



## RENEWABLE ENERGY ASIA GROUP LIMITED

(Incorporated in Bermuda)  
(Company Registration No. 33437)

- 
- (A) PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE
  - (B) CONVERTIBLE LOAN AGREEMENT
  - (C) PROPOSED CAPITAL REORGANISATION
  - (D) PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND BYE-LAWS
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Shareholders should note that trading in the Company's Shares is currently suspended. The proposed Rights cum Warrants Issue is subject to, amongst others, the Company submitting a resumption proposal, through its Sponsor RHT Capital Pte. Ltd, to the SGX-ST, and the clearance of the resumption proposal by the SGX-ST. Shareholders and investors must exercise caution when dealing in the Company's Shares and to refrain from taking any action in respect of their investment in the Company without seeking prior professional advice.

### 1 INTRODUCTION

- 1.1 The Board of Directors ("**Board**") of Renewable Energy Asia Group Limited (the "**Company**") refers to the announcement released by the Company on 3 December 2015 that the Company had entered into a memorandum of understanding on 28 November 2015 with Rayhii Investment Limited ("**Investor**") to explore the possibility of (1) the Investor investing in the Company and (2) the Company diversifying into businesses to include clean technology engineering, such as engineering, procurement and construction of renewable energy projects, as well as investments into renewable energy projects in the Asia-Pacific region ("**Proposed Business Diversification**") ("**Memorandum of Understanding**").
- 1.2 The Board wishes to announce that the Company is proposing to:-
- (a) undertake a renounceable non-underwritten rights cum warrants issue of up to 1,491,159,904 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price of S\$0.005 for each Rights Share ("**Issue Price**"), with up to 1,491,159,904 free detachable warrants ("**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("**Warrant Share**") at an exercise price of S\$0.006 for each Warrant Share ("**Exercise Price**"), on the basis of two (2) Rights Shares for every one (1) existing ordinary share in the capital of the Company ("**Shares**"), held by shareholders of the Company ("**Shareholders**") as at a date and time to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders (as defined below) ("**Books Closure Date**"), fractional entitlements to be disregarded, with one (1) free Warrant for every one (1) Rights Share subscribed ("**Rights cum Warrants Issue**");
  - (b) seek the approval of the Shareholders for the Proposed Business Diversification;
  - (c) undertake a capital reorganisation of the share capital of the Company ("**Proposed Capital Reorganisation**"); and
  - (d) seek the approval of the Shareholders for the proposed amendments to the memorandum of association and bye-laws of the Company.

(collectively, the “**Proposed Transactions**”)

1.3 The Board also wishes to announce that:-

- (a) the Company and the Investor have entered into a convertible loan agreement dated 31 December 2015 (the “**CLA**”), pursuant to which the Investor has agreed, subject to the terms of the CLA, to grant a convertible loan of up to S\$500,000 to the Company on an interest-free basis (“**Convertible Loan**”). Further details on the CLA is set out in Paragraph 3 below;
- (b) the controlling shareholder and Executive Chairman and Executive Director of the Company, Mr. Xu Jian (“**Mr. Xu**”), has executed a deed of undertaking in favour of the Company and the Investor dated 31 December 2015 to, amongst others, renounce all of his entitlements to the Rights Shares with Warrants through his direct and deemed interests in the Shares in favour of the Investor (“**Renounced Rights Shares with Warrants**”) (collectively, the “**Renouncement Undertaking**”); and
- (c) the Investor has executed a conditional deed of undertaking in favour of the Company dated 31 December 2015 to, amongst others, subscribe and pay and/or procure subscription and payment for the Renounced Rights Shares with Warrants and the Rights Shares that are not otherwise subscribed for by the Entitled Shareholders (the “**Remaining Rights Shares**”) (collectively, the “**Investment Undertaking**”).

## 2 PROPOSED RIGHTS CUM WARRANTS ISSUE

### 2.1 Principal Terms

- (a) **Basis of Provisional Allotment.** The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of two (2) Rights Shares for every one (1) existing Share, as at the Books Closure Date, fractional entitlements to be disregarded, with one (1) free Warrant for every one (1) Rights Share subscribed.
- (b) **Issue and Exercise Price.** The Issue Price of S\$0.005 and Exercise Price of S\$0.006 represent a discount of approximately 77.3% and 72.7% respectively to the volume weighted average price of the Shares on the Catalist Board (“**Catalist**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 27 July 2015 which was the last trading day prior to the suspension of trading of the Shares.
- (c) **Form and Subscription Rights of the Warrants.** Up to 1,491,159,904 Warrants will be issued in registered form and will be subject to the terms and conditions to be set out in an instrument by way of a deed poll constituting the Warrants (“**Deed Poll**”). The Warrant will carry the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.006 for each Warrant Share at any time during the period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3<sup>rd</sup>) anniversary of the date of the issue of the Warrants (“**Exercise Period**”), unless such date is a date on which the register of members of the Company (“**Register of Members**”) is closed or is not a day on which the Catalist is open for securities trading (“**Market Day**”), in which case the Exercise Period shall end on the date prior to the closure of the Register of Members or the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the register of holders of Warrants may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll. The Warrants which have not been exercised after the date of expiry shall lapse and cease to be valid for any purpose.

- (d) **Detachability and Trading of the Warrants.** The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form and will be listed and traded separately on the Catalist after the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on the Catalist, subject to, amongst others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.
- (e) **Eligibility of Shareholders to participate in the Rights cum Warrants Issue.** The Company proposes to provisionally allot Rights Shares with Warrants to all the “**Entitled Shareholders**”, comprising Entitled Depositors (as defined below) and Entitled Scripholders (as defined below).
- (f) **Entitled Depositors.** Shareholders whose Shares are registered in the name of the Central Depository (Pte) Limited (“**CDP**”) and whose securities accounts with CDP are credited with Shares as at the Books Closure Date will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their securities account with CDP as at the Books Closure Date. To be “**Entitled Depositors**”, Depositors must have registered addresses with CDP in Singapore as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.
- (g) **Entitled Scripholders.** Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to the Books Closure Date by Boardroom Corporate & Advisory Services Pte. Ltd. (“**Share Transfer Agent**”), will be registered to determine the provisional entitlements of the transferee (“**Scripholder**”), which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights cum Warrants Issue. To be “**Entitled Scripholders**”, Scripholders must have registered addresses in Singapore as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.
- (h) **Foreign Shareholders.** For practical reasons and in order to avoid violation of relevant legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not at least three (3) Market Days prior to the Books Closure Date, provided to the Company, CDP or the Share Transfer Agent, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Offer Information Statement (details set out below) to be issued for the Rights cum Warrants Issue and its accompanying documents will not be mailed to addresses outside Singapore. Accordingly, no provisional allotments of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid. Entitlements to Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders will, if practicable, be sold “nil-paid” on Catalist after dealings in the provisional allotments of Rights Shares with Warrants commence.

Such sales may, 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 from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date and sent to them at their own risk by ordinary post, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S\$10.00. In the event the amount is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in connection therewith. Where such provisional allotments of Rights Shares with Warrants are sold

“nil-paid” on the Catalist, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP and their respective officers of such sales or the proceeds thereof, of such provisional allotments of Rights Shares with Warrants represented by such provisional allotments.

- (i) **Status and Ranking.** The Rights Shares will be payable in full upon acceptance and/or application and, upon issue and allotment, will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date (as defined herein) for which falls before the date of issue of the Rights Shares. The Warrant Shares issued and allotted upon the exercise of the Warrants shall be fully paid and shall rank for any dividends, rights, allotments or other distributions, the Record Date for which is on or after the relevant date of exercise of the Warrants shall rank *pari passu* in all respect with the then existing issued Shares. For the purpose herein, “**Record Date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.
- (j) **Provisional Allotments and Excess Applications.** Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for Rights Shares and the Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Provisional allotments of Rights Shares with Warrants which are not taken up for any reason shall be used to satisfy excess applications for Rights Shares with Warrants (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company. In the allotment of excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for excess Rights Shares and Warrants (if any), provided that where there are insufficient excess Rights Shares with Warrants to allot to each application, the Company shall allot the excess Rights Shares with Warrants to Entitled Shareholders such that 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 cum Warrants Issue, or have representation (direct or through a nominee) on the Board will either be ineligible for excess Rights Shares with Warrants, or if eligible, rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants.

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company.

The Exercise Price and/or the number of Warrants to be held by each warrant holder will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of Shares, capitalisation issues, rights issues and certain capital distributions. Any such adjustments shall (unless otherwise provided under the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) from time to time) be announced by the Company.

- (k) **Option to Scale Down.** Save for the Investor and parties acting in concert with it (as explained below), depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, and upon the approval of the Sponsor and/or the SGX-ST, scale down the subscription and/or excess applications for the Rights Shares with Warrants by any of the Shareholders (if such Shareholder chooses to subscribe for its pro rata Rights Shares with Warrants entitlements and/or apply for excess Rights Shares with Warrants) to avoid placing the relevant Shareholder and parties acting in concert with it (as defined in the Singapore Code on Takeovers and Mergers (the “Code”)) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements fully.

## 2.2 Size of the Rights cum Warrants Issue

As at the date of this announcement, the Company has an issued share capital comprising 745,579,952 Shares. Accordingly, up to 1,491,159,904 Rights Shares with 1,491,159,904 Warrants will be issued pursuant to the Rights cum Warrants Issue.

## 2.3 Rationale and Use of Proceeds

- (a) **Rationale.** The Company is undertaking the Rights cum Warrants in order to restructure its financial position to continue as a going concern and provide funds for the Proposed Business Diversification. The Proposed Business Diversification is subject to the approval of Shareholders at the special general meeting (“SGM”) to be convened.
- (b) **Use of Proceeds.** For illustration purposes only, if up to 1,491,159,904 Rights Shares with 1,491,159,904 Warrants are issued, the estimated net proceeds from the subscription of the Rights cum Warrants Issue will be up to approximately S\$7.28 million, after deducting professionals’ and related expenses incurred in connection with the Rights cum Warrants Issue (“**Net Proceeds**”). On the basis of the foregoing and assuming that all Warrants are exercised, the estimated gross proceeds from the exercise of the Warrants will be approximately S\$8.95 million (“**Exercise Proceeds**”).
- (c) The Company intends to use the Net Proceeds in the following proportions:-

Use of Net Proceeds	Amount (S\$ million)	Proportion (%)
Acquisition of new business	4.28	58.8
General working capital	3.0	41.2

- (d) As and when the Warrants are exercised, the Exercise Proceeds raised may, at the discretion of the Directors, be applied as follows: 70% or approximately S\$6.27 million for the Proposed Business Diversification and 30% or approximately S\$2.69 million for general working capital purposes.
- (e) Pending the deployment of the Net Proceeds and/or Exercise Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.
- (f) The Company will make periodic announcements on the utilisation of Net Proceeds and/or Exercise Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in the Company’s interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company’s annual report. Where the proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. Where there is a material deviation in the use of proceeds, the Company will also state the reasons for such deviation.

- (g) In light of the Investment Undertaking, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

#### 2.4 Renounced Rights Shares with Warrants

On 31 December 2015, Mr. Xu executed the Renouncement Undertaking in favour of the Company and the Investor to, amongst others, renounce, and will procure the renouncement of, all of his entitlements to the Rights Shares with Warrants through his direct and deemed interests in the Shares, in favour of the Investor. As at the date of this announcement, Mr. Xu has a direct and deemed interest in 406,880,250 Shares, representing approximately 54.57% of the issued share capital of the Company.

#### 2.5 Investment Undertaking

- (a) On 31 December 2015, the Investor executed the Investment Undertaking in favour of the Company to, amongst others, subscribe and pay and/or procure subscription and payment for the Renounced Rights Shares with Warrants and the Remaining Rights Shares with Warrants that are not otherwise subscribed for by the Entitled Shareholders.
- (b) The Investment Undertaking is conditional upon, amongst others, the following:-
  - (i) completion by the Investor and/or its professional advisers of legal, financial and commercial due diligence investigations on the Company, its subsidiaries and associated companies, and the results of such due diligence investigations being satisfactory to the Investor in the Investor's sole and absolute discretion;
  - (ii) the Whitewash Waiver (as defined below) being granted by the Securities Industry Council ("SIC");
  - (iii) the approval of Shareholders at the SGM to be convened for the Proposed Transactions;
  - (iv) the renunciation of all and not part of the Undertaking Shareholder's pro rata entitlement to the Rights Shares with Warrants through his direct and deemed interests in the Shares, in favour of the Investor and/or its nominee(s), in accordance with the terms and conditions of the Rights cum Warrants Issue, and the delivery of such documentary evidence for such renunciation to the satisfaction of the Investor in his sole and absolute discretion; and
  - (v) the receipt of the listing and quotation notice from the SGX-ST for the Rights Shares, the Warrants and the Warrant Shares to be listed on the Catalist and such approval not having been withdrawn or revoked as at the date of completion of the subscription by the Investor and/or its nominees of the Renounced Rights Shares with Warrants and the Remaining Rights Shares with Warrants.

#### 2.6 Potential Transfer of Controlling Interest

- (a) Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in a general meeting.
- (b) For illustration purposes only, assuming that none of the Entitled Shareholders subscribes for their pro rata entitlements of Rights Shares with Warrants, as a result of the Investor's obligations pursuant to the Investment Undertaking, the Investor will hold 66.7% of the enlarged share capital of the Company after completion of the Rights cum Warrants Issue and assuming no Warrants are exercised, thereby resulting in a transfer of controlling interest to the Investor.

- (c) As there are a number of possible situations whereby the Investor may potentially be transferred a controlling interest, the Company intends to seek the approval of Shareholders at the SGM to be convened for the potential transfer of controlling interest in the Company to the Investor.

## 2.7 Whitewash Waiver

- (a) Under Rule 14.1 of the Code, where (a) any person who 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) carrying 30% or more of the voting rights in 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 in the Company and such person, or any person acting in concert with him, acquires in any period of six months additional Shares carrying more than 1% voting rights, such person is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control ("**Mandatory Offer**").
- (b) As at the date of this announcement, the Investor is not a Shareholder and is not deemed interested in any Shares. The fulfilment by the Investor of its obligations pursuant to the Investment Undertaking, and the exercise of Warrants by the Investor after completion of the Rights cum Warrants Issue, may result in the Investor holding more than 30% of the enlarged share capital of the Company, thereby triggering a requirement for the Investor and parties acting in concert with it to make a Mandatory Offer, unless independent shareholders (Shareholders other than the Investor and parties acting in concert with it) ("**Independent Shareholders**") approve at a general meeting a resolution to waive their rights to receive a Mandatory Offer from the Investor and parties acting in concert with it. Accordingly, the Investor and parties acting in concert with it will be making an application to SIC for a waiver of its obligations and the parties acting in concert with it to make the Mandatory Offer as a result of its obligations under the Investment Undertaking.

## 2.8 Offer Information Statement

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Offer Information Statement to be lodged with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore, and despatched to Entitled Shareholders in due course.

## 2.9 Approvals

The Rights cum Warrants Issue is subject to, amongst others, the following:-

- (a) the Company submitting a resumption proposal through RHT Capital Pte. Ltd, acting as Sponsor to the Company, to the SGX-ST, and the clearance of the resumption proposal by the SGX-ST;
- (b) RHT Capital Pte. Ltd, acting as Sponsor to, and on behalf of, the Company, will submit an additional listing confirmation to the SGX-ST for permission for the listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on the Catalist. An appropriate announcement will be made in due course to notify Shareholders when the listing and quotation notice is obtained;
- (c) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the Warrant Shares on the Catalist, and (ii) lodgement of the Offer Information Statement with the SGX-ST, acting as agent of the Monetary Authority of Singapore;

- (d) the approval of the Shareholders for the Rights cum Warrants Issue at the SGM to be convened;
- (e) the approval of the Shareholders for the potential transfer of a controlling interest in the Company at the SGM to be convened;
- (f) the approval of the Shareholders for the Proposed Business Diversification at the SGM to be convened; and
- (g) the approval of the Shareholders for the Proposed Capital Reorganisation by way of a special resolution at the SGM to be convened.

#### 2.10 **Interests of Directors and Substantial Shareholders**

Save as disclosed in this announcement, none of the Directors and substantial Shareholders has any interests, direct or indirect, in the Rights cum Warrants Issue, other than through their respective shareholding interests in the Company.

#### 2.11 **Confirmation by Directors**

The Directors are of the opinion that, after taking into consideration the cash at bank balances, the present bank facilities and net proceeds from the Rights cum Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

### **3 CONVERTIBLE LOAN AGREEMENT**

3.1 The Company and the Investor have entered into a convertible loan agreement dated 31 December 2015, pursuant to which the Investor has agreed to grant a Convertible Loan of up to S\$500,000 to the Company on an interest-free basis. The Convertible Loan shall only be utilised by the Company for:-

- (a) the expenses relating to the Rights cum Warrants Issue and approval to be sought from Shareholders for the Proposed Business Diversification; and
- (b) other expenses approved by the Investor.

3.2 The term of the Convertible Loan shall commence from the first drawdown date up to 30 April 2016 or such extended term as the Investor may otherwise determine. During the term of the Convertible Loan, each drawdown of the Convertible Loan shall, subject to the fulfilment of the conditions precedent under the CLA, take place within five business days from the provision of a drawdown notice by the Company to the Investor.

3.3 If the Shareholders approve the Rights cum Warrants Issue at the SGM to be convened on or before 30 April 2016 or such later date that the Investor shall otherwise determine (the "**Expiry Date**"), the Convertible Loan shall be repaid to the Investor:-

- (a) by offsetting the aggregate amount of the Convertible Loan owing from the Company to the Investor against the total amount payable by the Investor to the Company for the subscription by the Lender of the Renounced Rights Shares with Warrants and the Remaining Rights Shares;
- (b) by converting the Convertible Loan into fully-paid Shares ("**Conversion Shares**") at an issue price of S\$0.0198 per Conversion Share; or
- (c) in cash within 10 business days from the date of allotment and issuance of Rights Shares with Warrants pursuant to the Rights cum Warrants Issue,

such mode(s) of repayment, and in such proportions of the Convertible Loan to be repaid by each method, to be determined by the Investor and notified to the Company in writing before



the date of allotment and issuance of the Rights Shares with Warrants pursuant to the Rights cum Warrants Issue.

3.4 If the Shareholders do not approve the Rights cum Warrants Issue at the SGM to be convened on or before the Expiry Date, the Convertible Loan shall be repaid to the Investor either:-

- (a) by converting the Convertible Loan into Conversion Shares at an issue price of S\$0.0198 per Conversion Share; or
- (b) in cash within 10 business days after the date of the SGM,

such mode of repayment, and extent of the Convertible Loan to be repaid by each method, to be determined by the Company and notified to the Investor in writing within three business days from the date of the SGM.

3.5 If the SGM to be convened to seek Shareholders' approval for the Rights cum Warrants Issue is not convened by the Expiry Date, the Convertible loan shall be repaid to the Investor either:-

- (a) by converting the Convertible Loan into Conversion Shares at an issue price of S\$0.0198 per Conversion Share; or
- (b) in cash within 5 business days after the Expiry Date,

such mode of repayment, and in such proportions of the Convertible Loan to be repaid by each method, to be determined by the Investor and notified to the Company in writing within three business days from the Expiry Date.

#### **4 PROPOSED CAPITAL REORGANISATION**

4.1 As at the date of this announcement, the authorised share capital of the Company is HK\$170,000,000 divided into 1,000,000,000 Shares of par value HK\$0.17 each, of which 745,579,952 Shares of HK\$0.17 each has been issued and paid-up.

4.2 As the Company is proposing to undertake the Rights cum Warrants Issue, the Company may have to undertake the Proposed Capital Reorganisation in order to issue the Rights Shares and Warrant Shares at the Issue Price and Exercise Price respectively. The Company will release further details on the Proposed Capital Reorganisation in due course.

#### **5 PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND BYE-LAWS**

5.1 The Board is proposing to seek the approval of the Shareholders for the proposed amendments to the memorandum of association and bye-laws of the Company to:-

- (a) align them with the Companies Act 1981 of Bermuda;
- (b) align them with the Catalist Rules; and
- (c) reflect the authorised share capital of the Company after the Proposed Capital Reorganisation becomes effective.

5.2 The proposed amendments to the memorandum of association and bye-laws of the Company are subject to the approval of the Shareholders by way of a special resolution at the SGM to be convened.

## **6 CIRCULAR TO SHAREHOLDERS**

A circular containing, amongst others, notice of the SGM and further information on the Proposed Transactions will be despatched to Shareholders in due course.

## **7 RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

### **BY ORDER OF THE BOARD**

Dr Zheng Lei  
Chief Executive Officer and Executive Director  
31 December 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*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.*

*The contact person for the Sponsor is:-*

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