PNE MICRON HOLDINGS LTD
Registration No. 200105909M

PROPOSED ISSUE OF S$1,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF CONVERTIBLE NOTES

1. INTRODUCTION

The Board of Directors of PNE Micron Holdings Ltd (the "**Company**", together with its subsidiaries, the "**Group**"), wishes to announce that the Company has on 30 September 2015 entered into a convertible notes agreement (the "**Convertible Notes Agreement**") with the investors whose names are set out in paragraph 4 below (each a "**Subscriber**" and collectively, the "**Subscribers**"), pursuant to which the Company agrees to issue, and the Subscribers agree to subscribe for S$1.9 million in aggregate principal amount of convertible notes ("**Notes**"), in accordance with the terms and subject to the conditions of the Convertible Notes Agreement (the "**Proposed Issue**").

2. SALIENT TERMS OF THE NOTES

The Notes will be in registered form and will not be listed. The Notes constitute direct, irrevocable, unconditional and unsubordinated obligations of the Company, ranking *pari passu* amongst and rateably without any preference among themselves.

2.1 Interest

The Notes shall bear simple interest from the relevant date of payment of the principal amount by the Subscribers ("**Payment Date**") at the rate of 8% per annum (the "**Interest**") of the principal amount outstanding on the Notes accruing from the Payment Date, payable in arrears until the principal amount and Interest are fully paid by the Company to the Subscribers or the date of converting the Notes into Conversion Shares (as defined in paragraph 2.3(a) below) ("**Conversion**"), whichever is the earlier.

Prior to Conversion, Interest shall be payable in arrears at the end of each 6-month period. The first Interest payment shall be made at the end of the first 6 months after the Payment Date, and each subsequent Interest payment shall be made on the same day of every subsequent 6-month period. The last Interest payment will be accrued up to and paid on the date of Conversion or on the redemption of the Notes (as the case may be).

2.2 Maturity Date

The Notes will mature 2.5 years from the date on which the Notes were issued ("**Maturity Date**"). Pursuant to Rule 829(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of the Catalist (the "**Catalist Rules**"), the Company will announce the Maturity Date, and send a notice of the Maturity Date to all Subscribers at least 1 month before the Maturity Date.

2.3 Conversion

(a) Conversion Period

All or any part of the outstanding Notes (which have not been redeemed) shall be convertible at the option of a Subscriber into ordinary shares in the capital of the Company ("**Shares**") at the Conversion Price (as defined in paragraph 2.3(b)) ("**Conversion Shares**"). A Subscriber may exercise at any time by giving at least 7 business days' notice in writing to the Company from the Completion Date (as defined in paragraph 3.1 below) up to the Maturity Date or the date when the Notes are redeemed, whichever is earlier.

The Conversion by a Subscriber in any single transaction shall be for a minimum aggregate sum of S$300,000 (the "**Minimum Conversion Amount**"). In the event where a Subscriber wishes to convert the Convertible Notes at an amount lower than the Minimum Conversion Amount, it shall seek the prior written consent of the Company. No fractional new Shares shall be issued upon the conversion of the Notes as it will be disregarded.

(b) Issue of the Conversion Shares and the Conversion Price

The Conversion Shares shall be issued and credited as fully paid upon the conversion of the Notes in accordance with the terms and conditions of the Convertible Notes Agreement (the "**Conditions**").

The Conversion Shares shall rank *pari passu* in all respects with all other then existing Shares, except that the Conversion Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the Conversion Shares. The Conversion Shares shall, on issue, be free whatsoever from all and any mortgage, pledge, lien, option, charge, assignment of receivables, or any other encumbrance.

The conversion price of each Conversion Share shall be S$0.072 (the "**Conversion Price**"). The Conversion Price shall be subject to appropriate adjustments by the Company in accordance with the Conditions in the event of any issuance of new Shares by way of capitalization of profits or reserves, sub-division, consolidation, re-classification of Shares, capital distribution by way of reduction or otherwise.

The Conditions also provide for anti-dilutive adjustments to the Conversion Price in the event that (i) the Company makes any offer to Shareholders to subscribe for new Shares by way of rights issue, or issues new Shares or other securities convertible into new Shares in connection with any placement or similar exercise or any acquisition of assets; and (ii) the issue price of the new Shares arising from the aforesaid corporate actions is lower than the Conversion Price and is at a discount to the volume weighted average prices of Shares traded on the SGX-ST for 10 market days (during which there was actual trading of Shares) preceding the date of the issue of new Shares.

The Conversion Price represents a premium of 94.6% over the volume weighted average price of S$0.037 for trades done on the Shares on the SGX-ST on 30 September 2015, being the full market day on which the Convertible Notes Agreement is signed.

The number of Conversion Shares to be delivered on conversion of a Note will be determined by dividing the face value of the Note to be converted by the Conversion Price. Based on the Conversion Price of S$0.072 per Conversion Share and assuming all the Notes are converted, an aggregate of 26,388,887 Conversion Shares will be issued after disregarding fractional entitlements of the Subscribers to the Conversion Shares. Please refer to paragraph 4 below for further details of the Subscribers' maximum entitlement to the Conversion Shares.

The Conversion Shares will be issued and allotted pursuant to the general mandate ("**Share Issue Mandate**") granted by shareholders of the Company ("**Shareholders**") by way of an ordinary resolution at the annual general meeting of the Company held on 29 January 2015 (the "**2014 AGM**"). The Share Issue Mandate authorizes the Directors to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) as at the date of the 2014 AGM, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares).

As at the date of the 2014 AGM, the Company had an issued and paid-up share capital (excluding treasury shares) of 637,809,450 Shares. The maximum number of Shares approved to be issued under the Share Issue Mandate at the 2014 AGM is up to 637,809,450 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 318,904,725 Shares. As at the date of this announcement, no Shares were issued pursuant to the Share Issue Mandate. Based on the Conversion Price of S$0.072, the maximum number of Conversion Shares to be issued is 26,388,887, and is within the limits of the Share Issue Mandate.

Upon the allotment and issuance of the 26,388,887 Conversion Shares, the Company's issued and paid-up share capital will increase from 637,809,450 Shares to 664,198,337 Shares ("**Enlarged Share Capital**"). The Conversion Shares would represent approximately 4.14% of the issued share capital of the Company as at the date of this announcement and approximately 3.97% of the Enlarged Share Capital.

2.4 Redemption

The Company is entitled to redeem all or any number of outstanding Notes at any time by giving no less than 2 months' notice in writing to the Subscriber from the Completion Date up till the Maturity Date.

Unless previously redeemed or converted in accordance with the Conditions, the Company will redeem all outstanding Notes within 7 business days after the Maturity Date at an amount equal to the aggregate of the entire principal amount then outstanding of the Notes to be redeemed plus all outstanding unpaid interest or other payments to which the Subscriber is entitled in respect of the Notes to be redeemed.

3. LISTING OF AND QUOTATION FOR THE CONVERSION SHARES

3.1 Conditions Precedent

The obligations of the Subscribers to subscribe for the Notes (or any part thereof) shall be conditional upon the following conditions having been fulfilled or otherwise waived in writing at the sole and absolute discretion of the Subscribers on the date of the issue of the Notes ("**Completion Date**"):

(a) all necessary consents and approvals from relevant third parties and regulatory bodies in Singapore (including but not limited to the SGX-ST) as well as the consents, approvals and waivers of Shareholders (if required) having been obtained in connection with:

(i) the execution of the Convertible Notes Agreement by the Company with the Subscribers; and

(ii) the issuance of the Notes by the Company to the Subscribers.

(b) there not having been any circumstance immediately prior to the Completion Date (such circumstance being outside the control of the Company) which will prevent the completion of the subscription and issue of the Notes provided that this condition shall be deemed to be satisfied if the Subscribers agree to proceed with the completion of the Proposed Issue ("**Completion**");

(c) the listing and quotation notice for the Conversion Shares on the Catalist of the SGX-ST being obtained from the SGX-ST; and

(d) all representations, warranties and undertakings of the Company having been complied with and are true, accurate and correct as at the Completion Date.

If any of the documents required to be delivered to the respective parties to the Convertible Notes Agreement (each a "**Party**" and collectively, the "**Parties**") on the Completion Date are not delivered for any reason or if any of the conditions precedent specified above is not fulfilled by the Company or any of the Subscribers, the Party not in default shall be entitled (in addition to and without prejudice to all other rights or remedies available to the relevant Party, including the right to claim damages) to elect to rescind the Convertible Notes Agreement or to effect Completion so far as practicable having regard to the defaults which have occurred or to fix a new day for Completion.

3.2 Listing and Quotation Notice

The Company will be making an application to the SGX-ST through its sponsor for the listing of and quotation for the Conversion Shares on the Catalist of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

4. INFORMATION ON THE SUBSCRIBERS

The Subscribers, the principal amount of the Notes to be subscribed by each of them and the maximum number of Conversion Shares which the Notes subscribed by each of them may be converted into are as follows:

SN	Name of Subscriber	Background of Subscriber	Number of Shares currently held by the Subscriber (a)	Aggregate principal amount of Notes to be subscribed	Maximum number of Conversion Shares which the Notes may be converted into (b)	Total % of shareholding based on Enlarged Share Capital (a) + (b)
1	Lo Yew Seng	Mr Lo Yew Seng is a private investor.	-	S$1,000,000	13,888,888	2.09%
2	Dr Wong Kahoe	Dr Wong Kahoe is a private investor.	-	S$500,000	6,944,444	1.05%
3	Teng Woo Boon Ronald	Mr Teng Woo Boon Ronald is a private investor.	1,000,000	S$400,000	5,555,555	0.99%
	Total		**1,000,000**	**S$1,900,000**	**26,388,887**	

Each of the Subscribers has in the Convertible Notes Agreement represented and warranted to the Company that neither of them is within the category of persons set out under Rule 812(1) of the Catalist Rules.

Each of the Subscribers is neither acting in concert with any other Subscribers or substantial Shareholders. Mr Teng Woo Boon Ronald and Mr Lo Yew Seng are directors on the board of Ban Leong Technologies Limited together with Mr Neo Gim Kiong, Executive Director and Chief Executive Officer of the Company. Save as disclosed above, none of the Subscribers have any connection or business relationship with the Directors or substantial Shareholders of the Company.

From time to time, the Directors and management of the Company receive indications of interest to invest in the Company. The Subscribers are private individuals who had previously expressed an interest in the Company and who were identified by the Board as potential investors in the Company. The Subscribers were independently approached by the Board and as the Board understands, the Subscribers have entered into the Convertible Notes Agreement for financial investment purposes.

No placement agent has been appointed in relation to the Proposed Issue and no commission or finder's fee is payable by the Company to any person in relation thereto.

5. RATIONALE AND USE OF PROCEEDS

The Company has undertaken the Proposed Issue for the purpose of funding potential merger and acquisition opportunities for the purpose of business expansion.

The net proceeds to be raised by the Company from the Proposed Issue (after deducting estimated expenses of S$35,000) are approximately S$1.865 million (the "**Net Proceeds**"). The Company intends to utilise 100% of the Net Proceeds from the Proposed Issue to fund business expansion through investments, acquisitions and joint ventures. The Company may utilise the Net Proceeds for working capital purposes if there is a lack of opportunities for business expansion. Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be placed as deposits with banks and/or financial institutions and/or invested in short-term money markets or marketable securities, or for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when they are materially disbursed. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of Net Proceeds in the Company's interim and full-year financial statements and annual report. Where the Net Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied in its announcements and annual report.

The Directors are of the opinion that, after taking into consideration the Group's present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

6. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Issue will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Issue.

7. FINANCIAL EFFECTS OF THE PROPOSED ISSUE

For illustrative purposes only, the financial effects of the Proposed Issue have been prepared based on the audited consolidated financial statements of the Group for its most recently completed financial year ended 30 September 2014 ("**FY2014**") and do not reflect the actual financial position of the Group after the issuance of the Notes and Conversion Shares.

Net tangible asset ("**NTA**") per share

(a) Assuming the entire principal amount of the Notes of S$1.9 million was disbursed on 1 October 2013, and none of the Notes are converted into Conversion Shares as at 30 September 2014 and 8% Interest is payable for the 12 months period:

	Before	After
NTA (S$)	24,178,000	24,026,000
Number of Shares	637,809,450	637,809,450
NTA per Share (Singapore cents)	3.79	3.77

(b) Assuming the entire principal amount of the Notes of S$1.9 million was disbursed on 1 October 2013, and all of the Notes are converted into 26,388,887 Conversion Shares as at 30 September 2014 and 8% Interest is payable for the 12 months period:

	Before	After
NTA (S$)	24,178,000	25,926,000
Number of Shares	637,809,450	664,198,337
NTA per Share (Singapore cents)	3.79	3.90

Earnings per Share ("**EPS**")

(a) Assuming the entire principal amount of the Notes of S$1.9 million was disbursed on 1 October 2013, and none of the Notes are converted into Conversion Shares as at 30 September 2014 and 8% Interest is payable for the 12 months period:

	Before	After
Net profit attributable to Shareholders (S$)	745,000	593,000
Number of Shares	637,809,450	637,809,450
EPS (Singapore cents)	0.12	0.09

(b) Assuming the entire principal amount of the Notes of S$1.9 million was disbursed on 1 October 2013, and all of the Notes are converted into 26,388,887 Conversion Shares as at 30 September 2014 and 8% Interest is payable for the 12 months period:

	Before	After
Net profit attributable to Shareholders (S$)	745,000	593,000
Number of Shares	637,809,450	664,198,337
EPS (Singapore cents)	0.12	0.09

8. NO TRUST ARRANGEMENT

None of the Subscribers will be holding the Notes in trust or as a nominee of another person(s).

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Issue, save for their respective shareholdings in the Company (if any).

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Convertible Notes Agreement will be made available for inspection during normal business hours at the registered office of the Company at 16 Tuas Avenue 20 Singapore 638827 for a period of three (3) months from the date of this announcement.

11. TRADING CAUTION

Shareholders and potential investors should exercise caution when trading in shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

BY ORDER OF THE BOARD

Neo Gim Kiong
Executive Director and Chief Executive Officer
30 September 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.