

**WE HOLDINGS LTD.**  
(Company Registration Number: 198600445D)  
(Incorporated in the Republic of Singapore)  
(the “**Company**”)

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**NON-BINDING MEMORANDUM OF UNDERSTANDING IN RESPECT OF PROPOSED ISSUE  
OF NEW CONVERTIBLE NON-REDEEMABLE BONDS**

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**1. Introduction**

- 1.1 The Board of Directors (the “**Board**”) of WE Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that it has, on 9 March 2015, entered into a non-binding memorandum of understanding (the “**MOU**”) with NRA Capital Pte Ltd (the “**Arranger**”), for the proposed issue of New Convertible Non-Redeemable Bonds (as defined below) (the “**Bonds Issue**”).

The Arranger is an unrelated third party and has no connections (including any business relationship) with the Company, its directors and substantial shareholders.

- 1.2 Under the terms of the MOU, the Company may issue an aggregate of S\$25 million in principal amount of 8.00 per cent per annum convertible non-redeemable bonds at an issue (the “**New Convertible Non-Redeemable Bonds**”) at an issue price of 100.00 per cent. of the principal amount of the New Convertible Non-Redeemable Bonds. The New Convertible Non-Redeemable Bonds will be in registered form in the denomination of S\$250,000 each. The New Convertible Non-Redeemable Bonds will not be listed on the Official List of the SGX-ST.
- 1.3 In the event of a shortfall in the repayment of the Bonds Issue on the Maturity Date (defined below), each New Convertible Non-Redeemable Bond may, at the option of the Company provided to the holder of the New Convertible Non-Redeemable Bonds (the “**Bondholder**”), be convertible into fully paid ordinary shares of the Company (the “**Shares**”) at a conversion rate of a 5.00 per cent. discount to the volume weighted average price of the Company’s Shares traded over the last 5 market days prior to the date of notice of the conversion of the New Convertible Non-Redeemable Bonds.
- 1.4 The New Convertible Non-Redeemable Bonds will not be placed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under section 274 of the Securities and Futures Act, Cap 289, (the “**SFA**”), (ii) to a relevant person pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA, or (iii) otherwise pursuant to and in the SFA.

- 1.5 The subscribers to the New Convertible Non-Redeemable Bonds will be determined through a book-building process and such subscribers shall be all such persons or entities as defined in paragraph 1.4 above.
- 1.6 The Bonds Issue will not be underwritten. The New Convertible Non-Redeemable Bonds will be placed to subscribers whose investment criteria and risk profile are aligned with the Bonds Issue.

## 2. Principal Terms of the New Convertible Non-Redeemable Bonds

The principal terms and conditions of the New Convertible Non-Redeemable Bonds are summarized as follows:

Issue Size	: S\$25 million in principal amount of the New Convertible Non-Redeemable Bonds.
Issue Price	: 100 per cent. of the principal amount of the New Convertible Non-Redeemable Bonds.
Arranger	: NRA Capital Pte Ltd (the “ <b>Arranger</b> ”)
Interest	: The New Convertible Non-Redeemable Bonds will bear interest at the rate of 8.00 per cent. per annum, payable semi-annually.
Denomination	: The New Convertible Non-Redeemable Bonds are issued in denominations of S\$250,000.00 each.
Maturity Date	: 3 years from the date of issuance of the New Convertible Non-Redeemable Bonds (the “ <b>Maturity Date</b> ”)
Conversion Rate	: 5 per cent. discount to the Reference Share Price  “ <b>Reference Share Price</b> ” means the volume weighted average price of the Company’s shares traded over the last 5 market days prior to the date of notice of the conversion of the New Convertible Non-Redeemable Bonds.

Conversion Ratio	<p>: The number of Conversion Shares that each Bondholder shall be entitled to will be dependent upon the amount of shortfall for the repayment of the Bonds Issue on the Maturity Date due from the Company to the Bondholders (the “<b>Shortfall</b>”).</p> <p>For illustration purposes:</p> <p>Assuming the Shortfall amounts to S\$5 million; and Assuming the volume weighted average price of the Company’s Shares traded over the last 5 market days prior to the date of notice of the conversion of the New Convertible Non-Redeemable Bonds is S\$0.01 per share.</p> <p>Then the total number of Conversion Shares will be equivalent to approximately 526 million Shares, being (S\$5 million/ (0.95*0.01)).</p>
Status of the New Convertible Non-Redeemable Bonds	<p>: The New Convertible Non-Redeemable Bonds will constitute direct, unsubordinated and unconditional (subject to the terms and conditions of the New Convertible Non-Redeemable Bonds) obligations of the Company and will at all times rank <i>pari-passu</i> and without any preference or priority amount themselves. The payment obligations of the Company under the New Convertible Non-Redeemable Bonds will, save for exceptions as may be provided by mandatory provisions of applicable laws and subject to the terms and conditions of the New Convertible Non-Redeemable Bonds, at all time rank at least equally with all its other present and future direct, unsubordinated, unconditional and unsecured obligations of the Company.</p>
Drawdown	<p>: The New Convertible Non-Redeemable Bonds will be, subject to an appropriate drawdown notice to the subscribers of the New Convertible Non-Redeemable Bonds, issued in a single tranche.</p>
Listing	<p>: The New Convertible Non-Redeemable Bonds will not be listed on the Official List of the SGX-ST.</p>
Security	<p>: The properties to be held as security are as follows:</p>

(1) 52 Ubi Avenue 3: #01-28/29/30 (the "Frontier");  
(2) 10 Ubi Crescent: #03-94/95/96 (the "Ubi Techpark");  
together with a corporate guarantee by the Company (the "**Security**")

The mortgage loan relating to the aforementioned properties is estimated to be fully paid down by the Company around three (3) months from the drawdown of the New Convertible Non-Redeemable Bonds (the "**Mortgage Loan**").

Any substitution of the Security will be subject to the approval of Bondholders at a general meeting of Bondholders, held in discussion with the Board. Any sale of the secured assets held as Security will be conditioned that the Bondholders will have a first charge (after the repayment of the Mortgage Loan) on the proceeds from the sale for the full repayment of the Bonds Issue (including any outstanding coupon payments) with any Shortfall to be satisfied by the foregoing as provided above.

### **3. Other Principal Terms of the MOU**

#### **3.1 Conditions Precedent**

The conditions typical and customary for similar financings, which shall include but not limited to the following:-

- (i) Approvals, if any, of the relevant authorities in Singapore and approval of shareholders of the Company for the proposed issuance of the New Convertible Non-Redeemable Bonds and the Company's compliance with all conditions of such approvals;
- (ii) Approvals/consent of the existing lenders of the Company, if applicable;
- (iii) The duly appointed legal counsel of the Company's review of and satisfaction with (i) the Company's certificate of incorporation and memorandum and articles of association and (ii) board resolutions of the Company authorizing the issuance of the Bonds and appointment of authorized signatories to execute the relevant documents thereto; and

- (iv) Any other conditions precedent deemed necessary as advised by the duly appointed legal counsel of the Company.

### 3.2 Positive Covenants

The covenants typical and customary by the Company for similar financings, which shall include but not limited to the following:-

- (i) Perform all its obligations under the New Convertible Non-Redeemable Bonds;
- (ii) Preserve and keep in force and effect all consents and rights necessary for the conduct of its business;
- (iii) Execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the trust deed to be established in relation to the Bonds Issue;
- (iv) Obtain and renew any authorization, approval, consent or license, if any, to ensure the validity, enforceability or priority of the liabilities and obligations of the Company or the rights of the Bondholders;
- (v) Notify the Arranger immediately of: -
  - a. Any Event of Default (as defined below);
  - b. Any litigation, arbitration, dispute, investigation, proceedings or material claims which would have a material adverse effect on the Company's ability to perform its obligations established within the respective Bonds Issue documents;
  - c. Any rights or remedies under the terms of the trust deed becomes immediately enforceable; and
- (vi) Such other positive covenants typical in such a transaction as may be determined between the documentation parties (the Company and the Bondholders).

### 3.3 Negative Covenants

The covenants typical and customary by the Company for similar financings, which shall include but not limited to the following (require prior written consent from the subscribers of the New Convertible Non-Redeemable Bonds whose consent shall not be unreasonably withheld):-

- (i) Not to assign its rights or transfer its obligations established within the respective Bonds Issue documents;
- (ii) Not to enter into any amalgamation, merger, consolidation, reconstruction or winding up of itself;

- (iii) Not to amend its memorandum and articles of association, save for amendments required by law or regulation;
- (iv) Not to change or threaten to change the nature of its present business, suspend or threaten to suspend a substantial part of the business operations which it now conducts directly or indirectly;
- (v) Decrease or alter (other than by way of an increase) the authorized or issued and paid-up capital of the Company; and
- (vi) Such other negative covenants typical in such a transaction as may be determined between the documentation parties (the Company and the Bondholders).

### 3.4 Events of Default

The events of default typical and customary by the Company for similar financings, which shall include but not limited to the following:-

- (i) Failure by the Company to observe or perform any material obligations or covenants under any of the Bonds Issue documents or under any undertaking or arrangement entered into in connection therewith and in the case of failure which in the opinion of the Arranger is capable of being remedied, the Company does not remedy the failure within a period of sixty (60) days after receipt by the Company of a written notification from the Arranger of the failure;
- (ii) Any representation, warranty, covenant or undertaking made or given by the Company under the respective Bonds Issue documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of such documents proves to have been incorrect in any material respect on or as of the date made or deemed made and in the case of a breach which is in the opinion of the Arranger is capable of being remedied, the Company does not remedy such breach within sixty (60) days after receipt by the Company of a written notification from the Arranger of such breach;
- (iii) The Company fails to obtain, renew, maintain or comply in any material respect with all governmental approvals, licenses and/or permits which are necessary for the performance by the Company of its obligations established within the respective Bonds Issue documents in respect of the projects acquired through the proceeds of the New Convertible Non-Redeemable Bonds, and such failure continues for sixty (60) days or more after written notice is delivered to the Company;
- (iv) Any corporate action is taken or any legal proceedings are commenced for the winding up of the Company, except where any such step is of a vexatious or frivolous nature and the Company has taken action in good faith to set aside such proceedings within thirty (30) days from the date of service thereof;

- (v) Where any scheme of arrangement has been instituted against the Company;
- (vi) Where the Company is:-
  - a. Deemed unable to pay its debts or becomes unable to pay its debts as they fall due; or
  - b. Suspends or threatens to suspend making payments (whether of principal or coupon or otherwise) with respect to all or any class of its debts arising from borrowed moneys or a moratorium is agreed or declared in respect of or affecting all or any substantial part of the borrowed moneys of the Company or any security party
- (vii) At any time the Company does or causes to be done any act or thing evidencing a repudiation of any of the Bonds Issue documents;
- (viii) A receiver or a manager or a receiver/manager has been appointed over the whole or any substantial part of the assets of the Company;
- (ix) Nationalization event shall have occurred on any of the projects that have been acquired from the proceeds of the Bonds Issue;
- (x) Any representation or warranty by the Company under the Bonds Issue documents that proves to have been untrue in any material respect;
- (xi) The Company stops, suspends or threatens to stop or suspend payment of all or any part of its debts, begins negotiations or takes any proceeding or other step with a view of readjustment, rescheduling or deferral of all of its indebtedness (or of any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors;
- (xii) Any encumbrance over any of the assets of the Company is or becomes enforceable; and
- (xiii) Without limitation, any material adverse change in the business assets or financial condition of the Company has or have occurred which in the opinion of the Arranger (which opinion shall be final and binding upon the Company) will materially affect or prejudice the ability or willingness of the Company to comply with or perform all or any of its obligations under the Bonds Issue documents in accordance with the terms hereof.

### 3.5 Representations and Warranties

The representations and warranties typical and customary for similar financings, which shall include but not limited to the following:-

- (i) The Company is a company duly incorporated and has the power and authority to enter into the business in which it is engaged;

- (ii) The Company has the power to enter into, exercise its rights under and perform its obligations established within the respective Bonds Issue documents;
- (iii) All necessary actions, authorizations and consents required under the Bonds Issue documents by the Company have been taken, fulfilled and obtained and remain in full force and effect;
- (iv) The Company's entry into the Bonds Issue documents, exercise of its rights under and performance of such documents do not and will not violate any existing law or any agreements to which it is a party;
- (v) No Event of Default or event which with the passing of time, giving of notice or the making of determination may become an Event of Default has occurred and continues to subsist;
- (vi) The Bonds Issue documents create valid and binding obligations which are enforceable on and against the Company; and
- (vii) The Company's audited financial statements will be prepared in accordance with approved accounting principles and standards in Singapore (or International Financial Reporting Standards) and fairly represents its financial position.

### 3.6 Documentation

The terms and conditions of the New Convertible Non-Redeemable Bonds set out herein may be modified and shall be finalized and documented in various agreements in form and substance acceptable to the relevant parties and shall include standard provisions relating to warranties and representations, positive and negative covenants, financial covenants, undertaking, mergers, acquisitions, cross default, *force majeure* and other provisions customarily found for financings of this nature.

### 3.7 Adverse Market Change

Notwithstanding anything contained in these terms and notwithstanding acceptance of these terms by the Company, these terms may be amended, suspended, delayed or terminated by the Arranger at any time on or before the date of issuance of the New Convertible Non-Redeemable Bonds if an event including but not limited to any material adverse change in financial condition of the Company, any material breach of warranties or undertakings by the Company and changes or prospective changes in national or international monetary, financial, economic or political conditions which are likely to result in material fluctuations in the interest rates or adverse conditions in the money market, foreign exchange or stock markets shall have occurred.

### 3.8 Clear Market

From the date of acceptance of the proposal until the date of signing of the Bonds Issue documents, the Company undertakes that no other commercial borrowing or guarantee



facilities by or involving the Company shall be syndicated or arranged privately which in the opinion of the Arranger, would have the effect of prejudicing the successful completion of this transaction, save for those disclosed in writing to the Arranger. For the avoidance of doubt, this Clear Market clause will cease to be in effect in the event of an Adverse Market Change (defined above).

### 3.9 Exclusivity

For the period commencing from the acceptance of this proposal until the date of closing for the financing exercise or within the period of one year should the mandate be terminated, the Company agrees that neither it nor its management will initiate, enter into or further any discussions with any third party regarding the proposed financing or any similar financing without the prior written knowledge and written consent of the Arranger. The Company represents that it has not engaged and will not engage any other agent, underwriter or financial advisor for the purpose of any offering or placement of securities or other financing contemplated herein. For the avoidance of doubt, this Exclusivity clause will cease to be in effect in the event of an Adverse Market Change (as defined above).

There shall be no time restrictions imposed on the Company for the execution of any and all documentation for the Bonds Issue.

## 4. **Rationale for the Bonds Issue**

The proceeds from the Bonds Issue will be used to finance the Company's commodity business and investments in Myanmar and the working capital needs of the Company. The Company will make periodic announcements on the use of proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will further announce any material deviation from the stated use of such proceeds and the reasons for such deviation.

The Bonds Issue is pursuant to the general mandate given by shareholders of the Company at the Company's annual general meeting held on 29 July 2014.

The Bonds Issue will not be placed to any persons falling within the categories set out in Rule 812(1) of the SGX-ST Listing Manual Section B: Rules of Catalyst.

## 5. **Further Announcements**

The Company will make an announcement disclosing further details of the proposed Bonds Issue upon execution of any agreements relating thereof and will make appropriate update announcement(s) on the proposed Bonds Issue at the relevant time.

## **6. Miscellaneous**

The Board wishes to emphasize that the MOU represents a non-binding agreement between the parties to the MOU. The proposed Bonds Issue is subject to numerous conditions and there is no certainty or assurance as at the date of this announcement that the parties will in due course enter into an agreement as contemplated under the MOU.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

The financial impact of the MOU on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 March 2015 cannot be determined at this juncture as the MOU is non-binding and no agreement has been entered into.

## **7. Interests of Directors and Controlling Shareholders**

As at the date of this announcement, save for their shareholdings in the Company, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the proposed Bonds Issue.

By Order of the Board  
WE Holdings Ltd.

TERENCE TEA  
Executive Chairman and Managing Director  
11 March 2015

*This Announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (SGX-ST). The Company's Sponsor has not independently verified the contents of the Announcements.*

*This Announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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