

TRANSPAC INDUSTRIAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199400941K)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE WITH FREE DETACHABLE WARRANTS FOR EVERY THREE (3) EXISTING ORDINARY SHARES

1. INTRODUCTION

The board of directors (the "**Directors**") of Transpac Industrial Holdings Limited (the "**Company**") wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue of up to 29,333,334 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$1.00 each (the "**Issue Price**"), with up to 58,666,668 free detachable warrants (the "**Warrants**"), 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\$1.00 (the "**Exercise Price**") and as adjusted for any share consolidation or sub-division for each New Share, on the basis of one (1) Rights Share for every three (3) existing ordinary shares in the capital of the Company (the "**Shares**") held by the Entitled Shareholders (as defined below) as at a time and date to be determined by the Directors at and on which the register of members and the share transfer books of the Company will be closed for the purpose of determining the Shareholders' (as defined below) entitlements (the "**Books Closure Date**"), and two (2) Warrants comprising one (1) Series A Warrant and one (1) Series B Warrant (both as defined below) for every Rights Share subscribed, fractional entitlements to be disregarded (the "**Rights cum Warrants Issue**").

2. PROPOSED PRINCIPAL TERMS OF THE RIGHTS CUM WARRANTS ISSUE

The shareholders of the Company (the "**Shareholders**") whose registered addresses with the Company or The Central Depository (Pte) Ltd (the "**CDP**"), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least five (5) Market Days (as defined below) 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 (the "**Entitled Shareholders**"), will be entitled to participate in the Rights cum Warrants Issue and receive the offer information statement to be issued by the Company in connection with the Rights cum Warrants Issue (the "**OIS**") together with the appropriate application forms and accompanying documents at their respective Singapore addresses. Fractional entitlements to the Rights Shares with Warrants will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and substantial Shareholders and Directors will rank last in priority. In the allotment of excess Rights Shares with Warrants, preference will be given to the Shareholders in satisfaction of their application for excess Rights Shares with Warrants, if any, provided that where there are insufficient excess Rights Shares with Warrants to allot to each application, the Company shall allot the excess Rights Shares with Warrants to the Shareholders on a pro rata basis, and provided that as between such Shareholders, Directors and substantial Shareholders will rank last in priority.

The Warrants are immediately detachable from the Rights Shares upon issue and will be issued in registered form and will be listed and traded separately on a book-entry (scripless) settlement basis on the Mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST") upon the listing and quotation of the Warrants on SGX-ST subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

The Warrants will be subject to the terms and conditions to be set out in an instrument by way of a deed poll constituting the Warrants (the "**Deed Poll**"), each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price. There will be two (2) Warrants with every Rights Share subscribed. In respect of the two (2) Warrants, one (1) Warrant will carry the right to subscribe for one (1) New Share at the Exercise Price at any time during the period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the first (1st) anniversary of the date of issue of the Warrants (the "**Series A Warrant**"), and the other Warrant will carry the right to subscribe for one (1) New Share at the Exercise Price at any time during the period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants (the "**Series B Warrant**"). If such date of expiry is a date on which the register of members of the Company is closed or is not a day on which SGX-ST is open for securities trading ("**Market Day**"), the exercise period shall end on the date prior to the closure of the register of members of the Company or the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the register of warrant holders may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll. The Warrants which have not been exercised after the date of expiry shall lapse and cease to be valid for any purpose.

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 New Shares arising from the exercise of the Warrants will upon allotment and issue, rank *pari passu* in all respects with the then existing Shares save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which is before the relevant date of exercise of the Warrants. For this purpose, the "**record date**" means, 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 in order to participate in such dividends, rights, allotments or other distributions.

The Rights Shares with Warrants are payable in full upon acceptance and application, and 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.

Entitled Shareholders will be at liberty to accept, decline or otherwise renounce or trade (during the provisional allotment trading period prescribed by SGX-ST) their provisional allotment of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue (the "**Excess Application**").

For practical reasons and in order to avoid any violation of relevant legislation applicable in countries other than Singapore, the Rights Shares with Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) Market Days prior thereto, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**"). If it is practicable to do so, arrangements may,

at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil paid" on SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence and the net proceeds arising therefrom will be dealt with in accordance with the terms set out in the Circular (as defined in paragraph 7 below) and the OIS.

The Issue Price of S\$1.00 represents a discount of approximately 9.0% to the last transacted price of S\$1.10 per Share on SGX-ST on 12 December 2008, being the last transacted price preceding this announcement.

Based on the existing issued and paid-up share capital of the Company as at 12 December 2008 of 88,000,004 Shares, assuming that the Rights Shares are fully subscribed, 29,333,334 Rights Shares will be issued pursuant to the Rights cum Warrants Issue and up to 58,666,668 New Shares may be issued upon the exercise of the Warrants.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Circular (as defined in paragraph 7 below) and the OIS to be despatched by the Company to Entitled Shareholders in due course.

3. IRREVOCABLE UNDERTAKINGS AND EXCESS APPLICATION UNDERTAKINGS

As at the date of this Announcement:

- (a) ASM Ventures Limited, ASM Asia Recovery (Master) Fund and ASM Hudson River Fund (collectively, the "**ASM Shareholders**") (through HSBC (Singapore) Nominees Pte Ltd) hold an aggregate of 38,087,498 Shares constituting an aggregate voting interest of 43.28% in the Company, with their respective interests in the Company as follows:
- (i) ASM Ventures Limited (through HSBC (Singapore) Nominees Pte Ltd) holds an interest in 25,782,417 Shares representing 29.30% of the voting rights of the Company;
 - (ii) ASM Asia Recovery (Master) Fund (through HSBC (Singapore) Nominees Pte Ltd) holds an interest in 11,465,081 Shares representing 13.03% of the voting rights of the Company; and
 - (iii) ASM Hudson River Fund (through HSBC (Singapore) Nominees Pte Ltd) holds an interest in 840,000 Shares representing 0.95% of the voting rights of the Company, and
- (b) Transpac Investments Limited⁽¹⁾ ("**Transpac Investments**") and Mr. Leong Ka Cheong Christopher⁽¹⁾ ("**Mr. Leong**") and together with Transpac Investments, the "**Transpac Shareholders**") hold an aggregate of 9,367,002 Shares constituting an aggregate voting interest of 10.64% in the Company, with their respective interests in the Company as follows:

⁽¹⁾ Mr. Leong is deemed interested in the 9,041,000 Shares held by Transpac Investments by virtue of his 55.14% interest in Bastion Associates Limited ("**Bastion**") and his 94.03% interest in Techno-Ventures ("**Techno-Ventures**") Hong Kong Limited. Bastion owns 71.0%, and Techno-Ventures owns 29.0%, of Transpac Investments respectively.

- (i) Transpac Investments holds a direct interest in 9,041,000 Shares representing 10.27% of the voting rights of the Company; and
- (ii) Mr. Leong holds a direct interest in 326,002 Shares representing 0.37% of the voting rights of the Company.

Irrevocable Undertakings

In connection with the Rights cum Warrants Issue and subject to the Whitewash Waiver (as defined below), Argyle Street Management Limited, as investment manager of the ASM Shareholders, will be giving irrevocable undertakings that it will procure that the ASM Shareholders:

- (a) will not, and will procure that the Shareholders in whose Shares they have a deemed interest in will not, transfer or otherwise dispose of their respective Shares prior to the Books Closure Date;
- (b) will, and will procure that the Shareholders in whose Shares they have a deemed interest in will, subscribe for or procure subscribers and pay or procure payment for all of their respective Rights cum Warrants Issue entitlements represented by the Shares as at the Books Closure Date; and
- (c) will fund the entirety of their purchase of their respective Rights Shares with Warrants entitlements and have provided proof of their financial resources to the Company for their respective undertakings.

The Transpac Shareholders will be giving irrevocable undertakings that they:

- (a) will not, and will procure that the shareholders in whose Shares they have a deemed interest in will not, transfer or otherwise dispose of their respective Shares prior to the Books Closure Date;
- (b) will, and will procure that the shareholders in whose Shares they have a deemed interest in will, subscribe for or procure subscribers and pay or procure payment for all of their respective Rights cum Warrants Issue entitlements represented by the Shares as at the Books Closure Date; and
- (c) will fund the entirety of their purchase of their respective Rights Shares with Warrants entitlements and have provided proof of their financial resources to the Company for their respective undertakings.

Mr. Leong will also give an irrevocable undertaking to procure the provision of the abovementioned irrevocable undertakings by Transpac Investments (the irrevocable undertakings set out in this paragraph shall be hereinafter referred to collectively as the “**Irrevocable Undertakings**”).

For the purposes of this Announcement, ‘deemed interest’ shall have the meaning as ascribed to it in section 7 of the Companies Act, Section 50, of Singapore.

Excess Application Undertakings

In addition to the Irrevocable Undertakings, the Transpac Shareholders shall undertake to, and Argyle Street Management Limited shall undertake to procure that the ASM Shareholders, in proportion to their respective shareholdings vis-à-vis the other Undertaking Shareholders (as defined below) (the “**Agreed Proportion**”), make excess applications (the “**Excess Application Undertakings**”) to subscribe for the balance

Rights Shares which are not taken up by the other shareholders under the Rights cum Warrants Issue and which are not subject to the Irrevocable Undertakings (the "**Balance Rights Shares**"), for a fee calculated at 3% of the aggregate Exercise Price for the Balance Right Shares (each of the Transpac Shareholders and the ASM Shareholders (collectively, the "**Undertaking Shareholders**") being entitled to the said fees in the Agreed Proportion), such that all the Rights Shares available will be fully subscribed for.

The Undertaking Shareholders are not prohibited from creating security over their Shares for the purposes of borrowing money to fund the acquisition of Rights Shares or otherwise to comply with their obligations under the Irrevocable Undertakings and Excess Application Undertaking, provided that they each retain all their beneficial ownership of their Shares from the date of the Irrevocable Undertakings until the Books Closure Date.

4. **WAIVER OF MANDATORY OFFER OBLIGATION ARISING FROM PARTICIPATION IN THE RIGHTS CUM WARRANTS ISSUE**

The Company intends to seek approval from Shareholders for the proposed Rights cum Warrants Issue as well as a whitewash resolution (the "**Whitewash Resolution**") pursuant to the Singapore Code on Take-overs and Mergers (the "**Code**").

Assuming that (i) only the Undertaking Shareholders subscribe in full for their respective Rights cum Warrants Issue entitlements, (ii) none of the other Shareholders subscribe for their respective Rights cum Warrants Issue entitlements, and (iii) each of the Undertaking Shareholders subscribe for their respective excess applications under the Excess Application Undertakings (collectively, the "**Maximum Subscription Scenario**"), the shareholdings of the Undertaking Shareholders will increase in the following manner:

(a) The ASM Shareholders

- (i) the shareholding of the ASM Shareholders will increase from an aggregate of 43.28% to 47.81%, on the basis that (i) the ASM Shareholders do not exercise their rights to subscribe for new Shares under any of their Warrants entitlements in respect of the Rights Shares acquired pursuant to the Irrevocable Undertakings and Excess Application Undertakings, and (ii) the Transpac Shareholders exercise all their rights to subscribe for new Shares under any of their Warrants entitlements in respect of the Rights Shares acquired pursuant to the Irrevocable Undertakings and Excess Application Undertakings; and
- (ii) the shareholding of the ASM Shareholders will increase from an aggregate of 43.28% to 66.12%, on the basis that the ASM Shareholders exercise their rights to subscribe for new Shares under all of their Warrants entitlements in respect of the Rights Shares acquired pursuant to the Irrevocable Undertakings and Excess Application Undertakings, but none of the Transpac Shareholders does so.

(b) The Transpac Shareholders

- (i) the shareholding of the Transpac Shareholders will decrease from an aggregate of 10.64% to 9.22%, on the basis that (i) the Transpac Shareholders do not exercise their rights to subscribe for new Shares under any of their Warrants entitlements in respect of the Rights Shares acquired pursuant to the Irrevocable Undertakings and Excess Application Undertakings, and (ii) the ASM Shareholders exercise all their rights to subscribe for new Shares under any of their Warrants entitlements in respect of the Rights Shares acquired pursuant to the Irrevocable Undertakings and Excess Application Undertakings; and
- (ii) the shareholding of the Transpac Shareholders will increase from an aggregate of 10.64% to 20.74%, on the basis that the Transpac Shareholders exercise their rights to subscribe for new Shares under all of their Warrants entitlements in respect of the Rights Shares acquired pursuant to the Irrevocable Undertakings and Excess Application Undertakings, but none of the ASM Shareholders does so.

Pursuant to the Rights cum Warrants Issue and in the Maximum Subscription Scenario, the aggregate shareholding of the ASM Shareholders, which amounts to not less than 30% but not more than 50% of the Company's share capital prior to the Rights cum Warrants Issue, will increase by more than one per cent. (1%). In this event, the ASM Shareholders will then be required under the Code to make a mandatory general offer ("**Mandatory Offer**") for the Shares not already owned by them pursuant to Rule 14.1(b) of the Code, unless the said obligation is waived by the Council.

For the avoidance of doubt, the Transpac Shareholders will not be subject to Rule 14 of the Code to make a Mandatory Offer for the remaining Shares not already owned or controlled by them as the aggregate shareholding of the Transpac Shareholders will not exceed 30% of the issued share capital of the Company as a result of them subscribing for the Rights Shares with Warrants and the excess Rights Shares with Warrants, and/or exercising, from time to time, their right to subscribe for new Shares under their Warrants entitlements in respect of the Rights Shares acquired pursuant to the Irrevocable Undertakings and Excess Application Undertakings.

Application to the Securities Industry Council (the "**SIC**")

In connection with this, the Company has made an application to the SIC for a waiver (the "**Whitewash Waiver**") of the obligation of the ASM Shareholders to make a mandatory general offer for the Company under Rule 14.1(b) of the Code arising from the acquisition of the ASM Shareholders of Rights Shares, Warrants and/or New Shares upon the exercise of the Warrants pursuant to the Rights cum Warrants Issue.

The Company has appointed DMG & Partners Securities Pte. Ltd. as its independent financial advisor in respect of the Whitewash Resolution.

5. PURPOSE OF THE RIGHTS CUM WARRANTS ISSUE AND THE USE OF PROCEEDS

Assuming that all the Rights Shares are fully subscribed for and that all of the Warrants are exercised, the estimated gross proceeds of the Rights cum Warrants Issue is S\$88.0 million and the estimated net proceeds of the Rights cum Warrants Issue, after deducting estimated expenses of approximately S\$0.7 million, is expected to be approximately S\$87.3 million. The estimated gross proceeds arising from the exercise of all the Warrants alone, amounts to approximately S\$58.7 million (the "**Warrants Proceeds**").

Assuming that the Rights cum Warrants Issue is fully subscribed and that none of the Warrants are exercised, the estimated gross proceeds of the Rights cum Warrants Issue is S\$29.3 million and the estimated net proceeds of the Rights cum Warrants Issue, after deducting estimated expenses of approximately S\$0.7 million, is expected to be approximately S\$28.6 million (the "**Rights Proceeds**").

The Company intends to apply the Rights Proceeds and the Warrants Proceeds (as and when the Warrants are exercised and the Warrants Proceeds arises) for the repayment of outstanding bank loans, purchasing beneficial interests from other investors in funds which are managed by Transpac Capital (the "**Funds**")⁽²⁾, expanding current businesses, investments, acquisitions and/or for general working purposes.

Pending the deployment of the Rights Proceeds and the Warrants Proceeds (as and when the Warrants are exercised and the Warrants Proceeds arises), such 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 appropriate in the interests of the Company and its subsidiaries.

6. APPROVALS

The Rights cum Warrants Issue is subject to, *inter alia*, the following:

- (a) the approval in-principle of SGX-ST for the dealing in, listing and quotation of the Rights Shares, the Warrants and the New Shares on the Official List of SGX-ST having been obtained;
- (b) the issuance of Rights Shares, Warrants and New Shares under the Rights cum Warrants Issue having been approved by Shareholders at an extraordinary general meeting to be convened (the "**EGM**");
- (c) the Whitewash Resolution having been passed by independent Shareholders at the EGM; and
- (d) the lodgment by the Company of the OIS with the Monetary Authority of Singapore.

An application will be made to SGX-ST for permission to deal in, and for the listing and quotation of the Rights Shares, the Warrants and the New Shares on SGX-ST. An appropriate announcement on the outcome of the application for permission to deal in and for the listing and quotation of the Rights Shares, the Warrants and the New Shares on SGX-ST will be made in due course.

7. CIRCULAR TO SHAREHOLDERS

A circular to the Shareholders containing, *inter alia*, the notice of the EGM, the terms and conditions of the Rights cum Warrants Issue and the Whitewash Resolution (the "**Circular**") will be despatched to the Shareholders in due course. Thereafter, the OIS will be lodged with the Monetary Authority of Singapore and despatched by the Company to

⁽²⁾ The Funds are primarily made up of limited partnership assets in certain private equity funds, including, *inter alia*, the Transpac Capital 1996 Investment Trust, the Transpac Equity Investment Trust and the Transpac Venture Partnership II. The potential vendors of these interests are not associated with, or related to Transpac Capital, in any way. Transpac Capital will not be involved in the negotiation or acquisition of these beneficial interests.

the Entitled Shareholders in due course following the EGM, if the Rights cum Warrants Issue and the Whitewash Resolution are approved at the EGM.

8. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD OF DIRECTORS

Tham Shook Han
Company Secretary

12 December 2008