

PROPOSED CONSOLIDATION OF EVERY TWO (2) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE (THE "PROPOSED SHARE CONSOLIDATION")

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Hai Leck Holdings Limited (the "**Company**") wishes to announce that the Company is proposing to undertake a share consolidation exercise to consolidate every two (2) existing ordinary shares ("**Existing Shares**") in the capital of the Company ("**Shares**") into one (1) ordinary share ("**Consolidated Share**").
- 1.2 Pursuant to the Proposed Share Consolidation, each shareholder of the Company ("**Shareholder**") will receive one (1) Consolidated Share for every two (2) Existing Shares held as at the books closure date to be determined by the Directors in their absolute discretion as they deem fit ("**Books Closure Date**"), fractional entitlements to be disregarded.

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

- 2.1 Under the Proposed Share Consolidation, every two (2) Shares registered in the name or standing to the credit of the securities account of each Shareholder or Depositor (as the case may be) as at the Books Closure Date will be consolidated into one (1) Consolidated Share.
- 2.2 Each Shareholder will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.
- 2.3 Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding the fractional entitlements, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. **Shareholders who hold less than two (2) Existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of two (2) Existing Shares prior to the Books Closure Date.**
- 2.4 As at the date of this announcement, the Company has an issued and paid-up share capital of approximately S\$65,008,000 comprising 409,797,859 Shares (including 640,000 treasury shares). Following the completion of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of approximately S\$65,008,000 comprising approximately 204,898,929 Consolidated Shares.

3. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

- 3.1 With effect from 2 March 2015, the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) implemented a minimum trading price requirement of S\$0.20 per share for shares of issuers listed on the Mainboard of the SGX-ST as a continuing listing requirement.
- 3.2 A one-time transition period of 12 months from 2 March 2015 (i.e. 1 March 2016) will be given to affected issuers to undertake corporate actions to meet the new requirement, and such issuers will only be placed on the watch-list if they are unable to meet the minimum trading price requirement after this 12-month transition period. Issuers which are unable to take steps to raise its minimum trading price and exit the watch-list will be delisted after a 36-month cure period.

The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders as the Proposed Share Consolidation would facilitate the Company’s ability to satisfy and be in compliance with the continuing listing requirement imposed by the SGX-ST for issuers listed on the Mainboard of the SGX-ST to have a minimum trading price per share of S\$0.20.

- 3.3 **However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

4. ADJUSTMENTS TO THE WARRANTS

4.1 Warrants (2012)

- (a) As at the date of this announcement, the Company has 2,612,250 unexercised warrants (“**Warrants (2012)**”) issued pursuant to the deed poll dated 5 December 2012 executed by the Company for the purpose of constituting the Warrants (2012) (“**Deed Poll (2012)**”). Pursuant to the terms and conditions of the Deed Poll (2012), the Proposed Share Consolidation will constitute an event giving rise to adjustments to the number of Warrants (2012) and the exercise price payable for each new Share on the exercise of the Warrants (2012).
- (b) Pursuant to Condition 5(B)(i) of the Deed Poll (2012):-
- (i) the number of unexercised Warrants (2012) will be adjusted on the basis that two (2) Warrants (2012) will be consolidated into one (1) consolidated Warrant (2012) (“**Consolidated Warrant (2012)**”);
 - (ii) the existing exercise price of each Warrant (2012) will be adjusted from S\$0.13 to S\$0.26; and
 - (iii) each Consolidated Warrant (2012) shall carry the right to receive one (1) Consolidated Share.
- (c) The auditors of the Company have certified that the adjustments above are in accordance with Condition 5(B)(i) of the Deed Poll (2012).

4.2 Warrants (2013)

- (a) As at the date of this announcement, the Company has 194,793,891 unexercised warrants ("**Warrants (2013)**") issued pursuant to the deed poll dated 3 April 2014 executed by the Company for the purpose of constituting the Warrants (2013) ("**Deed Poll (2013)**"). Pursuant to the terms and conditions of the Deed Poll (2013), the Proposed Share Consolidation will constitute an event giving rise to adjustments to the number of Warrants (2013) and the exercise price payable for each new Share on the exercise of the Warrants (2013).
- (b) Pursuant to Condition 5(B)(i) of the Deed Poll (2013):-
 - (iv) the number of unexercised Warrants (2013) will be adjusted on the basis that two (2) Warrants (2013) will be consolidated into one (1) consolidated Warrant (2013) ("**Consolidated Warrant (2013)**");
 - (v) the existing exercise price of each Warrant (2013) will be adjusted from S\$0.33 to S\$0.66; and
 - (vi) each Consolidated Warrant (2013) shall carry the right to receive one (1) Consolidated Share.
- (c) The auditors of the Company have certified that the adjustments above are in accordance with the Condition 5(B)(i) of the Deed Poll (2013).

4.3 The above adjustments to Warrants (2012) and Warrants (2013) will take effect from the close of the market day immediately preceding the date on which the Proposed Share Consolidation becomes effective.

4.4 Shareholders should note that the above adjustments to Warrants (2012) and Warrants (2013) are subject to the approval of SGX-ST. The Company will release further announcements in relation to the adjustments in due course.

5. APPROVALS AND CONDITIONS

5.1 The Proposed Share Consolidation is subject to, *inter alia*, the following:-

- (a) the approval of Shareholders for the Proposed Share Consolidation at an extraordinary general meeting ("**EGM**") to be convened; and
- (b) the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Mainboard of the SGX-ST.

5.2 An application will be made to the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares pursuant to the Proposed Share Consolidation on the Mainboard of the SGX-ST. The Company will release an announcement on the outcome of the application in due course.

6. DESPATCH OF CIRCULAR

6.1 A circular containing, *inter alia*, notice of the EGM and further information on the Proposed Share Consolidation will be despatched to Shareholders in due course.

6.2 **Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors of the Company are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.**

By Order of the Board

Cheng Yao Tong
Chief Executive Officer
2 September 2015