



OSIM INTERNATIONAL LTD
(Company Registration No.: 198304191N)
(Incorporated in the Republic of Singapore)

NOTICE TO BONDHOLDERS OF S\$170,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2019 (THE "BONDS")

1. INTRODUCTION

OSIM International Ltd ("**Issuer**") refers to terms and conditions ("**Terms and Conditions**") of its S\$170,000,000 zero coupon convertible bonds due 2019 ("**Convertible Bonds**"). Unless otherwise defined, capitalised terms in this Notice shall have the same meaning as defined in the Terms and Conditions.

2. VOLUNTARY UNCONDITIONAL CASH OFFER

On the 7 March 2016, Credit Suisse (Singapore) Limited announced, for and on behalf of Vision Three Pte. Ltd. (the "**Offeror**"), that the Offeror intends to make a voluntary unconditional cash offer ("**Offer**") for all the issued ordinary shares in the Issuer ("**Shares**"), other than those held in treasury shares and those already owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer, and for all the outstanding principal amount of the Bonds. The Offer closed at 5.30 p.m. on 20 May 2016 and following the close of the Offer:

- (a) there was a loss of public float as the Offeror held approximately 96.03% of the total issued Shares (excluding treasury shares) of the Issuer and the Shares of the Issuer were suspended on 23 May 2016 ("**Suspension Date**"). In this regard, the Offeror had stated in its offer document dated 23 March 2016 that in the event the Issuer does not meet the public float requirements of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Offeror does not intend to maintain the Issuer's present listing status; and
- (b) the Offeror exercised its right under Section 215(1) of the Companies Act to compulsorily acquire all the remaining Shares which had not been tendered towards the Offer on the same terms as those under the Offer on 26 May 2016 and upon completion of the compulsory acquisition exercise, the Offeror is expected to own 100% of the shares in the Issuer.

3. RELEVANT EVENT

- 3.1. As a result of the aforesaid, the Issuer wishes to notify the Bondholders that a Relevant Event has occurred on 21 June 2016, as the Shares have been suspended from trading for a period equal to 30 consecutive days on the SGX-ST since the Suspension Date.

3.2. In accordance with Condition 8(D) of the Terms and Conditions, the Issuer hereby notifies the Bondholders of the following:

(i) *the Relevant Event Redemption Date*

The Relevant Redemption Date shall be 19 September 2016.

(ii) *the date of the Relevant Event*

The Relevant Event occurred on 21 June 2016

(iii) *the date by which the Relevant Event Redemption Notice must be given*

The Relevant Event Redemption Notice must be given by 5 September 2016.

(iv) *the redemption amount and the method by which such amount will be paid*

Under Condition 8D, the Bondholder will have the right, at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Redemption Date at a price equal to their Early Redemption Amount (as defined in the Terms and Conditions). Such Early Redemption Amount shall be S\$1,040.66 for each S\$1,000 principal amount.

All payments in respect of the Bonds will be made by transfer to the registered account of the Bondholder or by Singapore dollar cheque drawn on a bank in Singapore mailed to the registered address of the Bondholder if it does not have a registered account. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day, for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, at the expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

(v) *the names and specified offices of all Paying Agents*

The Hongkong and Shanghai Banking Corporation Limited
Level 30, HSBC Main Building
1 Queen's Road Central, Hong Kong

(vi) *briefly, the Conversion Right and Conversion Price*

Subject to and upon compliance with, the provisions of Condition 6 of the Terms and Conditions, the right of a Bondholder attaching to any Bond to convert any Bond into Shares ("**Conversion Right**") may be exercised, at the option of the holder thereof, at any time during the Conversion Period.

A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

The conversion price shall be the price at which Shares will be issued upon conversion (the "**Conversion Price**") will initially be S\$3.525 per Share. The Conversion Price will be subject to adjustment in the manner provided in Condition 6 of the Terms and Conditions. However, as the Shares of the Issuer are expected to be delisted from SGX-ST in due course, certain adjustment provisions may be affected as there will no longer be any current market price for the Shares.

For more details on the Conversion Right and Conversion Price, please refer to Condition 6 of the Terms and Conditions and paragraph 3.3 below.

- (vii) *the procedure for exercise by holders of their rights to require redemption of the Bonds or their Conversion Right and brief details of the Relevant Event*

Redemption

Following the occurrence of the Relevant Event, the holder of each Bond will have the right, at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Redemption Date at a price equal to their Early Redemption Amount. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Relevant Event Redemption Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The "**Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds which are the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date.

So long as any of the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of any clearing system, any redemption by the Bondholders of the Bonds will be effected through the records of the clearing systems in which the Bonds are eligible for clearance and their respective participants in accordance with the rules and procedures of the relevant clearing system and its respective direct and indirect participants.

For more details on the procedure for exercise by holders of their rights to require redemption of the Bonds, please refer to Condition 8 of the Terms and Conditions.

Conversion

To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of any Conversion Agent a duly completed notice of conversion (a "**Conversion Notice**") in the form (for the time being current) obtainable from the specified office of each Agent, together with the relevant Certificate.

As soon as practicable, and in any event not later than 15 Stock Exchange Business Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Bondholder deposited as required by the Terms and Conditions, procure that the relevant number of Shares are allotted to and registered in the name of the Depository or such person or persons designated, in accordance with the Terms and Conditions.

For more details on the procedure for exercise by holders of their Conversion Right, please refer to Condition 7(B) of the Terms and Conditions.

Redemption Event

Following the close of the Offer, a Relevant Event occurred on 21 June 2016, as the Shares were suspended from trading for a period equal to 30 consecutive days on the SGX-ST since the Suspension Date.

3.3. In addition, pursuant to Condition 8(H) of the Terms and Conditions, the Issuer further notifies the Bondholders of the following:

(i) Conversion Price as at the date of this Notice

The Conversion Price is S\$3.525 per Share.

(ii) Conversion Period

The Convertible Bonds can be converted into Shares at any time on or after 29 October 2014 up to the close of business on the date 10 days prior to the Maturity Date, unless previously redeemed, converted or purchased and cancelled and except during a Book Closure Period.

(iii) Closing Price of the Shares as 22 May 2016

The closing price of the Shares as at 20 May 2016, being the last trading day prior to the suspension of the Shares, was S\$1.39.

(iv) Applicable Redemption Amount

The Early Redemption Amount shall be S\$1,040.66 for each S\$1,000 principal amount.

(v) Date for Redemption

The Relevant Redemption Date shall be 19 September 2016.

(vi) Manner In Which Redemption Will Be Effected

Please refer to paragraphs 3.2(iii), 3.2(iv) and 3.2(vii) of this Notice for further details.

(vii) Aggregate Principal Amount of the Bonds outstanding as at the latest practicable date prior to the publication of this Notice

The aggregate principal amount of Bonds outstanding as at 4 July 2016 is S\$170,000,000.

4. ACTION TO BE TAKEN BY BONDHOLDERS

Pursuant to the aforesaid, Bondholders can, in relation to their Convertible Bonds:

- (i) redeem their Convertible Bonds on the Relevant Event Redemption Date at a price equal to the Early Redemption Amount, by depositing at the specified office of any Paying Agent a duly completed and signed Relevant Event Redemption Notice, together with the Certificate evidencing the Bonds to be redeemed, by **5 September 2016**; or
- (ii) exercise their Conversion Right in respect of their Convertible Bonds, by completing, executing and depositing at their own expense during normal business hours at the specified office of any Conversion Agent, a duly completed Conversion Notice in the form (for the time being current) obtainable from the specified office of each Agent, together with the relevant Certificate, during the Conversion Period; or
- (iii) take no action in respect of their Convertible Bonds, in which event the Convertible Bonds will continue in accordance with the Terms and Conditions, save that certain provisions relating to the listing of the Shares on SGX-ST and the market price of such Shares as quoted on SGX-ST will cease to be applicable.

If any Bondholder is in any doubt as to the action he / she should take, he / she should consult his / her legal, financial, tax or other professional adviser(s).

OSIM INTERNATIONAL LTD

RON SIM CHYE HOCK
Director