



SEE HUP SENG LIMITED

(Company Registration No. 197502208Z)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 178,128,050 WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) EXISTING ORDINARY SHARE IN THE CAPITAL OF SEE HUP SENG LIMITED

1. Introduction

The board of directors (the "**Directors**") of See Hup Seng Limited (the "**Company**") wishes to announce that the Company is proposing a renounceable non-underwritten rights issue (the "**Warrants Issue**") of up to 178,128,050 warrants¹ ("**Warrants**") at an issue price of S\$0.01 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\$0.23 for each New Share, on the basis of one (1) Warrant for every two (2) existing ordinary shares in the capital of the Company ("**Shares**") held by Entitled Shareholders (as defined below) as at a time and date at and on which the Register of Members and the Transfer Books of the Company will be closed to determine the provisional allotments of Warrants under the Warrants Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded.

The Warrants Issue will be undertaken pursuant to the share issue mandate approved by the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company (the "**AGM**") held on 29 April 2009 (the "**Share Issue Mandate**"). The Share Issue Mandate authorises, *inter alia*, the Directors to issue Shares (including Shares to be issued pursuant to convertible securities issued or granted under the Share Issue Mandate) of not more than 50% of the total number of issued Shares (excluding treasury shares), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to convertible securities issued or granted under the Share Issue Mandate) other than on a *pro rata* basis to existing Shareholders shall not exceed 20% of the total number of issued Shares (excluding treasury shares). Accordingly, the Company will be relying on the Share Issue Mandate and will not be seeking specific approval from the Shareholders for the Warrants Issue.

2. Principal Terms of the Proposed Warrants Issue

As at the date of this announcement, the Company has an issued share capital of 356,256,100 Shares. 4,310,000 Shares have been repurchased by the Company and are held as treasury shares ("**Treasury Shares**"). No Warrants will be issued in respect of Treasury Shares. To date, no options to purchase Shares have been granted to the Company pursuant to the See Hup Seng Share Employee Option Scheme. Based on the existing issued share capital of the Company, up to 178,128,050 Warrants will be issued pursuant to the Warrants Issue.

The Warrants will be issued in registered form and will be listed and traded separately on a book-entry (scripless) settlement basis on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") upon the listing and quotation of the Warrants on the SGX-ST, subject to,

¹ Based on the existing issued share capital of the Company of 356,256,100 Shares.

inter alia, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each Warrant will, subject to the terms and conditions to be set out in an instrument by way of a deed poll constituting the Warrants (the "**Instrument**"), carry the right to subscribe for one (1) New Share at the exercise price (the "**Exercise Price**") of S\$0.23, 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 falling three (3) years from the date of issue of the Warrants (the "**Expiration Date**"), unless such date is a date on which the Register of Shareholders of the Company is closed or is not a day on which the SGX-ST is open for securities trading ("**Market Day**"), in which event the exercise period shall end on the date prior to the closure of the Register of Shareholders of the Company or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warrantholders may be closed pursuant to the terms and conditions of the Warrants as set out in the Instrument. The Warrants which have not been exercised after the Expiration Date 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 Instrument. The New Shares, to be 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 for which is on or after the relevant date of exercise of the Warrant and shall rank *pari passu* in all respects with the then existing Shares, save as may be otherwise provided for in the Instrument.

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 issued in respect of the Warrants (the "**Offer Information Statement**") which will be lodged with the Monetary Authority of Singapore (the "**MAS**").

3. Eligibility to Participate in the Warrants Issue

The Company is proposing the Warrants Issue to shareholders of the Company ("**Shareholders**") whose registered addresses with The Central Depository (Pte) Limited (the "**CDP**") 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 CDP addresses in Singapore for the service of notices and documents ("**Entitled Shareholders**").

Fractional entitlements to the Warrants will be disregarded in arriving at Shareholders' allotments and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications for Warrants (if any) or otherwise disposed of or dealt with in such manner as the Directors may in their absolute discretion deem fit for the benefit of the Company.

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 had not, at least five (5) Market Days prior to the Books Closure Date, provided to CDP, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**"). The Offer Information Statement to be issued by the Company in connection with the Warrants Issue and its accompanying documents will accordingly not be despatched to the Foreign Shareholders.

If it is practicable to do so, and at the sole discretion of the Company, provisions may be made for the entitlements to Warrants (which would otherwise have been provisionally allotted to Foreign Shareholders) to be sold "nil-paid" on the SGX-ST as soon as practicable and the net proceeds arising therefrom will be pooled and distributed to the Foreign Shareholders (provided that the net proceeds to be distributed to any single Foreign Shareholder is at least S\$10.00). Alternatively, these may be dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the sole benefit of the Company.

4. Purpose of the Warrants Issue

The purpose of the Warrants Issue is to provide Shareholders with an option to subscribe for more Shares by exercising the Warrants at any time during the Exercise Period at the Exercise Price. During the Exercise Period, the holders of the Warrants can elect to exercise the Warrants, thereby increasing their equity participation in the Company, so as to be able to participate in the growth of the Company. Alternatively, they may trade the Warrants in the market at market price which is determined by market forces.

Based on the issue price of S\$0.01 for the Warrants and on the assumption that the Warrants Issue is fully subscribed, the estimated amount of net proceeds arising from the grant of the Warrants is expected to be approximately S\$1.70 million, 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 mainly for its general working capital requirements.

Assuming further that all the 178,128,050 Warrants are exercised, the Company will be able to raise a further sum of approximately S\$40.97 million. The proceeds arising from any exercise of the Warrants (as and when they are exercised), shall be used for potential projects of the Company and/or its subsidiaries and associated companies (the “**Group**”) in the near future, including future and further investments in subsidiary(ies) and/or associated companies, expansion of business, strategic investments and mergers and acquisitions and/or such other purposes as the Directors may deem fit.

Pending the deployment of the net proceeds for the purposes mentioned above, 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 the Group’s working capital or any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate.

5. Undertaking Shareholders

As at the date of this announcement, Mr Lim Siok Kwee, Thomas, our Executive Chairman, Mr Lee Chee Seng, our Vice Chairman, Mr Tan Ong Huat, our Executive Director, Mr Lum Chee Kong, our Acting CEO and Mr Goh Yeo Hwa, our Non-Executive Director (the “**Undertaking Shareholders**”), collectively hold 43,870,050 Shares representing 12.3% of the existing issued share capital of the Company (excluding the Treasury Shares).²

To demonstrate their support for the Warrants Issue as well as their commitment to the Company, each of the Undertaking Shareholders has given an irrevocable undertaking (collectively, the “**Irrevocable Undertakings**”) to subscribe or cause to be subscribed all the Warrants representing their Warrant entitlements pursuant to the Warrants Issue, amounting to a total of 21,935,025 Warrants.

In addition, each of the Undertaking Shareholders has also given an irrevocable undertaking 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 (collectively, the “**Excess Applications Undertakings**”) based on his proportional shareholding to that of the other Undertaking Shareholders.

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

² Mr Lim Siok Kwee holds 23,047,050 Shares representing 6.47% of the Company’s issued share capital; Mr Lee Chee Seng holds 6,263,000 Shares representing 1.76% of the Company’s issued share capital; Mr Tan Ong Huat holds 10,000,000 Shares representing 2.81% of the Company’s issued share capital; Mr Lum Chee Kong holds 50,000 Shares representing 0.01% of the Company’s issued share capital; and Mr Goh Yeo Hwa holds 4,510,000 Shares representing 1.27% of the Company’s issued share capital (excluding treasury shares).

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 SGX-ST, and lodgement of the OIS with the MAS. An application will be made to the SGX-ST for the listing of and quotation for the Warrants and the New Shares on the SGX-ST. Appropriate announcements in relation to the application, among others, will be made in due course.

7. Interests of the Directors and Substantial Shareholders

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Warrants Issue other than as disclosed in this announcement and their respective interests in the shares of the Company.

By Order of the Board

Lum Chee Kong
Executive Director & Acting CEO
27 July 2009