

BANYAN TREE HOLDINGS LIMITED
(Company Registration Number 200003108H)

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PROPOSED RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF CONVERTIBLE BONDS

1. INTRODUCTION

The board of directors (the "**Directors**") of Banyan Tree Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing to undertake a renounceable and non-underwritten rights issue (the "**Rights Issue**") of S\$50,402,608 in aggregate principal amount of 7.5 per cent. convertible bonds (the "**Convertible Bonds**") convertible into new ordinary shares in the capital of the Company ("**Shares**", and the new Shares to be issued upon the conversion of the Convertible Bonds, "**Conversion Shares**") in the denomination of S\$1.00 each and integral multiples thereof, on the basis of 6 Convertible Bonds for every 100 existing Shares held by Entitled Shareholders (as defined herein) as at a record date to be determined by the Directors (being the time and date at and on which the register of members and share transfer books of the Company will be closed to determine the provisional allotments of Entitled Shareholders under the Rights Issue, or the "**Record Date**"), fractional entitlements to be disregarded.

2. DETAILS OF THE RIGHTS ISSUE

- 2.1 The principal terms and conditions of the Rights Issue and the Convertible Bonds are summarised below.

Issue Price of the Convertible Bonds : 100 per cent. of the principal amount of the Convertible Bonds at S\$1.00 for each Convertible Bond.

Conversion Price : Subject to adjustments as set out in the terms and conditions of the Convertible Bonds (the "**Terms and Conditions**"), the initial conversion price at which each Conversion Share will be issued shall be S\$0.25 (the "**Conversion Price**").

Discount : The Conversion Price represents a discount of approximately 5.7% to the closing price of S\$0.265 per Share quoted on Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 14 May 2020 (the "**Last Traded Price**").

The Conversion Price and the discount have been determined by the Directors after taking into account the prevailing market price of the Shares and the size and terms of the issue.

Allotment Ratio : The Rights Issue will be made on a renounceable basis to Entitled Shareholders on the basis of 6

Convertible Bonds for every 100 existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.

Use of Proceeds and Purpose of Issue	:	The Company is proposing the Rights Issue to raise funds for general working capital and operations of the Group and repayment of existing bank borrowings and interest costs of the Group. Please refer to paragraph 3 of this Announcement for further details.
Maturity Date	:	2 years from the issue date of the Convertible Bonds (the " Maturity Date ").
Coupon	:	7.5 per cent. per annum, payable on a semi-annual basis.
Form and Denomination	:	The Convertible Bonds will be issued in registered form and in the denomination of S\$1.00 each and integral multiples thereof and will initially be represented by a global certificate registered in the name of, and deposited with, The Central Depository (Pte) Limited (" CDP "). Except in the limited circumstances described in the provisions of the global certificate representing the Convertible Bonds, owners of interests in the Convertible Bonds represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of Convertible Bonds. The Convertible Bonds which are represented by such global certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.
Conversion Right	:	Holders of Convertible Bonds (" Bondholders ") will have the right to convert their Convertible Bonds into Conversion Shares, credited as fully paid, in accordance with the Terms and Conditions.
Conversion Period	:	Subject to and in compliance with the Terms and Conditions and any applicable fiscal or other laws or regulations, Bondholders may exercise the right to convert their Convertible Bonds, in whole or in part, into Conversion Shares at any time on or after the date falling 41 days after the issue date of the Convertible Bonds up to the date falling 10 days prior to the Maturity Date, excluding Closed Periods (as described in the Terms and Conditions).
Conversion upon Change of Control	:	Following the occurrence of a Change of Control Event (as described in the Terms and Conditions), subject to and upon compliance with the Terms and Conditions, each Bondholder will have the right, at such Bondholder's option, to exercise such Bondholder's conversion right at a Conversion Price determined in accordance with the specified formula

set out in the Terms and Conditions to convert the Convertible Bonds into Conversion Shares.

Adjustments to Conversion Price	:	The Conversion Price will be subject to adjustment in certain events, including: consolidation or subdivision or reclassification of Shares, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than current market price, modification of rights of conversion, other offers to shareholders and other events. The adjustments are determined in accordance with the specified formulas set out in the Terms and Conditions.
Status of the Convertible Bonds	:	The Convertible Bonds will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions) unsecured obligations of the Company. The Convertible Bonds shall at all times rank <i>pari passu</i> and rateably without any preference or priority among themselves, and shall (subject to the Terms and Conditions) rank <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding.
Status of the Conversion Shares	:	The Conversion Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with the existing issued Shares as of the date the relevant Shares are credited to the relevant Bondholder's account with CDP or he is registered as such in the Company's register of members (" Registration Date "), save for any dividends, rights, allotments or other distributions for which the record date precedes the relevant Registration Date of the Convertible Bonds, subject to the Terms and Conditions.
Final Redemption	:	Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company will redeem each Convertible Bond at 100 per cent. of its principal amount together with accrued interest up to (but excluding) the Maturity Date.
Tax Redemption	:	The Company may, at any time, having given not less than 30 nor more than 60 days' irrevocable notice to the Bondholders, redeem all (and not some only) of the Convertible Bonds at 100 per cent. of their principal amount for taxation reasons, and in the manner, set out in the Terms and Conditions.
Redemption for Change of Control	:	Bondholders may require the Company to redeem all or some of their Convertible Bonds at 120 per cent. of their principal amount, together with any interest accrued up to the date of redemption in the event that

a Change of Control Event (as described in the Terms and Conditions) arises.

Redemption for Delisting of Shares : Bondholders may require the Company to redeem all or some of their Convertible Bonds at 120 per cent. of their principal amount, together with any interest accrued up to (but excluding) the date of redemption in the event that the Shares (i) cease to be listed or admitted to trading on SGX-ST or, if applicable, an alternative stock exchange, or (ii) are suspended from trading on SGX-ST or, if applicable, an alternative stock exchange for a period of more than 30 consecutive trading days.

Clearing and Settlement : The Convertible Bonds will be cleared through CDP and represented by a global certificate registered in the name of, and deposited with, CDP as authorised depository.

Listing of the Convertible Bonds and the Conversion Shares : An application will be made by the Company to SGX-ST for the dealing in and listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of SGX-ST. An announcement on the outcome of the application will be made in due course.

The Company will use best endeavours to obtain and maintain listings for the Convertible Bonds and Conversion Shares on SGX-ST and if the Company is unable to obtain and maintain such listing, use best endeavours promptly to obtain and maintain a listing for the Convertible Bonds and Conversion Shares on an alternative stock exchange.

Governing Law : Singapore law.

2.2 General Mandate

The Rights Issue will be undertaken pursuant to the general share issue mandate (the "**General Mandate**") granted by shareholders of the Company ("**Shareholders**") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 6 May 2020.

The General Mandate authorises the Directors to issue Shares and securities convertible into Shares not exceeding 50% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) as at 6 May 2020 (after adjusting for any new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting at the time, and any subsequent bonus issue, consolidation or sub-division of Shares) (the "**Base Figure**"), provided that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued pursuant to convertible securities to be issued) shall not exceed 20% of the Base Figure. The General Mandate continues in force until the conclusion of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required by law to be held or it is revoked or varied by the Company in general meeting, whichever is the earliest.

As at 6 May 2020, the total number of issued Shares (excluding treasury Shares and subsidiary holdings) was 840,043,480 and there were 2,880,950 Share awards outstanding. Accordingly,

under the General Mandate, up to 421,462,215 Shares and securities convertible into Shares may be issued on a *pro rata* basis. As the issue of the Convertible Bonds convertible into 201,610,432 Conversion Shares falls within the limits of the General Mandate, the Company will not be seeking specific approval from Shareholders for the Rights Issue.

2.3 Irrevocable Undertakings

To demonstrate their support for the Rights Issue and their commitment to the Company, each of Ho KwonPing and Qatar Holding LLC ("**Qatar Holding**", and together with Ho KwonPing, the "**Undertaking Shareholders**") has provided an irrevocable undertaking to the Company dated 14 May 2020 (the "**Undertaking Date**"). Pursuant to the irrevocable undertakings by the Undertaking Shareholders (the "**Irrevocable Undertakings**"), each of the Undertaking Shareholders has undertaken to:

- (a) accept and pay in full and/or procure the acceptance of and payment in full for the entire *pro rata* provisional allotment of Convertible Bonds based on the Existing H Shares or the Existing QH Shares (as the case may be, and each as defined herein); and
- (b) apply and pay in full and/or procure the application and payment in full for excess Convertible Bonds,

up to a maximum total subscription of S\$25,201,304 in aggregate principal amount of Convertible Bonds, representing 50% of the total number of Convertible Bonds, subject to the conditions of their respective Irrevocable Undertakings.

Subject to the conditions of their respective Irrevocable Undertakings, the Undertaking Shareholders have, in aggregate, undertaken to subscribe and pay in full and/or procure the subscription and payment in full for up to S\$50,402,608 in aggregate principal amount of Convertible Bonds, representing 100% of the total number of Convertible Bonds. Please refer to paragraph 4 of this Announcement for further details of the Irrevocable Undertakings.

- 2.4 Given the provision of the Irrevocable Undertakings by the Undertaking Shareholders, the Company is of the view that the Rights Issue need not be underwritten. No underwriting commitment has been arranged with any financial institution for the Rights Issue.

3. RATIONALE FOR RIGHTS ISSUE AND USE OF PROCEEDS

- 3.1 The Company is proposing the Rights Issue to raise funds for general working capital and operations of the Group and repayment of existing bank borrowings and interest costs of the Group.
- 3.2 As mentioned in the Company's SGXNET announcement dated 1 May 2020 (the "**1 May 2020 Announcement**"), since January 2020, the COVID-19 outbreak has caused substantial disruption in international economies and markets, which has intensified in recent weeks. Government travel advisories, lockdowns, corporate travel restrictions and airline travel cancellations have affected and continue to affect the global economy and the aviation and hotel industries have been hit particularly hard. The worsening environment for the hotel industry amid the COVID-19 pandemic has affected demand at the Group's hotels and the Group is experiencing cancellations, as well as a decline in forward books and transient business. These cancellations and reduced bookings are part of an industry-wide trend and are likely to continue in the near term in response to government travel advisories, lockdowns, increased corporate travel restrictions and significant flight cancellations. As a result of the

COVID-19 pandemic, companies all over the world are facing a liquidity crunch and are raising cash or are in the process of raising cash to withstand the increasing uncertainties of the future.

3.3 It was further mentioned in the 1 May 2020 Announcement that the Company is currently embarking on three types of cash conservation measures, as follows:

- (a) reducing operating expenses such as unpaid leave program for associates, wage and hiring freeze, minimisation of utilities consumption, deferment of spending on operating costs, etc.;
- (b) cessation or suspension of non-critical capital expenditure; and
- (c) discussion with banks on moratorium of principal and interest repayments.

The Company estimates savings of approximately S\$70 million from the above cash conservation measures for the financial year ending 31 December 2020.

3.4 The Company has also recently obtained a short term \$30.0 million revolving credit bank facility to facilitate cash flow timing differences of working capital needs of the Company.

3.5 Notwithstanding that quarterly reporting of financial results is no longer mandatory for the Company, in the interest of providing relevant and timely information to Shareholders in the context of the Rights Issue, the Company has decided to voluntarily disclose summary headline Group unaudited financials for the quarter period ended 31 March 2020 ("1Q20", and the quarter period ended 31 March 2019, "1Q19"), as set out below:

	1Q20	1Q19	Change (%)
Revenue (S\$ million)	64.4	81.2	21% ↓
Operating Profit ¹ (S\$ million)	8.7	21.5	60% ↓
PATMI ² (S\$ million)	(3.4)	5.2	N/A

The Company's commentary thereon follows.

Revenue has decreased by 21% from S\$81.2 million in 1Q19 to S\$64.4 million in 1Q20. Operating Profit has decreased by 60% from S\$21.5 million in 1Q19 to S\$8.7 million in 1Q20.

PATMI is a loss of S\$3.4 million in 1Q20 as compared to a profit of S\$5.2 million in 1Q19.

The decrease in revenue was due mainly to the Hotel Investments segment, which recorded a decrease in revenue of 22% from the same period in 2019. Due to the COVID-19 pandemic, occupancy for the Hotel Investments segment had decreased from 76% in 1Q19 to 54% in 1Q20 and RevPAR³ had decreased from S\$232 to S\$175.

Notwithstanding the cost savings measures adopted by the Group, the decrease in revenue had a flow-through impact on the Operating Profit and PATMI of the Group. In addition, there

¹ "Operating Profit" means EBITDA (earnings before interest, taxes, depreciation and amortisation).

² "PATMI" means profit after taxation and minority interests.

³ "RevPAR" denotes revenue per available room.

was a foreign exchange loss of S\$0.7 million in 1Q20 as compared to a foreign exchange gain of S\$1.9 million in the same period in 2019.

The net asset value of the Group as at 31 March 2020 was S\$731.6 million, representing a decrease of 2% from S\$747.4 million as at 31 December 2019. Total assets as at 31 March 2020 was S\$1,710.8 million (31 December 2019: S\$1,743.9 million), which included cash and cash equivalents of S\$117.1 million (31 December 2019: S\$130.8 million), and total liabilities as at 31 March 2020 was S\$979.3 million (31 December 2019: S\$996.5 million).

The Company is still assessing the impact of the COVID-19 pandemic on the operating results and financial position of the Group for the full financial year ending 31 December 2020. However, it expects to show an operating loss for the financial year ending 31 December 2020. The Board will continue to monitor the evolving situation and will make the appropriate announcement(s) as and when there are material developments on this matter.

- 3.6 In light of the above, and having considered alternative fund raising methods and the benefits and costs of each, the Directors believe that the Rights Issue is in the interest of the Company as it will strengthen the Group's capital base and provide additional funding for the Group's cash flow needs to better enable the Group to withstand the increasing uncertainties of the future arising from the COVID-19 pandemic, while providing Entitled Shareholders with the opportunity for further participation in the equity of the Company through the conversion of the Convertible Bonds subscribed into Conversion Shares. The Group has taken into consideration that the impact of the COVID-19 pandemic may continue for the next 12 months. Assuming on a worst-case basis that business remains poor and negligible for the next 12 months, the estimated cash burn for working capital and operating expenses (after taking into account the cost savings measures described above) could range from approximately S\$2 million to S\$3 million on average per month.
- 3.7 The Directors are of the opinion that, after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. The Directors are of the opinion that the Rights Issue will strengthen the financial position and capital base of the Group, and provide sufficient working capital for the next 12 months.
- 3.8 The Conversion Price for each Conversion Share, priced at a discount of approximately 5.7% to the Last Traded Price, was arrived at taking into account the prevailing market price of the Shares and the size and terms of the issue.
- 3.9 Based on the total number of issued Shares as at the date of this Announcement and assuming that the Convertible Bonds are fully subscribed for, S\$50,402,608 in aggregate principal amount of Convertible Bonds are expected to be issued pursuant to the Rights Issue. The net proceeds from the issue of the Convertible Bonds (the "**Net Proceeds**") will be approximately S\$49.4 million, after deducting professional fees and related expenses incurred in connection with the Rights Issue of approximately S\$1.0 million.
- 3.10 The Company intends to utilise the Net Proceeds in the following manner:

Purpose	(\$ million)	% of Net Proceeds
General working capital and operations of the Group	15.0	30.4
Repayment of existing bank borrowings and interest costs of the Group	34.4	69.6

- 3.11 Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets or debt instruments and/or used for other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interest of the Company.
- 3.12 The Company will make periodic announcements on the use of the Net Proceeds as and when such proceeds are materially disbursed and provide a status report on the use of the Net Proceeds in its annual report. Where proceeds are to be used for general working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in announcements and its annual report. Where there is a material deviation in the use of the Net Proceeds, the Company will state the reason(s) for such deviation.

4. IRREVOCABLE UNDERTAKINGS

- 4.1 To demonstrate their support for the Rights Issue and their commitment to the Company, on the Undertaking Date, the Undertaking Shareholders provided the Irrevocable Undertakings to the Company. Pursuant to the Irrevocable Undertakings, each of the Undertaking Shareholders has undertaken to:

- (a) accept and pay in full and/or procure the acceptance of and payment in full for the entire *pro rata* provisional allotment of Convertible Bonds based on the Existing H Shares or the Existing QH Shares; and
- (b) apply and pay in full and/or procure the application and payment in full for excess Convertible Bonds,

up to a maximum total subscription of S\$25,201,304 in aggregate principal amount of Convertible Bonds, representing 50% of the total number of Convertible Bonds, subject to the conditions of their respective Irrevocable Undertakings.

- 4.2 Subject to the conditions of their respective Irrevocable Undertakings, the Undertaking Shareholders have, in aggregate, undertaken to subscribe and pay in full and/or procure the subscription and payment in full for up to S\$50,402,608 in aggregate principal amount of Convertible Bonds, representing 100% of the total number of Convertible Bonds.
- 4.3 No commission or fee will be paid by the Company to any of the Undertaking Shareholders in connection with the Irrevocable Undertakings.

4.4 Ho KwonPing's Irrevocable Undertaking

As at the Undertaking Date, Ho KwonPing and Ho KwonCjan had an interest in an aggregate of 358,948,882 Shares, representing approximately 42.73% of the total number of issued Shares excluding treasury Shares (the "**Existing H Shares**"), as described below:

- (a) Ho KwonPing is a named beneficiary of The Bibace Trust, which in turn has a shareholding interest in Bibace Investments Ltd ("**Bibace**"). Accordingly, Ho KwonPing is deemed to have an interest in the 286,519,882 Shares held by HSBC (Singapore) Nominees Pte Ltd and Raffles Nominees (Pte.) Limited (acting as nominees for Bibace);
- (b) Ho KwonPing is also deemed to have an interest in the 6,000,000 Shares held by Recourse Investments Ltd. ("**Recourse**"), the 100,000 Shares held by HSBC (Singapore) Nominees Pte Ltd (acting as nominee for RHYC Pte. Ltd. ("**RHYC**")), the 700,000 Shares held by Raffles Nominees (Pte.) Limited (acting as nominee for KAP

Holdings Ltd. ("**KAP**") as well as the 8,629,000 Shares held by Raffles Nominees (Pte.) Limited (acting as nominee for Li-Ho Holdings (Private) Limited ("**Li-Ho**")); and

- (c) Ho KwonCjan holds 16,000,000 Shares and is deemed to have an interest in the 31,000,000 Shares held by ICD (HK) Limited ("**ICD**") and the 10,000,000 Shares held by Freesia Investments Ltd ("**Freesia**").

For the purposes of Ho KwonPing's Irrevocable Undertaking, Bibace, Recourse, RHYC, KAP, Li-Ho, Ho KwonCjan, ICD and Freesia shall collectively be referred to as the "**Relevant Persons**".

Pursuant to his Irrevocable Undertaking, Ho KwonPing has irrevocably undertaken to the Company that, among others:

- (a) as at 5.00 p.m. (Singapore time) on the Record Date, he and the Relevant Persons will hold in aggregate (directly or indirectly) not fewer than the number of Existing H Shares;
- (b) he shall accept and pay in full and/or procure the acceptance of and payment in full for the entire *pro rata* provisional allotment of Convertible Bonds under the Rights Issue based on the number of Existing H Shares, in accordance with the terms and conditions of the Rights Issue and in any case not later than the last day for acceptance of and payment for the Convertible Bonds (the "**Closing Date**"); and
- (c) he shall apply and pay in full and/or procure the application and payment in full for up to S\$3,664,372 in aggregate principal amount of excess Convertible Bonds, in accordance with the terms and conditions of the Rights Issue and in any case not later than the Closing Date, provided that:
 - (i) the Undertaking Shareholders will rank last in priority for the allotment of excess Convertible Bonds;
 - (ii) the excess Convertible Bonds will be allotted by the Company between the Undertaking Shareholders equally, except that in the event of an odd number of excess Convertible Bonds, an additional excess Convertible Bond will be allotted to a nominee of Ho KwonPing (provided always that once the aggregate subscription by either Undertaking Shareholder under the Rights Issue has reached S\$25,201,304, any remaining excess Convertible Bonds will be allotted to the other Undertaking Shareholder); and
 - (iii) for the purpose of (i) and (ii) above, any reference to "Undertaking Shareholders" or "Undertaking Shareholder" includes nominees of the Undertaking Shareholder and entities controlled by the Undertaking Shareholder.

4.5 **Qatar Holding's Irrevocable Undertaking**

As at the Undertaking Date, Qatar Holding had an interest, through third party nominees, in an aggregate of 205,870,443 Shares (the "**Existing QH Shares**"), representing approximately 24.51% of the total number of issued Shares excluding treasury Shares.

Pursuant to its Irrevocable Undertaking, Qatar Holding has irrevocably undertaken to the Company to, among others,

- (a) as at 5.00 p.m. (Singapore time) on the Record Date, hold (directly or indirectly) not fewer than the number of Existing QH Shares;

- (b) accept and pay in full and/or procure the acceptance of and payment in full for the entire *pro rata* provisional allotment of Convertible Bonds under the Rights Issue based on the number of Existing QH Shares, in accordance with the terms and conditions of the Rights Issue and in any case not later than the Closing Date; and
- (c) apply and pay in full and/or procure the application and payment in full for up to S\$12,849,078 in aggregate principal amount of excess Convertible Bonds, in accordance with the terms and conditions of the Rights Issue and in any case not later than the Closing Date, provided that:
 - (i) the Undertaking Shareholders will rank last in priority for the allotment of excess Convertible Bonds;
 - (ii) the excess Convertible Bonds will be allotted by the Company between the Undertaking Shareholders equally, except that in the event of an odd number of excess Convertible Bonds, an additional excess Convertible Bond will be allotted to a nominee of Ho KwonPing (provided always that once the aggregate subscription by either Undertaking Shareholder under the Rights Issue has reached S\$25,201,304, any remaining excess Convertible Bonds will be allotted to the other Undertaking Shareholder); and
 - (iii) for the purpose of (i) and (ii) above, any reference to "Undertaking Shareholders" or "Undertaking Shareholder" includes nominees of the Undertaking Shareholder and entities controlled by the Undertaking Shareholder.

4.6 Each of the Irrevocable Undertakings is conditional upon the following:

- (a) approval in-principle of SGX-ST for the dealing in and listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of SGX-ST having been obtained and not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- (b) the lodgement of the offer information statement to be issued by the Company in relation to the Rights Issue (the "**Offer Information Statement**"), together with all other accompanying documents, with the Monetary Authority of Singapore;
- (c) the Irrevocable Undertaking by the other Undertaking Shareholder having been entered into and not having been terminated on or prior to the Closing Date;
- (d) in the event that the performance by an Undertaking Shareholder of his/its obligations under his/its Irrevocable Undertaking results in a breach of any applicable laws or regulations or of an order of a court of competent jurisdiction or regulatory body issued after the date of his/its Irrevocable Undertaking, his/its obligations under his/its Irrevocable Undertaking shall be treated as having been terminated upon the date such law, regulation or order is issued;
- (e) the Company's S\$30.0 million committed revolving credit facility with Malayan Banking Berhad (the "**CRCF**") not having been terminated on or prior to the Closing Date, and the Company shall consult with the Undertaking Shareholders prior to any material amendment to the terms and conditions of the CRCF; and
- (f) (in the case of Qatar Holding's Irrevocable Undertaking) in the event that Ho KwonPing fails to subscribe and pay in full and/or procure the subscription and payment in full for the relevant number of Convertible Bonds (including excess Convertible Bonds) in accordance with the terms of his Irrevocable Undertaking, the Company shall scale

down the subscription for Convertible Bonds (including excess Convertible Bonds) by Qatar Holding or its nominees (as the case may be) to avoid placing Qatar Holding in the position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers, assuming the full conversion of the Convertible Bonds (including excess Convertible Bonds) subscribed by Qatar Holding or its nominees (as the case may be) to Conversion Shares.

5. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

5.1 Entitled Depositors

Entitled Depositors are Depositors⁴ with Shares standing to the credit of their securities accounts ("**Securities Accounts**") with CDP as at the Record Date and whose registered addresses with CDP are in Singapore as at the Record Date or who have, at least three (3) Market Days⁵ prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents.

Entitled Depositors should note that all notices and documents will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) Market Days before the Record Date.

5.2 Entitled Scripholders

Entitled Scripholders are Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company (the "**Share Registrar**"), registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date and whose registered addresses with the Company are in Singapore as at the Record Date or who have, at least three (3) Market Days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

Except in the limited circumstances described in the provisions of the global certificate representing the Convertible Bonds registered in the name of, and deposited with, CDP, owners of interests in the Convertible Bonds represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of Convertible Bonds.

Accordingly, Entitled Scripholders who wish to participate in the Rights Issue must open Securities Accounts if they have not already done so and deposit their share certificates with CDP prior to the Record Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Convertible Bonds. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the 12th Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Entitled Scripholders should note that all correspondences and notices will be sent to their last registered Singapore mailing addresses with the Share Registrar. Entitled Scripholders are

⁴ "**Depositor**" means an account holder or a depository agent, but does not include a sub-account holder.

⁵ "**Market Day**" refers to a day on which SGX-ST is open for securities trading.

reminded that any request to the Share Registrar to update their records or effect any change in address must reach the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least three (3) Market Days before the Record Date.

5.3 Entitled Shareholders

Entitled Depositors and Entitled Scripholders (collectively, "**Entitled Shareholders**") will be eligible to participate in the Rights Issue and to receive the Offer Information Statement together with the application and acceptance form for provisional allotments of Convertible Bonds and excess Convertible Bonds (the "**ARE**") or the provisional allotment letter (the "**PAL**"), as the case may be, and other accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement, the product highlights sheet and the ARE may obtain them from CDP or the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement, the product highlights sheet and the PAL for the Rights Issue may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted entitlements to the Convertible Bonds under the Rights Issue on the basis of their shareholdings in the Company as at the Record Date. They are at liberty to accept (in full or in part), decline, renounce (in the case of their provisional allotment of Convertible Bonds) or, in the case of Entitled Depositors only, trade on SGX-ST under the book-entry (scripless) settlement system (during the provisional allotment trading period prescribed by SGX-ST) their provisional allotment of Convertible Bonds, and are eligible to apply for additional Convertible Bonds in excess of their provisional allotments under the Rights Issue. All dealings in and transactions (including transfers) of the Convertible Bonds effected through SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Account with The Central Depository (Pte) Limited" and the terms and conditions contained in the CDP Application Form, as the same may be amended from time to time, copies of which are available from CDP. The Convertible Bonds may also be traded over-the-counter on the Debt Securities Clearing and Settlement System.

It should be noted that the Convertible Bonds may not be listed and quoted on SGX-ST in the event of an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. In such event, Bondholders will not be able to trade their Convertible Bonds on SGX-ST. However, if a Bondholder were to exercise his right, subject to the Terms and Conditions, to convert his Convertible Bonds into Conversion Shares, such Conversion Shares will be listed and quoted on the Main Board of SGX-ST.

All fractional entitlements to the Convertible Bonds will be disregarded in arriving at the provisional allotments of Entitled Shareholders and will, together with provisional allotments which are not taken up for any reason, be used to satisfy applications for excess Convertible Bonds or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company. In the allotment of excess Convertible Bonds, 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 Rights Issue, or have representation (direct or through a nominee) on the board of Directors of the Company, will rank last in priority for the rounding of odd lots and the allotment of excess Convertible Bonds.

The procedures for, and the terms and conditions applicable to, acceptance, excess application and payment will be set out in the Offer Information Statement and the accompanying documents to be despatched by the Company to Entitled Shareholders in due course.

5.4 Foreign Shareholders

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the provisional allotments of Convertible Bonds and the Convertible Bonds will not be offered to Shareholders with registered addresses outside Singapore as at the Record Date and who have not provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents at least three (3) Market Days prior to the Record Date ("**Foreign Shareholders**"). No provisional allotment of Convertible Bonds or Convertible Bonds will be offered to Foreign Shareholders and no purported acceptance or application for Convertible Bonds by Foreign Shareholders will be valid.

If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the entitlements to Convertible Bonds 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 Convertible Bonds commence. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales after taking into account expenses to be incurred in relation thereto. The net proceeds arising from such sales will be dealt with in the manner described in the Offer Information Statement.

Where such provisional allotments of Convertible Bonds are sold "nil-paid" on SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments or the Convertible Bonds represented by such provisional allotments.

If such provisional allotments of Convertible Bonds cannot be sold or are not sold on SGX-ST as aforesaid for any reason by such time as SGX-ST shall have declared to be the last day for trading of the provisional allotments of Convertible Bonds, the Convertible Bonds represented by such provisional allotments will be issued to satisfy applications for excess Convertible Bonds (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in connection therewith.

6. APPROVALS AND OTHER CONDITIONS TO THE RIGHTS ISSUE

The Rights Issue is subject to, among others, the following:

- (a) approval in-principle of SGX-ST for the dealing in and listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of SGX-ST having been obtained and not having been withdrawn or revoked as at the date of completion of the Rights Issue; and
- (b) the lodgement of the Offer Information Statement, together with all other accompanying documents, with the Monetary Authority of Singapore.

7. PREVIOUS EQUITY FUND RAISINGS

The Company has not undertaken any equity fund raising exercise during the last 12 months.

8. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Rights Issue is subject to certain conditions, and there is no certainty or assurance that the Rights Issue will be commenced or completed and that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors should read this Announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

9. TAKE-OVER IMPLICATION

The Singapore Code on Take-overs and Mergers (the "**Take-over Code**") regulates the acquisition of voting shares of, among others, corporations with a primary listing on SGX-ST, including the Company. Under Rule 14.1 of the Take-over Code, except with the consent of the Securities Industry Council of Singapore, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend a take-over offer immediately to the shareholders of the Company for the remaining shares in the Company in accordance with the provisions of the Take-over Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In general, the acquisition of instruments convertible into new shares which carry voting rights does not give rise to an obligation to make a mandatory take-over offer under the Take-over Code. However, the exercise of any conversion rights will be considered to be an acquisition of voting rights for the purpose of the Take-over Code (including Rule 14.1 of the Take-over Code).

The Company will **not** be making an application to the Securities Industry Council of Singapore to seek a waiver of the obligation of any Shareholder to make a mandatory take-over offer under Rule 14 of the Take-over Code as a result of the conversion of the Convertible Bonds into Conversion Shares. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any conversion of Convertible Bonds into Conversion Shares should consult the Securities Industry Council of Singapore and/or their professional advisers.

Notwithstanding the above, depending on the level of subscription of the Convertible Bonds, the Company may, if necessary, with the approval of SGX-ST, scale down the subscription for Convertible Bonds (including excess Convertible Bonds) by a Shareholder to avoid placing the relevant Shareholder and persons acting in concert with him in the position of incurring an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code upon the full conversion of the Convertible Bonds (including excess Convertible Bonds) subscribed by the relevant Shareholder into Conversion Shares, as a result of other Shareholders not taking

up their provisional allotments of Convertible Bonds fully. For the avoidance of doubt, the option to scale down shall not apply to the Undertaking Shareholders except in the circumstance described in paragraph 4.6(f) of this Announcement.

BY ORDER OF THE BOARD

Shelly Yeo
Company Secretary

14 May 2020

Important Notice

This Announcement is for information only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire or take up, any provisional allotments of Convertible Bonds or Convertible Bonds in any jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any provisional allotments of Convertible Bonds or Convertible Bonds except on the basis of the information contained in the Offer Information Statement.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States of America ("**United States**"), European Economic Area, the United Kingdom, Canada, Japan or Australia. This announcement is not an offer of securities for sale in the United States, European Economic Area, the United Kingdom, Canada, Japan, Australia or any other jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with any applicable state securities laws. There will be no public offering of securities of the Company in the United States.

The information contained in this Announcement is not for release, publication or distribution to persons in the United States, European Economic Area, the United Kingdom, Canada, Japan or Australia and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The issue, exercise or sale of provisional allotments of Convertible Bonds and Convertible Bonds and the acquisition or purchase of provisional allotments of Convertible Bonds and Convertible Bonds is subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

The distribution of this Announcement, the Offer Information Statement, product highlights sheet, provisional allotment letters and/or application and acceptance forms for provisional allotments of Convertible Bonds and excess Convertible Bonds into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this Announcement and such other documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

All statements contained in this Announcement, press releases and oral statements that may be made by the Company or its Directors, officers or employees acting on its behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that have a bias towards the future or, are forward-looking such as, without limitation, "anticipate", "aim", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "predict", "probable", "project", "seek", "should", "will" and "would" or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group's future financial position, operating results, business strategies, plans and future prospects are forward-looking statements. These forward-looking statements, including but not limited to statements as to the Group's revenue and profitability, prospects, future plans and other matters discussed in this Announcement regarding matters that are not historical facts, are merely predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group's actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks (both known and unknown), uncertainties and other factors that may cause the Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Announcement, undue reliance must not

be placed on these statements. The Group's actual future results, performance or achievements may differ materially from those anticipated in these forward-looking statements. None of the Company and any other person represents or warrants that the Group's actual future results, performance or achievements will be as discussed in those statements. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

An investment in the Convertible Bonds is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Company redeem or purchase the Convertible Bonds while the Convertible Bonds are listed. It is intended that holders of the Convertible Bonds may only deal in the Convertible Bonds through trading on SGX-ST.

Listing of the Convertible Bonds on SGX-ST does not guarantee a liquid market for the Convertible Bonds.

This Announcement is not an offer for sale of securities into the United States or elsewhere. The provisional allotments of Convertible Bonds and the Convertible Bonds have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Company does not intend to register any portion of any offering in the United States or to conduct a public offering of securities in the United States.