



**OXLEY HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore under Registration No. 201005612G)

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**PROPOSED ISSUANCE OF CONVERTIBLE NOTES AND POSSIBLE ISSUANCE OF NON-LISTED WARRANTS**

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**1 INTRODUCTION**

The board of directors (the "**Board**" or the "**Directors**") of Oxley Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that:

- (a) The Company has on 6 January 2021 entered into a subscription agreement ("**Subscription Agreement**") with Dragons 120 Limited (the "**Subscriber**"), in relation to the proposed issue ("**Issue**") by the Company of up to US\$80,000,000 in aggregate principal amount of 4.50% secured convertible notes ("**Convertible Notes**"), convertible in whole or in part into fully-paid ordinary shares in the capital of the Company ("**Conversion Shares**") at an initial conversion price of S\$0.25 per Conversion Share ("**Conversion Price**"), which is subject to the Exchange Rate (as defined below) and adjustments in accordance with the provisions of the Subscription Agreement ("**Adjustment Events**").

The Conversion Price represents (i) a premium of 13.64% over S\$0.2200, being the prevailing market price of the underlying shares prior to the signing of the Subscription Agreement; and (ii) a premium of 12.78% over S\$0.2217, being the volume weighted average price, for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 6 January 2021, which is the full market day on which the Subscription Agreement was signed.

- (b) The Company has on 6 January 2021, entered into an amendment agreement with Dragons 619 Limited (as original lender, agent, security agent and option party) ("**Lender**") to amend the terms of a facility agreement dated 17 September 2020 (as amended by a supplemental facility agreement dated 16 October 2020) (the facility agreement as amended, modified and supplemented shall be referred to as the "**Facility Agreement**") between the Company and the Lender pursuant to which the Lender has made available to the Company a term loan facility of an aggregate principal amount of up to US\$100,000,000 ("**Facility**") and the Company may elect to issue warrants to the Lender ("**Warrants**") entitling the Lender to subscribe for such numbers of new shares in the capital of the Company ("**Warrant Shares**") as may be determined in accordance with the provisions of the Facility Agreement.

**2 INFORMATION ON THE SUBSCRIBER, THE LENDER AND THE DCP FUNDS**

**2.1 Subscriber**

The Subscriber is a limited liability company incorporated in the Cayman Islands, and is an investment holding company. The Subscriber is owned by the DCP Asia Credit Fund III, L.P. and DCP Asia Co-Investment Fund I, L.P. (collectively, the "**DCP Funds**"). The Subscriber is an affiliate of the Lender. As at the date hereof, the Subscriber has confirmed to the Company that it is not related to any of the Directors, substantial shareholders of the Company or their respective associates and there is no connection (including any business relationships) between the Directors or substantial shareholders of the Company and the Subscriber, its directors and substantial shareholders. The Subscriber is subscribing for the Convertible Notes for investment purposes.

As at the date of this announcement, the Subscriber does not have any shareholding interests in the Company. Please refer to paragraphs 3.1 and 10 of this announcement for more information on the future shareholding interests of the Subscriber in the capital of the Company upon allotment and issue of the Conversion Shares. The allotment and issuance of the Conversion Shares will not result in a transfer of controlling interest in the Company.

The Subscriber was introduced to the Company by Asia Fund Space Pte. Ltd.. The introducer is a regional consulting firm whose core businesses includes both advisory and investment works. An introduction fee of 0.3% of the value of the Convertible Notes issued by the Company and 0.7% of the value of the Conversion Shares as may be allotted and issued pursuant to the conversion of each Convertible Note shall be paid to the introducer in cash by the Company. As at the date hereof, the introducer has confirmed that it is not related to any of the Directors, substantial shareholders of the Company or their respective associates and there is no connection (including any business relationships) between the Directors or substantial shareholders of the Company and the introducer, its directors and substantial shareholders.

## 2.2 Lender

The Lender is an exempted company incorporated and existing under the laws of the Cayman Islands and is an investment holding company. The Lender is owned by DCP China Credit Fund II, L.P.. The Lender is an affiliate of the Subscriber. As at the date hereof, the Lender has confirmed to the Company that it is not related to any of the Directors, substantial shareholders of the Company or their respective associates and there is no connection (including any business relationships) between the Directors or substantial shareholders of the Company and the Lender, its directors and substantial shareholders.

As at the date of this announcement, the Lender does not have any shareholding interests in the Company. Please refer to paragraph 3.2 of this announcement for more information on the future shareholding interests of the Lender in the capital of the Company upon allotment and issue of the Warrants and Warrant Shares. The allotment and issuance of the Warrant Shares will not result in a transfer of controlling interest in the Company.

## 2.3 DCP Funds

The DCP Funds are each an exempted limited partnership formed under the laws of the Cayman Islands. The general partner of DCP Asia Credit Fund III, L.P. is Dignari Capital Partners GP III Limited, and the general partner of DCP Asia Co-Investment Fund I, L.P. is DCP Co-Inv GP Limited, each a limited liability company incorporated in the Cayman Islands. The DCP Funds specialise in credit and special solutions investments in the Asia Pacific region.

## 3 PRINCIPAL TERMS

### 3.1 Proposed Issuance of Convertible Notes

Pursuant to the Subscription Agreement, the principal terms of the Convertible Notes are summarised as follows:

Principal sum	An aggregate principal amount of up to US\$80,000,000 to be allotted and issued in two tranches of up to US\$72,000,000 in the first tranche (" <b>Tranche A</b> ", the date of completion of which shall be the " <b>First Closing Date</b> ") and up to US\$8,000,000 in the second tranche (" <b>Tranche B</b> ", the date of completion of which shall be the " <b>Second Closing Date</b> " and together with the First Closing Date, " <b>Closing Dates</b> ").
Issue Price	100% of the principal amount of the Convertible Notes
Method of issue	The Convertible Notes will be privately placed to and purchased by the Subscriber pursuant to the exemptions under Sections 274 and

	275 of the Securities and Futures Act (Chapter 289) of Singapore (" <b>SFA</b> ") relating to offers of securities or securities-based derivatives contracts to an institutional investor or a relevant person.
Interest	Interest shall accrue on each Convertible Note at a rate of 4.5% per annum, payable semi-annually in arrears on 31 January and 31 July, commencing on 31 July 2021.  Default interest on any unpaid amount shall, subject to the terms of the Subscription Agreement, accrue at a rate of 15.0% per annum.
Status of the Convertible Notes	The payment obligations of the Company under the Convertible Notes shall, save for the obligations mandatorily preferred by law applying to companies generally, rank at least <i>pari passu</i> with the claims of all of the Company's other unsecured and unsubordinated creditors.
Form, denomination, title and transfer	The Convertible Notes will be issued in registered form in the denomination of US\$2,000,000 and integral multiples thereof (" <b>Authorised Denomination</b> "). Title to the Convertible Notes passes only by transfer and registration in the Register (" <b>Register of Notes</b> ") of the holders of the Convertible Notes (" <b>Holder(s)</b> ").  No transfer is permitted unless the new Holder acquiring the Convertible Notes is doing so as (i) an institutional investor under Section 274 of the SFA, (ii) a relevant person under 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 and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to and in accordance with the conditions of, any other applicable provision of the SFA or such equivalent terms in the relevant jurisdiction where the Convertible Notes are purchased.
Conversion Right and Conversion Period	Subject to the Subscription Agreement, the Holder (such person being at the relevant Closing Date, the Subscriber) is entitled to convert the Convertible Notes (or any portion thereof in the Authorised Denomination) into Conversion Shares (" <b>Conversion Right</b> ") credited as fully-paid in the capital of the Company at any time on or after the date approval-in-principal is obtained from the SGX-ST for the listing and quotation of the Conversion Shares and Redemption Premium Shares (as defined below, and collectively with the Conversion Shares, " <b>New Shares</b> ") up to (a) the close of business on the date falling one business day prior to the relevant Maturity Date (as defined below) (both days inclusive) or (b) if such Convertible Note shall have been called for redemption before the relevant Maturity Date in accordance with the Subscription Agreement, then up to and including the close of business on a date no later than one business day (both days inclusive) prior to the date fixed for redemption thereof (" <b>Conversion Period</b> ").
Conversion Price	The price at which the Conversion Shares will be issued upon exercise of a Conversion Right shall initially be S\$0.25 per Conversion Share, subject to adjustments pursuant to the Adjustment Events and the Exchange Rate (as defined below).
Adjustment Events	The Conversion Price and number of Conversion Shares to be issued are subject to certain anti-dilution adjustments under certain circumstances provided for in the Subscription Agreement, including:

	<p>(a) any consolidation, subdivision, redesignation or reclassification of Shares;</p> <p>(b) issue by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves;</p> <p>(c) capital distributions;</p> <p>(d) rights issues of shares or options over shares;</p> <p>(e) issuance of securities less than or equal to 95% of the current market price; and</p> <p>(f) if following the occurrence of a Change of Control Event (as defined below), Conversion Rights are exercised during the period of 30 days from the later of (a) the date of occurrence of a Change of Control Event, and (b) the date on which notice of the Change of Control Event is given to the Holder by the Company, the Conversion Price shall be adjusted in accordance with the formula detailed in the Subscription Agreement. Assuming that a Change of Control Event occurs immediately at issuance of the Convertible Notes, this will result in an adjusted Conversion Price of S\$0.2173, which is the maximum reduction of the Conversion Price based on the aforesaid formula. Based on the adjusted Conversion Price of S\$0.2173, the maximum number of New Shares theoretically issuable under the terms of the Convertible Notes is 489,440,000<sup>1</sup>.</p>
Maturity and redemption	<p>The Convertible Notes will mature on the date falling 24 months after the First Closing Date (the "<b>Initial Maturity Date</b>"). The Company may request to extend the maturity date, with the consent of the Subscriber in its sole discretion, to the date 12 months after the Initial Maturity Date (the "<b>Extended Maturity Date</b>", and the "<b>Maturity Date</b>" means the Initial Maturity or the Extended Maturity Date).</p> <p>Unless previously redeemed, converted or purchased and cancelled, the Convertible Notes will be redeemed at their principal amount in cash on the relevant Maturity Date together with all accrued and unpaid interest, the applicable Redemption Premium and all other amounts outstanding under the relevant Issue documents.</p> <p>The Redemption Premium will be 5% of principal amount of the Convertible Notes being redeemed if the Maturity Date is the Original Maturity Date, or 7.5% if the Maturity Date is the Extended Maturity Date (i.e. 2.5% per annum).</p> <p>Save where redemption of the Convertible Notes are accelerated pursuant to certain events under the Subscription Agreement or a Redemption Event has occurred, the Company may elect to pay the Redemption Premium in cash or in Shares (such Shares, the "<b>Redemption Premium Shares</b>") the number of which is determined by reference to the Conversion Price (based on the Redemption Premium translated into S\$ determined as at approximately 11:00 a.m. (Hong Kong time) two business days immediately preceding the issue date or conversion date of the Shares on the Bloomberg Currencies Page for such foreign exchange ("<b>Exchange Rate</b>") then in effect. Assuming (1) the Convertible Notes are fully redeemed at</p>

<sup>1</sup> Assuming an USD: SGD exchange rate of US\$1.00: S\$1.33.

	<p>the Initial Maturity Date, (2) none of the Convertible Notes are converted into Conversion Shares and (3) there are no Adjustment Events, the maximum number of Redemption Premium Shares issuable is 21,280,000<sup>2</sup>.</p> <p>The Company may not redeem the Convertible Notes at its option prior to the relevant Maturity Date.</p> <p>The Company will not issue any Shares under the Conversion Notes to the extent it would result in the Holder holding 15% or more of the total voting rights in the Company.</p> <p>Please refer to the section headed "Conversion Shares and status" below for more information on the maximum number of Shares to be issued under the Convertible Notes.</p> <p>If the Company fails to obtain, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>(a) (if required by the SGX-ST) the approval of the Shareholders for the issuance of the Convertible Notes and the New Shares within 3 months following the First Closing Date;</li> <li>(b) the written approval-in-principle from the SGX-ST for the listing and quotation of the New Shares on the Main Board of the SGX-ST within 1 month following the First Closing Date</li> </ul> <p>the Company shall within 5 business days of the non-compliance redeem all the Convertible Notes held by the Holder at a price equal to 100% of their principal amount together with any accrued interest, any early redemption premium, and all other amounts outstanding under the relevant Issue documents.</p> <p>The Holder may require the Company to redeem the Convertible Notes earlier than the Maturity Dates if, <i>inter alia</i>, any of the following redemption events occurs ("<b>Redemption Events</b>"):</p> <ul style="list-style-type: none"> <li>(a) a Change of Control Event (as defined below);</li> <li>(b) the cessation of listing, trading or public quotation of all or any Shares of the Company from the Official List of the SGX-ST (whether directed by the SGX-ST or undertaken by the Company);</li> <li>(c) a takeover offer, scheme of arrangement, tender offer, exchange offer, solicitation, proposal or other event by any third party to acquire or otherwise obtain 30% or more of the voting rights of the Company in accordance with the Singapore Code on Takeovers and Mergers; and</li> <li>(d) the suspension of all or any Shares of the Company from trading on the SGX-ST for a period of not less than 7 consecutive trading days.</li> </ul>
Redemption Makewhole Amount	With respect to any Convertible Notes outstanding on the relevant Maturity Date, if the Company elects to pay the Redemption Premium by way of issuing Redemption Premium Shares and following a sale of all such Redemption Premium Shares by the Holder thereof, the aggregate net proceeds from the sale or disposal of all the

<sup>2</sup> Assuming an USD: SGD exchange rate of US\$1.00: S\$1.33.

	<p>Redemption Premium Shares (and after deducting all applicable Singapore taxes) is less than an amount equal to:</p> <p>(a) (in the event the scheduled redemption occurs on the Initial Maturity Date) 5.5% of the principal amount of the Convertible Notes redeemed on the Initial Maturity Date; or</p> <p>(b) (in the event the scheduled redemption occurs on the Extended Maturity Date) 8.5% of the principal amount of the Convertible Notes redeemed on the Extended Maturity Date,</p> <p>(the amount of the shortfall being the “<b>Redemption Makewhole Amount</b>”), the Company shall pay to the Holder an amount in cash equal to the Redemption Makewhole Amount within 10 business days of the Holder providing the relevant notification for the same.</p>
<p>Conversion Shares and status</p>	<p>The number of Conversion Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Convertible Notes to be converted (translated into S\$ at the Exchange Rate) by the Conversion Price in effect on the relevant conversion date, provided that if at any time, upon exercise of the Conversion Right and by issuing the Conversion Shares in relation thereto, the Holder would hold 15% or more of the total voting rights in the Company, the Company shall inform the Holder within one business day of such number of Conversion Shares (“<b>Excess New Shares</b>”) which would result in the Holder holding 15% or more of the total voting rights in the Company, and subject to the Subscription Agreement, the Company shall not be required to issue the Excess New Shares to the Holder.</p> <p>Assuming that:</p> <p>(a) there are no Adjustment Events which will result in adjustments to the Conversion Price; and</p> <p>(b) the Conversion Right is fully exercised in respect of the entire principal amount of the Convertible Notes,</p> <p>the maximum number of up to 425,600,000 Shares<sup>3</sup> when allotted and issued, will represent approximately 10.09% of the existing share capital of the Company (excluding treasury shares and subsidiary holdings), and approximately 9.16% of the enlarged share capital of 4,644,073,614 Shares (excluding treasury shares and subsidiary holdings) after the full conversion of the Convertible Notes and excluding any Shares to be issued pursuant to the exercise of the Warrants.</p> <p>The New Shares when issued will be duly authorised, validly issued and fully-paid Shares which are free from encumbrances and will rank <i>pari passu</i> in all respects with the then existing Shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date which falls before the date of issue of such Shares.</p>
<p>Maximum Number of New Shares</p>	<p>The maximum number of New Shares to be issued under the Subscription Agreement shall not exceed 727,686,600 Shares, unless pursuant to an Adjustment Event.</p>

<sup>3</sup> Assuming an USD: SGD exchange rate of US\$1.00: S\$1.33.

<p>Conditions precedent to each of the respective completions of Tranche A and Tranche B</p>	<p>The issue of the Convertible Notes shall be conditional upon, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> <li>(a) provision of an irrevocable undertaking executed by such Shareholder(s) of the Company holding at least 51% of the maximum number of votes that might be cast at a general meeting of the Company to (to the extent that such Shareholders' approval and resolution is required by SGX-ST in connection with the Issue and Subscription Agreement) (i) vote in favour of the Shareholders' resolutions of the Company approving the terms of, and the transactions contemplated by, the Convertible Notes and the Subscription Agreement, and (ii) ensure that such Shareholders' resolutions is passed no later than three months from the First Closing Date;</li> <li>(b) completion of satisfactory legal, financial, tax and commercial due diligence by the Subscriber; and</li> <li>(c) provision of evidence that all government or other regulatory approvals, including the submission of an additional listing application to the SGX-ST has been complied with.</li> </ul>
<p>Events of default and acceleration</p>	<p>The occurrence of certain events under the Subscription Agreement would entitle the Holder to notify the Company that all and not part of the Convertible Notes are immediately due and payable at the outstanding principal amount of the Convertible Notes together with any accrued and default interest, early redemption premium and all other outstanding amounts.</p> <p>Such events of default include, but are not limited to, the Company failing to issue the Conversion Shares upon exercise of the Conversion Rights by the holder thereof and/or fails to issue any Redemption Premium Shares in accordance with the Subscription Agreement, failure to pay the Redemption Premium or Redemption Makewhole Amount on its due date, and the declaration or payment of any dividends or other distributions (whether in cash or in kind) on or in respect of the Shares at any time on or prior to 21 April 2021, save for the final one-tier tax exempt dividend of 0.5 Singapore cents per Share and a special one-tier tax exempt dividend of 1 Singapore cent per Share for the financial year ended 30 June 2020 approved at the annual general meeting of the Company held on 26 October 2020.</p>
<p>Governing law</p>	<p>The laws of Singapore.</p>

### 3.2 Possible Issue of Warrants

As part of the terms of the Facility Agreement, the Company is required to make an internal rate of return payment to the Lender, after taking into account, *inter alia*, all interest to be paid under the Facility Agreement (the "IRR Payment"). The Company may elect to pay the IRR Payment in cash (expected to be approximately US\$12,000,000 for the entire two-year tenure of the Facility) by giving notice to the Lender at any time prior to 21 April 2021.

As an alternative to payment of the IRR Payment in cash, the Company may elect to allot and issue Warrants to the Lender on 21 April 2021, the number of which would depend on, *inter alia*, the amount of loans that are drawn down and owing under the Facility Agreement. Based on a theoretical Exercise Price of S\$0.20, the maximum number of Warrants / Warrant Shares that

may be issued is 244,800,000, representing 5.80% of the existing share capital of the Company and 5.01% of the enlarged share capital of the Company post-completion of the issue of 425,600,000 New Shares<sup>1</sup> (being the maximum number of New Shares theoretically issuable under the terms of the Convertible Notes based on the initial Conversion Price of S\$0.25, and assuming (a) an USD:SGD exchange rate of US\$1 : S\$1.33 (b) full conversion of the Convertible Notes and (c) that there are no Adjustment Events) and Warrant Shares.

In the event that the Company does not make any election pursuant to the foregoing paragraphs, the Company shall pay the IRR Payment in cash to the Lender as default.

Constitution of the Warrants	If the IRR Payment is not made in cash, the Warrants will be constituted by a deed poll to be executed by the Company on or before 21 April 2021 (" <b>Deed Poll</b> ") and are subject to the terms and conditions of the Warrants as set out in the Deed Poll.
Size	The Deed Poll has yet to be executed and as such, the Exercise Price and number of Warrants to be issued has yet to be determined. The maximum number of Warrants / Warrant Shares that may be issued is 244,800,000 (based on a theoretical Exercise Price of S\$0.20).
Form and subscription rights of the Warrants	The Warrants will be issued in registered form.  Each Warrant will carry the right to subscribe in cash for one New Share at the Exercise Price at any time during the Exercise Period in accordance with the terms of the Deed Poll.  The Warrants shall only be exercised in no more than seven tranches during the Exercise Period. Warrants remaining Unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.
Exercise Price	Subject to the Listing Rules and any adjustment in accordance with the Deed Poll, the terms and conditions to the Warrants (" <b>Conditions</b> ") and a floor of S\$0.20, such price as may represent 80% of the volume weighted average price per Share as quoted on SGX-ST for the last 20 trading days immediately preceding the date of issue of the Warrants.
Exercise Period	The period commencing on and including the date of issue of the Warrants and expiring at 5:00 p.m. (Singapore time) on the market day immediately preceding 21 October 2022, unless such date is a date on which the Register of Members of the Company and/or the Warrant Register is closed in accordance with the Companies Act (Chapter 50) of Singapore or is not a market day, in which event, 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 Warrant Register may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.
Transferability	The Warrants will not be listed and traded on the SGX-ST and shall be transferable only within the Dignari Group in accordance with the Deed Poll.
Status of Warrant Shares	The Warrant Shares will, upon allotment and issue, be credited as fully-paid and shall rank <i>pari passu</i> in all respects with the existing Shares in issue for any dividends, rights, allocations or other distributions on or after the date of allotment and issue of the Warrant



	Shares and up until the record date for such dividends, rights, allocations or other distributions.
Adjustment events	<p>The Exercise Price and the number of Warrants shall from time to time be subject to adjustments under certain circumstances prescribed by the Deed Poll. Such circumstances include, without limitation, capitalisation issues, certain capital distributions, rights issues, and any consolidation, subdivision (including a subdivision by way of a bonus issue by the Company of Shares credited as fully paid without capitalisation of profits or reserves), reclassification or conversion of Shares.</p> <p>Any additional Warrants issued pursuant to such adjustments shall rank pari passu with the Original Warrants and for all purposes to form part of the same series constituted by the Deed Poll and shall be issued subject to and with the benefit of the Deed Poll.</p> <p>Whenever there is an adjustment, the Company shall give notice to the registered holders of the Warrants (“<b>Warrantholders</b>”) in accordance with the Deed Poll that the Exercise Price and/or the number of Warrants held by each Warrantholder has/have been adjusted and setting forth brief particulars (with reasonable details) of the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or the number of Warrants and the effective date of such adjustment.</p>
Winding up	If notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every Warrantholder shall be entitled upon and subject to the Deed Poll, at any time within six weeks after the passing of such resolution for a members' voluntary winding-up of the Company, by irrevocable surrender of his Warrant Certificate(s) to the Company with the Exercise Notice(s) duly completed, together with all payments payable, to elect to be treated as if he had had immediately prior to the commencement of such winding-up exercised the Warrants to the extent specified in the Exercise Notice(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.
Notice of expiry	The Company shall, not later than one month before the last day of the Exercise Period, announce the expiry of the Exercise Period and give written notice to the Warrantholders in accordance with the Deed Poll.
Alteration to terms	No material alteration to the terms of the Warrants after the issue thereof to the advantage of the Warrantholders shall be made unless first approved by the shareholders of the Company in general meeting, and, if necessary, the SGX-ST.
Governing law	The Warrants and the Deed Poll are governed by the laws of Singapore.

**As at the date of this announcement, the Deed Poll has not been executed. The information in this announcement on the proposed issue of Warrants is purely for the information of the Shareholders and may be subject to further amendments as the Company or Directors see fit. As such, the Company will not be submitting an application to the SGX-ST for the**

**listing and quotation for the Warrant Shares at this juncture and will make further announcements on the execution of the Deed Poll and the allotment and issue of Warrants via SGXNET as and when there are material developments.**

#### **4 RATIONALE FOR THE PROPOSED ISSUANCE OF THE CONVERTIBLE NOTES AND POSSIBLE ISSUANCE OF THE WARRANTS**

The issuance of the Convertible Notes is to raise funds for working capital and general corporate purposes.

The DCP Funds have limited partners ("LPs"), including sovereign wealth funds and financial institutions. Dignari Capital Partners (HK) Limited ("DCP") is the investment manager of the DCP Funds. DCP has over US\$1 billion in assets under management and has established a reputation for discovering and creating quality credit investment opportunities in Asia since 2003. The Directors believe that having the DCP Funds and their LPs as a strategic investor pursuant to the proposed issue of Convertible Notes and subsequent issue of Warrants (if any) will strengthen the Company's financing capabilities in the future.

The investment by the DCP Funds pursuant to the proposed issue of Convertible Notes and subsequent issue of Warrants (if any) is a testament to the DCP Funds' recognition of the Company's potential to achieve greater heights going forward.

#### **5 USE OF PROCEEDS**

##### **5.1 Convertible Notes**

Based on the aggregate principal amount of US\$80,000,000 gross proceeds from the allotment and issue of the Convertible Notes, the net proceeds (after deducting estimated fees and expenses) is approximately US\$ 79,500,000 ("**Net Proceeds**") which the Company intends to use 100% of the Net Proceeds for working capital and general corporate purposes of the Group.

Pending the deployment of the Net Proceeds for the abovementioned purpose, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities and/or debt instruments or used for any other purposes on a short-term basis as the Board may in their absolute discretion deem fit in the best interest of the Group.

The Company will make periodic announcements on the use of the Net Proceeds as and when such funds are materially disbursed and provide a breakdown with specific details on the use of the Net Proceeds in its interim and full-year financial statements and the Company's annual reports. Where there is any material deviation from the stated use of proceeds, the Company shall announce the reasons for such deviation when such funds are materially disbursed.

##### **5.2 Warrants**

As at the date of this announcement, the Deed Poll has not been executed and as such, the number of Warrants to be issued and the Exercise Price for the Warrants has not been determined. Please refer to the table in paragraph 3.2 for information on the maximum number of Warrant Shares that may be issued to the Lender under the Warrants, which has been provided on a purely illustrative basis and is for the information of the Shareholders only. The Company will continue to observe its disclosure obligations under the Listing Rules and provide further updates on the Deed Poll and the proposed issue of Warrants via SGXNET as and when there are material developments.

#### **6 AUTHORITY TO ISSUE THE NEW SHARES**

The New Shares will be issued pursuant to the general mandate ("**Share Issue Mandate**") approved by the Shareholders on 26 October 2020.

The Share Issue Mandate authorises the Directors to allot and issue Shares and/or convertible securities of not more than 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the Share Issue Mandate, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing Shareholders does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the Share Issue Mandate.

No Shares were previously issued under the Share Issue Mandate prior to the date of the Subscription Agreement and the Company does not have any warrants or other convertible securities in issue as at the date of this announcement. As such, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 2,109,236,807 Shares, of which the number of Shares to be issued other than on a pro rata basis is 843,694,722 Shares.

Assuming there are no Adjustment Events and full conversion of the Convertible Notes, based on the initial Conversion Price of S\$0.25, the maximum number of New Shares that may be allotted and issued is 425,600,000<sup>4</sup>; and accordingly, the proposed allotment and issuance of the New Shares is within the limits of the Share Issue Mandate. Accordingly, specific shareholder approval from Shareholders for the issuance and allotment of the Convertible Notes and the New Shares is not required.

The number of Warrants to be issued and the Exercise Price for the Warrants has not been determined and, where possible, the Company will issue such Warrant Shares under the Share Issue Mandate. If the number of Warrant Shares and/or Exercise Price for such Warrant Shares exceed the thresholds under the Share Issue Mandate, the Company will seek the approval of shareholders for the issuance of the Warrant Shares.

## **7 NO PROSPECTUS OR OFFER INFORMATION STATEMENT**

The Issue will be undertaken by way of a private placement pursuant to the exemptions under Sections 274 and 275 of the SFA relating to offers of securities or securities-based derivatives contracts to an institutional investor or a relevant person. As such, no prospectus or offer information statement will be issued by the Company and/or lodged with the SGX-ST in connection therewith.

## **8 APPROVALS**

The Company will be making an application to the SGX-ST for the listing and quotation of the maximum number of New Shares (subject to Adjustment Events) which can be issued by the Company under the terms of the Subscription Agreement on the Official List of the SGX-ST. The Company will make the necessary announcements in respect of the New Shares once approval from the SGX-ST has been obtained.

## **9 DIRECTORS' OPINION**

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. Notwithstanding the foregoing, the Issue has been undertaken to provide additional working capital, and may be reallocated for other purposes if and when growth and investment opportunities arise.

## **10 FINANCIAL EFFECTS OF THE NEW SHARES**

The financial effects of the Issue and subsequent allotment and issue of the New Shares on the share capital of the Company as well as the net tangible assets ("**NTA**") per Share and the earnings per Share ("**EPS**") of the Group are set out below. The financial effects have been prepared based on the audited consolidated financial statements of the Group for its most

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<sup>4</sup> Assuming an USD: SGD exchange rate of US\$1.00: S\$1.33.

recently completed financial year ended 30 June 2020 ("FY2020"), are purely for illustrative purposes only and do not reflect the actual financial position of the Group after the Issue, as well as the allotment and issuance of the New Shares thereunder.

## 10.1 Share capital

	Before issue of New Shares	Maximum Number of New Shares issuable under the terms of the Convertible Notes <sup>(2)</sup>	After issue of New Shares
<b>Number of Shares <sup>(1)</sup></b>	4,218,473,614	425,600,000	4,644,073,614

### Notes:

- (1) Excluding 27,429,300 treasury shares held by the Company. There are no subsidiary holdings.
- (2) Based on the initial Conversion Price of S\$0.25, and assuming (a) an USD:SGD exchange rate of US\$1: S\$1.33 (b) full conversion of the Convertible Notes and (c) that there are no Adjustment Events.

As at the date of this announcement, the existing share capital of the Company is approximately S\$300,700,256 divided into 4,218,473,614 Shares (excluding 27,429,300 treasury shares).

## 10.2 NTA

**For illustrative purposes only** and based on the assumptions set out above, the NTA as at 30 June 2020 is as follows:

	Before issue of New Shares	Maximum Number of New Shares issuable under the terms of the Convertible Notes <sup>(2)</sup>	After issue of New Shares
<b>NTA (S\$ '000)</b>	996,050 <sup>(3)</sup>	96,824	1,092,874
<b>Number of Shares <sup>(1)</sup></b>	4,218,473,614	425,600,000	4,644,073,614
<b>NTA per Share (cents)</b>	0.24	0.23	0.24

### Notes:

- (1) Excluding 27,429,300 treasury shares held by the Company. There are no subsidiary holdings.
- (2) Based on the Conversion Price of S\$0.25 and assuming (a) an USD: SGD exchange rate of US\$1.00: S\$1.33 (b) full conversion of the Convertible Notes and (c) that there are no Adjustment Events.
- (3) Adjusted for final declared dividend of S\$0.015 for the financial year ended 30 June 2020 and assuming that dividend is fully paid in cash.
- (4) NTA impact relates to interest payable and excluding other expenses.

### 10.3 EPS

	Before issue of New Shares <sup>(2)</sup>	Maximum Number of New Shares issuable under the terms of the Convertible Notes <sup>(3)</sup>	After issue of New Shares
<b>Earnings (S\$ '000)</b>	(280,612,000)	(9,576) <sup>(4)</sup>	(280,621,576)
<b>Weighted average number of Shares <sup>(1)</sup></b>	4,185,452,000	425,600,000	4,611,052,000
<b>Earnings per Share (cents)</b>	(6.70)	-	(6.09)

**Notes:**

- (1) Excluding 27,429,300 treasury shares held by the Company. There are no subsidiary holdings.
- (2) The EPS has been derived based on the profit for the year attributable to the owners of the Company divided by the weighted average number of Shares in issue.
- (3) Based on the initial Conversion Price of S\$0.25 and (a) a USD: SGD exchange rate of US\$1.00: S\$1.33 (b) assuming full conversion of the Convertible Notes and (c) that there are no Adjustment Events.
- (4) Earnings impact relates to interest payable and excluding other expenses.

**For the avoidance of doubt, Shareholders should note that nothing in this announcement may be treated as a representation by the Company as to the trading price of the Shares during the term of the Convertible Notes or for any other period of time.**

## 11 DISCLOSURES PURSUANT TO RULE 704(31) AND RULE 728 OF THE LISTING RULES

### 11.1 Rule 704(31) of the Listing Rules

If a Change of Control Event occurs:

- (a) under the Subscription Agreement, at the option of the Holder of any Convertible Note, the Company shall redeem the Convertible Notes held by such Holder in whole, but not in part, on the date specified by the Holder in the notice delivered to the Company at a price equal to 100% of the principal amount of such Convertible Notes together with any accrued interest, any early redemption premium and all other amounts outstanding under the relevant Issue documents; and
- (b) under the Facility Agreement, the Lender shall not be obliged to fund any utilisation request, and the Facility will be immediately cancelled and all outstanding loan amounts, accrued interest and any other amounts under the Facility Agreement and/or other documents executed in connection with the Facility shall become immediately due and payable.

For the purposes of this announcement, a “Change of Control Event” means any of the following:

- (a) Mr. Ching Chiat Kwong ceases to own or have the power to cast, or control the casting of, at least 30% of the maximum number of votes that might be cast at a general meeting of the Company;
- (b) a person or group of persons acting in concert holds or controls more voting power of the Shares than Mr. Ching Chiat Kwong;
- (c) any person (other than Mr. Ching Chiat Kwong) or group of persons acting in concert gains director or indirect control of the Company; or
- (d) the Company ceases to own directly all of the issued share capital of Citrine Property Pte. Ltd. or ceases to have the power directly or indirectly to appoint or remove (or control the appointment or removal of) all of the directors of Citrine Property Pte. Ltd..

As at the date of this announcement, none of the conditions described above have been breached. Should a Change of Control Event occur, the aggregate level of the facilities (assuming the full amount of the Convertible Notes remains outstanding and that the Facility is drawn down in full) that may be affected by such event (including other facilities or debt securities of the Group which may have similar restrictions) is approximately S\$1.2 billion.

## **11.2 Rule 728 of the Listing Rules**

In compliance with Rule 728 of the Listing Rules, the Company has obtained undertakings from each of its controlling Shareholders, namely Chiat Ching Kwong and Low See Ching, to notify the Company as soon as each of them becomes aware of any share pledging arrangements relating to their Shares and of any event which may trigger or result in an event of default, an enforcement event, or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities under the Subscription Agreement, Facility Agreement and/or any facility agreement which contains any provision that makes reference to their shareholding interest (whether direct or indirect) in the Company.

## **12 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed above, none of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the above transactions, other than through their respective directorships and/or shareholdings in the Company.

## **13 CAUTIONARY STATEMENT**

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board

Ching Chiat Kwong  
Executive Chairman and CEO

7 January 2021