

**CIRCULAR DATED 12 JULY 2016**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your ordinary shares ("**Shares**") in the capital of Annica Holdings Limited (the "**Company**"), please forward this Circular with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or to the stockbroker, bank or agent through whom the sale was effected for onward transmission to the purchaser.

**This Circular has been prepared by the Company and its contents have been reviewed by the Company's continuing sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Mr. Bernard Lui, Tel: (65) 6389 3000, Email: [bernard.lui@morganlewis.com](mailto:bernard.lui@morganlewis.com).**

## **ANNICA HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198304025N)

### **CIRCULAR TO SHAREHOLDERS**

**in relation to**

- (I) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 3,504,878,770 DEBT CONVERSION SHARES (AS DEFINED HEREIN) TO MR. LIM IN CHONG (THE "PROPOSED DEBT CONVERSION SHARE ISSUE");**
- (II) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 5,000,000,000 OPTION SHARES (AS DEFINED HEREIN) TO MR. LIM IN CHONG (THE "PROPOSED OPTION SHARE ISSUE"); AND**
- (III) THE POSSIBLE TRANSFER OF CONTROLLING INTEREST (AS DEFINED HEREIN) TO MR. LIM IN CHONG ARISING FROM THE PROPOSED DEBT CONVERSION SHARE ISSUE AND THE PROPOSED OPTION SHARE ISSUE (THE "POSSIBLE TRANSFER OF CONTROLLING INTEREST").**

#### **Important Dates and Times**

Last date and time for lodgement of Proxy Form	:	25 July 2016 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	27 July 2016 at 3.00 p.m.
Place of Extraordinary General Meeting	:	Village Hotel Katong, 25 Marine Parade, Singapore 449536

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## DEFINITIONS

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In this Circular, the following definitions apply throughout except where the context otherwise requires:

<b>“Assigned Debt”</b>	:	Has the meaning ascribed to it in section 3.2 of this Circular
<b>“Board”</b>	:	The board of Directors of the Company as at the date of this Circular
<b>“Business Days”</b>	:	A day (excluding Saturday, Sunday and public holidays) on which commercial banks are open for business in Singapore
<b>“Catalist”</b>	:	The Catalist board of the SGX-ST
<b>“Catalist Rules”</b>	:	The Listing Manual, Section B: Rules of Catalist issued by the SGX-ST, as may be amended, modified or supplemented from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 12 July 2016
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers as may be amended, modified or supplemented from time to time
<b>“Companies Act” or “Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
<b>“Company”</b>	:	Annica Holdings Limited
<b>“Constitution”</b>	:	The constitution of the Company, as amended, modified or supplemented from time to time
<b>“Controlling Shareholder”</b>	:	As defined in the Catalist Rules as a person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares) in the Company, or (b) in fact exercises control over the Company
<b>“Conversion Price”</b>	:	S\$0.001 per Debt Conversion Share, the basis of calculation which is set out in section 3.4 of this Circular
<b>“CPF”</b>	:	Central Provident Fund
<b>“Debt Assignment”</b>	:	Has the meaning ascribed to it in Section 3.2 of this Circular
<b>“Debt Conversion Agreement”</b>	:	The debt conversion agreement entered into by the Company and the Investor dated 11 February 2016 pursuant to which the Company has agreed, for nominal consideration, to grant the Debt Conversion Option to the Investor to convert the Assigned Debt into new Shares of the Company, subject to the terms and conditions contained therein
<b>“Debt Conversion Option”</b>	:	The option to convert the Assigned Debt into Debt Conversion Shares, which has been granted by the Company to the Investor pursuant to the Debt Conversion Agreement
<b>“Debt Conversion Shares”</b>	:	Up to 3,504,878,770 new Shares of the Company to be allotted and issued at a Conversion Price of S\$0.001 per Share to the Investor to repay the Assigned Debt, pursuant to the Proposed Debt Conversion Issue

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## DEFINITIONS

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<b>“Deed of Assignment”</b>	:	The deed of assignment dated 11 February 2016 entered into between LionGold and the Investor, details of which are set out in LionGold’s announcement dated 11 February 2016 in respect of the same
<b>“Directors”</b>	:	The directors of the Company as at the date of this Circular
<b>“Effective Date”</b>	:	The date on which the Proposed Debt Conversion Share Issue becomes effective as set out in the Notice of EGM
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on Wednesday, 27 July 2016 at 3.00 p.m. at Village Hotel Katong, 25 Marine Parade, Singapore 449536
<b>“Encumbrances”</b>	:	Any interests or equity or adverse claim of any matter whatsoever or any person (including without prejudice to the generality of the foregoing, any right to acquire, option or right to pre-emption) or any mortgage, assignment of receivables, debenture, lien, charge, pledge, security interest, title retention, right to acquire, option, restriction on transfer and any other encumbrance or condition whatsoever or any other arrangement having substantially the same or similar economic effect over or in respect of the relevant asset, security or right or the use thereof
<b>“Enlarged Share Capital”</b>	:	Assuming the Existing Share Capital of the Company as at the Latest Practicable Date is approximately S\$60,174,000 comprising 7,801,985,206 Shares, the enlarged share capital of the Company (excluding treasury shares) immediately following the issuance of the maximum of 3,504,878,770 Debt Conversion Shares and the maximum of 5,000,000,000 Option Shares will be approximately S\$68,679,000 comprising 16,306,863,976 Shares
<b>“Exercise Price”</b>	:	Has the meaning ascribed to it in section 4.2 of this Circular
<b>“Existing Share Capital”</b>	:	The issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date of approximately S\$60,174,000 comprising 7,801,985,206 Shares
<b>“Expiry Date”</b>	:	Has the meaning ascribed to it in section 4.2 of this Circular
<b>“First Effective Date”</b>	:	Has the meaning ascribed to it in section 3.2 of this Circular
<b>“FY”</b>	:	The financial year ended or ending 31 December, as the case may be
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Interest”</b>	:	Has the meaning ascribed to it in section 3.2 of this Circular
<b>“Investor”</b>	:	Mr. Lim In Chong, whose details are set out in section 7 of this Circular
<b>“Latest Practicable Date”</b>	:	8 July 2016, being the latest practicable date prior to the printing of this Circular
<b>“LionGold”</b>	:	LionGold Corp Ltd., a company incorporated in Bermuda with its company registration number 35500 and its registered address at Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda

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## DEFINITIONS

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<b>“Loan Agreement”</b>	:	The loan agreement entered into by the Company and LionGold dated 22 October 2015 (as amended, modified and supplemented by the Loan Agreement Supplemental Deed), pursuant to which LionGold had extended an unsecured term loan facility of S\$3,557,442.99 to the Company, with Interest accruing on the amount drawn down at 8% per annum
<b>“Loan Agreement Supplemental Deed”</b>	:	The supplemental deed, entered into by the Company and LionGold dated 11 February 2016, pursuant to which the certain provisions of the Loan Agreement were amended, modified and supplemented
<b>“LPS”</b>	:	Loss per Share
<b>“Maturity Date”</b>	:	22 October 2018, being the maturity date of the Loan Agreement
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Maximum Debt Conversion Shares”</b>	:	3,504,878,770 Debt Conversion Shares, assuming the completion of the conversion of the aggregate amount of the Assigned Debt into such Shares pursuant to the Debt Conversion Agreement
<b>“Maximum Option Shares”</b>	:	5,000,000,000 Option Shares, assuming the exercise of all the Options granted pursuant to the Option Agreement
<b>“Minimum Exercise Price”</b>	:	S\$0.001 per Option, the basis of calculation which is set out in section 4.1 of this Circular
<b>“Notice of EGM”</b>	:	The notice of the EGM dated 12 July 2016 as set out on pages N-1 to N-2 of this Circular
<b>“NTA”</b>	:	Net tangible assets of the Group attributable to Shareholders
<b>“Option Agreement”</b>	:	The option agreement entered into by the Company and the Investor dated 11 February 2016 (as amended, modified and supplemented by the Option Agreement Supplemental Deed), pursuant to which the Company has agreed, for an aggregate consideration of S\$50,000, to issue to the Investor an aggregate of 5,000,000,000 transferable share Options, with each Option carrying the right to subscribe for one (1) Option Share
<b>“Option Agreement Supplemental Deed”</b>	:	The supplemental deed entered into by the Company and the Investor dated 6 June 2016, pursuant to which the certain provisions of the Option Agreement were amended, modified and supplemented
<b>“Option Share”</b>	:	The new Share to be issued to the Investor pursuant to the exercise of an Option by the Investor
<b>“Ordinary Resolution”</b>	:	The ordinary resolution set out in the Notice of EGM
<b>“Outstanding Principal”</b>	:	Has the meaning ascribed to it in section 1.1 of this Circular
<b>“Possible Transfer of Controlling Interest”</b>	:	The transfer of a controlling interest in the Company to the Investor under the circumstances described in this Circular as a result of the Proposed Debt Conversion Share Issue and the Proposed Option Share Issue
<b>“Previous Announcements”</b>	:	Has the meaning ascribed to it in section 1.1 of this Circular

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## DEFINITIONS

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<b>“Proceeds”</b>	:	Has the meaning ascribed to it in section 5 of this Circular
<b>“Proposed Debt Conversion Share Issue”</b>	:	Proposed allotment and issuance of up to 3,504,787,770 Debt Conversion Shares to the Investor pursuant to the terms and conditions of the Debt Conversion Agreement
<b>“Proposed Option Share Issue” or “Grant of Options”</b>	:	Proposed grant of 5,000,000,000 Options to the Investor, each Option carrying the right to subscribe for one (1) Option Share in the capital of the Company, pursuant to the terms and conditions of the Option Agreement
<b>“Proposed Transactions”</b>	:	Has the meaning ascribed to it in section 1.1 of this Circular
<b>“RCBs”</b>	:	Has the meaning ascribed to it in section 5 of this Circular
<b>“Record Date”</b>	:	The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares
<b>“Register of Members”</b>	:	The electronic register of members of the Company
<b>“Second Effective Date”</b>	:	Has the meaning ascribed to it in section 3.2 of this Circular
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share”</b>	:	An ordinary share in the capital of the Company, and <b>“Shares”</b> shall be construed accordingly
<b>“Shareholders”</b>	:	Registered holders of Shares, except where the registered holder is CDP, in which case the term <b>“Shareholders”</b> shall in relation to such Shares mean the Depositors whose securities accounts maintained with CDP are credited with Shares
<b>“Sponsor”</b>	:	Stamford Corporate Services Pte. Ltd.
<b>“Trading Day”</b>	:	A Market Day on which there were trades in the Shares on Catalyst (for the avoidance of doubt, may include one (1) or more intervening Market Days on which there are no trades in the Shares)
<b>“VWAP”</b>	:	Volume weighted average price

### **Currencies and Units of Measurements**

<b>“%” or “per cent.”</b>	:	Per centum or percentage
<b>“S\$” or “Singapore dollars” and “cents”</b>	:	Singapore dollars, being the lawful currency of the Republic of Singapore

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act, Cap. 289 of Singapore (**“SFA”**).

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

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## DEFINITIONS

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Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or the Catalist Rules or any modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act, the SFA or the Catalist Rules or such modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless stated otherwise.

Any discrepancies in the tables included in this Circular between the listed amounts and total thereof are due to rounding. Accordingly, figures shown as totals may not in an aggregate of the figures that precede them.

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## LETTER TO SHAREHOLDERS

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### ANNICA HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198304025N)

#### Directors

Sandra Liz Hon Ai Ling (Executive Director and Chief Executive Officer)  
Nicholas Jeyaraj s/o Narayanan (Non-Independent and Non-Executive Director)  
Su Jun Ming (Lead Independent and Non-Executive Director)  
Ong Su Aun Jeffrey (Independent and Non-Executive Director)  
Adnan Bin Mansor (Independent and Non-Executive Director)

#### Registered Office

1 Raffles Place  
#18-61 Tower 2  
Singapore 048616

12 July 2016

To: The Shareholders of Annica Holdings Limited

Dear Sir / Madam

- (I) **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 3,504,878,770 DEBT CONVERSION SHARES (AS DEFINED HEREIN) TO MR. LIM IN CHONG (THE “PROPOSED DEBT CONVERSION SHARE ISSUE”);**
- (II) **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 5,000,000,000 OPTION SHARES (AS DEFINED HEREIN) TO MR. LIM IN CHONG (THE “PROPOSED OPTION SHARE ISSUE”); AND**
- (III) **THE POSSIBLE TRANSFER OF CONTROLLING INTEREST (AS DEFINED HEREIN) TO MR. LIM IN CHONG ARISING FROM THE PROPOSED DEBT CONVERSION SHARE ISSUE AND THE PROPOSED OPTION SHARE ISSUE (THE “POSSIBLE TRANSFER OF CONTROLLING INTEREST”).**

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## 1. INTRODUCTION

### 1.1 Overview

The Board refers to its previous announcements dated 22 October 2015, 11 February 2016 and 6 June 2016 (the “**Previous Announcements**”) where the Company had announced, *inter alia*, that it had entered into:

- (a) a Loan Agreement dated 22 October 2015 with LionGold (as amended, modified and supplemented by the Loan Agreement Supplemental Deed dated 11 February 2016), pursuant to which LionGold had agreed to grant to the Company an unsecured term loan facility of S\$3,557,442.99 in principal amount on the terms and subject to the conditions of the Loan Agreement;
- (b) a Debt Conversion Agreement dated 11 February 2016 with the Investor, pursuant to which the Company has agreed to, upon the full exercise of the Debt Conversion Option, the Company shall allot and issue to the Investor and the Investor has agreed to subscribe for up to 3,504,878,770 Debt Conversion Shares, at the Conversion Price of S\$0.001, for the discharge of the Assigned Debt in the proportions which have been assigned to the Company under the Deed of Assignment; and
- (c) an Option Agreement dated 11 February 2016 with the Investor (as amended, modified and supplemented by the Option Agreement Supplemental Deed dated 6 June 2016), pursuant to which the Company has agreed, for the aggregate consideration of S\$50,000, to issue to the Investor an aggregate of 5,000,000,000 transferable share Options, which each Option carrying the right to subscribe for one (1) Option Share at the Exercise Price, provided always that the Exercise Price shall not be lower than the Minimum Exercise Price of S\$0.001.



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## LETTER TO SHAREHOLDERS

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LionGold had also announced on 11 February 2016 that it had entered into a Deed of Assignment dated 11 February 2016, pursuant to which the benefit of an amount of S\$3,504,878.77 (the **“Outstanding Principal”**), being the amount drawn down by the Company as at 11 February 2016 under the Loan Agreement had been assigned, in the proportions set out in the Deed of Assignment, to the Investor.

Details of the Deed of Assignment, the Debt Conversion Agreement and the Option Agreement are set out in the relevant sections of this Circular, the Previous Announcements and LionGold’s announcement on the SGXNET made on 11 February 2016. For the purposes of this Circular, unless otherwise provided herein or the context requires otherwise, capitalised terms used but defined herein shall have the same meaning ascribed to it in the Previous Announcements.

The Directors of the Company proposed to convene an EGM to be held on Wednesday, 27 July 2016 at 3.00 p.m. at Village Hotel Katong, 25 Marine Parade, Singapore 449536 to seek Shareholders’ approval for:

- (a) the Proposed Debt Conversion Share Issue;
- (b) the Proposed Option Share Issue; and
- (c) the Possible Transfer of Controlling Interest,

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

### 1.2 Purpose of this Circular

The purpose of this Circular is to explain the reasons for, and provide Shareholders with relevant information relating to, the Proposed Transactions, and to seek the approval of Shareholders in relation thereto at the EGM to be held on Wednesday, 27 July 2016 at 3.00 p.m. at Village Hotel Katong, 25 Marine Parade, Singapore 449536. The Notice of EGM is set out on pages N-1 to N-2 of this Circular.

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

### 1.3 Conditionality of the Ordinary Resolutions

In respect of the Ordinary Resolutions set out in the Notice of EGM, Shareholders should note that each of the Ordinary Resolutions relating to the Proposed Debt Conversion Share Issue (Ordinary Resolution 1) and the Proposed Option Share Issue (Ordinary Resolution 2) are conditional upon the passing of the Ordinary Resolutions relating to the Possible Transfer of Controlling Interest (Ordinary Resolution 3) as set out in the Notice of EGM. This means that if Ordinary Resolution 3 is not passed, Ordinary Resolution 1 and Ordinary Resolution 2 as set out in the Notice of EGM will not be passed. Ordinary Resolutions 1 and 2 are not inter-conditional upon each other.

## 2. LISTING AND QUOTATION NOTICE FROM THE SGX-ST

In connection with the Proposed Debt Conversion Share Issue and the Proposed Option Share Issue, an application to the Sponsor and the SGX-ST was made for the approval for the listing and quotation of up to 3,504,878,770 Debt Conversion Shares and up to 5,000,000,000 Option Shares, respectively.

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## LETTER TO SHAREHOLDERS

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On 29 June 2016, the Company announced its receipt of the listing and quotation notice from the SGX-ST in which the SGX-ST has granted the approval for the listing and quotation of up to 3,504,878,770 Debt Conversion Shares and up to 5,000,000,000 Option Shares, subject to, *inter alia*, the following conditions:

- (a) compliance with the SGX-ST's listing requirements; and
- (b) the approval of Shareholders for the Proposed Transactions.

The in-principle approval granted by the SGX-ST for the listing and quotation of the Debt Conversion Shares and the Option Shares is not an indication of the merits of any of the Proposed Transactions, the Debt Conversion Shares, the Option Shares and the Company or the Group and their securities. The Company will proceed to satisfy the conditions of the in-principle approval and provide the relevant disclosures as applicable. In the event that any additional Debt Conversion Shares and/or Option Shares are to be issued pursuant to any adjustment events to the Proposed Debt Conversion Share Issue and Proposed Option Share Issue, a separate application for the listing and quotation of any such additional Debt Conversion Shares and/or Option Shares shall be subsequently made to the SGX-ST.

### **3. THE PROPOSED DEBT CONVERSION SHARE ISSUE**

#### **3.1 Details of the Proposed Debt Conversion Share Issue**

As disclosed in the Previous Announcements, the Company announced, *inter alia*, that it had entered into a conditional Debt Conversion Agreement with the Investor, Mr. Lim In Chong, pursuant to which the Company proposes to issue up to 3,504,878,770 Debt Conversion Shares at a Conversion Price of S\$0.001 per Debt Conversion Share. Assuming the Debt Conversion Option is fully exercised for the full repayment of the Assigned Debt, the 3,504,878,770 Debt Conversion Shares (provided always that the number of Debt Conversion Shares to be allotted and issued to the Investor, when aggregated with the Shares held by the Investor and persons acting in concert with the Investor (as defined under the Code), being capped at such number of Shares that would not result in the Investor acquiring Shares which carry 30% or more of the voting rights of the Company immediately prior to such allotment and issuance, and which accordingly shall not require the Investor to extend a mandatory general offer to Shareholders under the Code) will represent approximately 44.9% of the Existing Share Capital and approximately 31.0% of the enlarged share capital upon the completion of the Proposed Debt Conversion Share Issue.

Subject to the terms and conditions of the Debt Conversion Agreement, the Company agrees to allot and issue, and the Investor agrees to subscribe for, up to 3,504,878,770 Debt Conversion Shares at the Conversion Price of S\$0.001 for each Debt Conversion Share, to repay the Assigned Debt up to an aggregate amount of S\$3,504,878.77, being the Outstanding Principal.

The rationale for the Proposed Debt Conversion Share Issue is set out in section 5 of this Circular and in the Previous Announcements.

#### **3.2 Assignment of the Loan from LionGold**

As disclosed in the Previous Announcements, the Company had entered into a Loan Agreement (as amended, modified and supplemented by the Loan Agreement Supplemental Deed) with LionGold, pursuant to which LionGold had extended an unsecured term loan facility of S\$3,557,442.99 to the Company, with interest accruing on the Outstanding Principal at 8% per annum ("**Interest**").

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## LETTER TO SHAREHOLDERS

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On 11 February 2016, LionGold announced that it had, pursuant to the Deed of Assignment, assigned to the Investor the benefit of an amount of S\$3,504,878.77 under the Loan Agreement, being the amount of the Outstanding Principal drawn down by the Company as at 11 February 2016 (the “**Debt Assignment**”), and subject to fulfilment of all the conditions precedent contained in the Deed of Assignment:

- (a) assignment of the first portion of the Outstanding Principal of S\$1,000,000 no later than 5 business days from the Effective Date (“**First Effective Date**”);
- (b) assignment of the second portion of the Outstanding Principal of S\$1,000,000 no later than 6 months from the First Effective Date (“**Second Effective Date**”); and
- (c) assignment of the third portion of the Outstanding Principal of S\$1,504,878.77 no later than 12 months from the Second Effective Date.

The exercisability of the Debt Conversion Option by the Investor is directly linked to the assignment of the Outstanding Principal as set out above, and the Investor only has the option to exercise the Debt Conversion Option in respect of such amount of the Outstanding Principal which has actually been assigned by LionGold to the Investor at the relevant point in time, pursuant to the terms of the Deed of Assignment (the “**Assigned Debt**”). For the avoidance of doubt, the Debt Assignment under the Deed of Assignment is limited to the Outstanding Principal only, and any Interest shall remain payable by the Company to LionGold in accordance with the terms of the Loan Agreement.

For further details on the Loan Agreement and the Deed of Assignment, please refer to the Previous Announcements and LionGold’s announcement on the SGXNET made on 11 February 2016.

### 3.3 Debt Conversion Agreement

The Company and the Investor entered into a Debt Conversion Agreement whereby the Investor has agreed to accept repayment of the Assigned Debt, by converting up to the aggregate amount of S\$3,504,878.77 (assuming the Assigned Debt is assigned in full under the Deed of Assignment) owed to it by the Company, into the Maximum Debt Conversion Shares of 3,504,878,770 Debt Conversion Shares at the Conversion Price of S\$0.001 per Debt Conversion Share. The completion of the Proposed Debt Conversion Share Issue will extinguish in full the amount of the Assigned Debt, being the Outstanding Principal.

### 3.4 Terms of the Debt Conversion Option

The principal terms and conditions of the Debt Conversion Option granted to the Company and the Investor are set out below:

**Maximum Debt Conversion Shares** : 3,504,878,770 Debt Conversion Shares

**Conversion Price** : The Conversion Price of S\$0.001 is equivalent to the VWAP per Share of S\$0.001 for trades done on the SGX-ST on 5 February 2016, being the last full market day on which the Shares were traded prior to the date of the Debt Conversion Agreement was signed. The Conversion Price was agreed between the Company and the Investor on a willing-buyer and willing-seller basis, taking into consideration, *inter alia*, the Share price of the Company on the date of the Debt Conversion Agreement and the volatility in the market.

In accordance with Rule 830 of the Catalist Rules, the Company shall announce any adjustment made to the Conversion Price pursuant to the Adjustment Events (as defined in the terms herein).

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## LETTER TO SHAREHOLDERS

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- Expiry** : The Debt Conversion Option shall expire on 22 October 2018, being the maturity date of the Loan Agreement ("**Maturity Date**").
- Debt Conversion Exercise Period** : The Investor may exercise the Debt Conversion Option from the period commencing on and including the date of the Debt Conversion Agreement or upon the assignment of the respective proportions of the Assigned Debt as provided for in the Deed of Assignment, whichever date is later, until and including the Maturity Date ("**Debt Conversion Exercise Period**"), in respect of the whole or any part of the Assigned Debt pursuant to the terms of the Debt Conversion Agreement, provided that the amount of the Assigned Debt so converted shall be in tranches of a sum of S\$50,000.
- Exercise of Debt Conversion Option** : The Debt Conversion Option shall be exercised by the Investor delivering to the Company a duly executed notice of its intention to exercise the Debt Conversion Option during the Debt Conversion Exercise Period at least two (2) Business Days prior to the intended date of exercise of the Debt Conversion Option.
- Number of Debt Conversion Shares** : The number of Debt Conversion Shares to be issued upon each exercise of the Debt Conversion Option shall be determined as follows:-
- $$N = L / P$$
- Where:-*
- "N" is the number of new Shares to be issued as at the date on which the Debt Conversion Shares are to be issued to, or credited into the CDP account or sub-account of, the Investor, fractional number of new Shares to be disregarded;*
- "L" is the amount of the Assigned Debt (whether in whole or in part) to be converted into Debt Conversion Shares, as set out in the relevant exercise notice pursuant to the Debt Conversion Agreement; and*
- "P" is the Conversion Price.*
- Ranking of Debt Conversion Shares** : The Debt Conversion Shares shall, when allotted and issued pursuant to the Debt Conversion Option, be authorised, allotted, validly issued and credited as fully paid-up, be free from Encumbrances, will be fully transferable and shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares including the right to receive dividends declared, made or paid, the books closure date of entitlement of which is on or after the date of issue of the Debt Conversion Shares, and shall not be subject to any pre-emptive right, rights of first refusal or other rights in favour of any other party to purchase or receive the same.

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## LETTER TO SHAREHOLDERS

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<b>Assigned Debt deemed repaid if converted</b>	:	Upon the issuance and allotment of the Conversion Shares in accordance with the Debt Conversion Agreement, the right of the Investor to the repayment of the Assigned Debt (in whole or in part) in respect of which the Debt Conversion Option was exercised shall be extinguished and released (in consideration for the issuance and allotment to the Investor of the relevant number of Debt Conversion Shares pursuant to the Debt Conversion Agreement).
<b>Adjustment Events</b>	:	The Conversion Price and the number of Debt Conversion Shares shall be subject to adjustment in certain circumstances including, <i>inter alia</i> , a stock split, a reverse stock split, capitalisation issue, rights issue, capital reduction or distribution or the occurrence of certain other dilutive events, such adjustment to be certified by auditors of the Company for the time being, acting as an independent expert.
<b>Assignments and Transfers</b>	:	The Company and the Investor may not (nor shall it purport to) assign, transfer, charge or otherwise deal with all or any of its rights under the Debt Conversion Agreement (including the Debt Conversion Option) nor grant, declare, create or dispose of any right or interest in it without the prior written consent of the other.
<b>Notice of Expiry</b>	:	The Company shall, not later than one (1) month before the Maturity Date, announce the expiry of the Debt Conversion Option on the SGXNET.
<b>Alteration to Terms</b>	:	The Company and the Investor shall not agree to a material alteration to the terms of the Debt Conversion Agreement to the advantage of the Investor without seeking the approval of Shareholders, except where the alterations are made pursuant to the terms of the Debt Conversion Agreement.
<b>Governing Law</b>	:	Laws of the Republic of Singapore.

All other rights and obligations of the Company and the Investor such as, *inter alia*, the rights of the Investor on the liquidation of the Company, are set out in the Loan Agreement, the principal terms of the Loan Agreement are set out in the Previous Announcements.

### 3.5 Debt Conversion Shares

The Debt Conversion Shares shall, when allotted and issued pursuant to the Debt Conversion Option, be authorised, allotted, validly issued and credited as fully paid-up, be free from Encumbrances, will be fully transferable and shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares including the right to receive dividends declared, made or paid, the books closure date of entitlement of which is on or after the date of issue of the Debt Conversion Shares, and shall not be subject to any pre-emptive right, rights of first refusal or other rights in favour of any other party to purchase or receive the same.

The aggregate of the 3,504,878,770 Debt Conversion Shares will represent approximately 44.9% of the Existing Share Capital and approximately 31.0% of the enlarged share capital upon the completion of the Proposed Debt Conversion Share Issue.

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## LETTER TO SHAREHOLDERS

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### 3.6 Conditions Precedent

Completion of the Proposed Debt Conversion Share Issue to the Investor is conditional upon, *inter alia*, the fulfilment (or waiver) of the following conditions precedent on or before 31 December 2016:

(a) Regulatory Approvals

- (i) all necessary consents, approvals and waivers from all relevant government bodies, stock exchange and other regulatory authority for or in connection with the Debt Conversion Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the Company or Investor (as relevant), including without limitation the approval of the Sponsor and if such consents or approvals are granted or obtained are subject to any conditions, such conditions being reasonably acceptable to the Company and the Investor;
- (ii) the receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation of the Debt Conversion Shares on the Catalist; and
- (iii) the grant of the Debt Conversion Option or allotment and issuance of the Debt Conversion Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Debt Conversion Agreement by any legislative, executive or regulatory body or authority which is applicable to the Company and the Investor.

(b) Shareholders' Approval

The specific approval of Shareholders at the EGM having been obtained for the following:

- (i) allotment and issuance of the Debt Conversion Shares;
- (ii) the Possible Transfer of Controlling Interest in the Company to the Investor under Rule 803 of the Catalist Rules pursuant to the allotment and issuance of the Debt Conversion Shares to the Investor; and
- (iii) any additional items as may be required under any laws or regulations or agreed in writing between the parties.

## 4. THE PROPOSED OPTION SHARE ISSUE

### 4.1 Grant of Options

In the Previous Announcements, the Company disclosed that it had entered into an Option Agreement with the Investor (as amended, modified and supplemented by the Option Agreement Supplemental Deed), pursuant to which the Company shall grant, and the Investor shall, for the cash consideration of S\$50,000, acquire an aggregate of 5,000,000,000 Options, with each Option carrying the right to subscribe for one (1) Option Share at the Exercise Price, being not less than the Minimum Exercise Price of S\$0.001, to raise an amount of up to S\$5,000,000 in Proceeds (assuming the full exercise of the Options at the Minimum Exercise Price). Assuming the Debt Conversion Option has not been exercised, the Maximum Option Shares of 5,000,000,000 Option Shares being issued at the Minimum Exercise Price will represent approximately 64.1% of the Existing Share Capital and approximately 39.1% of the enlarged share capital upon the completion of the Proposed Option Share Issue.

The Minimum Exercise Price of S\$0.001 per Option was determined on a willing-buyer willing-seller basis, after taking into consideration, *inter alia*, the long term benefits of the strategic investment by the Investor as a shareholder of the Company, which will be instrumental in guiding the Company in the development of the Company and the alignment of interests of the Company and the Investor for the long term.



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## LETTER TO SHAREHOLDERS

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The Option Shares will, when allotted and issued upon the exercise of the Options, subject to and otherwise in accordance with the terms and conditions of the Option Agreement (as amended, modified and supplemented by the Option Agreement Supplemental Deed), rank *pari passu* in all respects with the existing Shares, except for any dividend, rights, allotment or other distributions, the Record Date for which is before the relevant date of the issue of such Option Shares.

### 4.2 Terms of the Options

The principal terms and conditions of the Options granted by the Company to the Investor are set out below:

<b>Aggregate number of Options</b>	:	5,000,000,000 Options.
<b>Maximum Option Shares</b>	:	5,000,000,000 Option Shares.
<b>Consideration for the Grant of Options</b>	:	S\$50,000.
<b>Transferability</b>	:	The Options are transferable. In the event of a transfer of Options, the Investor must lodge a duly executed transfer notice in the prescribed form to the Company and the transferee must provide a confirmation in the prescribed form to the Company, confirming that the transferee (i) does not fall within the category of restricted persons set out in Rule 812(1) of the Catalist Rules, and (ii) will not become a Controlling Shareholder of the Company in the event of the exercise/conversion of all the convertible securities held by the transferee, including any Options to be transferred to him or her.
<b>Exercise Rights</b>	:	<p>Each Option entitles the Investor to subscribe for one (1) new Option Share at the Exercise Price during the Exercise Period.</p> <p>The Investor may only exercise the Options in tranches of 1,000,000 Options at any time during the Exercise Period, save where the balance of the Options held by the Investor is less than 1,000,000 Options, in which case the Investor may exercise all but not some of such balance of the Options.</p> <p>The Investor has provided an undertaking to the Company on 28 June 2016 that the total value of each duly executed notice of exercise of Options in the prescribed form lodged with the Company shall not be less than S\$50,000.</p>
<b>Exercise Price</b>	:	90.0% of the average of the VWAP per Share for trades done on the SGX-ST for the five (5) market day period prior to the date for which an Option holder shall subscribe for Option Shares upon exercise of an Option, provided always that the Exercise Price shall not be lower than the Minimum Exercise Price.
<b>Minimum Exercise Price</b>	:	S\$0.001, or such other sum as may be adjusted from time to time in accordance with the terms and conditions of the Options, provided always that any such adjustments shall not result in the Minimum Exercise Price falling below S\$0.001.

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## LETTER TO SHAREHOLDERS

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- Estimated Gross Proceeds** : S\$5,000,000 (assuming the exercise of all Options and subscription for all Option Shares at the Minimum Exercise Price).
- Exercise Period** : The period commencing on and including the date of issue of the Options and expiring on the date falling 36 months after the date of issue of the Options, unless such date is a date on which the Register of Members is closed or unavailable or is not a Market Day, in which event, such period shall end on the date prior to the closure or unavailability of the Register of Members or immediate preceding Market Day (as the case may be).
- Transfer and Transmission** : The executors and administrators of a deceased Option holder and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only person recognised by the Company as having any title to the Options and shall be entitled to be registered as a holder of the Options upon the production by such persons to the Company of such evidence as may be reasonably required by the Company to prove their title.
- Winding Up and Liquidation** : Where there is a members' voluntary winding-up of the Company, the Option holder may elect to be treated as if it had immediately prior to the commencement of such winding-up exercised the Options and had on such date been the holder of the Option Shares to which he would have become entitled pursuant to such exercise. The Company shall give notice to the Option holder in accordance with the terms and conditions of the passing of any such resolution within seven (7) days after thereof.
- In the event the Company is wound up for any other reasons, all Options which have not been exercised at the date of the passing of such resolution shall lapse and the Options shall cease to be valid for any purpose.
- Adjustment Events** : The Minimum Exercise Price and the number of Options held by the Investor shall from time to time be adjusted by the Directors, in consultation with any bank or merchant bank or financial adviser in Singapore selected by the Directors (and the adjustment shall be certified by the Company's auditors from time to time), in any of the following events:
- (a) an issue by the Company of Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature or not) to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);
  - (b) a capital distribution made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
  - (c) an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights;



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## LETTER TO SHAREHOLDERS

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- (d) an issue (otherwise than pursuant to a rights issue which is available to all Shareholders, requiring an adjustment under subsection (c) above, and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares if the total effective consideration for each Share is less than 90.0% of the last dealt price for each Share (calculated as provided in the Option Agreement); or
- (e) any consolidation, subdivision or conversion of the Shares.

**Further Issues** : The Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Investor shall not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.

**Notice of Expiry** : The Company shall, not later than one (1) month before the last date of the Exercise Period ("**Expiry Date**"), announce the Expiry Date on the SGXNET. Additionally, the Company shall, not later than one (1) month before the Expiry Date, take reasonable steps to notify the Investor in writing of the Expiry Date and such notice shall be delivered personally or by post to the address of the Investor.

**Alteration to Terms** : No material alteration to the terms of the Options after the issue thereof to the advantage of the Investor shall be made, unless the alterations are made pursuant to the terms and conditions of the Options or the prior approval of Shareholders in general meeting has been sought.

**Governing Law** : Laws of the Republic of Singapore.

### 4.3 Conditions Precedent

Completion of the Option Agreement is conditional upon, *inter alia*:

- (a) the approval of the Board and Shareholders being obtained for the Grant of Options;
- (b) the approval of Shareholders being obtained for the Possible Transfer of Controlling Interest pursuant to the exercise of the Options;
- (c) the submission of the additional listing confirmation by the Sponsor and the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Option Shares on the Catalist;
- (d) the receipt of all necessary approvals, consents or waivers from any governmental body, regulatory authority or other third party for the Grant of Options (where applicable), and if such approvals, consents or waivers are granted subject to conditions, such conditions being acceptable to the relevant Party, and if any conditions are required to be satisfied by Completion, such conditions being so satisfied;
- (e) the representations and warranties set out in the Option Agreement being true and accurate in all material respects as at the date of the Option Agreement and the date of completion of the Option Agreement; and

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## LETTER TO SHAREHOLDERS

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- (f) there being no occurrence of any event or circumstances which has or is likely to have a material adverse effect on the condition (financial or otherwise), results of operations, assets and liabilities, prospects or business of the Company or the Group.

If any of the conditions precedent are not satisfied or waived by 31 December 2016 (or such other date as may be agreed in writing between the Company and the Investor), the Option Agreement shall terminate and the provisions thereunder shall cease and be of no further effect (save for certain specified clauses contained therein) and no party to the Option Agreement shall have any claims against the other for any costs, damages, losses or compensation, other than in respect of any antecedent breach of the Option Agreement.

### 5. RATIONALE AND USE OF PROCEEDS FOR THE PROPOSED TRANSACTIONS

The rationale for the Proposed Transactions is as follows:

- (a) the Proposed Debt Conversion will extinguish the Outstanding Principal amount of S\$3,504,878.77 owed by the Company under the Loan Agreement and reduce the Company's indebtedness without adversely affecting the cash flow of the Company, in the event that the Investor decides to exercise the Debt Conversion Option. The Proposed Debt Conversion upon completion will enable the Group to improve its net tangible asset value, reduce the loss per share and reduce its gearing ratio;
- (b) the strategic investment by the Investor as a possible Controlling Shareholder of the Company, including the Investor's commitment to invest additional funds of up to S\$5,000,000 into the Company pursuant to the Option Agreement, will be instrumental in guiding the Company in the development of its business;
- (c) as a possible Controlling Shareholder of the Company, the interests of the Company and the Investor will be aligned, therefore motivating the Investor generally to contribute positively towards the long-term progress of the Group;
- (d) the Grant of Options will be exercisable at the discretion of the Investor, allowing the Investor to provide funding to the Group as and when required to meet the Group's general working capital requirements, fund business expansions or new businesses, if any; and
- (e) the Proposed Option Share Issue provides potential additional funding from the Investor.

The estimated net cash proceeds, assuming all the Options are exercised at the Minimum Exercise Price by the Investor and after deducting any expenses relating thereto, will be approximately S\$4,750,000. Any cash proceeds raised from the Proposed Option Share Issue (the "**Proceeds**") will be used by the Company in the following estimated proportions:

<b>Use of Proceeds</b>	<b>Approximate percentage allocation</b>
Funding for new business expansions and development	70%
General working capital of the Group	30%

Pending the deployment for the uses identified above, the Proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or marketable securities, or used for any other purposes on a short-term basis, as the Directors may in their absolute discretion deem fit. The Company will make period announcements to update Shareholders as to the specific intended use of Proceeds raised as and when the Options are exercised by the Investor, or when the Proceeds are materially disbursed, and disclose a breakdown with details on the use of the Proceeds for general working capital purposes in such announcements and the annual reports of the Company.

## LETTER TO SHAREHOLDERS

The Directors are of the opinion that after taking into consideration, *inter alia*, (i) the present bank facilities, (ii) the reduction of the Group's indebtedness from the Proposed Debt Conversion Share Issue, (iii) the minimum net proceeds from the exercise of the Options and Proposed Option Share Issue, and (iv) the proceeds from the issuance of the redeemable convertible bonds ("RCBs") as disclosed in the Company's circular dated 11 December 2015 in relation to the Company's issuance of 2.0% RCBs due 2018 with an aggregate principal amount of up to S\$60,000,000, the working capital available to the Group is sufficient to meet its present requirements.

### 6. POSSIBLE TRANSFER OF CONTROLLING INTEREST

Rule 803 of the Catalist Rules provides that an issuer must not issue securities to transfer a Controlling Interest without prior approval by Shareholders in a general meeting. Under the Catalist Rules, a Controlling Shareholder is a person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares) in the Company, or (b) in fact exercises Control over the Company. The Proposed Debt Conversion Share Issue and the Proposed Option Share Issue will result in the Investor holding more than 15% of the Enlarged Share Capital of the Company, therefore causing a transfer of controlling interest. Accordingly, the Company is seeking the approval of Shareholders for the Possible Transfer of Controlling Interest.

As at the Latest Practicable Date, the Investor does not hold any Shares in the Company. Assuming that the Debt Conversion Shares are issued and the Option Shares are issued at the Minimum Exercise Price of S\$0.001, a maximum of 8,504,878,770 new Shares (being 3,504,878,770 Debt Conversion Shares and 5,000,000,000 Option Shares) are issued to the Investor, the Investor shall hold in aggregate approximately 109.0% of the Existing Share Capital and approximately 52.2% of the Enlarged Share Capital after such issuances. This would result in a transfer of controlling interest and is subject to the approval of Shareholders for the purposes of Rule 803 of the Catalist Rules.

The direct shareholding interests of the Investor, the Directors and the Substantial Shareholders of the Company as at the Latest Practicable Date, and the effect of the Proposed Transactions are as follows:

	As at the Latest Practicable Date		Assuming the issuance of the Maximum Debt Conversion Shares		Assuming the issuance of the Maximum Debt Conversion Shares and the Maximum Option Shares	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(2)</sup>	Number of Shares	% <sup>(3)</sup>
<b>Directors</b>						
Sandra Liz Hon Ai Ling	—	—	—	—	—	—
Nicholas Jeyaraj s/o Narayanan	—	—	—	—	—	—
Su Jun Ming	—	—	—	—	—	—
Ong Su Aun Jeffrey	—	—	—	—	—	—
Adnan Bin Mansor	—	—	—	—	—	—
<b>Substantial Shareholders (other than Directors)</b>						
Chong Shin Mun	874,500,000	11.2	874,500,000	7.7	874,500,000	5.4
IPCO International Limited	500,000,000	6.4	500,000,000	4.4	500,000,000	3.1
<b>Controlling Shareholders</b>						
Investor	—	—	3,504,878,770	31.0	8,504,878,770	52.2

**Notes:**

- (1) Based on 7,801,985,206 Shares, being the Existing Share Capital.
- (2) Based on 11,306,863,976 Shares, being the aggregate of the Existing Share Capital and assuming Maximum Debt Conversion Shares issued.
- (3) Based on 16,306,863,976 Shares, being the Enlarged Share Capital.

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## LETTER TO SHAREHOLDERS

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### 7. INFORMATION ON THE INVESTOR

*The information in this section relating to the Investor is based on publicly available information or the information provided and/or representations made by the Investor and the Company. The Directors, the Sponsor and the SGX-ST have not conducted an independent review or verification of the accuracy of the statements and information below.*

As disclosed in the Previous Announcements, the Investor is an independent third party individual investor and is the managing director of Inchscape Sdn. Bhd., a landscape design consultancy firm based in Malaysia. The Investor's investment objective is to invest in renewable energy technology and other environmentally friendly and sustainable assets.

There is no placement agent appointed for the Proposed Transactions. The Investor was identified and introduced to the Company by Ms. Sandra Liz Hon Ai Ling ("**Ms. Hon**"). In or around early December 2015 and prior to the appointment of Ms. Hon as the Company's Executive Director and Chief Executive Officer, LionGold had communicated with Ms. Hon on the proposed assignment of the benefit of the Loan Agreement to her or parties introduced by her. Thereafter, Ms. Hon introduced the Investor as the potential purchaser of the benefit of the Loan Agreement. Negotiations between the Company, the Investor and LionGold in respect of the proposed assignment of the Loan Agreement had taken place between mid-December 2015 and ended in January 2016. No fees, commissions or remuneration were given to Ms. Hon in any manner whatsoever for introducing the Investor to the Company and LionGold.

To the best knowledge of the Directors, save as disclosed above, the Investor does not have any other connections (including business dealings) with the Company, its Directors and substantial shareholders. The Investor does not fall within any of the prohibited categories as set out in Rule 812 of the Catalist Rules to whom the Company is prohibited from issuing the RCBs or Shares.

### 8. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

For illustrative purposes only, the financial effects of the Proposed Debt Conversion Share Issue and the Proposed Option Share Issue have been prepared based on, *inter alia*, the latest audited consolidated financial statements of the Group for FY2015, being the most recently completed financial year and take into account the following assumptions:

- (a) the allotment and issuance of up to 8,504,878,770 new Shares to the Investor, comprising of the Maximum Debt Conversion Shares of 3,504,878,770 and the Maximum Option Shares of 5,000,000,000;
- (b) the Group's NTA per Share is computed assuming that the Proposed Debt Conversion Share Issue and the Proposed Option Share Issue had taken place on 31 December 2015;
- (c) the Group's LPS is computed assuming that the Proposed Debt Conversion Share Issue and the Proposed Option Share Issue had been completed on 1 January 2015;
- (d) the Maximum Debt Conversion Shares have been allotted;
- (e) the Maximum Option Shares have been allotted and issued at the Minimum Exercise Price; and
- (f) the expenses in connection with the Proposed Transactions are disregarded for the purposes of calculating the financial effects.

**The financial effects set out below are presented for illustrative purposes only, and do not reflect the actual or future financial position and performance of the Group after completion of the Proposed Transactions.**

## LETTER TO SHAREHOLDERS

### 8.1 Share Capital

For illustrative purposes only, the effect of the Proposed Transactions on the issued and paid-up share capital of the Company as at FY2015 is as follows:

	Number of Shares (‘000)	Issued and paid- up share capital (S\$’000)
As at 31 December 2015	1,488,750	54,874
After completion of the Proposed Debt Conversion Share Issue <sup>(1)</sup>	4,993,629	58,379
After completion of the Proposed Debt Conversion Share Issue and the Proposed Option Share Issue <sup>(2)</sup>	9,993,629	63,379

**Notes :**

- (1) Assuming that the Maximum Debt Conversion Shares had been allotted and issued as at 31 December 2015, being the end of FY2015.
- (2) Assuming that the Maximum Debt Conversion Shares and the Maximum Option Shares had been allotted and issued as at 31 December 2015, being the end of FY2015.

### 8.2 NTA

For illustrative purposes only, the effect of the Proposed Transactions on the Group’s NTA and NTA per Share based on the latest audited consolidated balance sheet as at FY2015 is as follows:

	FY2015	After completion of the Proposed Debt Conversion Share Issue <sup>(1)</sup>	After completion of the Proposed Debt Conversion Share Issue and the Proposed Option Share Issue <sup>(2)</sup>
NTA of the Group attributable to Shareholders (S\$’000)	4,836	8,341	13,341
Number of Shares (‘000)	1,488,750	4,993,629	9,993,629
NTA per Share (cents)	0.32	0.17	0.13

**Notes:**

- (1) Assuming that the Maximum Debt Conversion Shares had been allotted and issued as at 31 December 2015, being the end of FY2015, and added to the number of Shares as at FY2015.
- (2) Assuming that the Maximum Debt Conversion Shares and the Maximum Option Shares had been allotted and issued as at 31 December 2015, being the end of FY2015, and added to the number of Shares as at FY2015.
- (3) NTA per Share is computed based on NTA of the Group attributable to Shareholders divided by the number of Shares.

## LETTER TO SHAREHOLDERS

### 8.3 LPS

For illustrative purposes only, the effect of the Proposed Transactions on the Group's net loss attributable to Shareholders and LPS is based on the latest audited consolidated income statement for FY2015 is as follows:

	FY2015	After completion of the Proposed Debt Conversion Share Issue <sup>(1)</sup>	After completion of the Proposed Debt Conversion Share Issue and the Proposed Option Share Issue <sup>(2)</sup>
Net loss of the Group attributable to Shareholders (S\$'000)	5,253	5,253	5,253
Weighted average number of Shares ('000)	1,313,246	4,818,125	9,818,125
LPS (cents) <sup>(1)</sup>	0.40	0.11	0.05

**Notes:**

- (1) Assuming that the Maximum Debt Conversion Shares had been allotted and issued as at 1 January 2015, being the beginning of FY2015, and added to the weighted average number of Shares for FY2015.
- (2) Assuming that the Maximum Debt Conversion Shares and the Maximum Option Shares had been allotted and issued as at 1 January 2015, being the beginning of FY2015, and added to the weighted average number of Shares for FY2015.
- (3) LPS is computed based on net loss of the Group attributable to Shareholders divided by the weighted average number of Shares.

### 8.4 Gearing

For illustrative purposes only, the effect of the Proposed Transactions on the gearing ratio of the Group for FY2015, assuming the Proposed Transactions had been effected on 31 December 2015, being the end of FY2015, is as follows:

	As at FY2015	After completion of the Proposed Transactions
Total Borrowings of the Group (S\$'000) <sup>(1)</sup>	8,013	4,508
Net equity of the Group (S\$'000) <sup>(2)</sup>	12,865	17,865 <sup>(3)</sup>
Gearing (times) <sup>(4)</sup>	0.63	0.25

**Notes:**

- (1) "Total borrowings" means the amount of liabilities arising from all the borrowings from banks and other financial institutions of the Group as at FY2015.
- (2) "Net equity" means the aggregate of the Group's issued and paid-up share capital, accumulated losses, other reserves and borrowings.
- (3) "Net equity after completion of the Proposed Transactions" is computed based on Net equity of the Group as at FY2015, assuming the maximum Debt Conversion Shares and the maximum Option Shares had been allotted and issued on 31 December 2015, being the end of FY2015.
- (4) "Gearing" means the ratio of the total borrowings to Net equity of the Group.

## LETTER TO SHAREHOLDERS

### 9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders of the Company, based on the register of Directors' shareholdings and the Register of Members, are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
<b>Directors</b>				
Sandra Liz Hon Ai Ling	—	—	—	—
Nicholas Jeyaraj s/o Narayanan	—	—	—	—
Su Jun Ming	—	—	—	—
Ong Su Aun Jeffrey	—	—	—	—
Adnan Bin Mansor	—	—	—	—
<b>Substantial Shareholders</b>				
Chong Shin Mun	874,500,000	11.2	—	—
IPCO International Limited	500,000,000	6.4	—	—

Save for matters disclosed in this Circular, none of the Directors or Substantial Shareholders have any interest, direct or indirect, in the Proposed Debt Conversion Share Issue, save for their respective shareholdings in the Company.

### 10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-2 of this Circular, will be held on Wednesday, 27 July 2016 at 3.00 p.m. at Village Hotel Katong, 25 Marine Parade, Singapore 449536 for the purpose of considering, and if thought fit, passing (with or without any modifications), the Ordinary Resolutions set out in the Notice of EGM.

### 11. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon. The completed and signed Proxy Form should then be returned as soon as possible and in any event so as to arrive at the office of the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road, #08-01 ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time fixed for the EGM. Shareholders who have completed and returned the Proxy Form may still attend and vote in person at the EGM, if they so wish, in place of their proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP, as at seventy-two (72) hours before the EGM.

### 12. DIRECTORS' RECOMMENDATIONS

#### 12.1 The Proposed Debt Conversion Share Issue

Having considered, *inter alia*, the terms of the Loan Agreement, and the Debt Conversion Agreement, and the rationale for and the terms of the Proposed Debt Conversion Share Issue, the Directors are of the opinion that the Proposed Debt Conversion Share Issue is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the Proposed Debt Conversion Share Issue as set out in the Notice of EGM.



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## LETTER TO SHAREHOLDERS

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### 12.2 The Proposed Option Share Issue

Having considered, *inter alia*, the terms of the Option Agreement, and the rationale for and the terms of the Proposed Option Share Issue, the Directors are of the opinion that the Proposed Option Share Issue is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 2 relating to the Proposed Option Issue as set out in the Notice of EGM.

### 12.3 The Possible Transfer of Controlling Interest

Having considered, *inter alia*, the rationale for and the terms of the Proposed Debt Conversion Share Issue and the Proposed Option Share Issue, the Directors are of the opinion that the Possible Transfer of Controlling Interest is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution 3 relating to the Possible Transfer of Controlling Interest as set out in the Notice of EGM.

## 13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

## 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered address of the Company located at 1 Raffles Place, #18-61 Tower 2, Singapore 048616, during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Loan Agreement;
- (b) the Loan Agreement Supplemental Deed;
- (c) the Debt Conversion Agreement;
- (d) the Option Agreement;
- (e) the Option Agreement Supplemental Deed;
- (f) the Constitution of the Company; and
- (g) the Annual Report of the Company for FY2015.

Yours faithfully

For and on behalf of the Board  
**ANNICA HOLDINGS LIMITED**

Sandra Liz Hon Ai Ling  
Executive Director and Chief Executive Officer

12 July 2016  
Singapore



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ANNICA HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198304025N)

*Unless otherwise defined or the context otherwise requires, all capitalized terms herein shall bear the same meaning as used in the circular dated 12 July 2016 issued by the Company.*

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“EGM”) of Annica Holdings Limited (the “Company”) will be held on Wednesday, 27 July 2016 at 3.00 p.m. at Village Hotel Katong, 25 Marine Parade, Singapore 449536 for the purpose of considering and, if thought fit, passing (with or without modifications) the Ordinary Resolutions set out below.

**Shareholders should note that each of Ordinary Resolutions 1 and 2 are conditional upon the passing of Ordinary Resolution 3. In the event that Ordinary Resolution 3 is not passed, both Ordinary Resolutions 1 and 2 will also not be passed. Ordinary Resolutions 1 and 2 are not inter-conditional upon each other.**

#### **ORDINARY RESOLUTION 1:**

##### **THE PROPOSED DEBT CONVERSION SHARE ISSUE**

THAT the Proposed Debt Conversion Share Issue be and is hereby approved and that approval is hereby given to the Directors of the Company to:

- (a) allot and issue up to 3,504,878,770 Debt Conversion Shares to the Investor, subject to and otherwise in accordance with the terms and conditions of the Debt Conversion Agreement, whereby such Debt Conversion Shares shall rank *pari passu* in all respects with the then existing Shares of the Company, except for any dividend, rights, allotment or other distributions, the Record Date for which is before the relevant date of the issuance of such Debt Conversion Shares, and will be admitted for listing and quotation on the Catalist; and
- (b) that any Director be and is hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Debt Conversion Share Issue, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Proposed Debt Conversion Share Issue.

#### **ORDINARY RESOLUTION 2:**

##### **THE PROPOSED OPTION SHARE ISSUE**

THAT the Proposed Option Share Issue be and is hereby approved and that approval is hereby given to the Directors of the Company to:

- (a) grant 5,000,000,000 Options to the Investor, with each Option carrying the right to subscribe for one Option Share in the capital of the Company, subject to and otherwise in accordance with the terms and conditions of the Option Agreement (as amended, modified and supplemented by the Option Agreement Supplemental Deed);
- (b) allot and issue up to 5,000,000,000 Option Shares to the Investor upon the exercise of the Options, subject to and otherwise in accordance with the terms and conditions of the Option Agreement (as amended, modified and supplemented by the Option Agreement Supplemental Deed), whereby such Option Shares shall rank *pari passu* in all respects with the then existing Shares of the Company, except for any dividend, rights, allotment or other distributions, the Record Date for which is before the relevant date of the issuance of such Option Shares, and will be admitted for listing and quotation on the Catalist; and
- (c) that any Director be and is hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Option Share Issue, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Proposed Option Share Issue.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ORDINARY RESOLUTION 3:

#### THE POSSIBLE TRANSFER OF CONTROLLING INTEREST

THAT the Possible Transfer of Controlling Interest be and is hereby approved and that approval is hereby given to the Directors of the Company to:

- (a) allot and issue the Maximum Debt Conversion Shares and/or the Maximum Option Shares (upon the exercise of the Debt Conversion Option and the Options in full) to the Investor pursuant to Rule 803 of the Catalist Rules; and
- (b) that any Director be and is hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Possible Transfer of Controlling Interest, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Possible Transfer of Controlling Interest.

By Order of the Board

**ANNICA HOLDINGS LIMITED**

Sandra Liz Hon Ai Ling

Executive Director and Chief Executive Officer

12 July 2016

Singapore

#### Notes:

- 1) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the Proxy Form.
- 2) Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
- 3) A proxy need not be a member of the Company.
- 4) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the office of the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time set for the EGM.
- 5) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- 6) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seven-two (72) hours before the time set for the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

#### PERSONAL DATA PRIVACY TERMS:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# ANNICA HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198304025N)

## IMPORTANT:

- Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the EGM.
- For investors who have used their CPF monies to buy Shares in the Company ("CPF Investors"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the EGM.

## PERSONAL DATA PRIVACY TERMS:

By submitting an instrument appointing a proxy or proxies, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 12 July 2016.

## PROXY FORM

\*I/We \_\_\_\_\_ (Name), \_\_\_\_\_ \*(NRIC/Passport/Company Registration Number)

of \_\_\_\_\_ (Address)

being a member/members of ANNICA HOLDINGS LIMITED (the "Company") hereby appoint:-

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

\*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

or failing \*him/them, the Chairman of the Extraordinary General Meeting ("EGM") as \*my/our proxy/proxies to attend and vote for \*me/us on \*my/our behalf, at the EGM to be convened on Wednesday, 27 July 2016 at 3.00 p.m. at the Village Hotel Katong, 25 Marine Parade, Singapore 449536 and at any adjournment thereof. \*I/We direct \*my/our \*proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the EGM and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolution as set out in the Notice of EGM dated 12 July 2016. Alternatively, please indicate the number of vote(s) as appropriate.

Ordinary Resolution	For	Against
Ordinary Resolution 1: The Proposed Debt Conversion Share Issue		
Ordinary Resolution 2: The Proposed Option Share Issue		
Ordinary Resolution 3: The Possible Transfer of Controlling Interest		

**Note:** Please note that the short descriptions given above of the Ordinary Resolution to be passed do not in any way whatsoever reflect the intent and purpose of the Ordinary Resolution. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of EGM dated 12 July 2016 for the full purpose and intent of the Ordinary Resolution to be passed.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

## Total Number of Shares in:

(a) In CDP Register

(b) In Register of Members

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

\*Please delete as appropriate

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes:**

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the Proxy Form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
3. A proxy need not be a member of the Company.
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number. If you have Shares registered in your name in the Register of Members, you should insert that number. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this Proxy Form will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time set for the EGM.
6. Completion and return of the instrument appointing a proxy or proxies by a member shall not preclude him from attending and voting at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

**Affix  
Postage  
Stamp**

**ANNICA HOLDINGS LIMITED**

(COMPANY REGISTRATION NO. 198304025N)

**c/o B.A.C.S. Private Limited**

8 Robinson Road  
#03-00 ASO Building  
Singapore 048544

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Act.
10. CPF Investors who buy Shares in the Company may attend and cast their vote at the meeting in person. CPF Investors who are unable to attend the meeting but would like to vote, may inform CPF Approved Nominees to appoint Chairman of the EGM to act as their proxy, in which case, the CPF Investor shall be precluded from attending the meeting.

**GENERAL:**

The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time set for the EGM, as certified by The Central Depository (Pte) Limited to the Company.