

**MTQ CORPORATION LIMITED**  
(Incorporated in Singapore)  
(Company Registration No. 196900057Z)

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**PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE**

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**I. INTRODUCTION**

**1.1 Basis of the Proposed Rights cum Warrants Issue**

The Board of Directors (the “**Board**”) of MTQ Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing a renounceable underwritten rights cum warrants issue of up to 61,805,259 new ordinary shares (“**Shares**”) (the “**Rights Shares**”) at an issue price of S\$0.20 for each Rights Share (“**Issue Price**”), with up to 15,451,313 free detachable warrants (“**Warrants**”), each Warrant carrying the right to subscribe for one (1) ordinary share in the capital of the Company (“**Warrant Share**”) at an exercise price of S\$0.22 for each Warrant Share (“**Exercise Price**”), on the basis of two (2) Rights Shares for every five (5) existing ordinary shares in the share capital of the Company held by entitled shareholders as at the books closure date to be determined (“**Books Closure Date**”), with one (1) free detachable warrant for every four (4) Rights Shares, fractional entitlements to be disregarded (“**Proposed Rights cum Warrants Issue**”).

**1.2 Share Issue Mandate**

The Rights Shares, Warrants and Warrant Shares will be issued pursuant to the existing share issue mandate approved by the Shareholders at the annual general meeting of the Company held on 28 July 2017 (“**Share Issue Mandate**”). The Share Issue Mandate authorised, *inter alia*, the Directors to (a) issue Shares whether by way of rights or otherwise, and/or (b) 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) and Instruments to be issued to existing Shareholders on a *pro rata* basis pursuant to the Share Issue Mandate shall not exceed 50% of the total number of issued Shares (excluding treasury shares) as at 28 July 2017, after adjusting for: (i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (ii) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of the resolution; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

**1.3 Underwriter**

In connection with the above, the Company has appointed UOB Kay Hian Private Limited (“**Underwriter**”) as the underwriter of the Proposed Rights cum Warrants Issue (details of the underwriting are set out in paragraph 5 of Section II of this announcement).

## II. DETAILS OF PROPOSED RIGHTS CUM WARRANTS ISSUE

### 1. Principal terms of the Proposed Rights cum Warrants Issue

1.1 **Basis of Provisional Allotment.** The Proposed Rights cum Warrants Issue is proposed to be made on a renounceable basis to Entitled Shareholders (as defined below) on the basis of two (2) Rights Share, for every five (5) existing ordinary shares in the share capital of the Company held by entitled shareholders as at the Books Closure Date, with one (1) free detachable warrant for every four (4) Rights Shares, fractional entitlements to be disregarded.

1.2 **Issue Price and Exercise Price.** The proposed Issue Price of S\$0.20 for each Rights Share represents (a) a discount of approximately 50% to the closing market price of S\$0.40 per Share on 30 January 2018, being the date of this announcement, and (b) a discount of approximately 42% to the theoretical ex-rights price of S\$0.343.

The proposed Exercise Price of S\$0.22 for each Warrant Share represents a discount of approximately 45% to the volume-weighted average price of S\$0.399 per Share on the date of this announcement.

1.3 **Form and Subscription Rights of the Warrants.** Up to 15,451,313 Warrants will be issued in registered form and will be subject to the terms and conditions to be set out in an instrument by way of a deed poll constituting the Warrants (“**Deed Poll**”). The Warrant will carry the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.22 for each Warrant Share at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5:00 pm on the date immediately preceding five (5) years from the date of the issue of the Warrants (“**Exercise Period**”), unless such date is a date on which the register of members of the Company (“**Register of Members**”) is closed or is not a day on which the mainboard (“**Mainboard**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) is open for securities trading (“**Market Day**”), in which case the Exercise Period shall end on the date prior to the closure of the Register of Members or the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the register of holders of Warrants 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 and an appropriate announcement shall be made at the relevant time.

1.4 **Detachability and Trading of the Warrants.** 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 Mainboard under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on Mainboard, subject to, amongst others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

1.5 **Eligibility of Shareholders to participate in the Proposed Rights cum Warrants Issue.** The Company proposes to provisionally allot Rights Shares with Warrants to all the “Entitled Shareholders”, comprising Entitled Depositors and Entitled Scripholders (both as defined herein).

1.6 **Entitled Depositors.** Shareholders whose Shares are registered in the name of the Central Depository (Pte) Limited (“**CDP**”) and whose securities accounts with CDP are credited with Shares as at the Books Closure Date (“**Depositors**”) will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their securities

account with CDP as at the Books Closure Date. To be “**Entitled Depositors**”, Depositors must have registered addresses with CDP in Singapore as at the Books Closure Date or must have, at least five (5) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.

- 1.7 **Entitled Scripholders.** Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to the Books Closure Date by Boardroom Corporate & Advisory Services Pte. Ltd. (“**Share Registrar**”), will be registered to determine the provisional entitlements of the transferee (“**Scripholder**”), which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP under the Proposed Rights cum Warrants Issue. To be “**Entitled Scripholders**”, Scripholders must have registered addresses in Singapore as at the Books Closure Date or must have, at least five (5) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.
- 1.8 **Foreign Shareholders.** For practical reasons and in order to avoid violation of relevant securities legislation applicable in countries other than Singapore, the Proposed Rights cum Warrants Issue is only made in Singapore and the Rights Shares and 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 five (5) market days prior to the Books Closure Date, provided to the Company, the CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Offer Information Statement (to be set out in detail below) to be issued for the Proposed Rights cum Warrants Issue and its accompanying documents will not be mailed to an address outside Singapore. Accordingly, no provisional allotments of the Rights Shares or the Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

Entitlements to Rights Shares or the Warrants which would otherwise accrue to Foreign Shareholders will, at the sole and absolute discretion of the Company, be sold “nil-paid” on Mainboard after dealings in the provisional allotments of Rights Shares and the Warrants commence. In exercising its discretion, the Company may consider, amongst other things, whether 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 as at the Books Closure Date and sent to them at their own risk by ordinary post, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S\$10.00. In the event the amount 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 in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in connection therewith. Where such provisional allotments of Rights Shares and the Warrants are sold “nil-paid” on Mainboard, 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, CDP and their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares and the Warrants represented by such provisional allotments.

- 1.9 **Status and Ranking.** The Rights Shares will be payable in full upon acceptance and/or application and, upon allotment and issue, will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date

(as defined herein) for which falls before the date of issue of the Rights Shares. The Warrant Shares allotted and issued upon the exercise of the Warrants shall be fully paid and shall rank for any dividends, rights, allotments or other distributions, the Record Date (as defined herein) for which is on or after the relevant date of exercise of the Warrants and shall rank *pari passu* in all respect with the then existing issued Shares. For the purpose herein, “**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 the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

- 1.10 **Provisional Allotments and Excess Applications.** Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares and the Warrants and will be eligible to apply for Rights Shares and the Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue. Provisional allotments of Rights Shares and the Warrants which are not taken up for any reason shall be used to satisfy excess applications for Rights Shares and the Warrants or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company. In the allotment of excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for excess Rights Shares and Warrants, 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 Entitled Shareholders such that 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 Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the board of the Company will either be ineligible for excess Rights Shares, or if eligible, rank last in priority for the rounding of odd lots and allotment of excess Rights Shares and Warrants. The Company will also not make any allotment and issue of any excess Rights Shares and Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

Fractional entitlements to the Rights Shares and Warrants will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company. The Exercise Price and/or the number of Warrants to be held by each warrant holder will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of Shares, capitalisation issues, rights issue and certain capital distributions. Any such adjustments shall (unless otherwise provided under the Listing Manual of the SGX-ST (the “**Listing Rules**”) from time to time) be announced by the Company.

- 1.11 **Option to scale down subscription.** Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for its *pro-rata* Rights Shares entitlement and/or apply for excess Rights Shares) to avoid placing the relevant Shareholder and parties acting in concert with him (as defined in the Singapore Code of Takeovers and Mergers (the “**Code**”) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares entitlements fully.

2. Size of the Proposed Rights cum Warrants Issue
- 2.1 As at the date of this announcement, the existing issued and paid-up share capital of the Company (excluding treasury shares) is 154,513,149 Shares.
- 2.2 For illustration purposes only, assuming that the Proposed Rights cum Warrant Issue is fully subscribed, an aggregate 61,805,259 Rights Shares with 15,451,313 Warrants will be issued pursuant to the Proposed Rights cum Warrants Issue.

3. Rationale and Use of Proceeds

- 3.1 **Rationale.** The Proposed Rights cum Warrants Issue has been proposed to raise funds, as part of its capital and balance sheet management. The aim of the Proposed Rights cum Warrant Issue is to (a) strengthen the Group’s financial position by enlarging its capital base; and (b) to provide the Group with more flexibility and to enhance its ability to formulate, strategise and execute its business plans. The net proceeds from the Proposed Rights cum Warrants Issue will be used for (a) payment for the Tranche 2 Shares and Tranche 3 Shares (each as defined in the Company’s announcement titled “Proposed Acquisition of the Entire Issued Share Capital of the In-Line Group” dated 25 July 2017) (“**Payment for In-Line Shares**”); (b) periodic repayments of a secured bank facility (“**Debt Repayment**”); and (c) general working capital purposes including but not limited to (i) compliance and operating costs; (ii) payment of trade and other payables; and (iii) purchase of raw materials and/or inventories, if necessary (“**Working Capital**”).
- 3.2 **Use of net proceeds.** The estimated net proceeds arising from the Proposed Rights cum Warrants Issue, after deducting estimated professionals’ fees and related expenses, is approximately S\$12.1 million (“**Minimum Net Proceeds**”). On the assumption that the Warrants will be fully exercised, the estimated net proceeds arising from the Proposed Rights cum Warrants Issue, after deducting estimated professionals’ fees and related expenses, is approximately S\$15.5 million.

The Company intends to utilise the Minimum Net Proceeds as follows:

<b>Use of Minimum Net Proceeds</b>	<b>Amount (S\$’million)</b>
Payment for In-Line Shares	1.7 – 3.8
Debt Repayment	2.6 – 2.9
Working Capital	5.4 – 7.8
Minimum Net Proceeds	12.1

As and when the Warrants are exercised, the proceeds raised therefrom will be used for Working Capital purposes.

Pending the deployment of net proceeds, 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 fit.

The Company will make periodic announcements on the utilisation of net proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in the Company’s quarterly financial statements issued and the Company’s annual report. Where the proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the proceeds have been applied in the

announcements and status reports. Where there is a material deviation in the use of proceeds, the Company will also state the reasons for such deviation.

3.4 The Directors are of the reasonable opinion that:

- (i) taking into consideration the present bank facilities (including any refinancing that the Group is currently negotiating as at the date of this announcement in the ordinary course of business), the working capital available to the Group is sufficient to meet its present requirements. Nevertheless, the Company is proposing to undertake the Proposed Rights cum Warrants Issue to (a) strengthen its financial position; and (b) to provide the Group with more flexibility and to enhance its ability to formulate, strategise and execute its business plans; and
- (ii) taking into consideration the present bank facilities (including any refinancing that the Group is currently negotiating as at the date of this announcement in the ordinary course of business) and the proceeds from the Proposed Rights cum Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

#### 4. Irrevocable Undertakings

- (a) As at the date hereof, Kuah Kok Kim (“**KKK**”) holds an aggregate 37,319,582 Shares, representing approximately 24.15% of the aggregate number of issued Shares. Accordingly, KKK will be entitled to subscribe for an aggregate of 14,927,832 Rights Shares with 3,731,958 Warrants (“**KKK Entitled Rights Shares with Warrants**”).
- (b) As at the date hereof, Kuah Boon Wee (“**KBW**”) holds an aggregate 4,522,322 Shares, representing approximately 2.93% of the aggregate number of issued Shares. Accordingly, KBW will be entitled to subscribe for an aggregate of 1,808,928 Rights Shares with 452,232 Warrants (“**KBW Entitled Rights Shares with Warrants**”).
- (c) As at the date hereof, Tai Tak Securities Pte. Ltd. (“**TTSP**”) holds an aggregate 13,240,406 Shares, representing approximately 8.57% of the aggregate number of issued Shares. Accordingly, TTSP will be entitled to subscribe for an aggregate of 5,296,162 Rights Shares with 1,324,040 Warrants (“**TTSP Entitled Rights Shares with Warrants**”).
- (d) As at the date hereof, Singapore Warehouse Company (Private) Limited. (“**SWCPL**”) holds an aggregate 8,250,000 Shares, representing approximately 5.34% of the aggregate number of issued Shares. Accordingly, SWCPL will be entitled to subscribe for an aggregate of 3,300,000 Rights Shares with 825,000 Warrants (“**SWCPL Entitled Rights Shares with Warrants**”).
- (e) As at the date hereof, Huang Yuan Chiang @ Huang Yuan Yuan (“**HYC**”) holds an aggregate 157,320 Shares, representing approximately 0.10% of the aggregate number of issued Shares. Accordingly, HYC will be entitled to subscribe for an aggregate of 62,928 Rights Shares with 15,732 Warrants (“**HYC Entitled Rights Shares with Warrants**”).
- (f) As at the date hereof, Readymix Holdings International Pte. Ltd. (“**RHIPL**”) holds an aggregate 230,800 Shares, representing approximately 0.15% of the aggregate number of issued Shares. Accordingly, RHIPL will be entitled to subscribe for an

aggregate of 92,320 Rights Shares with 23,080 Warrants ("**RHIPL Entitled Rights Shares with Warrants**").

- (g) As an indication of their support and commitment to the Company, each of KKK, KBW, TTSP, SWCPL, HYC and RHIPL ("**Undertaking Shareholders**") has, on 30 January 2018 given irrevocable undertakings to the Company and the Underwriter, to, *inter alia*, subscribe and/or cause to be subscribed for and on his behalf, (a) the KKK Entitled Rights Shares with Warrants; (b) the KBW Entitled Rights Shares with Warrants; (c) the TTSP Entitled Rights Shares with Warrants; (d) the SWCPL Entitled Rights Shares with Warrants; (e) the HYC Entitled Rights Shares with Warrants; and (f) the RHIPL Entitled Rights Shares with Warrants.
- (h) In addition to the respective irrevocable undertakings set out above,
- (i) KKK has also provided irrevocable undertakings to the Company and the Underwriter to make excess applications and/or procure that excess applications will be made for the remaining balance of Rights Shares with Warrants which are not taken up by other Shareholders under the Proposed Rights cum Warrants Issue of 2,596,647 Rights Shares with 649,161 Warrants ("**KKK Excess Rights Shares with Warrants**");
  - (ii) KBW has also provided irrevocable undertakings to the Company and the Underwriter to make excess applications and/or procure that excess applications will be made for the remaining balance of Rights Shares with Warrants which are not taken up by other Shareholders under the Proposed Rights cum Warrants Issue of 3,191,070 Rights Shares with 797,767 Warrants ("**KBW Excess Rights Shares with Warrants**");
  - (iii) TTSP has also provided irrevocable undertakings to the Company and the Underwriter to make excess applications and/or procure that excess applications will be made for the remaining balance of Rights Shares with Warrants which are not taken up by other Shareholders under the Proposed Rights cum Warrants Issue of 9,703,838 Rights Shares with 2,425,959 Warrants ("**TTSP Excess Rights Shares with Warrants**");
  - (iv) HYC has also provided irrevocable undertakings to the Company and the Underwriter to make excess applications and/or procure that excess applications will be made for the remaining balance of Rights Shares with Warrants which are not taken up by other Shareholders under the Proposed Rights cum Warrants Issue of 125,856 Rights Shares with 31,464 Warrants ("**HYC Excess Rights Shares with Warrants**");
  - (v) RHIPL has also provided irrevocable undertakings to the Company and the Underwriter to make excess applications and/or procure that excess applications will be made for the remaining balance of Rights Shares with Warrants which are not taken up by other Shareholders under the Proposed Rights cum Warrants Issue of 750,000 Rights Shares with 187,500 Warrants ("**RHIPL Excess Rights Shares with Warrants**");

(the irrevocable undertakings referred to in paragraphs 4(g) and (h) above collectively, the "**Irrevocable Undertakings**").

- (i) For the purposes of this announcement, “**Undertaking Shareholders’ Entitled Rights Shares with Warrants**” means the aggregate of (i) KKK Entitled Rights Shares with Warrants; (ii) KBW Entitled Rights Shares with Warrants; (iii) TTSP L Entitled Rights Shares with Warrants; (iv) SWCPL Entitled Rights Shares with Warrants; (v) HYC Entitled Rights Shares with Warrants; and (vi) RHIPL Entitled Rights Shares with Warrants, and “**Undertaking Shareholders’ Excess Rights Shares with Warrants**” means the aggregate of (i) KKK Excess Rights Shares with Warrants; (ii) KBW Excess Rights Shares with Warrants; (iii) TTSP L Excess Rights Shares with Warrants; (iv) HYC Excess Rights Shares with Warrants and (v) RHIPL Excess Rights Shares with Warrants.
- (j) Each of the Undertaking Shareholders will provide a confirmation of financial resources in connection with their respective Irrevocable Undertakings to the Company as well as the Underwriter in due course.

5. Underwriting Agreement

The Company and the Underwriter have on 30 January 2018 entered into a Underwriting Agreement in respect of the Proposed Rights cum Warrants Issue (“**Underwriting Agreement**”). Pursuant to the Underwriting Agreement, the Underwriter will underwrite up to 19,949,678 Rights Shares, with up to 4,987,419 Warrants, being the number of Rights Shares with Warrants remaining, after excluding (i) the Undertaking Shareholders’ Entitled Rights Shares with Warrants and (ii) the Undertaking Shareholders’ Excess Rights Shares with Warrants (the “**Underwritten Rights Shares**”).

In consideration, the Company agreed to pay the Underwriter an underwriting commission equal to 3.25% of the aggregate value of the Underwritten Rights Shares.

6. Approvals

The Proposed Rights cum Warrants Issue is subject to, *inter alia*,

- (i) the receipt of the approval in-principle from the SGX-ST for the dealing in, listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on Mainboard; and
- (ii) lodgment of the Offer Information Statement with the Monetary Authority of Singapore.

As the Company has obtained the Share Issue Mandate, no further Shareholders’ approval is required for the Proposed Rights cum Warrants Issue and the issuance of the Rights Shares, the Warrants and the Warrant Shares.

The Offer Information Statement will be despatched to Entitled Shareholders in due course.

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on the Mainboard. The Company will make the relevant announcement upon receipt of the approval in-principle from the SGX-ST.



### **III. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this Announcement, none of the Directors and substantial Shareholders of the Company has any interests, direct or indirect, in the Proposed Rights cum Warrants Issue (other than in his capacity as Director or Shareholder of the Company).

### **IV. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Rights cum Warrants 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 announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

### **V. FURTHER ANNOUNCEMENTS**

Further announcements will be made by the Company in relation to the Proposed Rights cum Warrants Issue as and when appropriate.

**By Order of the Board**

**Tan Lee Fang**  
**Company Secretary**

Date: 30 January 2018