

ISR CAPITAL LIMITED
(Company Registration No. 200104762G)
(Incorporated in the Republic of Singapore)
(the “Company”)

PROPOSED ISSUE OF 2.0% CONVERTIBLE REDEEMABLE BONDS DUE 2018 WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$35,000,000 – HIGHLIGHTING CERTAIN KEY TERMS OF THE BONDS

1. INTRODUCTION

The board of directors (the “**Directors**”) of ISR Capital Limited (the “**Company**”) refers to the circular dated 24 August 2015 (the “**Circular**”), and wishes to highlight certain key terms of the Bonds disclosed in the Circular to shareholders.

Unless otherwise defined in this announcement, capitalised terms shall have the meanings given in the Circular.

2. ANTI-DILUTION ADJUSTMENTS TO CONVERSION PRICE

The Conversion Price may be adjusted in the event of, amongst others, a stock split, consolidation of Shares, re-classification of Shares into other securities of the Company or rights issues. Should the Company undertake these corporate actions, the Conversion Price may be adjusted in accordance with the anti-dilution adjustment conditions of the Bonds

Please refer to Appendix 1 of the Circular for the anti-dilution adjustment conditions of the Bonds.

3. REDEMPTION OF THE BONDS

(a) **Summary**

In the event the Conversion Price selected by the Subscriber is 65% or less than the average closing price per Share for the 30 consecutive Trading Days before the Closing Date for any of the Bond(s), the Company may choose to redeem such Bond(s) in cash instead, to prevent excessive dilution to its Shareholders. The redemption of such Bond(s) by the Company will be based on the redemption amount set out below.

In the event the Company chooses not to redeem the Bond(s) when the Conversion Price selected by the Subscriber is 65% or less than the average closing price per Share for the 30 consecutive trading days before the Closing Date for any of the Bond(s), the Company will disclose the Board’s rationale for doing so and confirmation that it is in the best interest of the Company and its public shareholders via an announcement on SGXNET.

Please refer to Section 3.1.3 (Redemption) on Page 13 of the Circular.

(b) **Redemption on Maturity**

On the Maturity Date, the Company shall have the right to require the redemption of all the Bonds which are not redeemed or purchased, converted or cancelled by the Company at 100% of their principal value. The Company shall at least one (1) month prior to the Maturity Date, issue an announcement notifying Shareholders of the same and shall dispatch to all Bondholders, a notice of the Maturity Date.

(c) **Redemption where Conversion Price is less than 65% of market value**

In the event a Bondholder exercises its right to convert Tranche 3, Tranche 4, Tranche 5, Tranche 6 or Tranche 7 and the Conversion Price applicable to such exercise is less than or equal to 65% of the average closing price per Share for the 30 consecutive trading days immediately preceding the Closing Date for any Bond(s) which is the subject of such Conversion Right, the Company may elect, by giving the Redemption Notice, to redeem such Redeemable Conversion Bond(s) instead.

In the event the Company chooses to redeem the Redeemable Conversion Bond(s) instead, the Redeemable Conversion Bond(s) shall be redeemed on the business day following the date of the Redemption Notice at the following amount in respect of each Redeemable Conversion Bond:

$$\text{Redemption Amount} = N \times \left\{ P + \left[8\% \times \left(P \times \frac{D}{365} \right) \right] + I \right\}$$

where:

“N” = the amount of Redeemable Conversion Bonds presented to the Company for conversion.

“P” = the aggregate principal amount of that Redeemable Conversion Bond.

“D” = the amount of days that has elapsed since the Closing Date for that Redeemable Conversion Bond.

“I” = all unpaid interest accrued on that Redeemable Conversion Bond.

The Redemption Amount shall be payable by the Company to the Bondholder in cash.

Please refer to Section 3.2 (Summary of the Principal Terms of the Convertible Bonds) on pages 15 and 16 of the Circular.

4. RATIONALE FOR THE ARRANGER'S FEES

In respect of each sub-tranche of the Bonds which is subscribed for and issued, the Company will pay an arranger's fee of 5.0% of the aggregate principal amount of the Bonds for such sub-tranche to VCAM on the Closing Date of such sub-tranche.

The Arranger's Fee was arrived at after negotiations between the Company and VCAM at arms' length and took into consideration the services provided by VCAM, which includes acting as a liaison between the Company and the Subscriber to provide the necessary information for the purposes of the Bond Issue, and assisting the Company in discussions relating to the structuring as well as the terms and conditions of the Bond Issue. The Board is of the view that payment of the Arranger's Fee to VCAM is in the interest of the Company, as the Arranger's Fee is a term of the subscription of the Bonds, and VCAM's role as the

investment manager for the Subscriber and structuring the terms and conditions of the Bonds were integral to securing the Subscriber's investment in the Company.

The Company agrees that to facilitate this payment, the Arranger's Fee payable shall be deducted by the Subscriber directly from the subscription moneys payable to the Company for the subscription of such sub-tranche and paid to VCAM.

The maximum Arranger's Fee payable for the Bond Issue is S\$1,750,000 based on full subscription of the Bonds.

Please refer to Section 3.3.7 (Arranger's Fee) on pages 22 and 23 of the Circular.

By Order of the Board
ISR Capital Limited

Quah Su-Yin
Chief Executive Officer and Executive Director
22 September 2015