

**OLD CHANG KEE LTD.**  
(Company Registration No. 200416190W)  
(Incorporated in the Republic of Singapore)

**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN WARRANTS ISSUE OF UP TO 28,020,000 WARRANTS AT AN ISSUE PRICE OF S\$0.05 FOR EACH WARRANT, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF OLD CHANG KEE LTD. AT AN EXERCISE PRICE OF S\$0.10 FOR EACH NEW SHARE, ON THE BASIS OF THREE (3) WARRANTS FOR EVERY TEN (10) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY THE SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE (AS DEFINED BELOW), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

## **1. Introduction**

The board of directors (the “**Directors**”) of Old Chang Kee Ltd. (the “**Company**”), wishes to announce that the Company is proposing a renounceable non-underwritten warrants issue (the “**Warrants Issue**”) of up to 28,020,000 warrants (the “**Warrants**”) at an issue price of S\$0.05 for each warrant (the “**Issue Price**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**New Share**”) at an exercise price of S\$0.10 for each New Share (the “**Exercise Price**”), and on the basis of three (3) Warrants for every ten (10) existing ordinary shares (the “**Shares**”) in the capital of the Company held by shareholders of the Company (the “**Shareholders**”) as at a time and date to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Warrants Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.

## **2. Warrants Issue**

### **2.1 Principal terms of the Warrants Issue**

The Company is proposing to offer the Warrants Issue 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 five (5) 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 (collectively referred to as “**Entitled Shareholders**”). The proposed Warrants Issue will be made on the basis of three (3) Warrants for every ten (10) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

### **2.2 Eligibility to participate in the Warrants Issue**

For practical reasons and in order to avoid any violation of the relevant legislation, if any, 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 Shareholders who have not, at least five (5) 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 (collectively referred to as “**Foreign Shareholders**”).

At the discretion of the Company, the entitlements to the Warrants, which would otherwise be provisionally allotted to Foreign Shareholders may, if practicable, be sold “nil-paid” on the Catalist Board (“**SGX Catalist**” or “**Catalist**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. Any entitlements to the Warrants not taken up for any reason will be aggregated and allotted to satisfy excess applications 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. 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 deduction of all expenses therefrom. The net proceeds 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 at their **OWN RISK** by **ORDINARY POST**. If 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 Sponsor, CDP and their respective officers in connection therewith. Where such provisional allotments of Warrants are sold "nil-paid" on the SGX Catalist, 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 Sponsor or CDP and their respective officers in respect of such sales or the proceeds thereof, such provisional allotments of Warrants or the Warrants represented by such provisional allotments.

Entitled Shareholders are at liberty to accept, decline or otherwise renounce or trade their provisional allotments of Warrants and will be eligible to apply for additional Warrants in excess of their provisional allotments under the Warrants Issue. Fractional entitlements to the Warrants will be disregarded in arriving at the Entitled Shareholders' provisional allotments 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 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 Warrants which are not taken up for any reason or the excess Warrants, preference will be given to Shareholders for rounding of odd lots, and substantial shareholders and Directors will rank last in priority.

### **2.3 Terms of the Warrants**

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

Each Warrant will, subject to the terms and conditions governing the Warrants to be set out in an instrument constituting the Warrants (the "**Deed Poll**"), carry the right to subscribe for one (1) New Share at the Exercise Price of S\$0.10, at any time during the period commencing from and including the date of issue of the Warrants and expiring on a date immediately preceding the third (3<sup>rd</sup>) anniversary of such date of issue unless such date is a date on which the Register of Shareholders is closed or is not a day on which the SGX Catalist is open for trading in securities ("**Market Day**"), in which event the exercise period shall end on the date prior to the closure of the Register of Shareholders or the immediately 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 Deed Poll.

The Exercise Price and the number 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 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 save as may be otherwise provided in the Deed Poll. For this purpose, "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. Upon the exercise of the Warrants and payment of the Exercise Price, the Warrant holders will be issued with the New Shares. Any Warrant remaining unexercised at the end of the Exercise Period shall lapse and cease to be valid for all purposes.

As at the date hereof, the Company has 93,400,000 Shares that have been issued and are fully paid-up (the "**Existing Issued Share Capital**") and up to 28,020,000 Warrants would be issued pursuant to the Warrants Issue, assuming that no new Shares are issued or allotted before the Books Closure Date. For

illustration purposes only, and on the assumption that all the Warrants are exercised and converted into New Shares, the Existing Issued Share Capital would increase by up to 28,020,000 Shares, representing 30% of the Existing Issued Share Capital.

Based on the Issue Price and Exercise Price for each Warrant, the aggregate cost of subscribing for each New Share is S\$0.15 which represents a discount of approximately 51.6% to the closing price of S\$0.31 for each Share on the SGX Catalist on 10 June 2010, being the last trading day of the Shares on the SGX Catalist prior to the date of this announcement.

As at the date of this announcement, the Company does not have any Shares which are held as treasury Shares.

The terms and conditions of the Warrants Issue are subject to such changes as the Directors, after consultation with the Sponsor, 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 (the "**Offer Information Statement**"). The Offer Information Statement to be issued in relation to and for the purposes of the Warrants Issue and the accompanying documents will not be mailed outside Singapore.

## 2.4 Shareholders' Undertakings

The Company will obtain separate irrevocable undertaking ("**Shareholders' Undertakings**") from Mr Han Keen Juan ("**HKJ**") and Mr Lim Tao-E William ("**LTW**") (together, the "**Undertaking Shareholders**" and each an "**Undertaking Shareholder**") to, *inter alia*, subscribe and pay for and/or procure the subscriptions and payment for, in accordance with the terms of the Warrants Issue, such other number of Warrants (the "**Undertaken Warrants**") which may be provisionally allotted or renounced (as the case may be and as applicable under HKJ's Shareholder's Undertaking) to each of the Undertaking Shareholders and/or which the relevant Undertaking Shareholder has agreed to undertake the subscription of.

As at the date of this announcement, Mdm Ng Choi Hong ("**NCH**"), who is the spouse of HKJ, directly holds 6,840,000 Shares representing approximately 7.3% of the Existing Issued Share Capital. Pursuant to the Warrants Issue, her entitlements under the Warrants Issue will amount to approximately 2,052,000 Warrants to be provisionally allotted to her.

Pursuant to the Shareholders' Undertakings, HKJ will undertake, *inter-alia*, to subscribe and pay for and/or procure subscription and payment for, in accordance with the terms of the Warrants Issue, such number of Warrants which may be provisionally allotted to him being approximately 16,416,000 Warrants and such number of Warrants which may be provisionally allotted to NCH, being approximately 2,052,000 Warrants and LTW will undertake, *inter-alia*, to subscribe and pay for and/or procure subscription and payment for, in accordance with the terms of the Warrants Issue, such number of Warrants which may be provisionally allotted to him being approximately 2,052,000 Warrants.

The obligations of the Undertaking Shareholders above are subject to and conditional upon, *inter-alia*:-

- (a) the lodgement of the Offer Information Statement, together with all other accompanying documents, with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the "**Authority**"); and
- (b) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Warrants and New Shares on the Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company.

As at the date of this announcement, the Undertaking Shareholders hold in aggregate 61,560,000 Shares, representing approximately 65.9% of the Existing Issued Share Capital and the Undertaken Warrants

(which the Undertaking Shareholders will undertake to subscribe and pay for and/or procure the subscriptions and payment for) amount to an aggregate of 20,520,000 Warrants, representing approximately 73.2% of total number of Warrants to be offered pursuant to the Warrants Issue.

The following is an illustration of the shareholdings in the Company after the Warrants Issue and exercise of the Warrants and on the basis that only the Undertaking Shareholders subscribe or applies for the Undertaken Warrants (the “**Minimum Subscription Scenario**”) and assuming that all the 20,520,000 Undertaken Warrants are fully exercised:

	Before the Warrants Issue		No. of Warrants allotted and issued	After the Warrants Issue and the exercise of all the Warrants	
	No. of shares	%	No. of warrants	No. of shares	%
Han Keen Juan	54,720,000	58.6%	18,468,000	73,188,000	64.3%
Lim Tao-E William	6,840,000	7.3%	2,052,000	8,892,000	7.8%
	61,560,000	65.9%	20,520,000	82,080,000	72.1%
Ng Choi Hong	6,840,000	7.3%	-	6,840,000	6.0%
Other Shareholders	25,000,000	26.8%	-	25,000,000	21.9%
Total	93,400,000	100.0%	20,520,000	113,920,000	100.0%

#### Notes

- (1) Mr Han Keen Juan and Mdm Ng Choi Hong are husband and wife. Mr Han Keen Juan is deemed to have an interest in the shares held by Mdm Ng Choi Hong and vice versa. It is assumed for this scenario that Mr Han Keen Juan will, *inter alia*, pursuant to his Shareholder’s Undertaking, subscribe for the number of Warrants for which Mdm Ng Choi Hong is or will be entitled to under the Warrants Issue.
- (2) All discrepancies in the figures included herein between the listed and total amounts thereof are due to rounding. Accordingly, figures shown as totals in this announcement may not be an arithmetic aggregation of the figures that precede them.

As shown in the table above, the interests of the Undertaking Shareholders would increase by approximately 20,520,000 Shares (if each of them subscribes for the Warrants pursuant to their respective Shareholder’s Undertaking and exercises all the Undertaken Warrants issued and allotted to them) or from 61,560,000 Shares to 82,080,000 Shares. Correspondingly, their interests of approximately 65.9% would increase by approximately 6.2%, to approximately 72.1%.

The following is an illustration of the scenario where all the Shareholders (including the Undertaking Shareholders subscribe or apply for their entitlements for the Warrants (the “**Maximum Subscription Scenario**”) and assuming that all such Warrants are fully exercised:

	Before the Warrants Issue		No. of Warrants allotted and issued	After the Warrants Issue and exercise of all the Warrants	
	No. of shares	%	No. of warrants	No. of shares	%
Han Keen Juan	54,720,000	58.6%	16,416,000	71,136,000	58.6%
Lim Tao-E William	6,840,000	7.3%	2,052,000	8,892,000	7.3%
	61,560,000	65.9%	18,468,000	80,028,000	65.9%
Ng Choi Hong	6,840,000	7.3%	2,052,000	8,892,000	7.3%
Other Shareholders	25,000,000	26.8%	7,500,000	32,500,000	26.8%
Total	93,400,000	100.0%	28,020,000	121,420,000	100.0%

#### Notes

- (1) Mr Han Keen Juan and Mdm Ng Choi Hong are husband and wife. Mr Han Keen Juan is deemed to have an interest in the shares held by Mdm Ng Choi Hong and vice versa. It is assumed for this scenario that Mdm Ng Choi Hong subscribes

for her entitlement pursuant to the Warrants Issue. However, pursuant to the Shareholder's Undertakings to be provided by Mr Han Keen Juan, Mr Han Keen Juan will, *inter-alia*, subscribe for the number of Warrants for which Mdm Ng Choi Hong is or will be entitled to under the Warrants Issue.

- (2) All discrepancies in the figures included herein between the listed and total amounts thereof are due to rounding. Accordingly, figures shown as totals in this announcement may not be an arithmetic aggregation of the figures that precede them.

There will be no change in each Shareholder's percentage shareholding in the Company in the event that all Shareholders subscribe or apply for their entitlements for the Warrants under the Warrants Issue.

The number of Warrants which the Undertaking Shareholders will undertake to subscribe and pay for and/or procure the subscriptions and payment for under the Shareholders' Undertakings amount in aggregate to approximately 73.2% of total number of Warrants to be offered pursuant to the Warrants Issue. There would be a balance of approximately only 26.8% of Warrants which the Undertaking Shareholders are not undertaking to subscribe and pay for and/or procure the subscriptions and payment for, which remains to be subscribed by all the other Shareholders of the Company.

In view of the foregoing being the undertaking to subscribe or procure subscription for a significant proportion of the Warrants Issue and the savings in costs by the Company in not having the Warrants Issue underwritten and thereby not incurring any underwriting fees, the Company has decided to proceed with the Warrants Issue on a non-underwritten basis.

### 3. Rationale for the Warrants Issue and use of proceeds

The New Shares which may be issued pursuant to the Warrants Issue will allow the Company to enhance and increase its capital base to better support and reflect the growth in revenues of the Company and its subsidiaries (the "**Group**"). The estimated net proceeds from the Warrants Issue, after deducting estimated expenses, will amount to approximately between S\$0.8 million (assuming a Minimum Subscription Scenario) to S\$1.2 million (assuming a Maximum Subscription scenario) (the "**Net Proceeds**") will also supplement the cash resources of the Group. The New Shares which may be issued pursuant to the Warrants Issue will also allow the Group to enhance and increase its capital base to better support and reflect the growth in revenues.

The Warrants Issue will also reward Shareholders for their past participation in the Company as well as provide opportunities for Shareholders to continue to participate in the future growth of the Company.

The Company intends to utilise the Net Proceeds for the following purposes:

<b>Use of Net Proceeds</b>	<b>S\$'000</b>
Rebranding of the Group's retail businesses and refurbishment of retail outlets	Up to 500
Overseas expansion including promotional and marketing exercises	Up to 1,000
Balance if any for working capital purposes	Up to 900

In the event that all the Warrants to be issued are exercised, the estimated gross proceeds ("**Exercise Proceeds**") arising from the exercise of all the Warrants issued under the Minimum Subscription Scenario and the Maximum Subscription Scenario will amount to approximately S\$2.0 million and S\$2.8 million respectively. As and when the Warrants are exercised, the proceeds arising there from may, at the discretion of the Directors, be applied towards repayment of the Group's borrowings, investment

purposes including but not limited to new business opportunities, funding of working capital requirements such as inventories and trade receivables and/or such other purposes as the Directors may deem fit.

As and when any significant amount of the Net Proceeds and Exercise Proceeds are deployed, the Company will make the necessary announcements via SGXNET and subsequently provide a status report on the use of such Net Proceeds and Exercise Proceeds in its annual report.

Pending the deployment of the Net Proceeds and Exercise Proceeds for the uses identified above, the Net Proceeds and Exercise Proceeds may be placed as deposits with financial institutions or invested in short-term money market or debt instruments or used for any other purposes on a short-term basis as the Directors may deem fit.

#### 4. Approvals for the Warrants Issue

The Warrants and the New Shares will be issued pursuant to the general share issue mandate (the “**Share Issue Mandate**”) which has been approved by Shareholders at the annual general meeting (“**AGM 2010**”) convened, *inter-alia*, for the same purpose on 29 April 2010. The Share Issue Mandate authorises, amongst other things, the Directors to allot and issue Shares, whether by way of rights, bonus or otherwise and/or make or grant instruments (“**Instruments**”) that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares to be issued (including Shares to be issued in pursuance of the Instruments made or granted pursuant to the Share Issue Mandate) does not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury Shares) in the capital of the Company, at the time the Share Issue Mandate is obtained, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to all Shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to the Share Issue Mandate) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury Shares) in the capital of the Company at the time the Share Issue Mandate is obtained.

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

- the Company relying on the Share Issue Mandate obtained at the annual general meeting of the Company held on 29 April 2010, for the Shareholders’ approval of the Warrants Issue;
- the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Warrants and New Shares on the Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- the lodgement of the Offer Information Statement, together with all other accompanying documents, with the SGX-ST acting as agent on behalf of the Authority; and
- there being a sufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants.

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

The Offer Information Statement will be lodged with the SGX-ST, acting as agent on behalf of the Authority, and despatched to Entitled Shareholders in due course after the receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Warrants and the New Shares on the SGX Catalist.

The listing of the Warrants on the SGX Catalist, may *inter-alia*, be subject to there being an adequate spread of holdings for the Warrants to provide an orderly market for the Warrants. Each board lot of the Warrants will consist of 1,000 Warrants or such other board lot size which the SGX-ST may require and as may be notified by the Company.

## **5. Directors' Opinion**

The Directors are of the opinion that, after taking into consideration the present bank facilities, internal resources and operating cashflows and without taking into account Net Proceeds from the Warrants Issue on a Minimum Subscription Scenario, the working capital available to the Group is sufficient to meet its present requirements.

In addition, the Directors are of the view that, the after taking into account Net Proceeds from the Warrants Issue on a Minimum Subscription Scenario, present bank facilities, internal resources and operating cashflows the working capital available to the Group is sufficient to meet its present requirements.

## **6. Responsibility Statement**

The Directors of the Company (including any Director who may have delegated detailed supervision of the preparation of this announcement) 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, the facts stated and opinions expressed in this announcement are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading in any material respect, and where any information has been extracted from, published or otherwise, publicly available sources, the responsibility of the Directors is to ensure through reasonable enquires that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

## **7. Interests Of Directors And Substantial Shareholders**

Save as disclosed above, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Warrants Issue (other than through their respective shareholdings in the Company).

By Order of the Board

BY ORDER OF THE BOARD  
Adrian Chan Pengee  
Company Secretary

11 June 2010

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities

Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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