial Shareholders”</b>	:	A person (including a corporation) who holds directly or indirectly 5% or more of the issued share capital of the Company
<b>“Undertaking Shareholder”</b>	:	Teo Xian-Hui Amanda Marie, a deemed controlling Shareholder of the Company
<b>“Watch-list”</b>	:	The watch-list of the SGX-ST
<b><u>Currencies, units and others</u></b>		
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“%” or “per cent.”</b>	:	Percentage or per centum



---

## DEFINITIONS

---

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The expression “**subsidiaries**” shall have the meaning ascribed to it in the Companies Act.

The terms “**concert parties**” and “**parties acting in concert**” shall have the meanings ascribed to them, respectively, in the Code.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the Code or the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Code or the Listing Manual or such statutory modification thereof, as the case may be.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

---

## **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

---

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

---

## LETTER TO SHAREHOLDERS

---

### RAFFLES UNITED HOLDINGS LTD

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197302030N)

#### Board of Directors:

Tan Saik Hock (Independent Non-Executive Chairman)  
Teo Teng Beng (Managing Director)  
Teh Geok Koon (Executive Director and Chief Operating Officer)  
Lee Joo Hai (Independent Non-Executive Director)  
Ngoi Sing Shang (Independent Non-Executive Director)

#### Registered Office:

5 Changi South Street 3  
Singapore 486117

22 March 2019

**To:** The Shareholders of Raffles United Holdings Ltd

Dear Sir/Madam,

### THE RIGHTS ISSUE

#### 1 INTRODUCTION

The Directors are convening the EGM to be held on 8 April 2019 to seek Shareholders' approval for the Rights Issue (the "**Proposed Resolution**").

##### 1.1 Rights Issue

On 9 January 2019, the Company announced that it is proposing to undertake a renounceable non-underwritten rights issue of up to 234,060,000 Rights Shares, at the Issue Price, on the basis of one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date subject to, *inter alia*, the approval of the Shareholders, which will be sought at the EGM. On 17 January 2019, the Company further announced that Teo Xian-Hui Amanda Marie, will be providing an Irrevocable Undertaking in relation to the Rights Issue, further details of which are set out in Section 4 of this Circular.

In view of the Irrevocable Undertaking, further details of which are set out in Section 4 of this Circular, and 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. The Rights Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Listing Manual.

On 19 March 2019, the SGX-ST granted approval in-principle to the Company for, *inter alia*, the dealing in, listing of and quotation for up to 234,060,000 Rights Shares on the Mainboard of the SGX-ST, subject to certain conditions, details of which are set out in Section 3.5 of this Circular. Shareholders should note that the approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy or correctness of any of the statements made, reports contained or opinions expressed in this Circular.

---

## LETTER TO SHAREHOLDERS

---

### 1.2 Purpose of this Circular

The purpose of this Circular is to provide the Shareholders with information relating to the Proposed Resolution to be tabled at the EGM, and to seek the Shareholders' approval in relation thereto at the EGM. The Notice of EGM is set out on page 44 of this Circular.

## 2 **SGX-ST WATCH-LIST AND ASSOCIATED RISKS**

2.1 The Company was placed on the SGX-ST Watch-list under the minimum trading price ("MTP") entry criteria with effect from 5 December 2018. An issuer on the relevant Watch-list may be removed from that Watch-list if it satisfies the following requirements, where applicable:

The issuer:

- (i) records a volume-weighted average price of at least S\$0.20 over the last six (6) months; and
- (ii) an average daily market capitalisation of S\$40 million or more over the last six (6) months.

2.2 Pursuant to Rule 1313(2) of the Listing Manual of the SGX-ST, the Company must, for the period in which it remains on the Watch-list, provide the market with a quarterly update on its efforts and the progress made in meeting the exit criterion of the Watch-list. Please refer to the announcement on 14 January 2019 on the unaudited financial statements of the Group for the year ended 31 December 2018 for an update on the Group's financial performance and position.

2.3 Shareholders should note that the Company must meet the criteria in Section 2.1 above in order to avoid delisting. If the Company fails to satisfy the criteria set out in Section 2.1 of this Circular by 4 December 2021, being 36 months from the date on which it was placed on the Watch-list, the SGX-ST may either remove the Company from the Official List of the Mainboard of the SGX-ST, or suspend trading of the Shares (without the agreement of the Company) with a view to removing the Company from the Official List of the Mainboard of the SGX-ST.

2.4 The Company hopes that by focusing on its operations, Shareholders will have more confidence in the Board and management of the Company. With greater confidence, the Company hopes that the MTP requirements in Section 2.1 above could be met in due course. At the relevant time, the Company will look into exiting the Watch-list by studying the possibility of various available options then.

2.5 At the appropriate time whenever, the Company shall endeavour to proceed with tangible steps of exiting the Watch-list. The present Rights Issue is intended to inject more financial stability and confidence in the Company's business operations which is one crucial step to further improve on the Company's financial health so that eventually the Company will be able to meet the MTP criteria set out in Section 2.1 above.

---

## LETTER TO SHAREHOLDERS

---

- 2.6 **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 Watch-list with effect from 1 March 2016.**

**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 limits for these Shares.**

### 3 THE RIGHTS ISSUE

#### 3.1 Overview of the Rights Issue

Based on the Company’s total issued share capital comprising 234,060,000 Shares as at the Latest Practicable Date, and assuming that there is no further change to the Company’s total issued share capital as at the Books Closure Date, up to 234,060,000 Rights Shares are proposed to be offered on a renounceable basis of one (1) Rights Share for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date at the Issue Price of S\$0.05 for each Rights Share.

The Rights Shares are payable in full upon the acceptance and application. The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares and with each other, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares.

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective last known Singapore addresses. Please refer to Section 3.6 of this Circular for further information on eligibility to participate in the Rights Issue.

Entitled Shareholders will be provisionally allotted the Rights Shares on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or in the case of Entitled Depositors, trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares on the Official List of the SGX-ST, 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’ provisional allotments of Rights Shares and will, together with the provisional allotment of Right Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

---

## LETTER TO SHAREHOLDERS

---

The basis of allotting any Excess Rights Shares will be determined at the absolute discretion of the Directors. In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots. Directors and Substantial Shareholders (including the Undertaking Shareholder, Teo Xian-Hui Amanda Marie and her concert parties) who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares. The Company will also not make any allotment and issuance of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

### 3.2 Size of the Rights Issue

As at the Latest Practicable Date, the Company has an existing issued and paid-up share capital comprising 234,060,000 Shares (excluding treasury shares).

For illustrative purposes only, based on the Existing Share Capital and:

- (a) 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 (“**Maximum Subscription Scenario**”) and the resultant enlarged issued and paid-up share capital of the Company in the Maximum Subscription Scenario will be 468,120,000 Shares (excluding treasury shares); and
- (b) assuming none of the other Entitled Shareholders subscribe for their pro-rata entitlements of Rights Shares (save for the Undertaking Shareholder who subscribes for her entitlement of Rights Shares pursuant to the Irrevocable Undertaking), the Company will issue up to 153,928,533 Rights Shares (“**Minimum Subscription Scenario**”) and the resultant enlarged issued and paid-up share capital of the Company in the Minimum Subscription Scenario will be 387,988,533 Shares (excluding treasury shares).

### 3.3 Principal Terms of the Rights Issue

- Number of Rights Shares to be issued** : Based on the Existing Share Capital, the Company will issue:
- (a) up to 234,060,000 Rights Shares in the Maximum Subscription Scenario; and
  - (b) up to 153,928,533 Rights Shares in the Minimum Subscription Scenario.
- Basis of provisional allotment** : One (1) Rights Share for every one (1) existing Share standing to the credit of the Securities Account of the Entitled Depositors or held by the Entitled Scripholders, as the case may be, as at the Books Closure Date, fractional entitlements to be disregarded.

---

## LETTER TO SHAREHOLDERS

---

**Issue Price** : S\$0.05 for each Rights Share, payable in full on acceptance and/or application.

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 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 the announcement made by the Company on 9 January 2019 in relation to the Rights Issue);
- (b) 27.8% to the theoretical ex-rights price<sup>1</sup> of S\$0.069 per Share.

<sup>1</sup> 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 the announcement made by the Company on 9 January 2019 in relation to the Rights Issue;

B = the gross proceeds from the Rights Issue assuming the completion of the Rights Issue under the Minimum Subscription Scenario based on the Existing Share Capital of 234,060,000 Shares; and

C = the enlarged issued share capital of the Company under the Minimum Subscription Scenario of 387,988,533 Shares.

The Issue Price of S\$0.05 was based on a 39.0% discount from the last market price of S\$0.082 as at 8 January 2019. The substantial discount from the last traded price was in view of encouraging a higher take-up rate from Shareholders so that the Company could raise more funds.

The Company had considered the following factors to derive the 39.0% discount:

- (a) Attractiveness of price;
- (b) Interest of all shareholders;
- (c) Market conditions; and

---

## LETTER TO SHAREHOLDERS

---

- (d) Present circumstances that the Company is undergoing including the ongoing CAD investigations (as referred to in Section 5.1 below) and being put on the Watch-list (as set out in Section 2.1 above).

**Acceptance, excess Applications and payment procedures**

: Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or, in the case of Entitled Depositors, trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Fractional entitlements if any, to the Rights Shares will be disregarded in arriving at Entitled Shareholders' entitlements and together with provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy excess applications (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

The basis of allotting any Excess Rights Shares will be determined at the absolute discretion of the Directors. 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 Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

Provisional allotments of Rights Shares which would otherwise have been made to Foreign Shareholders will be dealt with in the manner described in Section 3.6 of this Circular.

The Rights Shares are payable in full upon acceptance of the provisional allotments of the Rights Shares and/or application for the Excess Rights Shares.

The procedures for acceptance, payment and excess application by Entitled Depositors and the procedures for acceptance, payment, splitting and excess application by Entitled Scripholders will be set out in the Offer Information Statement to be dispatched to Entitled Shareholders in due course, subject to, *inter alia*, the Rights Issue being approved by Shareholders at the EGM.



---

## LETTER TO SHAREHOLDERS

---

- Listing of the Rights Shares** : On 19 March 2019, the SGX-ST granted its approval in-principle to the Company for the dealing in, listing of and quotation for up to 234,060,000 Rights Shares on the Mainboard of the SGX-ST, subject to certain conditions, details of which are set out in Section 3.5 of this Circular.
- The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Shares, the Rights Shares, the Nil-paid Rights, the Company, its subsidiaries and/or their securities. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.
- Trading of the Rights Shares** : Upon the listing of and quotation for the Rights Shares on the Mainboard of SGX-ST, the Rights Shares will be traded on the SGX-ST under the book-entry (scripless) settlement system. For the purpose of trading on SGX-ST, each board lot of Rights Shares will consist of 100 Shares or such number as may be notified by the Company. Shareholders who hold odd lots of the Rights Shares (that is, less than 100 Shares) and who wish to trade in odd lots on the SGX-ST should note that they are able to trade odd lots of Shares in board lots of one (1) Share on the unit share market of the SGX-ST.
- Trading of Nil-paid Rights** : Entitled Depositors who wish to trade all or part of their provisional allotments of Rights Shares on the SGX-ST can do so during the trading period for the Nil-paid Rights.
- Status of the Rights Shares** : The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.
- Non-underwritten Basis** : The Rights Issue will not be underwritten, after taking into consideration the Irrevocable Undertaking, and the cost savings to the Company in underwriting fees.
- Eligibility to participate in the Rights Issue** : Please refer to Section 3.6 of this Circular.

---

## LETTER TO SHAREHOLDERS

---

- Use of SRS Accounts** : SRS Investors who wish to accept their provisional allotment of Rights Shares and/or (if applicable) apply for Excess Rights Shares can only do so subject to applicable SRS rules and regulations, using the monies standing to the credit of their respective SRS Accounts. SRS Investors who wish to accept their provisional allotment of Rights Shares and/or (if applicable) apply for Excess Rights Shares using the SRS Accounts, must first check with and thereafter instruct their relevant SRS Approved Banks in which they hold their SRS Accounts to accept their provisional allotment of Rights Shares and/or (if applicable) apply for Excess Rights Shares on their behalf in accordance with the Offer Information Statement. Any acceptance and/or application made directly through CDP, the Share Registrar, or the Company will be rejected. The SRS Funds cannot be used for the purchase of Nil-paid Rights directly from the market. Notwithstanding the foregoing, SRS Investors should consult their respective SRS Approved Banks for information and directions as to the use of monies standing to the credit of their respective SRS Accounts.
- Governing Law** : Laws of the Republic of Singapore.
- Irrevocable Undertaking** : Please refer to Section 4 of this Circular for details relating to the Irrevocable Undertaking.
- Option to scale down** : Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down a Shareholder's application to subscribe for the Rights Issue to avoid placing the relevant Shareholder and parties acting in concert with it 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.

The above terms and conditions of the Rights Issue are subject to (i) such changes as the Directors may deem fit, and (ii) the approval of Shareholders at the EGM. The final terms and conditions of the Rights Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the Rights Issue being approved by the Shareholders at the EGM.

---

## LETTER TO SHAREHOLDERS

---

### 3.4 Conditions to the Rights Issue

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

- (a) the receipt of the approval in-principle of 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;
- (b) the Rights Issue, including the allotment and issue of the Rights Shares, having been approved by Shareholders at the EGM to be convened; and
- (c) the lodgement of the OIS, together with all other accompanying documents (if applicable) with the Authority.

### 3.5 SGX-ST Approval

The Company has, on 19 March 2019, obtained the in-principle approval from the SGX-ST for the listing and quotation of the Rights Shares on the Mainboard of the SGX-ST. The Offer Information Statement will be lodged with the Authority and despatched to Entitled Shareholders in due course.

The approval in-principle from the SGX-ST is subject to, *inter alia*, the following conditions:

- (a) the Company's compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval for the Rights Issue;
- (c) a written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of proceeds from the proposed Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (d) a written undertaking from the Company that it will comply with Listing Rule 877(10) with regards to the allotment of any Excess Rights Shares; and
- (e) a written confirmation from a financial institution as required under Listing Rule 877(9) that the Undertaking Shareholder who has given the Irrevocable Undertaking has sufficient financial resources to fulfil her obligations under her undertaking.

Shareholders should note that the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Official List of the SGX-ST granted on 19 March 2019 and the listing of and quotation of the Rights Shares is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries.

---

## LETTER TO SHAREHOLDERS

---

### 3.6 Eligibility of Shareholders to Participate in the Rights Issue

#### (a) **Entitled Shareholders**

The Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the OIS together with the PAL or the ARE, as the case may be, and other accompanying documents at their respective addresses in Singapore. Entitled Depositors who do not receive the OIS and the ARE may obtain them from CDP during the period from the date the Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the OIS and the PAL may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitlements to subscribe for the Rights Shares will be renounceable and are expected to be tradable on the SGX-ST over a period to be determined by the Board in compliance with the Listing Manual. Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be at liberty to accept (in full or in part), decline, renounce or, in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST), and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. For avoidance of doubt, only Entitled Shareholders (and not purchasers of the provisional allotment of Rights Shares traded on the SGX-ST during the provisional allotment trading period or the renounees of Entitled Shareholders) shall be entitled to apply for additional Rights Shares in excess of their provisional allotment.

All fractional entitlements to the Rights Shares will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with entitlements to the Rights Shares not taken up or allotted for any reason, be aggregated and issued to satisfy applications for Excess Rights Shares (if any), or disposed of, or otherwise dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company. Excess Rights Shares will be allotted in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company, subject to applicable laws and the Listing Manual.

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

The Company will not make any allotment and issue of Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

**All dealings in and transactions of the provisional allotments of Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.**

---

## LETTER TO SHAREHOLDERS

---

The procedures for, and the terms and conditions applicable to, acceptances, splitting and/or renunciation of the Rights Shares and sales of the Nil-paid Rights and for the applications for Excess Rights Shares, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement to be despatched by the Company to the Entitled Shareholders in due course.

**Entitled Shareholders with registered addresses outside Singapore who wish to participate in the Rights 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.**

(i) Entitled Depositors

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or effect any change in address must reach CDP at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589, not later than 5.00 p.m. (Singapore time) on the date falling at least three (3) Market Days before the Books Closure Date.

(ii) Entitled Scripholders

Entitled Scripholders should note that all correspondence and notices will be sent to their last registered addresses with the Company. Entitled Scripholders are reminded that any request to the Company to update their records or effect any change in address must reach the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd (the “**Share Registrar**”) at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 5.00 p.m. on the date falling at least three (3) Market Days prior to the Books Closure Date.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP before the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares. Such Shareholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12<sup>th</sup>) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

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 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 to any Securities Account with CDP, the receipt of any provisional allotments of the Rights Shares, or receipt of the OIS 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 Issue.

---

## LETTER TO SHAREHOLDERS

---

### (b) Foreign Shareholders

The OIS and its accompanying documents relating to the Rights Issue will be lodged with the Authority. The OIS and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the OIS and accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities 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 legislations applicable in jurisdictions other than in Singapore, the Rights Issue is only made in Singapore, and the OIS and its accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided the Share Registrar or CDP, as the case may be, with addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”).

**Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of the Rights Shares will be made to Foreign Shareholders and no purported acceptance of Rights Shares or application for Excess Rights Shares by Foreign Shareholders will be valid.**

The OIS and its accompanying documents in relation to the Rights Issue will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are 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 to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Purchasers**”). Foreign Purchasers who wish to be eligible to participate in the Rights Issue may provide a Singapore address by notifying in writing, as the case may be, (i) CDP at 9 North Buona Vista Drive, #1-19/20 The Metropolis Tower 2, Singapore 138588, or (ii) the Share Registrar at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not later than 5.00 p.m. on the date being at least three (3) Market Days prior to the Books Closure Date.

The Company reserves the right to reject any acceptances of Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and (if applicable) applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid any ARE, ARS or PAL or decline to register such application or purported application which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty.

---

## LETTER TO SHAREHOLDERS

---

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotment of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares 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 as at the Books Closure Date and sent to them by ordinary post to their respective mailing addresses as recorded with CDP or in such other manner as they may have respectively agreed with CDP for the payment of any cash distributions at their own risk, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit, and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, CDP and/or the Share Registrar and their respective officers in connection therewith.

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

If such provisional allotments cannot be or are not sold on the SGX-ST 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 allotment of Rights Shares, the Rights Shares represented by such provisional allotments will be issued and allotted to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit, and no Foreign Shareholders shall have any claim whatsoever against the Company, the Directors, CDP and/or the Share Registrar and their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

**The information set out in this section is not to be regarded as advice on the position of any Foreign Shareholder. Foreign Shareholders who are in doubt as to their position should consult their professional advisers without delay.**

**Notwithstanding the above, Entitled Shareholders and any other person having possession of the OIS and/or its accompanying documents are advised to keep themselves informed of and to observe all legal requirements applicable thereto at their own expense and without liability to the Company. No person in any jurisdiction outside Singapore receiving the OIS and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without violating any regulatory or legal requirement in such jurisdiction.**

---

## LETTER TO SHAREHOLDERS

---

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

#### 4 IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, the Undertaking Shareholder, a controlling shareholder of the Company, has a direct interest in 509,900 Shares, representing approximately 0.22% of the existing issued and paid-up share capital of the Company. Raffles United Pte. Ltd. ("**RUPL**"), a controlling shareholder of the Company, holds an aggregate of 153,418,633 Shares, representing approximately 65.55% of the existing issued and paid-up share capital of the Company, and RUPL had, on 16 January 2019, undertaken to irrevocably and unconditionally renounce its entitlement to all 153,418,633 Rights Shares in favour of the Undertaking Shareholder. The Undertaking Shareholder holds 55,000 ordinary shares in RUPL, representing approximately 52.38% of the issued and paid-up share capital of RUPL, and Teo Teck Yao Glenn Ashley holds the remaining shares in RUPL, representing approximately 47.62% of the issued and paid up share capital of RUPL.

As an indication of commitment and support to the Company, the Undertaking Shareholder has provided an irrevocable undertaking (the "**Irrevocable Undertaking**") to the Company dated 16 January 2019, *inter alia*:

- (a) that as at the Books Closure Date, she will own, directly no less than 509,900 Shares and indirectly no less than 153,418,633 Shares (the "**Undertaken Shares**");
- (b) that she will not sell, transfer or otherwise dispose of the Undertaken Shares on or prior to the Books Closure Date;
- (c) to vote and procure her nominees/proxies or relevant persons to vote, in respect of the Undertaken Shares in favour of the resolutions to be proposed at the EGM to be convened to approve the Rights Issue; and
- (d) to, by way of acceptance, subscribe and pay for (or procure subscription and payment for) in full at the Issue Price, an aggregate of 153,928,533 Rights Shares to be provisionally allotted to it on the basis of Undertaken Shares as at the Book Closure Date.

The Irrevocable Undertaking is subject to and conditional upon the following:

- (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 Authority.



---

## LETTER TO SHAREHOLDERS

---

The Undertaking Shareholder has also provided a confirmation of her financial resources from a financial institution that she has sufficient financial resources to fulfil her obligations under the Irrevocable Undertaking.

No commission or fee will be payable by the Company to the Undertaking Shareholder in consideration of the Irrevocable Undertaking.

### 5 RATIONALE FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

#### 5.1 Rationale

The Directors believe 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.

The Company requires sufficient standby funds from the Rights Issue to ensure stable sustainable operating conditions for the Group, in the event of any possible negative actions from existing financing banks of the Group. A Rights Issue would enable the Group to improve gearing ratio, reduce its bank borrowings, finance its working capital requirements and strengthen the balance sheet of the Group even though the Group now has sufficient facilities. However, if the Rights Issue does not go through, the Company's requirements as stated above may not be achieved.

The Company's existing indebtedness includes unsecured revolving short-term bank borrowings which may be renewable on a short-term basis and are callable on demand. Such borrowings may be due monthly but renewed month-to-month.

Although the Company is currently a going concern and will continue to be a going concern even if the Rights Issue does not go through, the bankers and other stakeholders of the Company may be adversely concerned with the fact that (i) the Company has been included in the Watch-list as set out in Section 2.1 above; and (ii) investigations on the Company by the Commercial Affairs Department ("CAD") are still ongoing. The Board had announced on 4 May 2018 that the Company and its subsidiary, Kian Ho Pte Ltd, had received a letter from the CAD on an investigation into an offence under the SFA pursuant to the provisions of the Criminal Procedure Code. The CAD investigations are still ongoing.

The existing financing banks of the Group have expressed their concern over the two issues of the ongoing CAD investigations and the inclusion of the Company in the Watch-list in spite of the Company's overall financial health. The Irrevocable Undertaking from the Undertaking Shareholder for the Rights Issue would show her strong support and commitment to the Company, and this would give the bankers and stakeholders the necessary continued confidence in the Company.

Further, the Company had considered other fund raising methods other than the Rights Issue but found them to be unsuitable for reasons set out below:

- (a) The Company's shares are relatively illiquid currently, and with the ongoing CAD investigations and the Company being placed on the Watch-list, it would be virtually impossible for the Company to seek new investors. In addition, a Rights Issue will allow all Shareholders to participate as compared to a share placement where only certain Shareholders can participate. As such, the Company deemed it more beneficial to all Shareholders to give them an opportunity to participate in a Rights Issue instead.

---

## LETTER TO SHAREHOLDERS

---

- (b) The Company had considered the possibility of a shareholder loan. However, as the amounts that the Company is seeking for additional funding to repay bank borrowings and to have additional working capital amounted to at least S\$7,000,000, the Company would be unable to obtain such unsecured funding from its Shareholders for such a substantial sum. In addition, there is a disadvantage of a financial burden that the Company has to bear on the interest costs on such loans. On the balance of acting in the best interest of the Company, the Rights Issue would be far more advantageous to the Company instead of raising shareholders' loans where the Company will need to repay the principal plus interest.
- (c) Accordingly, the Company decided to proceed with the Rights Issue as its Substantial Shareholder, Ms Teo Xian-Hui Amanda Marie had indicated her willingness to support the Company by providing an Irrevocable Undertaking to invest in the Company by subscribing for additional shares. In fact, after the release of the announcement by the Company on 17 January 2019 in relation to the Irrevocable Undertaking given by Ms Teo Xian-Hui Amanda Marie to support the Rights Issue, the Company had received positive feedback from its stakeholders including bankers, customers and suppliers that the Substantial Shareholder had shown her confidence in the Company through her concrete action of agreeing to inject capital into the Company.

In view of the above circumstances and considerations, the Company had decided to proceed with the Rights Issue.

### 5.2 Use of Proceeds

#### **Maximum Subscription Scenario**

For illustrative purposes only, on the assumption that all of the Entitled Shareholders subscribe in full for their *pro-rata* entitlements of Rights Shares, the Company will issue up to 234,060,000 Rights Shares pursuant to the Rights Issue. The estimated 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.

#### **Minimum Subscription Scenario**

For illustrative purposes only, on the assumption that none of the Entitled Shareholders, other than the Undertaking Shareholder, subscribe for their *pro-rata* entitlements to the Rights Shares, the Company will issue up 153,928,533 Rights Shares pursuant to the Rights Issue. The Net Proceeds is approximately S\$7.6 million after deducting approximately S\$0.1 million for professional fees and related expenses estimated to be incurred in connection with the Rights Issue. The Company intends to fund all the expenses in relation to the Rights Issue by internal resources.

---

## LETTER TO SHAREHOLDERS

---

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	7,600	100	9,000	78
General working capital	–	–	2,600	22
<b>TOTAL</b>	<b>7,600</b>	<b>100</b>	<b>11,600</b>	<b>100</b>

The above allocations are based on the Maximum Subscription Scenario and the Minimum Subscription Scenario only. In the event the Net Proceeds fall in between the Maximum Subscription Scenario and the Minimum Subscription Scenario, the Company will make the necessary announcements on the revised allocations once the final Net Proceeds have been determined. It is anticipated that the allocations would not deviate significantly from the above illustrations.

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.

In relation to the Net Proceeds which are set aside for general working capital purposes, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in announcements and/or annual report(s) in accordance with the provisions of the Listing Manual.

### 5.3 Adequacy of Working Capital

As at the Latest Practicable Date, 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.

---

## LETTER TO SHAREHOLDERS

---

### 5.4 Books Closure Date

Subject to Shareholders' approval of the Rights Issue at the EGM being obtained, the Books Closure Date for the purpose of determining the Entitled Shareholders' entitlements under the Rights Issue will be announced at a later date.

### 5.5 Financial Information of the Group

Selected audited consolidated financial information of the Group for FY2016, FY2017 and FY2018 are set out in Appendix A of this Circular. Such selected financial information includes the Group's profit and loss statement, statement of financial position, statement of cash flow and the working capital position as well as a review thereof, and should be read together with the annual reports, the consolidated audited accounts and consolidated financial statements of the Group for the relevant periods and the related notes thereto, which are available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

## 6 FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The financial effects of the Rights Issue set out below are purely for illustrative purposes only and are not necessarily indicative or a projection of the actual future financial performance or financial position of the Group after completion of the Rights Issue.

The financial effects of the Rights Issue have been computed based on the latest audited consolidated financial statements of the Group for FY2018. The financial effects of the Rights Issue under both the Maximum Subscription Scenario and Minimum Subscription Scenario are presented herein after taking into account the following assumptions:

- (a) for the purposes of computing the financial effects of the Rights Issue on the share capital, NTA per share and gearing of the Group, the Rights Issue is assumed to have been completed on 31 December 2018;
- (b) for the purposes of computing the financial effects of the Rights Issue on the EPS of the Group, the Rights Issue is assumed to have been completed on 1 January 2018; and
- (c) the estimated expenses incurred in relation to the Rights Issue is approximately S\$0.1 million.

## LETTER TO SHAREHOLDERS

### 6.1 Share Capital

As at the Latest Practicable Date, there are no share options, awards or convertible securities under which the Company has an obligation to issue additional Shares. For illustrative purposes only, the financial effects of the Rights Issue on the issued share capital of the Company are as follows:

	Maximum Subscription Scenario		Minimum Subscription Scenario	
	No. of Shares ('000)	S\$'000	No. of Shares ('000)	S\$'000
As at the Latest Practicable Date	234,060	31,658	234,060	31,658
Add: Rights Shares to be issued under the Rights Issue	234,060	11,703	153,928	7,696
<b>Enlarged Issued share capital after the Rights Issue</b>	<b>468,120</b>	<b>43,361</b>	<b>387,988</b>	<b>39,354</b>

### 6.2 NTA

For illustrative purposes only, the financial effects of the Rights Issue on the NTA per Share of the Group based on the latest audited financial statements of the Group as at 31 December 2018 would be as follows:

	Before the Rights Issue	Immediately after the Rights Issue	
		Maximum Subscription Scenario	Minimum Subscription Scenario
NTA (S\$'000)	79,098	90,701	86,698
No. of Shares ('000)	234,060	468,120	387,988
NTA per Share (S\$ cents)	33.79	19.37	22.35

## LETTER TO SHAREHOLDERS

### 6.3 EPS

For illustrative purposes only, the financial effects of the Rights Issue on the EPS of the Group based on the latest audited financial statements of the Group for FY2018 would be as follows:

	Before the Rights Issue	Immediately after the Rights Issue	
		Maximum Subscription Scenario	Minimum Subscription Scenario
<b>Profit attributable to Shareholders (S\$'000)*</b>	<b>1,827</b>	<b>1,827</b>	<b>1,827</b>
Number of Shares ('000)	234,060	468,120	387,988
Basic EPS attributable to Shareholders of the Company (S\$ cents) <sup>(1)</sup>	<b>0.78</b>	<b>0.39</b>	<b>0.47</b>
Diluted EPS attributable to Shareholders of the Company (S\$ cents) <sup>(1)</sup>	<b>0.78</b>	<b>0.39</b>	<b>0.47</b>

**Note:**

(1) The basic and diluted EPS after the Rights Issue are calculated based on the assumption that the Rights Issue was completed at the beginning of the financial year and without taking into account the effect of the use of the Net Proceeds from the Rights Issue on the earnings of the Group.

\* Assuming the expenses of S\$0.1 million is not included in the profit attributable to shareholders.

### 6.4 Gearing

For illustrative purposes only, the financial effects of the Rights Issue on the gearing is based on the latest audited financial statements of the Group for FY2018 and is computed based on the ratio of total borrowings to Shareholders' equity as at 31 December 2018 as follows:

	Before the Rights Issue	Immediately after the Rights Issue	
		Maximum Subscription Scenario	Minimum Subscription Scenario
<b>Total borrowings (S\$'000)</b>	<b>31,210</b>	<b>22,210</b>	<b>23,610</b>
Shareholders' equity (S\$'000)	88,131	99,734	95,727
Gearing (times)	<b>0.35</b>	<b>0.22</b>	<b>0.25</b>

---

## LETTER TO SHAREHOLDERS

---

### 7 OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to Entitled Shareholders subject to, *inter alia*, the approval by Shareholders for the Rights Issue being obtained at the EGM. Acceptances and applications under the Rights Issue can only be made in the manner as prescribed in the Offer Information Statement.

### 8 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 8.1 As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively, are as follows:

	Direct interest		Deemed interest	
	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>
<b>Directors</b>				
Nil	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>				
Raffles United Pte Ltd	153,418,633	65.55	–	–
Teo Xian-Hui Amanda Marie <sup>(1)</sup>	509,900	0.22	153,418,633	65.55
Teo Teck Yao Glenn Ashley <sup>(2)</sup>	–	–	153,418,633	65.55
KHB Holdings Pte Ltd	16,159,700	6.90	–	–
Kwek Che Yong <sup>(3)</sup>	1,193,000	0.51	16,159,700	6.90

**Notes:**

- (1) Teo Xian-Hui Amanda Marie is deemed interested through Raffles United Pte Ltd. Teo Xian-Hui Amanda Marie holds 55,000 ordinary shares in Raffles United Pte Ltd, representing approximately 52.38% of the issued and paid up share capital of Raffles United Pte Ltd.
- (2) Teo Teck Yao Glenn Ashley is deemed interested through Raffles United Pte Ltd. Teo Teck Yao Glenn Ashley holds 50,000 ordinary shares in Raffles United Pte Ltd, representing approximately 47.62% of the issued and paid up share capital of Raffles United Pte Ltd.
- (3) Kwek Che Yong is deemed interested through KHB Holdings Pte Ltd.
- (4) Based on 234,060,000 issued Shares as at the Latest Practicable Date.

- 8.2 Save as disclosed above, none of the Directors or Substantial Shareholders of the Company has any direct or indirect interest in the Rights Issue, other than through their respective shareholdings in the Company.

## LETTER TO SHAREHOLDERS

### 8.3 Shareholding effects of the Rights Issue

The shareholding effects of the Rights Issue on Directors and Substantial Shareholders as set out below are for illustrative purposes only and based on assumptions set out herein, and do not reflect the actual position of the Directors and Substantial Shareholders after the completion of the Rights Issue:

	As at the Latest Practicable Date <sup>(1)</sup>				After completion of the Rights Issue							
	Direct Interest		Deemed Interest		Minimum Subscription Scenario <sup>(2)</sup>				Maximum Subscription Scenario <sup>(3)</sup>			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors</b>												
Nil												
<b>Substantial Shareholders (other than Directors)</b>												
Raffles United Pte Ltd	153,418,633	65.55	–	–	153,418,633	39.54	–	–	153,418,633	32.77	–	–
Teo Xian-Hui Amanda Marie <sup>(4)</sup>	509,900	0.22	153,418,633	65.55	154,438,433	39.80	153,418,633	39.54	154,438,433	32.99	153,418,633	32.77
Teo Teck Yao Glenn Ashley <sup>(5)</sup>	–	–	153,418,633	65.55	–	–	153,418,633	39.54	–	–	153,418,633	32.77
KHB Holdings Pte Ltd	16,159,700	6.90	–	–	16,159,700	4.16	–	–	32,319,400	6.90	–	–
Kwek Che Yong <sup>(6)</sup>	1,193,000	0.51	16,159,700	6.90	1,193,000	0.31	16,159,700	4.16	2,386,000	0.51	32,319,400	6.90

**Notes:**

- (1) The shareholding interest is calculated based on the total issued and paid-up share capital of the Company comprising 234,060,000 Shares.
- (2) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 387,988,533 Shares in the Minimum Subscription Scenario.
- (3) The shareholding interest is calculated based on the total enlarged issued and paid-up share capital of the Company comprising 468,120,000 Shares in the Maximum Subscription Scenario.
- (4) Teo Xian-Hui Amanda Marie is deemed interested through Raffles United Pte Ltd.
- (5) Teo Teck Yao Glenn Ashley is deemed interested through Raffles United Pte Ltd.
- (6) Kwek Che Yong is deemed interested through KHB Holdings Pte Ltd.

8.4 Based on the above table, assuming the Maximum Subscription Scenario, Teo Xian-Hui Amanda, Teo Teck Yao Glenn Ashley and Raffles United Pte. Ltd. (the “**Majority Shareholders**”) will in aggregate hold 65.76% of the issued and paid up share capital of the Company upon completion of the Rights Issue. Assuming the Minimum Subscription Scenario, the Majority Shareholders will in aggregate hold 79.34% of the issued and paid up share capital of the Company upon completion of the Rights Issue.

8.5 Consequently, under the Minimum Subscription Scenario, the Majority Shareholders will be in a position to exercise super majority control of the Company. Super majority control will put the Majority Shareholders in a position to be able to pass all special and ordinary resolutions on matters in which the Majority Shareholders do not have an interest in and which are tabled for Shareholders’ approval at general meetings to be convened by the Company.

8.6 Based on the above table, assuming the Maximum Subscription Scenario, the number of shares held by the public would represent approximately 25.08% of the issued and paid up share capital of the Company. Assuming the Minimum Subscription Scenario, the number of shares held by the public would represent approximately 15.13% of the issued and paid up share capital of the Company.



---

## LETTER TO SHAREHOLDERS

---

### 9 TAKE-OVER LIMITS

9.1 Under Rule 14 of the Code, except with the consent of the Securities Industry Council of Singapore, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights,

such person must extend a mandatory take-over offer immediately to the holders of any class of share capital of the Company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

9.2 Pursuant to the Code, persons acting in concert will include the following:

- (i) an individual;
- (ii) the close relatives of (i);
- (iii) the related trusts of (i);
- (iv) any person who is accustomed to act in accordance with the instructions of (i);
- (v) companies controlled by any of (i), (ii), (iii) or (iv); and
- (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

9.3 As the Undertaking Shareholder is a majority shareholder of RUPL, the Undertaking Shareholder and RUPL would be deemed as persons acting in concert. Teo Teck Yao Glenn Ashley would also be deemed to be acting in concert with the Undertaking Shareholder as the Undertaking Shareholder and Teo Teck Yao Glenn Ashley are siblings.

9.4 As at the Latest Practicable Date, pursuant to the Code, the Undertaking Shareholder and her concert parties are interested in an aggregate of 153,928,533 Shares representing approximately 65.77% of the issued share capital of the Company. Further details may be found at Section 8.3 of this Circular. Accordingly, Rule 14 of the Code will not be triggered as the Undertaking Shareholder and her concert parties already holds more than 50% of the voting rights of the Company.

---

## LETTER TO SHAREHOLDERS

---

### 10 MATERIAL LITIGATION

On 28 December 2017, the Board announced that the Company and its wholly-owned subsidiary Kian Ho Pte Ltd (“KHPL”) had, on 26 December 2017, been served with a writ of summons endorsed with a statement of claim, filed by Shenzhen Zhaoheng Industrial Co., Ltd (“SZZH”) in the High Court of the Republic of Singapore (“HC/S1210/2017”) dated 22 December 2017. SZZH is claiming from the Company a sum of approximately S\$335,000 and from KHPL a sum of approximately S\$215,000. The Company and KHPL are currently disputing the claims made by SZZH and the trial of HC/S1210/2017 is currently fixed for April 2019.

### 11 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 37 of this Circular, will be held at 5 Changi South Street 3, Singapore 486117 on 8 April 2019 at 9.30 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution as set out in the Notice of EGM.

### 12 ACTION TO BE TAKEN BY THE SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend, speak and vote on their behalf are requested to complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 5 Changi South Street 3, Singapore 486117 not less than 48 hours before the time fixed for the EGM. The completion and lodgment of the proxy form by such Shareholder will not prevent him from attending and voting in person at the EGM in place of his proxy should he subsequently wish to do so.

A Depositor will not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register at least 72 hours before the EGM.

In the event that Shareholders and other investors are in doubt about the actions they should take, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional adviser(s).

### 13 DIRECTORS’ RECOMMENDATION

Having considered, *inter alia*, the terms of and rationale for the Rights Issue, the Directors are of the opinion that the Rights Issue is in the interests of the Company on the basis of reducing the Group’s outstanding bank borrowings in order to have better liquidity to provide confidence to its business partners, increasing the bankers’ confidence in the Company and financing the Group’s working capital requirements. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution relating thereto set out in the Notice of EGM.

---

## LETTER TO SHAREHOLDERS

---

### 14 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights 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 Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

### 15 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 5 Changi South Street 3, Singapore 486117 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Announcements;
- (b) the annual reports of the Company for FY2016, FY2017 and FY2018;
- (c) the Constitution of the Company; and
- (d) the Irrevocable Undertaking.

Yours faithfully

For and on behalf of the Board of Directors of  
**RAFFLES UNITED HOLDINGS LTD**

Tan Saik Hock  
Chairman  
22 March 2019

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

The audited consolidated profit and loss statements, the cash flow statements, the balance sheets and the working capital position of the Group for the last three financial years ended 31 December are set out below.

### A. Consolidated Profit or Loss Statement

A summary of the Group's audited consolidated profit and loss statements for the last three (3) financial years are set out below.

S\$'000	FY2016	FY2017	FY2018
Revenue	71,441	72,974	68,443
Other Income including interest income	90	31	94
Changes in inventories	(24,252)	(7,886)	(430)
Raw materials and consumables used	(34,165)	(50,344)	(52,990)
Staff costs	(7,694)	(7,409)	(7,585)
Depreciation of property, plant and equipment	(867)	(879)	(955)
Foreign exchange loss, net	(128)	(278)	(983)
Impairment loss recognised on trade debtors	(212)	(89)	(227)
(Provision)/Write-back of provision for slow-moving inventories, net	(4,187)	886	943
Impairment loss (recognised)/reversed on amounts due from an associate	(400)	(250)	73
Impairment loss (recognised)/reversed on sundry debtors	–	(295)	117
Impairment loss on other investments	–	(57)	–
(Loss)/Gain on changes in fair value of investment properties	(73)	408	323
Gain on disposal of plant and equipment/Plant and equipment written off, net	–	58	(32)
Loss on disposal of a subsidiary	(1,302)	–	–
Non-controlling interest share on waiver of intercompany debts on disposal of a subsidiary	(147)	–	–
Other operating expenses	(3,670)	(2,804)	(3,261)
Finance costs	(1,321)	(1,053)	(1,031)
Share of results of associates	308	10	16
<b>(Loss)/Profit before tax</b>	<b>(6,579)</b>	<b>3,023</b>	<b>2,515</b>
Income tax (expense)/credit	(163)	623	(642)
<b>(Loss)/Profit for the year</b>	<b>(6,742)</b>	<b>3,646</b>	<b>1,873</b>
<b>(Loss)/Profit attributable to:</b>			
Owners of the Company	(6,989)	3,394	1,827
Non-controlling interests	247	252	46
	(6,742)	3,646	1,873
<b>Consolidated Statement of Comprehensive Income:</b>			
<b>(Loss)/Profit for the year</b>	<b>(6,742)</b>	<b>3,646</b>	<b>1,873</b>
Other comprehensive income:			
<b>Item that will not be reclassified subsequently to profit or loss</b>			
Revaluation of land and buildings, net of tax	473	510	4,419
	473	510	4,419
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation	(493)	139	888
	(493)	139	888
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(20)</b>	<b>649</b>	<b>5,307</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>(6,762)</b>	<b>4,295</b>	<b>7,180</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company	(7,042)	4,037	7,131
Non-controlling interests	280	258	49
	(6,762)	4,295	7,180
<b>(Loss)/Earnings per share attributable to owners of the Company</b>			
– Basic	(2.99)	1.45	0.78
– Diluted	(2.99)	1.45	0.78

---

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

---

A review of the operations, business and financial performance of the Group is set out below:

### FY2017 compared to FY2016

The Group revenue increased by 2% to S\$73.0 million from S\$71.4 million in FY2016 primarily due to:

- (i) contribution from the Group's subsidiary, Acee Electric Pte Ltd ("**ACEE**"), which was acquired in March 2017; and
- (ii) a significant increase in sales contribution from the Original Equipment Manufacturer ("**OEM**") market in Singapore, Malaysia, Indonesia and Vietnam.

The increase was offset by:

- (i) absence of revenue contribution from the Group's Taiwan subsidiary, Ascend Bearings Co., Ltd ("**ABC**"), in FY2017 (FY2016: S\$4.6 million) following its disposal in the second half of FY2016;
- (ii) stiff competition in the dealers' market primarily in Western and other Asian countries; and
- (iii) inventory clearance at reduced prices in FY2016.

Gross profit margin improved to 20% in FY2017 (FY2016: 18%) mainly due to old stocks promotion at reduced prices in FY2016.

The Group recorded a strong turnaround with profit before taxation ("**PBT**") of S\$3.0 million in FY2017, from a net loss before taxation of S\$6.6 million in FY2016 primarily due to the:

- (i) S\$5.1 million shift from provision for slow-moving inventories to write-back following sales of previously provided inventories;
- (ii) S\$1.7 million increase in gross profit in FY2017 due to old stocks clearance at reduced prices in FY2016;
- (iii) S\$1.4 million drop in loss on disposal of a subsidiary;
- (iv) S\$0.9 million fall in other operating expenses;
- (v) S\$0.5 million increase in gain on changes in fair value of investment properties;
- (vi) S\$0.3 million decline in staff costs; and
- (vii) S\$0.3 million reduction in finance costs;

offset by:

- (i) S\$0.3 million decline in share of results of associates; and
- (ii) S\$0.3 million provision for sundry debtors.

The property and new segments contributed positively to the Group's revenue and PBT.

---

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

---

Overall, the Group recorded a net profit attributable to owners of the Company of S\$3.4 million for FY2017 as compared to S\$7.0 million net loss attributable to owners of the Company for FY2016.

### FY2018 compared to FY2017

The Group's revenue declined by 6% to S\$68.4 million from S\$73.0 million in FY2017, largely due to the bearings and seals segment as follows:

- (i) stiff competition in the dealers' market primarily in the Association of Southeast Asian Nations ("ASEAN") and other Asian countries;
- (ii) cyclical downturn in OEM market in Singapore; and
- (iii) longer delivery lead time from certain suppliers resulting in the delay in the fulfillment of certain customers' back orders during the year.

Revenue from the property segment also declined by S\$0.2 million, to S\$1.9 million in FY2018, due to vacant units for certain property units during the year. This was offset by full year sales from the Group's beauty division in 2018.

Gross profit margin improved by 21.9% (FY2017: 20.2%) largely due to general improvement in the operating market conditions in Malaysia.

The Group recorded a decline in PBT of S\$0.5 million to S\$2.5 million in FY2018, from S\$3.0 million in FY2017 primarily due to:

- (i) S\$0.7 million increase in foreign exchange loss; and
- (ii) S\$0.5 million increase in other operating expenses;

offset by:

- (i) S\$0.4 million net impact on the reversal of impairment loss recognised on sundry debtors; and
- (ii) S\$0.3 million net impact on the reversal of impairment loss recognised on amounts due from an associate.

Overall, the Group recorded a net profit attributable to owners of the Company of S\$1.8 million for FY2018 as compared to S\$3.4 million for FY2017.

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

### B. Consolidated Statement of Financial Position

The audited statement of financial position of the Group for FY2016, FY2017 and FY2018 are set out below:

	FY2016 S\$'000	FY2017 S\$'000	FY2018 S\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	23,767	29,355	36,019
Investment in associates	764	764	780
Investment properties	56,527	56,818	57,031
Other investments	57	–	–
	81,115	86,937	93,830
<b>Current assets</b>			
Trade debtors	14,311	13,722	10,831
Other debtors	958	332	81
Prepayments	124	231	302
Amounts due from an associate	724	8	–
Inventories	36,721	29,721	30,234
Cash at banks and on hand	11,414	6,128	4,847
	64,252	50,142	46,295
<b>Total assets</b>	145,367	137,079	140,125
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Interest bearing loans and borrowings	28,349	10,109	12,800
Trade creditors and accruals	11,325	13,500	13,313
Other creditors	1,007	1,014	844
Amounts due to related parties	2,393	2,389	2,384
Provision for taxation	53	124	119
	43,127	27,136	29,460
<b>Net current assets</b>	21,125	23,006	16,835
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	23,437	26,080	18,410
Deferred tax liabilities	2,750	3,027	4,124
	26,187	29,107	22,534
<b>Total liabilities</b>	69,314	56,243	51,994
<b>Net assets</b>	76,053	80,836	88,131
<b>Equity attributable to owners of the Company</b>			
Share capital	31,658	31,658	31,658
Assets revaluation reserve	11,891	12,401	16,820
Foreign currency translation reserve	(6,163)	(6,030)	(5,145)
Revenue reserve	30,544	33,938	35,765
	67,930	71,967	79,098
Non-controlling interests	8,123	8,869	9,033
<b>Total equity</b>	76,053	80,836	88,131
<b>Total equity and liabilities</b>	145,367	137,079	140,125

---

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

---

### Review of balance sheet as at 31 December 2016

The property, plant and equipment of the Group relates mainly to the properties located in Singapore and Malaysia. The decrease in property, plant and equipment at the Group level was mainly attributed to the depreciation charges offset by S\$0.5 million revaluation gain resulting from independent valuations performed on properties located in Singapore and Malaysia during the year.

The investment properties relates to the properties located in Singapore and China. Investment properties decreased primarily due to:

- (i) the effects of the weaker China Renminbi against the S\$ currency on the revaluation of the Group's investment properties in China at year end; and
- (ii) a slight downward revaluation of an investment property in Singapore.

The increase in investment in associates was mainly due to the share of results from a Group's associate company, Poh Leng Realty Pte Ltd. The decline in amount owing from associates was primarily due to provisions made during the year.

Trade debtors declined primarily due to the disposal of ABC in the second half of FY2016 and collections received during the year. This was partially offset by higher sales to OEM customers in the fourth quarter of FY2016.

Inventories largely account for the bearings and seals products of the Group. It decreased in 2016 mainly due to the disposal of ABC in the second half of FY2016, a continued tight control on purchases, active inventory promotion at reduced prices to generate positive cash-flow in view of the uncertain and challenging global market conditions during the year, and provision for slow-moving inventories of S\$4.2 million for the Group.

There were no more fixed deposits as at year-end following disposal of ABC in the second half of FY2016.

The amount due to related parties pertain to the outstanding loan owing to the minority shareholder of Raffles Capital Enterprise Pte Ltd and deemed controlling shareholder of the Company, being repayable within a year.

Bank borrowings were secured on certain properties of the Group. It declined in 2016 primarily due to disposal of ABC and repayments made during the year.

Group trade creditors had increased in line with higher purchases meant for the OEM sector following higher revenue generated in the last quarter of FY2016 as compared to the same period last year. This was partially offset by disposal of ABC in the second half of FY2016.

### Review of balance sheet as at 31 December 2017

The increase in property, plant and equipment was mainly attributed to the acquisition of a property in Singapore for its branch operations, and S\$0.6 million revaluation gain resulting from independent valuations performed on properties located in Singapore and Malaysia during the year. It was offset by depreciation charges during the year.



---

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

---

Investment properties increased primarily due to upward revaluation of certain investment properties in Singapore, offset by currency loss on revaluation of investment properties. Other investments declined due to provisions for diminution of investment in its China subsidiary, Kian Ho Guangzhou Co., Ltd (“KHGZ”).

The decline in Group trade debtors was primarily due to collections received during the year. This was however, offset, by the consolidation of ACEE trade debtors into the Group’s accounts following its acquisition during the year.

The decline in other debtors at the Group and the Company level was primarily due to settlement of the prior year deferred consideration on the sale of shares of ABC to its minority shareholder as well as a provision for remaining deferred consideration for the sale of shares of KHGZ in 2015.

The decline in amount owing from an associate was primarily due to partial settlements and provisions made during the year.

The decrease in inventories was despite an increase in Group purchases of S\$7.4 million. This was mainly due to continued stringent controls over purchases and improved sales of existing inventory holding and purchases during the year. In addition, significant purchase orders placed by the Group to replenish its inventory holding were pending delivery from suppliers.

Bank borrowings declined primarily due to net repayments of S\$15.8 million made during the year.

Group trade creditors increased primarily due to the consolidation of ACEE’s trade creditors into the Group’s accounts following ACEE’s acquisition in the first half of 2017, and higher purchases for the Group in line with the increase in sales activities during the year.

### **Review of balance sheet as at 31 December 2018**

The increase in property, plant and equipment was mainly attributed to the S\$5.3 million revaluation gain resulting from independent valuations performed on properties located in Singapore and acquisition of a property in Singapore for its branch operations during the year. It was, however, offset by depreciation charges during the year.

Investment properties increased primarily due to upward revaluation of an investment property, offset by currency loss on revaluation of investment properties at the Group level.

The decline in the Group’s trade debtors was primarily due to lower sales for the bearings and seals division and collections received during the year.

The decline in the Group’s other debtors was primarily due to deposits made in the prior year in relation to the acquisition of a property in Singapore for its branch operations. The said deposit was subsequently capitalized into property, plant and equipment upon completion of the acquisition in the current year.

Bank borrowings declined primarily due to net repayments made during the year. It was, however, offset by an increase due to the acquisition of a property in Singapore for its branch operations during the year.

The decline in other creditors at the Group level was primarily due to lower advances received from customers of the Group. The increase in deferred tax liabilities at the Group level was primarily due to the revaluation gain resulting from independent valuations performed on properties located in Singapore.

---

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

---

### C. Consolidated Statements of Cash Flows

The audited consolidated statement of cash flow of the Group for FY2016, FY2017 and FY2018 are set out below:

	FY2016 S\$'000	FY2017 S\$'000	FY2018 S\$'000
<b>Operating activities</b>			
(Loss)/Profit before tax	(6,579)	3,023	2,515
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	867	879	955
Impairment loss recognised on trade debtors	212	89	227
Provision/(Write-back) for slow-moving inventories, net	4,187	(886)	(943)
Impairment loss recognised/(reversed) on sundry debtors	–	295	(117)
Impairment loss recognised/(reversed) on amounts due from an associate	400	250	(73)
Loss/(Gain) on changes in fair value of investment properties	73	(408)	(323)
Gain on disposal of plant and equipment/Plant and equipment written off, net	–	(58)	32
Loss on disposal of a subsidiary	1,302	–	–
Non-controlling interest share on waiver of intercompany trade debts on disposal of a subsidiary	147	–	–
Share of results of associates	(308)	(10)	(16)
Impairment loss on other investments	–	57	–
Foreign currency adjustments	(2)	292	993
Interest expense	1,321	1,053	1,031
Interest income	(13)	(7)	(3)
<b>Operating cash flows before changes in working capital</b>	<b>1,607</b>	<b>4,569</b>	<b>4,278</b>
<b>Changes in working capital</b>			
Decrease in inventories	13,535	8,036	407
(Increase)/Decrease in trade debtors	(1,053)	2,146	2,624
(Increase)/Decrease in amount due from an associate	(139)	466	81
Decrease in other debtors	334	226	285
Increase/(Decrease) in trade creditors and accruals	1,618	565	(60)
Increase/(Decrease) in other creditors	90	(41)	(167)
Decrease in trade amounts owing to related parties	(264)	(5)	(5)
<b>Cash flows generated from operations</b>	<b>15,728</b>	<b>15,962</b>	<b>7,443</b>
Income tax (paid)/received	(547)	849	(434)
Interest paid	(1,321)	(1,053)	(1,031)
Interest income received	13	7	3
<b>Net cash flows generated from operating activities</b>	<b>13,873</b>	<b>15,765</b>	<b>5,981</b>

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

	FY2016 S\$'000	FY2017 S\$'000	FY2018 S\$'000
<b>Investing activities</b>			
Purchase of property, plant and equipment	(129)	(5,753)	(2,347)
(Disposal)/Acquisition of a subsidiary	(107)	400	–
Dividends received from an associate	–	10	–
Proceeds from disposal of plant and equipment	–	73	–
<b>Net cash flows used in investing activities</b>	<b>(236)</b>	<b>(5,270)</b>	<b>(2,347)</b>
<b>Financing activities</b>			
Proceeds from term loans from banks	35,429	22,973	26,023
Repayment of term loans from banks	(38,111)	(38,111)	(31,002)
Proceeds from trade financing	9,635	13,367	625
Repayment of trade financing	(13,985)	(13,985)	(625)
Capital injection by non-controlling shareholders of a subsidiary	–	–	115
Non-trade amounts owing from/to related parties	(321)	–	–
Proceeds from loan from immediate and ultimate holding company	2,250	–	–
Repayment of loan from immediate and ultimate holding company	(2,250)	–	–
<b>Net cash flows used in financing activities</b>	<b>(7,353)</b>	<b>(15,756)</b>	<b>(4,864)</b>
Net increase/(decrease) in cash and cash equivalents	6,284	(5,261)	(1,230)
Effect of exchange rate changes on cash and cash equivalents	31	(25)	(51)
Cash and cash equivalents at 1 January	5,099	11,414	6,128
<b>Cash and cash equivalents at 31 December</b>	<b>11,414</b>	<b>6,128</b>	<b>4,847</b>

### FY2016

The Group's cash and cash equivalents remained healthy at S\$11.4 million, as at 31 December 2016 as compared to S\$5.1 million as at 31 December 2015.

Net cash flows from operating activities for FY2016 increased from S\$3.4 million in FY2015 to S\$13.9 million due to active promotion of its inventories at reduced prices during the year. This was in line with the Group's strategy to generate positive operating cash-flow in the midst of the uncertain and challenging global market conditions to pay off its term loans due in fourth quarter of FY2016 and first quarter of FY2017.

Net cash flows used in investing activities for FY2016 was mainly for the purchase of certain plant and equipment as well as the disposal of its subsidiary.

Net cash flows used in financing activities for FY2016 was S\$7.4 million due to net repayment of term loans and trade financing from banks.

---

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

---

### **FY2017**

The Group's cash and cash equivalents remained relatively healthy at S\$6.1 million, as at 31 December 2017 as compared to S\$11.4 million as at 31 December 2016.

Net cash flows from operating activities for FY2017 increased from S\$13.9 million in FY2016 to S\$15.8 million due to improved sales activities and collections during the year.

Net cash flows used in investing activities for FY2017 was mainly due to the acquisition of a property in Singapore for the Group's branch operations.

Net cash flows used in financing activities for FY2017 was S\$15.8 million due to net repayment of term loans and trade financing from banks.

### **FY2018**

The Group's cash and cash equivalents remained healthy at S\$4.8 million as at 31 December 2018 as compared to S\$6.1 million as at 31 December 2017.

Net cash flows from operating activities for FY2018 remained positive at S\$6.0 million as compared to S\$15.8 million in FY2017 mainly due to receipts from operations during the year.

Net cash flows used in investing activities for FY2018 was mainly due to acquisition of a property in Singapore for its branch operations.

Net cash flows used in financing activities for FY2018 was S\$4.9 million mainly due to net repayment of term loans from banks.

---

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

---

### D. WORKING CAPITAL

The audited working capital of the Group as at 31 December 2016, 31 December 2017, and 31 December 2018 are set out below:

	31 December 2016 S\$'000	31 December 2017 S\$'000	31 December 2018 S\$'000
Total Current Assets	64,252	50,142	46,295
Total Current Liabilities	43,127	27,136	29,460
<b>Working Capital</b>	<b>21,125</b>	<b>23,006</b>	<b>16,835</b>

#### As at 31 December 2017 compared to 31 December 2016

The slight increase in net working capital of S\$1.9 million, from S\$21.1 million as at 31 December 2016 to S\$23.0 million as at 31 December 2017 was mainly due to the factors stated below.

Current assets decreased by approximately S\$14.1 million primarily due to the following:

- (i) The decline in Group trade debtors was primarily due to collections received during the year. This was however, offset, by the consolidation of ACEE's trade debtors into the Group's accounts following its acquisition during the year;
- (ii) The decline in other debtors at Group and the Company level was primarily due to settlement of the prior year deferred consideration on the sale of shares of ABC to its minority shareholder as well as a provision for remaining deferred consideration for the sale of shares of KHGZ in 2015;
- (iii) The decline in amount owing from an associate was primarily due to partial settlements and provisions made during the year; and
- (iv) The decrease in inventories was despite an increase in Group purchases of S\$7.4 million. This was mainly due to continued stringent controls over purchases and improved sales of existing inventory holding and purchases during the year. In addition, significant purchase orders placed by the Group to replenish its inventory holding were pending delivery from suppliers.

Current liabilities decreased by approximately S\$16.0 million from approximately S\$43.1 million as at 31 December 2016 to approximately S\$27.1 million as at 31 December 2017 primarily due to net repayments of bank borrowings of S\$15.8 million during the year.

---

## APPENDIX A – FINANCIAL INFORMATION OF THE GROUP

---

### As at 31 December 2018 compared to 31 December 2017

The decrease in net working capital of S\$6.2 million, from S\$23.0 million as at 31 December 2017 to S\$16.8 million as at 31 December 2018 was in line with the factors stated below.

Current assets decreased by approximately S\$3.8 million from approximately S\$50.1 million as at 31 December 2017 to approximately S\$46.3 million as at 31 December 2018 primarily due to the following:

- (i) The decline in the Group's trade debtors was primarily due to lower sales for the bearings and seals division and collections received during the year; and
- (ii) The decline in the Group's other debtors was primarily due to deposits made in the prior year in relation to the acquisition of a property in Singapore for its branch operations. The said deposit was subsequently capitalized into property, plant and equipment upon completion of the acquisition in the current year.

Current liabilities decreased by approximately S\$2.3 million from approximately S\$27.1 million as at 31 December 2017 to approximately S\$29.5 million as at 31 December 2018 primarily due to the following:

- (i) Bank borrowings declined primarily due to net repayments made during the year. It was, however, offset by an increase due to the acquisition of a property in Singapore for its branch operations during the year; and
- (ii) The decline in other creditors at the Group level was primarily due to lower advances received from customers of the Group.

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

### RAFFLES UNITED HOLDINGS LTD

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197302030N)

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting ("**EGM**") of Raffles United Holdings Ltd (the "**Company**") will be held at 5 Changi South Street 3, Singapore 486117 on 8 April 2019 at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the following ordinary resolution set out below.

*All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the Circular dated 22 March 2019 to the shareholders of the Company.*

#### **ORDINARY RESOLUTION: THE PROPOSED RIGHTS ISSUE**

That:

- (a) the renounceable non-underwritten rights issue (the "**Proposed Rights Issue**") of up to 234,060,000 Rights Shares, at an issue price of S\$0.05 for each Rights Share (the "**Issue Price**") on the basis of one (1) Rights Share for every one (1) existing Share held by shareholders of the Company ("**Shareholders**") as at a time and date as the Directors may, in their absolute discretion, determine ("**Books Closure Date**"), fractional entitlements to be disregarded, be and is hereby approved;
- (b) the authority be and is hereby given to the Directors (or any of them) to:
  - (i) allot and issue up to 234,060,000 Rights Shares at the Issue Price for each Rights Share;
  - (ii) provisionally allot and issue up to 234,060,000 Rights Shares at the Issue Price for each Rights Share on the basis of one (1) Rights Share for every one (1) existing Share held by Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, on such terms and conditions as the Directors may think fit:
    - (aa) the provisional allotments of the Rights Shares pursuant to the Proposed Rights Issue shall be made on a renounceable non-underwritten basis to Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited ("**CDP**") as at the Books Closure Date with registered addresses in Singapore, or who have, at least three (3) Market Days prior to the Books Closure Date, provided to the CDP or the share registrar of the Company ("**Share Registrar**"), as the case may be, addresses in Singapore for the service of notices and documents;
    - (bb) no provisional allotment of the Rights Shares shall be made in favour of 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 to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**");

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

- (cc) the provisional allotment of the Rights Shares which would otherwise accrue to Foreign Shareholders may be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit for the purpose of renouncing the provisional allotments relating thereto to purchasers thereof, and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) proportionately to and among such Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with as the Directors may deem fit in the interests of the Company;
- (dd) the provisional allotment of the Rights Shares not taken up or allotted for any reason or which represent fractional entitlements disregarded in accordance with the term of the Proposed Rights Issue shall be used to satisfy applications for Excess Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may in their absolute discretion deem fit in the interests of the Company;
- (ee) the Rights Shares when issued and fully paid-up will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distribution that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares;
- (c) the Directors or any of them be and are hereby authorised to fix the Books Closure Date in their absolute discretion; and
- (d) the Directors (or any of them) be and are hereby authorised to take such steps, do all such acts, matters and things as they may consider necessary or expedient for the purposes of or in connection with the Proposed Rights Issue (including but not limited to amending, finalising, approving and executing all such documents as may be required in connection with the Proposed Rights Issue), and make such amendments to the terms and conditions of the Proposed Rights Issue and to exercise such discretion as the Directors (or any of them) may in their absolute discretion deem fit, advisable or necessary in connection with all or any of the above matters.

By Order of the Board

TAN SAIK HOCK  
Chairman

**Raffles United Holdings Ltd**

22 March 2019



---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

### Notes:

- (1) A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Extraordinary General Meeting instead of such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“**relevant intermediary**” means:

- (a) a banking corporation licenced under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
  - (4) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
  - (5) The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at 5 Changi South Street 3, Singapore 486117, not less than 48 hours before the time set for the EGM.
  - (6) A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time appointed for the Extraordinary General Meeting in order for the Depositor to be entitled to attend and vote at the Extraordinary General Meeting.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

*This page has been intentionally left blank.*

# RAFFLES UNITED HOLDINGS LTD

(Incorporated in the Republic of Singapore)  
(Company Registration No. 197302030N)

## PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this form)

### IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's shares, this Circular to Shareholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the EGM as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, \_\_\_\_\_

of \_\_\_\_\_  
being a member/members of Raffles United Holdings Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Extraordinary General Meeting (the "EGM") as my/our proxy/proxies to vote for me/us on my/our behalf at the EGM of the Company to be held at 5 Changi South Street 3, Singapore 486117 on 8 April 2019 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

**(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)**

	For	Against
<b>Ordinary Resolution:</b> The Proposed Rights Issue as defined in the Notice of Extraordinary General Meeting dated 22 March 2019		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Total number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s) or  
Common Seal of Corporate Shareholder

\* Delete where inapplicable



**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the EGM of the Company (other than a member who is a relevant intermediary) is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member of the Company (other than a member who is a relevant intermediary) appoints more than one proxy, he shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. Pursuant to Section 181 of the Companies Act (Chapter 50) of Singapore, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the EGM instead of such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“relevant intermediary” means:

- (a) a banking corporation licenced under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
  6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 5 Changi South Street 3, Singapore 486117 not less than 48 hours before the time appointed for the EGM.
  7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
  8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.