

HAI LECK HOLDINGS LIMITED
(Incorporated in Singapore)
(Company Registration No. 199804461D)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) EXISTING ORDINARY SHARES

1. INTRODUCTION

1.1 Basis of Warrants Issue

The board of directors ("**Directors**") of Hai Leck Holdings Limited ("**Company**") wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue ("**Warrants Issue**") of up to 202,786,875 Warrants ("**Warrants**"), based on the existing issued share capital of the Company of 401,319,500 ordinary shares ("**Shares**"), at an issue price of S\$0.001 ("**Issue Price**") for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("**New Share**") at an exercise price of S\$0.33 ("**Exercise Price**"), on the basis of one (1) Warrant for every two (2) existing Shares held by the Entitled Shareholders (as defined below) as at a books closure date to be determined by the Directors ("**Books Closure Date**"), fractional entitlements to be disregarded.

1.2 Approvals

The Warrants Issue will be issued pursuant to the authority granted by the share issue mandate passed by the shareholders of the Company ("**Shareholders**") at its annual general meeting (the "**AGM**") ("**Share Issue Mandate**") on 22 October 2013. The Share Issue Mandate authorises the Directors to, *inter alia*, allot and issue Shares whether by way of rights, bonus or otherwise and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued provided that, among others, the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company as at the date of the AGM (subject to certain adjustments as provided in the Share Issue Mandate). The Warrants Issue is undertaken pursuant to the Share Issue Mandate and no further Shareholders' approval will be specifically sought for the Warrants Issue and the New Shares arising therefrom.

1.3 Irrevocable Undertakings

Whilst the Warrants Issue is not underwritten by any financial institution, each of Mr Cheng Buck Poh @ Chng Bok Poh, the Executive Chairman of the Company and his family-held investment holding company, Cheng Capital Holdings Pte Ltd (collectively, "**Undertaking Shareholders**"), will be providing an irrevocable undertaking to subscribe or cause to be subscribed all the Warrants representing his/its Warrant entitlements pursuant to the Warrants Issue and also to make excess applications and/or procure that excess applications will be made for the remaining balance of Warrants which are not taken up by other Shareholders under the Warrants Issue based on his/its proportional shareholding to that of the other Undertaking Shareholder (collectively, "**Irrevocable Undertaking**"). The details of the Irrevocable Undertakings are set out in Section 5 of this Announcement.

2. PRINCIPAL TERMS OF THE WARRANTS ISSUE

2.1 Entitled Shareholders

The Warrants Issue is proposed to be offered on a renounceable basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (“**CDP**”), as the case may be, 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 to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Entitled Shareholders**”), on the basis of one (1) Warrant for every two (2) Shares held as at the Books Closure Date, fractional entitlements to be disregarded.

Fractional entitlements of the Warrants will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments of Warrants which are not taken up for any reason, be aggregated and used to satisfy applications for excess Warrants (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. In the allotment of excess Warrants, preference will be given to the rounding of odd lots. 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 Warrants Issue, will rank last in priority for the rounding of odd lots and allotment of excess Warrants.

2.2 Basis and Exercise Price

Each Warrant will, subject to the terms and conditions to be set out in an instrument constituting the Warrants (“**Deed Poll**”), carry the right to subscribe for one (1) New Share at an exercise price of S\$0.33, at any time during the period commencing on and including the date of issue of the Warrants and expiring on a date immediately preceding the fifth anniversary of such date of issue. The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll. The Warrants will be issued in registered form and will be traded on a book-entry (scripless) settlement basis on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) upon the listing and quotation of the Warrants on the SGX-ST, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market for the Warrants.

The New Shares would be priced at S\$0.331 (aggregating the Issue Price and Exercise Price) representing a premium of approximately 17.4% to the volume-weighted average price of S\$0.282 of trades done for the Share on the SGX-ST for the full market day on 12 November 2013, being the date of this Announcement.

2.3 Number of Warrants to be issued

As at the date hereof, the Company has,

- (i) an issued and paid-up share capital comprising of 401,319,500 Shares (excluding 640,000 treasury shares) (“**Existing Share Capital**”); and
- (ii) outstanding warrants which are exercisable into 4,254,250 Shares (“**Outstanding Warrants**”)

Based on the Existing Share Capital and assuming that none of the Outstanding Warrants are exercised before the Books Closure Date, 200,659,750 Warrants will be issued pursuant to the Warrants Issue (“**Minimum Subscription Scenario**”),

Based on the Existing Share Capital and assuming that all the Outstanding Warrants are exercised into 4,254,250 Shares before the Books Closure Date, 202,786,875 Warrants will be issued pursuant to the Warrants Issue (“**Maximum Subscription Scenario**”).

2.4 Other terms

Entitled Shareholders will be free to accept in full or in part, decline or otherwise renounce their provisional allotment of Warrants under the Warrants Issue, and will also be eligible to apply for additional Warrants in excess of their provisional allotments.

The Warrants will be issued in registered form and will be listed and traded on the Mainboard of the SGX-ST under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on the Mainboard of the SGX, subject to, inter alia, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances in accordance with the Deed Poll. The New Shares to be issued upon the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the relevant date of exercise of the Warrants.

The terms and conditions of the Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Warrants Issue will be contained in the offer information statement to be issued by the Company in connection with the Warrants Issue ("**Offer Information Statement**") which will be lodged with the Monetary Authority of Singapore ("**MAS**").

3. **ELIGIBILITY TO PARTICIPATE IN THE WARRANTS ISSUE**

Entitled Depositors. Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date ("**Depositors**") will be provisionally allotted Warrants entitlements on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

To be "**Entitled Depositors**", Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP, at 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807, with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Warrants entitlements.

Entitled Scripholders. Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP ("**Scripholders**") will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. ("**Share Registrar**"), in order to be registered to determine the transferee's provisional allotments of Warrants entitlements under the Warrants Issue.

To be "**Entitled Scripholders**", Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered addresses outside Singapore, they must provide to the Share Registrar with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, in order to receive their provisional allotments of Warrants entitlements.

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

Persons who bought their Shares previously using CPF Funds (as defined below) should use their CPF account savings ("**CPF Funds**") for the payment of the Issue Price to accept their

provisional allotments of Warrants and (if applicable) apply for excess Warrants, subject to the applicable CPF rules and regulations. Such persons who wish to accept their provisional allotments of Warrants using CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept the Warrants and (if applicable) apply for the excess Warrants on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Warrants directly from the market.

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

Foreign Shareholders. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”).

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Warrants 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 Warrants commence. The net proceeds arising from such sales after deducting all expenses will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10 to a single Foreign Shareholder, and such amount shall be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their absolute discretion deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the Manager in connection therewith.

If such provisional allotments of Warrants 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 allotments of Warrants, the Warrants represented by such provisional allotments will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP or the Manager in connection therewith.

Option to scale down subscription. Depending on the level of subscription for the Warrants, the Company will, if necessary, scale down the subscription and/or excess applications for the Warrants by any of the Shareholders (if such Shareholder chooses to subscribe for its pro-rata Warrants entitlement and/or apply for excess Warrants) to:

- (a) ensure that the relevant Shareholder does not hold a controlling interest in the Company, which is prohibited under Rule 803 of the Listing Manual of the SGX-ST unless prior approval of Shareholders is obtained in general meeting; or
- (b) avoid placing the relevant Shareholder and parties acting in concert with him (as defined in The Singapore Code of Takeovers and Mergers (“**Code**”) in the position of incurring a mandatory general offer obligation under the Code,

as a result of other Shareholders not taking up their Warrants entitlements fully.

4. PURPOSE OF THE WARRANTS ISSUE AND USE OF PROCEEDS

The Directors believe that the Warrants Issue will provide Shareholders with the opportunity to obtain further equity participation in the Company by subscribing for the New Shares through the exercise of the Warrants. In addition, as and when the Warrants are exercised, the proceeds arising therefrom will provide additional financial flexibility to the Company and its subsidiaries and associated companies (“Group”).

Based on the Issue Price and the Irrevocable Undertakings, the estimated amount of net proceeds arising from the grant of the Warrants is expected to be approximately S\$64,000, after deducting the estimated amount of expenses incurred in connection with the Warrants Issue. The Company intends to use the net proceeds arising from the grant of the Warrants to enlarge the general working capital of the Group.

As and when the Warrants are exercised, the proceeds arising therefrom may, at the discretion of the Directors, be applied towards investment purposes including, but not limited to, the investment in machineries and equipment, for the purpose of renewing the lease at 40 Tuas West Road Singapore 638389, working capital and/or such other purposes as the Directors may deem fit.

The Company will make the necessary announcements and subsequently provide a status report on the use of such proceeds and any material deviations therefrom in its annual report.

Pending the deployment of the net proceeds from the Warrants Issue, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

The Directors are of the opinion that, based on the Irrevocable Undertakings, the proceeds raised from the Warrants Issue is sufficient to meet the Group’s present funding requirements.

5. IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, the Undertaking Shareholders, Mr Cheng Buck Poh @ Chng Bok Poh and Cheng Capital Holdings Pte Ltd hold an aggregate of 184,932,500 and 156,000,000 Shares representing 46.08% and 38.87% respectively of the aggregate number of issued Shares in the capital of the Company. Accordingly, Mr Cheng Buck Poh @ Chng Bok Poh and Cheng Capital Holdings Pte Ltd will be entitled to subscribe for an aggregate of 92,466,250 and 78,000,000 Warrants respectively (collectively, the “**Entitled Warrants**”).

To demonstrate their support for the Warrants Issue as well as their commitment to the Company, the Undertaking Shareholders, Mr Cheng Buck Poh @ Chng Bok Poh and Cheng Capital Holdings Pte Ltd will be providing the Irrevocable Undertakings to, amongst other things, to subscribe or cause to be subscribed for and on his/its behalf all the Entitled Warrants and to make excess applications and/or procure that excess applications will be made for the remaining balance of Warrants which are not taken up by other Shareholders under the Warrants Issue based on their respective proportional shareholding to that of the other Undertaking Shareholder.

In view of the Irrevocable Undertakings, the Warrants Issue will not be underwritten by any financial institution.

The aforesaid will not result in any of the Undertaking Shareholders being obliged to make a mandatory general offer under the Singapore Code on Take-overs and Mergers for Shares in the Company.

6. APPROVALS

The Warrants Issue is subject to, *inter alia*, receipt of in-principle approval from the SGX-ST for the listing of and quotation for the Warrants and the New Shares on the Official List of the

Main Board of the SGX-ST, and lodgement of the Offer Information Statement and its accompanying documents with the MAS.

An application will be made to the SGX-ST for permission to deal in, and for the listing of and quotation for the Warrants and the New Shares on the Official List of the Main Board of the SGX-ST. Appropriate announcements in relation to the application, among others, will be made in due course.

The Warrants Issue is undertaken pursuant to the Share Issue Mandate approved at the AGM and no further Shareholders' approval will be specifically sought for the Warrants Issue and the New Shares arising therefrom.

7. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Announcement, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Warrants Issue other than their respective interests in the Shares.

BY ORDER OF THE BOARD

Cheng Yao Tong
Chief Executive Officer

12 November 2013